



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

FY2021 Q1 Investor Conference Call
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.



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



FY2021 Q1 Top Five Customers (in Alphabetical Order)

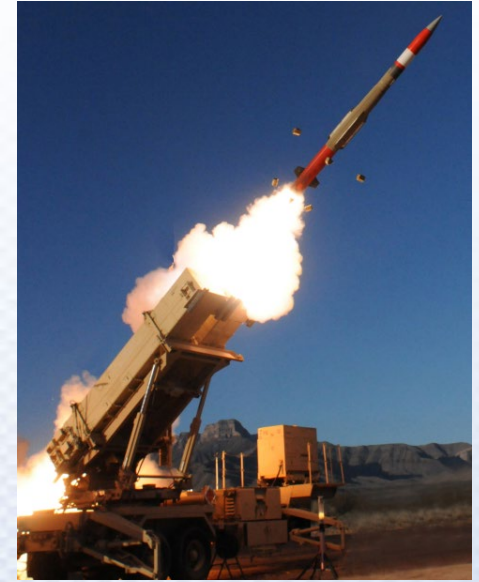
AAE Aerospace

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

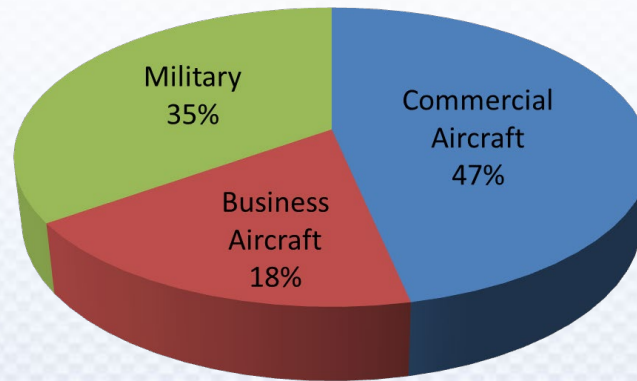


Kratos XQ-58 Valkyrie

*MRAS is a subsidiary of
ST Engineering Aerospace

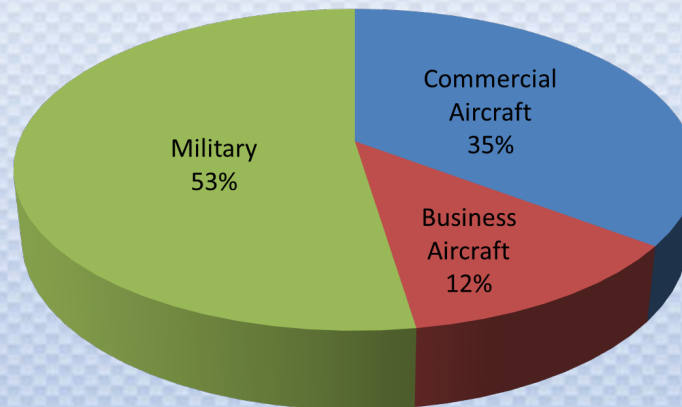


Park's Estimated FY2020 Revenues by Aerospace Market Segment



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



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 919 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 ARJ21 with CF34-10A Engines: Program strong and proceeding well; next GE Aviation program planned to qualify Park's Lightning Strike Protection materials



Legendary Boeing 747-8 Engine Nacelles



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 919 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



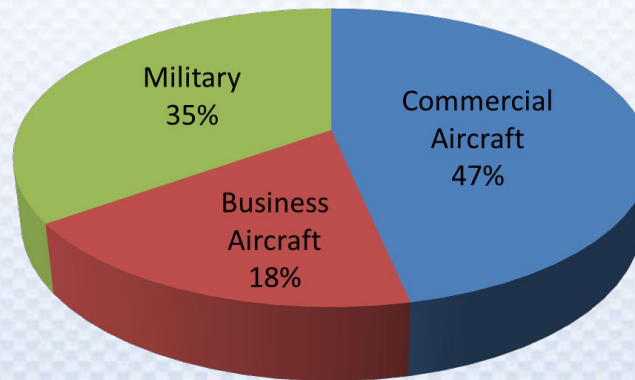
Park's “Strategy” (What We Plan to do!)

- 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!

- Major Expansion of Newton, Kansas Facilities
 - ✓ Total budget: approximately \$18 Million
 - ✓ Spending
 - To date: approximately \$10.0 Million
 - To go: approximately \$8.0 Million
 - ✓ Completion expected in early CY2021



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, the white wing of an aircraft is visible, suggesting the photo was taken from a plane.

