

api 
technologies corp.

Management Presentation
January 2012

ATNY
NASDAQ
LISTED

FORWARD LOOKING STATEMENTS

This presentation about API Technologies Corp. (the “Company”) includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding industry prospects or future results of the business, operations or financial position of API made in this presentation are forward-looking. We use words such as believe, expect, anticipate, intends, estimate, forecast, project, should and similar expressions to identify forward-looking statements. Forward-looking statements are based on management’s current expectations of our near-term results, based on current information available pertaining to us and are inherently uncertain. We wish to caution investors that any forward-looking statements made by or on our behalf are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other risk factors include, but are not limited to: the affect of the unfavorable global, national and local economic conditions on our customers and our businesses, the affect of the current economic crisis on our ability to effect our business plans and strategies, the changing political conditions in the United States and other countries, governmental laws and regulations, anticipated government budget changes, international trading and export restrictions, customer product acceptance, and access to capital markets, and foreign currency risks. These risks and uncertainties, as well as other risks and uncertainties could cause our actual results to differ significantly from management’s expectations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We assume no obligation to update or revise any forward-looking statements made herein or any other forward-looking statements we make, whether as a result of new information, future events, or otherwise.

API TECHNOLOGIES – COMPANY HIGHLIGHTS

- **Leading provider of electronic systems, subsystems, RF, and security products and services for defense, aerospace and commercial applications**
- **High degree of technical proficiency allows for early design wins, which ties API to its defense and commercial customers**
 - >95% re-compete win rate; 50% win rate on new contract bids
 - Sole or Primary source on 90% of customer opportunities
- **Decades-long relationships with Fortune 100 customers, including: Boeing, Raytheon, General Dynamics, Lockheed, and Northrop Grumman**
- **Electronic solutions provider on virtually all major defense programs**
- **Stable revenues and growth notwithstanding U.S. Department of Defense budgetary issues**

KEY FACTS

- Company: API Technologies Corp.
- Exchange/Ticker: NASDAQ: ATNY
- Share Price (1/5/12): \$3.40
- 52-Week High / Low: \$8.25 / \$3.11
- Shares O/S Basic/Diluted: 54.6 million / 58.0 million
- Insider Ownership: 40%
- Market Cap: \$200 million
- Enterprise Value: \$355 million
- Revenue ⁽¹⁾⁽³⁾: \$312 million
- Pro Forma EBITDA ⁽¹⁾⁽²⁾⁽³⁾: \$51.5 million

