



P A R K
A E R O S P A C E
C O R P .

Company Presentation
July 9, 2020

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.

Factors that could cause actual events or results to differ materially from Park's expectations or forecasts are set forth 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 fiscal year ended March 1, 2020, and in subsequent reports filed with or furnished to the Securities and Exchange Commission. Except as may be required by any applicable laws, the Company assumes no obligation to update such forward-looking statements, which are made as of the date hereof or an earlier date specified herein, whether as a result of new information, future developments, or otherwise.



Our Business

- **Park Aerospace Corp.** develops and manufactures Solution and Hot-Melt Advanced Composite Materials used to produce composite structures for global aerospace markets:
 - ✓ Wide array of prepreg materials specifically designed for hand lay-up or automated fiber placement (AFP) manufacturing applications
 - ✓ Film Adhesive materials (in final stages of development with Major Aerospace Customer)
 - ✓ Lightning Strike Protection materials (“Electroglide®”)

- Park Aerospace’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 Vehicle (UAVs or “Drones”)
 - ✓ Business Jets & General Aviation Aircraft
 - ✓ Rotary Wing Aircraft
 - ✓ Other Specialized Aerospace Applications



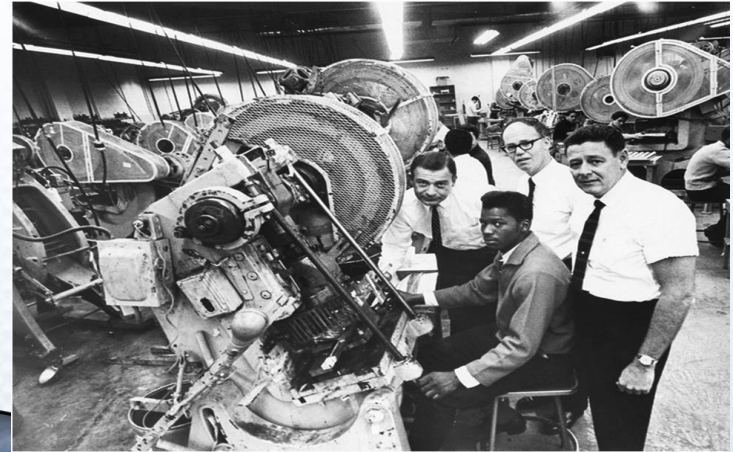
Our Business (Continued)

- Park Aerospace also offers:
 - ✓ Specialty Ablative materials for Rocket Motors and Nozzles
 - ✓ Specially designed materials for Radome Applications
- As a complement to our Advanced Composite Materials offering, Park Aerospace designs and fabricates Composite Parts, Structures and Assemblies and Low-Volume Tooling for the Aerospace Industry
 - ✓ Parts include Park Aerospace's proprietary "Sigma Strut"™ and "Alpha Strut"™ product lines
 - ✓ Markets for parts and structures:
 - Prototype and Development Aircraft
 - Special Mission Aircraft
 - Aircraft "STC" Mods
 - Spares for Legacy Military and Civilian Aircraft
 - Exotic Spacecraft
 - Private Space



Our History

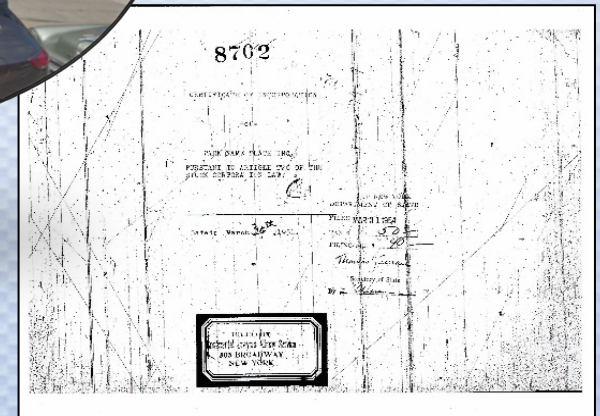
- Park founded on March 31, 1954 by Jerry Shore and Tony Chiesa with ~ \$60 Thousand Investment
- Company started in a small “factory” (garage?) in Woodside, Queens with 5 employees
- 1954 Results:
 - ✓ Sales: \$124,206.59
 - ✓ Pretax Profit: \$887.38
 - ✓ Taxes Paid: \$226.21
- First Invoice: \$300 (hand written)



