



*A Premier Supplier of Aircraft Structures and Systems*



## **Q2 2018 Results Presentation**

Speakers:

Douglas McCrosson, President & Chief Executive Officer

Vincent Palazzolo, Chief Financial Officer

**August 8, 2018**

*NYSE American: CVU*

## **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 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 March 22, 2018, and quarterly report on Form 10-Q filed on May 15, 2018 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.

## **Adoption of Accounting Standards Codification Topic 606**

Effective January 1, 2018, the Company adopted Accounting Standards Codification Topic 606 Revenue from Contracts with Customers ("ASC 606") using the modified retrospective method. None of the Company's contracts' revenue recognition changed materially as a result of the adoption of ASC 606.

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## Recent Highlights

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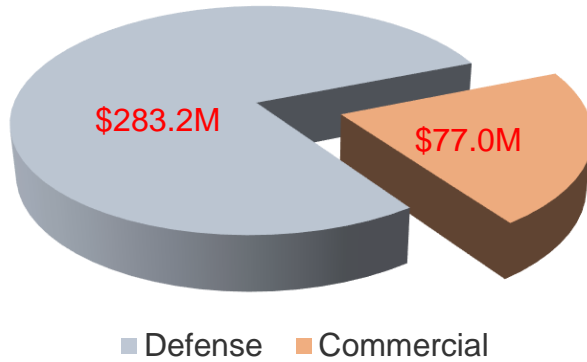
**Douglas McCrosson**

*President & Chief Executive Officer*

## Consolidated Backlog at 6/30/2018: \$360.2 Million

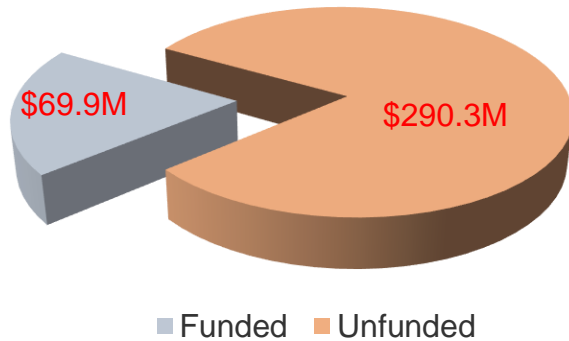
## Defense Backlog at \$283.2 Million

Defense 79% / Commercial 21%



Funded 19% / Unfunded 81%

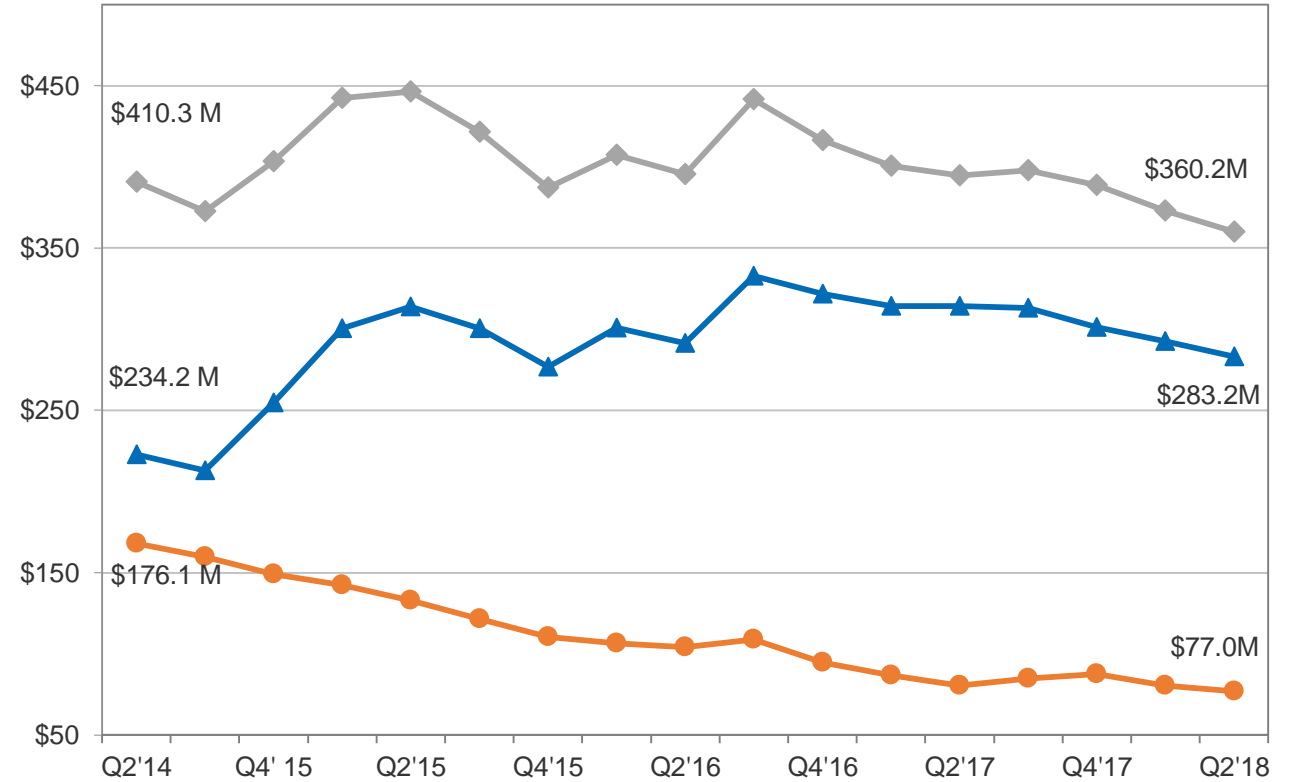
Unfunded backlog represents remaining potential value of long term agreements



