



**INVESTOR PRESENTATION**  
**April 2022**

## SAFE HARBOR STATEMENT

***Except for the historical information contained herein, the matters discussed in this presentation contain forward-looking statements. The accuracy of these statements is subject to significant risks and uncertainties. Actual results could differ materially from those contained in the forward-looking statements. See the Company's SEC filings on Forms 10-K and 10-Q for important information about the Company and related risks.***

***EBITDA is used as a supplemental liquidity measure because management finds it useful to understand and evaluate results, excluding the impact of non-cash depreciation and amortization charges, stock based compensation expenses, and nonrecurring expenses and outlays, prior to consideration of the impact of other potential sources and uses of cash, such as working capital items. This calculation may differ in method of calculation from similarly titled measures used by other companies.***

## About Air Industries Group (AIRI)

- Tier 1 Manufacturer of Aerospace and Defense Precision Assemblies and Components for Mission Critical Applications
- Prime Contractor to U.S. Department of Defense
- Important, Diverse and Stable Customers and Platforms:
  - 5 Major Customers: Goodrich, Sikorsky, U.S. Military Direct, GE, Rohr
  - 5 Major Platforms: Sikorsky Blackhawk; U.S. Navy F-18 Hornet; Northrop Grumman E2-D; Lockheed F-35 Lightning II; Pratt & Whitney Geared Turbofan
- Growth Strategy Focused on:
  - Increasing range/complexity/size of products that meet or exceed exacting demands for flight safety and performance
  - Strategic investments in new equipment to increase production volume and efficiency, diversify products, expand services
  - Earnings leverage: sales growth drives disproportionate increases in income, EBITDA

# Locations & Competencies

Strategic Locations = Access to OEMs, Deep Talent Pool, Skilled Labor, Suppliers

**2 Facilities**  
**150,000 Square Feet**  
**205** 🧑🧑🧑🧑  
**80% Military**



## **BARKHAMSTED, CT** *Turbine Engine Components*

- Jet Engine Components
- Ground Power Turbines
- Helicopter Assemblies
- Special Processes – *New Initiative!*



## **BAY SHORE, NY** *Complex Machining*

- Landing & Arresting Gear
- Flight Safety Controls
- Aircraft Structural Assemblies
- Helicopter Assemblies



# Why Invest in Air Industries Group

## ***Defense Centric***

- Complemented by opportunities in commercial aviation recovery

## ***Important and Stable Aircraft Platforms & Customers***

- Supported by 5 aircraft platforms and 5 customers that are stable and important to national defense

## ***Improving Operational Performance***

- Integration of Long Island / Connecticut facilities

## ***Stable Backlog - New Orders***

- \$ 20M in new Long Term Agreements from Sikorsky
- \$ 12.4M E-2D contract direct from Northrop Grumman
  - \$ 6 Million contract from Boeing

## ***Capital Investment Fueling Growth***

- Over \$ 6M invested in 2020 & 2021
- \$ 5M Budgeted for 2022 & 2023

*New initiative to vertically integrate product processing to eliminate bottlenecks and accelerate deliveries*

# Why Invest in Air Industries Group

## *Earnings Leverage*

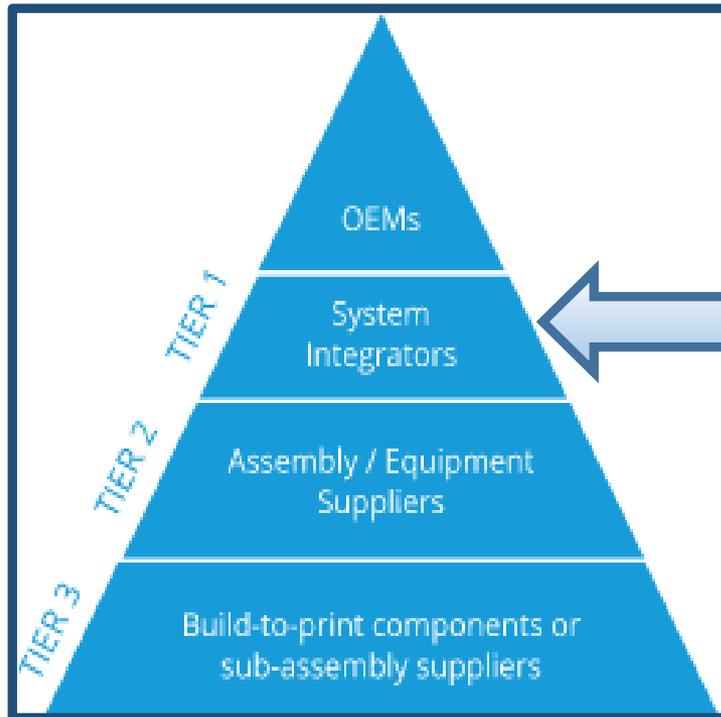
- Earnings, Gross Margin & EBITDA are *Highly Correlated* with Revenue

