

CPI Aerostructures, Inc. (“CPI Aero”) is a U.S. manufacturer of structural assemblies and value-added kits for fixed wing and rotary wing aircraft in both the commercial aerospace and defense markets. CPI Aero also manufactures pod-based, airborne avionics systems for Intelligence Surveillance and Reconnaissance (ISR), Electronic Warfare (EW) and Radar end-markets.

Within the global aerospace supply chain, CPI Aero is either a Tier 1 supplier to aircraft OEMs or a Tier 2 subcontractor to major Tier 1 manufacturers. CPI also is a prime contractor to the U.S. Department of Defense, primarily the Air Force. In conjunction with its assembly operations, CPI Aero provides engineering, program management, supply chain management, and MRO services.

<b>Industry</b>	Aerospace & Defense
<b>Ticker Symbol</b>	NYSE American: CVU
<b>Indices</b>	Russell Microcap
<b>CEO</b>	Douglas McCrosson
<b>CFO</b>	Vincent Palazzolo
<b>Fiscal Year End</b>	December 31
<b>Website</b>	<a href="http://www.cpiaero.com">www.cpiaero.com</a>
<i>As of Sept. 3, 2019</i>	
52 Week Price Range:	\$5.83 - \$9.55
Market Cap:	\$91.7 million
Common/Dil. Shares Out:	11.8 million (as of 8/02/19)

Key Customers	
Defense	Commercial
<ul style="list-style-type: none"> <li>Northrop Grumman</li> <li>Lockheed / Sikorsky</li> <li>Boeing</li> <li>Raytheon</li> <li>Bell Helicopter</li> <li>UTC Aerospace</li> <li>U.S. Air Force</li> </ul>	<ul style="list-style-type: none"> <li>Embraer</li> <li>Honda Aircraft</li> <li>Lockheed / Sikorsky</li> <li>Textron Aviation</li> <li>Triumph Group</li> </ul>

1H'19 vs. 1H'18 Financial Results
<ul style="list-style-type: none"> <li>Revenue was \$48.7 million compared to \$38.5 million</li> <li>Gross profit was \$10.4 million compared to \$8.6 million</li> <li>Gross margin was 21.3% compared to 22.5%</li> <li>Pre-tax income was \$3.8 million compared to \$3.2 million</li> <li>Net income was \$4.4 million compared to \$2.5 million<sup>1</sup></li> <li>Earnings per diluted share of \$0.37 compared to \$0.28 on a higher number of shares outstanding<sup>2</sup></li> <li>Cash flow from operations was \$(3.4) million compared to \$(3.6) million</li> </ul>

FY19 Financial Guidance	
Revenue	• \$98.0M – \$102.0M
Pre-tax Income	• \$11.0M – \$11.3M
Cash Flow from Operations	• \$3.5M+

In December 2018, CPI Aero completed the acquisition of Welding Metallurgy Inc. (“WMI”), a provider of metallurgical engineering and welding services and a manufacturer of components for various sub-sectors of the military and commercial aerospace industries. WMI brings to CPI Aero:

- Complementary customers, programs and capabilities
- Significantly increases content on key defense programs
- Broadens CPI Aero’s technical capabilities and diversifies its aerosystems assemblies
- Enhances ability to expand content footprint on shared defense programs
- Adds to CPI’s Aero’s growing bid pipeline of larger and more complex programs

### Unique Business Model

<p><b>Competence</b></p> <ul style="list-style-type: none"> <li>• 35+ years of highly evolved assembly, supply chain and program management skills</li> <li>• We are NOT a parts manufacturer trying to move up the value-added chain</li> </ul>
<p><b>Best Value</b></p> <ul style="list-style-type: none"> <li>• We do not have our own production capacity to feed</li> <li>• We leverage component production capacity on a global basis to find the best combination of price, quality, and delivery for each type of component (composites, sheet metal, machined parts)</li> </ul>
<p><b>Scalable with little CapEx</b></p> <ul style="list-style-type: none"> <li>• Our capacity is only limited by people and floor space</li> <li>• We can achieve superior organic growth without major investments in machinery and without the risk of future obsolescence (examples: metals vs. composites)</li> </ul>

### Investment Thesis

<p><b>Large and Diversified Backlog</b></p> <p style="text-align: center;"><b>\$447.6M</b></p> <p style="text-align: center;">21% Funded 73% Defense</p> <p style="text-align: center;">At 6/30/19</p>	<p><b>Strong Defense Outlook</b></p> <ul style="list-style-type: none"> <li>• Proposed GFY2020 defense spending bill provides for growth and funding levels for key CPI Aero programs</li> <li>• Administration and Congress indicate preference for further increased spending on defense</li> <li>• Increasing spending internationally</li> <li>• Increasing operating tempos for U.S. and Allied air forces</li> </ul>
<p><b>Growing Bid Pipeline</b></p> <p style="text-align: center;">99% Defense</p> <p style="text-align: center;">46% Aerosystems &amp; Kitting</p> <p style="text-align: center;">Defense and higher gross margin opportunities are increasing</p>	<p><b>Long Term Visibility</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>CH-53K</p> </div> <div style="text-align: center;">  <p>ISR Pods</p> </div> </div> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>E-2D</p> </div> <div style="text-align: center;">  <p>Black Hawk</p> </div> </div> <p style="text-align: center;"><b>In both Defense and Commercial</b></p>

<sup>1</sup>Includes a tax benefit of approximately \$1.0 million due to the reversal of a portion of the approximately \$3.1 million liability that was recorded at December 31, 2018 for an uncertain tax position related to a federal income tax audit.

