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# Dougherty & Company Institutional Investor Conference



Nasdaq: ATRO

ELEVATING *innovation*

Peter Gundermann, President & CEO

September 6, 2018

[astronics.com](http://astronics.com)

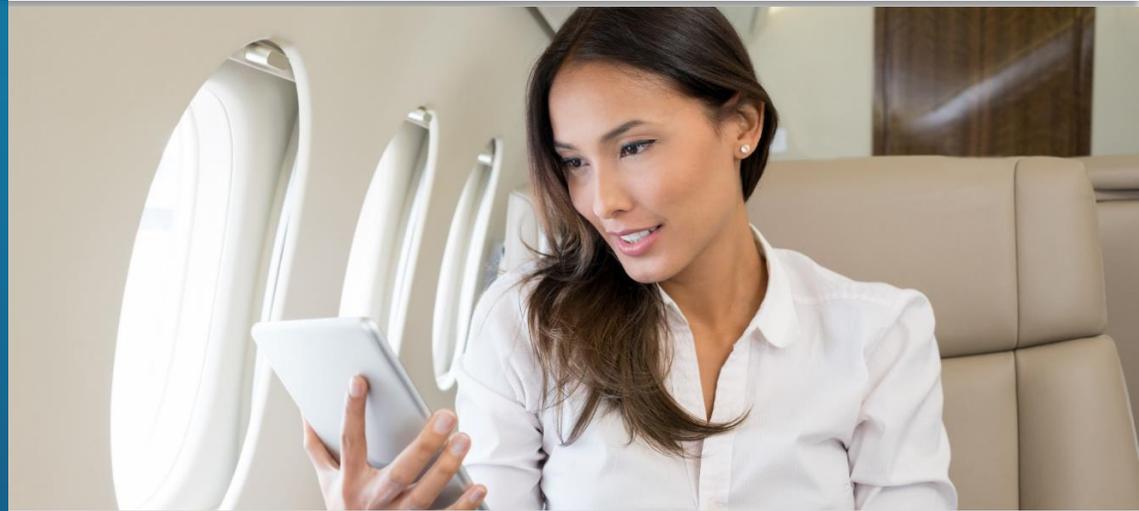
# Safe Harbor Statement

These slides (and the accompanying oral discussion) contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company’s customers and suppliers, competitor responses to the Company’s products and services, the overall market acceptance of such products and services, the effect of the Company’s strategy, and other factors disclosed in the Company’s periodic reports filed with the Securities and Exchange Commission. Consequently, such forward-looking statements should be regarded as the Company’s current plans, estimates, and beliefs. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

# Astronics Corporation (Nasdaq: ATRO)

INNOVATION. COLLABORATION. SUCCESS.

We work side-by-side with customers, integrating our array of power, connectivity, lighting, structure, interior, and test technologies to solve complex challenges.



Market Cap	\$1.2 billion
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Recent Price	\$44.35
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52-Week Range	\$25.98–\$49.45
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Average Daily Volume (3 mos.)	97,840
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Shares Out	28.1 million
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Institutional ownership	72%
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Insider ownership	14%
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Index membership	Russell 3000 <sup>®</sup> /2000 <sup>®</sup>
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Founded	1968
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# Two Business Segments

## Aerospace

- » Electrical Power and Motion (EP&M)
- » Lighting and Safety (L&S)
- » Avionics (Connectivity & Data)
- » Systems Certification
- » Structures

## Test Systems

- » Semiconductor
- » Aerospace & Defense

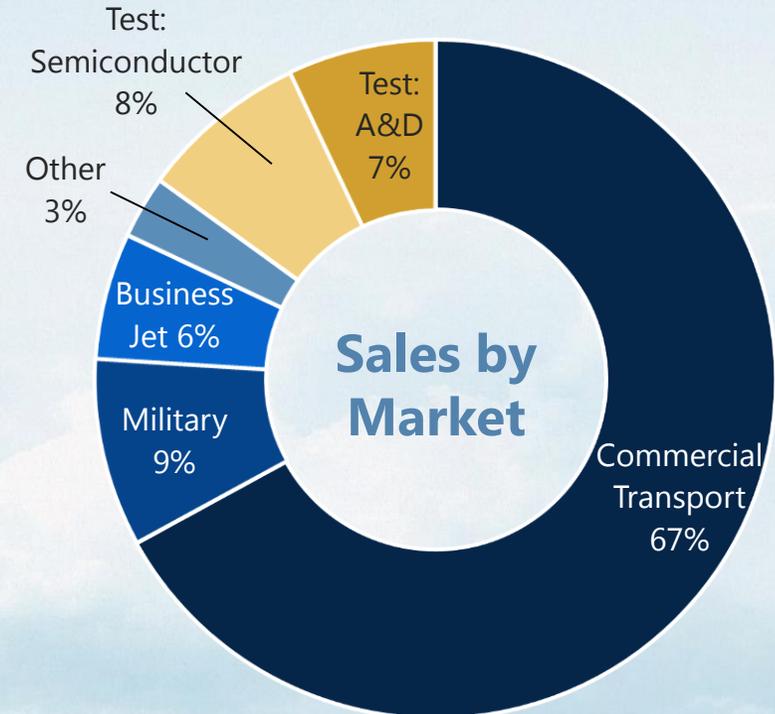
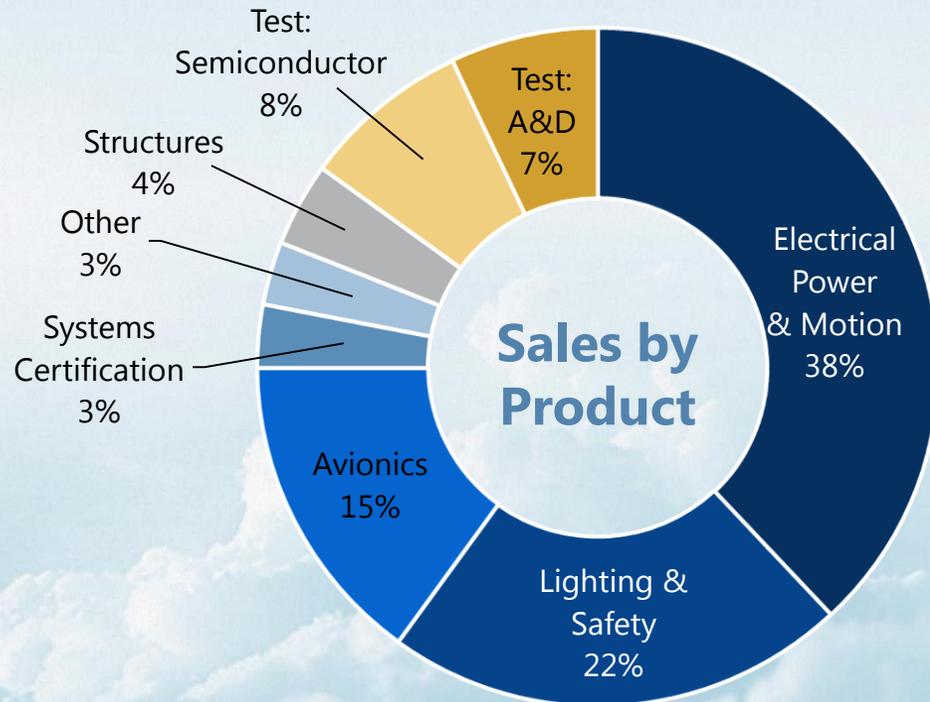
## SALES

