



## **NEWS RELEASE**

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### **PARK AEROSPACE CORP. REPORTS THIRD QUARTER RESULTS AND DECLARES SPECIAL CASH DIVIDEND**

Newton, Kansas, Thursday, January 9, 2020. ....Park Aerospace Corp. (NYSE-PKE) reported results for the 2020 fiscal year third quarter ended December 1, 2019. As previously reported, Park completed the sale of its Electronics Business to AGC Inc. on December 4, 2018. Therefore, the results of operations for the Electronics Business in the prior year are reported as discontinued operations. Continuing operations discussed below refer to Park's Aerospace Business unless otherwise indicated, and prior periods in such discussion have been restated to reflect results excluding the Electronics Business.

A live audio webcast, along with presentation materials, will be available at <https://edge.media-server.com/mmc/p/qote4j37> at 11:00 a.m. EST on Thursday, January 9, 2020. The presentation materials will also be available at approximately 9:00 a.m. EST on Thursday, January 9, 2020 at <https://parkaerospace.com/shareholders/investor-conference-calls/> and on the Company's website at [www.parkaerospace.com](http://www.parkaerospace.com) under "Investor Conference Calls" on the "Shareholders" page.

#### **Continuing Operations:**

Park reported net sales of \$15,847,000 for the 2020 fiscal year third quarter ended December 1, 2019 compared to \$12,853,000 for the 2019 fiscal year third quarter ended November 25, 2018 and \$13,723,000 for the 2020 fiscal year second quarter ended September 1, 2019. Park's net sales from continuing operations for the nine months ended December 1, 2019 were \$44,520,000 compared to \$34,457,000 for the nine months ended November 25, 2018. Net earnings from continuing operations for the 2020 fiscal year third quarter were \$2,806,000 compared to \$2,078,000 for the 2019 fiscal year third quarter and \$2,052,000 for the 2020 fiscal year second quarter. Net earnings from continuing operations were \$7,572,000 for the current year's first nine months compared to \$4,718,000 for last year's first nine months.

EBITDA from continuing operations for the 2020 fiscal year third quarter was \$3,622,000 compared to \$2,948,000 for the 2019 fiscal year third quarter and \$2,406,000 for the 2020 fiscal year second quarter. EBITDA from continuing operations for the current year's first nine months was \$9,400,000 compared to \$5,997,000 for last year's first nine months.

For the nine months ended December 1, 2019, Park reported net earnings from continuing operations before special items of \$7,716,000 compared to \$3,930,000 for last fiscal year's first nine months. In the 2020 fiscal year's first nine months, the Company recorded a one-time tax charge of \$144,000 for the write down of deferred tax assets for stock option expirations pertaining to employees who transferred to AGC Inc. in connection with the sale of the electronics business. The 2019 fiscal year's first nine months included the one-time tax benefit of \$788,000 related to the Tax Cuts and Jobs Act enacted in December 2017.

Park reported basic and diluted earnings per share from continuing operations of \$0.14 for the 2020 fiscal year third quarter compared to \$0.10 for the 2019 fiscal year third quarter and \$0.10 for the 2020 fiscal year second quarter.

Park reported basic and diluted earnings per share from continuing operations of \$0.37 for the 2020 fiscal year's first nine months compared to \$0.23 for the 2019 fiscal year's first nine months. Basic earnings per share from continuing operations before special items were \$0.38 for the 2020 fiscal year's first nine months compared to \$0.19 for 2019 fiscal year's first nine months. Diluted earnings per share from continuing operations before special items were \$0.37 for the 2020 fiscal year's first nine months compared to \$0.19 for 2019 fiscal year's first nine months.

## SPECIAL CASH DIVIDEND

Park announced that its Board of Directors has declared a special cash dividend of \$1.00 per share payable February 20, 2020 to shareholders of record at the close of business on January 21, 2020. The total amount of this special dividend will be approximately \$20.5 million.

Including this special dividend and the regular quarterly dividend of \$0.10 per share payable February 4, 2020 to shareholders of record on January 2, 2020, the Company has paid a total of approximately \$536 million, or \$26.15 per share, of cash dividends since the Company's 2005 fiscal year.

