



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

Company Presentation
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.



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)

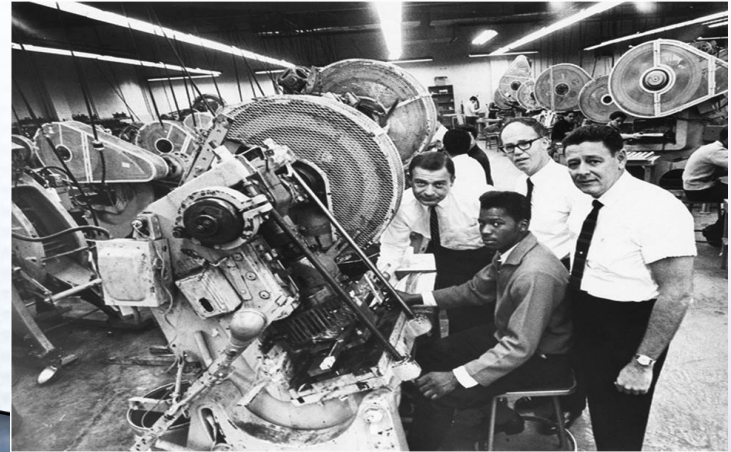
- Park Aerospace also offers:
 - ✓ Specialty Ablative materials for Rocket Motors and Nozzles
 - ✓ Specially designed materials for Radome Applications

- 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 "SigmaStrut"™ and "AlphaStrut"™ 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

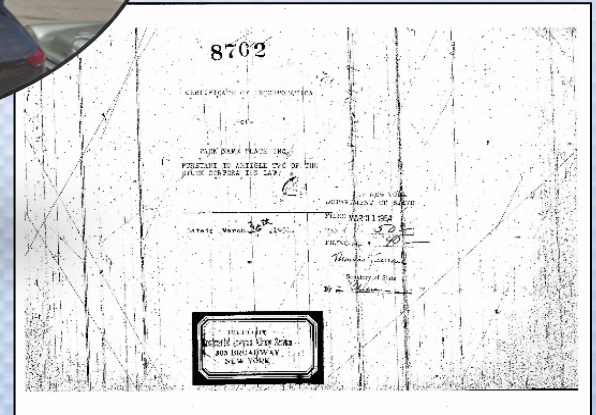
- Park founded on March 31, 1954 by Jerry Shore and Tony Chiesa with ~ \$60 Thousand Investment
- Company started in a small “factory” (garage?) in Woodside, Queens with 5 employees
- 1954 Results:
 - ✓ Sales: \$124,206.59
 - ✓ Pretax Profit: \$887.38
 - ✓ Taxes Paid: \$226.21
- First Invoice: \$300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



Park's Founders



Park's First Location



Park's Original Certificate of Incorporation



Our History (Continued)

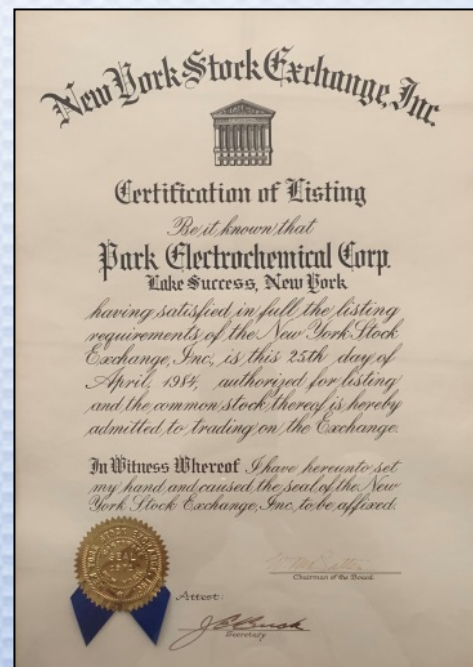
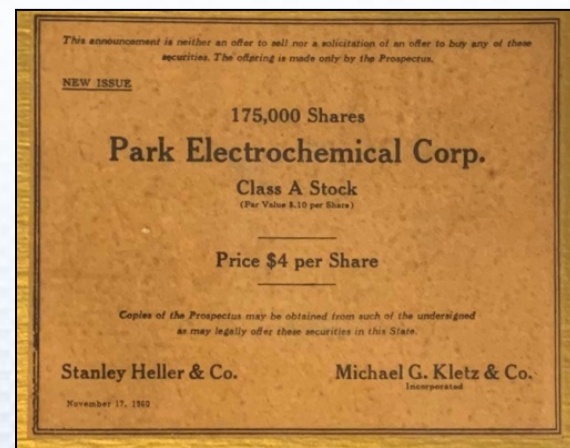
November 17, 1960 Park goes Public

