




SMALL TALK

Presenter: Shirley Pfister
Rocky Mt Board
November 12, 2019

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“Price is not equal to value. Price is what you pay, value is what you get.”

Warren Buffett

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About HEICO

HEICO Corporation is a rapidly growing aviation, aerospace and electronics company which is focused on niche markets, highly engineered and reliable products and the generation of strong cash flow.

- ▶ Founded in 1957, HEICO has been in business over 60 years with the current management involved since 1990
- ▶ NYSE listed (HEI, HEI.A)
- ▶ Since 1990, an investment in HEICO stock has produced a Compounded Annual Growth Rate of approximately **25%** for our investors
- ▶ Our Board of Directors, Management, and Team Members beneficially own ~ **21%** of HEICO's outstanding Common Stock
- ▶ We provide our shareholders with a time-tested strategy of compounding cash flow, and our Team Members with an excellent work environment ~ "Ownership Culture"
- ▶ We have been recognized by Forbes as one of the "100 Most Trustworthy Companies In America" based on accounting and governance practices



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Investor Presentation



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HEICO Programs – Aircraft (Commercial and Military)



- ▶ Airbus A320 series, A330, A340, A380
- ▶ Boeing 737NG, 747, 757, 767, 777, 787
- ▶ B-52, E3 Sentry, P-8
- ▶ Bombardier Challenger CRJ, Global Express
- ▶ Cessna Citation, Latitude, Mustang, Sovereign
- ▶ Dassault Falcon F7X
- ▶ Embraer Phenom 300, Legacy 450, 550, ERJ-135, 145, 175, 190
- ▶ General Atomics Predator MQ-1, Reaper MQ-9, MQ-1C UAVs
- ▶ General Dynamics F-16
- ▶ Gulfstream G650, G280, G450, G550
- ▶ Honda Business Jet
- ▶ Lockheed Martin F-35, AC-130, AC-130J, MC-130J, U-28/PC-12 "Pilatus," MC-12W King Air 350ER, U2
- ▶ McDonnell Douglas F/A 18, F-15
- ▶ Northrop Grumman Global Hawk RQ-4 UAV
- ▶ Piper Archer, Arrow, Saratoga, Seminole, Warrior, Malibu
- ▶ Sikorsky S76, S92, CH53, MH60R
- ▶ Space X Dragon 9, Falcon 9
- ▶ AS350 Eurocopter, AS332 Super Puma, Bell 206/407, MH-60 Black Hawk, Sea Hawk, Pave Hawk, MCH-47 Chinook, AH-64 Apache, CV-22 Osprey, CH-53 Sea Stallion, M/AH-6 Little Bird, H-1 Huey
- ▶ Scan Eagle
- ▶ Cirrus SR22
- ▶ Lancair Evolution
- ▶ HC-144A Ocean Sentry
- ▶ CP-140 Aurora Aircraft

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HEICO's Extensive PMA Parts (11,000+) and DERs (1,000+) Supporting Broad Customer Needs in the Aviation Industry

Components

- Electro-Mechanical
- Hydraulic Pumps
- ACMS, CSD/IDG
- Batteries
- APUs

Wing

- Flight Controls
- Actuation Systems
- Guides

Cockpit/Avionics

- INUs, IRUs
- Display Units
- DGAs
- Instruments
- Autopilots
- Radomes
- Nose Cows
- Battery Packs
- Cockpit Paper
- Pitot, Air & Engine Temperature Sensors

Fuselage/Interiors

- In Flight Entertainment
- Lavatories
- Seat Parts
- Tray Tables
- Galleys
- Overhead Bins

Engines

- CFM56
- CF6
- CF34
- PW2000
- PW4000
- V2500
- JT8D
- JT9D
- LM2500/5000/6000

- Combustion Chambers
- Blades & Vanes
- Fan Exit Guide Vanes
- Shrouds (single crystal & equiax)
- Thrust Reversers
- Acoustic Panels
- Pneumatic/Bleed/Anti Ice Valves
- Heat Shields
- Insulation Blankets

Landing Gear

- Wheels and Brakes
- Landing Gear

- Fuel Pumps
- Nozzles
- Gears
- Shafts
- Bearings
- Starters
- Rings & Spacers
- Expendables

