



P A R K
E L E C T R O C H E M I C A L
C O R P .

an Aerospace Company

21st Annual Needham Growth Conference
January 16, 2019



Forward Looking Disclaimer

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance, and include Park's expectations regarding revenues, EBITDA, EBIT, and growth opportunities and projected pro forma financial information for Park's Business. The forward-looking statements contained in this presentation are based on management's good-faith belief and reasonable judgment based on current information, and these statements are qualified by important risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those forecasted or indicated by such forward-looking statements.

With respect to projected pro forma information regarding our Business, potential risks and uncertainties include:

- *The Company has greater exposure to the risks of the aerospace industry generally, including volume of commercial and business air travel, airline industry confidence and investment, energy and fuel costs, global military and defense budgets, global politics and trade policy, global environmental and conservation policy, aerospace OEM product life cycles and new program development, and overall perception of air travel safety, convenience, and affordability versus other modes of transportation.*
- *The Company has a greater portion of its production concentrated in fewer manufacturing locations. Natural disasters, location specific labor issues or business or environmental regulation may have a greater impact on the operations of the Company.*
- *Increased customer concentration relative to total revenue. The Company's revenue derived from its top customer is larger as a percentage of total revenue. Factors relating to pricing and contract negotiation, timing of purchases, and the overall customer relationship is even more critical and could adversely affect the Company's overall operations to a greater degree.*
- *Increased supplier concentration. The Company has increased risk, relative to its overall operations, associated with a certain supplier, which is the sole source supplier for many of the Company's products. Any disruption, economic changes or quality issues with this supplier could negatively affect the Company's overall operations to a greater degree.*
- *Increased dependency on certain aircraft OEM programs. The Company has significant exposure to certain aircraft programs that are subject to market demand, manufacturing delays or issues, safety or qualification issues, and trade, tax and political issues, which could in turn negatively affect the Company.*
- *Vulnerabilities associated with changes in supply chain or sourcing strategies by Tier 1 aerospace suppliers or OEMs. OEMs may decide to bring fabrication or assembly work that is currently performed by the Company's direct customers in-house. OEMs may also demand price reductions of the Company's direct customers, which may have an adverse effect on the Company. The Company is also dependent on the commercial success of certain jet engine programs, which are in direct competition with other jet engine programs on factors such as price, efficiency, repair and maintenance factors and timely delivery, which are outside the Company's direct control.*
- *The Company competes for manufacturing and engineering talent in a competitive labor market. Personnel turnover and training costs could negatively impact the Company's operations.*

Additional information about potential factors that could affect the Company's business and financial results is included under the caption "Factors That May Affect Future Results" in Item 1 and in Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended February 25, 2018 and in subsequent reports filed with or furnished to the Securities and Exchange Commission. Except as may be required by any applicable laws, Park assumes no obligation to publicly update such forward-looking statements, which are made as of the date hereof or the earlier date specified herein, whether as a result of new information, future developments, or otherwise.



Who Are We?

Park Electrochemical Corp. is an Aerospace Company which develops and manufactures solution and hot-melt advanced composite materials used to produce composite structures for the global aerospace markets. Park's advanced composite materials include film adhesives (undergoing qualification) and lightning strike protection materials. Park offers an array of composite materials specifically designed for hand lay-up or automated fiber placement (AFP) manufacturing applications. Park's advanced composite materials are used to produce primary and secondary structures for jet engines, large and regional transport aircraft, military aircraft, Unmanned Aerial Vehicles (UAVs commonly referred to as "drones"), business jets, general aviation aircraft and rotary wing aircraft. Park also offers specialty ablative materials for rocket motors and nozzles and specially designed materials for radome applications. As a complement to Park's advanced composite materials offering, Park designs and fabricates composite parts, structures and assemblies and low volume tooling for the aerospace industry. Target markets for Park's composite parts and structures (which include Park's patented composite Sigma Strut™ and Alpha Strut™ product lines) are, among others, prototype and development aircraft, special mission aircraft, spares for legacy military and civilian aircraft and exotic spacecraft. Park's objective is to do what others are either unwilling or unable to do. When nobody else wants to do it because it is too difficult, too small or too annoying, sign us up.