### ***Twelve Months Ended – 2021 to 2020:***

- **Revenue** of \$58.9M up 17.8%
- **Gross Profit** of \$10.2M up 57.4%
- **Gross Margin** up 4.4 percentage points to 17%
- **“Contribution Margin”** = 42% on increased revenue – earnings leverage.
- **Operating Costs** stable, declining slightly by \$217,000 or (2.7%)
- **Operating Income** of \$2.5M vs. a loss of \$(1.4)M in 2020
- **Net Income** of \$1.6M vs. a loss of \$(1.2)M in 2020
- **Adjusted EBITDA** of \$6.2M up 228%
- **Adjusted EBITDA Margin** of 10.6% of sales vs. 3.8% in 2020
- **Free Cash-Flow** of approximately \$3.2M

# The Aerospace Industry

The Aerospace Industry is arranged in Tiers – with products becoming increasingly complex for ultimate delivery to Original Equipment Manufacturers. Air Industries' business is primarily Tier One and Two.



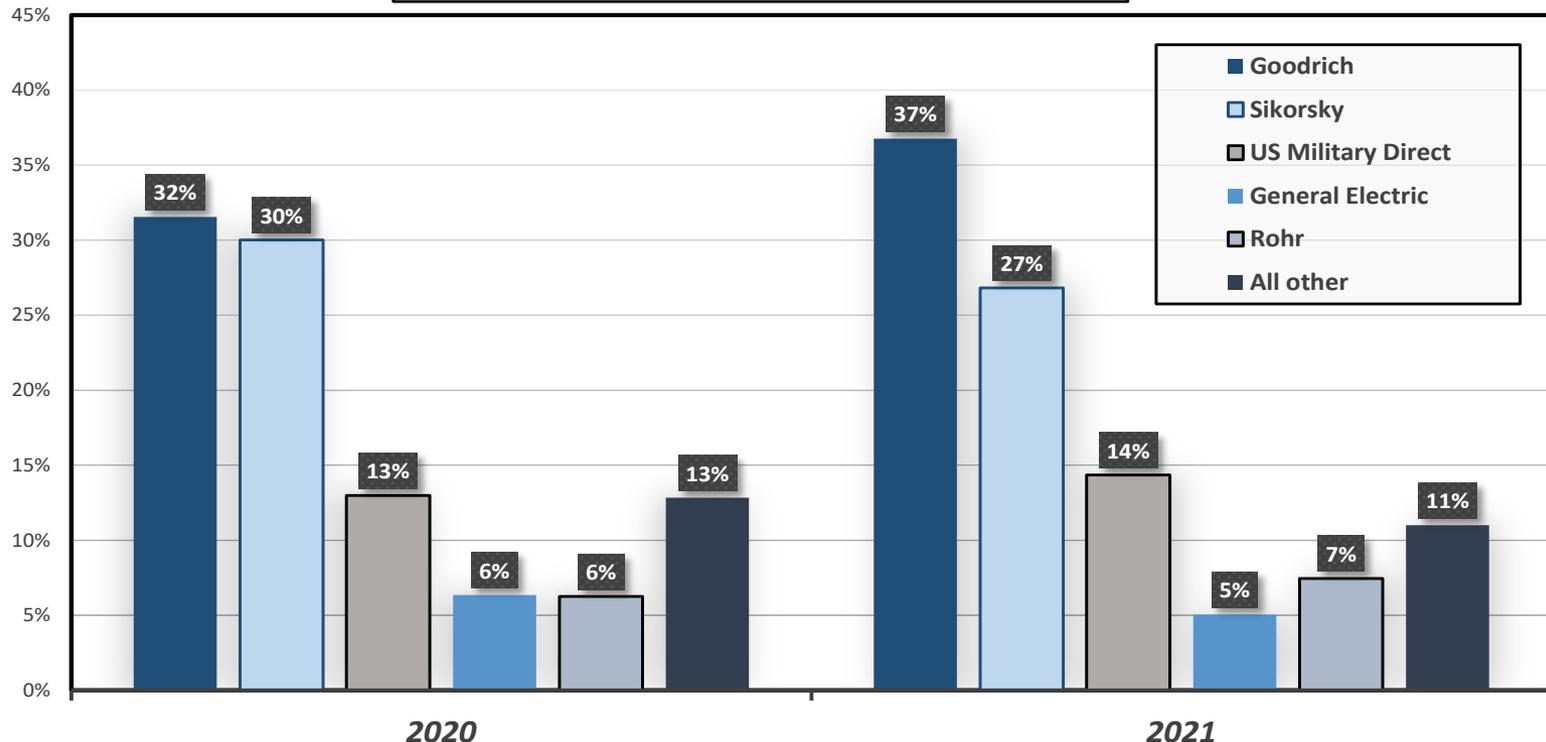
Nose Landing Gear for  
E2-D Naval Aircraft