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HEICO Programs – Spacecraft

- ▶ NextGen GPS
- ▶ GPS III
- ▶ Wideband Global SATCOM--ViaSat-2
- ▶ SMAP, SWOT, NISAR, Raincube - JPL
- ▶ Amazonas-5, Bulgariasat, Intelsat36, Asiasat 9, Echosat XXIII, BriSat, JCSAT-16, Hispasat 1F, PSN-VI, P-45, StarOne D1
- ▶ Orbital AL Yah 3, Orbital Hylas 4
- ▶ QZSS
- ▶ Mars Mission, INRSS--Government of India
- ▶ Mars Orbiter Camera - India Space Agency
- ▶ NASA and JPL Mars Curiosity Rover
- ▶ NASA and JPL Europa & Mars 2020
- ▶ NASA and JPL New Horizons and MMS programs
- ▶ Lunar Exploration Neutron Detector - NASA Lunar Reconnaissance Orbiter
- ▶ ORION Shuttle, OSIRIS REX, IRIDIUM NEXT, JENA OPTRONIK start sensors, Indian CARTOSAT Family, Japanese IGS Family
- ▶ ESA Rosetta, Solar Orbiter, Bepi Colombo, Sentinel satellites, Metop satellites, SAR-Lupe & SARah satellites
- ▶ Tracking Data Relay Satellite/Global Data Relay - NASA, U.S. Govt.
- ▶ Global Commercial Broadcast and Data - Intelsat-14, Intelsat-33, Eutelsat 65W, EB2A, AM1U
- ▶ Domestic SOHO 2-way data - ViaSat-1
- ▶ Mobile voice and data -U.S. Govt.
- ▶ Mobile and fixed communications services for maritime, enterprise, government & aviation - Inmarsat 5 system
- ▶ High speed data and broadband services - Hylas-3 and Hylas-4

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Small Talk, Rocky Mountain Chapter, BetterInvesting

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ACROSS THE SURVEY, CONSTRUCTION AND MARINE MARKETS, THESE ANTENNAS ARE DESIGNED TO BE ROBUST AND OPTIMIZED TO REJECT UNWANTED INTERFERENCE SIGNALS KNOWN AS MULTIPATH.

HEICO IS ALSO A LEADING DESIGNER AND MANUFACTURER OF NICHE ELECTRONICS FOR THE MEDICAL AND GENERAL INDUSTRIAL MARKETS. PICTURED BELOW IS A POWER SUPPLY, DESIGNED AND MANUFACTURED BY BRADFORD, MA-BASED LUMINA POWER, WHICH IS USED IN MEDICAL LASERS FOR DERMATOLOGY, UROLOGY, OPHTHALMOLOGY AND OTHER MINIMALLY INVASIVE PROCEDURES.

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HEICO's Global Presence

We have approximately 6,000 Team Members operating in facilities throughout the United States (20 states) and 13 other countries in North America, Europe, the Middle East, and Asia.



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COMPETITORS

Competitors HEI	
Name	Price
Heico Corp	\$122.08
Boeing Co	\$354.19
Airbus SE	\$145.25
Airbus SE ADR	\$36.19
United Technologies Corp	\$148.31
Lockheed Martin Corp	\$379.79

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TOTAL SAVINGS TO AIRLINES

- Since 2002, our customers have saved over \$2 billion by using HEICO parts and repairs
- Over 50 customers each saving \$1 million+ annually
- Our Strategic Partners each save an average of \$25 million annually by using HEICO parts and repairs
- HEICO projects to save airlines an additional \$1.3 billion over the next 3-5 years