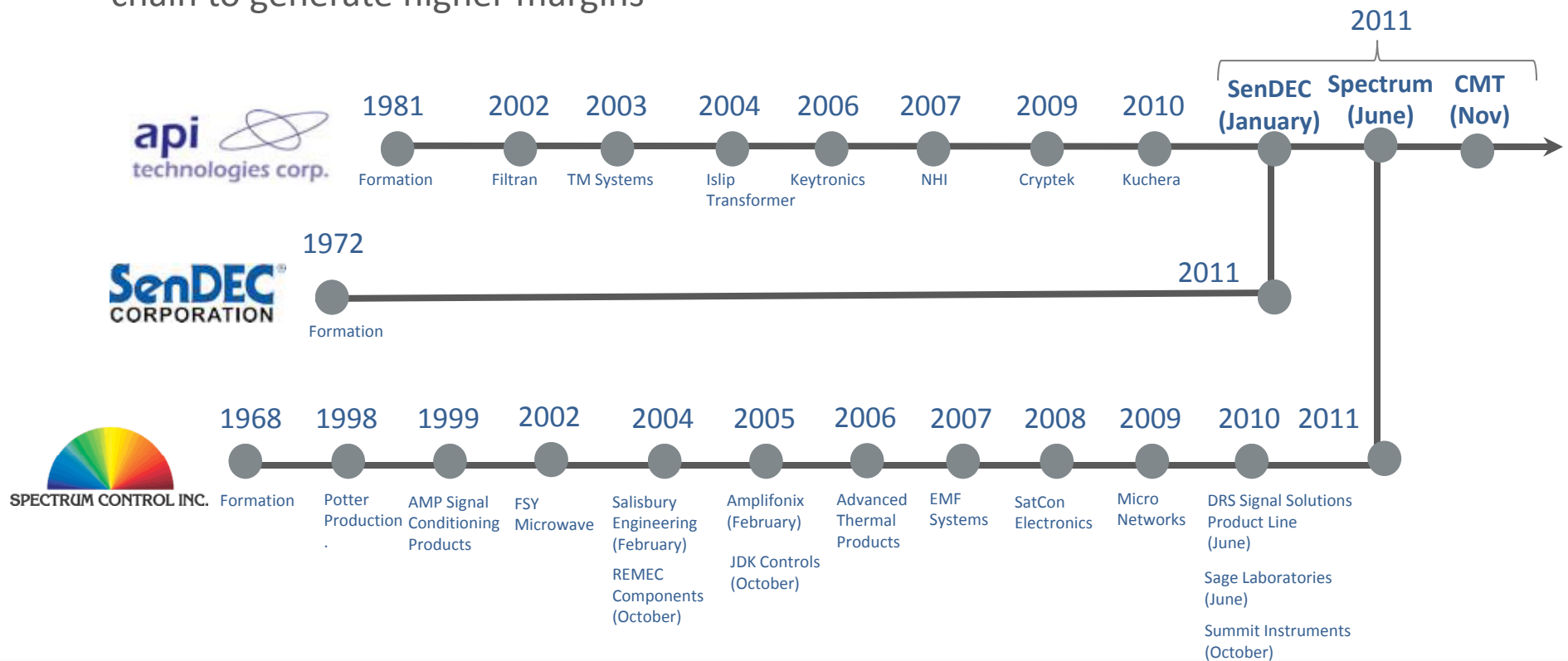
(1) LTM period ending August 31, 2011

(2) Over \$17M in cost reductions implemented between June 1st and November 1st are being realized; an additional \$5M in cost reductions have been identified and are being implemented.

(3) Includes CMT acquisition

ACQUISITION HISTORY

- Over 40 years of operating history
- Organic growth supplemented with bolt-on acquisitions
- Focused on growing product content and moving up the defense electronics supply chain to generate higher margins

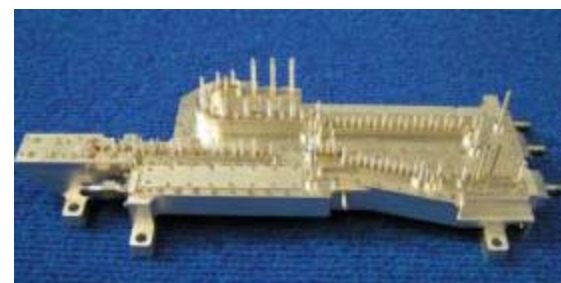


ACQUISITION OF CMT

- On November 29, 2011, API completed the acquisition of Commercial Microwave Technologies (“CMT”) for the purchase price of \$8.2 million
 - Revenues of approximately \$8.0 million with EBITDA of \$2.5 million
 - Implied acquisition multiple of 3.4x, which is highly accretive
- CMT designs and manufactures RF and microwave filters, multiplexers and related products
 - Established in 1997 and based in Rancho Cordova, CA with approximately 55 employees
 - Serves commercial communication, public safety and satellite end markets
- CMT’s key customers include: Northrop Grumman, AT&T, Cisco, T-Mobile and Aircell (Gogo® in-flight Internet)

ACQUISITION OF CMT (cont'd)

- CMT adds growing satellite end-market to API's expanding portfolio of assets
 - API will leverage CMT's space heritage in its design of microwave products
- CMT will leverage API's worldwide sales channel and management knowledge to further penetrate and grow its business
- CMT adds RF/Microwave West Coast presence for API.



EXPERIENCED MANAGEMENT TEAM

BRIAN KAHN, Chairman & CEO

- Managing Member and Founder of Vintage Capital Management
- Invested in several public and private defense companies, including White Electronics, Integral Systems, Kratos and Anaren