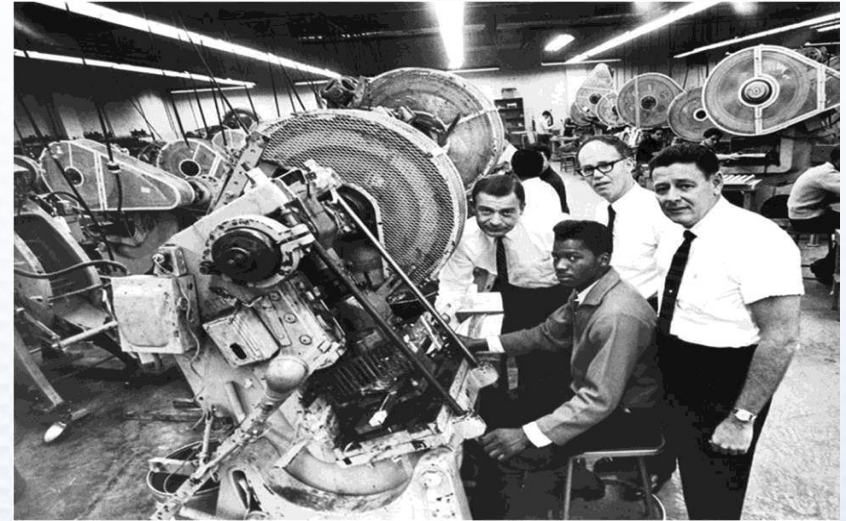
Park Sells Iconic “Nelco” Electronics Business

- Park Sells its Iconic “Nelco” Electronics Business to AGC Inc. of Tokyo, Japan on December 4, 2018 for \$145 Million in cash
- Very Good Result for:
 - ✓ Park
 - ✓ Park Shareholders
 - ✓ AGC Inc.
 - ✓ Former Park Electronics Business Employees
 - ✓ Former Park Electronics Business Customers



Brief Historical Perspective

- 1954 Park is Founded by Jerry Shore and Tony Chiesa with ~ \$60 Thousand Investment
- 1960 Park goes Public
- 1961 Park acquires New England Laminates Company (“Nelco”) in Stamford, CT for ~ \$200 Thousand
- Mid-1980’s Park is global Electronics Business with other ancillary businesses
- Jan 2007 Park commits to Aerospace as second major area of business focus
- Jan 17, 2008 Ground-breaking for Park’s New Aerospace Manufacturing and Development facility in an empty field in Newton, KS



Brief Historical Perspective (Continued)

May 2009

Park's New Newton, KS Aerospace facility opens (kind of!)

Dec 2018

With Sale of Electronics Business, transformation of Park from an Electronics Company to an Aerospace Company is now complete

- 10 Years of Very Hard and Difficult Work
- Many challenges, set-backs and disappointments needed to be overcome
- Much adversity needed to be faced
- Many sacrifices needed to be made
- We have built a foundation for Park's future the hard way...one brick at a time
- But now, we own it...Park is an Aerospace Company
 - ✓ We are it...
 - ✓ It is us...