# Air Industries Group's 5 Largest Customers = 85 – 90% of Sales

- Sales to each customer as a percent of total have been relatively stable.
- Sales to Collins Landing Systems, DOD Direct and Rohr increased.
- Sikorsky sales declined as 2021 was the final year of a five-year LTA.

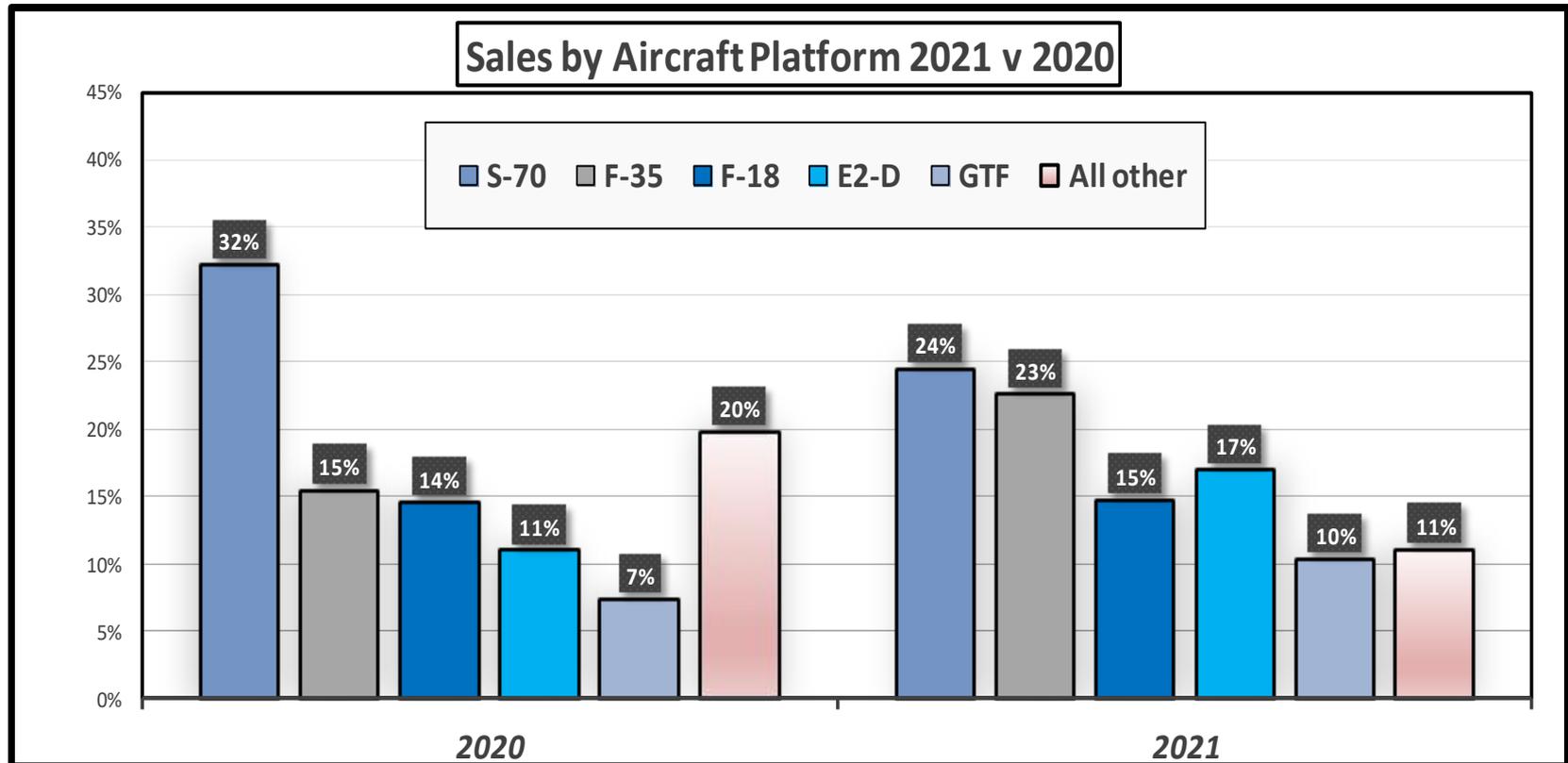
*Multiple new Sikorsky contracts have been announced in January 2022.*

