

ESCO Technologies

Third Quarter FY 2025 Earnings Call

Bryan Sayler

President & CEO

Chris Tucker

Sr. Vice President & CFO

August 7, 2025



Forward Looking Statement

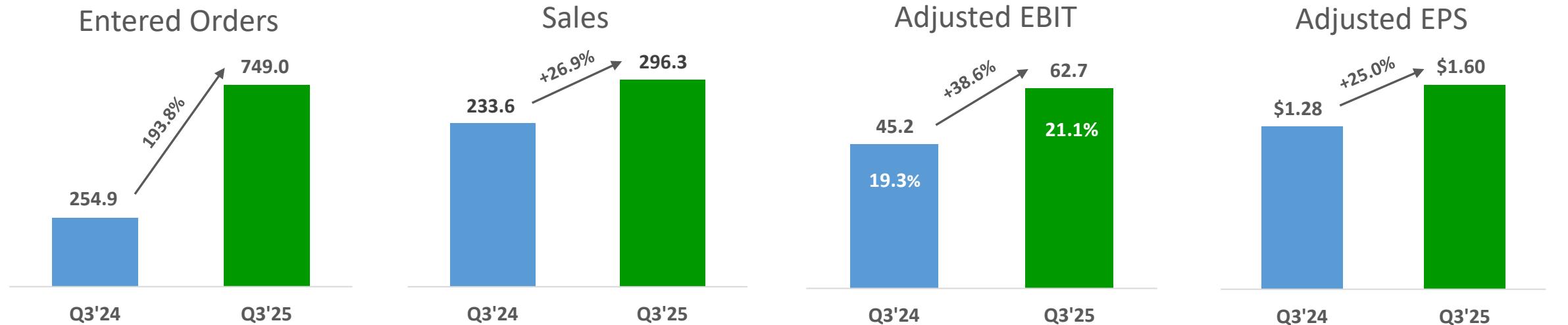
Statements in this presentation regarding Management's intentions, expectations and guidance for fiscal 2025, including restructuring and cost reduction actions, sales, orders, revenues, margin, earnings, Adjusted EPS, acquisition related amortization, and any other statements which are not strictly historical, are "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. securities laws.

Investors are cautioned that such statements are only predictions and speak only as of the date of this presentation, and the Company undertakes no duty to update them except as may be required by applicable laws or regulations. The Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment including but not limited to those described in Item 1A, "Risk Factors", of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2024 and the following: the impacts of climate change and related regulation of greenhouse gases; the impacts of labor disputes, civil disorder, wars, elections, political changes, tariffs and trade disputes, terrorist activities, cyberattacks or natural disasters on the Company's operations and those of the Company's customers and suppliers; disruptions in manufacturing or delivery arrangements due to shortages or unavailability of materials or components or supply chain disruptions; inability to access work sites; the timing and content of future contract awards or customer orders; the timely appropriation, allocation and availability of Government funds; the termination for convenience of Government and other customer contracts or orders; weakening of economic conditions in served markets; the success of the Company's competitors; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties or data breaches; the availability of acquisitions; delivery delays or defaults by customers; performance issues with key customers, suppliers and subcontractors; material changes in the costs and availability of certain raw materials; material changes in the cost of credit; changes in laws and regulations including but not limited to changes in accounting standards and taxation; changes in interest, inflation and employment rates; costs relating to environmental matters arising from current or former facilities; uncertainty regarding the ultimate resolution of current disputes, claims, litigation or arbitration; and the integration and performance of acquired businesses.

During the call, the Company may discuss some non-GAAP financial measures in describing the Company's operating results. A reconciliation of these measures to their most comparable GAAP measures can be found in the press release issued today and found on the Company's website at www.escotechnologies.com under the link: Investor Relations.

In addition, the financial results presented in this presentation include certain non-GAAP financial measures such as EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA and Adjusted EPS. These non-GAAP financial measures are reconciled to their respective GAAP equivalents in the "Reconciliation of Non-GAAP Measures" presented below.