BEL LAZAR, President & COO

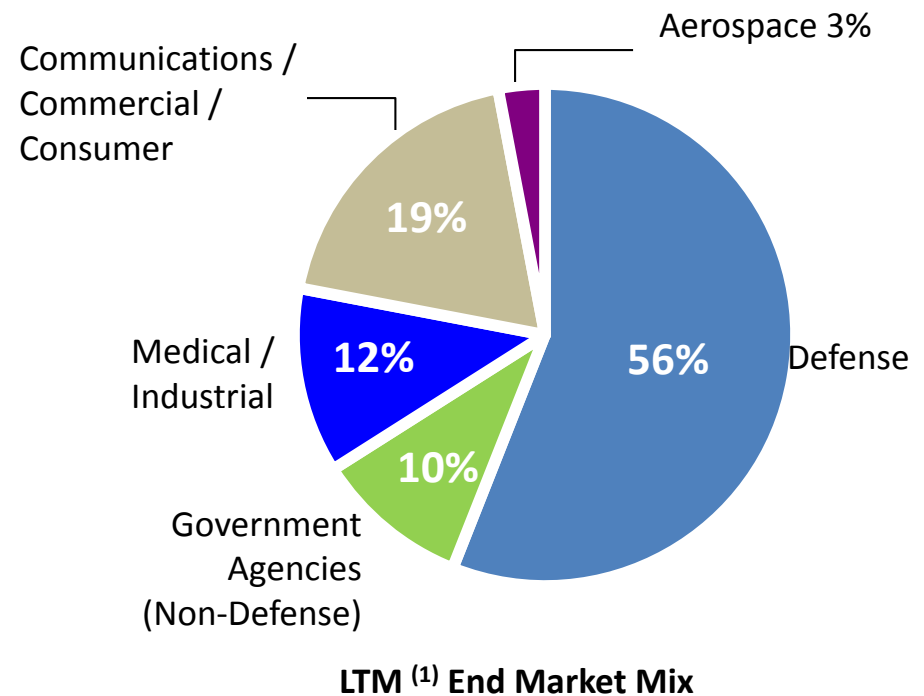
- Over 25 years of experience in the defense, semiconductor and technology sectors
- Most recently served as the Senior Vice President of Operations at Microsemi Corporation
- Previously spent over 22 years at International Rectifier in expanding leadership and general management roles, culminating as Vice President of the Company's Aerospace & Defense business unit
- Has completed over 25 consolidations within the Aerospace & Defense electronics sector

JACK FREEMAN, CFO

- Appointed to the position of CFO of Spectrum Control in 1990
- Previously was a Principal with the Certified Public Accounting firm of Root, Spitznas & Smiley, Inc.

A STRATEGICALLY FOCUSED MARKET LEADER

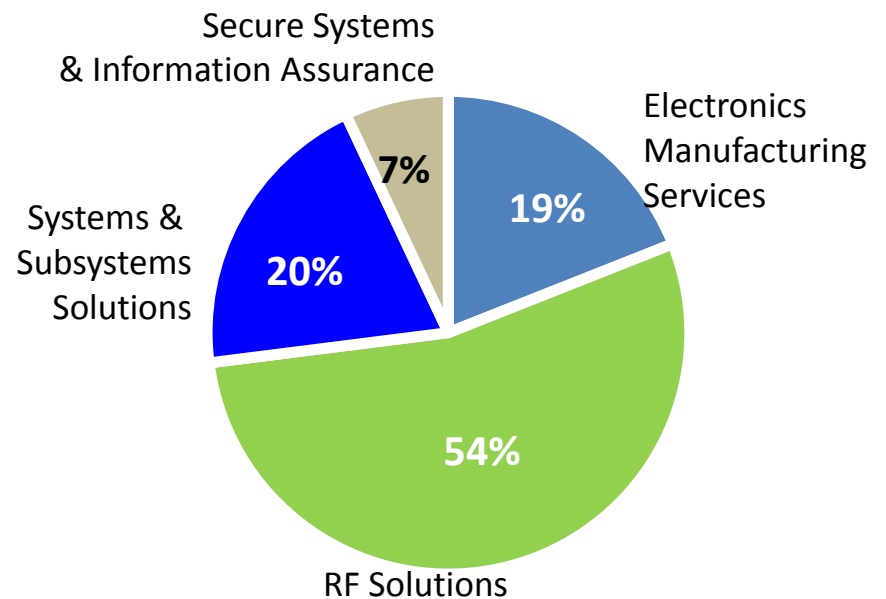
- One of the largest components and subsystems electronics providers in aerospace and defense market
- Diverse customer base, spanning multiple industries
 - Over 3,000 U.S. and international customers
 - Nearly 50% non US Department of Defense
- Focused on customized, mission-critical designs
- Total Employees: 2,200
 - North America & Europe: 1,600
 - Mexico & China: 600



(1) LTM period ending August 31, 2011

ATTRACTIVE PRODUCT PORTFOLIO

















- One of the world's largest high-reliability suppliers of RF, microwave and millimeter wave components and solutions
- Products include some of the most well-known microelectronics, components, and subsystems brands on the market
- Top developer of custom TEMPEST and Emanation Security products and industry-leading encryption solutions
- Leading electronics manufacturing innovator, with decades-long customers and certified US and off-shore locations