Sales by Customer as a Percent of total



## Five Aircraft Platforms = 80 to 90% of Sales

- Five aircraft platforms constitute the majority of sales.
- Increased sales in F-35, F-18, E-2D and Geared Turbo Fan (GTF)...
- ...More than offset S-70 Blackhawk sales decline (fifth year of 5-year *Multiyear LTA*). *New 5-year Blackhawk LTA awarded in 2022.*



## A Balance of Legacy & New Aircraft Platforms

A balanced portfolio of five aircraft platforms account for 80% of sales. These platforms are critical for defense and include legacy aircraft that generate after-market replacement demand; and with new aircraft at, or near, full rate production the Air Industries has a balanced book of business.



**Sikorsky UH-60 (S-70) Blackhawk:** US Army workhorse helicopter. 4,000 produced. In production for over 40-years and will continue for at least five years, perhaps longer. Operated by nearly 25 countries worldwide. Current fleet continuing in operation for decades generating repair and replacement demand



**US Navy F-18 Hornet:** Sole fighter aircraft for carrier based operations. Over 600 have been produced. Also operated by seven other countries, notably Australia and Finland. To be replaced by F-35 eventually. Only one of eleven aircraft carriers have been converted as of 2021.

## A Balance of Legacy & New Aircraft Platforms



**Northrop Grumman E2-D:** Primary Naval Battle Management / Command & Control aircraft. Vital for aircraft carrier operations. “D” versions in Full Rate Production now to replace all older “C” versions in service. Also operated by 7 foreign militaries – notably Japan to counter China threat.

