



Dealing With Today's Sales Challenges
Or
Trying To Do Business In An Age Of
Uncertainty

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PTI TECHNOLOGIES

- ▶ **We are a leading supplier of fluid control and filtration to the global aviation industry based in Oxnard, CA**
- ▶ **Our customers include airlines, OEM's/airframers and Tier 1, 2 and 3 suppliers**
- ▶ **We design to specifications, manufacture, test, deliver and support our products include spares and MRO**
- ▶ **Business is roughly 60% commercial and 40% military – gives us a good balance these days**
- ▶ **Like others in the aviation industry we have been impacted by and are learning to cope with two major “Black Swans”**

TODAY'S SALES CHALLENGES – BLACK SWANS

- ▶ **Black Swan – MAX grounding (significant impact on Boeing)**
- ▶ **Black Swan - COVID-19 - ground fleets, delay / cancel aircraft**
 - **OEM / Airframer – reduced rates, defer /delay new models**
 - **Aftermarket – sales drop, use inventory, pay delays, discounts, retirements**
 - **Leasing companies – airlines slowed or stopped payment, few options**
 - **Airlines – bankruptcies, reduce fleets, slow payments, use inventory, RIF**
 - **Industry - reductions in force, loss of talent**
- ▶ **OEM production / backlog – delays, bankruptcy, cancellations**
 - **Single Aisles - production stoppage on MAX, lower rates on A320**
 - **Widebodies – significant decreased rates (777, 787, A330, A350)**
 - **Ending production – A380, B747**
 - **Regionals and biz jets slowing down even more than before**

TODAY'S OPPORTUNITIES

- ▶ **Despite two Black Swan events - some opportunities**
 - **Cargo ops – loss of belly freight / cargo carriers**
 - **Military / Defense programs (for now – budget deficits may impact soon)**
 - **Supply chain changes / shifts**
 - **Suppliers dropping out – take over share**
 - **Second sourcing**
 - **Re-shoring / restructuring**
 - **Customer behavior shifts – bring work in-house**
 - **Some new program development – engines, electric propulsion, others**
 - **Technology development for future programs**
 - **Merger and acquisitions**
 - **Aftermarket (“canary in the coal mine”) – select opportunities**

WHAT ARE WE DOING / PLANNING TO DO

- ▶ Proactively talking to customers (Operator, OEM, All Tiers, Dist.)
 - Where do you need help / where are your problems
 - What products, what technology, what capability, what training
- ▶ Positioning the business for upturn – *it will happen (sometime)*
 - Acquire / develop new products, new capabilities, new customers
 - Better position in our aftermarket – approvals, partners, data, strategy
- ▶ Making smart investments in key areas for the future
 - Passenger Care - Cabin air / HEPA / VOC, Water
 - Thermal management, Fuel / Fuel Tank Inerting
 - Engines – fuel, lube, bleed
- ▶ Aggressively pursuing military – platforms, upgrades, aftermarket
- ▶ Examining our costs and our supply chain
 - Lower costs to be more competitive
 - Work to develop more intelligent, flexible and resilient supply chain