Park's Aerospace Business

- Park develops and manufactures Solution and Hot-Melt Advanced Composite Materials used to produce composite structures for global aerospace markets, including:
 - ✓ Wide array of prepreg materials specifically designed for hand lay-up or automated fiber placement (AFP) manufacturing applications
 - ✓ Film Adhesive materials (undergoing qualification with Major Aerospace OEM)
 - ✓ Lightning Strike Protection materials (“Electroglide®”)
- Park's Advanced Composite Materials are used to produce primary and secondary structures for:
 - ✓ Jet Engines
 - ✓ Large Transport Aircraft
 - ✓ Regional Transport Aircraft
 - ✓ Military Aircraft
 - ✓ Unmanned Aerial Vehicles (UAVs or “Drones”)
 - ✓ Business Jets & General Aviation Aircraft
 - ✓ Rotary Wing Aircraft



Park's Aerospace Business (Continued)

➤ Park also offers:

- ✓ Specialty Ablative materials for Rocket Motors and Nozzles
- ✓ Specially designed materials for Radome Applications

➤ As a complement to Park's Advanced Composite Materials offering, Park designs and fabricates Composite Parts, Structures and Assemblies and Low-Volume Tooling for the Aerospace Industry

- ✓ Parts include Park's patented "Sigma Strut"™ and "Alpha Strut"™ product lines
- ✓ Target Markets for parts and structures:
 - ❖ Prototype and Development Aircraft
 - ❖ Special Mission Aircraft
 - ❖ Aircraft "STC" Mods
 - ❖ Spares for Legacy Military and Civilian Aircraft
 - ❖ Exotic Spacecraft



New Development

Park Enters Into Hard Pricing Agreement with Major Jet Engine Company

- 13 Year LTA for 2017 through 2029 entered into in 2017
 - ✓ Composite Materials Requirements Agreement
 - ✓ 3 + 5 + 5 Year Pricing Agreement with Pricing Agreed to through 2019

- December 2018...Park and Major Jet Engine Customer agree to hard pricing under LTA through 2029
 - ✓ Estimated Value of 13 Year Agreement based upon Customer Provided Forecast for 2017 through 2026 and extrapolation for 2027 through 2029
 - ❖ Total: Approximately \$425 Million
 - ❖ Remaining: Approximately \$400 Million



New Development

Exciting New Program with Major Jet Engine Company

- December 2018...Park receives POs for 2019 and 2020 from Jet Engine Customer for Park Composite Materials for Critical Engine Structure for Major New Engine Program
 - ✓ Aircraft Program: _____
 - ✓ Engine Program: _____
 - ✓ Not Nacelles
- Significance of POs
- Estimated Value of Program based upon Customer Provided Forecast through 2027 and extrapolation for 2028 and 2029 (to align with 13 Year LTA):
 - ✓ Through 2029: \$100 Million+
 - ✓ Per Year Once Fully Ramped: \$12 Million+
 - ✓ Value is Preliminary because program still under development



New Development

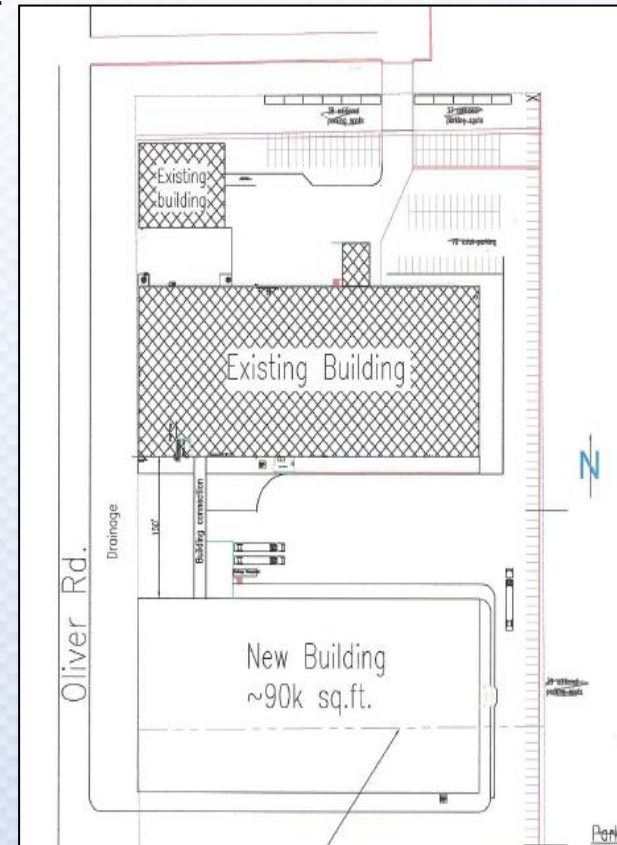
Major Expansion of Park's Newton, KS Facilities

