



Expertise in Aerospace Technologies



2019 Q1 Results Presentation

Speakers:

Douglas McCrosson, President & Chief Executive Officer

Vincent Palazzolo, Chief Financial Officer

May 10, 2019

NYSE American: CVU

Disclosure Statements

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, the ability to manage growth and integrate acquired operations 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 April 1, 2019 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.

CPI AERO is a registered trademark of CPI Aerostructures, Inc. All other trademarks referenced herein are the property of their respective owners.

Recent Highlights



Douglas McCrosson

President & Chief Executive Officer

1. Strong start to the year

- Revenue up ~41%
- Gross profit up ~35%
- Net income up ~31%

2. Strong book-to-bill

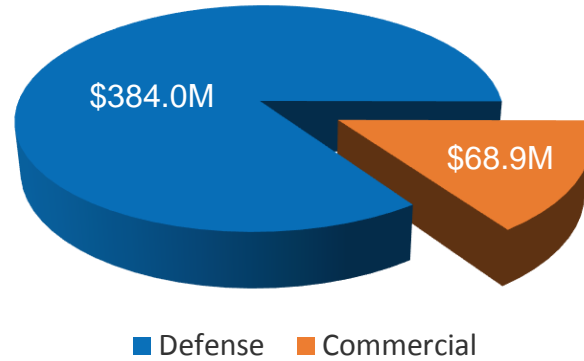
- Book-to-bill of 2.0
- Consolidated shipping backlog up ~14% to \$134 million

3. Executed on strategic priorities

- Completed consolidation of Welding Metallurgy into CPI Aero facility on schedule
- New program starts on plan

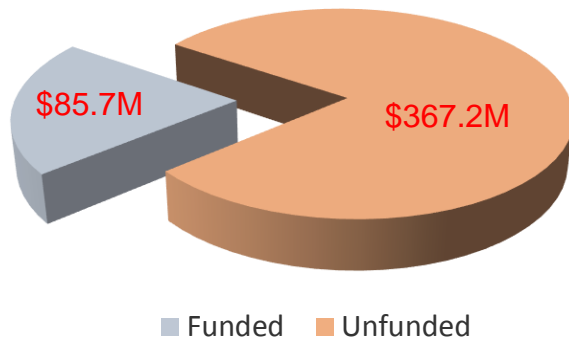
Consolidated Backlog at 03/31/2019: \$452.9 Million Defense Backlog: \$384.0 Million, Up 73% since mid-2014