1Q 2014 – 2Q 2018

Backlog (Defense/Commercial)

Commercial Defense Total Backlog



# Driven By Renewed Strength in Defense Business

Recent wins account for **\$277** million in backlog as of June 30, 2018  
Offers revenue visibility into 2022 and beyond

<b>E-2D Advanced Hawkeye/ C-2A Greyhound</b>	<b>U.S Government F-16 Falcon</b>	<b>Northrop Grumman T-38C Talon Trainer</b>	<b>Lockheed Martin F-35 Lock Assy</b>	<b>Northrop Grumman Japan E-2D Hawkeye</b>	<b>Raytheon Next Generation Jammer Pod</b>
<b>\$86.1M</b>	<b>\$53.5M</b>	<b>\$49M</b>	<b>\$10.6M</b>	<b>\$25-30M</b>	<b>\$50+M</b>
					
<u>Announced</u> November 2014	<u>Announced</u> November 2014	<u>Announced</u> February 2015	<u>Announced</u> July 2015	<u>Announced</u> January 2016	<u>Announced</u> July/Sept 2016
<u>Contract Period</u> 2013 – 2021	<u>Contract Period</u> 2014 – 2020	<u>Contract Period</u> 2015 – 2021	<u>Contract Period</u> 2015 – 2021	<u>Contract Period</u> 2016 – 2019	<u>Contract Period</u> 2016 – 2022+
<b>Sikorsky CH-148 Cyclone</b>	<b>Bell Helicopter/ Textron AH-1Z Viper</b>	<b>Sikorsky MH-53E Sea Dragon</b>	<b>UTC Aerospace TacSAR</b>	<b>Sikorsky Black Hawk</b>	<b>Lockheed Martin F-35 Drive Shaft</b>
<b>\$6.5M</b>	<b>\$34.0M</b>			<b>\$21M</b>	<b>\$15.8M</b>
					
<u>Announced</u> October 2016	<u>Announced</u> January 2017	<u>Announced</u> May 2017	<u>Announced</u> June 2017	<u>Announced</u> July 2017	<u>Announced</u> November 2017
<u>Contract Period</u> 2016 – 2018	<u>Contract Period</u> 2017 – 2021	<u>Contract Period</u> 2015 – 2022	<u>Contract Period</u> 2017 – 2018	<u>Contract Period</u> 2018 – 2022	<u>Contract Period</u> 2018 – 2022