Q3 Results – Continuing Operations (\$ in Millions, except per share amounts)



Entered Orders

- A&D +\$492M - Maritime orders/backlog + Globe VA/Columbia orders
- Q3 Book-to-Bill of 2.53 (1.30 without Maritime acquired backlog)
- Record Ending Backlog of \$1.17B (+75% from 9/30/24)

Sales

- Sales +\$63M (27%) / Organic Sales +\$26M (+11%)
- Maritime Sales of +\$37M (2 months post-closing)

Adjusted EBIT

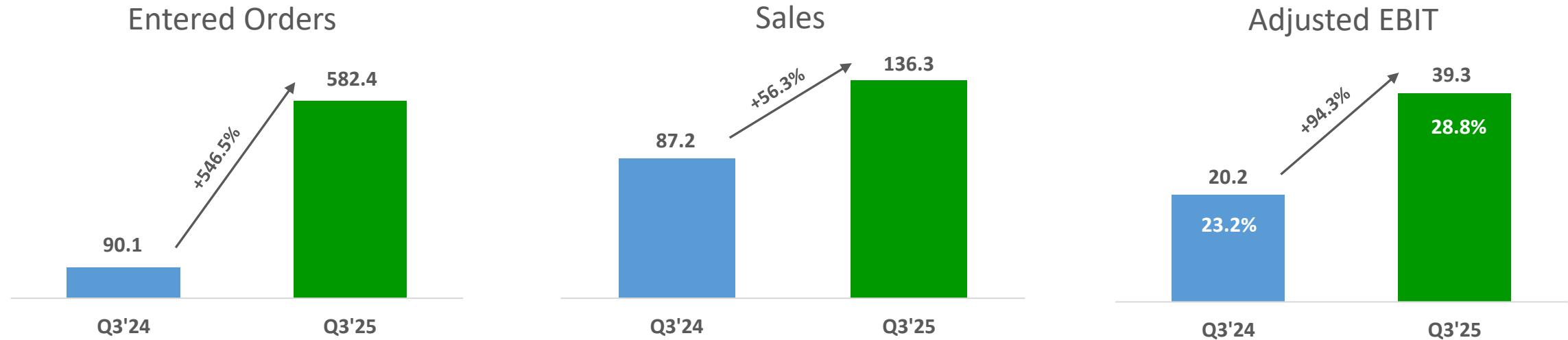
- EBIT Margin increased 180 basis points to 21.1%
- Q3 Incremental margins of 28%

Adjusted EPS

- Adjusted EPS of \$1.60 increased 25%

	Q3'24	Q3'25	Delta \$	Delta %
Entered Orders	\$254.9	749.0	494.1	193.8%
Sales	233.6	296.3	62.7	26.9%
Adjusted EBIT	45.2	62.7	17.5	38.6%
Adj EBIT Margin	19.3%	21.1%	+1.8 pts	
Adjusted EBITDA	53.2	71.5	18.3	34.5%
Adj EBITDA Margin	22.8%	24.1%	+1.3 pts	
EPS GAAP-Cont Ops	\$1.10	\$0.96	(\$0.14)	-12.7%
EPS Adjusted-Cont Ops	\$1.28	\$1.60	\$0.32	25.0%

A&D Continuing Operations – Q3 (\$ in Millions)



Entered Orders

- Maritime +\$413.8M - \$49.6M in Q3 orders + \$364.2M Backlog
- Globe +\$77M – Q3 orders included
 - Virginia Class - \$60M in Block V.2 & \$7M in Block VI
 - Columbia Class - \$15M
- Q3 Book-to-Bill of 4.27 (1.60 without acquired Maritime backlog)
- Ending Backlog of \$832M up \$446M from 9/30/24

