



*A Premier Supplier of Aircraft Structures and Systems*



## **3Q 2017 Results Presentation**

Speakers:

Douglas McCrosson, President & Chief Executive Officer

Vincent Palazzolo, Chief Financial Officer

**November 8, 2017**

*NYSE American: CVU*

## **Forward-Looking Statements**

This presentation contains forward-looking statements that involve risks and uncertainties. All statements, other than statements of historical fact, included in this presentation, including without limitation, statements regarding projections, future financing needs, and statements regarding future plans and objectives of the Company, are forward-looking statements. Words such as "believes," "expects," "anticipates," "intends," "plans," "estimates" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon the current expectations of management and certain assumptions that are subject to risks and uncertainties. Accordingly, there can be no assurance that such risks and uncertainties will not affect the accuracy of the forward-looking statements contained herein or that our actual results will not differ materially from the results anticipated in such forward-looking statements. Such factors include, but are not limited to, the following: the cyclical nature of the aerospace market, the level of U.S. defense spending, production rates for commercial and military aircraft programs, competitive pricing pressures, start-up costs for new programs, technology and product development risks and uncertainties, product performance, increasing consolidation of customers and suppliers in the aerospace industry and costs resulting from changes to and compliance with applicable regulatory requirements. The information contained in this presentation is qualified in its entirety by cautionary statements and risk factors disclosed in the Company's Securities and Exchange Commission filings, including its Annual Report on Form 10-K filed on March 8, 2017, available at <http://www.sec.gov>, and quarterly report on Form 10-Q filed on May 10, 2017 and August 9, 2017, available at <http://www.sec.gov>.

We caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date hereof and for which the Company assumes no obligation to update or revise the forward-looking statements herein.

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# Recent Highlights

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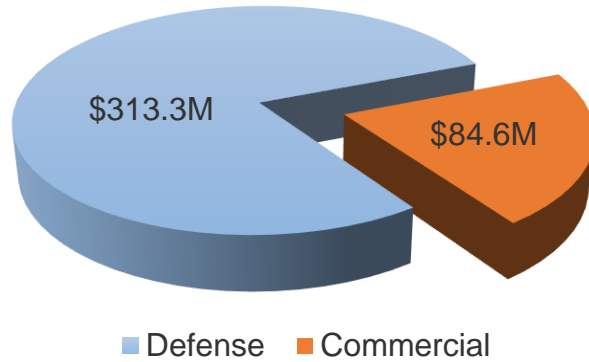
**Douglas McCrosson**

