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# Canaccord Genuity 2021 Growth Conference

August 12, 2021



Nasdaq: ATRO

ELEVATING *innovation*

**Peter J. Gundermann**, Chairman, President & CEO

**David C. Burney**, Executive Vice President & CFO

# Safe Harbor Statement

These slides contains forward-looking statements as defined by the Securities Exchange Act of 1934. One can identify these forward-looking statements by the use of the words “expect,” “anticipate,” “plan,” “may,” “will,” “estimate,” “forecast” or other similar expressions and include all statements with regard to the impact of COVID-19 on the Company and its future, reaching any revenue or Adjusted EBITDA margin expectations, being cash positive in 2021, the recovery of the commercial aerospace market, the opportunities to leverage capabilities in other markets and the outcome of demand streams or expectations of demand by customers and markets. Because such statements apply to future events, they are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by the statements. Important factors that could cause actual results to differ materially from what may be stated here include the impact of the global outbreak of COVID-19 and governmental and other actions taken in response, trend in growth with passenger power and connectivity on airplanes, the state of the aerospace and defense industries, the market acceptance of newly developed products, internal production capabilities, the timing of orders received, the status of customer certification processes and delivery schedules, the demand for and market acceptance of new or existing aircraft which contain the Company’s products, the need for new and advanced test and simulation equipment, customer preferences and relationships, and other factors which are described in filings by Astronics with the Securities and Exchange Commission. The Company assumes no obligation to update forward-looking information in this news release whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects, or otherwise.

## **Non-GAAP Financial Measures**

This presentation will discuss some non-GAAP (“adjusted”) financial measures which we believe are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results compared in accordance with GAAP. The non-GAAP (“adjusted”) measures are notated and we have provided reconciliations of comparable GAAP to non-GAAP measures in tables found in the Supplemental Information portion of this presentation.

# Astronics Corporation (Nasdaq: ATRO)

INNOVATION. COLLABORATION. SUCCESS.

Astronics serves the world's aerospace, defense, and other mission critical industries with proven, innovative technology solutions. Our strategy is to grow value by developing technologies, organically or through acquisition, for our targeted markets.



Market Cap	\$440 million
Recent Price	\$14.22
52-Week Range	\$6.30–\$20.93
Average Daily Volume (3 mos.)	206,200
Established/IPO	1969/1972

Shares Out – Common	24.5 million
Shares Out – Class B	6.4 million
Institutional ownership	61%
Insider ownership	9%
Index membership	Russell 3000 <sup>®</sup> /2000 <sup>®</sup>

Aerospace

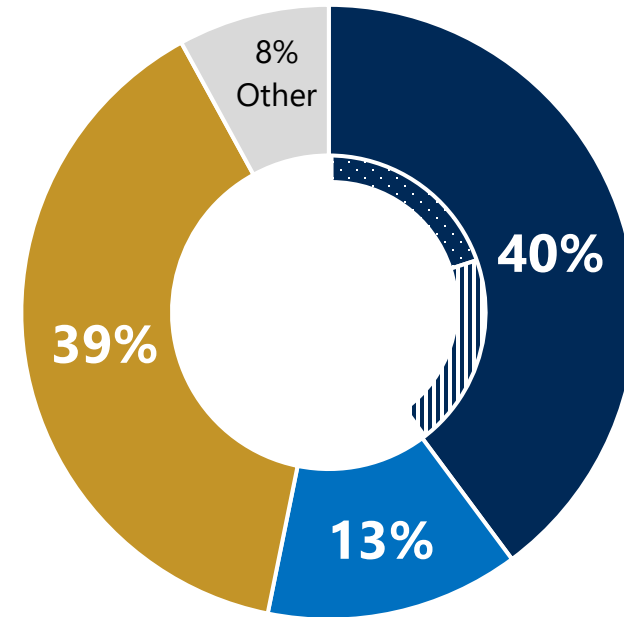
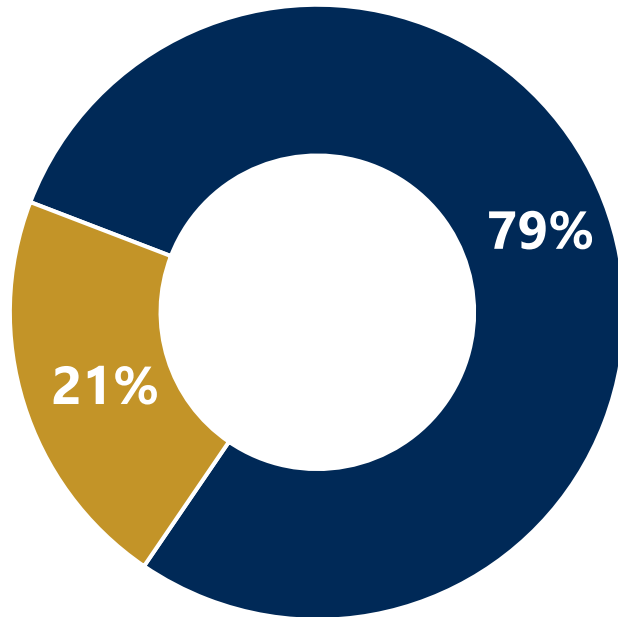
Test Systems

# Solid Franchise with Leading Market Positions

Commercial Aerospace

General Aviation

Defense & Government\*



Q2 21 TTM Sales:  
\$438.3 million

- 1/2 Line fit
- ▨ 1/2 Aftermarket

\*Includes Test and Aerospace sales

# Astronics Strategic Thrusts

Elevating Innovation

## PRODUCT LINES

- Electrical Power & Motion
- Lighting & Safety
- Avionics/Systems Certification
- Structures
- Test Solutions
- Other