Sales

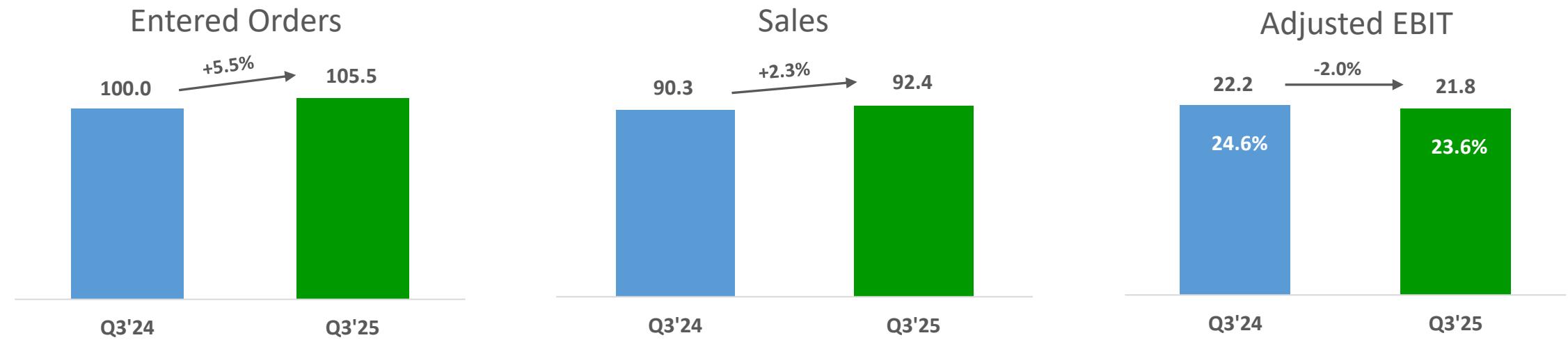
- Q3 Sales +\$49M (+56%) / Organic Sales +\$12M (+14%)
- Aerospace +\$13M (+19%) - Commercial +\$11M & Defense +\$2M
- Navy +\$34M (+200%) / Organic Sales +\$4M (+21%)

Adjusted EBIT

- Driven by price increases, mix, leverage on higher volume, and the impact of Maritime, partially offset by inflationary pressures.

	Q3'24	Q3'25	Delta \$	Delta %
Entered Orders	\$90.1	582.4	492.3	546.5%
Sales	87.2	136.3	49.1	56.3%
Adjusted EBIT	20.2	39.3	19.1	94.3%
<i>Adj EBIT Margin</i>	23.2%	28.8%	+5.6 pts	
Adjusted EBITDA	22.9	42.4	19.5	85.5%
<i>Adj EBITDA Margin</i>	26.2%	31.1%	+4.9 pts	
	Prior YE	6/30/25	Delta \$	Delta %
Backlog	\$385.6	831.5	445.9	115.6%

USG – Q3 (\$ in Millions)



Entered Orders

- Double +\$6M – record quarterly orders with strength across all product lines – highlighted by Service Orders and a large HV Test system order (\$5M)
- NRG flat to prior year / up \$3M (+18%) sequentially – higher Wind orders in Canada and Solar orders in Europe offset lower US orders
- Q3 Book-to-Bill of 1.14 / Ending Backlog +\$17M from 9/30/24

Sales

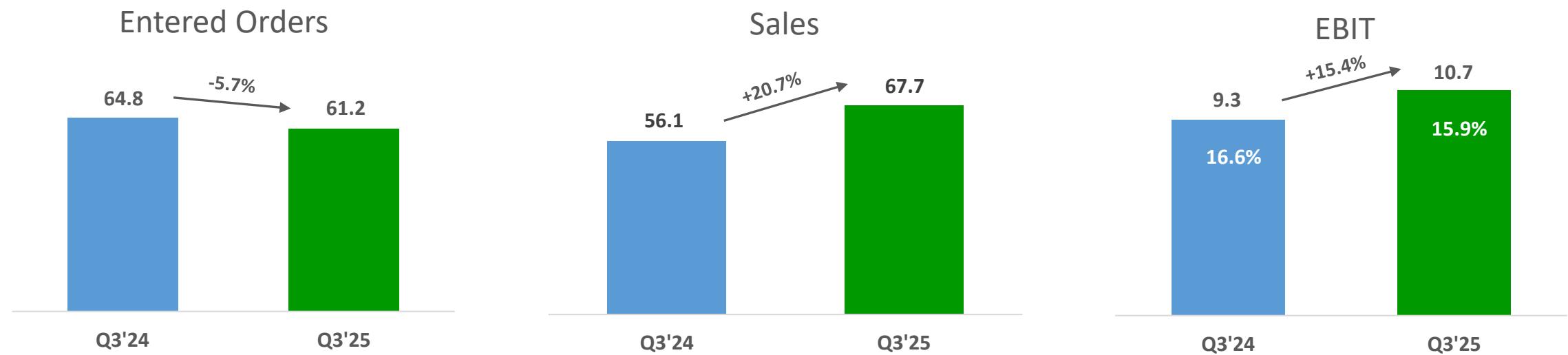
- Double +\$0.7M (+1%) – Offline +\$2.0M, Protection Testing (\$1.5M)
 - YTD sales up 6% - higher Offline, Protection Testing & Services
- NRG +\$1.4M (+8%) – higher WRA and Solar hardware sales

