



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

**FY2021 Q2 Investor Conference Call**  
**October 8, 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 and Q2 (In Thousands)\*

	FY19 Q1	FY19 Q2	FY19 Q3	FY19 Q4**	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4	FY21 Q1	FY21 Q2
Sales	\$10,393	\$11,211	\$12,853	\$16,659	\$14,950	\$13,723	\$15,847	\$15,494	\$12,213	\$9,250
Gross Profit	\$2,852	\$3,145	\$4,284	\$5,903	\$4,804	\$3,813	\$5,022	\$5,034	\$3,674	\$2,638
Gross Margin	27.4%	28.1%	33.3%	35.4%	32.1%	27.8%	31.7%	32.5%	30.1%	28.6%
EBITDA	\$1,385	\$1,663	\$2,948	\$4,251***	\$3,372	\$2,406	\$3,622	\$3,612***	\$2,364	\$1,418

➤ What we said about FY2021 Q2 during our July 9, 2020 FY2021 Q1 Investor Call:

- ✓ Sales estimate: \$9.0 Million-ish
- ✓ EBITDA estimate: \$1.0 Million-ish

\*From Continuing Operations

\*\*14 Week Quarter

\*\*\* Before Special Items





# FY2021 Q2 Top Five Customers (in Alphabetical Order)

AAE Aerospace

GKN plc

Kratos Defense and Security Solutions

Meggitt plc

Middle River Aerostructure Systems (MRAS)\*  
and its subcontractors



*Kratos BQM-167A*



*EA-18G Growler*



*PAC-3 Missile System*



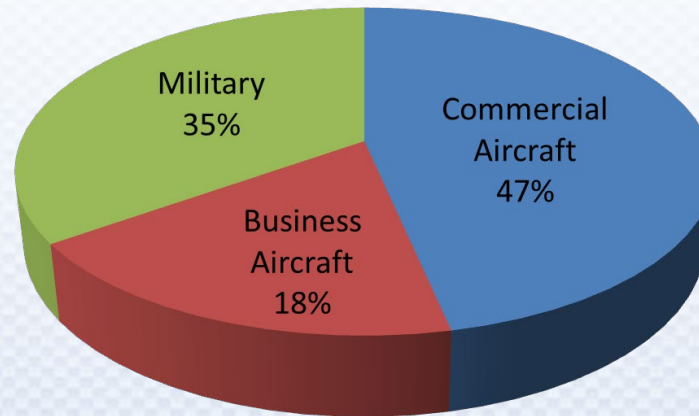
*Sikorsky UH-60 Black Hawk*

\*MRAS is a subsidiary of  
ST Engineering Aerospace



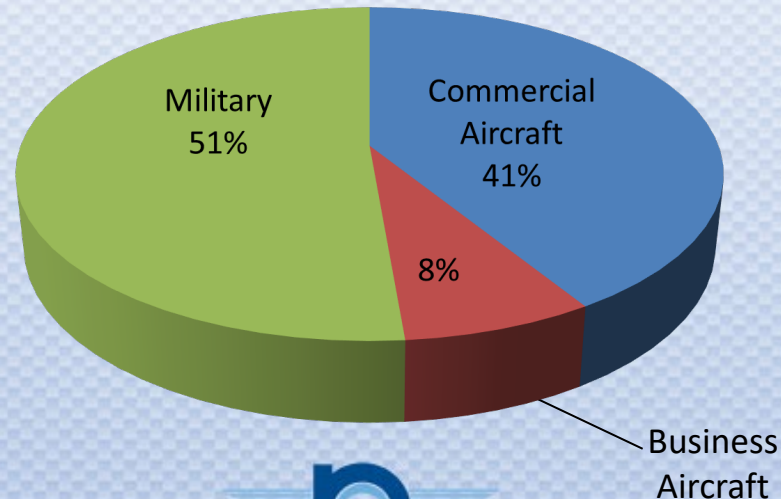
# Park's Estimated Revenues by Aerospace Market Segment

