The date is April 21, 2026. Hi, everyone. Welcome back to Atrium Research's YouTube channel. Today I have the pleasure of interviewing Dave Offerman, the CEO of IEH Corporation, which trades under the symbol IEHC on the OTCQX.

We recently initiated coverage on the company a few weeks ago with a buy rating and a $26 per share target price. We cover the company's growing backlog, exposure to the defense sector as well as commercial aerospace, with a lot of the end markets that it's operating in being in bull cycles, especially defense missiles, which are going through a moment here with the inventory buildouts that are happening over the coming years.

So, Dave, thanks for being here today. He's going to walk you guys through the presentation, and then we'll get into some Q&A after that.

Sounds good. Yeah, thanks for having me, Nick. I appreciate it. And saying missile defense is having a moment, that's an understatement. It's having the moment to end all moments. But I'll touch on that later on in my presentation.

Just to give everybody a quick overview of IEH, for anybody that's not familiar, we are a connector manufacturer. We make printed circuit board connectors primarily for defense and commercial aerospace applications and have a specific type of technology called hyperboloid, which I'll touch on briefly. Let me jump into the presentation.

We are an 85-year-old company with four generations of family management. My great-grandfather started the company in 1941, followed by his two sons, my grandfather and his brother, then my father, and now me. We started in New York City, moved out to Brooklyn in the early 90s, and then opened up a second facility here in Allentown, Pennsylvania, where I am today, about four years ago.

Like I mentioned before, we make hyperboloid connectors, which is a very specific, ruggedized type of connector technology. We have about 175 employees and the two locations, like I mentioned. Our two primary markets, like I said, are defense and commercial aerospace. We also do a lot in space, which is growing, as you can probably imagine, and some medical and industrial.

These are just some examples of our products around the perimeter of the slide here, with the visual representation of the hyperboloid, the wire basket, in the middle.

Without getting too deep into the weeds, hyperboloid is a very specific type of connector technology that's ideally suited for high-stress applications, where the female socket has a wire basket inside so that when the male pin is inserted, the wires expand and flex and surround the male pin. So, it's an ideal type of contact technology that allows for a lot more mating cycles, immunity to shock and vibration, greater current-carrying capacity, and lower insertion force.

It's a much more durable, rugged, reliable type of connector technology that, again, is ideally suited for environments where the performance and the reliability of the connector are much more important than the price. It's a premium product. Our type of connector is not the kind that you would see in your iPhone. I tell people we make connectors that, in some cases, cost more than the iPhone, but they go into applications where they cannot fail, regardless of how much it costs.

Some examples of our products: like I mentioned, our primary product is printed circuit board connectors, so a lot of daughter card to motherboard types of connections. We also do a lot of discrete contacts, both signal size, which are smaller, and power size, which could be larger for greater current-carrying capacity. We do a lot of connector flex assemblies, which is a value-added service where we'll take our connectors and we'll terminate them to a flex or a cable in order to provide a greater value-added service for our customers.

We've gotten a lot more into high-speed connectors, where there's more data, more transmitted signals being passed from a daughter card to a motherboard or a backplane to a motherboard. And we do a lot of hybrid connectors, where a customer can get a combination of power and signal contacts in the same connector body, which provides a lot of flexibility in the design of a system for a customer.

So, I mentioned our primary two sectors are defense, which is usually anywhere from 60 to 70% of our overall revenue, and commercial aerospace, which is usually another 25 to 30%, and then space and medical. Space is obviously growing a lot. Again, everybody knows what's going on with SpaceX and Blue Origin and all these other commercial space companies that are starting to come out of the woodwork. That market continues to grow for us every year, and medical is a smaller but also growing segment where we see a lot of growth potential, which I'll touch on later.

Some of the applications that I mentioned before are all high-end, high-stress environments, whether it's on commercial jets, like engine control systems, fuel management systems, all types of avionics platforms, or, obviously, a lot of missiles, torpedoes, missile defense, airborne radars, satellites, rockets, medical devices, like I said, and vehicular equipment, and, of course, military radios, along with some industrial applications as well.