*President & Chief Executive Officer*

## Consolidated Backlog at 09/30/2017: \$397.9 Million

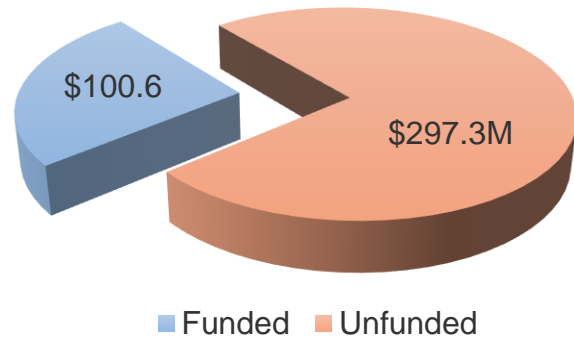
### Defense Backlog at \$313.3 Million

Defense 79% / Commercial 21%



Funded 25% / Unfunded 75%

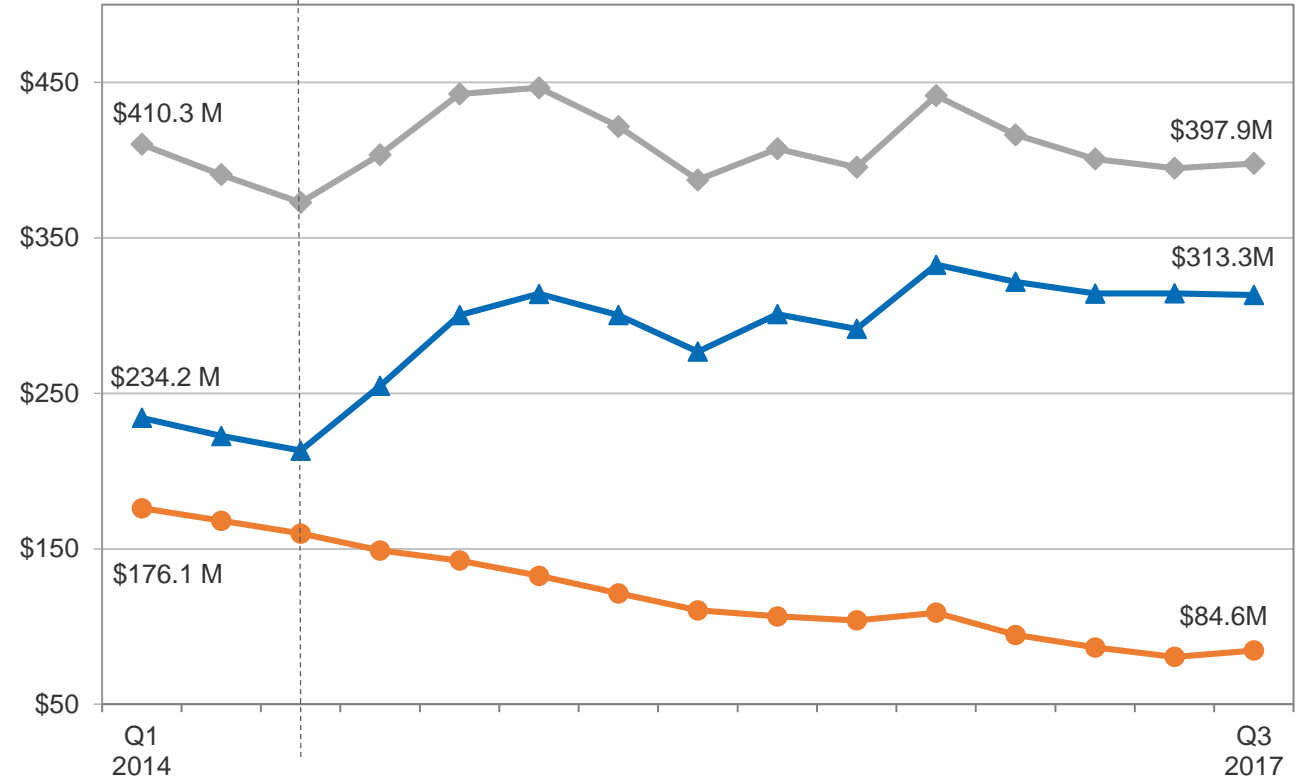
Unfunded backlog represents remaining potential value of long term agreements



1Q 2014 - 3Q 2017

Backlog (Defense/Commercial)

Commercial Defense Total Backlog



# Driven By Renewed Strength in Defense Business

Recent wins account for \$273 million in backlog as of September 30, 2017  
Offers revenue visibility into 2022 and beyond

<b>E-2D Advanced Hawkeye/ C-2A Greyhound</b>	<b>U.S Government F-16 Falcon</b>	<b>Northrop Grumman T-38C Talon Trainer</b>	<b>Lockheed Martin F-35 Lock Assy</b>	<b>Northrop Grumman Japan E-2D Hawkeye</b>	<b>Raytheon Next Generation Jammer Pod</b>
<b>\$86.1M</b>	<b>\$53.5M</b>	<b>\$49M</b>	<b>\$10.6M</b>	<b>\$25-30M</b>	<b>\$50+M</b>
					
<u>Announced</u> November 2014	<u>Announced</u> November 2014	<u>Announced</u> February 2015	<u>Announced</u> July 2015	<u>Announced</u> January 2016	<u>Announced</u> July/Sept 2016
<u>Contract Period</u> 2013 – 2021	<u>Contract Period</u> 2014 – 2020	<u>Contract Period</u> 2015 – 2021	<u>Contract Period</u> 2015 – 2021	<u>Contract Period</u> 2016 – 2019	<u>Contract Period</u> 2016 – 2022+
<b>Sikorsky CH-148 Cyclone</b>	<b>Bell Helicopter/ Textron AH-1Z Viper</b>	<b>Sikorsky MH-53E Sea Dragon</b>	<b>UTC Aerospace TacSAR</b>	<b>Sikorsky Black Hawk</b>	<b>Lockheed Martin F-35 Drive Shaft</b>
<b>\$6.5M</b>	<b>\$34.0M</b>			<b>\$21M</b>	<b>\$15.8M</b>
					
<u>Announced</u> October 2016	<u>Announced</u> January 2017	<u>Announced</u> May 2017	<u>Announced</u> June 2017	<u>Announced</u> July 2017	<u>Announced</u> November 2017
<u>Contract Period</u> 2016 – 2018	<u>Contract Period</u> 2017 – 2020	<u>Contract Period</u> 2015 – 2022	<u>Contract Period</u> 2017	<u>Contract Period</u> 2018 – 2022	<u>Contract Period</u> 2018 – 2022

