



The Eastern Company

Continuous quarterly dividend since 1940

NASDAQ: EML

Investor Presentation March 2020

Statements in this presentation about our future expectations, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the rules, regulations and releases of the Securities and Exchange Commission. Any statements that are not statements of historical fact, including statements containing the words "believes," "intends", "continues," "reflects," "plans," "anticipates," "expects," and similar expressions, should also be considered to be forward-looking statements. Readers should not place undue reliance on these forward-looking statements, which are based upon management's current beliefs and expectations. These forward-looking statements are subject to risks and uncertainties, and actual results might differ materially from those discussed in, or implied by, the forward-looking statements. Among the risks and uncertainties that could cause actual results or events to differ materially from those indicated by such forward-looking statements include, but are not limited to changing customer preferences, lack of success of new products, loss of customers, cybersecurity breaches, changes in competition in our markets, and increased prices for raw materials resulting from tariffs on imported goods or otherwise. There are important, additional factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including those set forth in our reports and filings with the Securities and Exchange Commission. We undertake no obligation to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise.

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles (“GAAP”) such as Adjusted EBITDA and certain ratios and other metrics derived there from. Adjusted EBITDA is net income before interest, taxes, depreciation and amortization and non-recurring costs and expenses. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the presentation of these measures may not be comparable to similarly-titled measures used by other companies. We believe (i) these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends; and (ii) that the use of these non GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures.

- Manages industrial businesses that design, manufacture and sell unique engineered solutions to niche markets
- Focuses on industries that offer long-term macroeconomic growth opportunities
- 3 reporting segments – Industrial Hardware, Security Products, Metal Products
- Headquartered in Naugatuck, CT; 18 locations in U.S., Canada, Mexico, U.K., Taiwan and China
- Track record of successful acquisitions and strong financial results, including 80 years of dividend payments

Senior Leadership



August M. Vlak

President & CEO, Director

- Named President, CEO and Director in January 2016
- Former management consultant and, most recently, Senior Advisor to Barington Capital Group, L.P.
- Former Investment Banker of Lehman Brother's Health Care Banking Group
- Expertise in growth strategy and operational performance improvement



John L. Sullivan III

CFO & Vice President

- CFO and Vice President since December 2006
- 40-year tenure at Eastern
- Previous roles include Treasurer, Secretary and Corporate Controller

Decentralized Operations

- Businesses empowered to make independent decisions
- “Ownership culture” maximizes competitive effectiveness of niche businesses

Centralized Finance/Risk Mgmt.

- Enhanced corporate tools & best practices, including:
 - Financial planning & budgeting
 - Risk management
 - Compliance

Performance Oriented

- Accountability for results:
 - Annual budgeting
 - Long-term planning
 - Quarterly financial reviews
 - Monthly operating reviews
- Aligned annual and long-term incentives

Unifying Culture

- Engineering & design for industrial customers
- Active in communities where we work

Collaboration

- Shared annual and strategic planning
- Cross-selling opportunities
- Manufacturing and supply chain opportunities



Maximize results from our best businesses



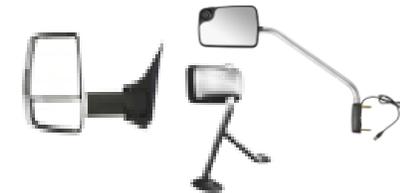
Leading provider of engineered turnkey packaging for diverse markets, including truck, automotive, packaged consumer goods and pharmaceuticals



Global manufacturer and designer of access hardware systems, providing custom-engineered industrial, vehicular and specialty hardware to a wide variety of industries



Innovator in vision systems and components to truck, recreational and specialty vehicle OEMs and 4,000+ aftermarket distribution locations in North America