US\$ in millions



\* Guidance provided as of August 3, 2018. Segment sales tally may differ due to rounding.

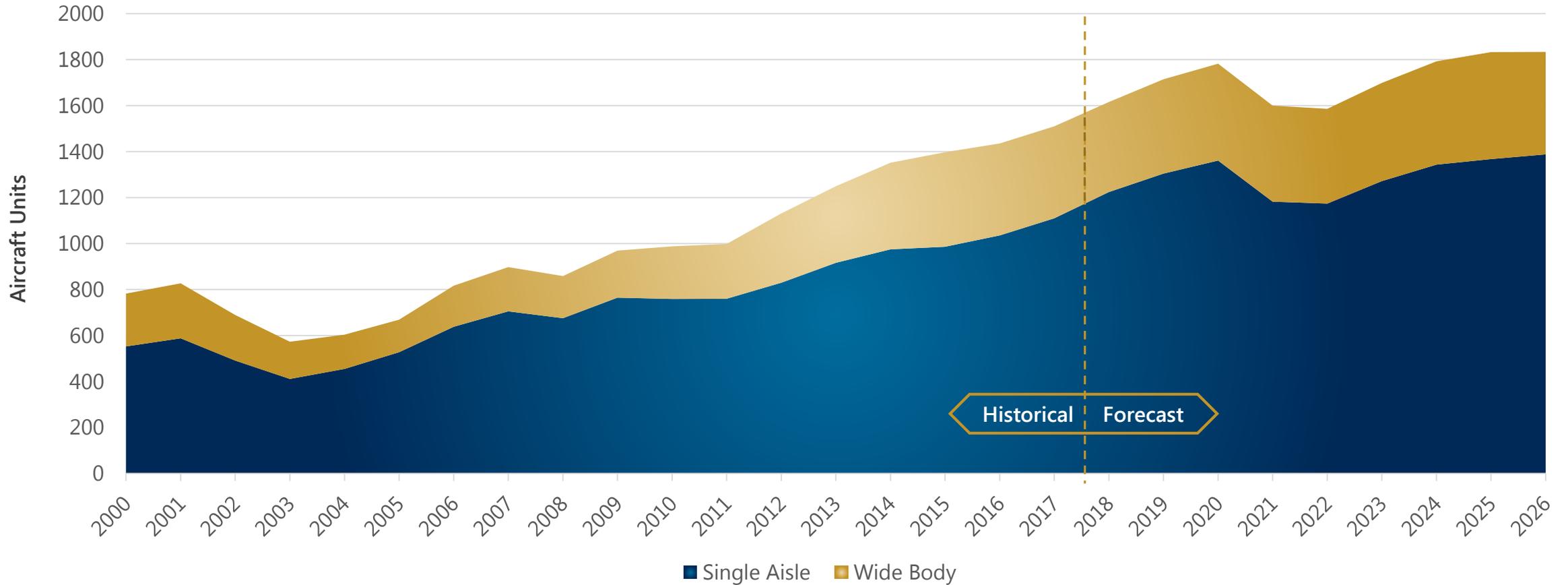
# Diverse Sales Composition



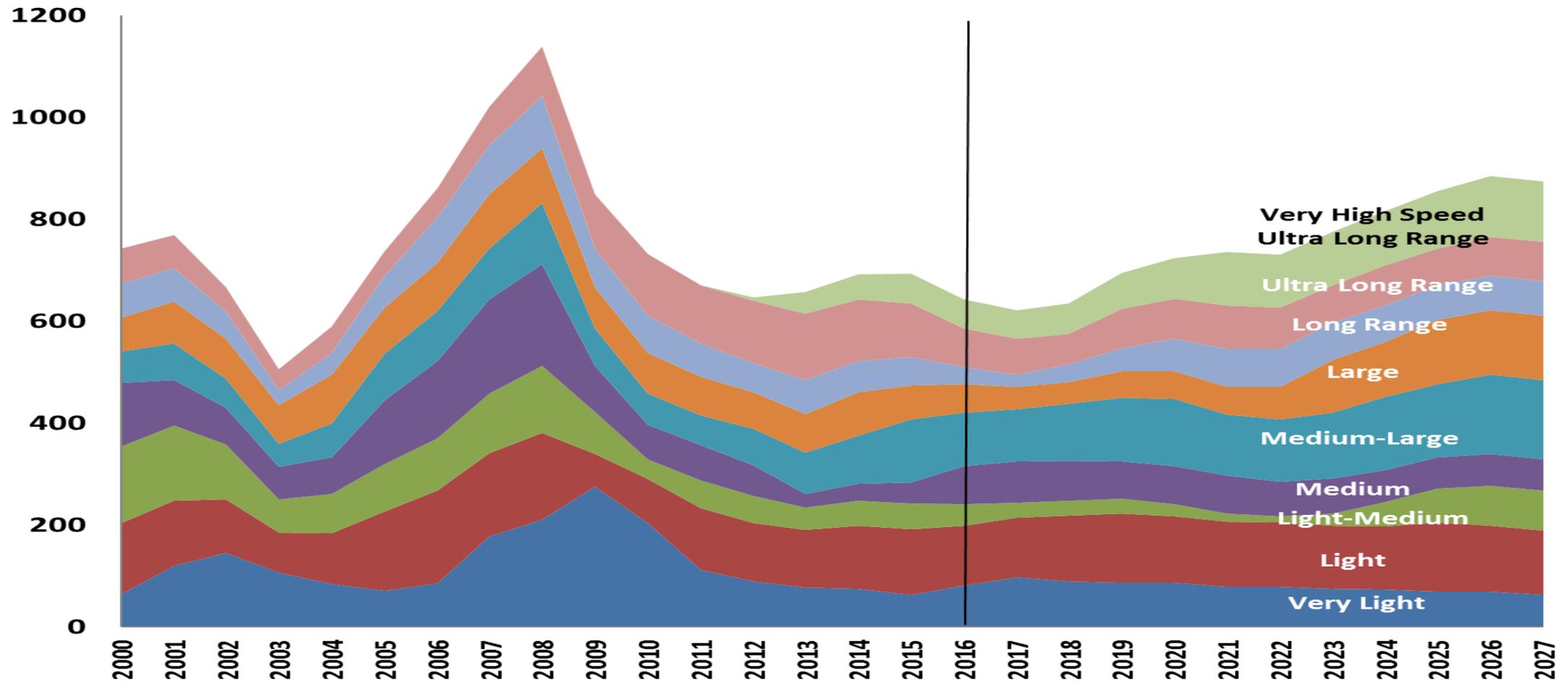
TTM Q2 18 Sales: \$708.6 Million

Sales by product percentage tally may differ due to rounding

# Commercial Transport Delivery Forecast



# Business Jet Delivery Forecast

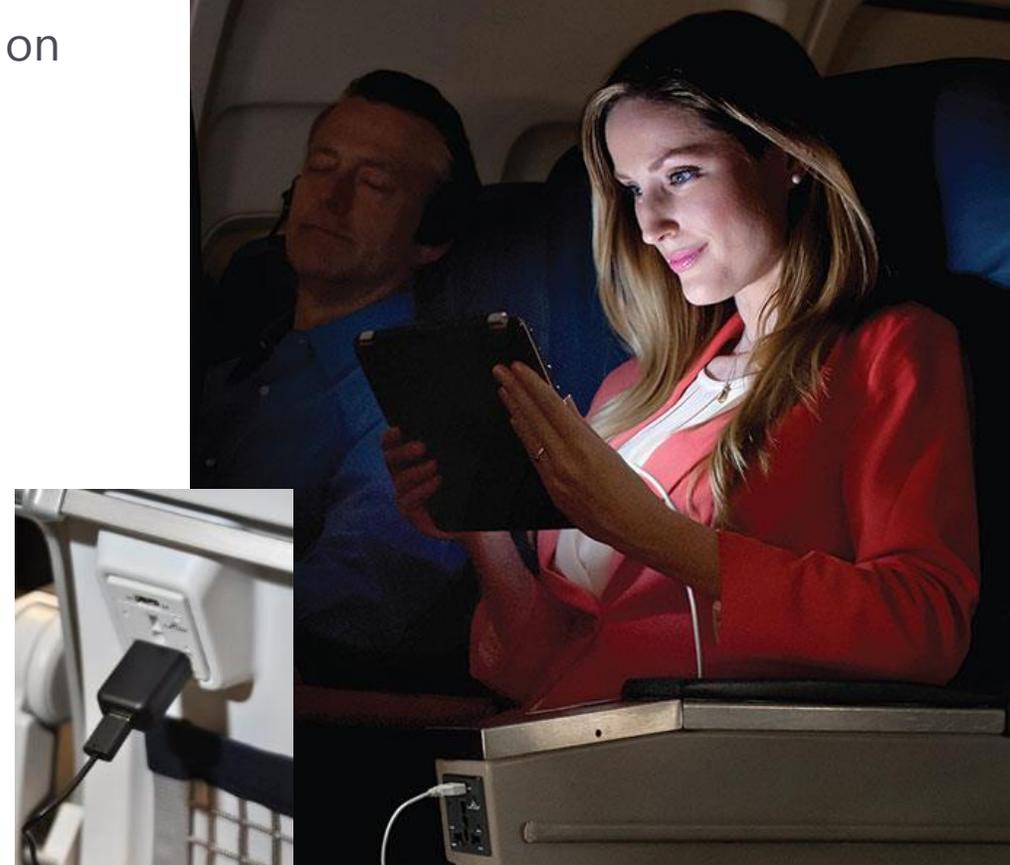


~8,300 Aircraft from 2017 - 2027

# Leading Provider of Passenger Power

## EP&M: In-Seat Power Supply (ISPS)

- » In-seat power, line-fit and retrofit, now powering 1 million+ seats on over 230 airlines worldwide
- » IFE power supplier to Thales, Panasonic, and Zodiac
- » ASP: \$750-\$850 per seat
- » Currently 90%+ market share in growing market of seat power worldwide
- » Large growth opportunity with narrow body adoption



# Establishing Market Leadership

## EP&M: Airframe Power

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 work load

### Wins:

- » DAHER TBM 900
- » Bell 505, 525 & V280
- » Pilatus PC-24
- » Cessna Denali

COREPOWER®



# Specialize in High-End Seat Technology

## EP&M: Seat Actuation

Largest independent supplier of seat actuation systems for VIP, first class, business class, and premium class seats



# Established Position on 777X and 737 MAX

## Lighting & Safety: Passenger Service Units (PSUs)

Strong position with Boeing