## 2Q 2018 Financial Highlights



**Vincent Palazzolo**

*Chief Financial Officer*

# Recent Financial Highlights

	For the Three Months Ended June 30	
	2018 (Unaudited)	2017 (Unaudited)
<b>Revenue</b>	\$20.3	\$16.7
<b>Cost of revenue</b>	<u>15.7</u>	<u>\$13.0</u>
<b>Gross profit</b>	4.6	3.7
<b>Selling, general and administrative expenses</b>	<u>2.6</u>	<u>2.0</u>
<b>Income from operations</b>	2.0	1.7
<b>Income before provision for income taxes</b>	1.6	1.2
<b>Net income</b>	\$1.3	\$0.8
<b>Income per common share – basic</b>	<u>\$0.14</u>	<u>\$0.09</u>
<b>Income per common share – diluted</b>	<u>\$0.14</u>	<u>\$0.09</u>

*(\$ in Millions, except per share value)*

As of June 30, 2018	
Contract Assets	\$115.2
Total Debt	35.9
Shareholders' Equity	77.3
Book Value, per share	8.7
Debt-to-Capital	0.46

Liquidity
<ul style="list-style-type: none"> <li>• \$40 million, 3-year senior debt facility               <ul style="list-style-type: none"> <li>– \$10 million term loan</li> <li>– \$30 million revolving line-of-credit</li> </ul> </li> <li>• Approximately \$2.7 million still available under credit facility as of June 30, 2018</li> </ul>



Revenue

- **\$82.0 – \$85.0M**

Pre-tax Income

- **\$8.0M – \$8.2M**

Effective Tax Rate

- **19% – 21%**

# Looking Ahead

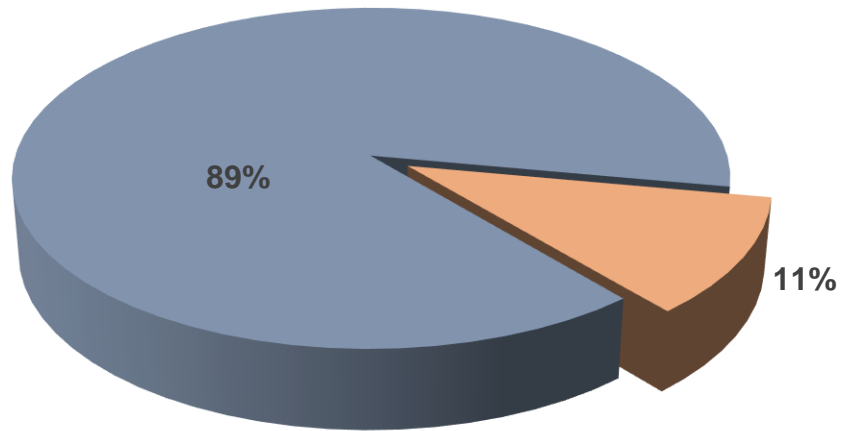


**Douglas McCrosson**

*President & Chief Executive Officer*

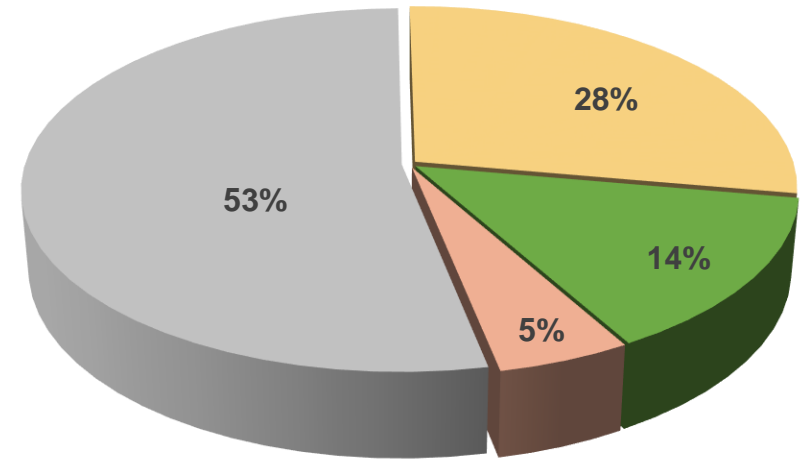
Virtually all bids are at the Prime Contractor or Tier 1 level

