



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

**Company Presentation**  
**January 7, 2021**

## 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 Vehicles (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
    - Military Aircraft



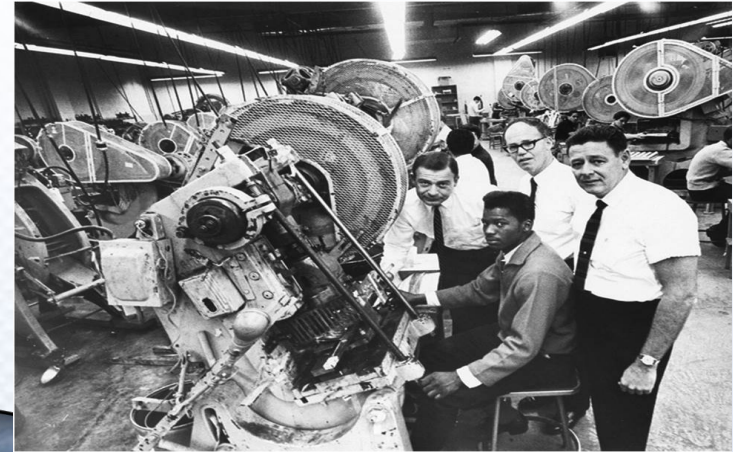
Facility Prior to Major Expansion





# Our History

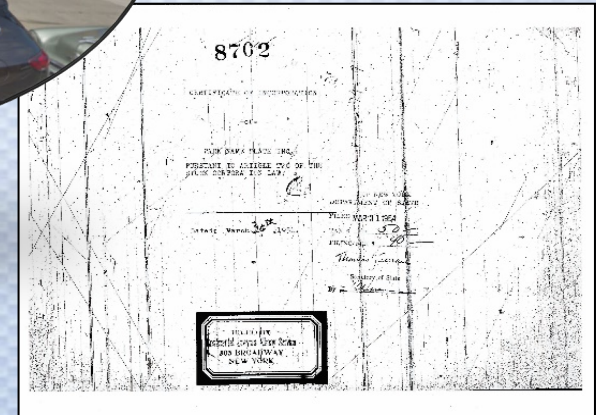
- Park founded on March 31, 1954 by Jerry Shore and Tony Chiesa with ~ \$60 Thousand Investment
- Company started in a small “factory” (garage?) in Woodside, Queens with 5 employees
- 1954 Results:
  - ✓ Sales: \$124,206.59
  - ✓ Pretax Profit: \$887.38
  - ✓ Taxes Paid: \$226.21
- First Invoice: \$300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



Park's Founders



Park's First Location



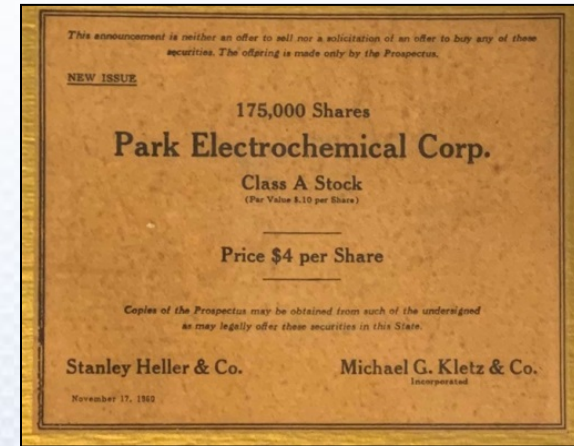
Park's Original Certificate of Incorporation





# Our History (Continued)

November 17, 1960 Park goes Public (Park recently celebrated 60<sup>th</sup> Anniversary of IPO!)



