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## Baird Global Industrial Conference

November 14, 2024



Nasdaq: ATRO

ELEVATING *innovation*

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

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

**Nancy L. Hedges**, Controller & Principal Accounting Officer

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This presentation 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” or other similar expressions and include all statements with regard to the timing for the ruling on the Company’s UK and French patent infringement damages proceedings and the amount of any such damages that may become due and payable by the Company as a result, the Company’s ability to appeal the ruling on the Company’s UK patent infringement damages claim, the timing as to when the damages in the UK patent infringement claim will become due and payable, to achieving any revenue or profitability expectations, commercial aerospace widebody/long haul build rates and order rates, the timing of pricing and impact of inflation on margins, the effectiveness on profitability of cost reduction efforts, the timing of receipt of task orders or future orders, the timing of projects through development to LRIP to full rate production including the TS 4549/T and FLRAA, the rate of cash generation, the impact of volume on margins, the effectiveness of pricing in new or renewed contracts, the expectations of demand by customers and markets, and the resolution of intellectual property disputes. 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 any impact from global pandemics and related 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, the effectiveness of the Company’s supply chain, 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 presentation 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	\$630 million
Recent Price	\$18.09
52-Week Range (high/low)	\$23.74 / \$14.54
Average Daily Volume (3 mos.)	137,000
Established/IPO	1968/1972

Shares Out – Common	29.7 million
Shares Out – Class B	5.6 million
Institutional ownership	61%
Insider ownership	9%
Index membership	Russell 3000 <sup>®</sup> / 2000 <sup>®</sup>

Aerospace

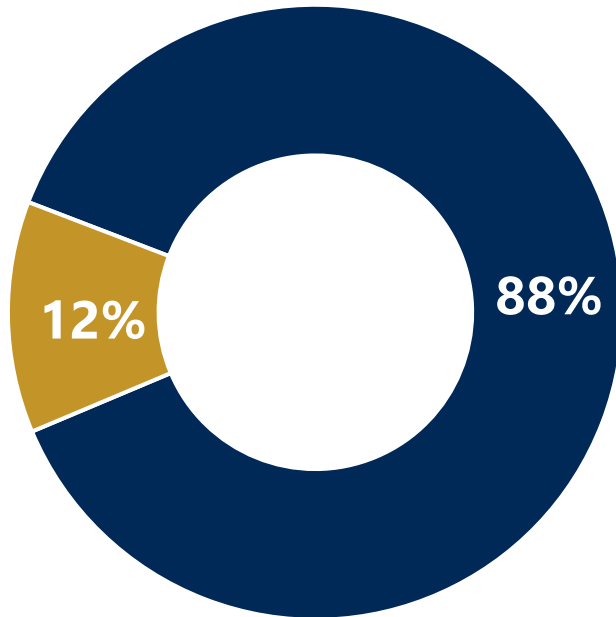
Test Systems

# Solid Franchise with Leading Market Positions

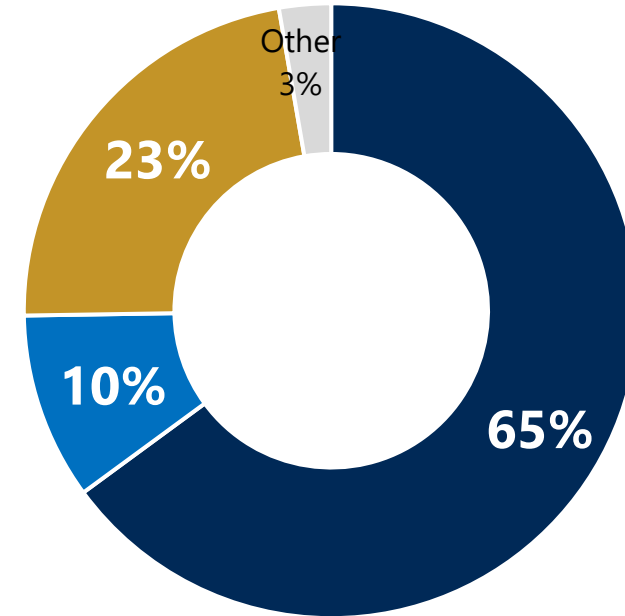
Commercial Aerospace

General Aviation

Defense & Government\*



TTM Q3 24 Sales:  
\$782.2 million



***Commercial Aerospace***  
~50/50 Line Fit/Aftermarket  
~50/50 Narrowbody/Widebody

\*Includes Test and Aerospace sales

# Significant Wins to Contribute Meaningful Revenue

## Strong tailwinds and growth drivers



\*Guidance provided November 6, 2024. Segment sales tally may differ due to rounding.

