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PRESENTATION

Operator

Greetings, and welcome to the TriMas Corporation second quarter 2025 earnings conference call. (Operator Instructions) As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Sherry Lauderback, Vice President, Investor Relations. Thank you. You may begin.

Sherry Lauderback - *TriMas Corp - Vice President - Investor Relations and Global Communications*

Thank you, and welcome to TriMas Corporation's second quarter 2025 earnings call. Participating on the call today are Thomas Snyder, TriMas' new President and CEO; and Teresa Finley, our Chief Financial Officer.

We will provide our prepared remarks on our second quarter results and full year outlook, and then we will open the call up for your questions.

In order to assist with the review of our results, we have included today's press release and presentation on our company website at trimas.com under the Investors section. In addition, a replay of this call will be available later today by calling 877-660-6853 with a meeting ID of 13754-837.

Before we get started, I would like to remind everyone that our comments today may contain forward-looking statements that are inherently subject to a number of risks and uncertainties. Please refer to our most recent Form 10-K and 10-Q to be filed later today for a list of factors that could cause our results to differ from those anticipated in any forward-looking statements. Also, we undertake no obligation to publicly update or revise any forward-looking statements, except as required by law. We would also direct your attention to our website where considerably more information may be found.

In addition, we would like to refer you to the appendix in our press release or presentation for the reconciliations between GAAP and non-GAAP financial measures used during this call. Today, the discussion on the call regarding our financial results will be on an adjusted basis, excluding the impact of special items.

With that, I am pleased to introduce Thomas Snyder, our new Chief Executive Officer, who joined TriMas just over a month ago. Tom brings with him nearly 35 years of experience in the packaging industry, including a distinguished track record of leadership at Silgan. Most recently, he served as President of Silgan Containers, where he led a business generating nearly $3 billion in annual sales. Under his leadership, the company achieved significant growth in sales, earnings and cash flow. We're thrilled to welcome Tom to the TriMas team.

In just a short time, he's already been actively engaging across the organization and laying the groundwork for the next chapter of growth. I'm confident you'll appreciate his insights.

At this point, I'll turn the call over to Tom. Tom?

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Thank you, Sherry. Good morning, everyone, and thank you for joining us today. As I join you for my first earnings call as CEO, I want to begin by expressing how truly excited and honored I am to lead this company. TriMas has a strong foundation, a proud history and a commitment to continuous improvement, and I'm energized by the opportunity to help shape its next chapter.

Since stepping into this role over a month ago, I've made it a priority to listen, learn and engage deeply with all employees at all levels across the organization. Over the past 30-plus days, I've had the opportunity to immerse myself in the business, and I'd like to take a few moments to share some of my early impressions and the key areas I've been focused on.

Let's begin on Slide 4. First, let me walk you through what I've been focused on since stepping into this role. I've made it a priority to get out into the field and see our operations up close. Over the past month, I visited 10 of our manufacturing sites across the United States and Europe, including several Packaging and Aerospace facilities here in the U.S. as well as Packaging sites in the U.K., the Netherlands and Italy.

These plants gave me an invaluable insight into our day-to-day operations, the strength of our local teams and the pride that our employees take in delivering high-quality products.

I was impressed by the flexibility and diverse capabilities of our facilities as well as the deep technical expertise embedded in our processes and with our people. I've also spent significant time with our business leadership teams, engaging in strategic discussions around what's driving our success today and what we need to do to build upon that success to accelerate our plans to stay ahead of potential market changes. These conversations have been candid, insightful and energizing, and they've helped me quickly get up to speed on the unique strengths and opportunities across each of our businesses.

In parallel, I've reviewed our current business plans and financial outlook. Working closely with our senior leaders, we've begun the early discussions of identifying both near-term actions and longer-term initiatives that can enhance our performance, whether through operational improvements, cost efficiencies or growth through internal or external investments.

From these early engagements, a few key observations stand out. First, we have an incredibly talented, dedicated and focused teams across the organization. Whether on the shop floor and engineering or within our commercial and support functions, I've seen a strong sense of ownership, engagement and pride in the work being done.