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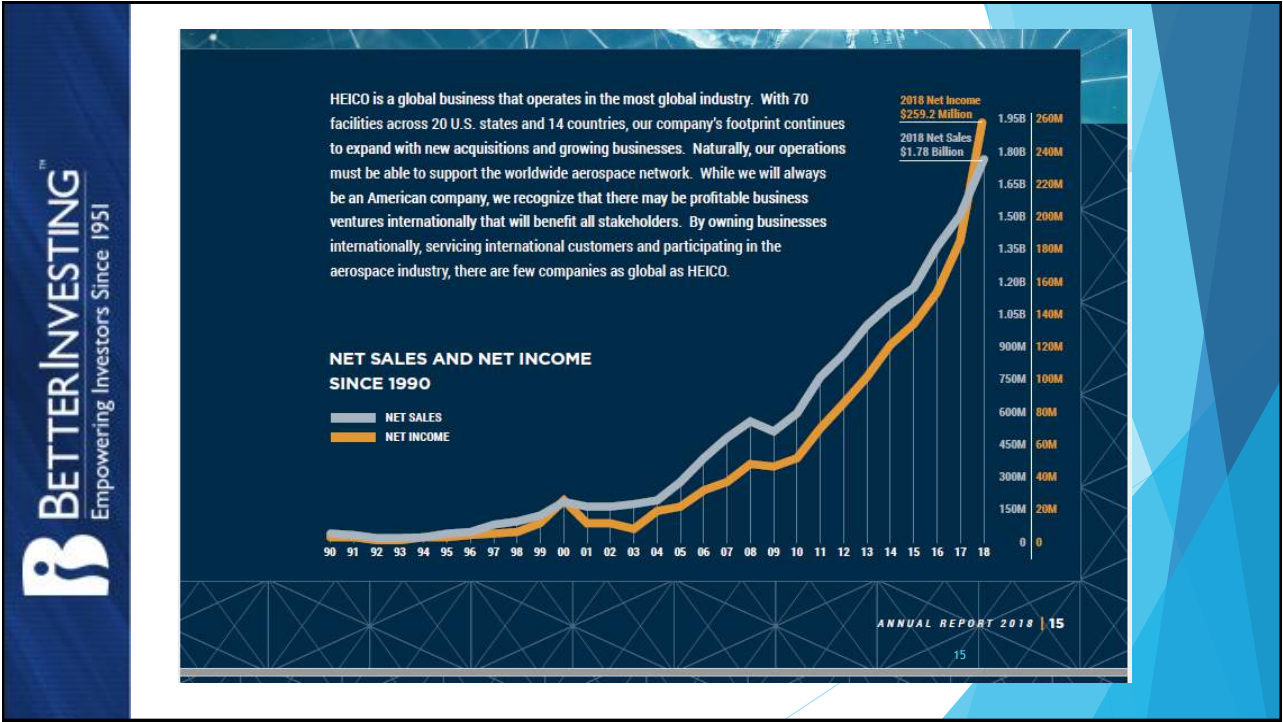
HEICO

HEICO Corporation has two classes of common stock, NYSE: HEI.A and NYSE: HEI.

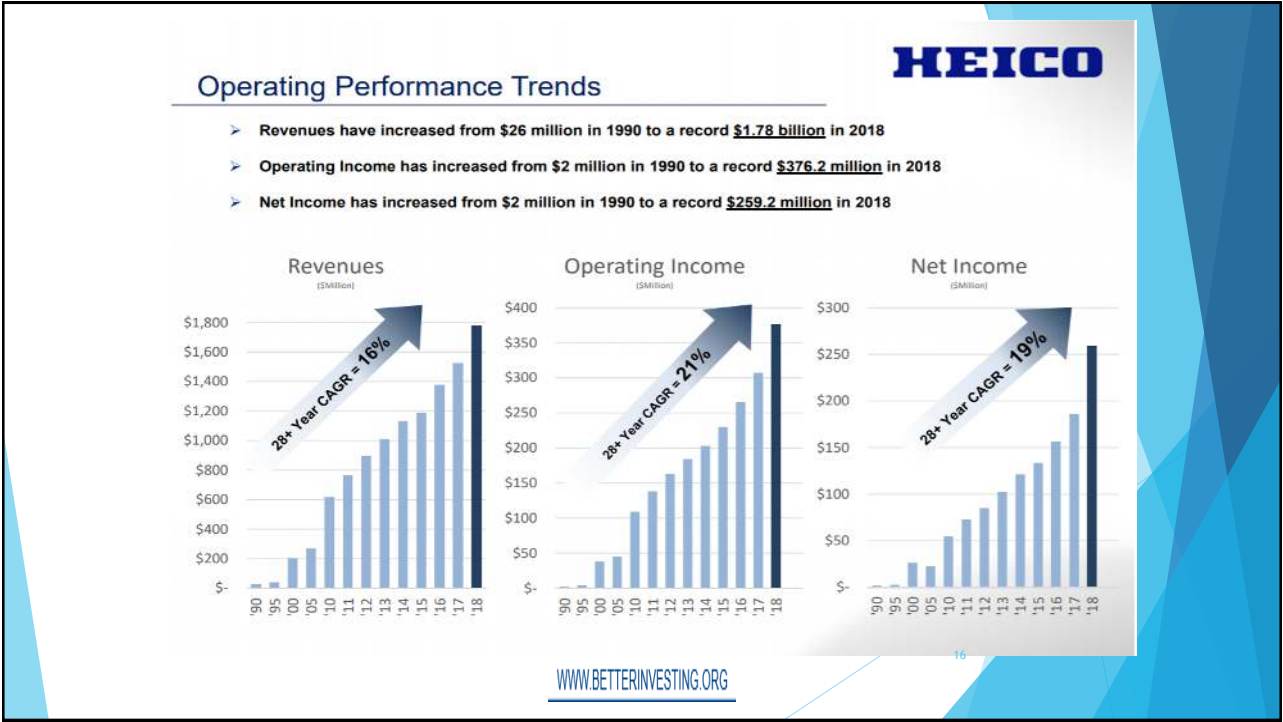
HEICO Class A Common Stock (NYSE: HEI.A) and HEICO Common Stock (NYSE: HEI) are virtually identical in all respects, except for voting. HEICO Class A Common Stock carries 1/10th of a vote per share, while HEICO Common Stock carries 1 vote per share.

