



Expertise in Aerospace Technologies



2020 Q2 Results Presentation

Speakers:

Douglas McCrosson, President & Chief Executive Officer

Tom Powers, Acting Chief Financial Officer

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Recent Highlights



Douglas McCrosson

President & Chief Executive Officer

1. Second Quarter Results Reflect Solid Execution of Funded Defense Backlog

- Revenue of \$19.7 million versus \$20.1 million restated
- Gross profit of \$2.6 million versus \$2.2 million;
- Net loss of \$0.6 million versus \$0.9 million
- Cash flow from operations of \$0.6 million versus \$(1.1) million of cash used in operating activities for 2Q2019

2. \$78.8 Million in New Orders Announced to Date in 2020

- \$1.4 million in orders from Turkish Aerospace Industries for the TUHP program
- \$52.1 million in orders from Northrop Grumman under the E-2D program
- \$10.1 million in orders for T-38 modifications kits
- \$14.0 million in orders under A-10 Re-Winging Contract
- \$1.2 million order from Lockheed Martin for F-16 structural assemblies

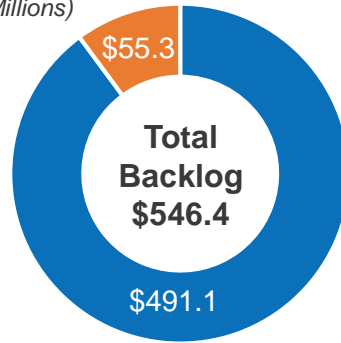
3. Book to Bill of 0.90 for the Quarter; 2.13 for Trailing 12 Months Ended June 30,2020

- Backlog of \$546.4 million, 90% defense
- Funded defense backlog of \$205.6 million, up 50% since 12/31/2019

Consolidated Backlog at 6/30/2020: \$546.4 Million; Record Defense Backlog: \$491.1 Million

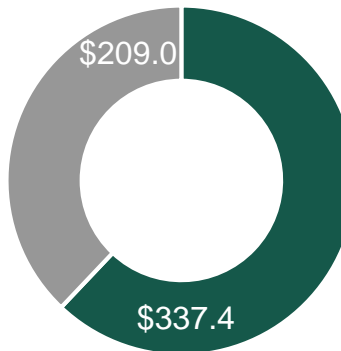
Defense 90% / Commercial 10%

(\$ in Millions)