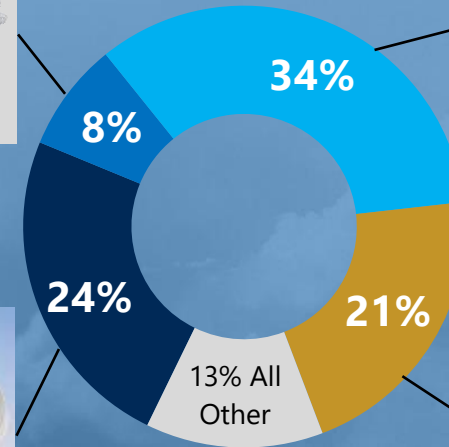
## STRATEGIC THRUSTS



Flight Critical  
Electrical Power



Aircraft Lighting & Safety



Q2 21 TTM Sales:  
\$438.3 million



Inflight Entertainment &  
Connectivity (IFEC)



Test Solutions



# Aircraft Inflight Entertainment & Connectivity



Aircraft Data Systems



IFC Antennas and Radome Systems



Power for Passengers and Crew



Inflight Entertainment Systems Hardware

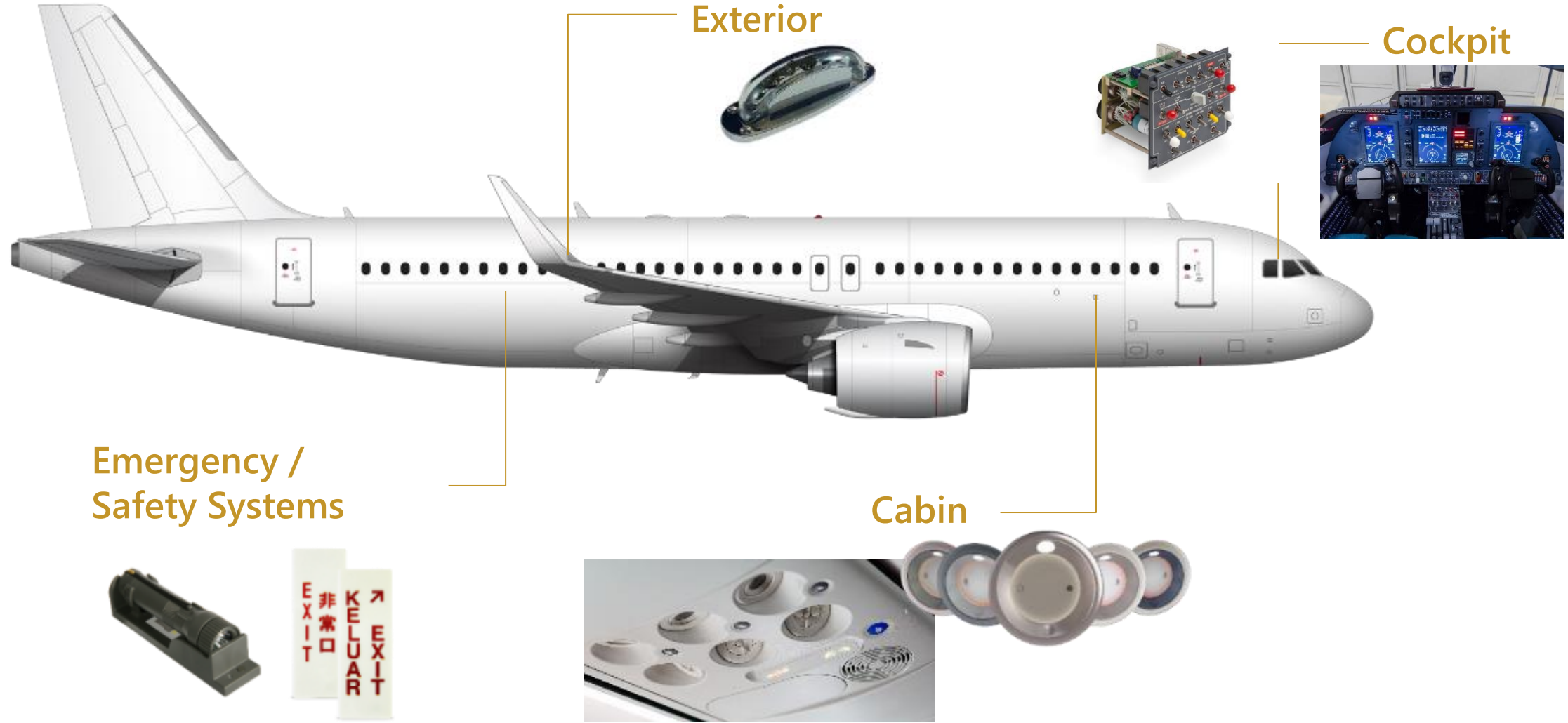


# IFEC: IN-SEAT POWER SUPPLY (ISPS)

- » In-seat power, line-fit and retrofit, now powering 1 million+ seats on over 280 airlines worldwide
- » High barriers to entry: 90%+ market share
- » ASP: \$350-\$850 per seat
- » Market penetration aircraft\*: ~80% wide body and ~25% narrow body
- » Market penetration seats\*: ~60% wide body and ~20% narrow body



# Lighting & Safety Solutions





# Aircraft Lighting Systems

Industry Leader in Aircraft Lighting

A complete array of innovative, lightweight, reliable, solid-state lighting systems