Second, our products and processes are often innovative and proprietary driven by strong engineering capabilities and a culture of continuous improvement. Third, our manufacturing facilities have tremendous flexibility with capabilities well positioned for future growth. And finally, we benefit from long-standing strategic relationships with market-leading customers who value our ability to deliver quality and reliability. We listen to our customers and develop key account plans to drive high-performance results.

Looking ahead, my focus will be on building upon these strengths while driving further alignment and execution across the enterprise. Although early in my tenure, I do see a few opportunities for improvement. Specifically, I plan to prioritize driving greater standardization across our global footprint in our processes, systems and operating practices. This will allow us to scale more efficiently, reduce complexity and ensure we're leveraging the best practices across those locations. It's about creating a more agile and integrated enterprise that can respond even faster and operate smarter.

Next, I believe there's an opportunity to focus on the seamless integration of some of our recent acquisitions. These businesses bring valuable capabilities and customer relationships, and we're committed to unlocking their full potential. By aligning them with our systems and priorities, I believe we can accelerate synergies, expand our market reach and drive additional profitable growth. And finally, we continue to invest in automation and tools to enhance productivity, provide critical business data and increase responsiveness. These investments will help us reduce costs, improve consistency and free up our teams to focus on higher-value activities.

In short, I see tremendous opportunity ahead for growth and margin expansion. I am committed to working with the teams to identify opportunities and implement actions to drive improved performance.

Shifting gears, I'd like to turn your attention to Slide 5 and take a moment to highlight our strong second quarter performance. We delivered solid results across the board with year-over-year sales growth in all 3 of our groups, Packaging, Aerospace and Norris Cylinder. We also achieved notable margin improvement led by our Aerospace group. This margin expansion contributed meaningfully to our growth in operating income and earnings per share, both of which came in ahead of expectations.

So thank you to the TriMas team for making my first earnings call an easier one. The strong results this quarter are a direct reflection of your hard work and focus.

With that, I'll turn it over to Teresa to walk through our financial and segment results for the quarter. Teresa?

Teresa Finley - *TriMas Corp - Chief Financial Officer*

Thank you, Tom. Let's turn to Slide 6, highlighting our second quarter 2025 financial performance. We delivered another strong quarter with consolidated net sales of $275 million, up more than 14% year-over-year. Excluding the impact of currency and acquisitions and dispositions, organic growth was more than 13% for the quarter. Quarter 2 acquisition-related sales were $6.7 million related to the acquisition of GMT Aerospace, now known as TriMas Aerospace Germany, or TAG, more than making up for the loss of $5.4 million in sales related to the divestiture of Arrow Engine in the Specialty Products segment.

Consolidated operating profit increased by more than 50% compared to Q2 2024 or $11 million, reflecting the strong revenue growth and expanded operating margin of 300 basis points with improvements in all segments, led by Aerospace. This correlated to a meaningful increase in consolidated adjusted EBITDA, which was up 31% to nearly $48 million and a margin improvement of 220 basis points to 17.4%. Our adjusted earnings per share increased to $0.61, representing 42% growth year-over-year. All of our businesses contributed to these results with a strong focus across the organization on operational efficiency initiatives, revenue quality and providing innovative solutions for our customers. Turning to the balance sheet and our capital position on Slide 7.

We continue to manage a strong and flexible balance sheet, supported by low interest rates and a long-term debt with no maturities due until 2029. Net debt declined sequentially from Q1 2025 as we continued to pay down the increase resulting from the GMT Aerospace acquisition. As a result of the higher earnings and efforts to pay down debt, our net leverage as of June 30, 2025, decreased to 2.4x as compared to 2.6x at the end of 2024.

Q2 free cash flow improved to $16.9 million, bringing our year-to-date free cash flow to $17.5 million as compared to a use of cash of $2.8 million during the same period of 2024. This improvement reflects our enhanced operating performance and disciplined working capital management. Overall, we believe our capital structure is well positioned to support both near-term operations and future strategic investments.

