

OIL & GAS REFINING

PETROCHEMICALS & CHEMICALS

ALTERNATIVE ENERGY

HYDROMETALLURGY

POWER GENERATION

ALUMINUM PRODUCTION

SHIPBUILDING

INDUSTRIAL REFRIGERATION

OIL & GAS PRODUCTION

OIL & GAS EXPLORATION

AIRCRAFT ENGINES

GROUND-BASED TURBINES

DYNAMIC MATERIALS

2007

ANNUAL REPORT



ABOUT THE COMPANY

Dynamic Materials Corporation (DMC) is an international metalworking company and the world's leading provider of explosion-welded clad metal plates. The Company's Explosive Metalworking business, which generates the majority of DMC's revenue, uses specialized explosive processes to weld metal and alloy plates, which are then used in a broad spectrum of industrial capital projects.

The Explosive Metalworking segment serves a variety of industries, including oil and gas, petrochemicals and chemicals, alternative energy, hydrometallurgy, power generation, aluminum production, shipbuilding and industrial refrigeration.

DMC also operates an Oilfield Products segment, which manufactures, markets and sells specialized explosive components and systems used to perforate oil and gas wells. The segment also distributes a line of explosive-related seismic products that support oil and gas exploration activities.

DMC's third business segment, AMK Welding, utilizes various technologies to weld components for use in power-generation turbines, as well as commercial and military jet engines.

Based in Boulder, Colorado, DMC has production facilities in Mt. Braddock, Pennsylvania; Rivesaltes, France; Likenas, Sweden; Burbach, Germany; Troisdorf, Germany; and South Windsor, Connecticut.

The Company's stock trades on Nasdaq under the symbol "BOOM."

About the Cover:

Listed on the cover are several of the industries that utilize DMC's explosion-welded plates, specialized welding services, explosive perforating components and systems, and explosive-related seismic products.

CONSOLIDATED STATEMENT OF OPERATIONS HIGHLIGHTS

(Dollars in thousands except per share amounts)

	Years Ended December 31,	
	2007	2006
Net Sales	\$ 165,175	\$ 113,472
Gross profit	55,007	42,033
Income from operations of continuing operations	38,892	30,103
Income before income taxes and discontinued operations	38,734	30,608
Income from continuing operations	24,587	19,267
Income from discontinued operations, net of tax	--	1,497
Net income	\$ 24,587	\$ 20,764
Income per share - diluted:		
Continuing operations	\$ 2.00	\$ 1.58
Discontinued operations	--	0.12
Net income	\$ 2.00	\$ 1.70
Weighted average diluted shares outstanding	12,293,158	12,213,075
Annual dividends per common share	\$ 0.15	\$ 0.15

BALANCE SHEETS HIGHLIGHTS

(Dollars in thousands)

	DECEMBER 31,	
	2007	2006
ASSETS		
Cash, cash equivalents and restricted cash	\$ 9,416	\$ 20,945
Accounts receivable, net	39,833	21,549
Total current assets	94,730	63,847
Total assets	\$ 240,899	\$ 84,973

LIABILITIES AND STOCKHOLDERS' EQUITY

Total current liabilities	58,818	25,297
Long-term debt	61,530	382
Deferred tax liabilities	20,604	1,512
Other long-term liabilities	1,668	202
Stockholders' equity	98,279	57,580
Total liabilities and stockholders' equity	\$ 240,899	\$ 84,973

SALES (\$ in Millions)



INCOME FROM OPERATIONS (\$ in Millions)



NET INCOME (\$ in Millions)



DILUTED NET INCOME PER SHARE (\$ in Millions)



FINANCIAL HIGHLIGHTS

Dear Stockholders,

The most gratifying aspect of Fiscal 2007 was that our achievements came on so many fronts. As a stockholder, you will be pleased to know that we delivered another year of record revenue and earnings results. We also completed a major expansion of our U.S. production facilities, significantly increased our already dominant share of the global explosion-welding market, and added an explosive-related product line that has given us access to an important new end market.

Continued Financial Growth

Our net income in 2007 reached an all-time high \$24.6 million, or \$2.00 per diluted share, on revenue of \$165.2 million. The charts on the preceding page show the relative strength of our 2007 results. Other notable measures that illustrate our year-over-year growth include:

- operating cash flow, which increased 13 percent to \$18.7 million,
- total assets, which advanced 184 percent to \$240.9 million, and
- total stockholders' equity, which grew 71 percent to \$98.3 million.

This sustained growth is attributable both to the continued strength of our multiple end markets, and DMC's ability to effectively address them. We do not believe that the challenges currently impacting many sectors of the economy have had a discernable impact on the global base of industries we serve. At this writing, all eight of our largest end markets, including the flourishing alternative energy sector, appear healthy and active. This fact is reflected in the strength of our "hot list," an extensive roster of global order opportunities we monitor closely. This list consists of a multitude of near and longer-term projects that we anticipate will incorporate the use of explosion-welded plates.