## Products

- » Exterior lighting systems
- » Cabin lighting systems
- » Cockpit lighting systems

## Markets

- » Commercial transport
- » Military
- » Business and general aviation



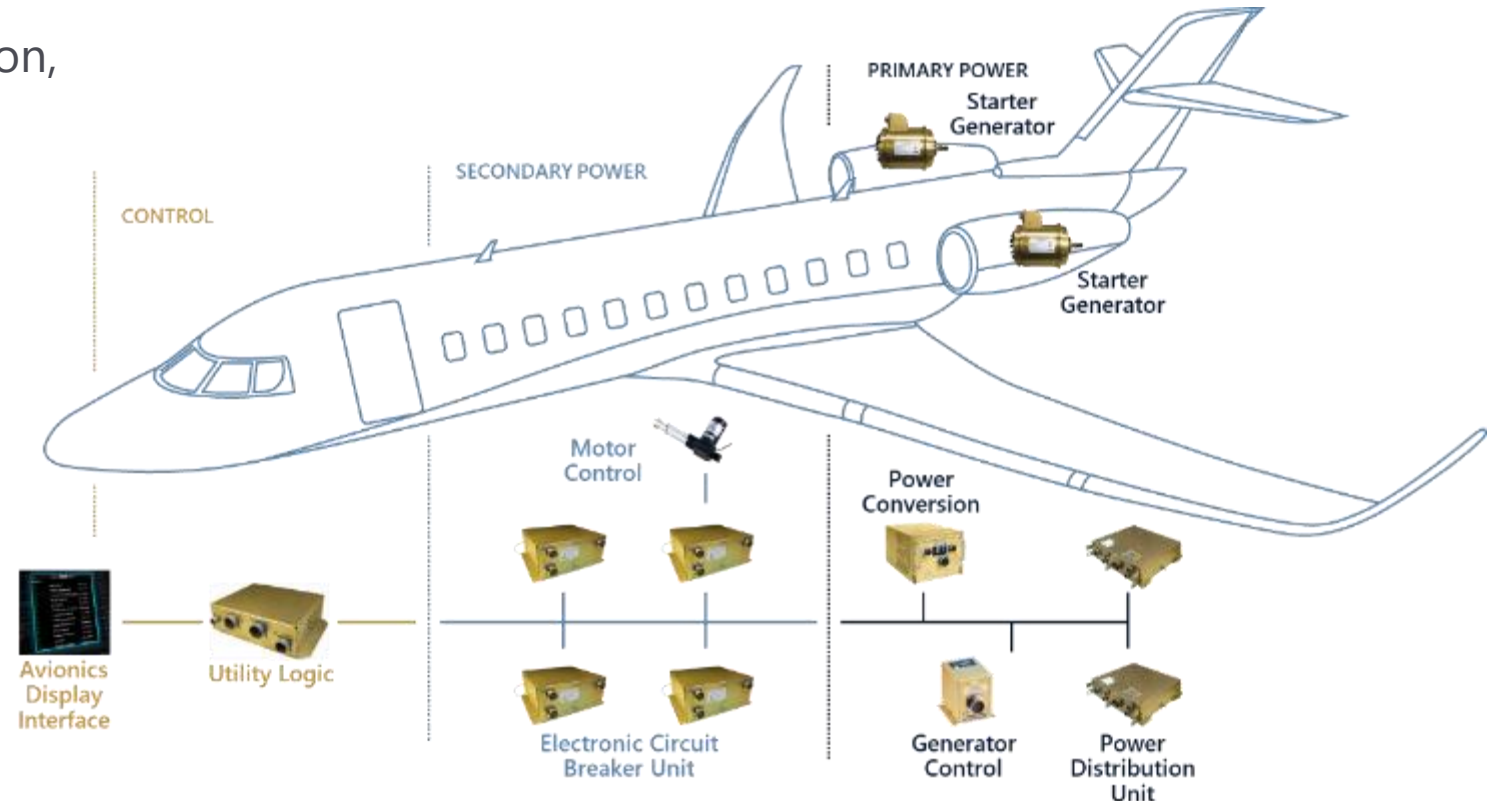
Illuminating commercial, business and military aircraft, including Airbus, Boeing, Embraer, Lockheed and Textron

# Flight Critical Electrical Power

First Mover Advantage: Establishing leadership in small aircraft airframe power

The technology for the future of small aircraft: Solid-state power distribution systems replace extensive wiring and traditional electromechanical components with modular electronics and software

- » Intelligent systems for power generation, distribution and conversion
- » Increased reliability
- » Reduced weight
- » Automation, flexibility
- » Lower life cycle cost
- » Reduces pilot workload





# Addressing Trends: Modernization of Aircraft

## Clean, Streamlined Cockpit



Traditional Cockpit with Circuit Breakers  
Learjet 45



Modern Cockpit with Electronic Circuit Breakers  
Pilatus PC-24

# Flight Critical Electrical Power Programs of Record

## Electronics Circuit Breaker Units and Long-Life Starter Generator

### Program Wins to Date

- » Daher TBM 900
- » Bell 505, 525
- » Pilatus PC-24
- » Cessna Denali
- » Global 7000
- » FARA: Bell 360 Invictus\*
- » FLRAA: Bell V-280 Valor\*\*
- » Boeing MQ-25 Stingray



\*Future Attack Reconnaissance Aircraft (FARA) – One of two programs on down select process; First flight targeted for the fourth quarter of fiscal 2022

\*\*Future Long-Range Assault Aircraft (FLRAA) – One of two programs on down select process; U.S. Army finalizing requirements for the program of record planned for 2022