- » 777 / 777X - approximately \$240K\* in content (PSUs, fuel access doors, exterior lighting)
- » 737 - approximately \$115K\* in content (BSI PSUs, fuel access doors, exterior lighting)
- » 787 - approximately \$45K\* in content (fuel access doors)
- » 747 - approximately \$30K\* in content (PSUs, fuel access doors)
- » Embraer E2 (PSUs, emergency lights)



# Unique Product Offering

## Lighting & Safety: Aircraft Lighting

### Exterior Lighting Systems

- » Beacon & formation
- » Taxi & landing
- » Position/anti-collision
- » Pioneered application of hi-res/low-power LEDs for aircraft
- » LED lighting on 737 Max



### Cabin Lighting Systems

- » Emergency egress lighting
- » Emergency signs
- » Passenger information signs
- » Flood lights
- » Smart lighting systems



### Cockpit Lighting Systems

- » Panels
- » Avionics HMI
- » Lighting controllers
- » Control panel assemblies
- » Night vision modifications



# Industry Leading Technologies

## Avionics: Databus Solutions

Highly reliable data interface products delivered with world-class support

- » Aircraft Interface Device (AID): translation devices that enable varying system protocols to communicate
  - › Interface between EFB and aircraft systems
- » Embedded computers, systems & function cards
- » webFB: Wireless Electronic Flight Bag
  - › Gather aircraft data, run custom software or a variety of Type A/B EFB applications
  - › Securely view applications on choice of wireless devices



# Connectivity Solutions

## Avionics: Antenna Systems

### Satellite-based broadband

- » Cost effective solutions for in-flight internet and TV connectivity
- » Ku-band: leading technology, lower cost, flexible applications, efficient, upgrading
- » Suited for commercial, business, VVIP, and military aircraft applications
- » Dedicated global connectivity solution for VVIP/Bizjet market with Panasonic Avionics



# Specialized Capabilities

## Avionics: In-flight Entertainment for VVIP

Complete systems and support services to outfit your most luxurious aircraft

- » Large private and government jets
- » \$1 million to \$10 million per install
- » UHD Media Center: first aeronautical player with 4K Ultra HD technology



# Engineering Solutions Systems Certification

A leading provider of engineering, design and certification solutions for commercial aircraft



- » Specialize in connectivity, inflight entertainment, electrical power systems and off-seat power solutions
  - › Customers include Panasonic and Gogo
- » New capability to bring to the market and leverage across the company internally
- » Launched AeroShield low drag radome and composite adapter plate

