# Strong Demand for IBC Advanced Alloys' mission critical alloys lifts it to profitability

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As the USA continues to pursue a high technology future, a key recent trend is to secure a domestic American-made supply chain of critical metals for advanced end-user materials, such as alloys. Today's company is doing just that, by supplying 'advanced alloys' from their U.S based manufacturing hubs. These alloys go into numerous high technology products that are 'made in America'. As countries look to boost military spending with the latest high-performance products, today's company stands to benefit from that trend.

IBC Advanced Alloys Corp. (TSXV: IB | OTCQB: IAALF) (IBC) manufactures mission critical alloys for the defense and commercial industries. The alloys IBC manufactures include beryllium and copper advanced alloys. These are used in industries such as defense, aerospace, automotive, telecommunications, precision manufacturing (including electronics & semiconductors), and others. IBC is headquartered in Franklin, Indiana and operates plants in Indiana and Massachusetts, in the USA.

According to IBC, the Company is "one of only two companies in the world that produces aerospace-grade beryllium-aluminum direct investment castings for defense and commercial markets. IBC's products can be made at 30-50% less cost than traditional BeAl machined billet processes."

**Industries served by IBC Advanced Alloys**

Source: IBC Advanced Alloys company presentation

**IBC Advanced Alloys business**

IBC has two divisions, a Copper Alloys Division and an Engineered Materials Division. Both divisions are strong contributors to revenue at 52% and 48% respectively.

The Copper Alloys Division manufactures a wide range of copper alloy castings and forgings for defense and commercial applications, including copper-beryllium alloys, Thermal-Mould™, Oxygen-Free Copper (C10100), Copper Nickel Silicon Chrome (C18000), Aluminum-Bronze, and many others.

The Engineered Materials Division produces high-performance beryllium-aluminum components (Beralcast® brand) used in commercial and military applications, including the F-35, F/A-18, advanced satellites & semiconductor manufacturing systems.

IBC's customers include Lockheed-Martin, Raytheon, BAE, General Dynamics-Electric Boat Division, Schlumberger, Thyssen-Krupp, Newport News Shipbuilding, and a major satellite manufacturing company.

**IBC's select customers**

Source: IBC Advanced Alloys company presentation

IBC's revenue has been building with FY 2021 revenue reaching US$21.8 million. As of the latest reporting quarter (FY2022 Q2) IBC is now profitable.

Highlights for the quarter ended December 31, 2021, included (all figures are in USD):

- "IBC swings to profitability in the quarter ended December 31, 2021, on 44.5% YoY sales growth; sales higher by 51.9% YTD.
- Sixth straight quarter of higher sales of IBC's innovative beryllium-aluminum alloy products, driven by semiconductor industry and defense demand.
- Copper Alloys Division sales higher by 11.4% YTD as new manufacturing facility in Indiana nears completion.
- IBC reported comprehensive income of $344,000 for the quarter, sharply narrowing its YTD loss as compared to the prior-year period.
- Adjusted EBITDA soars by 301% and 757% in the three and six months ended December 31, 2021."

IBC Chairman & CEO Mark A. Smith stated regarding the above results:

"Sales across both operating divisions of IBC were robust in the quarter and year-to-date, which helped drive us to profitability in the quarter ended last December…..I have been pleased to see our Engineered Materials team hitting all-time highs in terms of production output in this fiscal year and generating greater than a 125 percent increase in sales in the year to date as compared to the previous year…..It also is very exciting to see the Copper Alloys team deliver double-digit percentage increases in sales in this fiscal year to date while they work virtually seven days a week to complete construction and commissioning operations of our new production plant at our Franklin, Indiana facility."

**Next step and growth initiatives for IBC**

IBC intends to consolidate its Copper Alloy Division facilities

and complete the construction of a new state-of-the-art copper alloy foundry facility in Indiana. The new facility aims to increase efficiencies, reduce OpEx, and expand gross margins by leveraging expanded production capacity.

**Closing remarks**

IBC is making excellent progress both financially and in expanding the business, all at the right time when security of local supply chains is rapidly gaining importance. Revenue, margins and income are all improving as a result of strong organic company growth.

Advanced alloys demand is also growing nicely boosted by strong demand from many industries such as defense, electronics and telecommunications. IBC has ~20% insider ownership with the Chairman & CEO Mark A. Smith holding 15.9%.

IBC Advanced Alloys trades on a market cap of only C$17 million. It looks like 2022 will be a breakout year for IBC.