LTM ⁽¹⁾ Product Mix

(1) LTM period ending August 31, 2011

ATTRACTIVE PRODUCT PORTFOLIO

RF Solutions (RFS)	Systems & Subsystems Solutions (S3)	Electronics Manufacturing Services (EMS) Solutions	Secure Systems & Information Assurance Solutions (SSIA)
LTM ⁽¹⁾ Revenue \$165mm (54%)	LTM ⁽¹⁾ Revenue \$60mm (20%)	LTM ⁽¹⁾ Revenue \$58mm (19%)	LTM ⁽¹⁾ Revenue \$21mm (7%)
Custom & off-the-shelf RF, microwave & millimeter wave solutions for high-performance applications.	Highly engineered discrete products & subsystems solutions for defense & commercial customers.	Electronics design, engineering & manufacturing services for defense & commercial customers.	Engineered systems for cyber security used by global governments, defense agencies & enterprise.
 <p><i>Integrated Microwave Assembly (IMA)</i></p>  <p><i>SAW Module</i></p>  <p><i>Power Systems Management</i></p>  <p><i>Precision Sensors</i></p>	 <p><i>NHi-1565 Dual Transceiver</i></p>  <p><i>API™ Hawk i™ Video Aiming Device</i></p>  <p><i>Laser Night Vision Test Set</i></p>  <p><i>Raytheon Circuit Card Re-Design</i></p>	 <p><i>New Product Introductions (NPI)</i></p>  <p><i>Biometric Security Device</i></p>  <p><i>Counter IED Technology</i></p>  <p><i>Flexible SMT Manufacturing</i></p>	 <p><i>Netgard™ Encryption Suite</i></p>  <p><i>Lightweight Com Suite</i></p>  <p><i>ION™ SA5600 Secure Appliance</i></p>  <p><i>TEMPEST VoIP Phone</i></p>

(1) LTM period ending August 31, 2011

FEATURED SUBSYSTEMS: DEPARTMENT OF DEFENSE

API Technologies
makes
**specialized
subsystems**
that enable defense
customers to
achieve mission
demands



Falcon Radio

- UHF satellite radios used by troops around the world
- API makes 14 different required components



Electronic Warfare

- Counter IED technology
- API makes circuit cards, assemblies, filters, IMAs, specialty connectors & power modules



Joint Strike Fighter (JSF)

- Lockheed Martin aircraft replacement program
- API makes MIL-STD-1553 data bus, position sensors, transducers, filters, hybrids, passives, film capacitors & power modules



Patriot Missile

- Primary Surface-to-Air Missile (SAM) used by U.S. and Allied forces
- API makes precision position sensors, transducers, hybrids, IMAs & SAW filters

FEATURED SUBSYSTEMS: COMMERCIAL & INDUSTRIAL

API Technologies
makes
critical subsystems
that enable major
manufacturers to
meet application
requirements



Medical Equipment

- High-reliability positioning sensors for robotic surgery equipment
- Manufactures disposable electronic devices to measure blast trauma



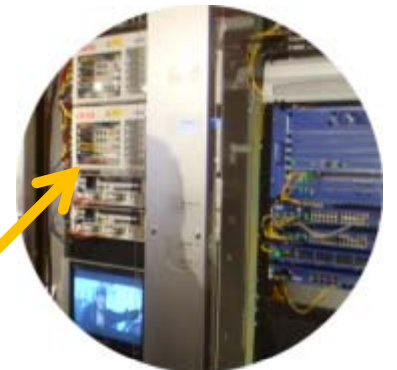
Commercial Aircraft

- Boeing® (777 & 787), Airbus®, and others
- API makes custom hybrids and filter technology



HVAC Systems

- Industrial-grade HVAC units and boilers
- API makes critical temperature sensing components



Data Centers

- Network storage devices
- API makes power management and cycling technology for leading manufacturers

API Technologies
makes
innovative systems
that offer
competitive
advantage and
superior reliability



Unmanned Aerial Vehicle

- Designed with Army
- Lightweight, collapsible, man-launchable UAV

OSSCAR RORO

- Roll-on, Roll-off system for military aircraft
- In under 2 hours, turns any C-130 into a high-tech surveillance aircraft