I will now shift gears to provide additional color on our Q2 segment performance, starting with Packaging on Slide 8. In our Packaging segment, we achieved organic sales growth after adjusting for currency effects of nearly 8%, reflecting continued demand strength for dispensers for the beauty & personal care market. This growth was partially offset by slower growth in our closures and flexibles product lines due to some weakness in the food and beverage markets.

Second quarter operating profit margin improved 30 basis points to 14.3%, while adjusted EBITDA margin improved 70 basis points to 20.9%, driven by sales leverage, operational efficiencies and continued cost management. Our teams also successfully navigated direct tariff impacts through proactive commercial actions, including strategic pricing adjustments and supplier negotiations. Looking ahead, we remain confident in the trajectory of our Packaging business. For the full year 2025, we continue to expect GDP+ sales growth supported by recent customer wins and steady demand across most end markets. We also anticipate modest margin expansion compared to 2024 as we continue to drive operational discipline and leverage efficiencies.

During the second half of 2025, the most significant external factor we are monitoring like many in the Packaging industry is the evolving global tariff environment. In the near term, we are actively working with both suppliers and customers to mitigate exposure and manage cost impacts through strategic sourcing and commercial actions. Overall, we are encouraged by the progress made in the Packaging segment this quarter and remain optimistic about its long-term growth potential.

Turning to Slide 9, I'll review our Aerospace segment. During Q2, our Aerospace Group had a record sales quarter of about $100 million in revenue with a growth rate of 32% plus. This was driven by continued increasing demand in the Aerospace and Defense market, improved throughput against a strong order book, successful contract management and acquisition-related sales of $6.7 million related to the acquisition of TAG. Our operating profit nearly doubled year-over-year with margin expansion of 650 basis points, and our LTM adjusted EBITDA margin now exceeds 21%, surpassing pre-pandemic levels.

This outstanding performance was largely driven by the Aerospace's team's execution, including accelerated factory floor and operational excellence improvements, procurement initiatives and our ability to capitalize on market opportunities by delivering innovative solutions to our customers. As a result of the strong first half performance, we now expect organic sales growth of 20% plus for the full year 2025 with an improvement in margin of 400-plus basis points compared to 2024. We also remain excited about the longer-term growth outlook given our backlog and continued focus on customer solutions, which we expect will drive growth in 2026 and beyond. We continue to prioritize incremental capital investments to support this growth and to accelerate further operational improvements for TriMas Aerospace. If we turn to Slide 10, I will now cover our Specialty Products segment.

Norris Cylinder delivered 13% year-over-year sales growth, reflecting solid underlying demand and quarterly year-over-year sales growth for the first time since the third quarter of 2023. However, this was more than offset by the $5.4 million reduction in sales resulting from the January 2025, divestiture of Arrow Engine. As a result, the Specialty Products segment experienced overall sales down 6.8% year-over-year. Despite the impact of the divestiture, operating profit more than doubled and improved 250 basis points year-over-year, driven by higher sales and absorption of fixed costs and the benefits of previous cost reduction initiatives at Norris Cylinder, offsetting the unfavorable inventory capitalization changes in the quarter.

We expect these unfavorable impacts to subside as we continue to work through absorb manufacturing overhead from the prior year period. With that said, we expect mid-single-digit sales growth for Norris Cylinder for the full year 2025 with margins relatively flat to slightly up year-over-year. As a result of improving order intake, combined with prior cost restructuring actions, we expect to accelerate Norris Cylinder's recovery performance as we move through the second half of the year.

I will now turn the call back to Tom to provide further details on our outlook.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Thank you, Teresa. Let's now turn to Slide 11. As highlighted in our press release this morning, we are raising our 2025 outlook. Following a strong first half of the year, we are increasing both our full year sales and earnings per share guidance, supported by continued strength in our Aerospace business and positive trends within Specialty Products. We now expect full year sales growth of 8% to 10% compared to 2024 and full year adjusted earnings per share of $1.95 to $2.10.

At the midpoint of our new guidance, we are now driving toward a 25% increase in earnings per share compared to $1.65 for full year 2024.

While we expect much of our positive momentum to continue, the changing tariff environment continues to present uncertainty in customer order patterns and consumer demand, which we continue to monitor. With that said, we continue to take proactive steps to mitigate the impact and remain focused on driving ongoing performance improvement.