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The Company will conduct a conference call to discuss its financial results at 11:00 a.m. EST today. Forward-looking and other material information may be discussed in this conference call. The conference call dial-in number is (844) 466-4114 in the United States and Canada, and (765) 507-2654 in other countries. The required passcode for attendance by phone is 1627957.

For those unable to listen to the call live, a conference call replay will be available from approximately 2:00 p.m. EST on Thursday, January 9, 2020 through 11:59 p.m. EST on Wednesday, January 15, 2020. The conference call replay will be available at <https://edge.media-server.com/mmc/p/qote4j37>. It can also be accessed by dialing 855-859-2056 in the United States and Canada, and 404-537-3406 in other countries. The required passcode for accessing the replay by phone is 1627957.

Any additional material financial or statistical data disclosed in the conference call, including the investor presentation, will also be available at the time of the conference call on the Company's web site at <https://parkaerospace.com/shareholders/investor-conference-calls/>.

Park believes that an evaluation of its ongoing operations would be difficult if the disclosure of its operating results were limited to accounting principles generally accepted in the United States of America ("GAAP") financial measures, which include special items, such as one-time tax charges and EBITDA. Accordingly, in addition to disclosing its operating results determined in accordance with GAAP, Park discloses non-GAAP measures including EBITDA and operating results that exclude special items in order to assist its shareholders and other readers in assessing the Company's operating performance, since the Company's on-going, normal business operations do not include such special items. The detailed operating information presented below includes a reconciliation of the non-GAAP operating results before special items to earnings determined in accordance with GAAP and a reconciliation of GAAP pre-tax earnings to EBITDA. Such non-GAAP financial measures are provided to supplement the results provided in accordance with GAAP.

Park Aerospace Corp. 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 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 proprietary composite SigmaStrut™ and AlphaStrut™ 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.

Additional corporate information is available on the Company's web site at [www.parkaerospace.com](http://www.parkaerospace.com).

**Performance table, including non-GAAP information** (in thousands, except per share amounts – unaudited):

|  | 13 Weeks Ended      |                      |                      | 39 Weeks Ended      |                      |
|--|---------------------|----------------------|----------------------|---------------------|----------------------|
|  | December 1,<br>2019 | November 25,<br>2018 | September 1,<br>2019 | December 1,<br>2019 | November 25,<br>2018 |
| Sales  | \$ 15,847           | \$ 12,853            | \$ 13,723            | \$ 44,520           | \$ 34,457            |
| Net Earnings before Special Items <sup>1</sup>                 | \$ 2,806            | \$ 2,078             | \$ 2,052             | \$ 7,716            | \$ 3,930             |
| Special Items, Net of Tax:                                     |                     |                      |                      |                     |                      |
| Tax Impact of Cancelled Stock Options                          | -                   | -                    | -                    | (144)               | -                    |
| Tax Cut and Jobs Act   | -                   | -                    | -                    | -                   | 788                  |
| Net Earnings from Continuing Operations                        | \$ 2,806            | \$ 2,078             | \$ 2,052             | \$ 7,572            | \$ 4,718             |
| (Loss) Earnings from Discontinued Operations, Net of Tax       | \$ (360)            | \$ 1,613             | \$ 83                | \$ (404)            | \$ 4,841             |
| Net Earnings   | \$ 2,446            | \$ 3,691             | \$ 2,135             | \$ 7,168            | \$ 9,559             |
| Basic Earnings per Share:                                      |                     |                      |                      |                     |                      |
| Basic Earnings before Special Items <sup>1</sup>               | \$ 0.14             | \$ 0.10              | \$ 0.10              | \$ 0.38             | \$ 0.19              |
| Special Items:   |                     |                      |                      |                     |                      |
| Tax Impact of Cancelled Stock Options                          | -                   | -                    | -                    | (0.01)              | -                    |
| Tax Cut and Jobs Act   | -                   | -                    | -                    | -                   | 0.04                 |
| Basic Earnings per Share from Continuing Operations            | \$ 0.14             | \$ 0.10              | \$ 0.10              | \$ 0.37             | \$ 0.23              |
| Basic (Loss) Earnings per Share from Discontinued Operations   | (0.02)              | 0.08                 | 0.01                 | (0.02)              | 0.24                 |
| Basic Earnings per Share                                       | \$ 0.12             | \$ 0.18              | \$ 0.11              | \$ 0.35             | \$ 0.47              |
| Diluted Earnings before Special Items <sup>1</sup>             | \$ 0.14             | \$ 0.10              | \$ 0.10              | \$ 0.37             | \$ 0.19              |
| Special Items:   |                     |                      |                      |                     |                      |
| Tax Impact of Cancelled Stock Options                          | -                   | -                    | -                    | -                   | -                    |
| Tax Cut and Jobs Act   | -                   | -                    | -                    | -                   | 0.04                 |
| Diluted Earnings per Share from Continuing Operations          | \$ 0.14             | \$ 0.10              | \$ 0.10              | \$ 0.37             | \$ 0.23              |
| Diluted (Loss) Earnings per Share from Discontinued Operations | (0.02)              | 0.08                 | -                    | (0.02)              | 0.24                 |
| Diluted Earnings per Share                                     | \$ 0.12             | \$ 0.18              | \$ 0.10              | \$ 0.35             | \$ 0.47              |
| Weighted Average Shares Outstanding:                           |                     |                      |                      |                     |                      |
| Basic  | 20,518              | 20,278               | 20,499               | 20,503              | 20,258               |
| Diluted  | 20,617              | 20,352               | 20,601               | 20,601              | 20,343               |