Adjusted EBIT

- Inflationary pressures and mix, partially offset by price increases
- YTD margin of 23.4% has increased 130 basis point over prior year

	Q3'24	Q3'25	Delta \$	Delta %
Entered Orders	\$100.0	105.5	5.5	5.5%
Sales	90.3	92.4	2.1	2.3%
Adjusted EBIT	22.2	21.8	(0.4)	-2.0%
Adj EBIT Margin	24.6%	23.6%	-1.0 pts	
Adjusted EBITDA	26.3	26.0	(0.3)	-0.8%
Adj EBITDA Margin	29.1%	28.2%	-0.9 pts	
	Prior YE	6/30/25	Delta \$	Delta %
Backlog	\$119.9	137.4	17.5	14.6%

Test – Q3 (\$ in Millions)



Entered Orders

- U.S. Industrial lower (large project order in Q3'24) partially offset by higher Test & Measurement orders
- Q3 Book-to-Bill of 0.90 / YTD Book-to-Bill of 1.23
- Ending Backlog +\$38M from 9/30/24

Sales

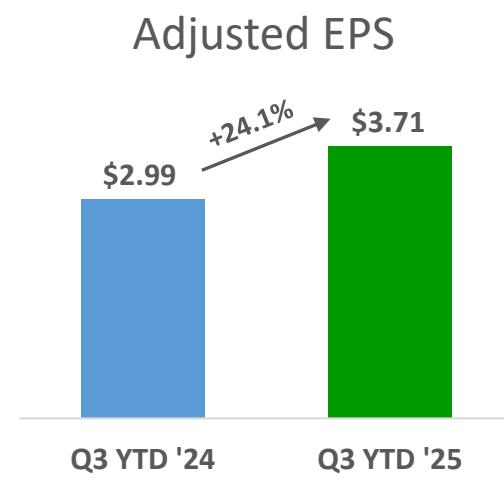
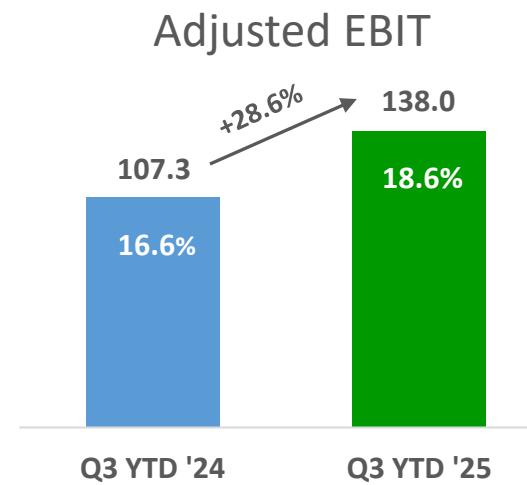
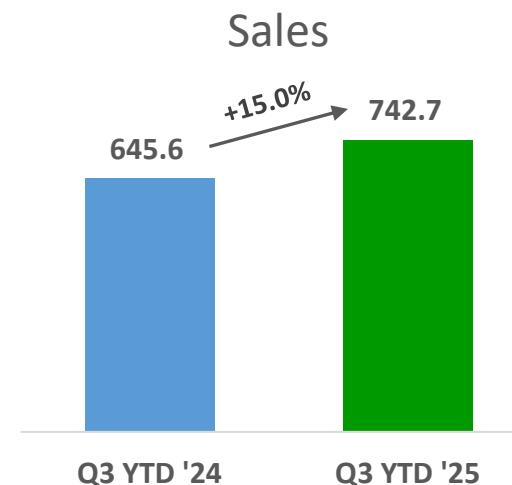
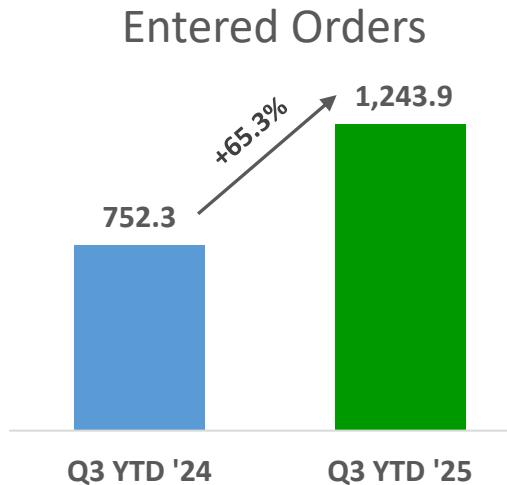
- Sales +\$12M (+21%) / +\$16M (32%) Sequentially
- Strong quarter for Test & Measurement (EMC), Industrial Shielding, and Services