Park's Founders



Park's First Location



Park's Original Certificate of Incorporation



Our History (Continued)

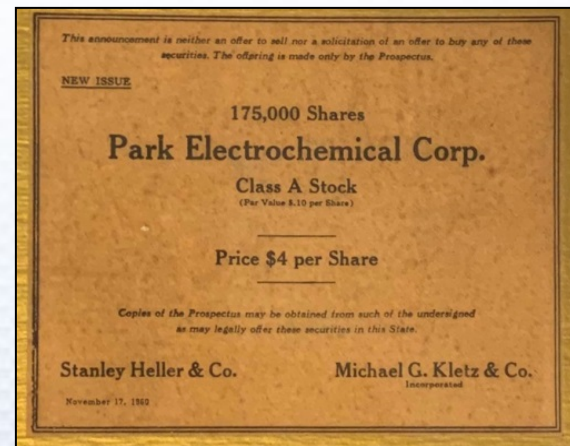
November 17, 1960 Park goes Public

1961 Park acquires New England Laminates Company ("Nelco") in Stamford, CT for ~ \$200 Thousand

1984 Park lists on NYSE

1985 Park commences regular Quarterly Cash Dividend

Mid-1980's Park had become global Electronics Business with other ancillary businesses



Our History (Continued)

Jan 2007 Park commits to Aerospace as second major area of business focus

Jan 17, 2008 Ground-breaking of Park's New Aerospace Facility in an empty field in Newton, KS

May 2009 Park's Newton, KS Aerospace Facility opens (kind of!)

February 28, 2014 (11:00 PM) Park makes first production shipment to MRAS* for engine nacelles and other engine structures for Legendary Boeing 747 Aircraft



*Middle River Aerostructure Systems, a subsidiary of ST Engineering Aerospace



Our History (Continued)

- December 2018 Park enters into Firm Pricing Agreement with MRAS through 2029
- December 2018 Park announces Major Expansion of Newton, KS Facility
- December 2018 Park sells its Electronics Business to AGC Inc. of Tokyo, Japan
- December 2018 Park's transformation from an Electronics Company into an Aerospace Company is complete
- July 17, 2019 Park changed name from Park Electrochemical Corp. to **Park Aerospace Corp.**



Quarterly Results for FY2019, FY2020 and FY2021 Q1 (In Thousands)*

	FY19 Q1	FY19 Q2	FY19 Q3	FY19 Q4**	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4	FY21 Q1
Sales	\$10,393	\$11,211	\$12,853	\$16,659	\$14,950	\$13,723	\$15,847	\$15,494	\$12,213
Gross Profit	\$2,852	\$3,145	\$4,284	\$5,903	\$4,804	\$3,813	\$5,022	\$5,034	\$3,674
Gross Margin	27.4%	28.1%	33.3%	35.4%	32.1%	27.8%	31.7%	32.5%	30.1%
EBITDA	\$1,385	\$1,663	\$2,948	\$4,251***	\$3,372	\$2,406	\$3,622	\$3,612***	\$2,364

➤ What we said about FY21 Q1 during our May 14, 2020 FY20 Q4 Investor Call:

- ✓ Sales estimate: \$12.0 Million to \$12.5 Million
- ✓ EBITDA estimate: \$2 Million-ish

*From Continuing Operations

**14 Week Quarter

*** Before Special Items



FY2017, FY2018, FY2019 and FY2020 Results (In Thousands)*

	FY2017	FY2018	FY2019	FY2020
Sales	\$31,837	\$40,230	\$51,116	\$60,014
Gross Profit	\$8,299	\$11,288	\$16,184	\$18,673
Gross Margin	26.7%	28.1%	31.7%	31.1%
EBITDA	\$1,055	\$4,704**	\$10,248**	\$13,012**