<sup>1</sup> Refer to "Reconciliation of non-GAAP financial measures" below for information regarding Special Items.

**Comparative balance sheets (in thousands):**

|   | December 1,<br>2019 | March 3,<br>2019  |
|---|---------------------|-------------------|
|   | (unaudited)         |                   |
| <u>Assets</u>                               |                     |                   |
| Current Assets                              |                     |                   |
| Cash and Marketable Securities              | \$ 144,166          | \$ 151,624        |
| Accounts Receivable, Net                    | 10,194              | 9,352             |
| Inventories                                 | 3,936               | 5,267             |
| Prepaid Expenses and Other Current Assets   | 1,703               | 1,690             |
| Total Current Assets                        | <u>159,999</u>      | <u>167,933</u>    |
| Fixed Assets, Net                           | 14,011              | 10,791            |
| Operating Right-of-use Assets               | 453                 | -                 |
| Other Assets                                | 10,095              | 10,127            |
| Total Assets                                | <u>\$ 184,558</u>   | <u>\$ 188,851</u> |
| <u>Liabilities and Shareholders' Equity</u> |                     |                   |
| Current Liabilities                         |                     |                   |
| Accounts Payable                            | \$ 2,010            | \$ 3,169          |
| Accrued Liabilities                         | 2,039               | 2,920             |
| Income Taxes Payable                        | 1,737               | 5,066             |
| Operating Lease Liability                   | 152                 | -                 |
| Total Current Liabilities                   | <u>5,938</u>        | <u>11,155</u>     |
| Long-term Operating Lease Liability         | 301                 | -                 |
| Non-current Income Taxes Payable            | 15,986              | 17,669            |
| Deferred Income Taxes                       | 103                 | -                 |
| Other Liabilities                           | 1,067               | 1,016             |
| Total Liabilities                           | <u>23,395</u>       | <u>29,840</u>     |
| Shareholders' Equity                        | <u>161,163</u>      | <u>159,011</u>    |
| Total Liabilities and Shareholders' Equity  | <u>\$ 184,558</u>   | <u>\$ 188,851</u> |
| <u>Additional information</u>               |                     |                   |
| <i>Equity per Share</i>                     | \$ 7.85             | \$ 7.84           |