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



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



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



# Our History (Continued)

- 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.**





# Major Expansion of Newton, KS Facilities

## ➤ December 2018...Park announced Major Expansion of Newton, KS Aerospace Manufacturing and Development Facilities

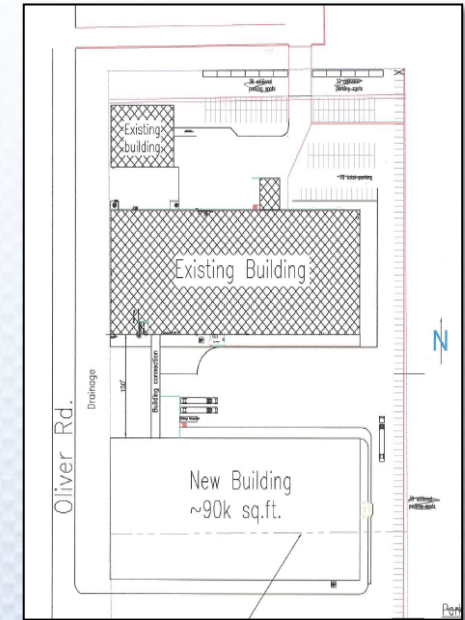
- ✓ Redundant Plant for MRAS and its Aircraft OEM Customers
- ✓ Park expects Redundant Plant will also be needed for Manufacturing Capacity
- ✓ Approximately 90,000 square feet
- ✓ Expansion will approximately double size of current Newton, KS facilities
- ✓ Ground-Breaking on August 15, 2019
- ✓ Completion expected in first half of CY2021
- ✓ Expected to be qualified and in production in first half of CY2022
- ✓ Total budget: approximately \$18 million
- ✓ Spending
  - As of end of FY2021 Q3: approximately: \$12.0 Million
  - To go: approximately \$6.0 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





# Park's Balance Sheet, Cash and Cash Dividend History

- Park has zero long-term debt
- Park has \$117.0 Million of Cash and Marketable Securities as of end of FY2021 Q3
- Park's Cash Dividend
  - ✓ Park has paid 36 consecutive years of uninterrupted regular quarterly cash dividends without ever skipping a dividend or reducing the dividend amount
  - ✓ Park has paid \$542 Million, or \$26.45 per share, in cash dividends since the beginning of FY2005



# Quarterly Results for FY2019, FY2020 and FY2021 Q1, Q2 and Q3 (In Thousands)\*

	FY19 Q1	FY19 Q2	FY19 Q3	FY19 Q4**	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4	FY21 Q1	FY21 Q2	FY21 Q3
Sales	\$10,393	\$11,211	\$12,853	\$16,659	\$14,950	\$13,723	\$15,847	\$15,494	\$12,213	\$9,250	\$10,372
Gross Profit	\$2,852	\$3,145	\$4,284	\$5,903	\$4,804	\$3,813	\$5,022	\$5,034	\$3,674	\$2,638	\$2,553
Gross Margin	27.4%	28.1%	33.3%	35.4%	32.1%	27.8%	31.7%	32.5%	30.1%	28.6%	24.6%
EBITDA	\$1,385	\$1,663	\$2,948	\$4,251***	\$3,372	\$2,406	\$3,622	\$3,612***	\$2,364	\$1,418	\$1,380

- What we said about FY2021 Q3 during our October 8, 2020 FY2021 Q2 Investor Call:
  - ✓ Sales estimate: \$10.0 Million-ish
  - ✓ EBITDA estimate: \$1.0 Million-ish
- Certain factors affecting FY2021 Q3 (and Q4) Sales and Margins

\*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



# FY2021 Q3 Top Five Customers (in Alphabetical Order)

AAE Aerospace

Aerojet Rocketdyne

GKN plc

Kratos Defense and Security Solutions

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



*Boeing 747-8*



*Kratos XQ-58 Valkyrie*



*PAC-3 Missile System*



*Sikorsky SH-60 Seahawk*

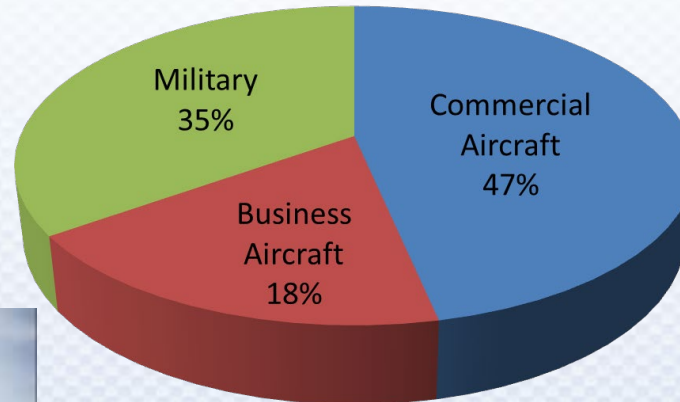
\*MRAS is a subsidiary of  
ST Engineering Aerospace