2024 Guidance Implies Growth Y/Y of >14%

Persistent tailwinds

- » Commercial aerospace recovery
- » Business jet build rates increasing
- » Narrowbody adoption of IFEC
  - » Advancing technologies with PEDs
- » Electric power distribution system for FLRAA
  - » ~2027 LRIP
- » Commercialization of eVTOLs
- » Radio test sets for Marines and U.S. Army
  - » 4549/T \$215 million contract
- » Rail transit test systems



# Astronics Strategic Thrusts

## Elevating Innovation

### PRODUCT LINES

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

### STRATEGIC THRUSTS

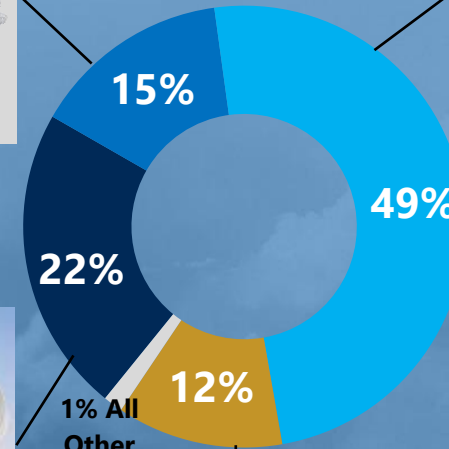
TTM Q3 24 Sales:  
\$782 million



Flight Critical  
Electrical Power



Aircraft Lighting & Safety



Inflight Entertainment &  
Connectivity (IFEC)



Test Solutions

# Aircraft Inflight Entertainment & Connectivity



Aircraft Data Systems



IFC Radome Systems



Power for Passengers and Crew



Inflight Entertainment Systems Hardware



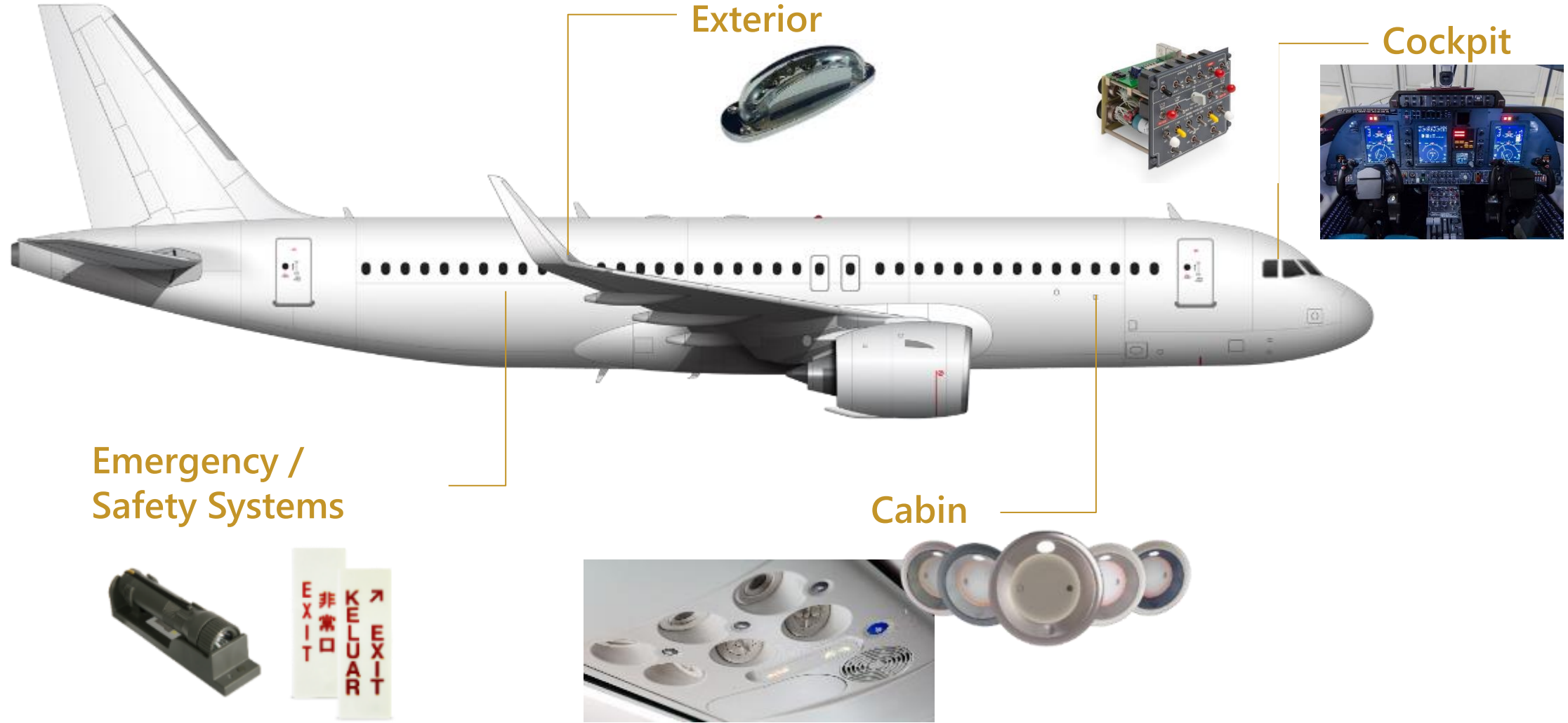
# IFEC: IN-SEAT POWER SYSTEM (ISPS)