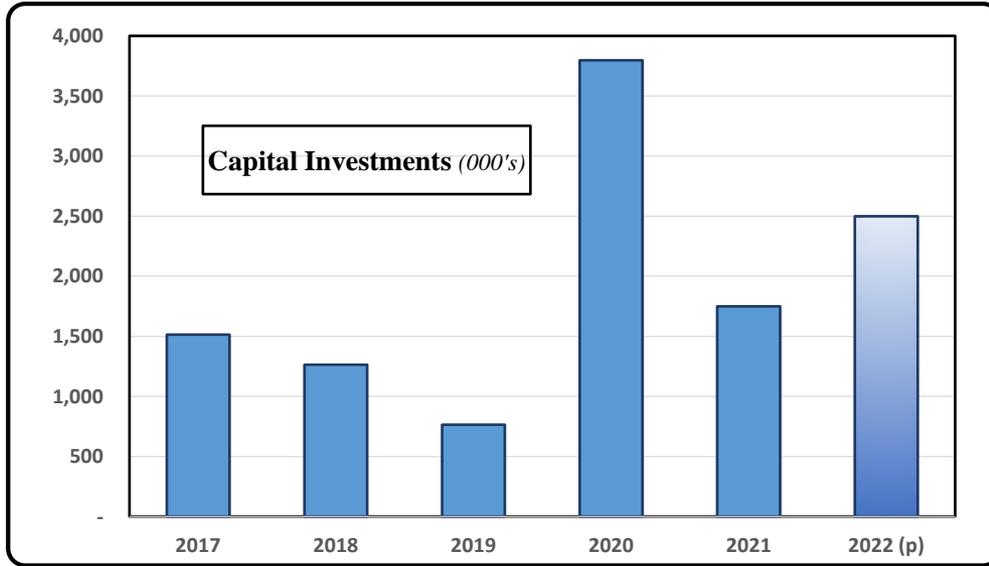


**Lockheed Martin F-35 Lightning II:** Sole replacement fighter aircraft for US Navy, Marines & Air Force. Eight “partner” countries and six other foreign military sales customers. Nearly 3,000 projected to be built with full rate production just now beginning. Air Industries has been supplier since inception.



**Pratt & Whitney Geared Turbo Fan:** Next Gen jet engine. Air Industries produces structural component that operates thrust reversers. Primary commercial aviation product – used on popular A-220 and Embraer aircraft. These smaller aircraft are in high demand from airlines to match changed consumer demand

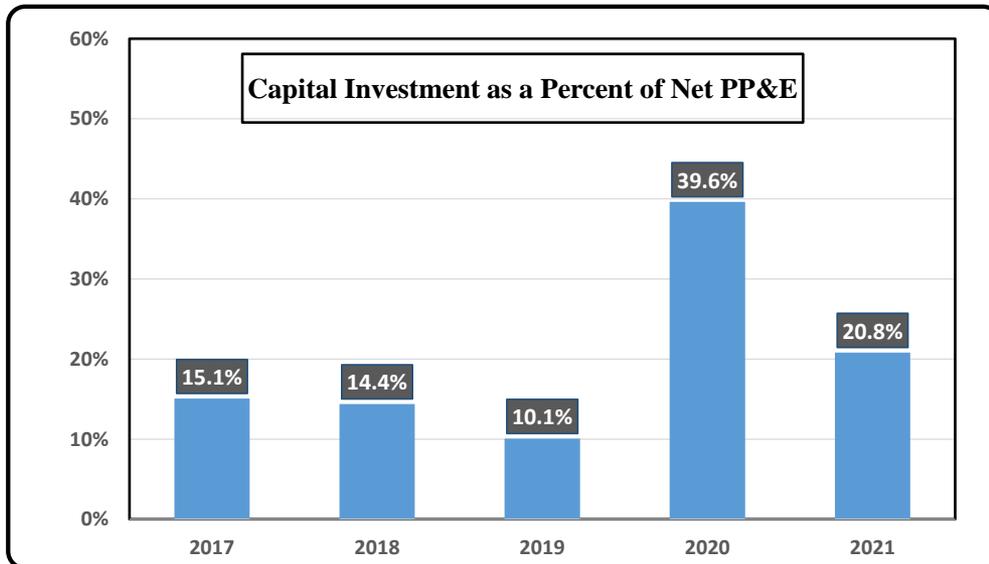
# Significant Capital Investment for Growth



In 2020 and 2021, Air Industries made significant investments in modern, state-of-the-art, machining centers. This new equipment represents a net expansion of capacity as existing machines were relocated within the Company, remaining in production.