# Aerospace

## Well Positioned on Wide Range of High-Profile Aircraft

Transport	Business Jet	Military
<b>777/777X</b> <ul style="list-style-type: none"> <li>• ~\$240K in content (<i>PSUs, fuel access doors</i>)</li> <li>• Potentially ~\$350K in IFEC content (<i>BFE</i>)</li> </ul>	<b>Embraer E2</b> <ul style="list-style-type: none"> <li>• (PSUs, emergency lighting)</li> <li>• Potential IFEC (<i>BFE</i>)</li> </ul>	<b>F-35 JSF</b> <ul style="list-style-type: none"> <li>• (Exterior lighting system, lighting controls)</li> </ul>
<b>737</b> <ul style="list-style-type: none"> <li>• ~\$95K in content (<i>PSUs, fuel access doors, exterior and cockpit lighting</i>)</li> <li>• Potentially up to \$100k to \$150k IFEC content (<i>BFE</i>)</li> </ul>	<b>Embraer Phenom 100/300</b> <ul style="list-style-type: none"> <li>• (Exterior lighting)</li> </ul>	<b>UH-60 Blackhawk</b> <ul style="list-style-type: none"> <li>• (Exterior &amp; cockpit lighting)</li> </ul>
<b>787</b> <ul style="list-style-type: none"> <li>• ~\$45K in content (<i>fuel access doors</i>)</li> <li>• ~\$200K in IFEC content (<i>BFE</i>)</li> </ul>	<b>Cessna</b> <ul style="list-style-type: none"> <li>• (Exterior and cockpit lighting)</li> </ul>	<b>V-22 Osprey</b> <ul style="list-style-type: none"> <li>• (Cabin, cockpit and exterior lighting)</li> </ul>
<b>A350</b> <ul style="list-style-type: none"> <li>• ~\$30K in content (<i>Emergency exit lighting</i>)</li> <li>• ~\$200K in IFEC content (<i>BFE</i>)</li> </ul>	<b>Cessna Denali</b> <ul style="list-style-type: none"> <li>• (Induction starter generator, electronic circuit breakers and passenger power)</li> </ul>	<b>Bell 525/V280/505/360</b> <ul style="list-style-type: none"> <li>• (Airframe power, lighting &amp; safety)</li> </ul>
<b>A320 and other Airbus and Boeing aircraft</b> <ul style="list-style-type: none"> <li>• Potential IFEC content</li> </ul>	<b>Pilatus PC-24</b> <ul style="list-style-type: none"> <li>• (Airframe power and induction starter generator)</li> </ul>	

# Test Systems: A&D, Transit and Radio

## Testing for Mission-Critical Industries

### Award-winning test solutions

- » Integrated logistics support
- » Validate operating performance on multiple top-priority defense communications and weapons systems platforms

### Improve system reliability, reduce costs, streamline TPS development, and preserve vital legacy investments with test solutions

- » Instruments, ATE, and switching systems
- » Commissioning, logistics, support, obsolescence management
- » Expanding into metro rail test system support:
  - › MARTA and NYCT
    - Stadler and Kawasaki
  - › AutoPoint Multi-Axis Robotic System (AP-MARS)

### Solutions Designed for the Unique Requirements of Mass Transit

#### Testing the Functional Railcar

- » HVAC systems
- » Braking systems
- » High power propulsion systems
- » High power inverter controllers
- » IGBTs
- » Additional systems

#### Testing the Connected Railcar

- » Command and telemetry systems
- » Communications systems
- » Computer-Based Train Control (CTBC) systems
- » Positive Train Control (PTC) systems