- » In-seat power, line-fit and retrofit, now powering 1 million+ seats on over 280 airlines worldwide
- » System provides power to personal electronics and seat-back displays
- » High barriers to entry: 90%+ market share
- » ASP: \$350-\$850 per seat
- » Market penetration aircraft\*: ~80% wide body and ~30% narrow body
- » Market penetration seats\*: ~60% wide body and ~30% 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

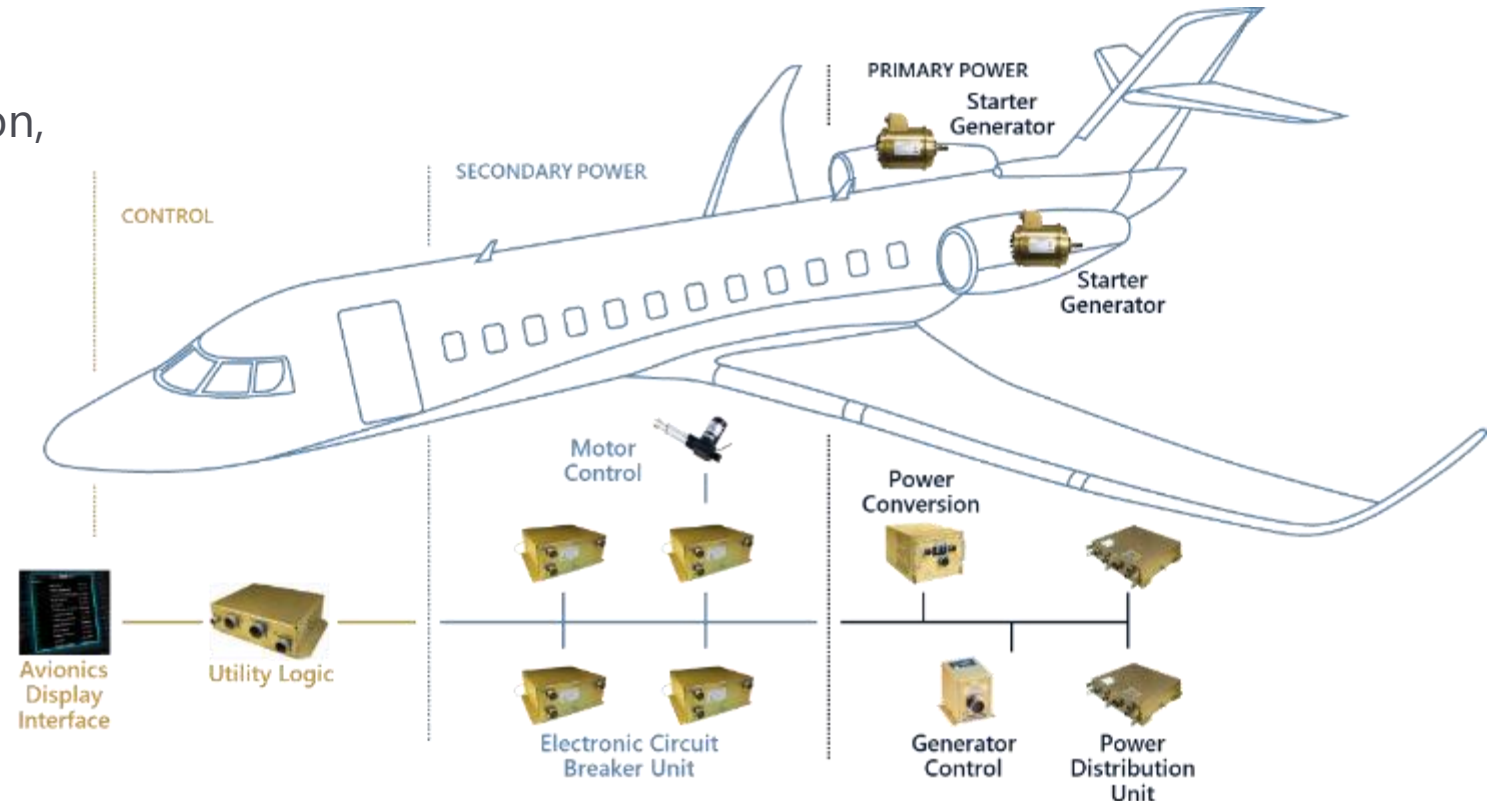
# Flight Critical Electrical Power

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

✓ Selected for the U.S. Army Future Long-Range Assault Aircraft (FLRAA) program

- » 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 Mechanical 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
- » FLRAA: Bell V-280 Valor\*
- » Boeing MQ-25 Stingray

\*Future Long-Range Assault Aircraft (FLRAA)