Defense 84% / Commercial 16%



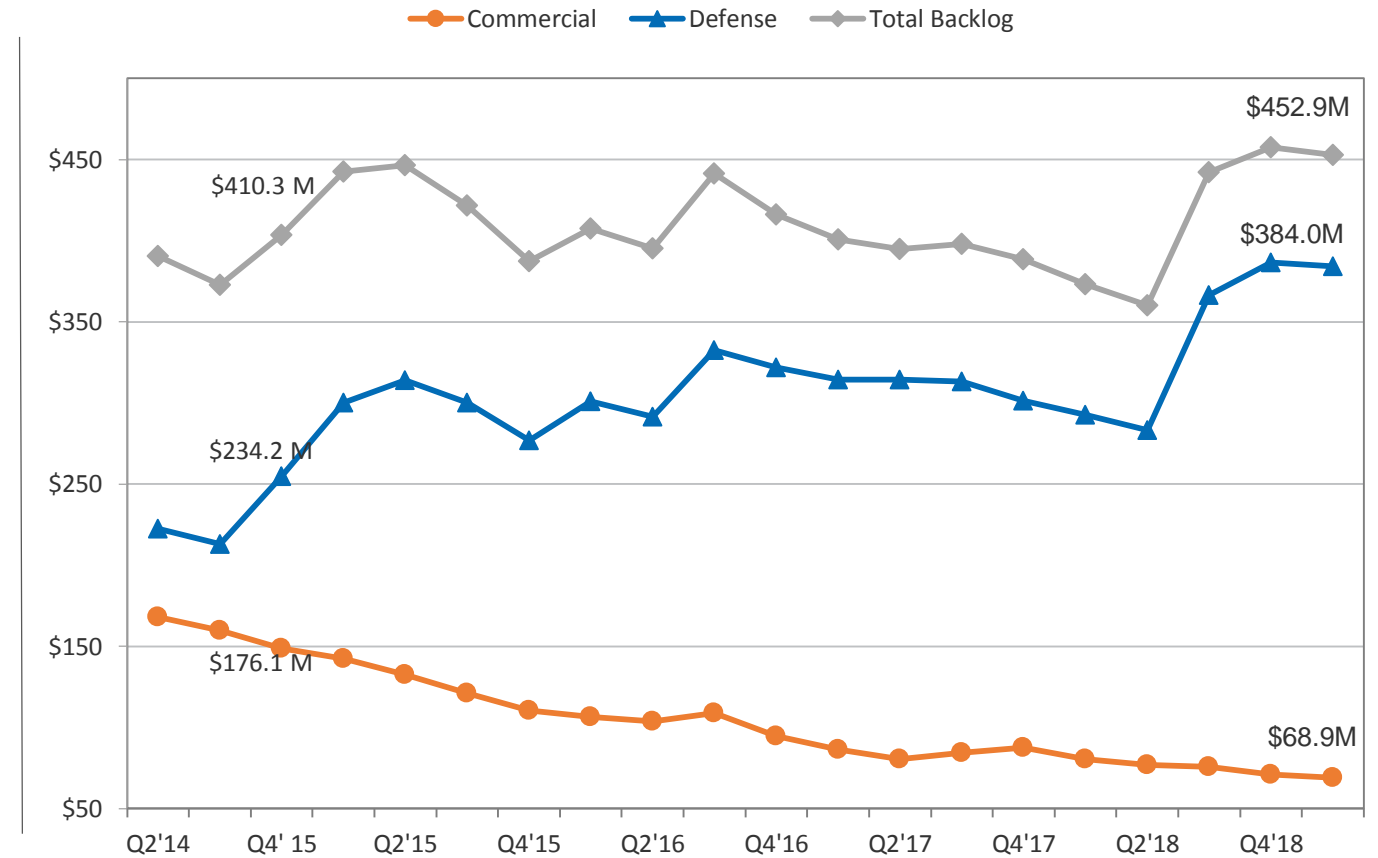
Funded 19% / Unfunded 81%

Unfunded backlog represents remaining potential value of long term agreements



2Q 2014 – 1Q 2019

Backlog (Defense/Commercial)



Driven by Renewed Strength in Defense Budget

Presence on prominent defense programs with strong funding
 Defense market focus yielding large, diversified, and growing backlog

Sikorsky UH-60M Fuel Panel & Gunner Windows	Lockheed Martin F-35 Lightning II Drive Shaft	NGC Japan E-2D Hawkeye	Bell / Textron AH-1Z Viper	Raytheon Next Generation Jammer Mid-Band	Unidentified Missile Platform
\$29.2M	\$15.8M	\$25.0 – 30.0M	\$18.6M	\$170.0M+	\$ Undisclosed
					
<u>Announced</u> July & September 2017	<u>Announced</u> November 2017	<u>Announced</u> Jan. 2016/Feb. 2018	<u>Announced</u> Jan. 2017/March 2018	<u>Announced</u> July 2016/August 2018	<u>Announced</u> October 2018
<u>Contract Period</u> 2018 – 2022	<u>Contract Period</u> 2018 – 2022	<u>Contract Period</u> 2016 – 2019	<u>Contract Period</u> 2017 – 2021	<u>Contract Period</u> 2016 – 2030	<u>Contract Period</u> 2019 – 2020
Unidentified Sikorsky Helicopter	NGC E-2D Advanced Hawkeye – Follow On	Lockheed Martin F-35 Lightning II Lock Assys.	Raytheon SEASPRARROW Missile System	Lockheed Martin F-16V	
\$1.0M (approx.)	\$47.5M (potential)	\$10.6M	\$5.0 M	\$20+ M	
					
<u>Announced</u> October 2018	<u>Announced</u> October 2018	<u>Announced</u> July 2015/Dec. 2018	<u>Announced</u> Legacy WMI	<u>Announced</u> February 2019	
<u>Contract Period</u> 2019 – 2020	<u>Contract Period</u> 2018 – 2024	<u>Contract Period</u> 2015 – 2024	<u>Contract Period</u> 2018-2019	<u>Contract Period</u> 2019-2024	

1Q 2019 Financial Highlights



Vincent Palazzolo

Chief Financial Officer

Recent Financial Highlights

	For the Three Months Ended March 31,	
	2019 (Unaudited)	2018 (Unaudited)
Revenue	\$25.6	\$18.2
Cost of sales	<u>20.2</u>	<u>14.1</u>
Gross profit	5.4	4.0
Selling, general and administrative expenses	<u>2.8</u>	<u>2.0</u>
Income from operations	2.6	2.0
Income before provision for income taxes	2.1	1.6
Net income	1.7	\$1.3
Income per common share – diluted*	<u>\$0.14</u>	<u>\$0.14</u>