Defense opportunities are increasing



■ Defense ■ Commercial

Continued Diversification Across Product Categories



■ Kitting ■ MRO ■ Aerostructures ■ Aerosystems



- 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

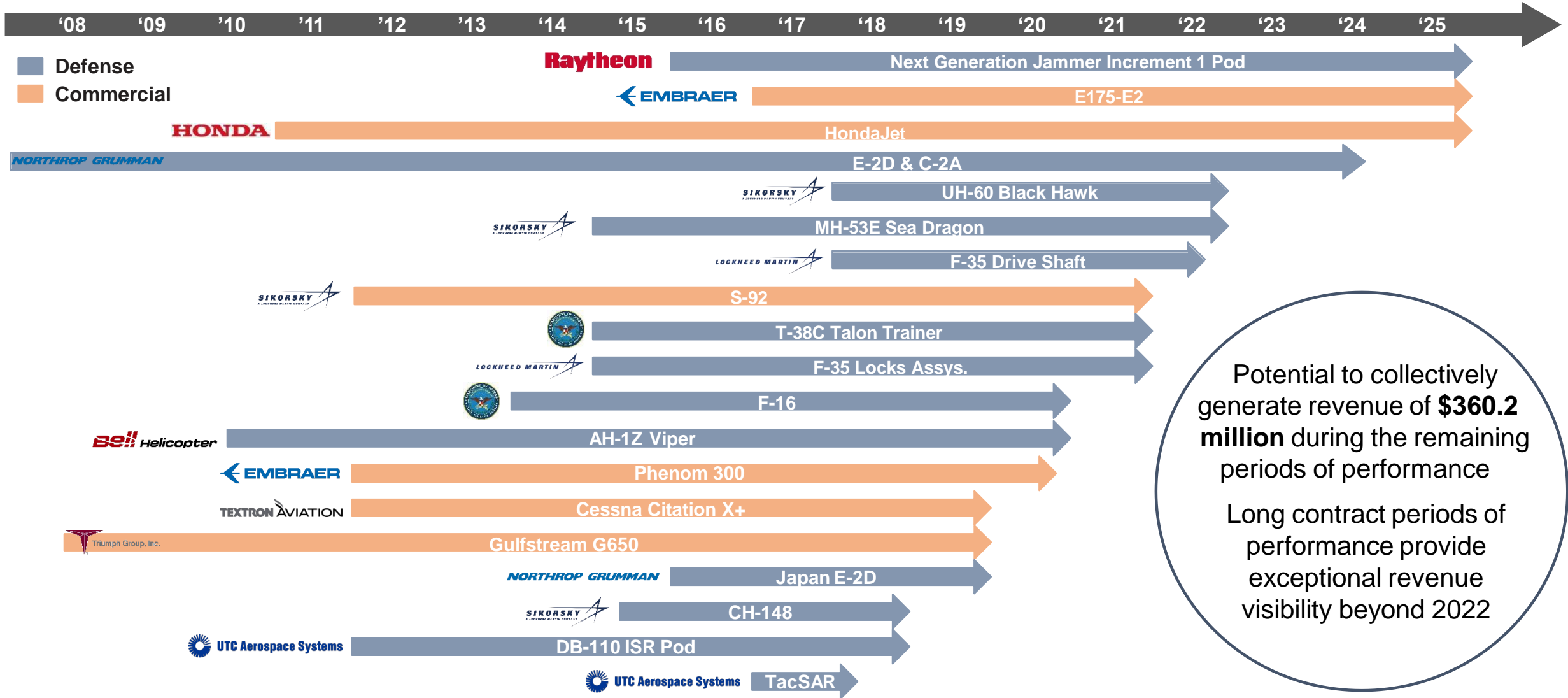


- Foreign Sales of F-16 Wing Components
- T-38 Trainer Upgrades
- Outer Wing Panel Kits Multi Year 2 Contract US Navy E-2D
- Wet Outer Wing Panel Kits for Japanese E-2D
- Various Military Helicopters



- Reconnaissance Pods
- Electronic Warfare Pods
- Advanced Antenna System Structural Housing
- Electronic Racks
- Step Assemblies

# Large and Diversified Backlog Drives Strong Visibility



Potential to collectively generate revenue of **\$360.2 million** during the remaining periods of performance

Long contract periods of performance provide exceptional revenue visibility beyond 2022

# Q&A Session

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## CPI Aerostructures

Vincent Palazzolo, Chief Financial Officer  
(631) 586-5200  
[www.cpiaero.com](http://www.cpiaero.com)

## Investor Relations

Sanjay M. Hurry  
LHA Investor Relations  
(212) 838-3777  
[cpiaero@lhai.com](mailto:cpiaero@lhai.com)