# Aerospace

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

Transport	Business Aircraft	Military
<b>777/777X</b> <ul style="list-style-type: none"> <li>~\$240K in content (<i>PSUs, fuel access doors</i>)</li> <li>~\$350K in 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>F-35 JSF</b> <ul style="list-style-type: none"> <li>~\$55K in content (<i>Exterior lighting system, lighting controls</i>)</li> </ul>
<b>737</b> <ul style="list-style-type: none"> <li>~\$100K in content (<i>PSUs, fuel access doors, exterior and cockpit lighting</i>)</li> <li>Potentially \$100k to \$150k IFEC content (<i>BFE</i>)</li> </ul>	<b>Cessna Citations</b> <ul style="list-style-type: none"> <li>Exterior and cockpit 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>Beechcraft Denali</b> <ul style="list-style-type: none"> <li>Induction starter generator, electronic circuit breakers and passenger power</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>Pilatus PC-24</b> <ul style="list-style-type: none"> <li>Airframe power and induction starter generator</li> </ul>	<b>Bell V280: FLRAA program</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>Potentially \$100k to \$150k IFEC content (<i>BFE</i>)</li> </ul>	<b>Bell 525/505</b> <ul style="list-style-type: none"> <li>Airframe power, lighting &amp; safety</li> </ul>	
<b>A220</b> <ul style="list-style-type: none"> <li>~\$80K in content (<i>PSUs</i>)</li> <li>Potential \$100k to \$150k 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>		

# Test Systems: A&D, Transit and Radio

## Testing for Mission-Critical Industries

### Award-winning test solutions

- » Validate operating performance on multiple top-priority defense communications and weapons systems platforms
- » Awarded \$40 million, 5-year IDIQ contract for the U.S. Marine Corps' Handheld Radio Test Sets program
- » Awarded ~\$215 million, 5-year IDIQ contract for the U.S. Army Radio Test Set 4549/T
- » Expanded into metro rail test system support:
  - > MARTA and NYCT
    - Stadler and Kawasaki
  - > AutoPoint Multi-Axis Robotic System (AP-MARS)

### Structuring business to deliver profitability

- » Closed two facilities thus far in 2024 with a third in process
- » Restructuring in April 2024 expected to provide \$4 million in annualized savings

### 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



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

Freedom 2 Universal Functional Tester

# ***ASTRONICS***

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## FINANCIALS



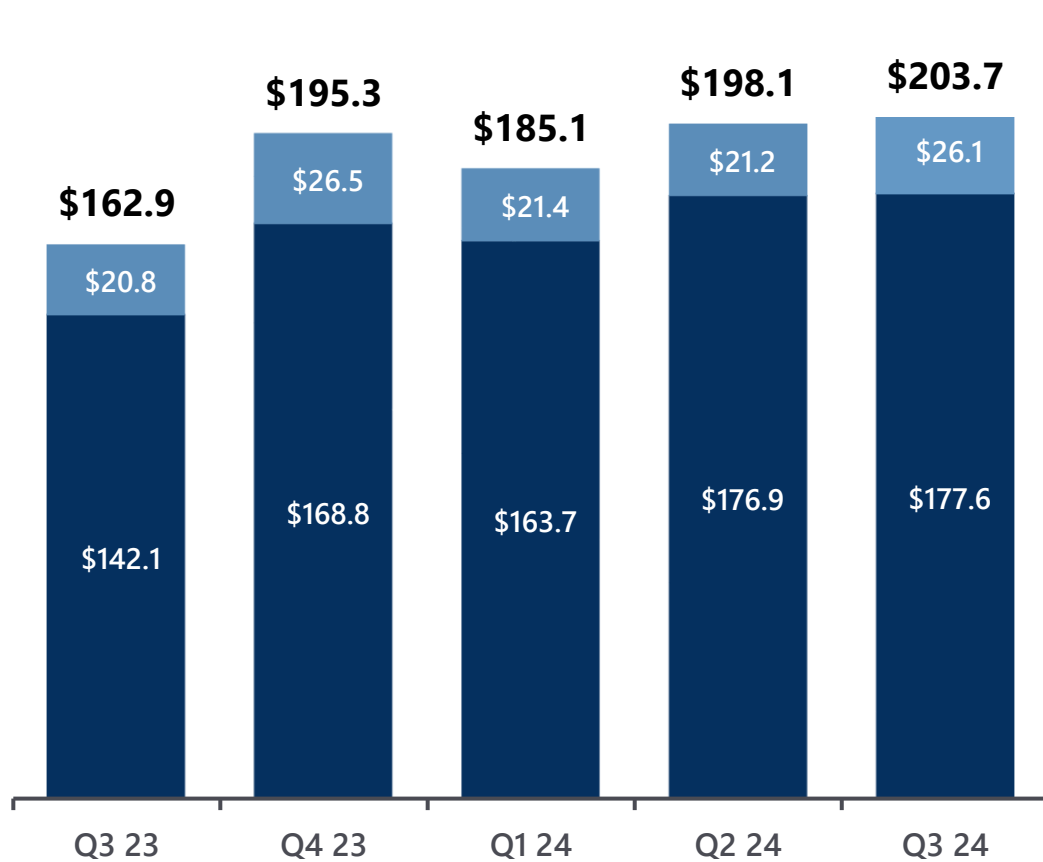
INNOVATION. COLLABORATION. SUCCESS.



