

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.

Industry	Aerospace & Defense
Ticker Symbol	NYSE American: CVU
Indices	Russell Microcap
CEO	Douglas McCrosson
CFO	Vincent Palazzolo
Fiscal Year End	December 31
Website	www.cpiaero.com
<i>As of October 7, 2019</i>	
52 Week Price Range:	\$5.83 - \$9.02
Market Cap:	\$95.5 million
Common/Dil. Shares Out:	11.8 million (as of 8/02/19)

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

1H'19 vs. 1H'18 Financial Results
<ul style="list-style-type: none"> Revenue was \$48.7 million compared to \$38.5 million Gross profit was \$10.4 million compared to \$8.6 million Gross margin was 21.3% compared to 22.5% Pre-tax income was \$3.8 million compared to \$3.2 million Net income was \$4.4 million compared to \$2.5 million¹ Earnings per diluted share of \$0.37 compared to \$0.28 on a higher number of shares outstanding² Cash flow from operations was \$(3.4) million compared to \$(3.6) million

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>Competence</p> <ul style="list-style-type: none"> • 35+ years of highly evolved assembly, supply chain and program management skills • We are NOT a parts manufacturer trying to move up the value-added chain
<p>Best Value</p> <ul style="list-style-type: none"> • We do not have our own production capacity to feed • 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)
<p>Scalable with Little CAPEX</p> <ul style="list-style-type: none"> • Our capacity is only limited by people and floor space • We can achieve superior organic growth without major investments in machinery and without the risk of future obsolescence (examples: metals vs. composites)

Investment Thesis

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

¹ 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.

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

Military Programs

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

Commercial Programs

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

Bid Landscape

Defense

Repairing and manufacturing spares for the current fleet of aging military aircraft.

Submitted several proposals to the U.S. Government for the production of new structural assemblies and the repair of existing structures.

Missile sub-assemblies, including SEASPARROW missile control electronics

Commercial

Business jet and regional jet markets that align with our size, expertise and capability as a Tier 1 supplier.

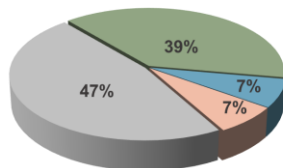
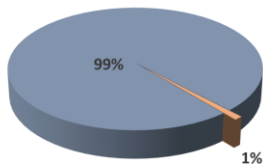
Top Institutional Holders (as of 6/30/2019)13-F filings

- | | |
|--|---|
| <ul style="list-style-type: none"> • Royce & Associates, LP • Russell Investment Management • Dimensional Fund Advisors • Heartland Advisors • The Vanguard Group • Crescendo Advisors • AWM Investment Company • Perritt Capital Management • Ariel Investments • PENN Capital Management • Boston Partners Global Investors | <ul style="list-style-type: none"> • Millrace Asset Group • New Jersey Division of Inv. • Essex Investment Management • Ancora Advisors • Bard Associates • Geode Capital Management • BlackRock Fund Advisors • Renaissance Technologies • Bridgeway Capital Management • WEDGE Capital Management • Benchmark Capital Advisors |
|--|---|

Bid Pipeline (07/30/19)

Defense weighted at the moment – commercial bids soon to be submitted for more balance

Continued Diversification Across Product Categories



■ Defense
■ Commercial

■ Kitting ■ MRO
■ Aerostructures ■ Aerosystems

Sell Side Coverage: Firm / Analyst

- **Canaccord Genuity** – Analyst: Ken Herbert

Contact us

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