Freedom 2 Universal Functional Tester



Next-gen radio test set that combines 16+ field test capabilities in one device

# ***ASTRONICS***

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## FINANCIALS

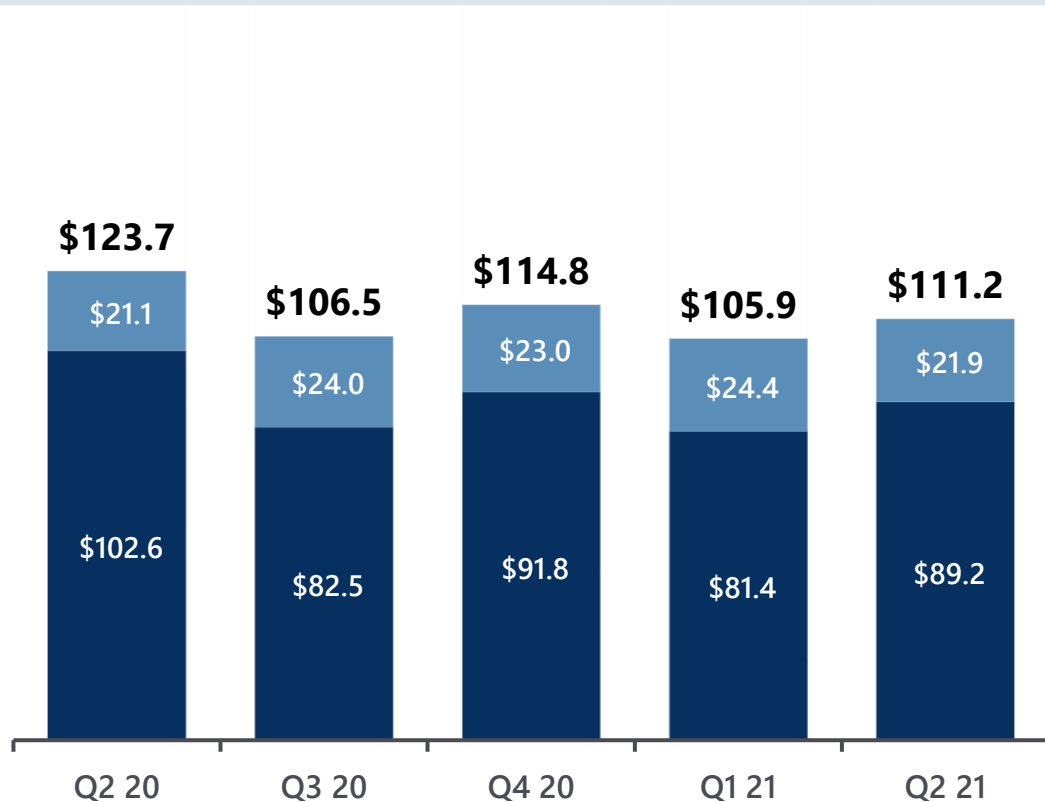


INNOVATION. COLLABORATION. SUCCESS.

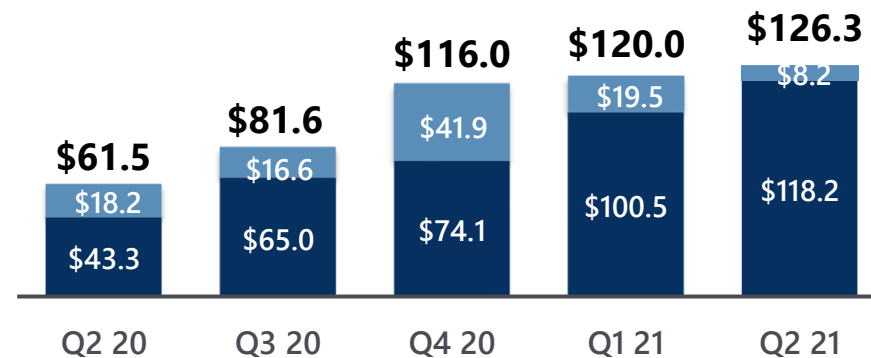
# Sales, Bookings & Backlog

(US\$ in millions; except EPS)

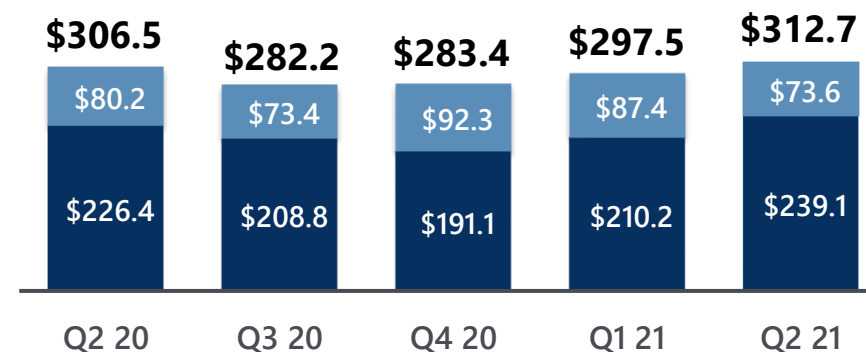
## Sales



## Bookings



## Backlog\*



■ Aerospace ■ Test

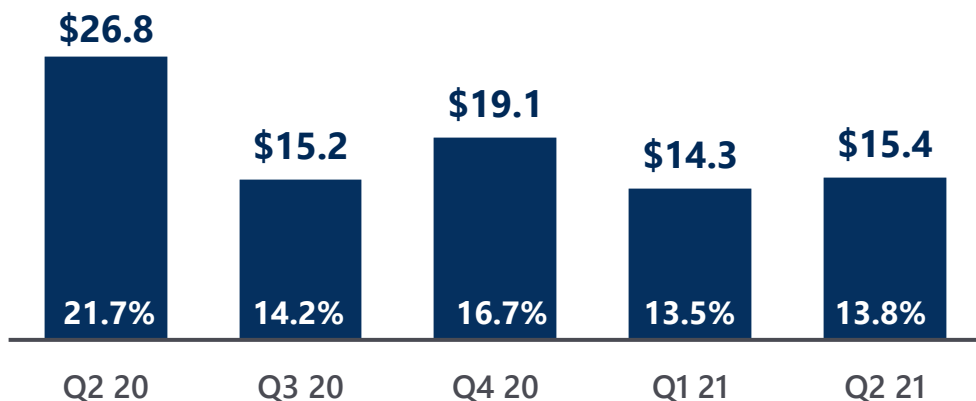
\* Excludes semiconductor business



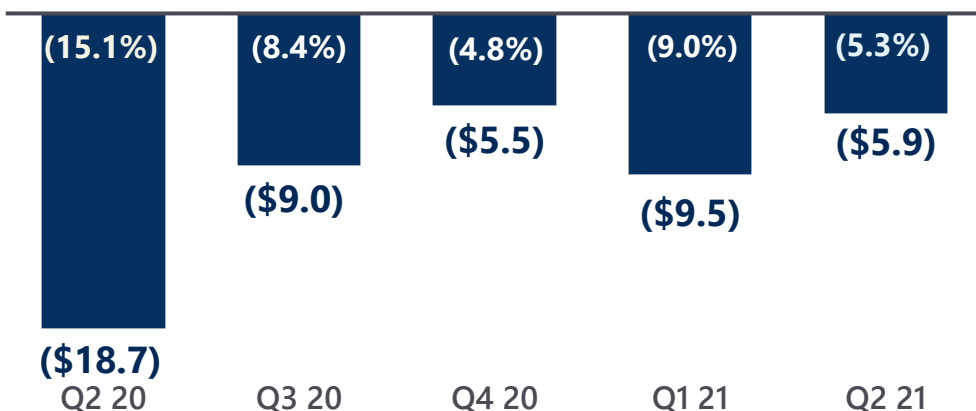
# Profit and Margins

(US\$ in millions)