Adjusted EBIT

- Leverage on higher volume and price increases, partially offset by inflationary pressures and tariffs

	Q3'24	Q3'25	Delta \$	Delta %
Entered Orders	\$64.8	61.2	(3.6)	-5.7%
Sales	56.1	67.7	11.6	20.7%
Adjusted EBIT	9.3	10.7	1.4	15.4%
<i>Adj EBIT Margin</i>	16.6%	15.9%	-0.7 pts	
Adjusted EBITDA	10.6	12.2	1.6	15.5%
<i>Adj EBITDA Margin</i>	18.9%	18.1%	-0.8 pts	
	Prior YE	6/30/25	Delta \$	Delta %
Backlog	\$158.6	196.5	37.9	23.8%

Q3 YTD Results – Continuing Operations (\$ in Millions, except per share amounts)



Entered Orders

- YTD Book-to-Bill of 1.67 (1.18 without Maritime Backlog)
- Backlog +\$501M YTD / +\$137M (+21%) without Maritime Backlog

Sales

- YTD Sales +\$97M (+15.0%) / Organic Sales +\$60M (+9.3%)
 - A&D +\$67M (+27.6%) / Organic Sales +\$29M (+12.2%)
 - Aerospace +\$27M (+15%)
 - Navy +\$37M (+78%) / Organic Sales +\$7M (+14%)
- USG +4% - Utilities +6% & Renewables -5%
- Test +15% - higher T&M, Industrial Shielding, MPE filters & Services

Adjusted EBIT

- Higher margins in all 3 segments
- Adjusted EBIT Margins improve 200 basis points as leverage on higher volume and price increases more than offset inflationary impacts

	Q3 YTD FY'24	Q3 YTD FY'25	Delta \$	Delta %
Entered Orders	\$752.3	1,243.9	491.6	65.3%
Sales	645.6	742.7	97.1	15.0%
Adjusted EBIT	107.3	138.0	30.7	28.6%
Adj EBIT Margin	16.6%	18.6%	+2.0 pts	
Adjusted EBITDA	130.7	163.0	32.3	24.7%
Adj EBITDA Margin	20.2%	21.9%	+1.7 pts	
EPS GAAP-Cont Ops	\$2.46	\$2.76	\$0.30	12.2%
EPS Adjusted-Cont Ops	\$2.99	\$3.71	\$0.72	24.1%

Cash Flow & Capital Expenditures (\$ in Millions)



Operating Cash Flow

- Improvement in Cash Flow from Continuing Operations mainly driven by favorable working capital performance and higher earnings

Capital Expenditures

- Higher primarily due to Doble Capex and A&D facility projects

Acquisitions

- MPE (Test) in Q1'24, Maritime (A&D) in Q3'25

EBITDA Leverage

- Leverage ratio of 1.7X post closure of Maritime
- Does not reflect cash from VACCO divestiture (closed 7/21) - proceeds of \$275M

