

Growth Rate (ST)

5%

DISCOUNTED CASH FLOW ANALYSIS**PARK AEROSPACE**

AS OF MAY 28, 2020

(Values in 000's of \$USD)

	HISTORY 2020	PROJECT 2021	PROJECT 2022	PROJECT 2023	PROJECT 2024	PROJECT 2025	HORIZON
Revenues	60,014	35,000	50,000	69,474	72,947	76,595	76,595
Cost of Sales	41,341	24,150	34,500	47,242	48,145	49,787	49,787
Gross Profit	18,673	10,850	15,500	22,232	24,802	26,808	26,808
Gross Margin (%)	31.1%	31.0%	31.0%	32.0%	34.0%	35.0%	35.0%
Operating Expenses (excluding Depreciation and Amortization)	6,388	6,707	7,043	7,395	7,765	8,153	8,153
Depreciation Expense	1,544	2,000	2,000	2,500	2,500	2,500	2,500
Total Operating Expenses	7,932	8,707	9,043	9,895	10,265	10,653	10,653
Debt-Free Pre-Tax Income	10,741	2,143	6,457	12,337	14,537	16,155	16,155
% of Sales	17.9%	6.1%	12.9%	17.8%	19.9%	21.1%	21.1%
Tax	3,866	589	1,776	3,393	3,998	4,443	4,443
Debt-Free Net Income	6,875	1,553	4,681	8,944	10,540	11,713	11,713
Depreciation and Amortization	1,544	2,000	2,000	2,500	2,500	2,500	2,500
Capital Expenditures	(2,000)	(2,200)	(2,000)	(2,750)	(2,750)	(2,750)	(2,750)
Change in Working Capital	(503)	(528)	(554)	(582)	(611)	(642)	(642)
Adjusted Free Cash Flow	5,916	825	3,927	8,112	9,678	10,821	10,821
Horizon Value							159,220
Partial Period (Pro Rata)		1.00	1.00	1.00	1.00	1.00	
Period (Mid-Point Convention)		0.50	1.50	2.50	3.50	4.51	
Present Value Factor (Mid-Point Convention)	10.0%	0.9535	0.8664	0.7877	0.7161	0.6508	0.6508
Present Value		787	3,403	6,390	6,930	7,042	103,621
Sum of Present Values						<u>12.3%</u>	\$24,552
Horizon Value						87.7%	174,679
Less: Interest-Bearing Debt on Valuation Date						0.0%	0
Aggregate Enterprise Value from Operations						<u>100.0%</u>	\$199,231
<u>Plus: Value of Non-Operating Assets</u>							
Excess Working Capital (Cash)					\$122,355		
Aggregate Value of equity							\$321,587
Shares outstanding				20,385			

Fair Value Per Share**\$15.80****DCF Assumptions Used and Sensitivity Analysis****Cost of Equity Build-up**

30 Year Treasuries at Valuation Date	1.37%
Generic Stock Premium	5.00%
Small Stock Premium	2.50%
Company/Industry Risk	1.00%
Company/Industry Risk and Small Cap Premium	<u>3.50%</u>
Equity Discount Rate, rounded	9.90%

Weighted Average Cost of Capital

Equity	9.90%	100%	9.90%
Debt	5.40%	0%	0.00%
WACC, rounded			<u>10.00%</u>
Less: Long Term Growth Rate			<u>3.00%</u>
Debt-free Capitalization Rate, rounded			<u><u>7.00%</u></u>

Cost of Debt

Company's Cost of Debt	7.5%
Tax Rate	<u>27.5%</u>
After-Tax Cost of Debt, rounded	5.40%