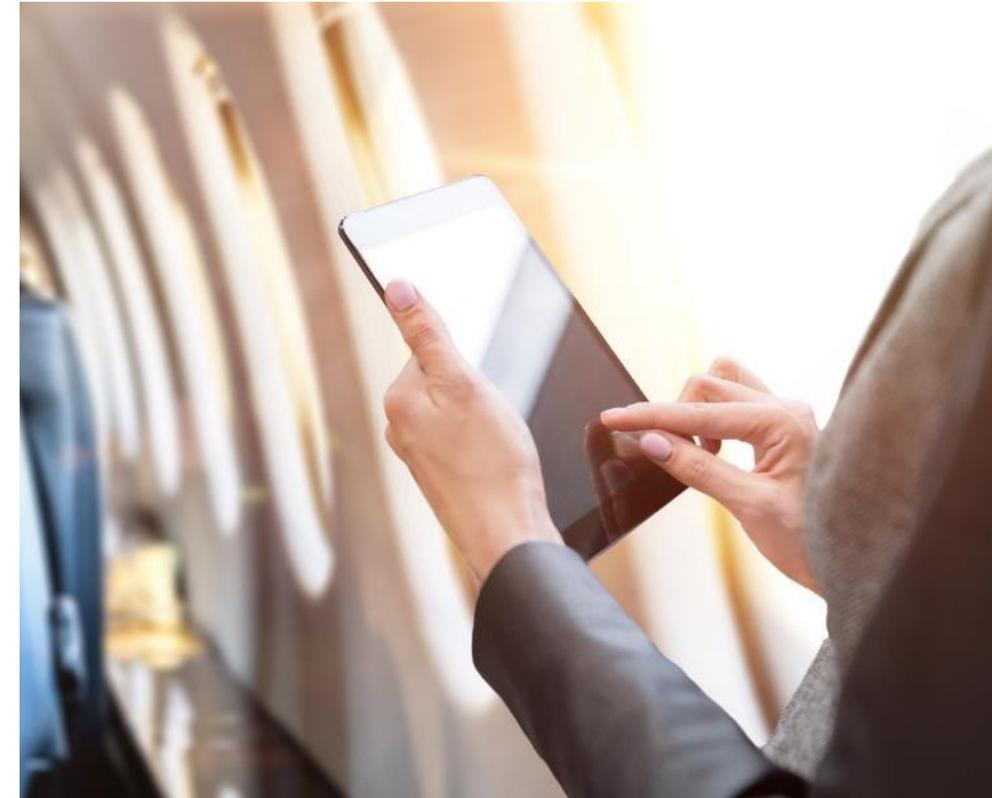


# Acquired Telefonix Inc.

## Created Connectivity Systems and Certification Group ("CSC")

Combines capabilities of connectivity with engineering solutions and IFE expertise

- » Acquired December 2017, purchase price: \$104 million cash
- » Leader in cord reels; provides connectivity hardware:
  - › Wireless access points
  - › Servers and controls
- » Combined with Armstrong Aerospace
- » Complete IFEC solution:
  - › Connectivity hardware
  - › Integration engineering
  - › Installation design
  - › Certification services



# Aerospace Segment

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

### CURRENT

#### Embraer Phenom 100/300

Exterior lighting

#### UH-60 Blackhawk

Exterior cockpit lighting

#### V-22 Osprey

Cabin, cockpit & exterior lighting

#### Cessna

Exterior & cockpit lighting

#### Airbus A380

Cabin lighting & cabin electronics

#### Boeing 787

Passenger power & fuel doors

### NEXT GENERATION

#### Boeing 737 NG & BSI

PSU, fuel doors & passenger power available

#### F-35 JSF

Exterior lighting suite & lighting controllers

#### Pilatus PC-24

Airframe power & induction starter generator

#### Boeing 777X

PSU & fuel doors

#### 737MAX

Exterior lighting system & PSU

#### Airbus 350

Emergency egress lighting & passenger power

#### Embraer E2

Interior and exterior emergency lighting system & PSU

#### Cessna Denali

Induction starter generator, electronic circuit breakers & passenger power

#### Bell 505, 525 & V280

Airframe power



# A&D Test Systems

- » Test instruments, automated test systems, and training and simulation systems
- » Integrated logistics support
- » Validate operating performance on multiple top-priority defense communications and weapons systems platforms



*Expanding test instrument business with next-gen PXI platform offerings*



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



# Unique Solution for Semiconductor Testing

## Supported the largest smart device ramps in history

### Shortened Time to Volume

- » Rapid test development and deployment

### Reduced Cost of Test

- » Massively parallel, system level test dramatically reduces cost of test (COT)

### Innovative Test Solutions

- » “Engineer to engineer” design and manufacturing philosophy

### Flexibility & Scalability

- » Configurable systems accommodate the device under test (DUT) and test objectives; “copy-exact” methodologies support global scaling

### Opportunities

- » More programs with major customer
- » Developing new customers



The new ATS 5034 SLT Platform delivers a high throughput and low cost of test for testing semiconductor devices at the system level.