## Gross Profit and Margin



## Operating Profit and Margin



Impact of COVID-19 pandemic apparent in financial performance

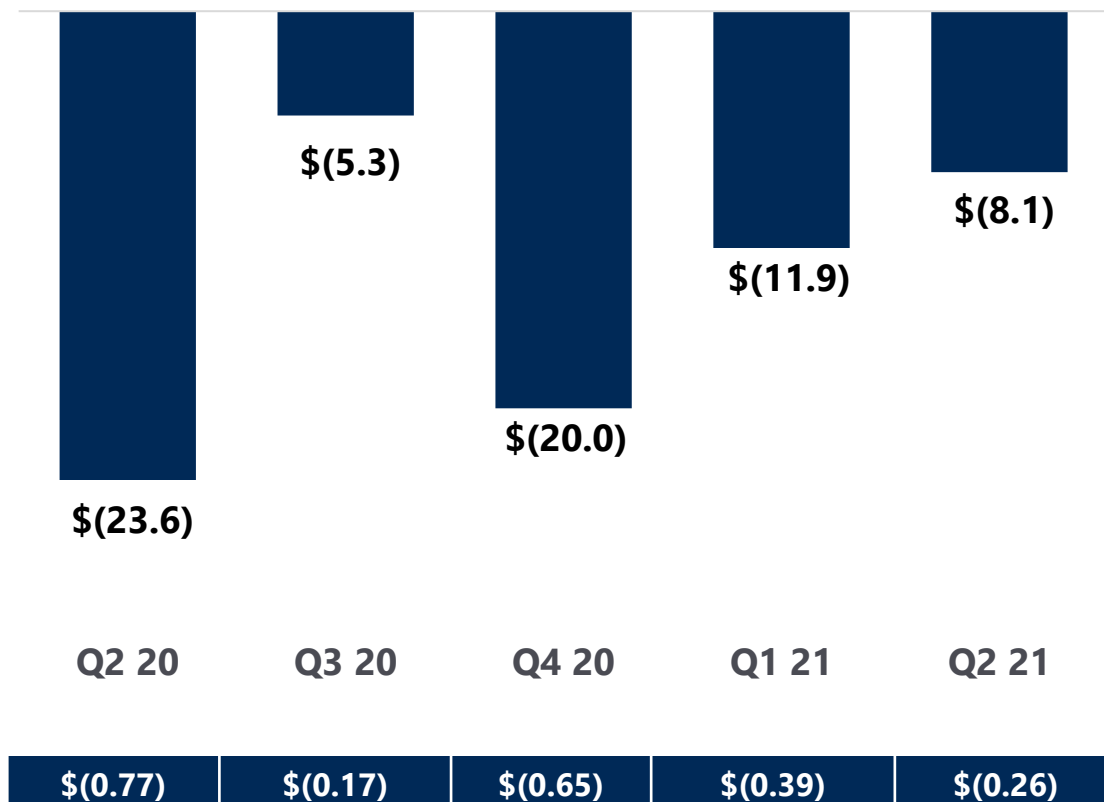
Q2 21 operating impacts:

- Low volume
- Supply chain challenges
- + \$2.2 million non-cash reduction of the fair value of a contingent consideration liability related to 2019 acquisition

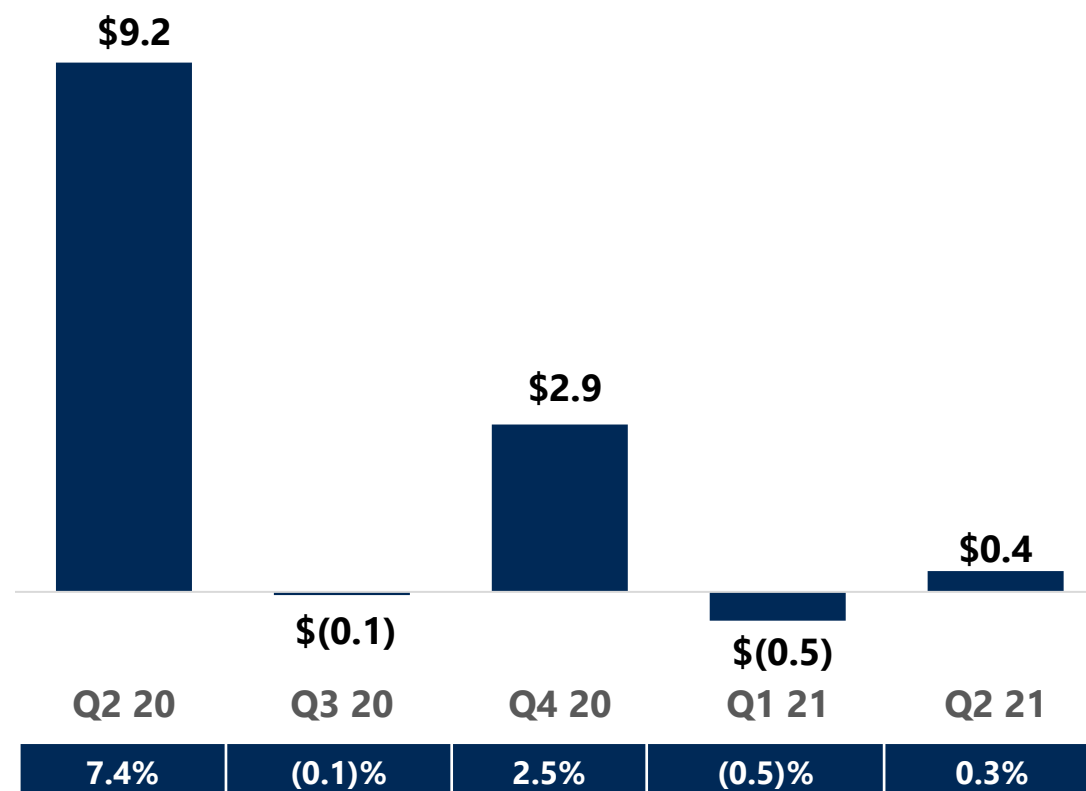
Q2 20 operating loss reflected non-cash goodwill impairment charges of \$12.6 million in the aerospace segment and restructuring-related severance charges of \$4.9 million