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 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



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

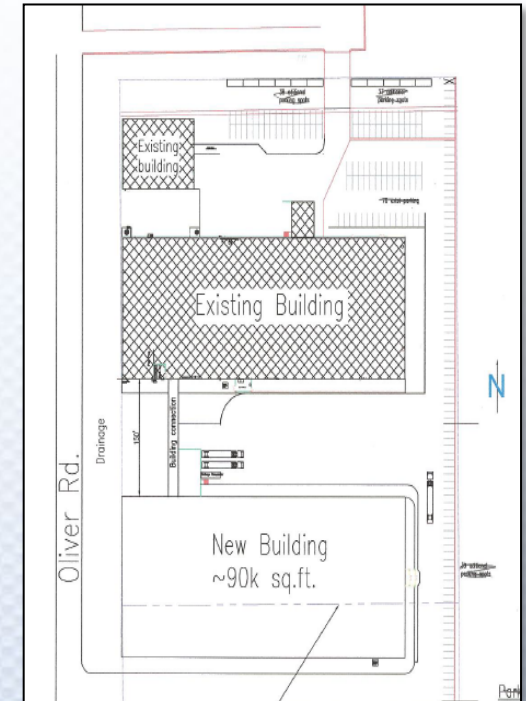
- December 2018...Park announced Major Expansion of Newton, KS Aerospace Manufacturing and Development Facilities
 - ✓ Redundant Plant for MRAS and its Aircraft OEM Customers
 - ✓ Park expects Redundant Plant will also ultimately be needed for Manufacturing Capacity
 - ✓ Approximately 90,000 square feet
 - ✓ Expansion will approximately double size of current Newton, KS facilities
 - ✓ Ground-Breaking on August 15, 2019
 - ✓ Completion expected in first half of CY2021
 - Weather and Covid travel restriction delays
 - ✓ Expected to be qualified and in production by early CY2022
 - ✓ Total budget: approximately \$18 million
 - ✓ Spending
 - To date: approximately \$11.25 million
 - To go: approximately \$6.75 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 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