## FY2020



FY2020 Revenues:  
\$60.0 Million

## FY2021 Q2 YTD

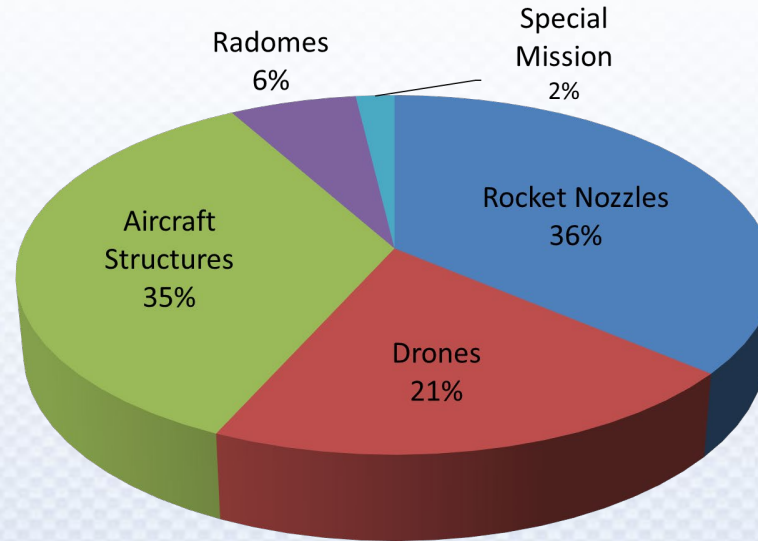


FY2021 Q2 YTD Revenues:  
\$21.5 Million





# Park's Estimated FY2021 Q2 YTD Military Revenues by Market Segment



Estimated FY2021 Q2 YTD  
Military Revenues:  
Approximately \$11.0 Million

Park loves “niche” Military Programs



*V-22 Osprey*



*E4-B Doomsday Aircraft*



*RQ-4 Global Hawk*

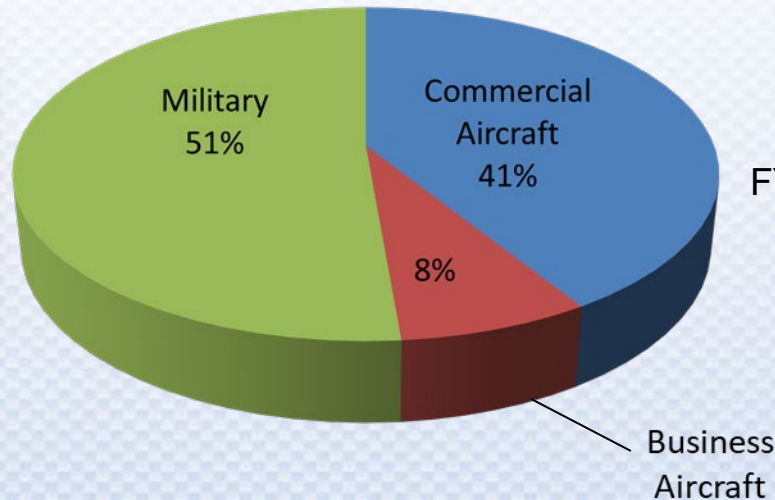


# Park's End Market Focus

## Park's Estimated FY2021 Q2 YTD Revenues by Aerospace Market Segment



Photo Courtesy of David Clark Company



FY2021 Q2 Revenues:  
\$21.5 Million

### ➤ Military Aerospace

- ✓ Continue to focus on “niche” programs and opportunities
- ✓ Enhanced focus area for Park partly resulting from significant downturn in Commercial Aircraft Industry





# Park's End Market Focus (Continued)

## ➤ Business Aircraft

- ✓ Continue to support GE Passport 20 Engine Program for Bombardier Global 7500 and other Business Aircraft Programs Park is qualified on
- ✓ Continue to Focus on developing new “niche” Business Aircraft opportunities