Before turning to Q&A, I would like to once again state how pleased I am to be at TriMas and how excited I am about the company's future potential. While each business is at a different phase in their respective cycle, TriMas Packaging, TriMas Aerospace and Norris Cylinder are all well positioned to deliver a bright future. I'm excited about what we can accomplish together, and I look forward to working with our teams, our customers and all of our investors to deliver long-term value. Thank you.

And with that, I will turn the call back to Sherry.

Sherry Lauderback - *TriMas Corp - Vice President - Investor Relations and Global Communications*

Thanks, Tom. At this point, we would like to open up the call to questions from our analysts.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Ken Newman, KeyBanc Capital Markets.

Ken Newman - *KeyBanc Capital Markets Inc - Equity Analyst*

Tom, congrats on the new position. I appreciate all the prepared comments on your key focus areas coming into the organization. And I know you've only been there for a little over a month now, but I think the biggest question that I get from investors, particularly recently, is what does the portfolio kind of look like over the intermediate to longer term? Coming in, I'm sure you saw a lot of great things out of the Packaging segment, but I'm curious how you think about the portfolio as it is today. And if you have any comments or thoughts on what that portfolio could look like and maybe Aerospace, in particular, whether you think that is a longer-term pillar of the growth strategy in coming years?

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Well, thanks for the question. I forgot to mention that I was going to ask you guys to be easy on me. But anyways, yes, so the portfolio today, what we're focused on is maximizing that portfolio. We're looking at 3 really good businesses, and we're working on operational improvements. We're working on how we can take costs out of those business and how we can expand our positions commercially with our customers.

And so we have businesses that have not been, let's say, fully integrated or maximized. And so that's been kind of my focus as I've gone through these different plants, and I've seen a lot of them, as I said, over the last couple of weeks. And so I see the potential there.

We're in the process of figuring out how we're going to maximize the current portfolio that we have. As you know, we've engaged in that process to study that and figure out what's best long term. And we're continuing to work on that. In the meantime, we're going to continue to focus on doing what we do and do it the best we can.

Ken Newman - *KeyBanc Capital Markets Inc - Equity Analyst*

Understood. That's helpful. Maybe just switching over to the guidance. First on Aerospace. Teresa, it does seem like the implied operating margins for Aero maybe step down from the first half or from 2Q levels into the back half.

One, is that kind of the right way to think about it? And if so, just any help on what's kind of driving the moderation in the operating leverage there? Is that just some pullback on the volumes? Is there a mix impact there?

Teresa Finley - *TriMas Corp - Chief Financial Officer*

Yes. Thanks, Ken. Yes, you've got it right. There is some pullback in Q3, Q4. Most of that is due to our seasonal trends, both for Aerospace and Packaging.

I would say that both businesses also had some unique onetime customer benefits and growth in Q4 that we don't plan on repeating. So it is a bit more moderated in the back end, but we're confident on our expectations on the range and what we've got going on in both those businesses.

Ken Newman - *KeyBanc Capital Markets Inc - Equity Analyst*

Yes. That's helpful. Maybe just one last one, and I'll jump back into the queue. You talked about ramping up on the capital investment for the Airbus contract starting in '26. Is there any way to help -- I know you're not ready to guide to '26 yet, but is there any way to help us size the revenue opportunity for Aero in particular, just from that contract or putting some barriers around sizing what top line could look like just from the contract as it ramps up?

Teresa Finley - *TriMas Corp - Chief Financial Officer*

Yes. I think we'll defer that for 2026 guidance. But as we've previously discussed with the Airbus, we look at ramping up in 2026, the phase-in, phase-out program, then we'll have a larger step increase in 2027. So it's going to be a several year process. We're really excited about that commercial deal and margins will be strong.

But we'll probably be able to guide you a little bit better as we get into 2026 planning.

Operator

Hamed Khorsand, BWS Financial.