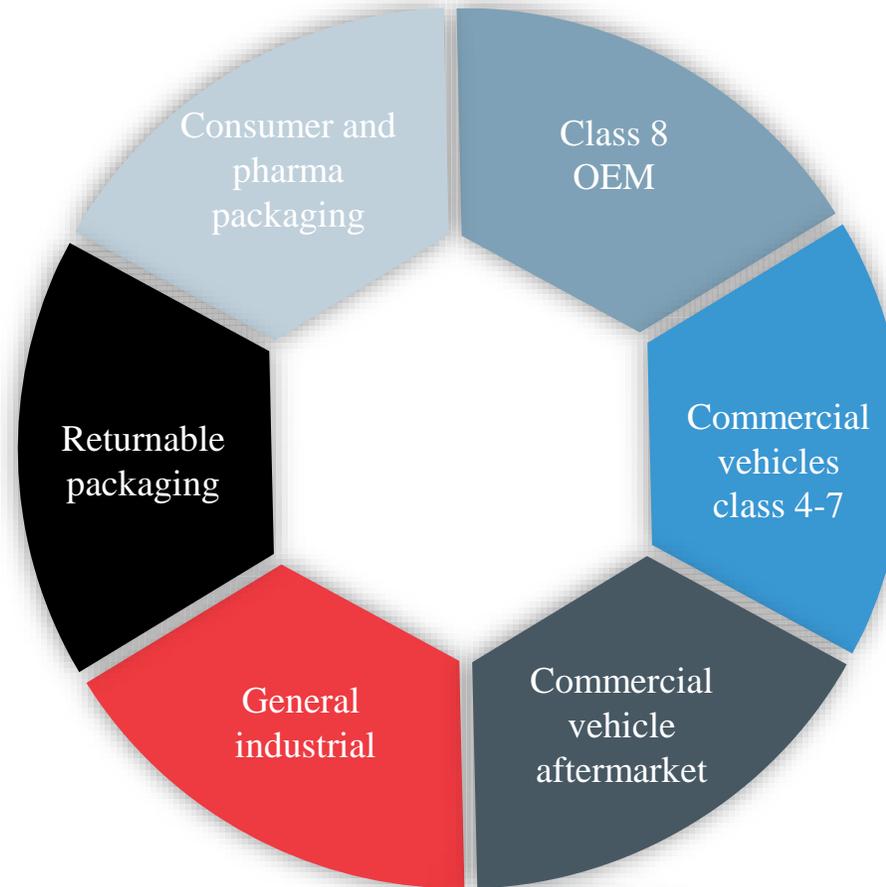
Provides engineering expertise, technology and manufacturing capabilities to design and produce high-quality locks and security products for demanding applications



- Recession-resistant demand, especially pharma
- Driven by new product launches and packaging redesign
- Concentrated packaging production and blue-chip customer base
 - Berry, Amcor, Kraft, Nestle, P&G, J&J, etc.

- Demand driven by new product launches, product updates and, increasingly, manufacturing automation
- Fragmented, partly caused by the importance of proximity to customers

- Wide range of end markets (e.g., truck accessories, mining, commercial laundry, construction)
- Cyclicity and correlation with economic activity varies

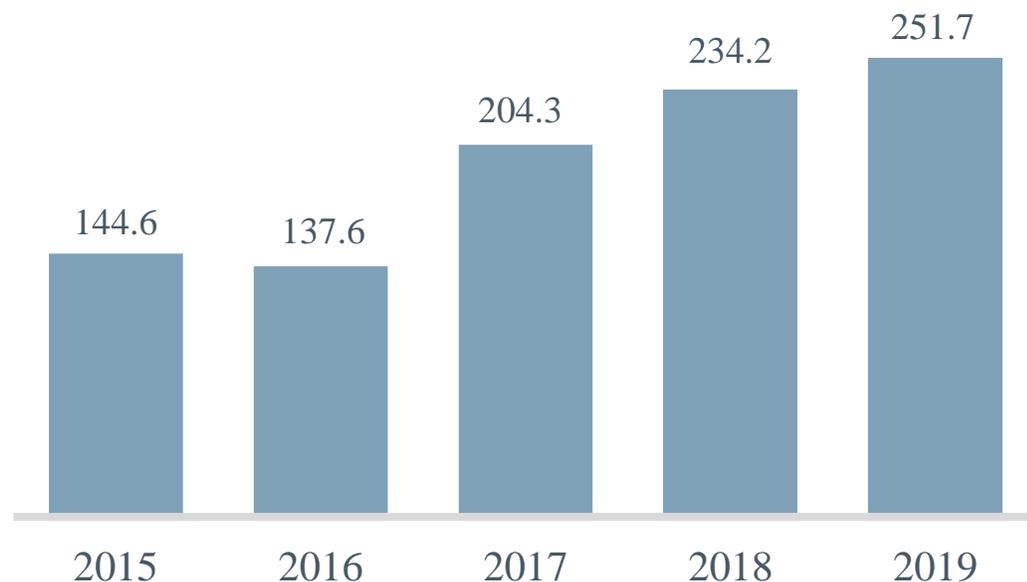


- Cyclical demand driven by freight miles, government regulations
- Long sales cycles and program life
- Highly concentrated customer base of manufacturers
 - Daimler, Freightliner, Paccar, Volvo/Mack

- Driven by economic activity within each submarket / application
- Less cyclical due to market diversity
- Niche-player customers including chassis manufacturers and specialty vehicle builders
 - Ford, Navistar, Freightliner, Mitsubishi, etc.

- Stable demand driven by fleet age, freight miles
- Highly fragmented market with multiple levels of distribution
- Diverse customer base

Net Sales
(\$ millions)



Net Income per Share
(\$)



1. 2017 results adjusted for \$2.5 million and \$1.8 million, respectively, in one-time charges related to the U.S. Tax Cuts and Jobs Act, Eastern's acquisition of Velvac, environmental remediation and personnel-related expenses
2. 2019 net income adjusted for costs related to Composite Panel Technologies and Road-iQ restructuring cost, M&A, and gain on land sale



Business Description

- Niche industry leader in turnkey packaging solutions
- Highly engineered, value-added product offering
- Serves diverse customer base from 6 facilities in key Midwest and Northeast markets and the U.K.