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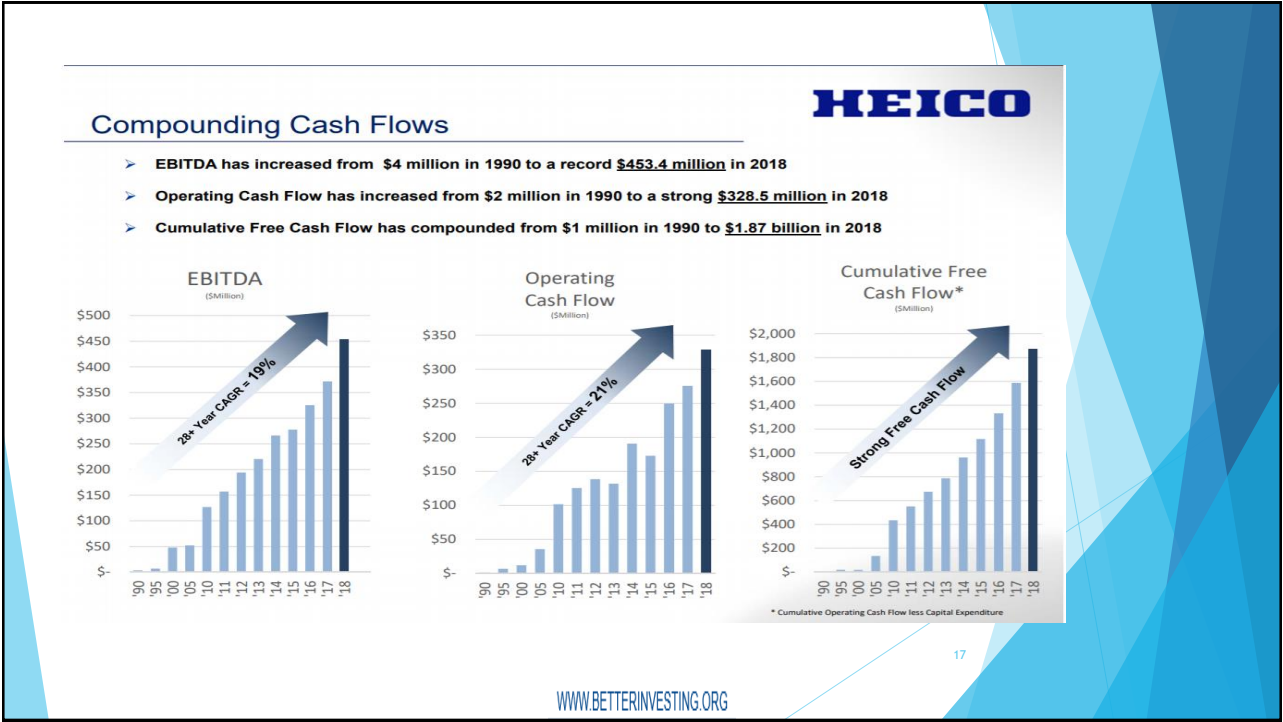
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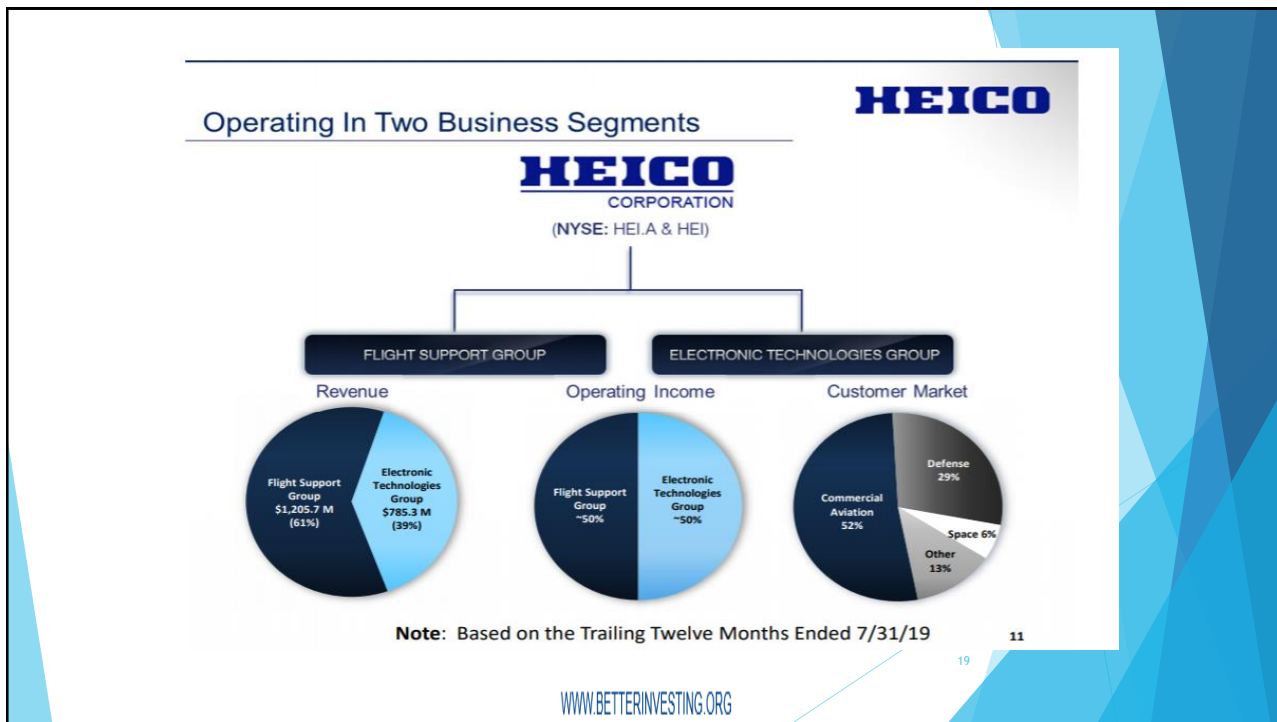