ODIS™/M2P2

- Robotic, under vehicle inspection system
- Used in Iraq, Afghanistan and at the Superbowl



Hawki™

- World's leading video aiming system used for explosive device detection and disposal
- Winner of 2010 Gold Edison Award for Best New Product
- New version (Hawki Tilt) released November 2011



FEATURED NEW SYSTEMS & TECHNOLOGIES

Growth Platforms



Cyber security and surveillance technology



GPS and anti-jamming GPS technology



Alternative energy and power conservation technology



Microelectronics for robotic surgical and medical equipment



Biological and chemical detection

New Products



Netgard™ Encryption Suite

Positioned to be first, commercially available solution to meet NSA IPMEIR standard



Spectrum Microwave™ Phase-Matched Amplifiers

Fast-switching amplifiers are used for signal distribution systems



Spectrum Control™ Shell Circular Connectors

Unique connectors offer significant weight reduction for milaero applications



AC SmartStart® Gen II – Military

Rugged system delivers power systems management and remote monitoring in harsh environments



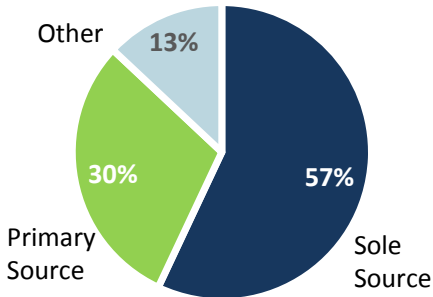
Solas™ Substrate

Nanotechnology substrate offers instant analysis of substances for drugs, chemical/biological agents and explosive residue.

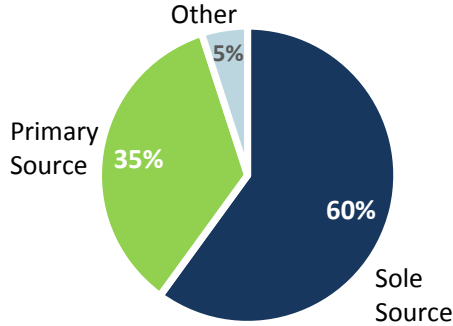
NICHE, MARKET LEADING POSITIONS

- ~90% of EMS⁽¹⁾ business is “Copy Exact,” resulting in high customer switching costs
- Differentiated products with a large percentage of sole source positions

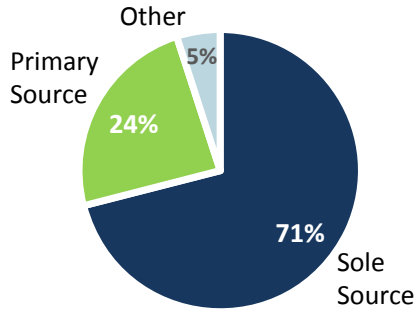
RF Solutions (RFS)



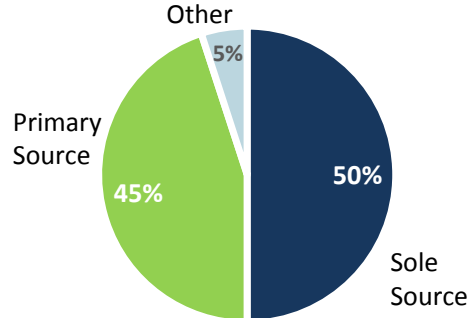
Electronics Manufacturing Services (EMS)



Systems & Subsystems Solutions (S3)