Hamed Khorsand - *BWS Financial Inc - Analyst*

I was just going to start off with the Aerospace, if I could. The growth that you're seeing, how much of that was coming from the loss of capacity at your competitor? How much of that is coming from you picking up market share? And how are you adjusting the business for capacity so you can still continue to grow?

Teresa Finley - *TriMas Corp - Chief Financial Officer*

Thank you, Hamed, for the question. I would say the competitive issues that took place earlier in the year really insignificant in terms of our overall growth. We are looking long term at opportunities to position ourselves with customers for our unique product set. I would say more of this is really across the board market penetration, new customers that we've gained that we're really focused on new product and customer product innovations. We certainly have a strong market that we're playing in.

And along with that is some really healthy margin expansion. But I would credit the -- that event to be less of our growth story.

On the capacity, we have plenty of machine capacity. That's really -- our challenge is more on the people side, ensuring that we can bring on the right skilled resources at the right pace to drive the overall production efficiencies. We could do third shifts. We're kind of -- some of that is -- would be extra cost. But frankly, we're challenged and we'll continue to be challenged to figure out how we can bring in even more opportunity because the demand is strong and the demand is looking good for the next couple of years.

Hamed Khorsand - *BWS Financial Inc - Analyst*

Great. And then on the Packaging side, are you done with bottleneck issues and trying to maximize the efficiencies in this segment?

Teresa Finley - *TriMas Corp - Chief Financial Officer*

No. I'll defer to Tom because he spent a lot of time in Packaging, but we see a lot of opportunity to continue to work on our Packaging segment. We've got certainly a number of initiatives and things in place. We've got some new accounts coming on, but there's work to do to get us to that margin expansion that we were hoping for this year, and we look forward to more activities that will help us with that.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Yes. I would just add going around and looking at those facilities, and I mentioned it earlier in my remarks that these businesses are at different phases, let's say, in their integration and their approach to continuous improvement. Aerospace is pretty advanced on that side. And on the Packaging side, we have some great platforms that we can continue to build on. I see great capabilities, great machinery, great resources, but they're lagging a bit on the integration side, and they're lagging on the standardization side.

And so I see that not from a disappointed perspective, but I see that as opportunity for us to maximize these businesses. And so I've got a lot of experience in that particular area. And so it didn't scare me at all. In fact, I was energized as I walked away from those and said we have some great opportunities to build on for the future.

Teresa Finley - *TriMas Corp - Chief Financial Officer*

And Hamed, I would just add that on the top -- the revenue side of that equation, there are certainly some opportunities to rationalize our products going forward to ensure that we are positioning ourselves in the marketplace with the highest margin and best return type products. So you'll hear more about that as we move forward.

Hamed Khorsand - *BWS Financial Inc - Analyst*

Okay. And then just last question. What is going to be the new accounts receivable run rate? Should we expect this to go down? Or is it because the sales are now going to be at a higher rate, your receivables is going to stay at this kind of number?

Teresa Finley - *TriMas Corp - Chief Financial Officer*

Yes. I think it's a little on the high side today. We should see some improvements over time. We've had a few -- every quarter, there seems to be a few special customer type arrangements. But underlying that, we're making good progress on those areas.

Operator

Ken Newman, KeyBanc.

Ken Newman - *KeyBanc Capital Markets Inc - Equity Analyst*

Teresa or Tom, maybe give you the opportunity to see if you want to quantify at all what the opportunity is from self-help initiatives in Packaging today? And just also help us frame up the magnitude of those expected benefits. Is this something where you think EBIT margins in Packaging could get back to that, call it, low 20% range in '26? Or is that too much of a hurdle?

Teresa Finley - *TriMas Corp - Chief Financial Officer*

Yes. I'll answer first and I'll let Tom jump in on what he's seeing. But we've got room to improve overall margins in the Packaging business. I think some of that's going to -- it's going to tie into what our product set is going forward and the customer segments that we're going after. We're making some shifts in our approach to customers today.

So I do think that there's some upside. I'm not ready to comment on what that range will be. I think it give us a little more time -- give Tom a little more time to do some magic and work with the teams. I think we'll be able to guide more specifically, I think, in 2026, at least on the range for that year.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Yes. I mean I would just say I don't know what the potential is yet. Our business is different. Let's say, the mix of it is different than it was historically. But we do think that our EBITDA rate against our peer group is strong.