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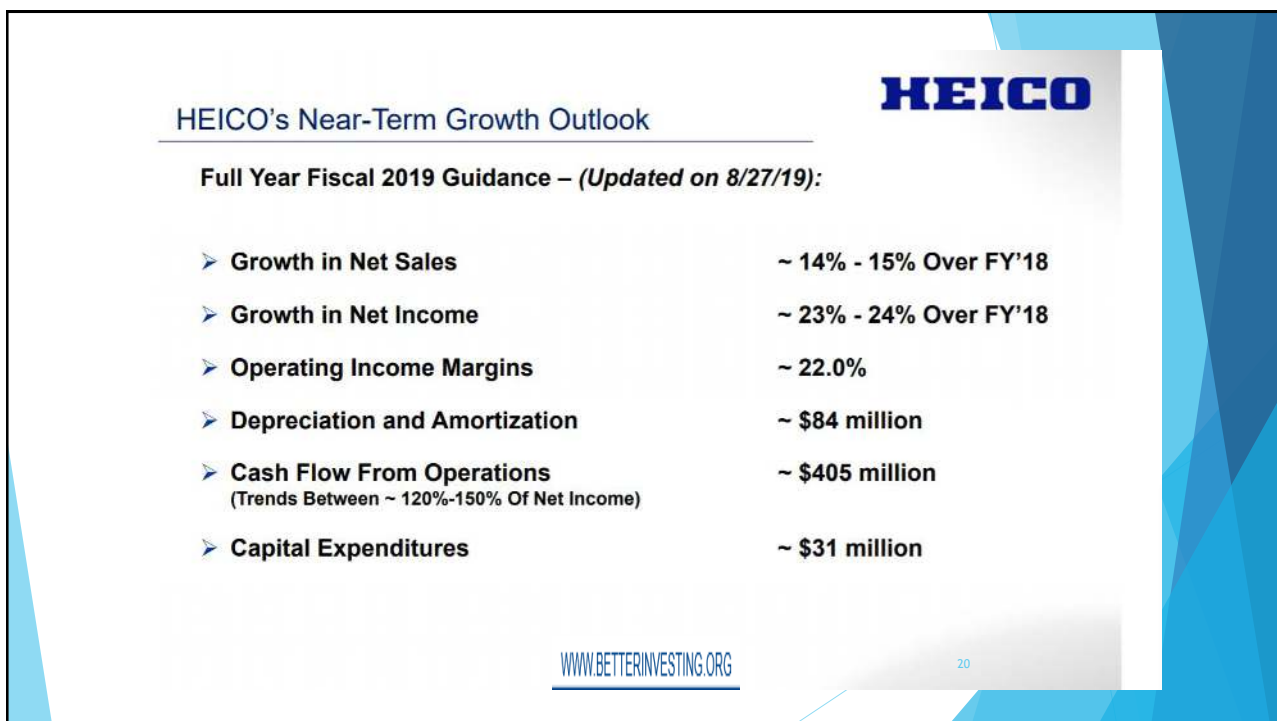
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HEICO's Long-term Growth Strategies