*On a higher number of shares: 11,792,818 versus 8,940,385

Balance Sheet Highlights

(\$ in Millions, except per share value)

As of March 31, 2019	
Cash and Restricted Cash	\$2.6
Contract Assets	120.7
Total Debt	29.8
Shareholders' Equity	95.3
Book Value, per share	8.12
Debit-to-Capital	0.31

Liquidity

- \$40 million, 3-year senior debt facility
 - \$10 million term loan
 - \$30 million revolving line-of-credit
- Approximately \$6.3 million available under credit facility as of March 31, 2019

Revenue

- **\$98.0M – \$102.0M**

Pre-tax Income

- **\$11.0M – \$11.3M**

Cash Flow from
Operations

- **\$3.5M+**

Effective Tax Rate

- **20% – 22%**

Looking Ahead

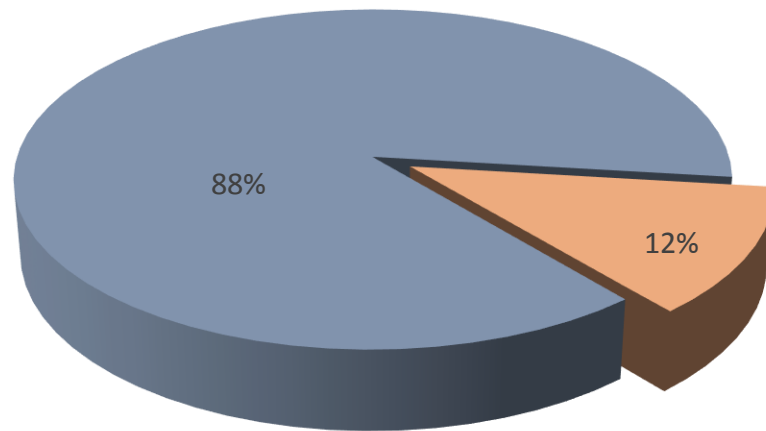


Douglas McCrosson

President & Chief Executive Officer

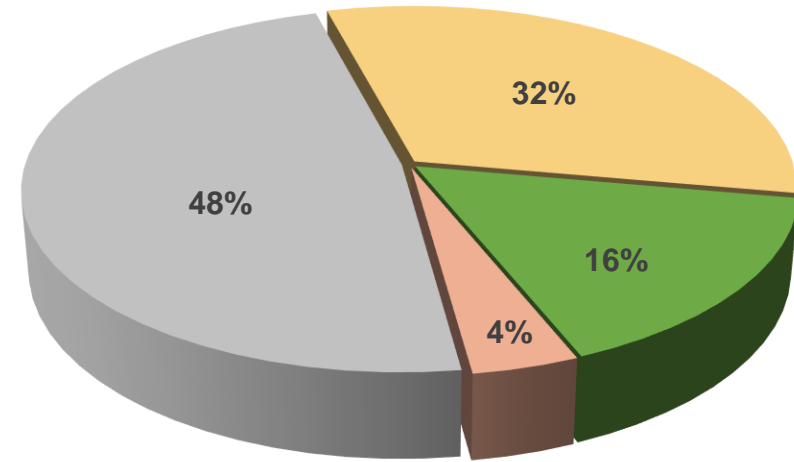
Virtually all proposals are at the Prime Contractor (12%) or Tier 1 level (85%)

Defense Remains Strong and Augmented by New Bizjet Bids



■ Defense ■ Commercial

Continued Diversification Across Product Categories



■ Kitting ■ MRO ■ Aerostructures ■ Aerosystems

Near-Term Program Opportunities



- A-10 Wing Replacement Program (WRP)
- Various Black Hawk Components / Structural Repairs
- F-16 Aircraft Structures
- International Light Attack Fixed Wing Aircraft
- Unmanned Aerial Systems
- Business Aircraft Wing Structural Subassemblies



- T-38 Trainer Upgrades
- Wet Outer Wing Panel Kits for Japanese E-2D Advanced Hawkeye