Cash Flow	YTD Q3'24	YTD Q3'25	Delta
Operating Cash Flow-Contin Ops	\$63.1	88.3	25.2
Operating Cash Flow-Disc Ops	(7.6)	43.7	51.3
Operating Cash Flow	55.5	132.0	76.5
Capital Expenditures – Contin Ops	(19.6)	(24.2)	(4.6)
Acquisitions	(56.4)	(472.0)	(415.6)
EBITDA Leverage	0.7X	1.7X	+1.0X

FY'25 Guidance – Continuing Operations

Sales

- FY'25 full year revenue from Continuing Operations is expected to be \$1.075B - \$1.105B and reflects:
 - The removal of Revenue from Discontinued Operations (VACCO) of ~\$125M
 - A \$20 million increase in expected FY'25 revenue
- FY'25 Organic Revenue from Continuing Operations (excl. Maritime \$90M - \$100M) is expected to increase of 7% - 9% and be in the range of \$985M - \$1.005B

FY'25 Adjusted EPS

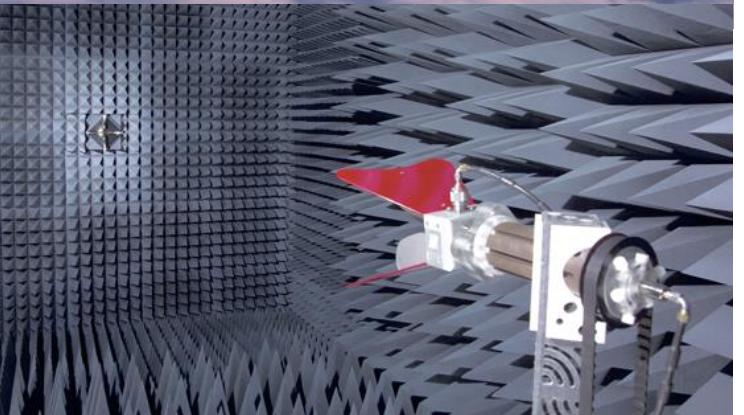
- Our Full Year Adjusted EPS from Continuing Operations is now expected to be in the range of \$5.75 - \$5.90 (21% - 24% growth over FY'24 EPS from Continuing Operations of \$4.77) and reflects:
 - The removal of EPS from Discontinued Operations (VACCO) of ~\$0.50
 - An increase and narrowing of our guidance range - increase of \$0.325 to the midpoint of Full Year Adjusted EPS from Continuing Operations range

Q4 Adjusted EPS

- Q4 Adjusted EPS from Continuing Operations is expected to be in the range of \$2.04 - \$2.19 (14% - 22% growth over Q4'24 EPS from Continuing Operations of \$1.79)

Guidance Update

	Guidance Range	Growth vs PY		
	Low	High	Low	High
FY 2025 Revenue Guidance				
Prior Guidance including Maritime (May)	\$ 1,180	\$ 1,210		
Less Discontinued Operations (VACCO)	~(125)	~(125)		
August Guidance Increase	20	20		
Updated FY'25 Revenue Guidance	\$ 1,075	\$ 1,105	17%	20%
FY'25 Adjusted EPS Guidance				
Previous FY'25 Adjusted EPS Guidance including Maritime (May)	\$ 5.85	\$ 6.15		
Less Discontinued Operations (VACCO)	~(0.50)	~(0.50)		
August Guidance Increase - Continuing Operations	0.40	0.25		
Updated FY'25 Adjusted EPS Guidance - Continuing Operations	\$ 5.75	\$ 5.90	21%	24%
Q4'25 Adjusted EPS Guidance - Continuing Operations	\$ 2.04	\$ 2.19	14%	22%