# Financial Highlights

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**Vincent Palazzolo**

*Chief Financial Officer*



# Recent Financial Highlights

	For the Three Months Ended September 30,	
	2017 (Unaudited)	2016 (Unaudited)
Revenue	\$20.7	\$22.1
Cost of sales	<u>15.8</u>	<u>17.1</u>
Gross profit (loss)	4.9	5.0
Gross margin %	23.7	22.7
Selling, general and administrative expenses	<u>2.0</u>	<u>2.0</u>
Income (loss) from operations	2.9	3.0
Income (loss) before provision for (benefit from) income taxes	2.5	2.7
Net income (loss)	1.7	1.7
Income (loss) per common share – basic	\$0.19	\$0.19
Income (loss) per common share – diluted	<u>\$0.19</u>	<u>\$0.19</u>

*(\$ in Millions, except per share value)*

As of September 30, 2017	
CEE (unbilled receivables)	108.4
Total Debt	32.7
Shareholders' Equity	72.1
Book Value, per diluted share	8.15
Debt-to-Capital	0.45

Liquidity
<ul style="list-style-type: none"> <li>• \$40M, 3-year senior debt facility               <ul style="list-style-type: none"> <li>– \$10M term loan</li> <li>– \$30M revolving line-of-credit</li> </ul> </li> <li>• Approximately \$6.6 million still available under credit facility as of September 30, 2017</li> </ul>



## Revenue

- **\$82.5M – \$87.0M**
  - Revised to lower end of range

## Pre-tax Income

- **\$8.1M - \$8.5M**
  - Revised to higher end of the range

## Effective Tax Rate

- **Approximately 35%**

# Looking Ahead

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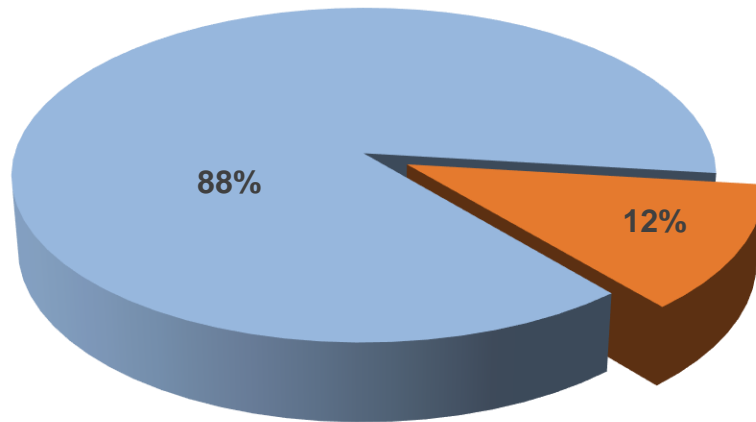


**Douglas McCrosson**

*President & Chief Executive Officer*

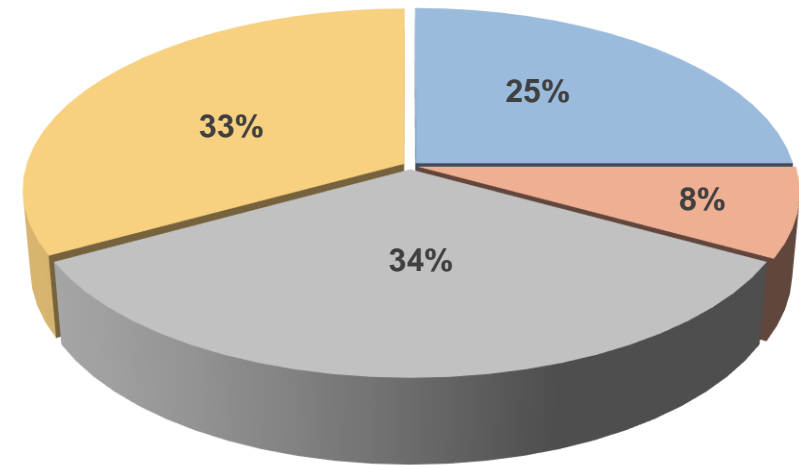
Virtually all bids are at the Prime Contractor or Tier 1 level

**Defense opportunities are increasing**



■ Defense ■ Commercial

**Continued Diversification Across Product Categories**



■ Kitting ■ MRO ■ Aerostructures ■ Aerosystems

## Aerostructures

- Military Helos: CH-53K, V-280
- Various regional airline and bizjet aircraft
- A-10 Wing Replacement Program (WRP)
- MRO: F-16 service-life extension program (SLEP)
- Various Black Hawk components/structural repairs