**Comparative statements of operations (in thousands – unaudited):**

|   | 13 Weeks Ended      |                      |                      | 39 Weeks Ended      |                      |
|---|---------------------|----------------------|----------------------|---------------------|----------------------|
|   | December 1,<br>2019 | November 25,<br>2018 | September 1,<br>2019 | December 1,<br>2019 | November 25,<br>2018 |
| Net Sales   | \$ 15,847           | \$ 12,853            | \$ 13,723            | \$ 44,520           | \$ 34,457            |
| Cost of Sales   | 10,825              | 8,569                | 9,910                | 30,881              | 24,176               |
| Gross Profit  | 5,022               | 4,284                | 3,813                | 13,639              | 10,281               |
| % of net sales  | 31.7%               | 33.3%                | 27.8%                | 30.6%               | 29.8%                |
| Selling, General & Administrative                           |                     |                      |                      |                     |                      |
| Expenses  | 1,949               | 1,983                | 1,914                | 5,785               | 6,200                |
| % of net sales  | 12.3%               | 15.4%                | 13.9%                | 13.0%               | 18.0%                |
| Earnings from Continuing Operations                         | 3,073               | 2,301                | 1,899                | 7,854               | 4,081                |
| Interest and Other Income:                                  |                     |                      |                      |                     |                      |
| Interest Income   | 802                 | 393                  | 863                  | 2,613               | 1,090                |
| Earnings from Continuing Operations<br>before Income Taxes  | 3,875               | 2,694                | 2,762                | 10,467              | 5,171                |
| Income Tax Provision  | 1,069               | 616                  | 710                  | 2,895               | 453                  |
| Net Earnings from Continuing Operations                     | 2,806               | 2,078                | 2,052                | 7,572               | 4,718                |
| % of net sales  | 17.7%               | 16.2%                | 15.0%                | 17.0%               | 13.7%                |
| (Loss) Earnings from Discontinued<br>Operations, Net of Tax | (360)               | 1,613                | 83                   | (404)               | 4,841                |
| Net Earnings  | \$ 2,446            | \$ 3,691             | \$ 2,135             | \$ 7,168            | \$ 9,559             |
| % of net sales  | 15.4%               | 28.7%                | 15.6%                | 16.1%               | 27.7%                |

**Reconciliation of non-GAAP financial measures (in thousands – unaudited):**

|  | 13 Weeks Ended<br>December 1, 2019 |                   |                            | 13 Weeks Ended<br>November 25, 2018 |                   |                            | 13 Weeks Ended<br>September 1, 2019 |                   |                            |
|--|------------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|
|  | GAAP                               | Specials<br>Items | Before<br>Special<br>Items | GAAP                                | Specials<br>Items | Before<br>Special<br>Items | GAAP                                | Specials<br>Items | Before<br>Special<br>Items |
| Selling, General & Administrative Expenses               | \$ 1,949                           | \$ -              | \$ 1,949                   | \$ 1,983                            | \$ -              | \$ 1,983                   | \$ 1,914                            | \$ -              | \$ 1,914                   |
| % of net sales   | 12.3%                              |                   | 12.3%                      | 15.4%                               |                   | 15.4%                      | 13.9%                               |                   | 13.9%                      |
| Earnings from Continuing Operations                      | 3,073                              | -                 | 3,073                      | 2,301                               | -                 | 2,301                      | 1,899                               | -                 | 1,899                      |
| % of net sales   | 19.4%                              |                   | 19.4%                      | 17.9%                               |                   | 17.9%                      | 13.8%                               |                   | 13.8%                      |
| Net Interest and Other Income                            | 802                                | -                 | 802                        | 393                                 | -                 | 393                        | 863                                 | -                 | 863                        |
| % of net sales   | 5.1%                               |                   | 5.1%                       | 3.1%                                |                   | 3.1%                       | 6.3%                                |                   | 6.3%                       |
| Earnings from Continuing Operations before Income Taxes  | 3,875                              | -                 | 3,875                      | 2,694                               | -                 | 2,694                      | 2,762                               | -                 | 2,762                      |
| % of net sales   | 24.5%                              |                   | 24.5%                      | 21.0%                               |                   | 21.0%                      | 20.1%                               |                   | 20.1%                      |
| Income Tax Provision                                     | 1,069                              | -                 | 1,069                      | 616                                 | -                 | 616                        | 710                                 | -                 | 710                        |
| Effective Tax Rate                                       | 27.6%                              |                   | 27.6%                      | 22.9%                               |                   | 22.9%                      | 25.7%                               |                   | 25.7%                      |
| Net Earnings from Continuing Operations                  | 2,806                              | -                 | 2,806                      | 2,078                               | -                 | 2,078                      | 2,052                               | -                 | 2,052                      |
| % of net sales   | 17.7%                              |                   | 17.7%                      | 16.2%                               |                   | 16.2%                      | 15.0%                               |                   | 15.0%                      |
| (Loss) Earnings from Discontinued Operations, Net of Tax | (360)                              |                   | (360)                      | 1,613                               | (1,565)           | 48                         | 83                                  | -                 | 83                         |
| % of net sales   | -2.3%                              |                   | -2.3%                      | 12.5%                               |                   | 0.4%                       | 0.6%                                |                   | 0.6%                       |
| Net Earnings   | 2,446                              | -                 | 2,446                      | 3,691                               | (1,565)           | 2,126                      | 2,135                               | -                 | 2,135                      |
| % of net sales   | 15.4%                              |                   | 15.4%                      | 28.7%                               |                   | 16.5%                      | 15.6%                               |                   | 15.6%                      |
| Earnings from Continuing Operations                      |                                    |                   | 3,073                      |                                     |                   | 2,301                      |                                     |                   | 1,899                      |
| Addback non-cash expenses:                               |                                    |                   |                            |                                     |                   |                            |                                     |                   |                            |
| Depreciation   |                                    |                   | 410                        |                                     |                   | 453                        |                                     |                   | 366                        |
| Stock Option Expense                                     |                                    |                   | 139                        |                                     |                   | 194                        |                                     |                   | 141                        |
| EBITDA   |                                    |                   | <u>3,622</u>               |                                     |                   | <u>2,948</u>               |                                     |                   | <u>2,406</u>               |