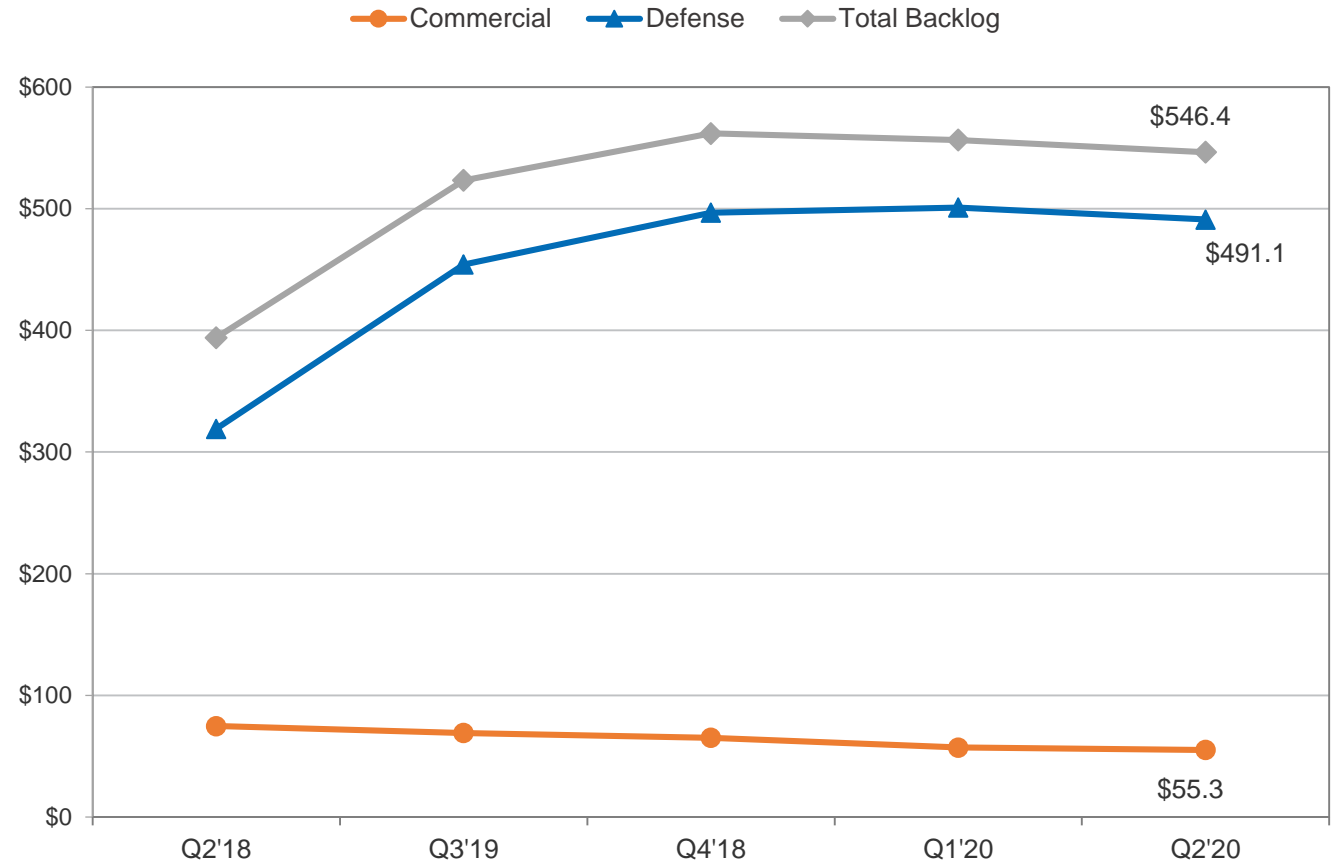


Total backlog includes both funded orders and the estimated amount of future orders under the expected duration of the program.

Funded 38% / Unfunded 62%



2Q 2018 – 2Q 2020
Backlog (Defense/Commercial)



2Q 2020 Financial Highlights



Tom Powers

Acting Chief Financial Officer

2Q Income Statement Highlights

(\$ in Millions)

	For the Three Months Ended June 30,	
	2020	2019
Revenue	\$19.7	\$20.1
Cost of sales	<u>17.2</u>	<u>17.9</u>
Gross profit	2.6	2.2
Selling, general and administrative expenses	<u>2.8</u>	<u>2.5</u>
Loss from operations	(0.2)	(0.3)
Loss before provision for (benefit from) income taxes	(0.6)	(0.9)
Net loss	(0.6)	(0.9)
Loss per common share – diluted	<u>\$(0.05)</u>	<u>\$(0.07)</u>

(\$ in Millions)

As of June 30, 2020	
Cash and Restricted Cash	\$8.1
Net Contract Assets and Liabilities	10.6
Total Debt	34.5

\$4.8 million PPP Loan

- Received \$4.8 million loan under the Paycheck Protection Program Provision of the CARES Act
- On October 16, 2020, applied for full forgiveness of the loan
- On November 2, lender forwarded to SBA for final approval of forgiveness amount
- Anticipate reporting forgiven amount (est. \$4.8 million) as Other Income in future results

Looking Ahead



Douglas McCrosson

President & Chief Executive Officer

AEROSTRUCTURES



- ***Missile Structure – WON, Announcement Pending***
- ***Repair of various helicopter structural assemblies – WON, Announcement Pending***
- Unmanned Aerial Systems
- Flight control surfaces

AEROSYSTEMS



- ***Intelligence, Surveillance & Reconnaissance (ISR) Pods – Selected for Award – Contract expected Dec./Jan.***
- Electronic Warfare (EW) Pods
- ***SEASPARROW missile control electronics***
- Radar Racks

Bold, italic type denotes opportunities where CPI Aero is the incumbent supplier

1. Sharpened focus on liquidity

- Compressing the cash cycle
- Improving working capital management

2. Strengthened Balance Sheet

- Apply increased operating cash flow to pay down approximately \$2M debt in 2020

3. Margin Expansion

- Expect ramping up newer defense programs will improve fixed cost absorption
- Improve buying leverage with suppliers
- Operating leverage on normalized SG&A and rising revenue

Positions CPI Aero for higher revenue, improved profitability and cash flow for 2021 compared to 2020

(\$ in Millions)

Business Area	2018 Rev. (Restated)	% of Backlog at 6/30/20	Key Platforms	Estimated 3-Year Growth Outlook (2018-2021)
Aerostructures	\$35.1	26%	A-10, F-16, UH-60	12% - 14%
Aerosystems	\$17.6	44%	NGJ-MB, F-35, DB-110 UH-60, CH-53K	22% - 26%
Kitting/SCM	\$17.7	30%	E-2D, T-38 F-16, E2-175	8% - 10%
\$70.4				

Q&A Session



Douglas McCrosson

President & Chief Executive Officer



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