*From Continuing Operations

**Before Special Items



Major Expansion of Newton, KS Facilities

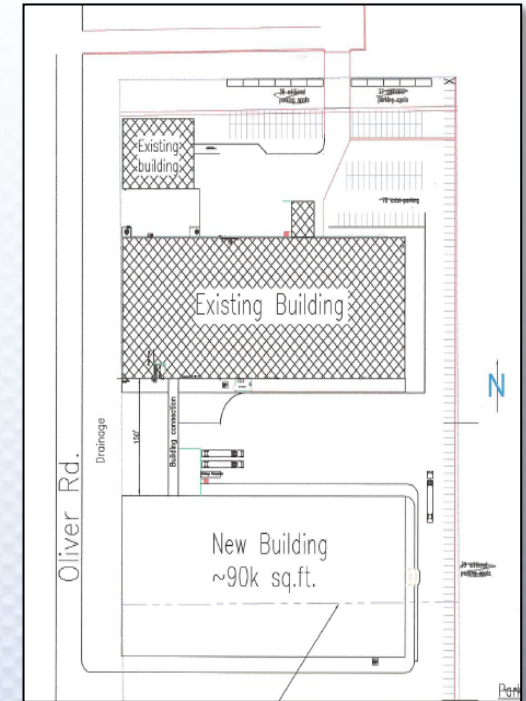
- December 2018...Park announced Major Expansion of Newton, KS Aerospace Manufacturing and Development Facilities
 - ✓ Redundant Plant for MRAS and its Aircraft OEM Customers
 - ✓ Park expects Redundant Plant will also ultimately be needed for Manufacturing Capacity
 - ✓ Approximately 90,000 square feet
 - ✓ Expansion will approximately double size of current Newton, KS facilities
 - ✓ Ground-Breaking on August 15, 2019
 - ✓ Completion expected in early CY2021
 - ✓ Expected to be qualified and in production by end of CY2021
 - ✓ Total budget: approximately \$18 million
 - ✓ Spending
 - To date: approximately \$10.0 million
 - To go: approximately \$8.0 million



Major Expansion (Continued)

➤ Expansion includes:

- ✓ New 60" Hot-Melt Film and Tape Manufacturing Lines
- ✓ New Mixing and Delivery Systems
- ✓ New R&D Lab
- ✓ Expanded Production Lab
- ✓ Additional Slitting Capacity
- ✓ Additional Freezer and Storage Space
- ✓ Space to accommodate additional Hot-Melt Tape Line or Solution Treating Line
- ✓ Additional Office Space



FY2021 Q1 Top Five Customers (in Alphabetical Order)

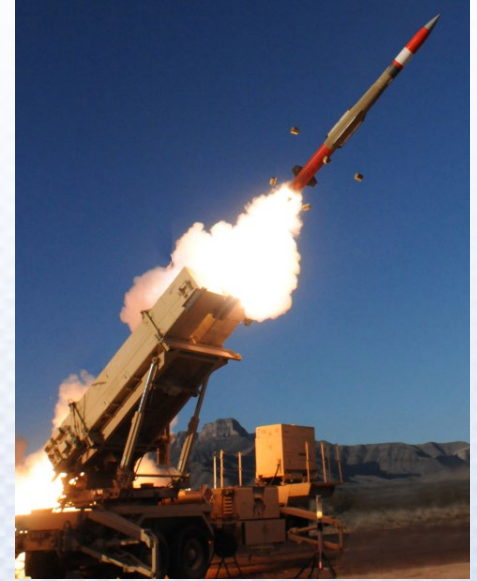
AAE Aerospace

AAR Corp.