Thank You!



Park Aerospace Corp.

July 9, 2020 Investor Conference Call – Supplementary Financial Information

The financial and other data contained herein (the “Supplementary Data”) is being provided pursuant to the requirements of Regulation G promulgated by the U.S. Securities and Exchange Commission (the “SEC”). The Supplementary Data is time-sensitive information and is accurate as of July 9, 2020. Park Aerospace Corp. (“Park” or the “Company”) is under no obligation to (and expressly disclaims any such obligation to) update or alter the Supplementary Data whether as a result of new information, future events or otherwise.

The Supplementary Data should be read in conjunction with our 2020 first quarter earnings news release dated July 9, 2020 and the reports and documents that we file from time to time with the SEC. In particular, please read our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K that we may file from time to time. Park currently expects to file its Quarterly Report on Form 10-Q for the first quarter ended May 31, 2020 on or about July 10, 2020. We make available free of charge on or through our website located at www.parkaerospace.com our SEC filings on Forms 10-K, 10-Q and 8-K and any amendments to those filings as soon as reasonably practicable after electronic filing with the SEC.

As previously reported, Park sold its Electronics Business to AGC Inc. on December 4, 2018. Accordingly, the following supplemental information will focus on Park’s Aerospace Business, the business which remains with Park going forward. All comparisons to prior periods have been updated to exclude Park’s former Electronics Business.

Park’s sales were \$12.2 million in the 2021 fiscal year first quarter compared to \$15.0 million in the 2020 fiscal year first quarter and \$15.5 million in the 2020 fiscal year fourth quarter.

Gross Profit for the 2021 fiscal year first quarter was \$3.7 million, or 30.1% of sales, compared to \$4.8 million, or 32.1% of sales, for the 2020 fiscal year first quarter and \$5.0 million, or 32.5% of sales, for the 2020 fiscal year fourth quarter.

Before special items, selling, general and administrative expenses for the 2021 fiscal year first quarter were \$1.6 million, or 13.3% of sales, compared to \$1.9 million, or 12.9% of sales, for the 2020 fiscal year first quarter and \$1.9 million, or 12.5% of sales, for the 2020 fiscal year fourth quarter. Investment income, net of interest expense, in the 2021 fiscal year first quarter was \$656,000 compared to \$948,000 in the 2020 fiscal year first quarter and \$717,000 in the 2020 fiscal year fourth quarter.

Before special items, earnings before income taxes for the 2021 fiscal year first quarter were \$2.7 million, or 22.1% of sales, compared to \$3.8 million, or 25.6% of sales, for the 2020 fiscal year first quarter and \$3.8 million, or 24.6% of sales, for the 2020 fiscal year fourth quarter.

APPENDIX I

Before special items, net earnings for the 2021 fiscal year first quarter were \$2.0 million, or 16.1% of sales, compared to \$2.9 million, or 19.1% of sales, for the 2020 fiscal year first quarter and \$2.8 million, or 18.0% of sales, for the 2020 fiscal year fourth quarter.

Depreciation and amortization expense in the 2021 fiscal year first quarter was \$277,000 compared to \$366,000 in the 2020 fiscal year first quarter and \$402,000 in the 2020 fiscal year fourth quarter. Capital expenditures in the 2021 fiscal year first quarter were \$2.5 million compared to \$1.9 million in the 2020 fiscal year first quarter and \$2.5 million in the 2020 fiscal year fourth quarter.

Before special items, EBITDA for the 2021 fiscal year first quarter was \$2.4 million, or 19.4% of sales, compared to \$3.4 million, or 22.6% of sales, for the 2020 fiscal year first quarter and \$3.6 million, or 23.3% of sales, for the 2020 fiscal year fourth quarter.

The effective tax rate before special items was 27.0% in the 2021 fiscal year first quarter compared to 25.4% in the 2020 fiscal year first quarter and 26.9% in the 2020 fiscal year fourth quarter.

For the 2021 fiscal year first quarter, the top five customers, in alphabetical order, were AAE Aerospace, AAR Corp., Kratos Defense & Security Solutions, Middle River Aerostructure Systems (including its subcontractors) and Nordam Group. Middle River Aerostructure Systems is a subsidiary of ST Engineering Aerospace. The top five customers totaled approximately 61% of total sales during the 2021 fiscal year first quarter. Our top 10 customers totaled approximately 73% of total sales and the top 20 customers totaled approximately 82% of total sales for the 2021 fiscal year first quarter.