# Park's Estimated Revenues by Aerospace Market Segment

## FY2020

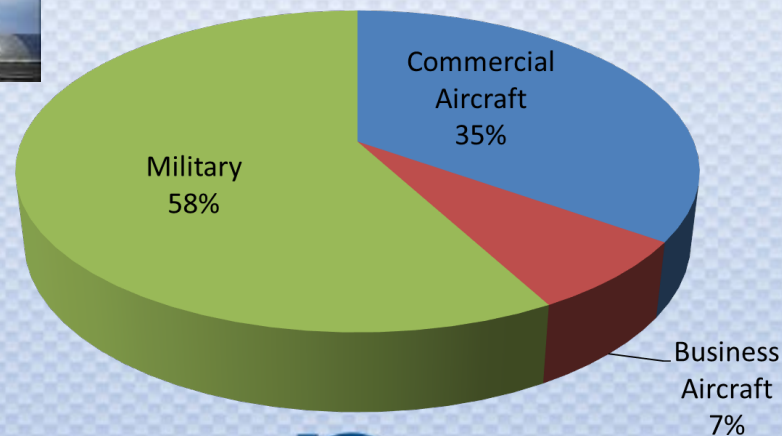


FY2020 Revenues:  
\$60.0 Million



*EA-18G Growler*

## FY2021 Q3 YTD



FY2021 Q3 YTD Revenues:  
\$31.8 Million



# Park Loves “Niche” Military Aerospace Programs



*Raytheon RIM-161 Standard Missile 3  
(Block IIA)*



*Boeing KC-10 Extender*

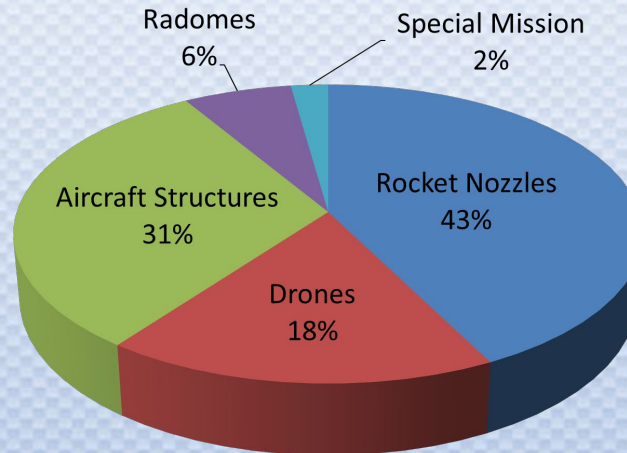


*Northrop Grumman E2-D Hawkeye*

## Park's Estimated FY2021 Q3 YTD Military Revenues by Market Segment



*General Atomics MQ-1 Predator*



Estimated FY2021 Q3 YTD  
Military Revenues:  
Approximately \$18.5 Million





# Park Loves its Commercial Aircraft Programs

- Single-Aisle Aircraft vs. Wide-Body Aircraft
  - ✓ Trend already in place favoring Single-Aisle Aircraft before pandemic
  - ✓ Will market for Single-Aisle Aircraft recover before Wide-Body Aircraft market?
  - ✓ If you want to be in Commercial Aircraft, you want to be in Single-Aisle Aircraft (Park's Opinion)
  
- 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 Loves its Commercial Aircraft Programs (Continued)

- Program Highlight...Airbus A321XLR
  - ✓ Single Aisle
  - ✓ Range...up to 5,400 statute miles
  - ✓ Seating capacity...up to 244
  - ✓ Expected entry into service...2023
  - ✓ Will A321XLR be a game-changer?
  