## ➤ Commercial Aircraft

- ✓ Almost everything you read is negative; news is seemingly all bad
  - But is it all bad **for Park**?
- ✓ Are all Commercial Aircraft Programs created equal?
  - Maybe not!
- ✓ GE Aviation Commercial Aircraft Jet Engine Programs represented approximately 70% of Park's Commercial Aircraft Revenues in FY2021 Q2 YTD
  - So, let's take another look at the GE Aviation Jet Engine Programs which Park supports for perspective on Park's positioning in Commercial Aircraft Industry





# 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 for Bombardier Global 7500 (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...What has Airbus said?
- Bombardier Global 7500 with Passport 20 Engines...Recent news is relatively positive; important program for Park; next GE Aviation program planned to qualify Park's Lightning Strike Protection materials
- Boeing 747-8...Boeing has announced it will terminate production of the Queen of the Skies in 2022, but no change to production rates expected until then!
- 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



*Airbus A321neo with CFM LEAP-1A Engines*





# Update on GE Aviation Jet Engine Programs (Continued)

- Park has arrangement with MRAS to maintain monthly minimum baseline production levels to preserve Park's ability to ramp up production when needed
  - ✓ Important to Park and MRAS
  - ✓ MRAS and Park agreed to defer September's production to allow Park to perform major maintenance on key manufacturing line necessary to support MRAS programs
- FY2020 GE Aviation Program revenues were \$28.9 Million, or an average of approximately \$7 Million per quarter
- Key question...Based on the analysis of the specific GE Aviation Programs which Park supplies into, what should Park's revenue expectations be to support those Programs?



*Bombardier Global 7500 with GE Aviation Passport 20 Engines*



# Update on GE Aviation Jet Engine Programs (Continued)

- FY2021 GE Aviation Programs revenue forecast estimates by quarter:
  - ✓ Q1: \$4.1 Million (actual)
  - ✓ Q2: \$2.9 Million (actual)
  - ✓ Q3: ?
  - ✓ Q4: ?
  
- Reflections on GE Aviation Programs forecast for FY2021 Q3 and Q4 and beyond
  - ✓ **Significant** divergence from and mismatch between our agreed to minimum monthly baseline production amounts and **current** end-market requirements for GE Programs which Park is on!
    - Inventory Destocking!
  - ✓ Park's opinion: Many companies in Aerospace supply chain are demoralized, in survival mode and not paying proper attention to the need to ramp-up when inventory destocking ends





# Update on GE Aviation Jet Engine Programs (Continued)

- ✓ Abrupt and steep ramp-up by supply chain could be required when inventory destocking ends
  - Important to understand that this ramp-up would be a function of end of inventory destocking and is not dependent on, or a function of, recovery of the Commercial Aircraft Industry
- ✓ More immediate question for Park is not when the Commercial Aircraft Industry recovery will happen, but when industry supply chain inventory will be “normalized” and when inventory destocking will end
- ✓ Park’s opinion: Supply chain may be taking inventory down to dangerously low levels
  - Watch out!



*Comac C919 with LEAP-1C Engines*



# Review of 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)
- Park believes Single-Aisle is place to be in Commercial Aircraft Industry
- Park believes we are ideally positioned on the two most attractive Single-Aisle Programs



*Airbus A320neo with CFM LEAP-1A Engines*





# Park's Financial Forecasts

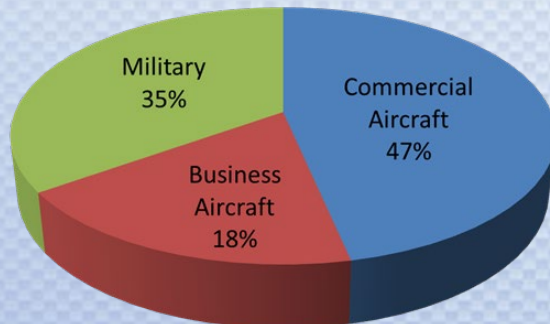
- Our current thoughts about FY2021 by quarter:

	Sales	EBITDA
Q1 (Actual)	\$12.2 Million	\$2.4 Million
Q2 (Actual)	\$9.3 Million	\$1.4 Million
Q3	?	?
Q4	?	?

