

**PRESS RELEASE  
FOR IMMEDIATE RELEASE**

**September 13, 2019**

**BUTLER NATIONAL CORPORATION ANNOUNCES FIRST QUARTER FISCAL YEAR  
2020 FINANCIAL RESULTS AND CONFERENCE CALL**

**- Revenue Increased 27%, Net Income Increased to \$2.1 Million -**

**OLATHE, KANSAS, September 13, 2019**, - Butler National Corporation (OTCQB: BUKS), a leader in the growing global market for aircraft structural modification, maintenance, repair and overhaul (MRO) and a recognized provider of gaming management services, announces its financial results for the first quarter fiscal 2020 ended July 31, 2019. In conjunction with the release, the Company has scheduled a conference call Tuesday, September 17, 2019 at 9:00 AM Central Daylight Time.

**What:** Butler National Corporation First Quarter Fiscal 2020 Financial Results Conference Call

**When:** Tuesday, September 17, 2019 - 9:00 AM Central Daylight Time

**How:** Live via phone by dialing 877-358-7305. Code: Butler National Corporation. Participants to the conference call should call in at least 5 minutes prior to the start time.

Clark Stewart, President & CEO, Butler National Corp., will be leading the call and discussing results of the first quarter, the status of new and existing orders, gaming activities and an outlook on the balance of fiscal 2020.

**Historical selected financial data related to all operations:**

	Quarter Ended July 31		Quarter Ended April 30	
	<u>(In thousands)</u>		<u>(In thousands)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net Revenue	\$ 17,016	\$ 13,404	\$ 15,717	\$ 14,444
Operating Income	3,521	901	746	721
Net Income (Loss)	2,061	509	283	(1)
Total Assets	92,739	41,883	48,902	41,431
Long-term Obligations	44,207	1,389	3,765	1,735
Stockholders' Equity	36,539	30,182	34,344	29,266
Weighted Average Shares – Diluted	68,271	64,743	64,045	63,985
New Product Research and Development Cost	397	318	655	427

## Management Comments

“The quarter-ended July 31, 2019 was a positive beginning to fiscal year 2020. Revenue increased 27% to \$17.0 million in the three months ended July 31, 2019, as compared to \$13.4 million in the three months ended July 31, 2018. The increase in revenue reflects an increase of 63% in Aerospace Products revenue and an increase of 2% in Professional Services revenue. We continue to focus on growth in international markets, solutions for regulatory mandates and the development of new supplemental type certificates (“STCs”). This includes significant efforts in South America, Europe, Africa, and Asia.

First quarter fiscal 2020 net income was \$2.1 million compared to a net income of \$509,000 in the first quarter fiscal 2019. First quarter fiscal 2020 operating margin was 20.7% compared to 6.7% in first quarter fiscal 2018. We continue to work to improve efficiencies in our implementation, operational processes, and controlling general and administrative expenses.

During the three months ending July 31, 2019, we invested approximately \$397,000 in projects focused on the development and acquisition of new products. We feel this expenditure for design and development engineering, testing, and certification of new products is required to grow Aerospace Products and help stabilize our long-term revenue and enhance our profits.

We are excited about the future. Management and all employees are focused on the development of new products, execution of our numerous business development opportunities as well as increasing revenue while managing costs. We believe we are positioned for the future as we focus on serving the needs of our customers and enhancing shareholder value,” commented Clark D. Stewart, President of the Company.

## Business Segment Highlights

### **Professional Services:**

Revenue increased 2% for the three months ended July 31, 2019 to \$8.1 million compared to \$7.9 million in the three months ended July 31, 2018. Costs decreased 20% in the three months ended July 31, 2019 to \$3.9 million compared to \$4.8 million for the three months ended July 31, 2018. Costs were 48% of segment total revenues in the three months ended July 31, 2019, as compared to 60% of segment total revenues in the three months ended July 31, 2018. Expenses increased 16% in the three months ended July 31, 2019 to \$3.0 million compared to \$2.6 million in the three months ended July 31, 2018. Expenses were 37% of segment total revenues in the three months ended July 31, 2019, as compared to 33% of segment total revenues in the three months ended July 31, 2018. Operating income increased 130% to \$1.2 million in the three months ended July 31, 2019 from \$544,000 in the three months ended July 31, 2018.