# EPS and EBITDA

## Net Income and Diluted EPS



## Adjusted EBITDA<sup>(1)</sup> and Margin

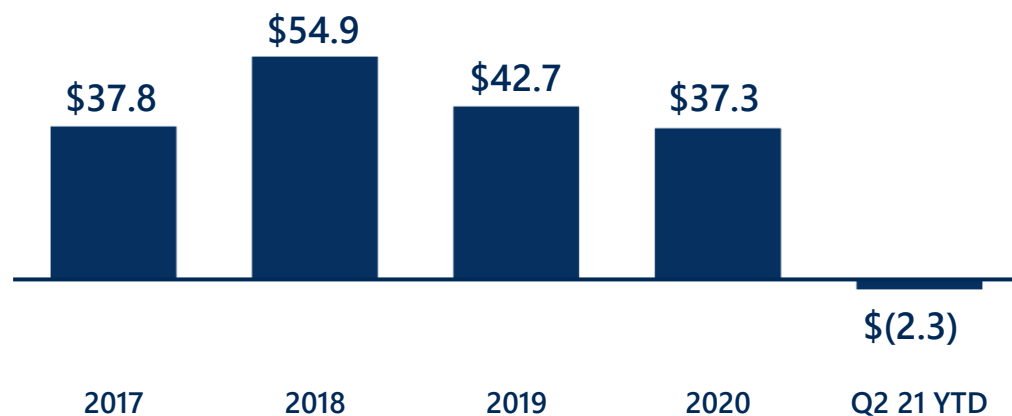


<sup>(1)</sup> Adjusted EBITDA is non-GAAP financial measures. Please see supplemental slides for a reconciliation of net income (loss) to non-GAAP adjusted EBITDA and other important disclosures regarding the use of non-GAAP financial measures.

# Balance Sheet and Cash Flow

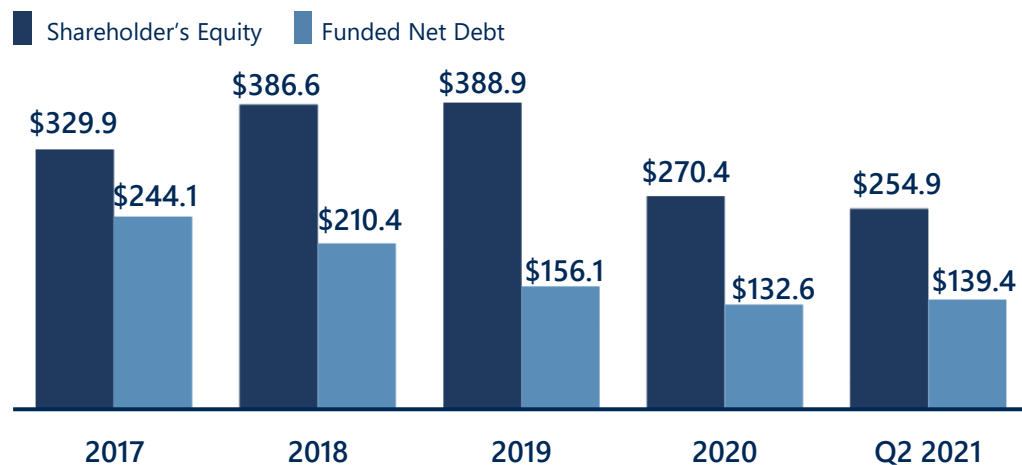
(US\$ in millions)

## Cash from Operations

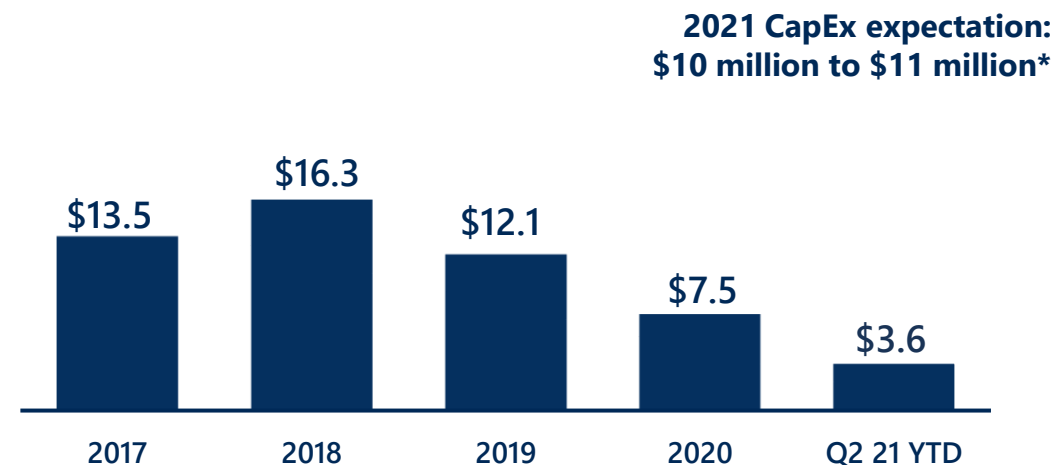


- » Required to maintain a minimum liquidity of \$180 million
- » Net leverage covenant currently at 6x adjusted EBITDA; reduces by 50 bps starting Q4 2021