- We believe Park is ideally positioned (maybe partly by luck) in the Commercial Aircraft Industry



*Airbus A321XLR*





# 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? Park recently received forecast from Customer indicating significant increase in units in CY2021
- Bombardier Global 7500 with Passport 20 Engines...Park recently received forecast from Customer indicating significant increase in units in CY2021; next GE Aviation program planned to qualify Park's Lightning Strike Protection materials
- Comac ARJ-21 with CF34-10A Engines... Park recently received forecast from Customer indicating significant increase in units in CY2021



*Airbus A321neo with CFM LEAP-1A Engines*





# Update on GE Aviation Jet Engine Programs

- Comac C919 with LEAP-1C Engines...Comac has indicated they intend to certify and begin deliveries of the aircraft before the end of 2021; Park's Lightning Strike Protection materials now being used on program
- 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 CFM LEAP-1C Engines*



# GE Aviation Jet Engine Programs Review...

## How Did We Get Here?

- Significant Downturn in Commercial Aircraft Industry in early CY2020 as result of Pandemic and Global Economic Crisis
- Almost all news about Commercial Aircraft Industry has been negative...**very** negative
- We did not completely buy all the doom and gloom news...but it did not matter too much because, at Park, we make adjustments on the fly and keep pressing forward...that is all we really know how to do..."When you are going through hell, keep going." Winston Churchill
- Park made arrangements with MRAS for Park to maintain minimum monthly baseline (critical mass) production levels to preserve Park's ability to ramp up production when needed
  - ✓ Critically important to Park **and** MRAS





# GE Aviation Jet Engine Programs Review...

## How Did We Get Here? (Continued)

- We spoke at some length, during our FY2021 Q1 and Q2 investor calls, about the significant divergence from and mismatch between our agreed to minimum monthly baseline production amounts and the then **current** end-market requirements for GE Programs which Park is on
  - ✓ **Inventory Destocking!**
- We also explained that we believed many companies in the Aerospace supply chain were demoralized, in survival mode and not paying proper attention to need to ramp up production when destocking ends
- We further explained, during those investor calls, that we believe the Aerospace supply chain may be taking inventories to dangerously low levels
  - ✓ Abrupt and steep ramp-up by supply chain could be required when inventory destocking ends
  - ✓ Ticking time bomb?



# GE Aviation Jet Engine Programs Review...

## How Did We Get Here? (Continued)

- And now, to compound the potential need for a steep and abrupt ramp-up of production, the forecasted unit rates for CY2021 for all GE Aviation Programs which Park is on, except for the 747-8, have gone up, and, in some cases, up significantly (forecasted rates for the 747-8 are unchanged)
- So...now what?



*Bombardier Global 7500 with Passport 20 Engines*





# The GE Aviation Jet Engine Programs Ramp is Upon Us

- Inventory Destocking has ended in most of supply chain related to Park's GE Aviation Programs
  - ✓ Inventories taken too low in some cases (Park's Opinion)
- As explained, Rates are being pushed up
- The ramp is looking steep! For perspective, GE Program Sales for the following periods were:
  - ✓ CY2019: \$29.3 Million
  - ✓ CY2020: \$15.8 Million
  - ✓ CY2020 Last 6 Months: \$5.0 Million
- CY2021 Forecast for GE Program Sales based upon the forecasted rates we recently received from the Customer: Approximately \$24 Million
  - ✓ What does this mean?
  - ✓ What does it **not** mean? This is **not** a Park forecast at this time!



# The GE Aviation Jet Engine Programs Ramp is Upon Us (Continued)

- Risks to, and factors potentially affecting, CY2021 GE Aviation Program Sales Forecast:
  - ✓ Inventory at sub-contractors
  - ✓ Possible inventory build as result of ramp
  - ✓ Possibility that Global Economic Recovery stalls
    - Pandemic risks
    - Vaccine risks
    - Political complexities and risks
  - ✓ Geopolitical and international trade risks
  - ✓ U.S. Export Controls against China possibly affecting the Comac ARJ21 or Comac 919 Programs





# The GE Aviation Jet Engine Programs Ramp is Upon Us (Continued)

- ✓ Possible set-backs or issues with specific GE Aviation Programs Park is on...Possibility that OEMs reduce or push out their forecasts
- ✓ Possibility that OEMs or Customer increases forecasted rates or requirements
- ✓ Possibility that Supply Chain supporting the GE Aviation Programs which Park is on struggles to ramp up as quickly as needed (real concern)
- ✓ Possibility that MRAS and its suppliers are not able to ramp up production as quickly as needed to meet forecast (real concern)
- ✓ Herd Mentality



*Comac ARJ21 with CF34-10 Engines*



# How Will Park Respond to the GE Aviation Programs Ramp-up?...It is All About Our People

- Park's current People count is 107; we plan to add 15 to 20 people to accommodate the Ramp-up
  - ✓ All new people will need to be trained
    - We did not lay off anybody (against our religion), so we have nobody to "call back"
  - ✓ We do not add people casually at Park
  - ✓ Timing will be critical
- We will need to be very agile and flexible...At Park, we make adjustments on the fly as we go and keep pressing forward...we do not stop to "regroup"
- Park's Customer Flexibility Program, our "Ace in the Hole"
  - ✓ Current Participation: 83%
- Ultimately, Park's Great People are our "Aces in the Hole"...





