

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): September 24, 2020

AIR INDUSTRIES GROUP
(Exact Name of Registrant as Specified in its Charter)

Nevada
State of Incorporation

001-35927
Commission File Number

80-0948413
IRS Employer I.D. Number

1460 Fifth Avenue, Bay Shore, New York 11706
(Address of Principal Executive Offices)

Registrant's telephone number: (631) 968-5000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------------------|-------------------|---|
| Common Stock, par value \$0.001 | AIRI | NYSE American |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure

On September 24, 2020, Air Industries Group (the “Company”) made a presentation to investors (the “Presentation”). A copy of the Presentation is included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated into this Item 7.01 by reference.

The information in this Form 8-K, including Exhibit 99.1 attached hereto, shall not be deemed as “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liability of such Section, nor shall it be deemed incorporated by reference in any filing by Air Industries under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing.

Forward-Looking Statements

Statements in this Current Report on Form 8-K (including the exhibits), including statements regarding Air Industries’ beliefs, expectations, intentions or strategies for the future, may constitute forward-looking statements. The Company cautions you that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected or implied in these statements. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Risk factors, cautionary statements and other conditions which could cause Air Industries’ actual results to differ from management’s current expectations are contained in the Company’s filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances that may arise after the date of this filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------|
|--------------------|--------------------|

| | |
|------|--|
| 99.1 | Investor Presentation delivered September 24, 2020 |
|------|--|

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: September 24, 2020

AIR INDUSTRIES GROUP

By: /s/ Michael Recca
Michael Recca
Chief Financial Officer



***Investor Presentation
September 2020***

Air Industries Group (NYSE: AIRI)

Safe Harbor Statement

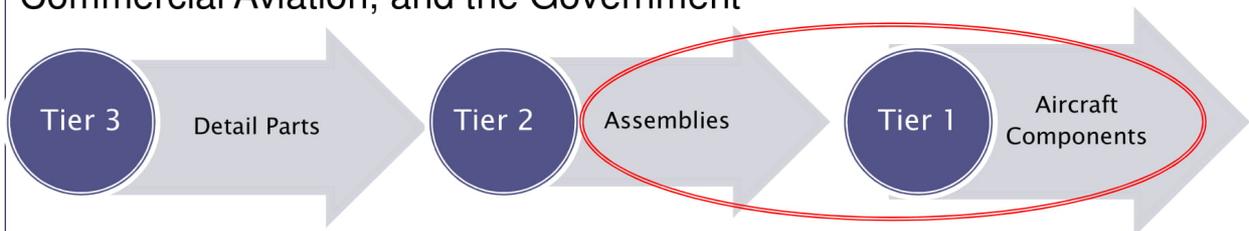
Except for the historical information contained herein, the matters discussed in this presentation contain forward-looking statements. The accuracy of these statements is subject to significant risks and uncertainties. Actual results could differ materially from those contained in the forward-looking 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.



Aerospace Industry:

The Aerospace Industry has several layers of suppliers arranged in “Tiers” – with each Tier producing larger, more complicated parts. These products are usually sold to the OEM’s, Boeing, Airbus, Lockheed, Northrop Grumman etc., but may also be sold to end-users as spares. There are only three types of aircraft buyers: Airlines, General and Commercial Aviation, and the Government



Air Industries operates in all three tiers, but over time has increasingly become a supplier of aircraft components sold directly to OEM’s or directly to end-users

History and Structure:

- Air Industries Group is a 50-year old manufacturer of aerospace components including landing gear, flight control and jet engine components. Our products are predominately used in military aircraft.
- The Company is publicly listed on the NYSE – American, trading under the symbol AIRI.
- We have three operating subsidiaries operating in two segments.
 - *Complex Machining* – manufacturing landing gear, flight controls, flight safety product.
 - *Turbine & Engine* – manufacturing components for jet engines, military, commercial and ground-power turbines.
- The Company's performance suffered in 2015 & 2016 under a now departed CEO.
- Performance improved in 2018 under our new CEO, Lou Melluzzo
- **2019 was a “break-out” year.**



2019 – Results

| | Year Ended December 31, | | Variance | |
|---|-------------------------|----------------|--------------|-------------|
| | 2019 | 2018 | in Dollars | As a % |
| Net Sales | \$ 54,573 | \$ 44,530 | \$ 10,043 | 23% |
| Cost of Sales | 45,431 | 39,085 | 6,346 | 16% |
| Gross Profit | 9,142 | 5,445 | 3,697 | 68% |
| Gross Profit as a % of Sales | 16.8% | 12.2% | | |
| Operating Expenses | 8,539 | 8,315 | 224 | 3% |
| Operating Income | 603 | (2,870) | 3,473 | n.m |
| Abandonment of 360 Motor lease | (275) | - | (275) | |
| Write off of Capitalized Engineering | - | (2,043) | 2,043 | |
| Income (Loss) from Operations | 328 | (4,913) | 5,241 | n/m |
| Interest and Financing Costs | (3,561) | (3,916) | 355 | -9% |
| Other Income, Net | 672 | 278 | 394 | |
| Loss before Income Taxes | (2,561) | (8,551) | 5,990 | 70% |
| (Benefit from) Provision for Income Taxes | 37 | - | 37 | |
| Loss from Continuing operations | (2,598) | (8,551) | 5,953 | |
| Adjusted EBITDA | 5,207 | 998 | 4,209 | 422% |