- December 2018...Park announces Major Expansion of Newton, KS Aerospace Manufacturing and Development Facilities
 - ✓ Redundant Plant for Large Jet Engine Company and its Aircraft OEM Customers; Park promised to build plant once hard pricing through 2029 agreed to
 - ✓ Redundant Plant also needed for Manufacturing Capacity by CY2021 based upon Customer Provided Forecast
 - ✓ Approximately 90,000 square feet
 - ✓ Double size of current Newton, KS facilities
 - ✓ Approximately \$19 Million Investment
 - ✓ Completion expected by mid-2020 calendar year
- Expansion includes:
 - ✓ New Hot-Melt Film and Tape Manufacturing Lines
 - ✓ New Mixing and Delivery Systems
 - ✓ New R & D Lab
 - ✓ Expanded Production Lab



Major Expansion (Continued)

- ✓ Additional Slitting Capacity
 - ✓ Additional Freezer and Storage Space
 - ✓ Space to accommodate Additional Hot-Melt Tape Line or Solution Treating Line
 - ✓ Space to accommodate Confidential Joint Development Project with Major Aerospace Customer
 - ✓ Additional Office Space
- Hot-Melt Manufacturing Capacity:
- ✓ Current: Approximately \$40 Million
 - ✓ Expansion will provide approximately \$50 Million of Additional Capacity
 - ✓ With additional \$4 Million to \$5 Million Investment, another \$50 Million of Additional Capacity could be made available (space is provided for in new facility)



December of 2018

- Sold Electronics Business to AGC Inc.
- Hard Pricing Agreement with Major Jet Engine Company through 2029
- POs for Exciting New Program with Major Jet Engine Company
- Announced Major Expansion of Newton, KS Facilities
- Transformation of Park from Electronics Company to Aerospace Company is Complete



Major Jet Engine Company

- 13 Year LTA with Hard Pricing
- POs for Composite Materials for Critical Structure for GE9X Engines for B777X
- Redundant Factory Announced and in Progress
- Sole Source for Composite Materials, including Lightning Strike Protection Materials and Film Adhesive Materials (undergoing qualification), for Engine Nacelles, Thrust Reversers and Inner Fixed Structures for Multiple Programs, including:
 - ✓ B747-8 with Genx 2B Engines
 - ✓ A320NEO with LEAP-1A Engines
 - ✓ Comac 919 with LEAP-1C Engines
 - ✓ Bombardier Global 7500 with Passport 20 Engines
- Park Composite Materials are Sole Source on large primary structure component for new engine program ramping up production



Major Jet Engine Company (Continued)