- **Generate Strong Cash Flow / High Margins**
- **Maintain Our Entrepreneurial Culture**
- **Decentralized Structure – Small Corporate Office**
- **Customer Focused**
- **New Product Development / Market Penetration**
- **Execute Accretive Acquisitions/Partnerships**
- **Organic and Acquired Growth (50/50)**
- **Maintain Our Financial Strength & Flexibility**

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HEICO's Disciplined Acquisition Strategy





- **Pay Reasonable Prices**
- **Acquire Companies with Healthy Margins and STRONG CASH FLOW**
- **Retain Excellent Entrepreneurial Mgt.**
- **Prefer Complementary Purchases**
- **Must Be Market & Customer Focused**
- **Acquired 75 Businesses:**
 - ~ 80% Stand-alone
 - ~ 20% Combinations

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HEICO

ETG – Major Direct Customers (Partial List)

Logos include: GENERAL ATOMICS AEROSPACE, PHILIPS, Raytheon, SPACE EX, SCITON, AIRBUS, NEC, BAE SYSTEMS, BIOLASE, SIKORSKY, Agilent Technologies, ZODIAC AEROSPACE, GE, BOEING, NASA, Lockheed Martin, EMBRAER, SwRI, THALES, AgustaWestland, Piper, Gulfstream, TELEPHONICS, GKN AEROSPACE, GESSNA, ThalesAlenia Space, GARMIN, GENERAL DYNAMICS, United Technologies, JOHN DEERE, communication, Rockwell Collins, David Clark, NEW WORLD TELECOM, DRS TECHNOLOGIES, a LEONARDO company, KAI, SIEMENS, RUAG, aselsan, Aerospace Defence Technology, SAMSUNG ELECTRONICS, FLIR SYSTEMS.