2020: Positioned for Continued Growth

Reducing Debt, Raising Cash, Increasing Equity, Investing in the Business:

- Refinanced Senior Credit Facility with Sterling National Bank (SNB):
 - Reduced interest rate to 3.5% from 9.5% - nearly 2/3rd reduction in cash cost.
 - Reduced Principal amortization by \$ 2.5M.
 - Total cash saving of \$ 3M per year
- Converting \$5 million in existing subordinated debt to equity (*\$ 1M or 20% complete by 01/15/2020 additional conversions subject to market conditions.*)
- Raised additional common equity, \$1 million – S-3 registered stock sale in January.
- Cares Act refund of taxes of \$ 1.4M received July 2020.
- Received \$ 2.4M CARES Act “*forgivable*” SBA loan. We expect 95% to be forgivable.
- New production machinery; investing \$2.5M in new machinery operational in Q-4
- ***And then...***



Covid 19 Impact

Covid 19 has had a serious immediate impact on the aerospace industry. The impact has been vastly different for the Commercial versus the Defense Aerospace sectors.

Commercial Aerospace: The effects are severe and may be long-lasting:

- Production of new aircraft by Boeing & Airbus has been reduced since January by 36% and 40% respectively.
- Delivery of new airliners for 2020 is forecast to be about 1,800 units – equal to the total delivered in 2005 – 15-years ago.
- Airlines “load factor” since January has declined from 84.4 to 57.6 - a 30-year low.
- Approximately 10,000 aircraft, 35% of the Global fleet are parked.

The disruption of Airlines spread first to Boeing & Airbus, GE and Pratt & Whitney jet engine suppliers, and now down to the supply chain causing layoffs and plant closures



Covid 19 Impact (con't)

Defense Aerospace: The effects were severe but appear to be transitory.

- Defense contractors were deemed essential businesses and continued to operate throughout the pandemic
- There was no material change in orders for defense related product
- The DOD mandated accelerated progress payments be “*flowed down*” to smaller suppliers to increase liquidity
- Virus related employee absenteeism caused reduced production and temporary plant closures throughout the industry
- The impact was severe in April, and to a lesser extent in May.
- Conditions improved in June and continue to improve in the third quarter.

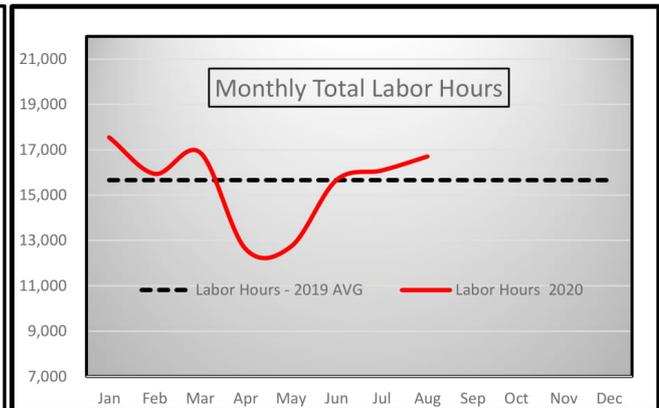
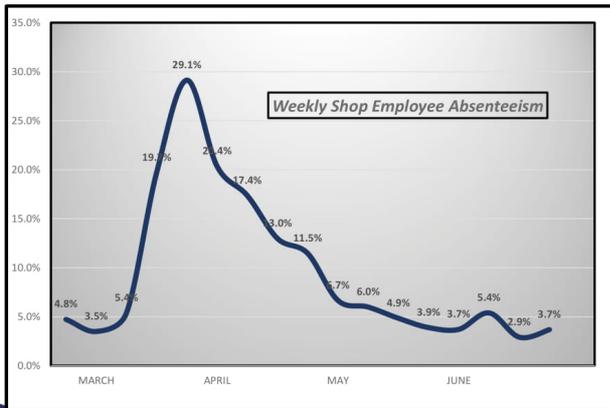
Defense spending is, in the end, determined by Geo-Political conditions and threats. Chinese pressure against Taiwan and India, the recent and frequent close encounters by Russian warships & aircraft, and Iranian exercises in Hormuz are examples.