# *ASTRONICS*

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## FINANCIALS

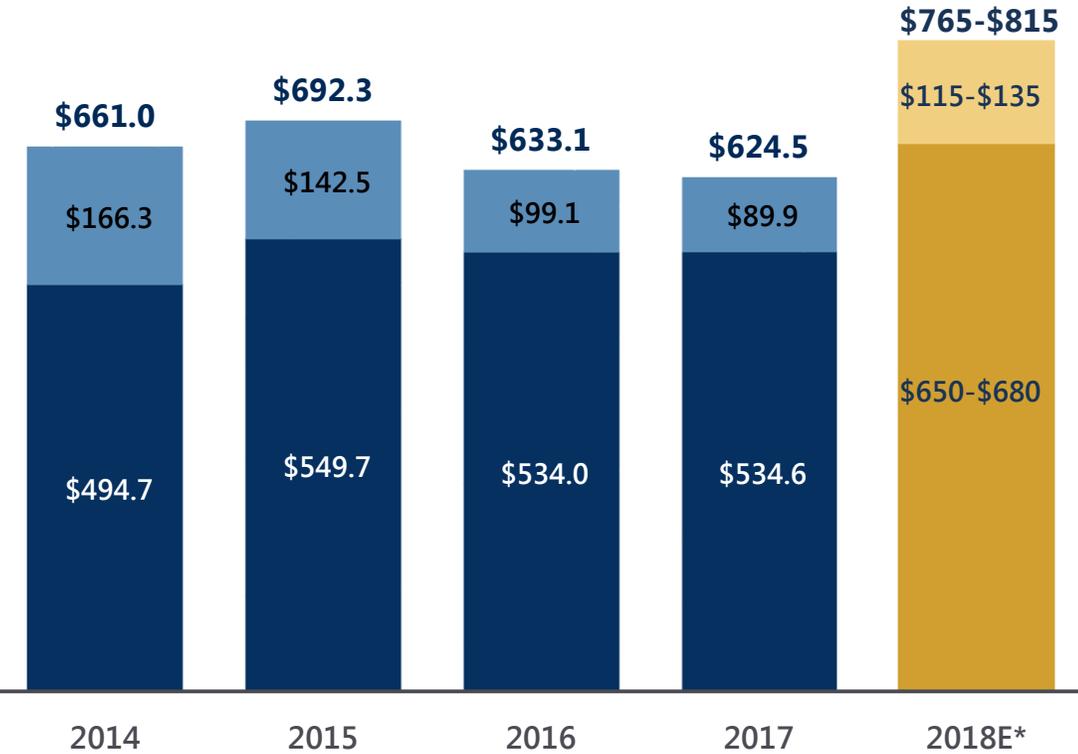


INNOVATION. COLLABORATION. SUCCESS.

# Sales & Bookings

(US\$ in millions; except EPS)

## Sales



## Annual Bookings



### Diluted EPS

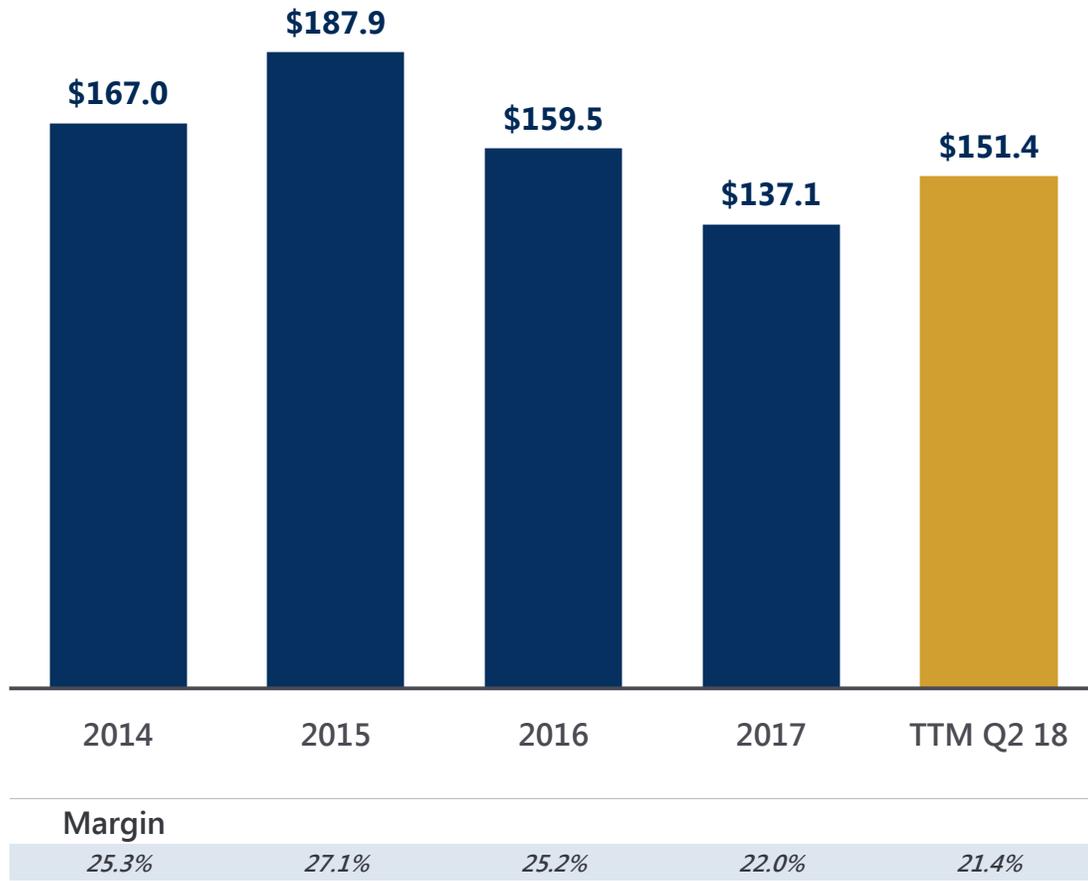
*\$1.87      \$2.22      \$1.61      \$0.67*

