



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

**FY2021 Q3 Investor Conference Call**  
**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.*





# 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



# 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*



*PAC-3 Missile System*



*Kratos XQ-58 Valkyrie*



*Sikorsky SH-60 Seahawk*

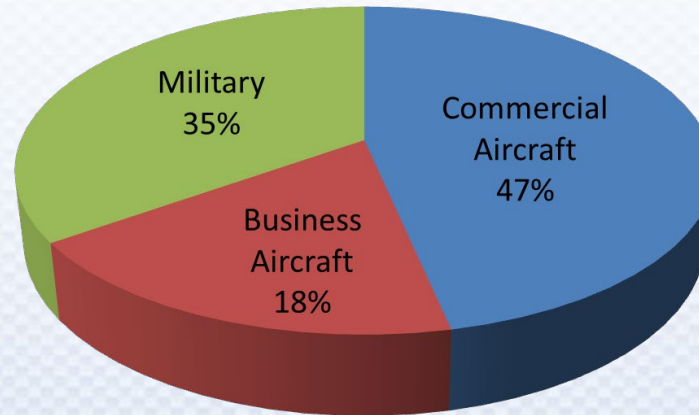
\*MRAS is a subsidiary of  
ST Engineering Aerospace





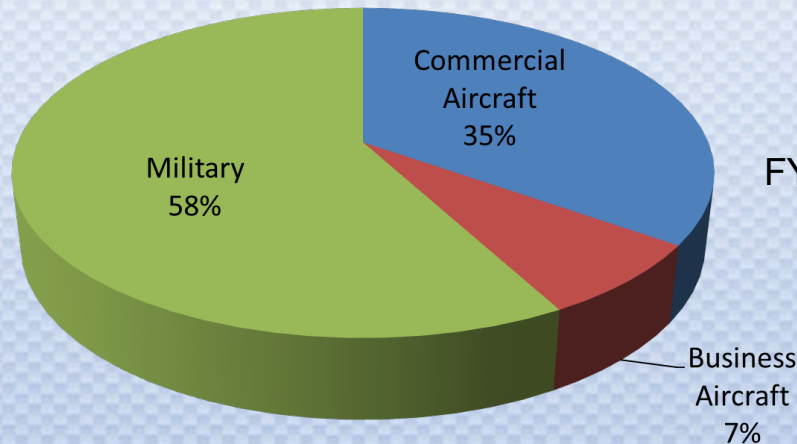
# Park's Estimated Revenues by Aerospace Market Segment

## FY2020



FY2020 Revenues:  
\$60.0 Million

## 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*

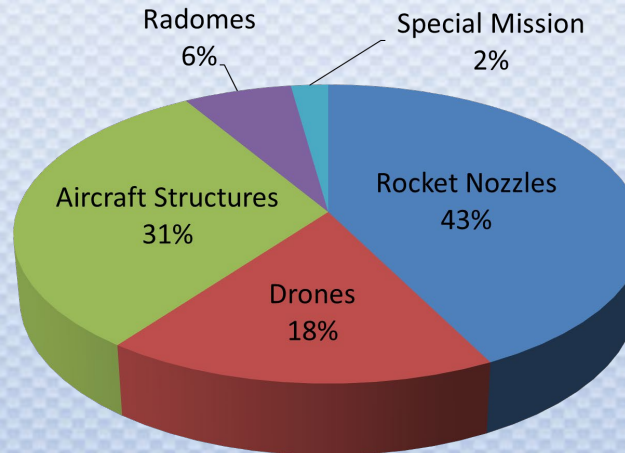


*Northrop Grumman E2-D Hawkeye*

## 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



*Airbus A320neo with CFM LEAP-1A 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 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

- 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?



# 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 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

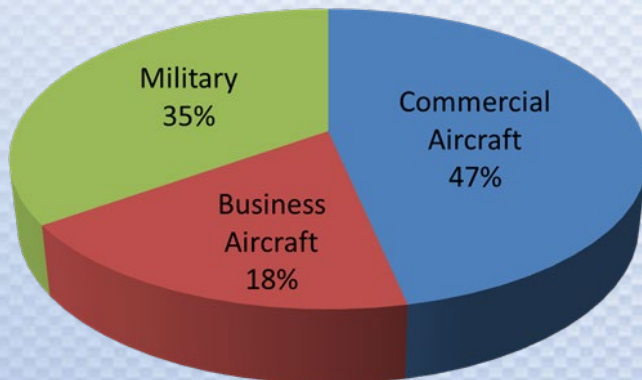
➤ Certain factors expected to affect FY2021 Q4 Sales and EBITDA



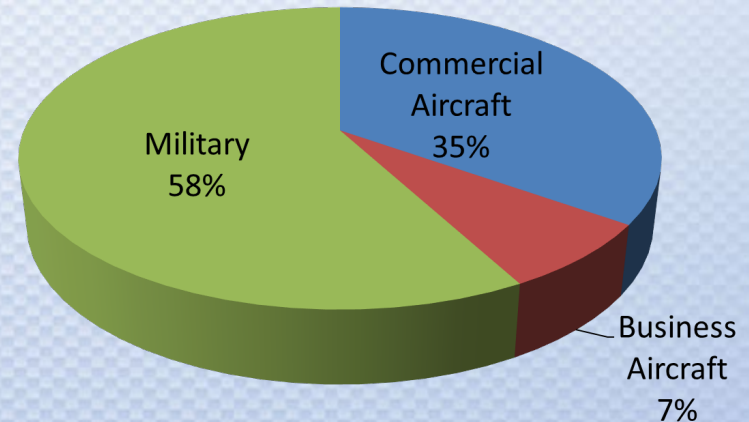
# Park's Financial Forecast Estimates (Continued)

