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Recent Highlights

Douglas McCrosson
President & Chief Executive Officer
## Recent Highlights

### 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

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

Funded 38% / Unfunded 62%

$209.0
$337.4

Defense 90% / Commercial 10%

($ in Millions)

Total Backlog
$546.4
$491.1

2Q 2018 – 2Q 2020

Backlog (Defense/Commercial)

Commercial
Defense
Total Backlog

$546.4
$491.1
$55.3

Total backlog includes both funded orders and the estimated amount of future orders under the expected duration of the program.
2Q 2020 Financial Highlights

Tom Powers

Acting Chief Financial Officer
# 2Q Income Statement Highlights

<table>
<thead>
<tr>
<th>($ in Millions)</th>
<th>For the Three Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Revenue</td>
<td>$19.7</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>17.2</td>
</tr>
<tr>
<td>Gross profit</td>
<td>2.6</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>2.8</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Loss before provision for (benefit from) income taxes</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Loss per common share – diluted</td>
<td>$(0.05)</td>
</tr>
</tbody>
</table>
## Balance Sheet Highlights

($ in Millions)

<table>
<thead>
<tr>
<th>As of June 30, 2020</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Restricted Cash</td>
<td>$8.1</td>
</tr>
<tr>
<td>Net Contract Assets and Liabilities</td>
<td>10.6</td>
</tr>
<tr>
<td>Total Debt</td>
<td>34.5</td>
</tr>
</tbody>
</table>

### $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
Near-Term Program Opportunities

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
Near-term Priorities

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
## Growth Drivers

($ in Millions)

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

$70.4

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Q&A Session

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