And so we're not ashamed of anything on that front. But there's always opportunity for improvement, and we'll work on rightsizing our cost structure, our SG&A, our capacity footprint utilization, et cetera. And we'll improve it. I just don't know what that upper limit is. So sorry to be so vague.

Ken Newman - *KeyBanc Capital Markets Inc - Equity Analyst*

Yes. No, it makes sense. Tom, do you want to go back to just the standardization comments you made before, though. Typically, when I think about TriMas' Rieke's business in particular, I think about their ability to do a lot of highly customized designs and that kind of being a primary pillar of the outsized margin performance versus the peers. Can you just talk a little bit about where the opportunities are to standardize processes there and how that doesn't necessarily impact the competitive nature of that business?

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

Well, first, I want to say that the historical Rieke business does a great job. They've got -- it's more of a mature business. We understand that. But we have a lot of acquisitions, as you know, that we've bolted on to this business over the past few years. And what we need to do is we need to look at best practices across all of those operating platforms, and we need to figure out how we adopt and standardize across that.

There's just -- they do a great job collectively with respect to the importance of meeting customer expectations and quality and service. But we all have our own way of doing things and that I've seen, and that's less efficient than it could otherwise be.

And so my experience in the past, you look at best practices, you figure out -- you don't have any pride when you acquire businesses and you look at the one you're acquiring, you look at the one you have and you say, okay, what's best? And then you standardize on that one. And so I just -- that process hasn't happened yet that I can see, maybe to some extent, but there's still room -- a lot of room to go there. And so that's good, though. That's -- we can look at those best practices, and we can figure out how to standardize it.

And you got to be standardized really before you can start building really good improvements on top of that. So in a nutshell, that's where we're at.

Teresa Finley - *TriMas Corp - Chief Financial Officer*

Ken, I would just also add that we have made a number of IT investments, especially this year, ERP platforms that will enable us from an IT systems perspective to -- certainly to standardize and to gain some of the synergies out of those businesses. We look forward to -- as we deploy these systems, we look forward to capitalizing on those as we move forward.

Thomas Snyder - *TriMas Corp - President, Chief Executive Officer, Director*

That is a big piece of it and really looking forward to getting that under our belt.

Ken Newman - *KeyBanc Capital Markets Inc - Equity Analyst*

Yes. That makes sense. Maybe last one from me. Teresa, you mentioned the expectation for margins to continue to improve even into '26, especially with the volume outlook here in the near term. Is there a way to think about what you think is a normalized incremental margin through an up cycle for Aerospace today?

Teresa Finley - *TriMas Corp - Chief Financial Officer*

We like where we are. These margins, certainly that we've achieved now. Certainly, there's likely a little bit more upside. But frankly, our focus is really to drive revenue through this model now, focus on growth over maximizing margin. I think that, that will give us the better returns over time.

So we like where we're at. Is there some upside? Yes, we'll probably guide a little bit more of a range based on what we see in 2026.

Ken Newman - *KeyBanc Capital Markets Inc - Equity Analyst*

So just to clarify, I think the implied back half incremental on average, I think, is maybe, call it, mid-20s on EBIT. But when you say like where we're at, is that kind of more in line with what you've seen in the first half on the incremental margins through an up cycle. Again, this is more of like an up cycle average than looking for a specific quarter or anything like that.

Teresa Finley - *TriMas Corp - Chief Financial Officer*

Yes, I think that's fair, Ken. I mean there could be a little bit upside on the incremental compared to the first half because we've been obviously performing month after month has gotten better, but I think that's a fair assumption.

Operator

We have no further questions at this time. I'd like to turn the floor back over to management for closing comments.

Sherry Lauderback - *TriMas Corp - Vice President - Investor Relations and Global Communications*

Once again, thank you for joining us today and for your continued interest in TriMas. We appreciate your time and engagement, and we look forward to sharing our progress and updates with you on the next earnings call. Thank you.

Operator

Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation, and have a wonderful day.