# Park's Financial Forecast Estimates

➤ FY2021 Q4 GE Aviation Programs sales forecast estimate:

- ✓ FY2021 Q1: \$4.1 Million (actual)
- ✓ FY2021 Q2: \$2.9 Million (actual)
- ✓ FY2021 Q3: \$1.8 Million (actual; two months of production)
- ✓ **FY2021 Q4:** \$3.9 Million to \$4.4 Million

➤ FY2021 Q4 and FY2021 forecast estimates:

	Sales	EBITDA
FY2021 Q1 (Actual)	\$12.2 Million	\$2.4 Million
FY2021 Q2 (Actual)	\$9.3 Million	\$1.4 Million
FY2021 Q3 (Actual)	\$10.4 Million	\$1.4 Million
<b>FY2021 Q4</b>	\$14.0 Million - \$14.5 Million	\$2.3 Million - \$2.8 Million
<b>FY2021</b>	\$45.8 Million - \$46.3 Million	\$7.5 Million - \$8.0 Million

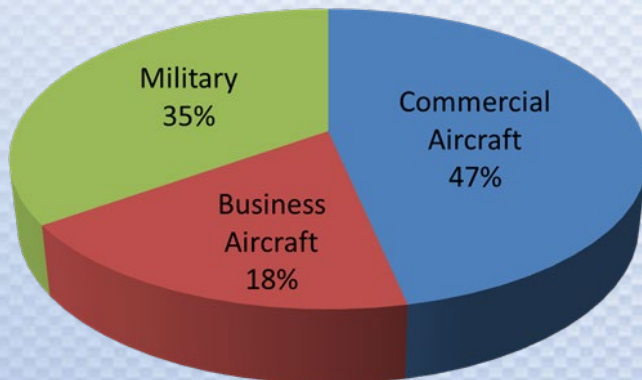
➤ Certain factors expected to affect FY2021 Q4 Sales and EBITDA



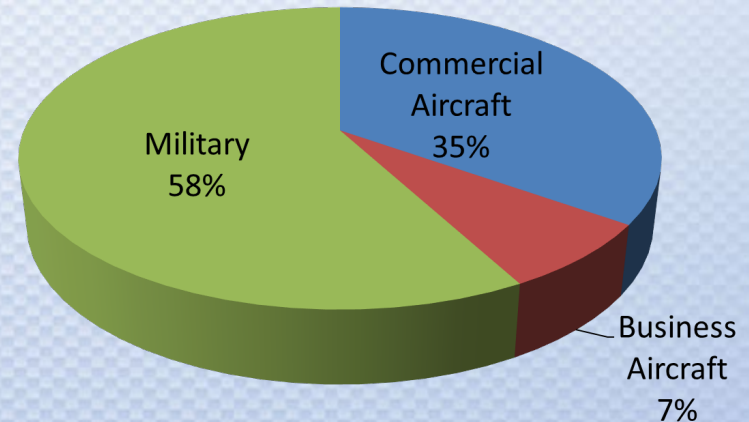
# Park's Financial Forecast Estimates (Continued)

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

Park's Estimated FY2020 Revenues  
by Aerospace Market Segment



Park's Estimated FY2021 Q3 YTD Revenues  
by Aerospace Market Segment





# Park's Reflections on a Troubled World

- The world has been badly damaged and is a troubled place at this time...
- And at Park, we have had our own share of heartbreak and tragedy
  - ✓ But at Park, we do not quit, we do not give up and we do not relent
  - ✓ We continue to grind and press forward...that is all we know
- Park is a strange and unusual company filled with wonderful and special People...
- We are not like the others...we play for keeps



*Park Shipping and Receiving Crew*





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

# Thank You!