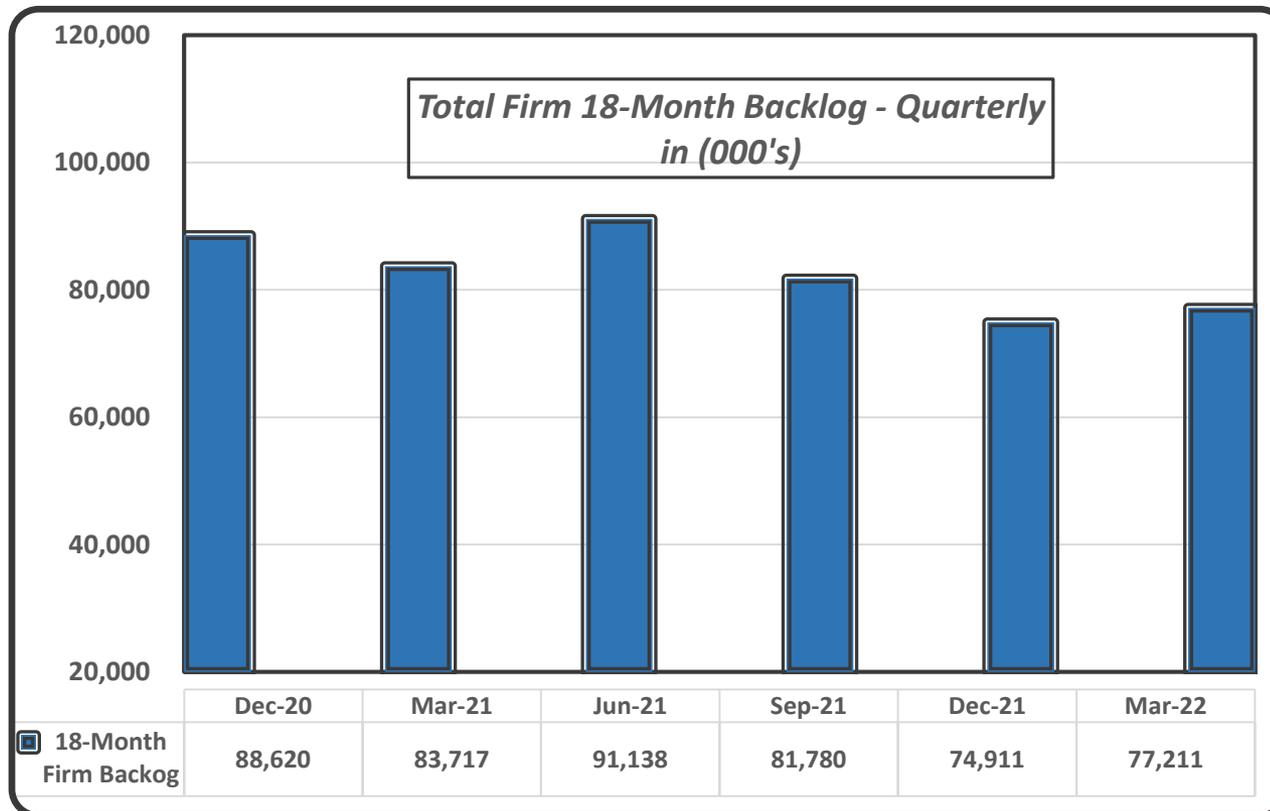
In 2020 & 2021 Air Industries invested approximately \$5.0 million, equal to more than 60% of the existing book value of Property, Plant & Equipment.

In 2022 we are projecting investing an additional \$2.5 million in new equipment in both our Long Island and Connecticut operations.