# Quarterly Sales, Bookings & Backlog

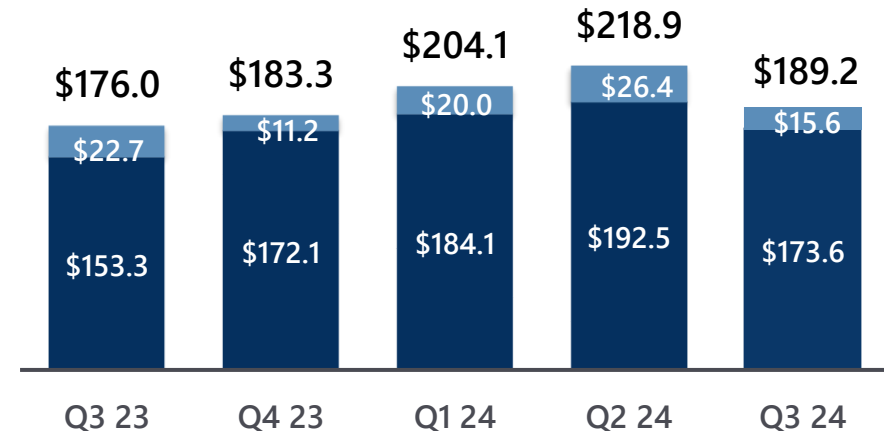
(\$ in millions)

## Sales

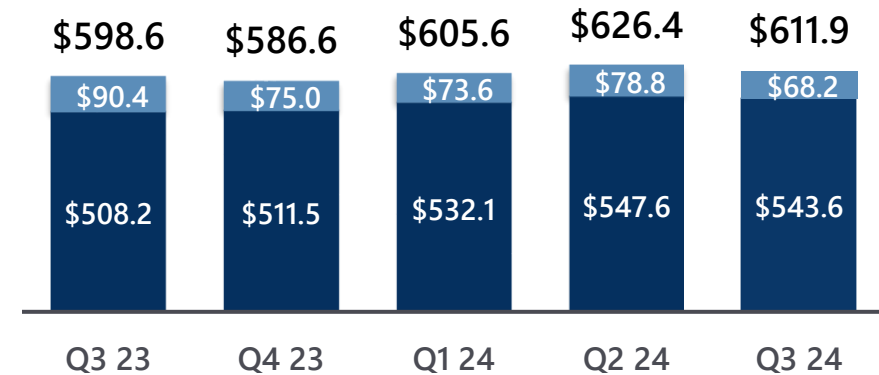


■ Test ■ Aerospace

## Bookings



## Backlog

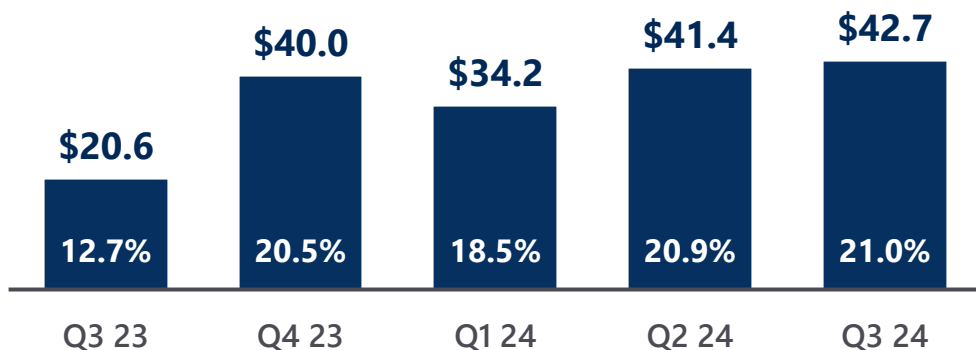


Segment sales tally may differ due to rounding.

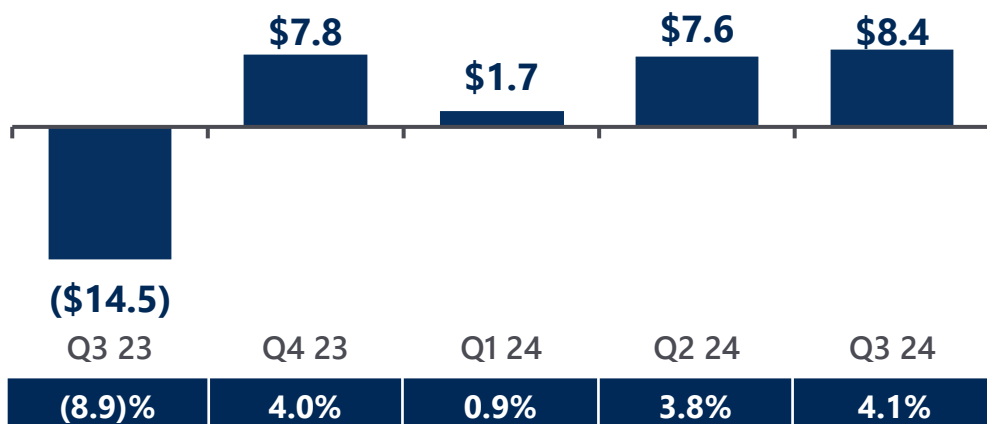
# Profit and Margins

(\$ in millions)