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A Global Network of Customers (Partial List)

Logos include: American Airlines, DELTA, Lufthansa Technik, Raytheon, FedEx, GE, AIR MACHS 廣利航空, LOCKHEED MARTIN, BRITISH AIRWAYS, SPACE EX, Copa Airlines, GENERAL DYNAMICS, IBERIA, SANTAS, KLM, United Technologies, LAN, TAM, GOL, Southwest, ZODIAC AEROSPACE, Thai, SkyWest, UPS, American, ASA, EXPRESSJET, virginatlantic, AR, U.S. AIR FORCE, Saudi Arabian Airlines, TAP PORTUGAL, TURKISH AIRLINES, malaysia airlines, Jat Airways, Alitalia, ITA, CHINA SOUTHERN, SAS, JAFER, ASIANA AIRLINES, FINNAIR, RYANAIR, ITR, Turborreactores, s.a. de c.v., KOREAN AIR, SOUTH AFRICAN AIRWAYS, CRMA, AIR CANADA, Emirates, EVA AIR, AIR CHINA, brussels airlines, swiss, CATHAY PACIFIC, IAI, ST Aerospace Engines, ELTVALTK, Rockwell Collins, US AIRWAYS, UNITED, QATAR, CHINA AIRLINES, AIRFRANCE, ANA, GKN AEROSPACE, NORTHROP GRUMMAN, AIRFRANCE.

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STRENGTHS

- ▶ Strong demand for commercial airline products
- ▶ Healthy balance sheet
- ▶ Capable of producing variety of special aircraft parts

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STRENGTHS

- ▶ Large global network of customers
- ▶ Growth = organic & acquisitions
- ▶ Acquisition requirements are healthy margins & strong cash flow
- ▶ Small corporate office

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OPPORTUNITIES

- ▶ Increased demand for specific aircraft parts
- ▶ Increase in interest in space exploration & travel
- ▶ Global locations for production & services

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WEAKNESS/THREATS

- ▶ Increase in specific costs & requirements
- ▶ Decreased demand for goods & services by airlines
- ▶ Gov. & regulatory changes
- ▶ Export policies & restriction changes
- ▶ Acquisition issues

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WEAKNESS/THREATS

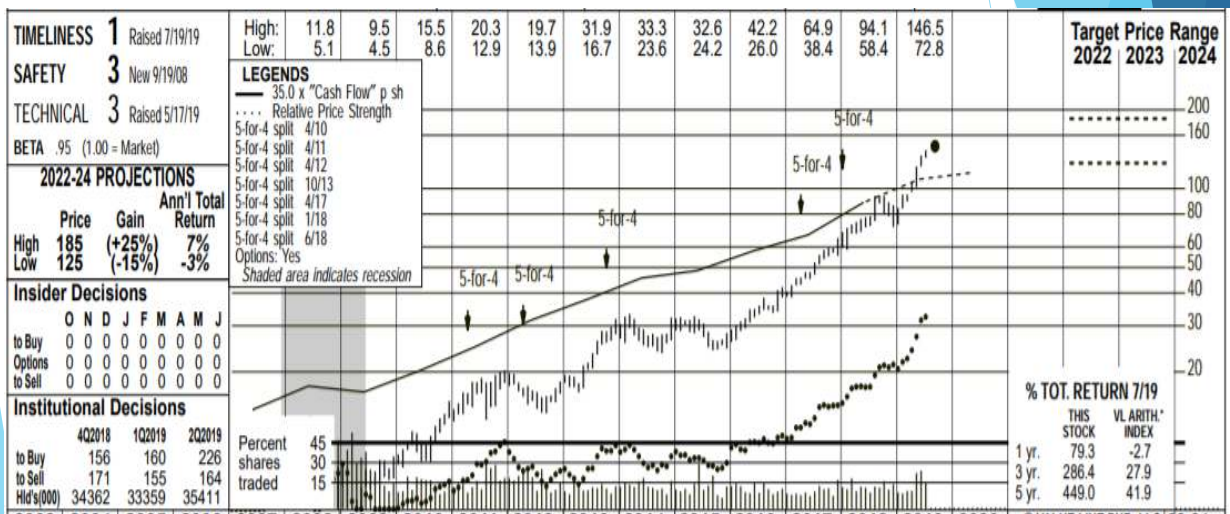
- ▶ Decreased spending in defense, space & homeland security
- ▶ Development/manufacturing difficulties
- ▶ Interest rate changes, foreign currency rate changes