Kratos Defense and Security Solutions

Middle River Aerostructure Systems (MRAS)
and its subcontractors

Nordam Group



Lockheed Martin PAC-3 Missile System



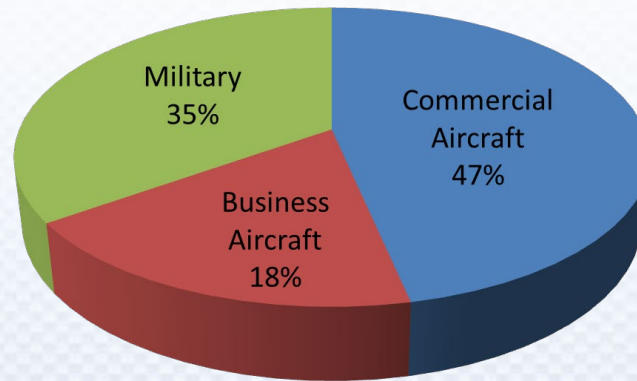
Comac C919



Kratos XQ-58 Valkyrie

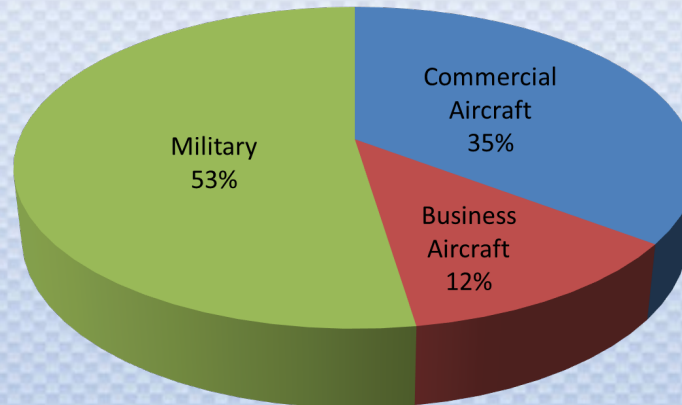


Park's Estimated FY2020 Revenues by Aerospace Market Segment



FY2020 Revenues:
\$60.0 Million

Park's Estimated FY2021 Q1 Revenues by Aerospace Market Segment



FY2021 Q1 Revenues:
\$12.2 Million



Impact of COVID-19 Pandemic and Resulting Global Economic Crisis on Global Aerospace Industry...

Recovery Considerations Revisited

➤ Military Aerospace Industry

- ✓ Supply Chain disruptions
- ✓ Park programs seem fairly strong and steady so far

➤ Commercial Aircraft Industry

- ✓ Jet Fuel Prices
- ✓ Reopening of Economy
- ✓ Economic Recovery
- ✓ Social Distancing:
 - On Planes?
 - At Gates?
 - Boarding?
 - At Airports?
- ✓ Fear Factor
- ✓ Coronavirus vaccines and treatments
- ✓ Single-Aisle Aircraft vs. Wide-Body Aircraft...which will recover first and more strongly?



Airbus A321neo with CFM LEAP-1A Engines



Impact of COVID-19 Pandemic and Resulting Global Economic Crisis on Global Aerospace Industry... Recovery Considerations Revisited (Continued)

➤ Business Aircraft Industry Recovery Considerations

- ✓ Jet Fuel Prices?
- ✓ Reopening of Economy
- ✓ Economic Recovery
- ✓ Corporate Profits
- ✓ Stock Market performance
- ✓ Will Social Distancing and Fear Factor concerns for Commercial Aircraft benefit Business Aircraft?
- ✓ Will Business Aircraft Industry recover before Commercial Aircraft Industry?



Bombardier Global 7500 with GE Aviation Passport 20 Engines



GE Aviation Jet Engine Programs

- Firm Pricing LTA (Requirements Contract) through 2029 with Middle River Aerostructure Systems (MRAS), a subsidiary of ST Engineering Aerospace
- Redundant Factory...Construction in Progress
- Sole Source for Composite Materials for Engine Nacelles and Thrust Reversers for Multiple MRAS Programs, including:
 - ✓ A320neo with LEAP-1A Engines*
 - ✓ A321neo with LEAP-1A Engines*
 - ✓ A321LR with LEAP-1A Engines*
 - ✓ A321XLR with LEAP-1A Engines*
 - ✓ B747-8 with GEnx 2B Engines (including Inner Fixed Structures)
 - ✓ Comac C919 with LEAP-1C Engines*
 - ✓ Comac ARJ-21 with CF34-10A Engines
 - ✓ Bombardier Global 7500 with Passport 20 Engines
- Park Composite Materials are Sole Source on large primary structure component for Passport 20 Engines (not included in MRAS LTA)