Financial Highlights

- Strong, tenured customer relationships yield significant recurring revenue
- Double-digit annual revenue growth each of the prior fiscal 5 years ⁽¹⁾
- Low fixed cost business model, and low working capital and maintenance capex requirements
- High cash flow generation

(1) Based on audited financial statements of Big 3 Precision



Favorable Market Characteristics

- Frequency of new automotive and commercial vehicle launches
- Demand driven by product launches, not production volumes
- Manufacturing automation requires highly-engineered racking systems
- Counter-cyclical CPG demand for new packaging design

BIG 3
PRECISION MOLD SERVICES
Packaging Blow Mold Tooling



BIG 3
PRECISION PRODUCTS
Returnable Packaging



- ✓ Good fit
 - Product, market and customer overlap
 - Engineering-driven
 - Strong cost discipline
- ✓ Value Creation Potential
 - Accelerated market access across businesses
 - Access to high-priority markets
 - Cost synergies
- ✓ Strong Financials
 - ROIC greater than 12%
 - Gross margins greater than 25%
 - EBITDA margins greater than 15%
- ✓ Sustainable Business Model
 - Recurring revenue
 - Critical products
 - Strong intellectual property
- ✓ Committed Talent
 - High-performing and committed talent

Long-term Aspiration - \$100 Million in EBITDA

01

Optimize portfolio of
businesses

02

Maximize results from
best-performing
businesses

03

Ensure a solid and
flexible balance sheet

1

Realize full potential of Big 3 Precision, including synergies with other Eastern businesses

2

Use cash flow to pay down debt

3

Continue to optimize Eastern's portfolio of businesses, ensuring sound operations and financial performance across all businesses

4

Seek additional bolt-on acquisition opportunities

5

Ramp up interactions with the investment community to raise Eastern's profile with buy-side and the sell-side

Reporting Segments

Industrial Hardware

- Big 3 Precision*
- Eberhard Manufacturing*
- Velvac*
- Composite Panel Technologies/Canadian Commercial Vehicles Corporation
- Sesamee Mexicana

Security Products

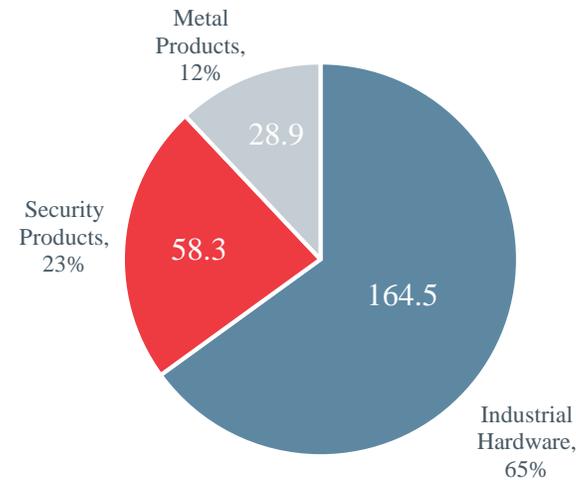
- Illinois Lock Company (ILC)*
- Greenwald Industries
- Argo EMS

Metal Products

- Frazer & Jones

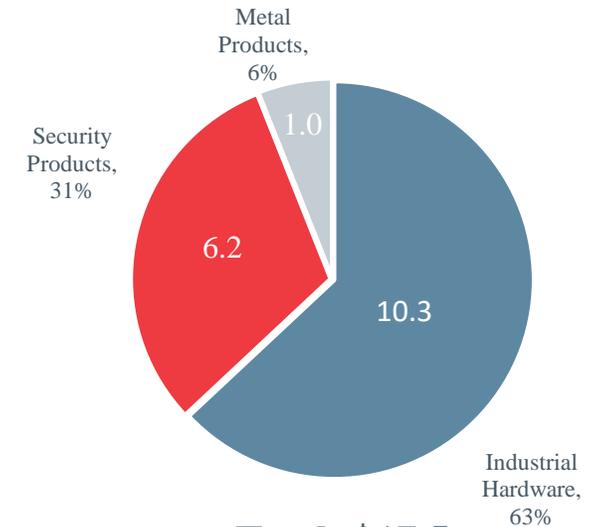
Reporting Segment Financial Performance FY 2019

Sales (\$M)



Total: \$251.7

Operating Profit (\$M)



Total: \$17.5

*Eastern's largest businesses (see pg. 7)

THE EASTERN

COMPANY

The Eastern Company
Corporate Office
112 Bridge Street
P.O. Box 460
Naugatuck, Connecticut
Phone: (203) 729-2255
ir@easterncompany.com