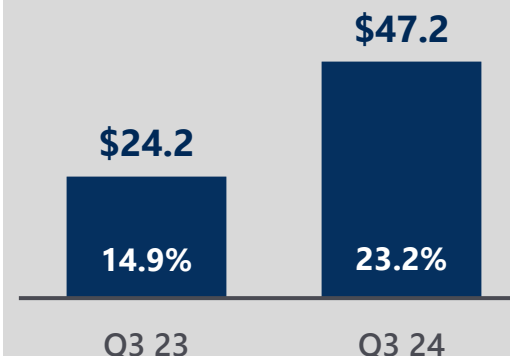
## Gross Profit and Margin



## Operating Profit (Loss) and Margin



## Adj. Gross Profit and Margin<sup>1</sup>



## Adj. Operating Profit (Loss) and Margin<sup>2</sup>



## Incremental volume provides operating leverage

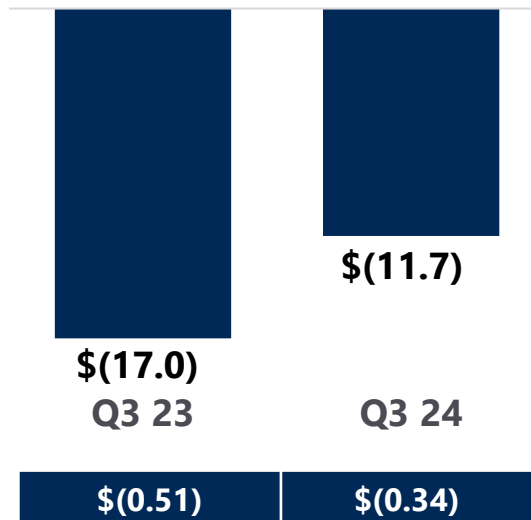
### Q3 2024 Y/Y margin impacts

- » \$3.5 million warranty reserve
- » \$0.9 million inventory reserve related to a customer bankruptcy filing
- » Earlier restructuring savings in Test segment beginning to be realized

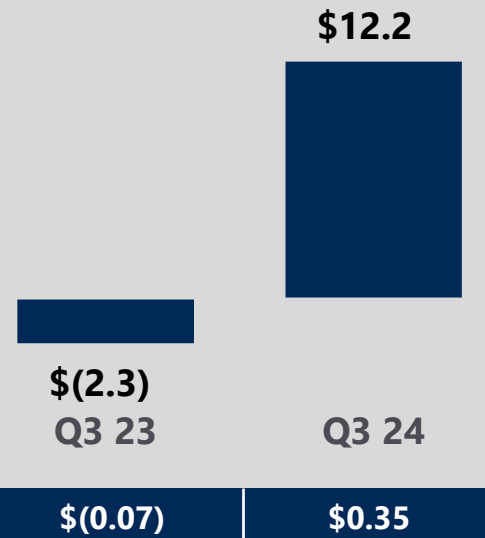
# EPS and EBITDA

(\$ in millions; except EPS)