Legendary Boeing 747-8 Engine Nacelles

*Also Sole Source for Lightning Strike Protection Materials



Update on GE Aviation Jet Engine Programs

- A320neo/A321neo/A321LR/A321XLR (A320neo Family of Aircraft) with LEAP-1A Engines...
- Bombardier Global 7500 with Passport 20 Engines...
- Boeing 747-8: No change to program rates; how long will Boeing produce the Queen of the Skies?
- Comac C919 with LEAP-1C Engines: Comac pushing program forward, although production ramp may still be somewhat down the road; potentially very important program for Park; Park's Lightning Strike Protection materials now being used on program!
- Comac ARJ-21 with CF34-10A Engines: Program strong and proceeding well; next GE Aviation program planned to qualify Park's Lightning Strike Protection materials



Comac ARJ-21 Regional Jet



Update on GE Aviation Jet Engine Programs (Continued)

- Boeing 777X with GE9X Engines: All POs for CY2020 cancelled; production schedule pushed further out; Boeing recently announced rate reduction for this program; Park was recently advised by GE that they currently do not have funding to continue to support Park's qualification activities (GE Aviation program not included in MRAS LTA)
- Park reached arrangement with MRAS to maintain baseline production levels to preserve Park's ability to ramp up production when needed
- FY2020 GE Aviation Program revenues were \$28.9 Million; approximately 60% of those revenues were estimated to be attributable to the A320neo Family of Aircraft programs
- FY2021 GE Aviation Programs revenue forecast estimates by quarter:
 - ✓ Q1: \$4.1 Million (actual)
 - ✓ Q2: Approximately \$2.0 Million to \$2.5 Million
 - ✓ Q3: ?
 - ✓ Q4: ?



Park's Perspective on Commercial Aircraft Industry

- Single-Aisle Aircraft vs. Wide-Body Aircraft
 - ✓ Trend already in place favoring Single-Aisle Aircraft
 - ✓ Industry experts and analysts believe market for Single-Aisle Aircraft will recover before Wide-Body Aircraft market

- Major Single-Aisle Aircraft Programs:
 - ☒ Airbus A320neo Family of Aircraft with LEAP-1A Engines
 - ☐ Boeing 737 MAX Aircraft with LEAP-1B Engines
 - ☒ Comac C919 Aircraft with LEAP-1C Engines

- Park checks 2 of the 3 Single-Aisle boxes; if you want to be in Single-Aisle Aircraft, those are the two boxes you want to check (Park's Opinion)



Airbus A320neo with CFM LEAP-1A Engines



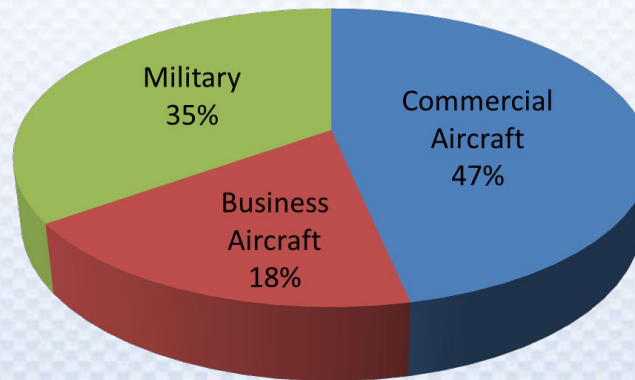
Park's “Strategy” (What We Plan to do!)