Our story over the last several years has been one of steady growth followed by decline, followed by recovery. In my 20 years here, the first 15 years or so were marked by pretty steady year-over-year growth in both the top and the bottom lines. Then we got hit by a couple of black swan events, namely the 737 MAX crashes that grounded that entire fleet for Boeing. That happened in late '19, early 2020, followed by COVID, which pretty much decimated the commercial aerospace supply chain, which is obviously a big part of our revenue.

Defense was going through some transitions at that time, and that's what led to the downturn that you see there from '21 to '23. We've since recovered. Our last two years, 2025 and 2026, which just finished, will be two of our best years ever, and we're projecting even better in 2027 and beyond. So, we're looking at potentially record revenue for IEH going forward.

Our operating income tells the same story. It was doing very well until COVID and the 737 MAX crashes. That really was a kick in the teeth that depressed our margins for a couple of years there, but we're on our way back.

Cash, obviously, that's king, and everybody wants to know how your cash position is. It was very strong, declined during the couple of years of losses, but has since grown and leveled out. We've been right around that 9 to 10 million range for the last, I don't know, year or two.

This is my favorite slide, showing our backlog, which is the orders that are booked but haven't yet bu... Over the last 12 months, there has been a steady increase. Especially since the beginning of this calendar year, it's gone up meaningfully, almost doubled in just the last few months, and it's at a record high, and it's not even close. It was at a record high in March. Now we're 20% even above that. So, it's a great indicator of where we see our revenue for the next couple of years.

We've been talking a lot about defense, and for obvious reasons. Everybody sees what's happening in the news. The Iran war is just the latest stimulant for defense spending, but this has been going on for the last couple of years. Ever since Ukraine-Russia started, and it's accelerated with Israel-Hamas and then other things happening with Iran, there's been a concerted effort to change, augment, and solidify the Pentagon's acquisition process. So, there have been increases in orders for US defense as well as our allies.

These are some of the programs that IEH is involved in. Patriot, that's in the news a lot, both the Patriot radar and the Patriot missile. APKWS, which stands for Advanced Precision Kill Weapon System, that's a precision-guided munition that we're very involved in. AMRAAM, which is Advanced Medium-Range Air-to-Air Missile. Lower Tier Air Missile Defense System, which is Alamids, and, of course, THAAD, which has also been in the news. That's Theater High Altitude Air Defense.

These are all missiles, missile defense, and missile tracking systems that have all gotten a lot of funding, and it's not just for this year. This isn't just a temporary blip. This is for the long term going forward. These are several-year increases. So, again, it bodes very well for IEH.

Some of the recent news: during our downturn, we went dark for a couple of years, which put us in the doghouse with the SEC. We rectified our late filings, got back up to current. The SEC voluntarily dropped the matter in January, which allowed us to uplist on the OTC platform that we had previously been on, the OTCQX. So, those troubles are in the rearview mirror. We're now back on the OTCQX Best Market, which is the highest level of the OTC exchange, which provides a lot more transparency and investor visibility.

Some of the headwinds that we've been dealing with, because it's not all great news: gold is obviously the biggest one. Anybody who follows commodities knows that gold has been on an absolute tear for the last two years. It seems to have leveled off in the last couple of months. Knock on wood. But 2025 saw the greatest annual increase in gold since 1979.

Gold is a huge material expense for us because there's gold in all of our connectors. We plate our metallic elements with gold in accordance with the mil-spec. So, it's a huge material cost for us and really hit our bottom line the last couple of years. Tariffs and health insurance are also stressors to a lesser extent, but gold is really the big culprit in depressing our margins.

How are we dealing with that? Well, we're buying more gold as a hedge against future increases. I've been raising prices very aggressively. I'm sorry I didn't mention that on the slide, but that's been the primary response, to increase our prices a lot more than we had in the past, at a greater rate and with greater frequency.