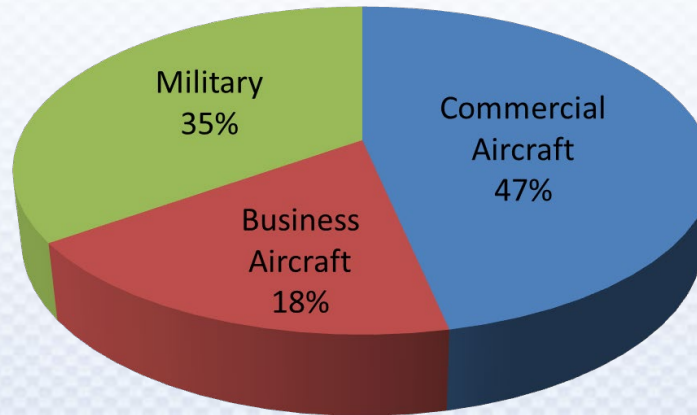
Sikorsky UH-60 Black Hawk

*MRAS is a subsidiary of
ST Engineering Aerospace



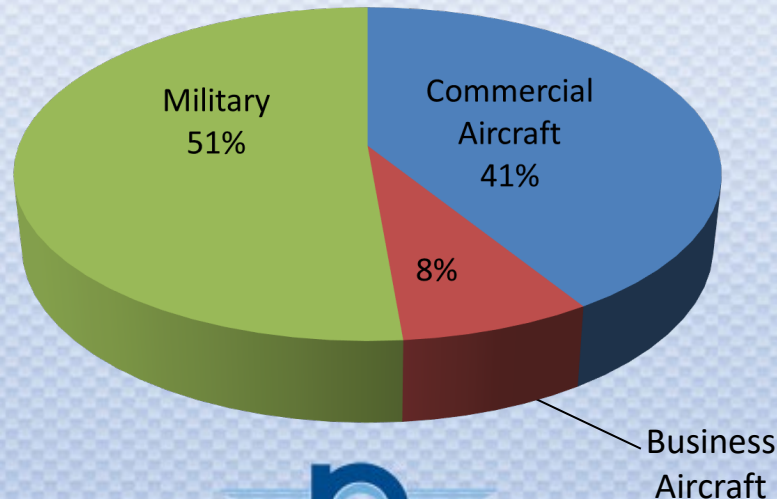
Park's Estimated Revenues by Aerospace Market Segment

FY2020



FY2020 Revenues:
\$60.0 Million

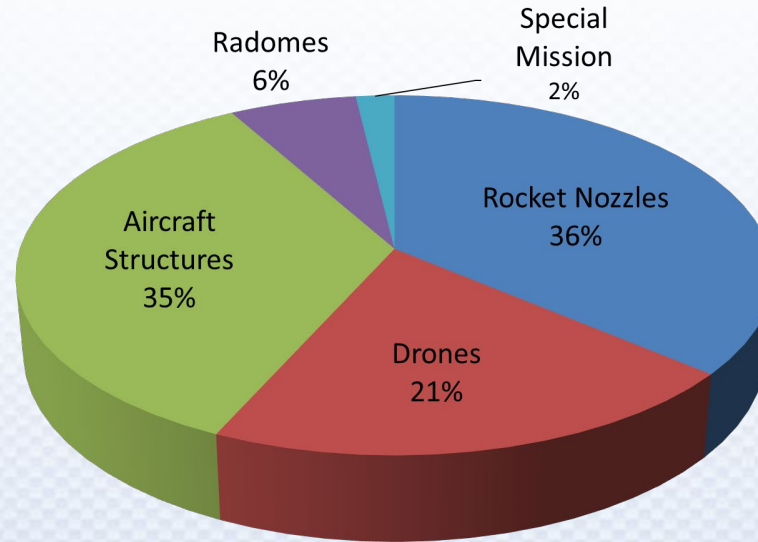
FY2021 Q2 YTD



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

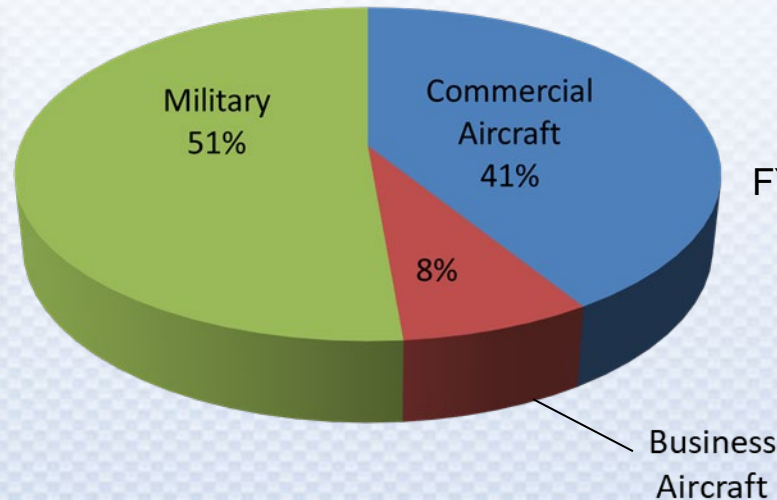


Park's End Market Focus

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 and Commercial Aircraft Industry Generally