- 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



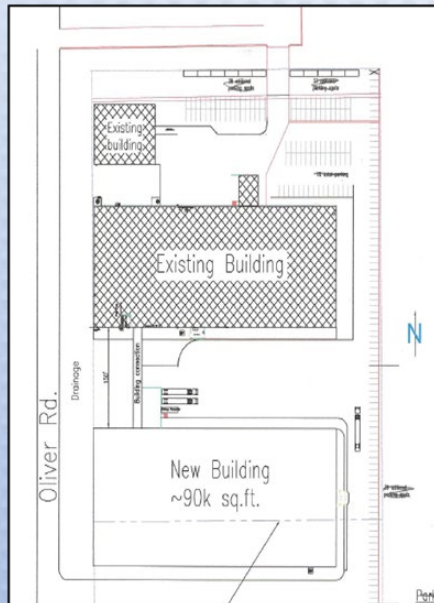
Park's Estimated FY2021 Q3 YTD Revenues  
by Aerospace Market Segment





# Update on Major Expansion of Newton, Kansas Facilities

- Total budget: approximately \$18 Million
- Spending
  - ✓ As of end of FY2021 Q3: approximately \$12.0 Million
  - ✓ To go: approximately \$6.0 Million
- Completion expected in first half of CY2021



# Park's Balance Sheet, Cash and Perspective about Acquisition Opportunities

- 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
  
- Updating our "Cash Math" as of end of FY2021 Q3
  - ✓ \$117.0M Cash and Marketable Securities
  - ✓ \$ 16.0M Remaining transition tax installment payments\*
  - ✓ \$ 6.0M\*\* Remaining Newton, KS facility major expansion costs
  - ✓ \$ 95.0M\*\*\*
  
- Park has zero long-term debt

\*Installments payable over next 5 years

\*\*Estimate

\*\*\*This is a conceptual number and not a precise computation





# Park's Balance Sheet, Cash and Perspective about Acquisition Opportunities (Continued)

- Park's perspective on Acquisition activities and opportunities
  - ✓ Major opportunities to buy businesses at distressed values did not materialize in CY2020
    - The Fed...
  - ✓ Very limited number of businesses offered for sale in CY2020 through banker led or managed processes
  - ✓ What potential acquisitions did we look at in CY2020?
  - ✓ M&A outlook for CY2021



# 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!



**Park Aerospace Corp.**

**January 7, 2021 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 January 7, 2021. 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 third quarter earnings news release dated January 7, 2021 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 third quarter ended November 29, 2020 on or about January 7, 2021. 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 \$10.4 million in the 2021 fiscal year third quarter compared to \$15.8 million in the 2020 fiscal year third quarter and \$9.3 million in the 2021 fiscal year second quarter.

Gross Profit for the 2021 fiscal year third quarter was \$2.6 million, or 24.6% of sales, compared to \$5.0 million, or 31.7% of sales, for the 2020 fiscal year third quarter and \$2.6 million, or 28.5% of sales, for the 2021 fiscal year second quarter.

Selling, general and administrative expenses for the 2021 fiscal year third quarter were \$1.5 million, or 14.8% of sales, compared to \$1.9 million, or 12.3% of sales, for the 2020 fiscal year third quarter and \$1.6 million, or 16.8% of sales, for the 2021 fiscal year second quarter. Investment income, net of interest expense, in the 2021 fiscal year third quarter was \$389,000 compared to \$802,000 in the 2020 fiscal year third quarter and \$525,000 in the 2021 fiscal year second quarter.

Earnings before income taxes for the 2021 fiscal year third quarter were \$1.4 million, or 13.6% of sales, compared to \$3.9 million, or 24.5% of sales, for the 2020 fiscal year third quarter and \$1.6 million, or 17.4% of sales, for the 2021 fiscal year second quarter.



## APPENDIX I

Net earnings for the 2021 fiscal year third quarter were \$1.0 million, or 10.0% of sales, compared to \$2.8 million, or 17.7% of sales, for the 2020 fiscal year third quarter and \$1.2 million, or 12.4% of sales, for the 2021 fiscal year second quarter.

Depreciation and amortization expense in the 2021 fiscal year third quarter was \$314,000 compared to \$410,000 in the 2020 fiscal year third quarter and \$282,000 in the 2021 fiscal year second quarter. Capital expenditures in the 2021 fiscal year third quarter were \$1.3 million compared to \$2.1 million in the 2020 fiscal year third quarter and \$1.4 million in the 2021 fiscal year second quarter.

EBITDA for the 2021 fiscal year third quarter was \$1.4 million, or 13.3% of sales, compared to \$3.6 million, or 22.9% of sales, for the 2020 fiscal year third quarter and \$1.4 million, or 15.3% of sales, for the 2021 fiscal year second quarter.

The effective tax rate was 26.3% in the 2021 fiscal year third quarter compared to 27.6% in the 2020 fiscal year third quarter and 28.6% in the 2021 fiscal year second quarter.

For the 2021 fiscal year third quarter, the top five customers, in alphabetical order, were AAE Aerospace, Aerojet Rocketdyne, Kratos Defense & Security Solutions, GKN 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 62% of total sales during the 2021 fiscal year third quarter. The top 10 customers totaled approximately 74% of total sales and the top 20 customers totaled approximately 86% of total sales for the 2021 fiscal year third quarter.