We're also investing in equipment to become more vertically integrated, getting fewer of our screw machine parts from outside sources that are usually overseas in France and Switzerland. Over time, that will reduce our costs, tariffs or no, and help us have greater control and flexibility over our own supply chain and, in a very large sense, be our own supplier. We've invested already in two screw machines and are getting two more. It's not a small investment. These are low six-figure purchases, but within, I'd say, a year or two, they'll have paid themselves off, and then we'll be recognizing cost savings there.

We're also just being a lot more strict in terms of cost controls with our inventory, with our SG&A, overhead, fringes, and all of our growth is in the Pennsylvania location, which is where I am today. So, all additional staffing, equipment, capacity, it's all here in PA, where our rent is cheaper, utilities are cheaper, labor, both direct and indirect, everything is cheaper here in Pennsylvania as compared to New York City, which I'm sure surprises no one. So, that will enable us to lower our costs over time.

Some of the tailwinds, which I've mentioned before: obviously, defense spending is at a historic high, and this is a foundational shift. This is not just a blip. These are the kinds of changes that are fundamental to how the Pentagon goes about its acquisition process. So, we see a long-term upward trajectory in terms of defense spending on the programs that we're involved in.

Commercial aerospace is also doing very well. Boeing has gotten its act together after a troublesome few years. We're seeing increases in the 737 MAX and the 787 Dreamliner, two big programs for us. We also sell a lot to Airbus, not as much as to Boeing, but probably about 30% of our commercial aerospace sales are to Airbus. They're also increasing bills. Commercial space, like I mentioned, is only going up and up, no pun intended, and we will definitely be benefiting from that market expansion.

And medical devices are a priority for us. As I mention in the next slide, strategic diversification is an important long-term goal of mine. Just like you don't want to have all your eggs in one basket, you don't want to have them all in two baskets either. We've traditionally been a two-basket company, defense and commercial aerospace, which is great, except when they both experience a downturn like they did a few years ago, which hit us very hard.

So, whether it's through organic growth and product development or acquisitions, which is something I'm very, very interested in and we're actively pursuing, we have a long-term goal of making medical, along with space, a greater share of our overall revenue pie so that we don't have 75 to 80% of our revenue coming from just those two legacy industries of defense and commercial aerospace.

So, why should investors be interested in looking at IEH now? Well, like I mentioned before, a record order backlog. Raising prices and recognizing efficiencies to compensate for higher gold costs. The structural, long-term changes we're seeing in defense. Revenue recovery is in full swing and only going up. We're projecting 36 million for fiscal year 2027, which just started for us, and even greater in the years going forward.

So, again, record backlog, which will convert to revenue over the next year or two, with a pipeline that supports additional growth over the next three to five years. Diversifying our markets, becoming more vertically integrated, and, obviously, now being on the OTCQX platform allows for greater investor visibility and liquidity.

And that is it for me.

Fantastic. Thank you, Dave. Appreciate that. You can stop sharing there. That's a great presentation. You actually answered a lot of the questions I had. But maybe just staying on the medical and space segments, what is the strategy, the sales and marketing strategy? How do you open up new doors?

So, like I mentioned before, it's a combination of product development and marketing and sales. We're investing quite a bit in marketing and in expanding our sales force, both in breadth and in geographic footprint, and possibly through acquisitions. M&A is something I've been very interested in for a long time, for really two goals: to diversify both the markets we serve and the products we offer, so we have a greater diversification of our product portfolio. So we're not just hyperboloid PCB connectors and contacts.

Medical is a great potential market for us because it's one of the few markets outside of defense and commercial aerospace where the quality and the reliability of the product matter more than the price, because it's mission critical in the sense that very often these are life-saving applications. So it's a very, very good fit for a premium product like the hyperboloid.

And then going back to defense on the Patriot program, it looked like, pre-Iran, this was going to be a seven-year program. Lockheed, with these new orders, things are starting to accelerate. So, what do you think about that? Is that going to be more of a three- or four-year program, or are they getting to those end numbers now? What's your opinion on that? I know you're not.