■ Aerospace ■ Test

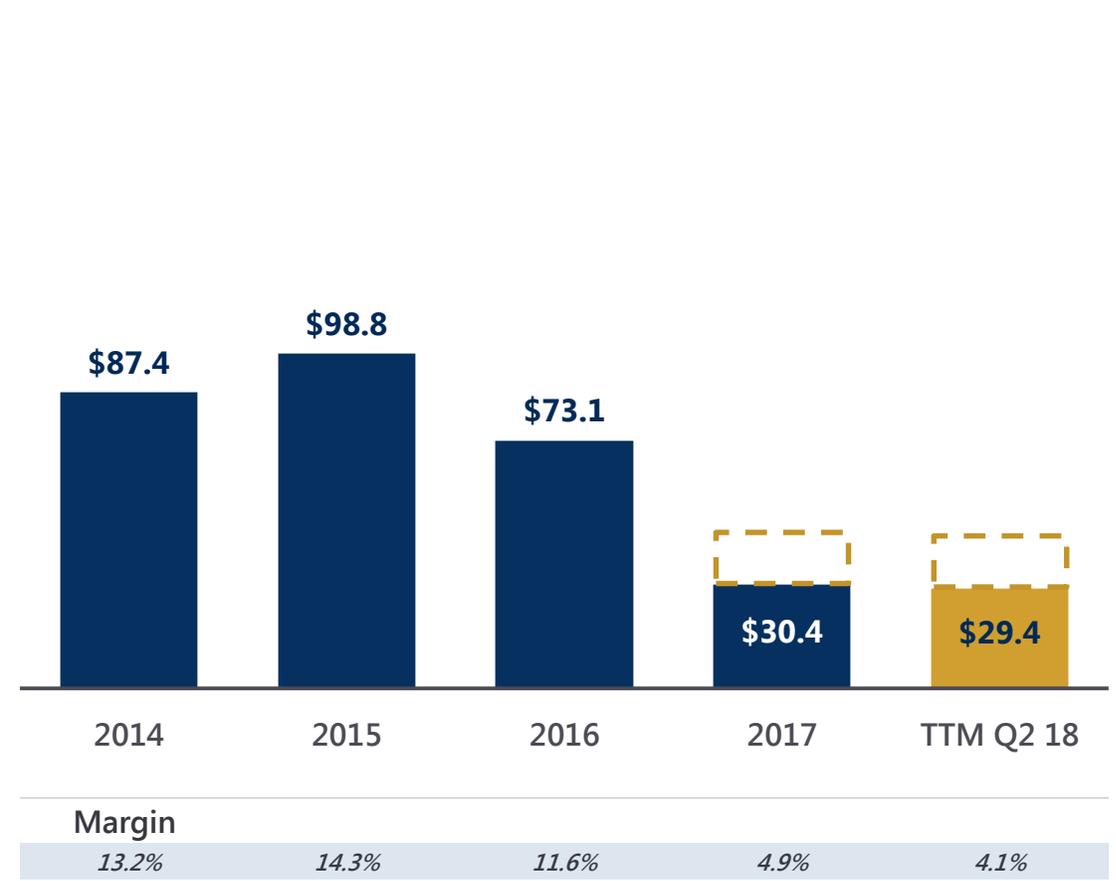
# Margins

(US\$ in millions)

## Gross Profit and Margin



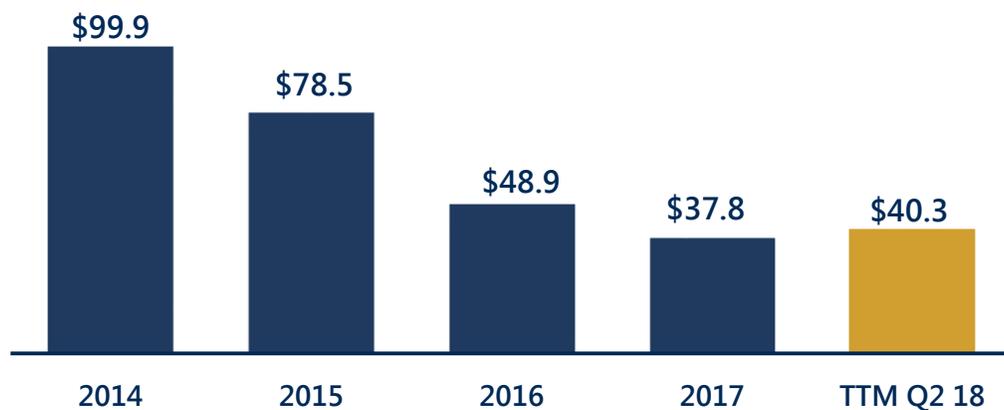
## Operating Profit and Margin



# Balance Sheet and Cash Flow

(US\$ in millions)

## Cash from Operations



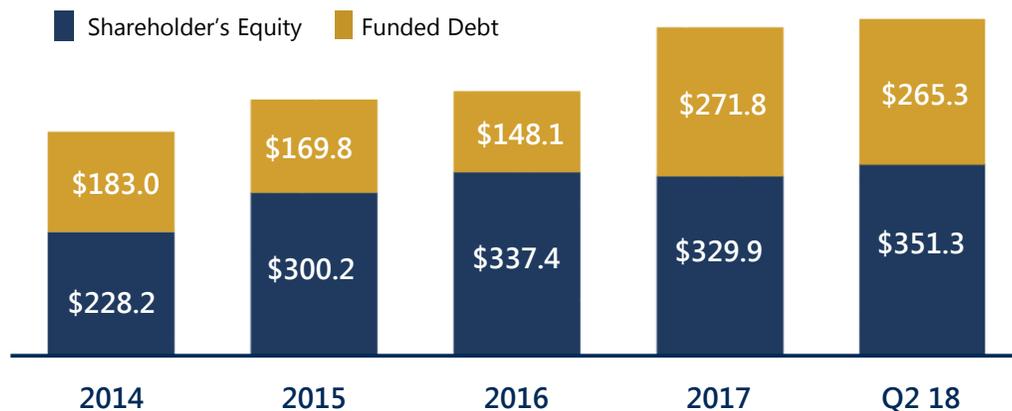
## Capital allocation priorities:

1. Pay down debt
2. Acquisitions
3. Organic growth
4. Opportunistic stock repurchases

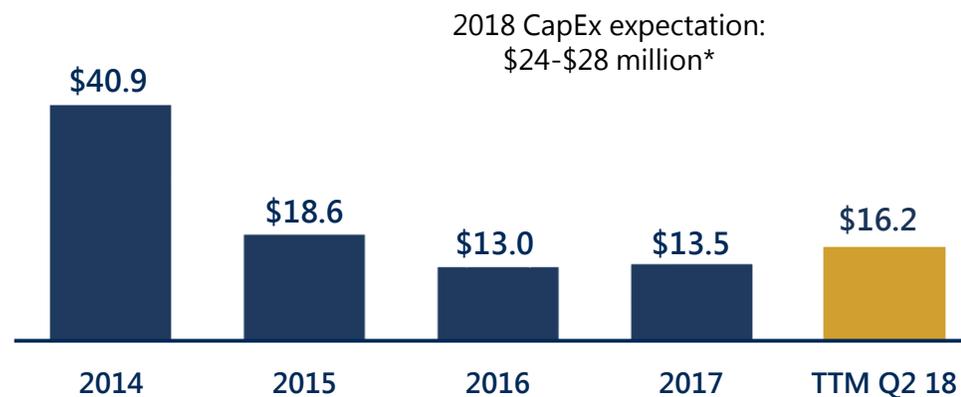
## Tolerance for debt:

- » 2x - 3x
- » Willing to flex up

## Funded Debt & Shareholders' Equity



## Capital Expenditures



# ***ASTRONICS***

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# Astronics Corporation

SUPPLEMENTAL  
INFORMATION



INNOVATION. COLLABORATION. SUCCESS.

# Serving Global Customers

## Representative List

230+ Airlines

Airbus

AMAC Aerospace

Bell Helicopter

Boeing

Bombardier

Carson Helicopters

Cirrus Aircraft

Comlux

Dassault Aviation

Embraer

General Dynamics

Gogo

Gulfstream

Hughes

Intel

Jet Aviation

L3 Technologies

Leonardo

Lockheed Martin

NASA

Panasonic Avionics

Raytheon Company

Rockwell Collins

Sikorsky

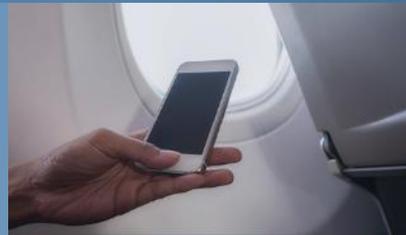
Textron

Thales

Thompson Aero Seating

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

Zodiac Aerospace



# Major Competitors

## POWERED AIRCRAFT

- » Airbus KID – Systeme
- » Hamilton
- » Sundstrand/UTC
- » Crane Aerospace
- » Zodiac
- » Honeywell
- » OEM internal processes

## LIGHTED AIRCRAFT

- » Zodiac
- » Honeywell
- » Esterline
- » Hamilton Sundstrand/UTC
- » Draeger (B/E Aerospace)
- » Goodrich
- » Whelan
- » Diehl Aerospace
- » Numerous small suppliers

## AVIONICS

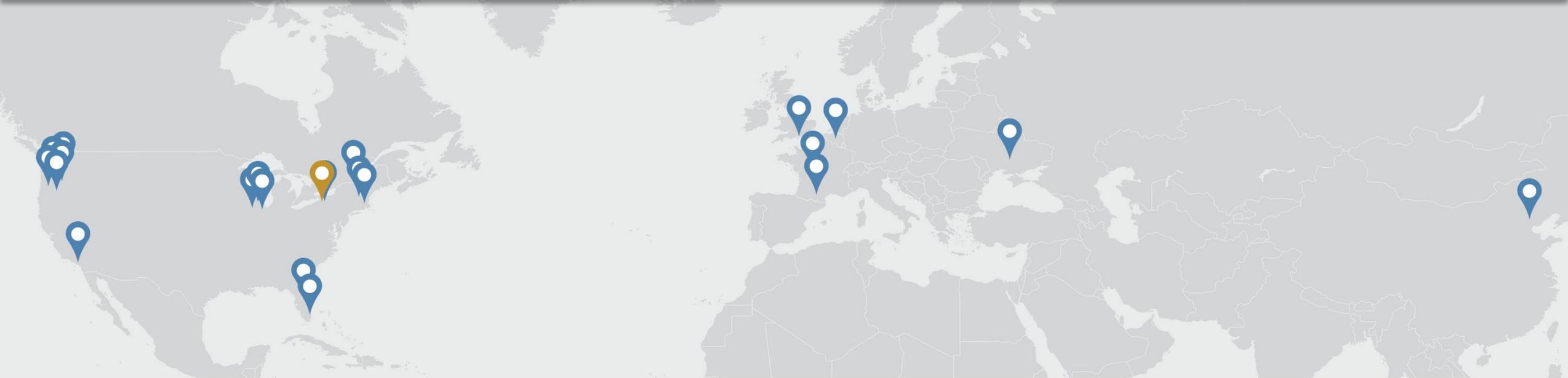
- » GE
- » North Atlantic Industries
- » TECOM (Smiths Group)
- » Kontron
- » Panasonic

## TEST SYSTEMS

- » Aeroflex (Cobham)
- » Lockheed
- » National Instruments
- » Keysight
- » Teradyne

# A Growing Global Footprint

Worldwide Manufacturing, Sales and Support



**1.2M** Square Feet of Manufacturing Strength

**2,700+** Employees

**24/7/365** Customer Service & Support

# Adding Technology, Building Solutions

## Recent Acquisitions for the Astronics Brand

### 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

2013

2014

2015

2016

2017

2018

### AeroSat

- » October 2013
- » Aerospace: Connectivity

### EADS N.A. Test

- » February 2014
- » Test

### Custom Control Concepts

- » April 2017
- » Aerospace: Executive

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**ASTRONICS**



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