## Aerosystems

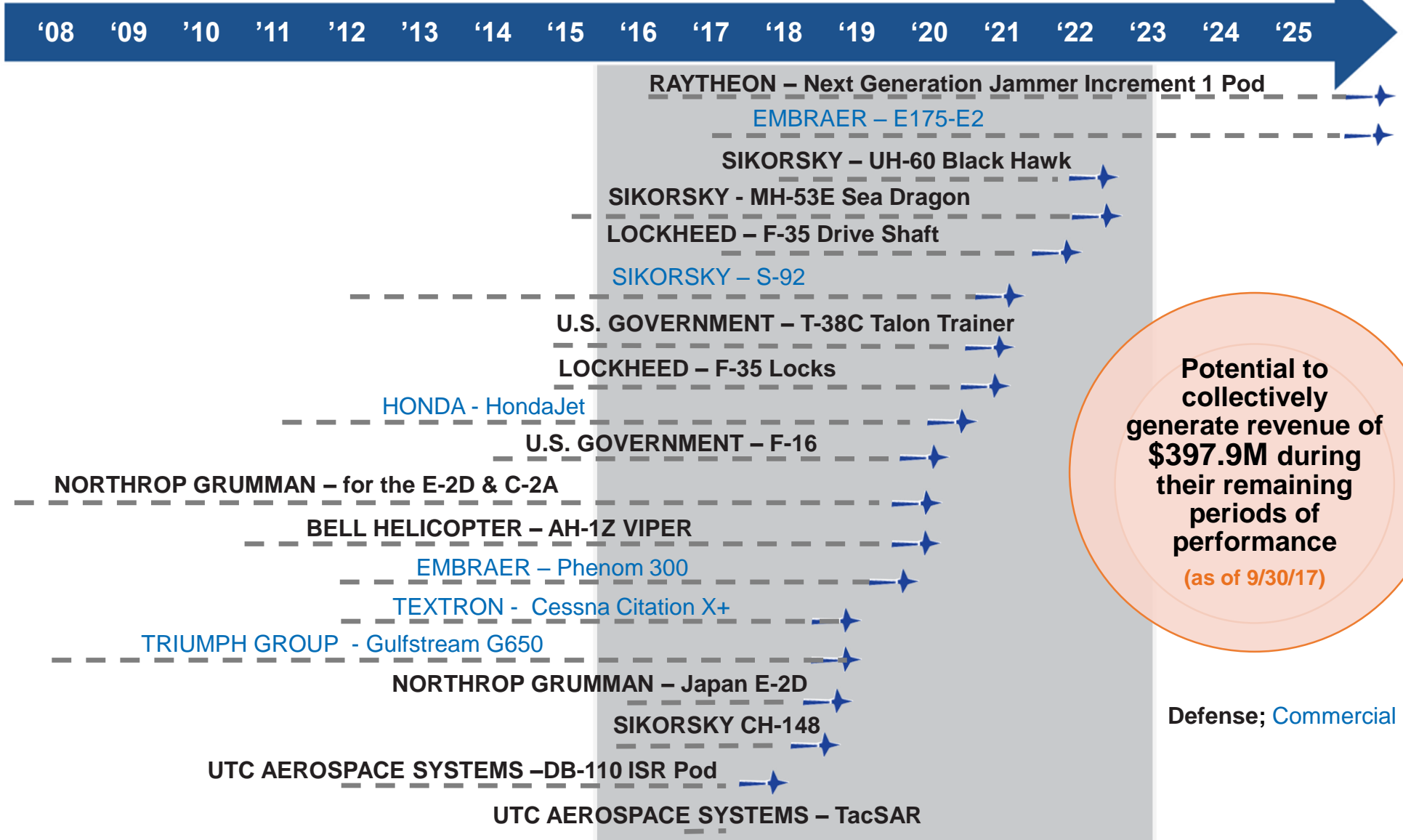
- Reconnaissance Pods
- Electronic Warfare Pods
- Advanced antenna system structural housing
- Missile launchers

## Supply Chain Management/Kitting

- Foreign sales of F-16 wing components
- Wet Outer Wing Panel kits for Japanese E-2D
- Various military Helos

# Long-Term Visibility - Contracts

Firm, Funded Contracts Provide Long-Term Revenue Visibility and Operating Leverage



Potential to collectively generate revenue of **\$397.9M** during their remaining periods of performance (as of 9/30/17)

Defense; Commercial

# Q&A Session

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## **CPI Aerostructures**

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