No, like I said, this has a lot of legs to it. As much as our backlog has grown, and a lot of it is, of course, Patriot, APKWS, THAAD, those programs, what we're seeing from our customers, Raytheon, Lockheed, BAE, Northrop, is that there's a lot more coming.

And what's happening is they're getting more commitments and visibility from the federal government than they had in the past, which enables them to give more long-term commitments to their supply chain, companies like mine. So I have a lot more visibility into our long-term growth prospects than I traditionally had, and it's all good.

Great. Okay. And then what about the supply chain? So maybe just walk us through the value chain. Who are your guys' main suppliers? What are the facilities? There are the main two, but maybe just walk us through how you guys go from raw materials all the way to connectors.

Sure. So, the main elements of our connectors are the screw machine elements, the pins and the sockets, the plastic housings, the bodies that these pins and sockets are populated into, hardware to a lesser extent, and plating, which is gold over nickel over copper, typically.

[snorts] We've always traditionally been reliant on screw machine suppliers, mostly European, like I mentioned before, France and Switzerland, where they're really, really good at it, can meet our strict quality and dimensional requirements, and can produce at scales that are meaningful for us. There was always a rationale for investing in the equipment, becoming more of our own supplier in order to be less reliant on them. But it was always a matter of having the money to do it and a cost-benefit analysis that was more favorable. Tariffs really gave us a kick in the butt to do that, because we spent quite a lot of money last year on tariffs.

So, it was good in the sense that it was a stimulus for us to get moving on this. And even without tariffs, just with a couple of machines that we've already purchased and put online, we could see the benefits of being more of our own supplier. We're never going to completely be rid of the outside screw machine houses, but being less reliant on them will save us money, save us on delivery schedules, production flexibilities, and production efficiencies. It's definitely a worthwhile investment.

Very good. Okay. And on competition, do you guys think you can gain some share from Smiths or Molex now? And even gain share away from the alternative products?

Sure. Absolutely. I mean, we've done very, very well competing against Smiths for many years as they've gone through different iterations, different leadership, different directions, and strategic approaches. We've benefited very well from that. And being acquired by a much bigger company, we all know what happens there. We've seen that playbook. There are reductions in force. There are reductions in strategy. Product lines get discontinued.

Customers don't get the same level of support that they had had before from a pricing standpoint, engineering, delivery standpoint. So, that all benefits us. And we've been marketing heavily in that regard, letting our customers and potential customers know that we're not going anywhere. We're not changing hands. They can rely on us, and that message is being very well received.

Fantastic. Fantastic. And then just the last thing I always like to ask is, what are some of the catalysts that investors should watch out for?

Well, certainly defense spending is the big one. Even if this Iran conflict ended tomorrow, these wheels were set in motion a while ago, a year or two ago: the whole idea of replenishment of our stockpiles of our munitions and increased awareness on the part of NATO and other countries that they need to invest more in their own defense. This is not a temporary thing. This is a fundamental multi-year shift.

So the more that we see on that, the more that's good for IEH. Those are some of the catalysts that we're going to see that will bode well for us, and specifically the programs that I mentioned before. The more those are in the news, the more that's good for IEH.

On the commercial aerospace side, it's Boeing and Airbus, things to pay attention to. It's not so much when they sell X number of jets to so-and-so airline, because that's very indefinite in terms of timeline and delivery. Really, the thing to pay attention to is their monthly yield. When Boeing has a quarterly conference call and they talk about increasing the 737 MAX monthly deliveries from, say, 40 to 60, for instance, that's a very good signal or leading indicator for IEH's revenue growth.

Got it. Yeah, there's lots of good visibility into your guys' markets, so lots of things for investors to track. Well, those are the main questions I had. So, Dave, thanks for walking us through the story. I think it's a great overview for investors.

For those that haven't seen our research, you can find it all on our website at atriumresearch.ca, where we'll have lots of content on IEH as they report news as well as their quarters throughout the year. And then I also wanted to mention Dave and I will be doing a fireside chat at Planet MicroCap in Vegas in a couple of months, in June. So be sure to attend that if you guys are going. Dave is also open for one-on-ones. So feel free to book those when those open up with him.