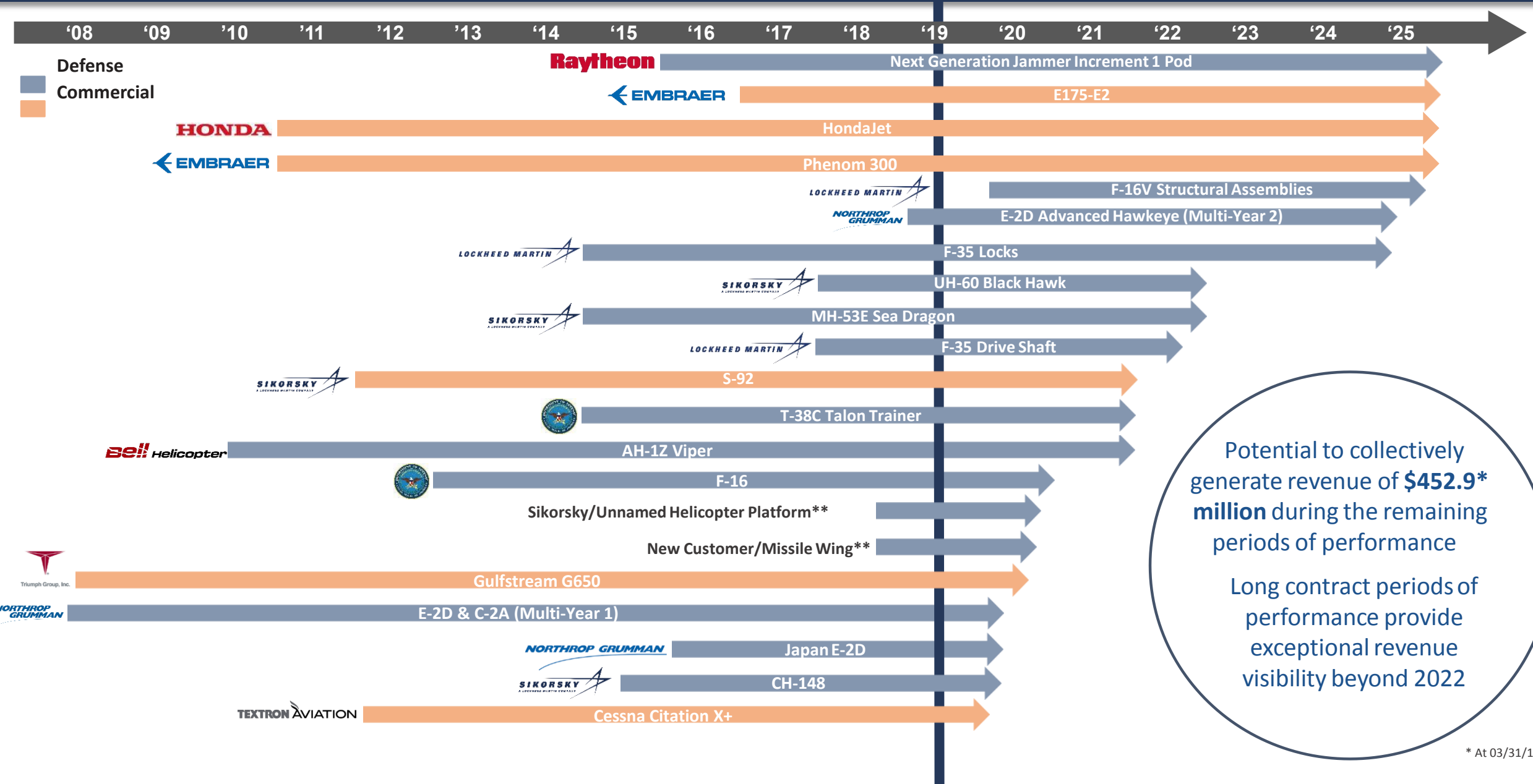


- Reconnaissance Pods
- Electronic Warfare Pods
- Advanced Antenna System Structural Housing
- Electronic Racks & Step Assemblies
- Door Lock Assemblies
- Missile Sub-Assemblies
- Infrared Suppression Systems



- SEASPARROW missile control electronics
- Various welded structures on E-2D Advanced Hawkeye, including the aerial refueling probe

Large and Diversified Backlog Drives Strong Visibility



Potential to collectively generate revenue of **\$452.9* million** during the remaining periods of performance

Long contract periods of performance provide exceptional revenue visibility beyond 2022

* At 03/31/19

Q&A Session

Thank You



CPI Aerostructures

Vincent Palazzolo, Chief Financial Officer

(631) 586-5200

www.cpiaero.com