**Reconciliation of non-GAAP financial measures - continued** (in thousands – unaudited):

|   | 39 Weeks Ended<br>December 1, 2019 |                   |                            | 39 Weeks Ended<br>November 25, 2018 |                   |                            |
|---|------------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|
|   | GAAP                               | Specials<br>Items | Before<br>Special<br>Items | GAAP                                | Specials<br>Items | Before<br>Special<br>Items |
| Earnings from Continuing Operations                         | \$ 7,854                           | \$ -              | \$ 7,854                   | \$ 4,081                            | \$ -              | \$ 4,081                   |
| % of net sales  | 17.6%                              |                   | 17.6%                      | 11.8%                               |                   | 11.8%                      |
| Net Interest and Other Income                               | 2,613                              | -                 | 2,613                      | 1,090                               | -                 | 1,090                      |
| % of net sales  | 5.9%                               |                   | 5.9%                       | 3.2%                                |                   | 3.2%                       |
| Earnings from Continuing Operations<br>before Income Taxes  | 10,467                             | -                 | 10,467                     | 5,171                               | -                 | 5,171                      |
| % of net sales  | 23.5%                              |                   | 23.5%                      | 15.0%                               |                   | 15.0%                      |
| Income Tax Provision (Benefit)                              | 2,895                              | (144)             | 2,751                      | 453                                 | 788               | 1,241                      |
| Effective Tax Rate  | 27.7%                              |                   | 26.3%                      | 8.8%                                |                   | 24.0%                      |
| Net Earnings from Continuing Operations                     | 7,572                              | 144               | 7,716                      | 4,718                               | (788)             | 3,930                      |
| % of net sales  | 17.0%                              |                   | 17.3%                      | 13.7%                               |                   | 11.4%                      |
| (Loss) Earnings from Discontinued Operations,<br>Net of Tax | (404)                              | -                 | (404)                      | 4,841                               | (1,026)           | 3,815                      |
| % of net sales  | -0.9%                              |                   | -0.9%                      | 14.0%                               |                   | 11.1%                      |
| Net Earnings  | 7,168                              | 144               | 7,312                      | 9,559                               | (1,814)           | 7,745                      |
| % of net sales  | 16.1%                              |                   | 16.4%                      | 27.7%                               |                   | 22.5%                      |
| Earnings from Operations                                    |                                    |                   | 7,854                      |                                     |                   | 4,081                      |
| Addback non-cash expenses:                                  |                                    |                   |                            |                                     |                   |                            |
| Depreciation  |                                    |                   | 1,142                      |                                     |                   | 1,322                      |
| Stock Option Expense  |                                    |                   | 404                        |                                     |                   | 594                        |
| EBITDA  |                                    |                   | 9,400                      |                                     |                   | 5,997                      |