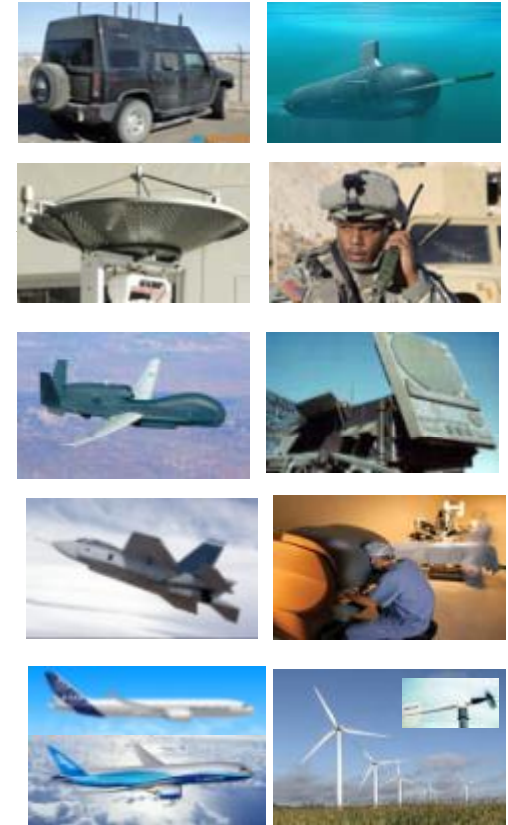
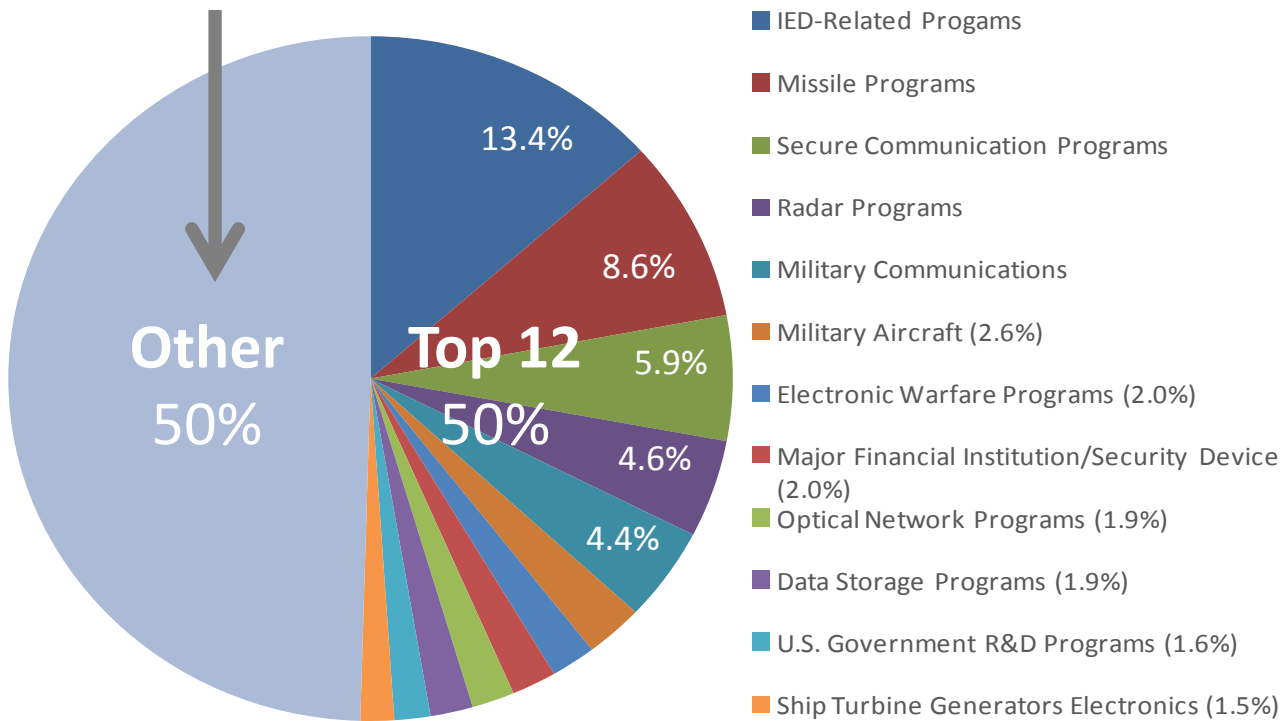
Secure Systems & Information Assurance (SSIA)



(1) Electronics Manufacturing Services
(2) LTM period ending August 31, 2011

DIVERSE AND ATTRACTIVE PROGRAM EXPOSURE⁽¹⁾





- Mix of defense and commercial programs
- Over 350 programs
- Other technology platforms/programs account for ~50% of revenue



(1) LTM August 2011

DIVERSE, BLUE-CHIP CUSTOMER BASE

- Long-standing, deep relationships built on customer collaboration
- No customer over 10% of revenue
- Over 3,000 end customers
- Serve all the key defense contractors and a range of leading commercial companies
- Direct supplier to the U.S., U.K and Canadian governments, with several cleared facilities
- Exposed to multiple end markets

Top 10 Customers	
	Tenure
	> 20
	> 10
	>10
	>20
Leading Financial Institution	2
	>20
	> 20
	> 20
	7
	6