Another forward-looking measure of your Company's strength is the order backlog of its explosion-welding business, which at year-end, had reached an all-time high \$100 million dollars. This represents a 45 percent increase versus our backlog at the end of fiscal 2006.

In last year's Annual Report, I discussed a major capacity expansion we had initiated at our U.S. explosion-welding facility in Mt. Braddock, Pennsylvania. That project was completed during the second half of 2007, and already has enhanced our production flexibility and the speed at which we can execute orders. During the year, we also made important progress on the modernization efforts we have initiated at our European explosion-welding facilities.

Acquisition Expands Global Market Share

Germany-based DYNAenergetics has been a respected competitor of our explosion-welding business for many years. In November 2007, it joined the DMC family when we acquired the business for approximately \$112 million in cash, stock and assumed debt. This acquisition has given us exposure to a new base of European and Asian customers and has further enhanced our explosion-welding production capacity. It also has helped mitigate some of the competitive challenges we were experiencing in certain target markets.

LETTER TO SHAREHOLDERS



STOCKHOLDER'S EQUITY (\$ in Millions)



BACKLOG (\$ in Millions)



DYNAenergetics generated fiscal 2007 revenue of approximately \$64 million. Just over half of its sales have traditionally come from its explosion welding business, while the balance has been generated by its Oilfield Products unit. This latter business is focused primarily on manufacturing, marketing and selling specialized explosive components and systems for the perforating of oil and gas wells and specialized seismic services. Its products include detonators and detonating cords, shaped charges and perforating guns. The business serves an international roster of oil and gas production customers, and has been enjoying respectable growth in the global marketplace.

Rolf Rospek, one of the DYNAenergetics principals from whom we purchased the company, has joined the DMC Board of Directors and now oversees the operations and strategic expansion efforts of the Oilfield Products segment. In light of the demands being placed on the global energy industry, we are optimistic about the contributions this business could make to the Company going forward.

Our AMK Welding segment also delivered improved results during 2007, thanks largely to its expanding production efforts on a large customer's ground-based turbine program. We believe AMK is positioned to deliver another year of revenue and income growth during 2008.

Looking Forward

In light of the healthy activity within our end markets and the enhanced strength of our operations and management team, we are very optimistic about DMC's future. Going forward, we will continue to pursue our growth strategy of expanding DMC's market share and entering new geographic regions.

I am very proud of the DMC team, and want to thank each of its members for all they accomplished during the past year. I also want to welcome the many new employees who have joined us from DYNAenergetics. We are pleased with how quickly these two businesses have come together and how our teams are working with a collective spirit. Finally, I want to thank our Directors for their strategic guidance, and you, our stockholders, for your continued support of Dynamic Materials.

Sincerely,

Yvon P. Cariou, President and CEO

The acquisition of Germany-based DYNAenergetics has given us exposure to a new base of European and Asian customers and has further enhanced our explosion-welding production capacity.

(L) Yvon Pierre Cariou

President and Chief
Executive Officer

(R) Mr. Rolf Rospek

CEO, DYNAenergetics





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ALTERNATIVE ENERGY
HYDROELECTRIC POWER GENERATION
DIRECTIONS AND EXECUTIVE MANAGEMENT
ALUMINUM PRODUCTION
INDUSTRIAL FERTILIZATION
OIL & GAS EXPLORATION
GROUND-BASED TURBINES
AIRCRAFT ENGINES

DIRECTORS

Mr. Dean K. Allen

Chairman of the Board,
Dynamic Materials Corporation;
Retired President, Parsons Europe,
Middle East and South Africa

Mr. Yvon Pierre Cariou

President and Chief Executive Officer,
Dynamic Materials Corporation

Mr. Richard P. Graff

Retired Partner, PricewaterhouseCoopers

Mr. Bernard Hueber

Retired Secretary General, Federation of
European Explosives Manufacturers;
Former Chairman and CEO, Nobel
Explosifs France

Mr. Gerard Munera

Chairman and CEO, Synergex

Mr. Rolf Rospek

CEO, DYNAenergetics

EXECUTIVE MANAGEMENT

Yvon Pierre Cariou

President and Chief Executive Officer

Richard A. Santa

Sr. Vice President and Chief Financial Officer

John G. Banker

Sr. Vice President,
Customers and Technology

Mr. Rolf Rospek

CEO, DYNAenergetics



CORPORATE DATA

Independent Auditors

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Denver, Colorado

Legal Counsel

Holme Roberts & Owen LLP
Denver, Colorado

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Phone: 303.262.0600

Investor Relations Counsel

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Denver, Colorado 80202
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Annual Meeting

The Annual Meeting of Stockholders will be held at 9:00 a.m. on June 5, 2008, at the Company's Headquarters in Boulder, Colorado

Form 10-K

Included herein.

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DYNAenergetics Explosive Metalworking

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