Significant cuts in the Pentagon budget would be counter to the Governments goal of economic stimulus.



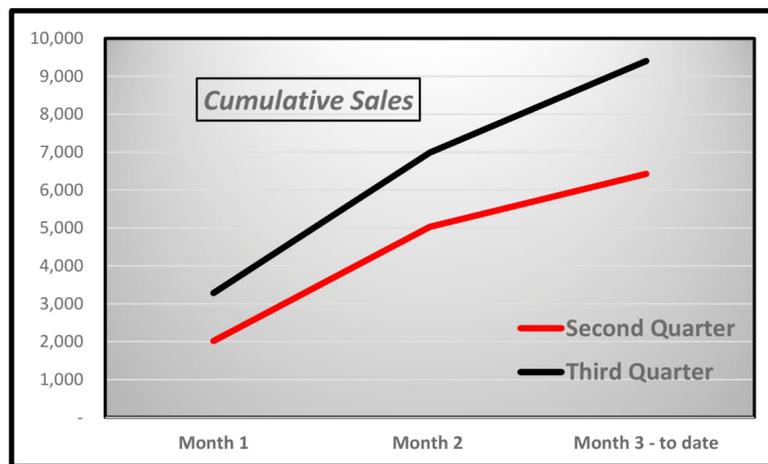
Covid 19 Impact on Air Industries:

Absenteeism spiked in April, improved in May, returning to normal in June. Total labor hours in Q1 were ahead of last year, plunged in April & May, returned to normal in June, improved further in July & August. Intermittent, temporary closure of processing (heat-treating, plating, etc.) supply houses further delayed shipments resulting in a bulge in WIP inventory.



Covid 19 Impact on Air Industries:

The combination of absenteeism, closure of processing houses, and other supply-chain disruption depressed sales in the 2nd Quarter. All of these disruptions have moderated in Q3 as sales are returning to normal. Sales in Q3 are significantly ahead of Q2. Sales to even dates of Q2 and Q3 are shown below.



Backlog of Firm Orders:

- Consists only of Firm Funded Orders – not “guess-timates” of possible unfunded, follow-on orders.
- CMS backlog by Aircraft Platform – Commercial & Military

| Aircraft Platform | 18 Month Backlog | | Change | |
|-----------------------------|-------------------|------------------|-----------------|-------------|
| | 08/31/20 | 12/31/19 | \$ | % |
| F-18 | \$ 18,243 | \$ 20,813 | \$ (2,570) | -12% |
| UH-60 BlackHawk | 18,528 | 20,586 | (2,058) | -10% |
| F-35 | 15,346 | 12,209 | 3,137 | 26% |
| E-2 C/D | 13,665 | 11,358 | 2,307 | 20% |
| F-15 | 6,248 | 6,291 | (43) | -1% |
| CH-53 | 5,507 | 4,616 | 890 | 19% |
| KC-135 | 2,656 | 2,828 | (172) | -6% |
| Other - Military | 4,777 | 5,460 | (682) | -12% |
| Total Military | 84,969 | 84,161 | 808 | 1% |
| A380 | 1,019 | 1,990 | (971) | -49% |
| Thrust Struts | 11,674 | 1,137 | 10,537 | 927% |
| A350 | 256 | 424 | (168) | -40% |
| Total Commercial | 12,948 | 3,550 | 9,398 | 265% |
| Turbine & Engine | 7,461 | 10,286 | (2,825) | -27% |
| Total Backlog | \$ 105,378 | \$ 97,997 | \$ 7,381 | 8% |



Summary:

- *Air Industries is well positioned as a supplier of military aircraft components on active and growing aircraft platforms:*
 - *F-18 – Hornet.* 1,500 in service with service life of 10+ years remaining
 - *UH-60 – BlackHawk.* 3,000 in service with new production continuing
 - *F-35 – Joint Strike Fighter.* Future replacement for F-16, F-15 and F-18. Full rate production just now ramping up.
 - *E2-D – Advanced Hawkeye.* New version of Naval Air battle management command and control. Completely replacing the E2-C fleet. Taiwan and Japan are new customers
 - *Thrust Struts.* Sole source of product for some versions of the new Pratt & Whitney, Geared Turbo-Fan jet engine. Just entering service with many years of production ahead.
- *Impediments to would be competitors:*
 - Air Industries is the sole or single source for many of its products. Competitors seeking to enter the market would need 2 – 3 years to complete qualifications, and certifications necessary to compete for business. Not an impervious barrier, but a “moat” against competition.
- *Backlog:*
 - Envious Position of having firm orders for the next 18-months that exceed our ability to produce.
 - Earnings and Gross Profit – is highly variable with revenue. Growth rate of gross profit, net income and EBITDA exceeds growth rate of sales.