HIGHLY FLEXIBLE, LOW COST PRODUCTION BASE

Production Base Differentiators

Description

Vertically Integrated

- RF Solutions products- Self-sufficient and semi-autonomous supply chain
- Extremely quick new design turnarounds
- Short product lead-times - less than 4 weeks

Low Integration Risk

- Alignment of similar products and design capabilities offers continuity and creates efficiencies
- Flexible business model; Non-unionized work force with at will contracts
- Transition of factory to design center provides customer continuity mitigates disruption

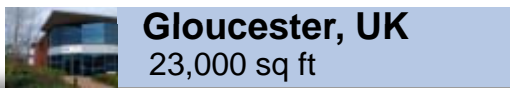
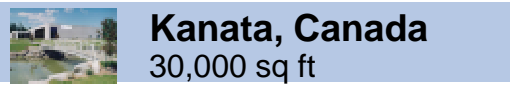
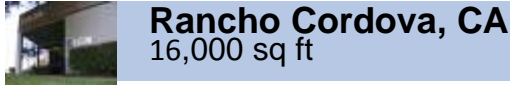
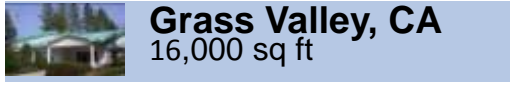
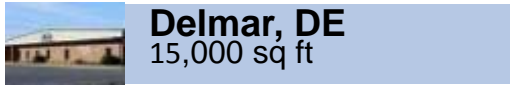
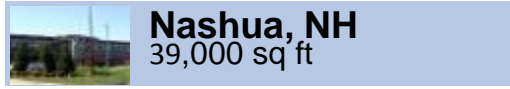
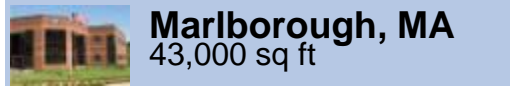
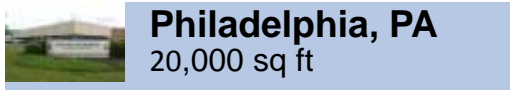
Low Cost Model

- Facilities in Mississippi, Mexico, and China
- Mexico facility has certifications to produce cost-sensitive ITAR controlled products

Not Capital Intensive

- Low CAPEX requirement (under 2%)

Manufacturing, R&D, Business

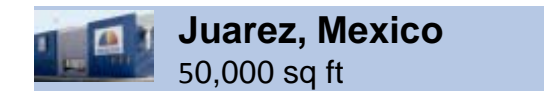
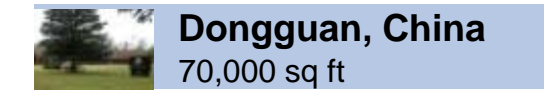
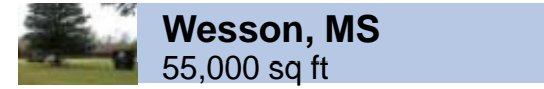


R&D and Business



OUR FOOTPRINT

Manufacturing Only



Transitioning Sites



RECENT WINS

Electronics Manufacturing Services (EMS) Solutions



\$2.6M win for assemblies for Explosive Ordnance Disposal products



Assemblies for CREW IED jamming technologies (\$3.6M)



Disposable electronic devices, which measures blast trauma (\$1.1M)

RF Solutions (RFS)



\$1.9M win for microelectronic components for military aircraft display



Custom hybrid for inertial navigation units (\$1M)



\$1.3M win for Integrated Microwave Assemblies (IMAs) used on Navy ships

Secure Systems & Information Assurance Solutions (SSIA)



\$3.5M award for secure com systems for Canadian gov't



\$2.5M award with UK gov't for secure com equipment



Secure remote device platform to for defense VoIP network upgrade



Pilot programs within DoD for IPMEIR/Suite B encryption product

Systems & Subsystems Solutions (S3)



\$5.3M wins for circuit boards for intelligence-gathering products



3-year LTA (up to \$3.2M/year) for circuit cards in long-range surveillance systems



\$9M, multi-year agreement for engineering and enhanced EMS for classified programs