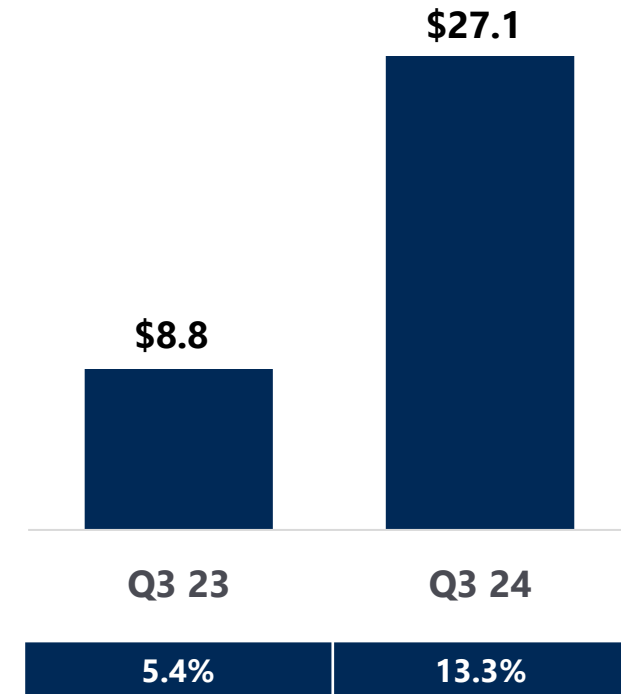
## Net Income and Diluted EPS



## Adj. Net Income and Adj. Diluted EPS<sup>1</sup>



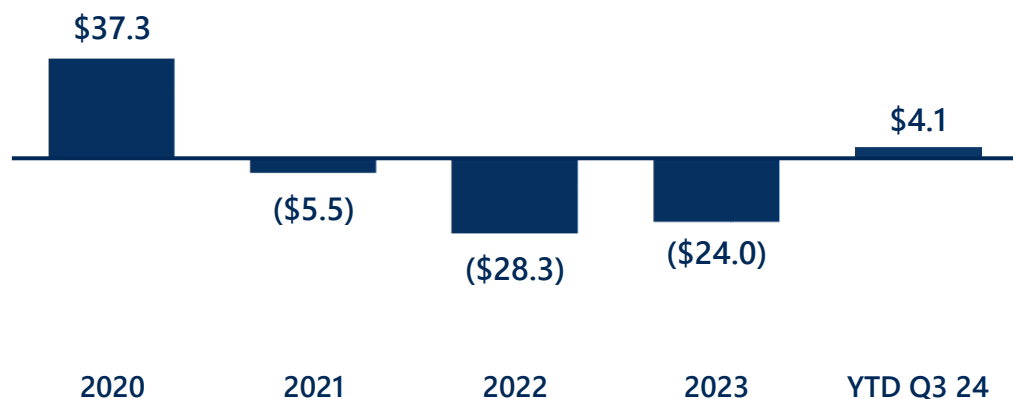
## Adjusted EBITDA<sup>1</sup> and Margin



# Balance Sheet and Cash Flow

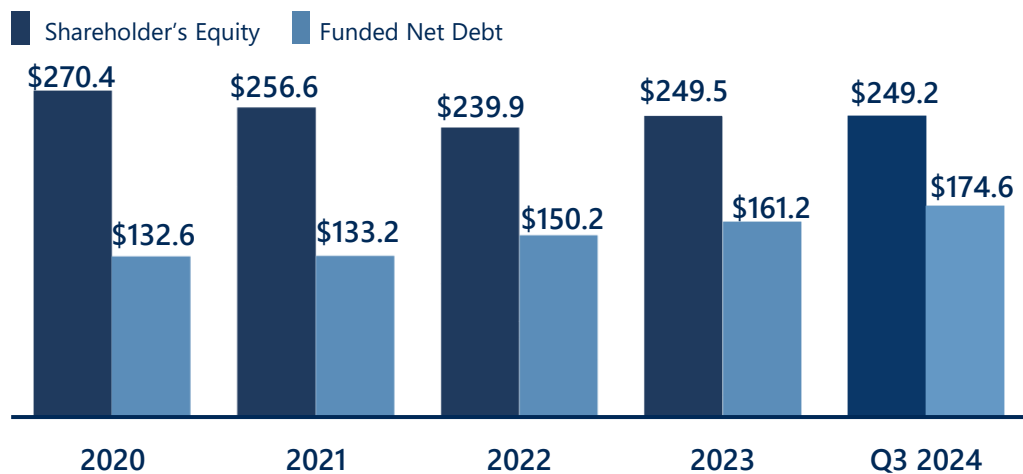
(\$ in millions)

## Cash from Operations

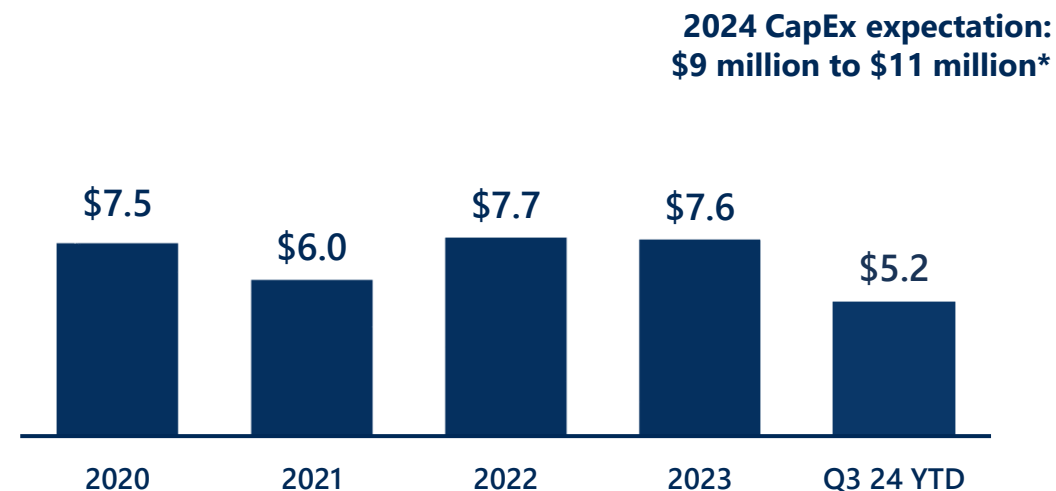


- » Amended and expanded revolver & reduced and refinanced term loan on July 11, 2024
  - » Increased revolver to \$200 million from \$115 million
  - » Reduced term loan to \$55 million from ~\$80 million
  - » Reduced blended average interest rate approx. 150 bps
  - » Annual Cash savings of ~\$10.5 million including \$2 million in cash interest expense
- » Expects operating cash flow to improve measurably in 2H 2024 and to direct cash to debt reduction

## Funded Net Debt & Shareholders' Equity



## Capital Expenditures







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# Astronics Corporation

SUPPLEMENTAL  
INFORMATION



INNOVATION. COLLABORATION. SUCCESS.

# Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
<b>GAAP Consolidated Net Income (Loss)</b>	<b>\$ (16,983)</b>	<b>\$ 6,976</b>	<b>\$ (3,178)</b>	<b>\$ 1,533</b>	<b>\$ (11,738)</b>
Interest expense	5,991	5,947	5,759	5,856	6,217
Income tax expense (benefit)	(3,835)	(5,442)	(1,351)	(274)	6,565
Depreciation and amortization	6,385	6,346	6,328	6,203	6,041
Equity-based compensation expense	1,611	1,595	2,802	1,840	1,772
Non-cash annual stock bonus accrual	-	2,806	1,448	-	-
Restructuring-related charges including severance	-	-	117	657	259
Legal reserve, settlements and recoveries	(1,227)	-	-	-	(332)
Non-cash 401K contribution and quarter bonus accrual	1,237	2,776	3,454	-	-
Litigation related legal expenses	4,574	3,826	3,694	4,428	5,558
Loss on extinguishment of debt	-	-	-	-	6,987
Warranty reserve	-	-	-	-	3,527
Non-cash reserves for customer bankruptcy	11,074	-	-	-	2,203
<b>Adjusted EBITDA</b>	<b>\$ 8,827</b>	<b>\$ 24,830</b>	<b>\$ 19,073</b>	<b>\$ 20,243</b>	<b>\$ 27,059</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, gains or losses associated with the sale of businesses and grant benefits recorded related to the AMJP program), 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, gains or losses associated with the sale of businesses and grant benefits recorded related to the AMJP program, 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.

# Reconciliation of Gross Profit to Adjusted Gross Profit

	Q3 2023	Q3 2024
<b>Gross Profit</b>	<b>\$20,618</b>	<b>\$42,743</b>
Add back (deduct)		
Warranty reserve	-	3,527
Non-cash reserves for customer bankruptcy	3,601	909
Deferred liability recovery	-	-
<b>Adjusted Gross Profit</b>	<b>\$24,219</b>	<b>\$47,179</b>
<b>Sales</b>	<b>\$ 162,922</b>	<b>\$ 203,698</b>
<b>Gross Margin</b>	<b>12.7%</b>	<b>21.0%</b>
<b>Adjusted Gross Margin</b>	<b>14.9%</b>	<b>23.2%</b>



# Reconciliation of Operating Income to Adjusted Operating Income

	Q3 2023	Q3 2024
<b>Income (Loss) from Operations</b>	<b>\$(14,479)</b>	<b>\$8,374</b>
Add back (deduct)		
Restructuring-related charges including severance	-	259
Legal reserve, settlements and recoveries	(1,227)	(332)
Litigation-related legal expenses	4,574	5,558
Non-cash reserves for customer bankruptcy	11,074	2,203
Warranty reserve	-	3,527
Deferred liability recovery	-	-
<b>Adjusted Operating Income (Loss)</b>	<b>\$(58)</b>	<b>\$19,589</b>
<b>Sales</b>	<b>\$162,922</b>	<b>\$203,698</b>
<b>Operating Margin</b>	<b>(8.9%)</b>	<b>4.1%</b>
<b>Adjusted Operating Margin</b>	<b>-%</b>	<b>9.6%</b>

# Reconciliation of Net Income and Diluted Earnings per Share to Adjusted Net Income and Adjusted Diluted Earnings per Share

	Q3 2023	Q3 2024
<b>Net Loss</b>	<b>\$(16,983)</b>	<b>\$(11,738)</b>
Add back (deduct)		
Amortization of intangibles	3,381	3,188
Restructuring-related charges including severance	-	259
Legal reserve, settlements and recoveries	(1,227)	(332)
Litigation-related legal expenses	4,574	5,558
Equity investment accrued payable write-off	-	-
Net gain on sales of business	-	-
Loss on extinguishment of debt	-	6,987
Non-cash reserves for customer bankruptcy	11,074	2,203
Warranty reserve	-	3,527
Deferred liability recovery	-	-
Normalize tax rate <sup>1</sup>	(3,081)	2,511
<b>Adjusted Net Income (Loss)</b>	<b>\$(2,262)</b>	<b>\$12,163</b>
<b>Weighted average diluted shares outstanding (in thousands)</b>	<b>33,000</b>	<b>35,011</b>
<b>Diluted loss per share</b>	<b>(\$0.51)</b>	<b>(\$0.34)</b>
<b>Adjusted diluted earnings (loss) per share</b>	<b>(\$0.07)</b>	<b>\$0.35</b>

# 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



# Created 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***

For more  
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