## Funded Net Debt & Shareholders' Equity



## Capital Expenditures



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# Astronics Corporation

SUPPLEMENTAL  
INFORMATION



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# Reconciliation of GAAP Net Loss to Adjusted EBITDA

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
<b>GAAP Consolidated Net Loss</b>	<b>\$ (23,579)</b>	<b>\$ (5,254)</b>	<b>\$ (19,985)</b>	<b>\$ (11,909)</b>	<b>\$ (8,009)</b>
Interest expense	1,983	1,775	1,650	1,758	1,699
Income tax (benefit) expense	(872)	(5,887)	12,444	105	(67)
Depreciation and amortization	8,081	8,043	7,759	7,453	7,426
Equity-based compensation expense	1,103	1,118	1,260	2,097	1,604
Goodwill and other asset impairments	12,608	-	-	-	-
Equity investment loss	3,493	-	-	-	-
Contingent consideration fair value adjustment	-	-	-	-	(2,200)
Restructuring-related charges including severance	4,890	150	(231)	-	-
Legal reserve, settlements and recoveries	1,450	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 9,157</b>	<b>\$ (55)</b>	<b>\$ 2,897</b>	<b>\$ (496)</b>	<b>\$ 363</b>

## **Reconciliation to Non-GAAP Performance Measures**

In addition to reporting net income, a U.S. generally accepted accounting principle ("GAAP") measure, we present Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, non-cash equity-based compensation expense, goodwill, intangible and long-lived asset impairment charges, equity investment income or loss, legal reserves, settlements and recoveries, restructuring charges and gains or losses associated with the sale of businesses), which is a non-GAAP measure. The Company's management believes Adjusted EBITDA is an important measure of operating performance because it allows management, investors and others to evaluate and compare the performance of its core operations from period to period by removing the impact of the capital structure (interest), tangible and intangible asset base (depreciation and amortization), taxes, equity-based compensation expense, goodwill, intangible and long-lived asset impairment charges, equity investment income or loss, legal reserves, settlements and recoveries, restructuring charges, fair value adjustments to the valuation of contingent consideration liabilities and gains or losses associated with the sale of businesses, which is not commensurate with the core activities of the reporting period in which it is included. As such, the Company uses Adjusted EBITDA as a measure of performance when evaluating its business and as a basis for planning and forecasting. Adjusted EBITDA is not a measure of financial performance under GAAP and is not calculated through the application of GAAP. As such, it should not be considered as a substitute for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. Adjusted EBITDA, as presented, may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

# Extensive List of Customers

## Representative List

280+ Airlines

Airbus

AMAC Aerospace

Bell Helicopter

Boeing

Bombardier

Carson Helicopters

Cessna

Cirrus Aircraft

Collins Aerospace

Comlux

Dassault Aviation

Delta Flight Products

Embraer

General Dynamics

Gulfstream

Honda Aircraft

Honeywell

Hughes

Intelsat

Jet Aviation

Kawasaki

L3Harris

Leonardo

Lockheed Martin

NASA

Northrup Grumman

Panasonic Avionics

Pilatus

Raytheon Technologies

Safran

Sikorsky

Textron Aviation

Thales

Thompson Aero Seating

U.S. Army/Navy/Air Force/Marines

Viasat



# Building a Portfolio for Growth

## PECO Manufacturing

- » July 2013
- » Aerospace: Manufacturing Services

## PGA Avionics

- » December 2013
- » Aerospace: Power, Executive

## Armstrong Aerospace

- » January 2015
- » Aerospace: Systems Certification, Power

## Telefonix PDT

- » December 2017
- » Aerospace: Connectivity

## Freedom Communication Technologies

- » July 2019
- » A&D Test

2013

2014

2015

2016

2017

2018

2019

## AeroSat

- » October 2013
- » Aerospace: Connectivity

## EADS N.A. Test

- » February 2014
- » Semiconductor and A&D Test

## Custom Control Concepts

- » April 2017
- » Aerospace: Executive

## Sale of Semi Test Business

- » February 2019
- » Semiconductor Test

## Diagnosys Test Systems

- » October 2019
- » A&D Test



# Select Competitors

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## ELECTRICAL POWER

- » Airbus KID – Systeme
- » Collins Aerospace
- » Meggitt
- » Crane Aerospace
- » Safran
- » Ametek
- » Transdigm

## LIGHTING & SAFETY

- » Safran
- » Honeywell
- » Transdigm
- » Collins Aerospace
- » Whelan
- » Diehl Aerospace

## AVIONICS

- » TECOM (Smiths Group)
- » ThinKom
- » Kontron
- » Panasonic

## TEST SOLUTIONS

- » Viavi
  - » Lockheed
  - » National Instruments
  - » Teradyne
  - » Ametek
  - » Keysight
  - » Rhode & Schwartz
-

# ***ASTRONICS***

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