FY2011: A TRANSFORMATIONAL YEAR

- Acquired and integrated SenDEC Corporation and Spectrum Control
 - Added product and end market diversity
 - Deepened value prop and increased customer mind share with top-tier defense companies
 - Increased market opportunities, improved technological capabilities and offered the potential for expanded margins
- Acquired Commercial Microwave Technology (CMT)
- Initiated aggressive cost alignment effort
 - Over \$17M in cost reductions implemented between June 1st and November 1st and are being realized; an additional \$5M in cost reductions have been identified and are being implemented
 - EBITDA growth in spite of defense market conditions
 - Initiated and implemented several operations consolidations
- Reduced Manufacturing footprint from 18 to 15 locations
- Re-aligned business units to better support growth
 - Four divisions, each with a technology focus area
 - Focus on cross selling efforts
 - Streamlined management and better aligned responsibilities

FY2012: KEY STRATEGIC GOALS

- Achieve 20% EBITDA margin by August 2012
 - Continued cost improvements through facility consolidation/transition
 - Continue to grow established, international sales representative network to drive additional revenue
 - Increase the leveraging of low-cost international manufacturing facilities in China and Mexico to achieve higher margins
- Continued synergies between the divisions
 - Leverage technology alignment to provide differentiated and proprietary products and foster earlier engagement in the design cycle
 - Assertively pursue cross selling opportunities
- Product investment aligned with attractive end markets
 - Continue our R&D investments
 - Capitalize on increased demand and funding for cyber security (e.g. IPMEIR products) and battlefield digitization
 - Expand presence within the commercial space with niche, high-margin opportunities in emerging technology areas

HISTORICAL FINANCIALS

\$MM	Not Pro Forma ⁽¹⁾		2010 ⁽²⁾	2011 ⁽³⁾
	2008 ⁽²⁾	2009 ⁽²⁾		
Revenue	\$193.2	\$212.4	\$381.4	\$304.2
Gross Profit	41.7	50.3	88.5	66.0 ⁽⁴⁾
Synergies / Cost Reductions ⁽⁵⁾	–	–	–	7.1 ⁽⁵⁾
Gross Profit	\$41.7	\$50.3	\$88.5	\$73.1
<i>% Margin</i>	21.6%	23.7%	23.2%	24.0%
EBITDA	19.0	24.7	47.6	27.3
Synergies / Cost Reductions	–	–	–	21.9 ⁽⁵⁾
Pro Forma Adjusted EBITDA	\$19.0	\$24.7	\$47.6	\$49.2
<i>% Margin</i>	9.8%	11.6%	12.5%	16.2%
CAPEX	\$5.9	\$4.7	\$10.9	\$6.7
<i>% Revenues</i>	3.0%	2.2%	2.9%	2.2%

- (1) 2008 – 2009 are not pro forma for API Technologies acquisitions of Cryptek & Kuchera
(2) LTM November 30
(3) LTM August 31, Does not include CMT acquisition
(4) Excludes restructuring costs
(5) Total cost reductions include the impact of the net \$17 million implemented and being realized, plus \$5 cost reductions identified

RECENT QUARTERLY PERFORMANCE



BALANCE SHEET⁽¹⁾

Assets		Liabilities & Shareholders' Equity	
(in \$ millions)		(in \$ millions)	
Cash & equivalents	\$16.2	Accounts payable & accrued expenses	\$41.9
Accounts receivable	\$47.1	Current debt	\$2.5
Inventory	\$74.5	Other	\$1.3
Other	\$8.9		
Total Current	\$146.7	Total Current	\$45.7
		Long-term debt	\$165.7
Fixed assets	\$48.3	Deferred taxes	\$16.0
Goodwill, intangibles & other	\$316.4	Total Liabilities	\$227.4
TOTAL	\$511.4	Total Shareholders' Equity	\$284.0
		TOTAL	\$511.4

(1) As of August 31, 2011

INVESTMENT SNAPSHOT

- Unparalleled product and technology platforms
 - Sole or primary source on 90% of customer contracts, which includes major defense programs
 - One of the world's largest high-reliability suppliers of RF, microwave and millimeterwave products
- Integration of divisions has started in earnest
 - EBITDA margin target of 20% by August 2012
 - Annualized cost savings expected to be approximately \$22M
 - Continued facility consolidation and cost cutting measures
- Risk mitigation
 - Retired risks associated with program loss (IED, missile programs)
 - Mitigated consolidation issues/risks through detailed transition plans and design centers
 - Mitigated CAPEX risk; operated at close to 1% last few quarters
- Expected sector growth
 - Major shifts towards upgrading platforms and digitization of battlefield
- Experienced management team
 - Strong track record of meeting revenue and EBITDA expectations
- Significant insider ownership and investment