- ✓ 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

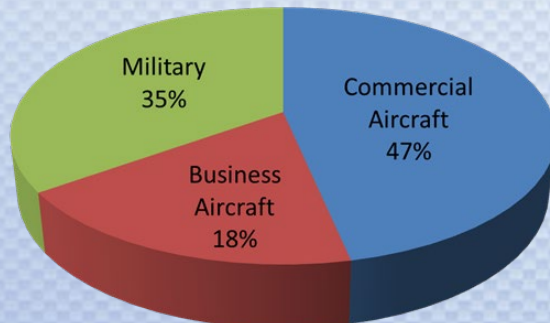
- Our current thoughts about FY2021 by quarter:

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

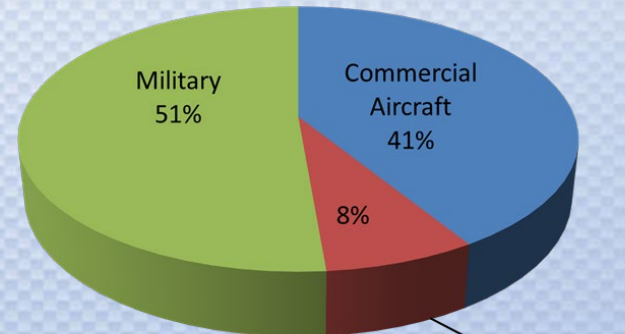
- Park's Long-Term Forecast was withdrawn during our FY2020 Q4 May 14, 2020 Investor Call Presentation

- 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



Business
Aircraft

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



Updates on Park...How Are We Doing?

- 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
 - ✓ We introduced our E-752-MTS mid-toughened epoxy prepreg product earlier this year
 - 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



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

➤ 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 \$540 million in cash dividends, or \$26.35 per share, since the beginning of FY2005
- ✓ Although this is always subject to change in the future, Park's intention is to continue its regular quarterly cash dividend of \$0.10 per share



NEWS RELEASE

Contact: Donna D'Amico-Annitto

486 North Oliver Road, Bldg. Z
Newton, Kansas 67114
(316) 283-6500

PARK AEROSPACE CORP. DECLARES CASH DIVIDEND

Newton, Kansas, Monday, September 14, 2020.....The Board of Directors of Park Aerospace Corp. (NYSE – PKE) has declared a regular quarterly dividend of \$0.10 per share payable November 5, 2020 to shareholders of record at the close of business on October 1, 2020.

Park has paid 35 consecutive years of uninterrupted regular, quarterly cash dividends, without ever skipping a dividend payment or reducing the amount of the dividend.

The Company has paid approximately \$540 million in cash dividends, or \$26.35 per share, since the beginning of its 2005 fiscal year.

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 corporation information is available on the Company's web site at www.parkaerospace.com.

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

➤ Park's Balance Sheet

- ✓ As of August 30, 2020, Park had \$118.7 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)

- 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!

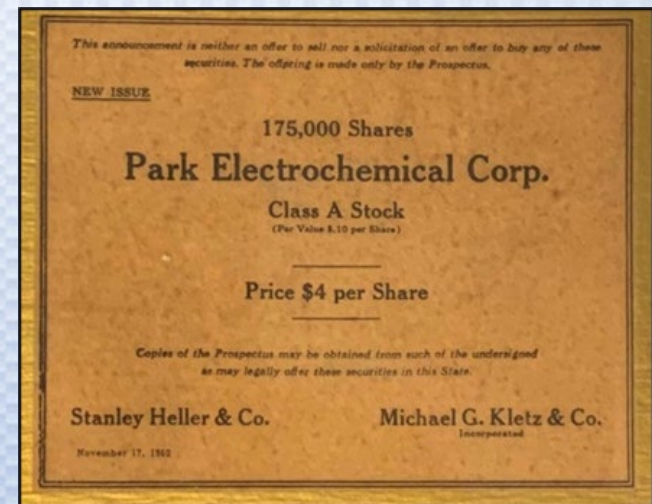


Park Treater Crew



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

Thank You!