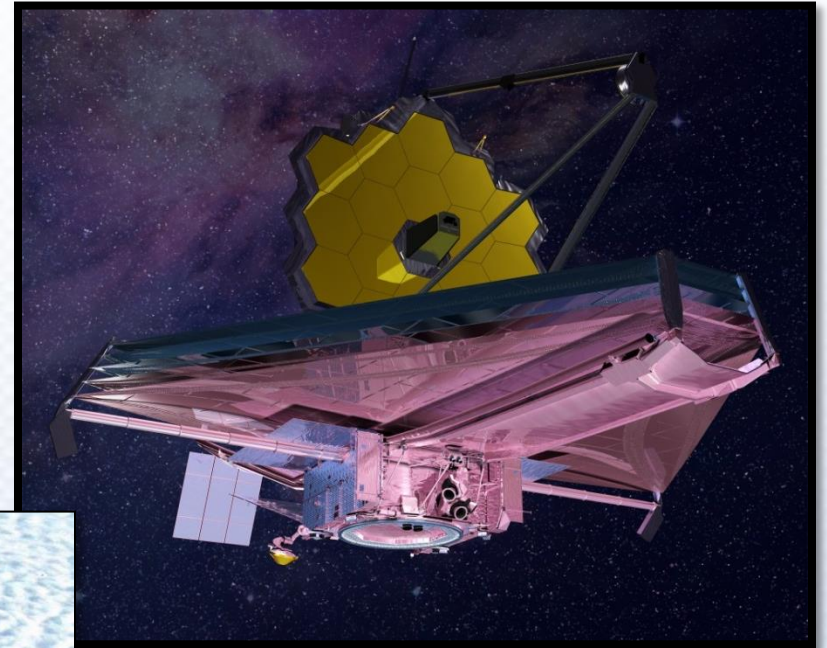
- Joint Development and Collaboration projects related to:
 - ✓ Lightning Strike Protection Material...Development complete and qualified and in full production
 - ✓ Film Adhesive Material...Development complete and undergoing qualification and expected to be in production in CY2020
 - ✓ Confidential Matter



Park Exotic Programs for Composite Structures



Textron's Scorpion ISR/Strike Tactical Aircraft



NASA's James Webb Space Telescope



Boeing E4-B Doomsday Aircraft



Special Dividend and Cash

- On January 2, 2019, Park's Board of Directors declared a special dividend of \$4.25 per share payable February 26, 2019 to shareholders of record on February 5, 2019. The total amount of this special dividend will be approximately \$86 Million
- Including this special dividend and the regular quarterly \$0.10 per share dividend payable February 5, 2019 to shareholders of record on January 2, 2019, Park will have paid approximately \$506 Million, or \$24.75 per share, of cash dividends since the beginning of FY05
- Park's Regular Cash Dividend
 - ✓ Park has paid regular quarterly cash dividends since 1985 and has never skipped or reduced its regular dividend



Special Dividend and Cash (Continued)

- Doing the Cash Math:
 - ✓ \$112M cash at end of Q3 of FY19
 - ✓ +\$145M proceeds from Electronics Business Sale
 - ✓ \$257M
 - ✓ - 22M* transaction cap gains taxes and expenses
 - ✓ - 19M transition tax installment payments
 - ✓ - 19M* Newton, KS expansion
 - ✓ - 86M special cash dividend
 - ✓ \$111M**
 - ✓ Approximately \$110M of cash remaining after all costs and expenses listed above are paid

- Acquisition Philosophy and Activities

- Seeking JV partner in Asia

*estimates

**concept number; not precise computation



Park's Long-Term Forecast Estimates

	FY20	FY21	FY22	FY23
Sales	\$59M to \$64M	\$69M to \$73M	\$78M to \$84M	\$87M to \$92M
EBITDA	\$14.5M to \$16.5M	\$17.5M to \$21M	\$21.5M to \$24.5M	\$25M to \$27.5M
EBIT	\$13M to \$15M	\$16M to \$19.5M	\$19.5M to \$22.5M	\$23M to \$25.5M

- FY20 Forecast is a Pro-Forma forecast which assumes all legacy costs from prior business structure are eliminated at the beginning of FY20
- Forecast assumes Organic Growth and no Additional Revenue from Acquisitions
- Note that Jet Engine Company Forecast does not fully ramp up until FY26



Park's Future

- Long and Difficult 10 Year Journey, but we persevered and we did not quit...maybe we too were Unstoppable like our Beloved Founders from the Old Days
- We have not yet achieved Greatness as a company, which is our Singular Objective, but we have accomplished Great Things against serious odds
- We Are an Aerospace Company Now...and we Earned it
- The Foundation for our Future has been Built...



Thank You!