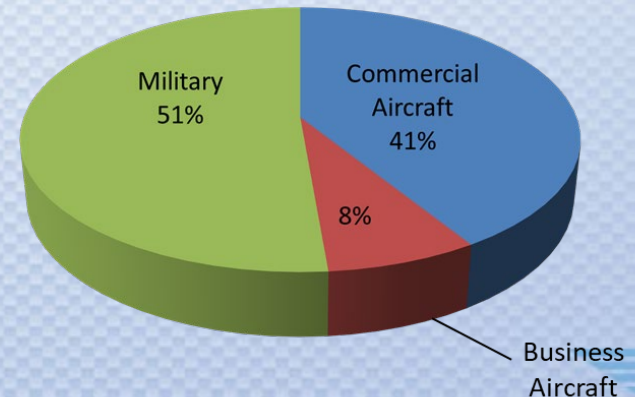
- Park's Long-Term Forecast was withdrawn during our FY2020 Q4 May 14, 2020 Investor Call Presentation

- Our current thoughts about our Long-Term Forecast

Park's Estimated FY2020 Revenues  
by Aerospace Market Segment

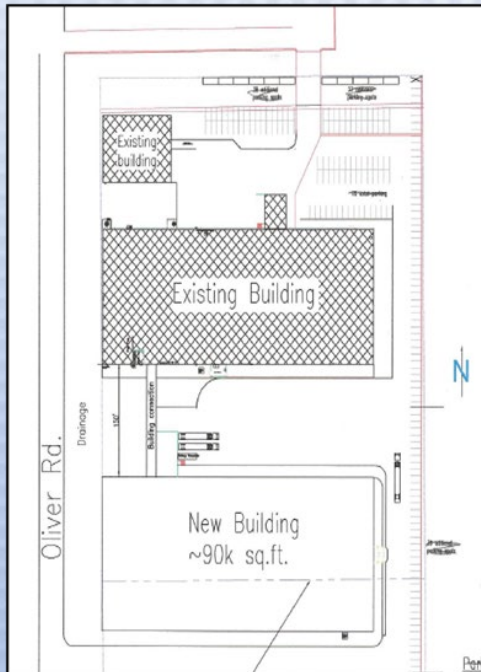


Park's Estimated FY2021 Q2 YTD Revenues  
by Aerospace Market Segment



# Updates on Park...How Are We Doing?

- Major Expansion of Newton, Kansas Facilities
  - ✓ Total budget: approximately \$18 Million
  - ✓ Spending
    - To date: approximately \$11.25 Million
    - To go: approximately \$6.75 Million
  - ✓ Completion expected in first half of CY2021
    - Weather and Covid travel restriction delays





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

- Park continues to be fully operational throughout the Pandemic
  - ✓ 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... currently 81% participation!
  - ✓ Park's Special People continue to do very well under difficult circumstances!