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VALUE LINE



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VALUE LINE

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Sales	11.5%	11.5%	8.5%
"Cash Flow"	17.0%	18.0%	13.0%
Earnings	17.0%	17.5%	14.5%
Dividends	18.5%	16.0%	16.0%
Book Value	11.5%	14.5%	17.5%

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VALUE LINE

Company's Financial Strength	B++
Stock's Price Stability	75
Price Growth Persistence	100
Earnings Predictability	95

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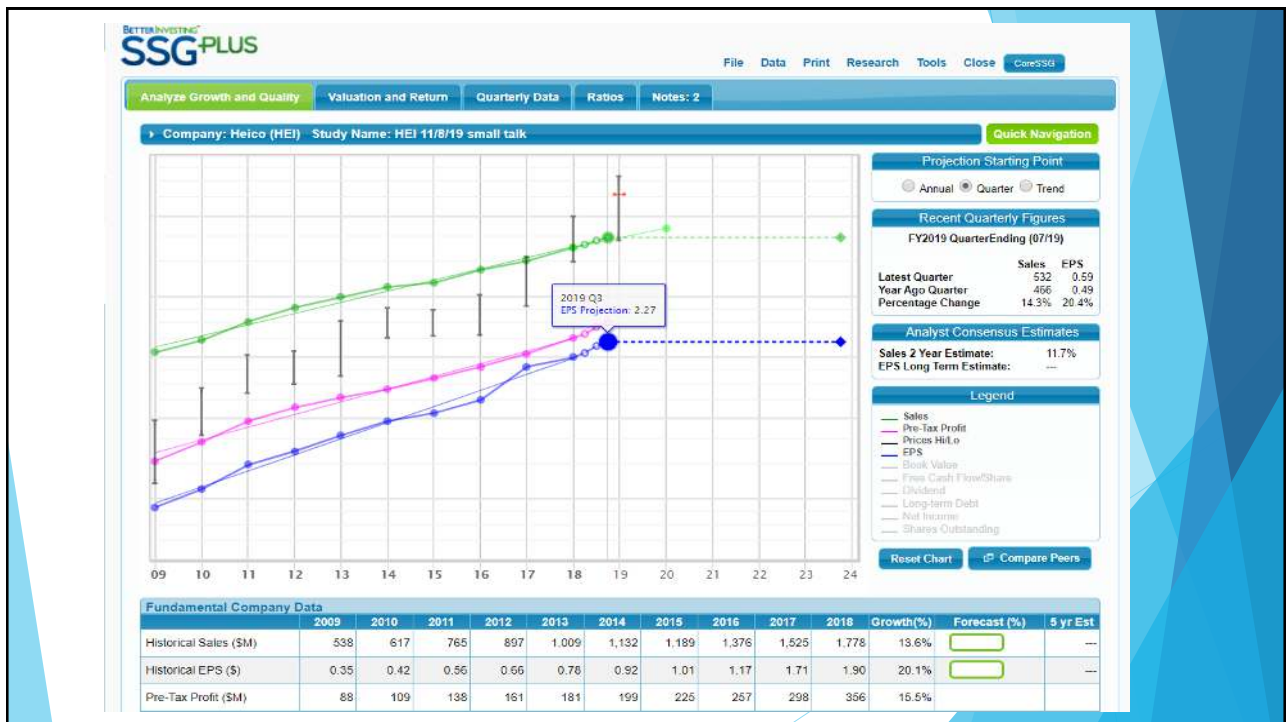
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Your Thoughts

- ▶ Will consider for my portfolio
- ▶ To risky for my portfolio
- ▶ Doesn't fit my portfolio
- ▶ Will put on a Watch List
- ▶ Not interested in this sector



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References

- ▶ Value Line
- ▶ MorningStar
- ▶ CFRA
- ▶ Annual/Quarterly Reports of HEI

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▶ **THANK YOU** TO THE
ROCKY MOUNTAIN BOARD
FOR THEIR ASSISTANCE IN
THIS PRESENTATION!

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