<sup>2</sup>Includes \$0.09 per diluted share arising from the reversal of a tax liability detailed in note <sup>1</sup> above.

## Military Programs

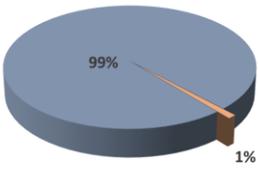
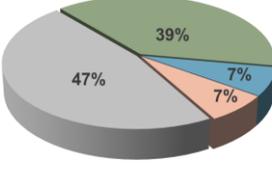
 <b>Japan E-2D Advanced Hawkeye</b> 	 <b>F-16 Fighter Jet</b> 	 <b>T-38C Aircraft</b> 	 <b>F-35 CTOL Aircraft</b> 
 <b>E-2D Advanced Hawkeye / C-2A Greyhound</b> 	 <b>Next Generation Jammer Pod Increment 1</b> 	 <b>T-38 PC3/TRIM</b> 	 <b>AH-1Z VIPER Helicopter</b> 
 <b>DB-110 ISR Pod</b> 	 <b>MH-5E Sea Dragon</b> 	 <b>TacSAR</b> 	 <b>UH-60 BLACK Hawk Helicopter</b> 

## Commercial Programs

 <b>E175-E2</b> 	 <b>Phenom 300 Business Jet</b> 	 <b>Cessna Citation X+ Civilian Jet</b> 	 <b>Gulfstream G650 Large Corporate Jet</b> 
 <b>Business Jet</b> 	 <b>S-92 Civil Helicopter</b> 	 <b>HondaJet Elite</b> 	

Bid Landscape Defense	Commercial
<p>Repairing and manufacturing spares for the current fleet of aging military aircraft.</p> <p>Submitted several proposals to the U.S. Government for the production of new structural assemblies and the repair of existing structures.</p> <p>Missile sub-assemblies, including SEASPARROW missile control electronics</p>	<p>Business jet and regional jet markets that align with our size, expertise and capability as a Tier 1 supplier.</p>

Top Institutional Holders <i>(as of 6/30/2019)13-F filings)</i>
<ul style="list-style-type: none"> <li>• Royce &amp; Associates, LP</li> <li>• Russell Investment Management</li> <li>• Dimensional Fund Advisors</li> <li>• Heartland Advisors</li> <li>• The Vanguard Group</li> <li>• Crescendo Advisors</li> <li>• AWM Investment Company</li> <li>• Perritt Capital Management</li> <li>• Ariel Investments</li> <li>• PENN Capital Management</li> <li>• Boston Partners Global Investors</li> </ul>
<ul style="list-style-type: none"> <li>• Millrace Asset Group</li> <li>• New Jersey Division of Inv.</li> <li>• Essex Investment Management</li> <li>• Ancora Advisors</li> <li>• Bard Associates</li> <li>• Geode Capital Management</li> <li>• BlackRock Fund Advisors</li> <li>• Renaissance Technologies</li> <li>• Bridgeway Capital Management</li> <li>• WEDGE Capital Management</li> <li>• Benchmark Capital Advisors</li> </ul>

Bid Pipeline (07/30/19)							
<p><b>Defense weighted at the moment – commercial bids soon to be submitted for more balance</b></p>  <table border="1" style="margin-top: 10px; width: 100%;"> <tr> <td style="width: 50%;">■ Defense</td> <td style="width: 50%;">■ Commercial</td> </tr> </table>	■ Defense	■ Commercial	<p><b>Continued Diversification Across Product Categories</b></p>  <table border="1" style="margin-top: 10px; width: 100%;"> <tr> <td style="width: 25%;">■ Kitting</td> <td style="width: 25%;">■ MRO</td> </tr> <tr> <td style="width: 25%;">■ Aerostructures</td> <td style="width: 25%;">■ Aerosystems</td> </tr> </table>	■ Kitting	■ MRO	■ Aerostructures	■ Aerosystems
■ Defense	■ Commercial						
■ Kitting	■ MRO						
■ Aerostructures	■ Aerosystems						

Sell Side Coverage: Firm / Analyst
<ul style="list-style-type: none"> <li>• <b>Canaccord Genuity</b> – Analyst: Ken Herbert</li> </ul>

Contact us
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