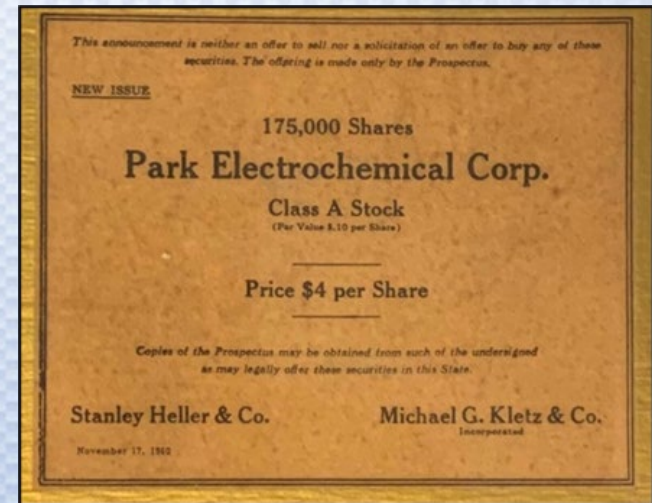


*Park Treater Crew*



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

- The world has been badly damaged and is a very troubled place at this time...
  - ✓ But, at Park, we continue to go for it
    - We are not letting up
    - Others may falter, but we are not going anywhere
  - ✓ Park is a strange and unusual company...we are not like the others...  
we play for keeps
- P. S. Park went public on November 17, 1960...





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.**

**October 8, 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 October 8, 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 2021 fiscal year second quarter earnings news release dated October 8, 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 second quarter ended August 30, 2020 on or about October 8, 2020. We make available free of charge on or through our website located at [www.parkaerospace.com](http://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 focuses 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 \$9.3 million in the 2021 fiscal year second quarter compared to \$13.7 million in the 2020 fiscal year second quarter and \$12.2 million in the 2021 fiscal year first quarter.

Gross Profit for the 2021 fiscal year second quarter was \$2.6 million, or 28.5% of sales, compared to \$3.8 million, or 27.8% of sales, for the 2020 fiscal year second quarter and \$3.7 million, or 30.1% of sales, for the 2021 fiscal year first quarter.

Selling, general and administrative expenses for the 2021 fiscal year second quarter were \$1.6 million, or 16.8% of sales, compared to \$1.9 million, or 13.9% of sales, for the 2020 fiscal year second quarter and \$1.6 million, or 13.3% of sales, for the 2021 fiscal year first quarter. Investment income, net of interest expense, in the 2021 fiscal year second quarter was \$525,000 compared to \$863,000 in the 2020 fiscal year second quarter and \$656,000 in the 2021 fiscal year first quarter.

Earnings before income taxes for the 2021 fiscal year second quarter were \$1.6 million, or 17.4% of sales, compared to \$2.8 million, or 20.1% of sales, for the 2020 fiscal year second quarter and \$2.7 million, or 22.1% of sales, for the 2021 fiscal year first quarter.



## APPENDIX I

Net earnings for the 2021 fiscal year second quarter were \$1.2 million, or 12.4% of sales, compared to \$2.1 million, or 15.0% of sales, for the 2020 fiscal year second quarter and \$2.0 million, or 16.1% of sales, for the 2021 fiscal year first quarter.

Depreciation and amortization expense in the 2021 fiscal year second quarter was \$282,000 compared to \$366,000 in the 2020 fiscal year second quarter and \$277,000 in the 2021 fiscal year first quarter. Capital expenditures in the 2021 fiscal year second quarter were \$1.4 million compared to \$394,000 in the 2020 fiscal year second quarter and \$2.5 million in the 2021 fiscal year first quarter.

EBITDA for the 2021 fiscal year second quarter was \$1.4 million, or 15.3% of sales, compared to \$2.4 million, or 17.5% of sales, for the 2020 fiscal year second quarter and \$2.4 million, or 19.4% of sales, for the 2021 fiscal year first quarter.

The effective tax rate before special items was 28.6% in the 2021 fiscal year second quarter compared to 25.7% in the 2020 fiscal year second quarter and 27.0% in the 2021 fiscal year first quarter.

For the 2021 fiscal year second quarter, the top five customers, in alphabetical order, were AAE Aerospace, Kratos Defense & Security Solutions, GKN plc, Meggitt plc and Middle River Aerostructure Systems (including its subcontractors). Middle River Aerostructure Systems is a subsidiary of ST Engineering Aerospace. The top five customers totaled approximately 64% of total sales during the 2021 fiscal year second quarter. The top 10 customers totaled approximately 71% of total sales and the top 20 customers totaled approximately 81% of total sales for the 2021 fiscal year second quarter.