### **Aerospace Products:**

Revenue increased 63% to \$8.9 million in the three months ended July 31, 2019, compared to \$5.5 million in the three months ended July 31, 2018. The increase in revenue was due to an increase of \$2.7 million in avionics business and a \$782,000 increase in modification business. Costs increased by 20% in the three months ended July 31, 2019 to \$5.0 million compared to \$4.1 million for the three months ended July 31, 2018. Costs were 56% of segment total revenue in the three months ended July 31, 2019, as compared to 75% of segment total revenue in the three months ended July 31, 2018. Expenses increased 71% in the three months ended July 31, 2019 to \$1.7 million compared to \$969,000 in the three months ended July 31, 2018. Expenses were 18% of segment total revenue in the three months ended July 31, 2019, as compared to 18% of segment total revenue in the three months ended July 31, 2018. Operating income from Aerospace Products increased 536% to \$2.3 million in the three months ended July 31, 2019 from \$357,000 in the three months ended July 31, 2018.

Costs related to Professional Services and Aerospace Products include the cost of engineering, labor, materials, equipment utilization, control systems, security and occupancy. Expenses related to Professional Services and Aerospace Products include marketing and advertising, employee benefits, depreciation and amortization, and general, administrative and other expenses.

**Backlog:**

As of July 31, 2019, our backlog totaled approximately \$16.7 million. The backlog includes firm, pending, and contract orders, which may not be completed within the next fiscal year. This is standard for the industry in which modifications services and related contracts may take several months or years to complete. Such actions force backlog as additional customers request modifications but must wait for other projects to be completed. There can be no assurance that all orders will be completed or that some may ever commence.

**Our Business:**

Butler National Corporation operates in the Aerospace and Services business segments. The Aerospace Products segment includes the manufacture, sale and service of electronic equipment and systems and technologies to enhance and support products related to aircraft. Additionally, we also operate several Federal Aviation Administration (the "FAA") Repair Stations. Companies in Aerospace Products concentrate on Learjets, Beechcraft King Air, Cessna turbine engine, Cessna multi-engine piston and Dassault Falcon 20 aircraft. Specifically, the design, distribution and support for products for older aircraft, or "Classic" aircraft are areas of focus for companies in Aerospace Products. Services include temporary employee services, gaming services and administrative management services.

**Forward-Looking Information:**

Statements made in this report, other reports and proxy statements filed with the Securities and Exchange Commission, communications to stockholders, press releases, and oral statements made by representatives of the Company that are not historical in nature, or that state the Company or management intentions, hopes, beliefs, expectations or predictions of the future, may constitute "forward-looking statements" within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements can often be identified by the use of forward-looking terminology, such as "could," "should," "will," "intended," "continue," "believe," "may," "expect," "hope," "anticipate," "goal," "forecast," "plan," "guidance" or "estimate" or the negative of these words, variations thereof or similar expressions. Forward-looking statements are not guarantees of future performance or results. They involve risks, uncertainties, and assumptions. It is important to note that any such performance and actual results, financial condition or business, could differ materially from those expressed in such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Item 1A of the Company's Annual Report on Form 10-K, incorporated herein by reference. Risk Factors and elsewhere herein or in other reports filed with the SEC. Other unforeseen factors not identified herein could also have such an effect. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial condition or business over time.

**FOR MORE INFORMATION, CONTACT:**

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**THE WORLDWIDE WEB:**

Please review [www.butlernational.com](http://www.butlernational.com) for pictures of our products and details about Butler National Corporation and its subsidiaries.