- Double down (or triple down) on **Commercial Aerospace**
 - ✓ We believe the Commercial Aircraft Industry will be one of the World's Great Industries for many years to come
 - ✓ Park believes Single-Aisle Aircraft is place to be in the Commercial Aircraft Industry
 - ✓ We believe we are ideally positioned on the two most attractive Single-Aisle programs
 - ✓ We believe the glory days of Aviation are still to come...and we intend to be a part of them
- Emphasize and focus on programs and opportunities in the **Military Aerospace** markets, especially “niche” programs and opportunities
- Use Park's **balance sheet** and cash to our advantage
- Continue to drive Park towards being a “**Niche Company**”. “Culture eats strategy for lunch...” Peter Drucker



Park's Financial Forecasts

- Park's Long-Term Forecast was withdrawn during our FY2020 Q4 May 14, 2020 Investor Call Presentation
- Our current thoughts about our Long-Term Forecast



Park's Estimated FY2020 Revenues by Aerospace Market Segment

- Our thoughts about FY2021 by quarter:

	Sales	EBITDA
Q1 (Actual)	\$12.2 Million	\$2.4 Million
Q2	?	?
Q3	?	?
Q4	?	?



Updates on Park...How Are We Doing?

- Park continues to be fully operational throughout the Pandemic and Economic Crisis
 - ✓ NY Office is **Open!**
 - ✓ Kansas Manufacturing Facility continues to be fully operational
 - ✓ Customer Flexibility Program has been instrumental in helping Park effectively and quickly adjust to the changing and unpredictable business environment
 - ✓ Park's People continue to do very well under difficult circumstances!

- We are working on projects and new initiatives we just could not get to in recent years because we were driving our operation so hard; we are taking advantage of the additional bandwidth we now have available as a result of reduced production rates

- R&D Efforts...we are not reducing them, and are even attempting to increase them
 - ✓ We are not lavish spenders on R&D (or anything else for that matter), but we are directing some of our freed-up bandwidth to R&D Projects



Updates on Park...How Are We Doing? (Continued)

- ✓ We recently introduced our new E-752-MTS mid-toughened epoxy prepreg product
 - Intended for primary and secondary composite aircraft structures
 - Suitable for autoclave, oven and press cure
 - Designed for hand lay-up and automated processes, including AFP operations
- ✓ We hope to be able to make additional new product announcements soon

➤ Park's Cash Dividend

- ✓ Park has paid 35 consecutive years of uninterrupted regular, quarterly cash dividends, without ever skipping a dividend or reducing the dividend amount
- ✓ Park has paid \$538 million in cash dividends, or \$26.25 per share, since the beginning of FY2005
- ✓ Although this is always subject to change in the future, Park's current intention is to continue its regular quarterly cash dividend of \$0.10 per share



Updates on Park...How Are We Doing? (Continued)

➤ Park's Balance Sheet

- ✓ As of May 31, 2020, Park had \$121 million in cash (and marketable securities) and Zero Long-Term Debt
 - Is that just good luck?
 - Is that an accident?
- ✓ Great opportunities for Park to potentially buy a company or companies which are highly strategic for Park at very good, or even distressed, values
- ✓ Great opportunities for Park to invest in its business and new business opportunities at a time when others may be looking for cover

- We believe Park is very well positioned to take advantage of the opportunities presented by the global economic crisis...and we intend to do so...



Updates on Park...How Are We Doing? (Continued)

- Potential Significant Opportunities for Park:
 - ✓ B-52 Re-engine
 - ✓ Comac 929 Twin-Aisle
 - ✓ JV in Asia

- But we love the “small” opportunities as well
 - ✓ Nothing is too “small” for us
 - ✓ If you are being made to feel like you do not matter and you are not “essential”, let us know...maybe we can help
 - ✓ All of our Customers are “essential” to us...

- At Park, we continue to go for it...
 - ✓ We are not letting up
 - ✓ We intend to make this our time
 - ✓ Others may falter, but Park is not going anywhere...



An aerial photograph of a vast, rugged mountain range covered in snow. The peaks are sharp and jagged, with deep shadows in the valleys. A clear blue sky is visible above the mountains. In the top right corner, a portion of an aircraft's wing is visible, suggesting the photo was taken from a plane.

Thank You!