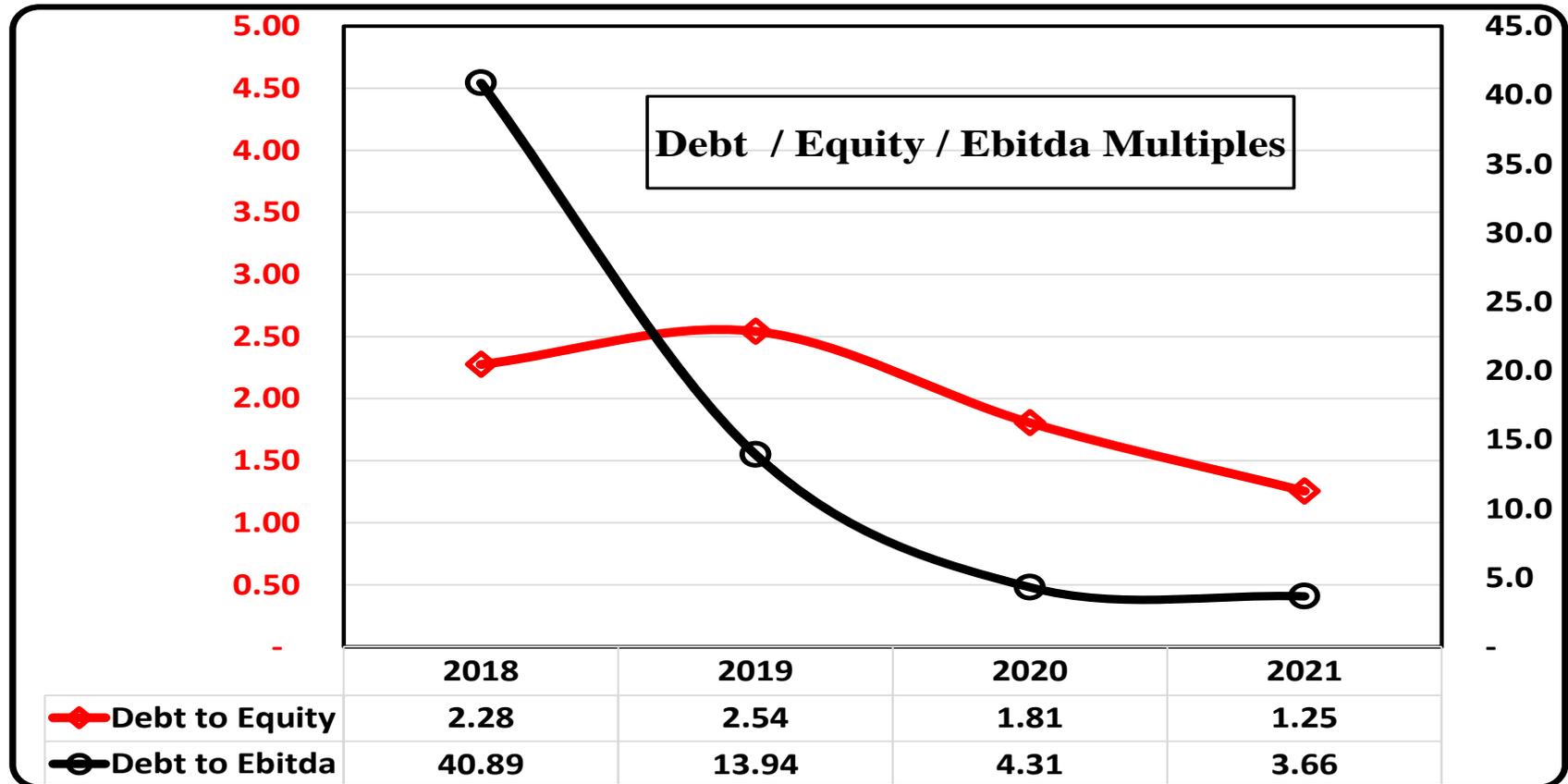
## Bookings & Backlog:

**Backlog:** Air Industries' 18-month backlog represents only firm purchase orders from customers. The decline from a high of \$91 million in June 2021 to \$75 million at December 2021 resulted from the end of several Long-Term Agreements which have been renewed in 2022 and backlog has begun to increase and recover to historical norms.



## Debt to Equity & Debt to EBITDA Ratios

Air Industries' improved performance has improved debt to equity, and EBITDA to debt ratios. Total debt has been reduced, expensive convertible sub-debt has been reduced, increased bank term loan financed new equipment investment at a much lower interest rate. Bank credit facility extended by three years to 12-31-2026.



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***THANK YOU FOR YOUR ATTENTION  
QUESTIONS ?***