ESCO Technologies

Third Quarter FY 2025 Earnings Call

Q&A



Reconciliation of Non-GAAP Measures

3 Months ended June 30								9 Months ended June 30								
EBIT	GAAP		Adjustments		As Adjusted		EBIT	GAAP		Adjustments		As Adjusted				
	Q3'24	Q3'25	Q3'24	Q3'25	Q3'24	Q3'25		YTD	Q3'24	YTD	Q3'24	YTD	Q3'24	Q3'25	YTD	YTD
<u>EBIT</u>																
A&D	\$ 20,150	36,577	83	2,742	20,233	39,319	A&D	\$ 55,919	78,246	142	2,770	56,061	81,016			
USG	22,155	21,540	75	249	22,230	21,789	USG	57,355	62,808	195	332	57,550	63,140			
Test	9,292	10,732	5	-	9,297	10,732	Test	16,613	21,523	481	465	17,094	21,988			
Corporate	(12,296)	(27,859)	5,730	18,675	(6,566)	(9,184)	Corporate	(40,289)	(56,918)	16,863	28,776	(23,426)	(28,142)			
Consolidated EBIT	39,301	40,990	5,893	21,666	45,194	62,656	Consolidated EBIT	89,598	105,659	17,681	32,343	107,279	138,002			
<u>D&A</u>																
A&D	\$ 2,617	3,059	-	-	2,617	3,059	D&A	\$ 7,765	8,545	-	-	7,765	8,545			
USG	4,027	4,246	-	-	4,027	4,246	USG	11,534	11,998	-	-	11,534	11,998			
Test	1,294	1,496	-	-	1,294	1,496	Test	3,964	4,225	-	-	3,964	4,225			
Corporate	5,063	13,559	(5,000)	(13,471)	63	88	Corporate	15,709	23,633	(15,533)	(23,428)	176	205			
Consolidated EBIT	13,001	22,360	(5,000)	(13,471)	8,001	8,889	Consolidated EBIT	38,972	48,401	(15,533)	(23,428)	23,439	24,973			
<u>EBITDA</u>																
A&D	\$ 22,767	39,636	83	2,742	22,850	42,378	EBITDA									
USG	26,182	25,786	75	249	26,257	26,035	A&D	\$ 63,684	86,791	142	2,770	63,826	89,561			
Test	10,586	12,228	5	-	10,591	12,228	USG	68,889	74,806	195	332	69,084	75,138			
Corporate	(7,233)	(14,300)	730	5,204	(6,503)	(9,096)	Test	20,577	25,748	481	465	21,058	26,213			
Consolidated EBITDA	52,302	63,350	893	8,195	53,195	71,545	Corporate	(24,580)	(33,285)	1,330	5,348	(23,250)	(27,937)			
Less: Depreciation & Amortization	(13,001)	(22,360)	5,000	13,471	(8,001)	(8,889)	Consolidated EBITDA	128,570	154,060	2,148	8,915	130,718	162,975			
Consolidated EBIT	\$ 39,301	40,990	5,893	21,666	45,194	62,656	Less: Depreciation & Amortization	(38,972)	(48,401)	15,533	23,428	(23,439)	(24,973)			
Less: Interest Expense	(3,335)	(7,921)	-	-	(3,335)	(7,921)	Consolidated EBIT	\$ 89,598	105,659	17,681	32,343	107,279	138,002			
Less: Income Tax	(7,654)	(8,314)	(1,355)	(4,983)	(9,009)	(13,297)	Less: Interest Expense	(9,228)	(12,373)	-	-	(9,228)	(12,373)			
Net Earnings	\$ 28,312	24,755	4,538	16,683	32,850	41,438	Less: Income Tax	(17,040)	(21,841)	(4,066)	(7,438)	(21,106)	(29,279)			
							Net Earnings	\$ 63,330	71,445	13,615	24,905	76,945	96,350			
3 Mos ended June 30								Adjusted EPS Guidance								
3 Mos ended June 30		Q4'25		FY'25				YTD		YTD						
EPS Reconciliation		Q3'24	Q3'25	Low	High	Low	High	Q3'24		Q3'25						
EPS - GAAP from Continuing Ops	\$ 1.10	0.96	1.51	1.66	4.27	4.42										
Purchase Accounting/Acq Related Exp	\$ 0.02	0.23	-	-	0.23	0.23	EPS - GAAP from Continuing Ops	\$ 2.46	2.76							
Restructuring Charges	\$ 0.01	0.01	-	-	0.02	0.02	Purchase Accounting/Acq Related Exp	\$ 0.06	0.23							
Acquisition Related Amortization	\$ 0.15	0.40	0.53	0.53	1.23	1.23	Restructuring Charges	\$ 0.03	0.02							
Adjustments	\$ 0.18	0.64	0.53	0.53	1.48	1.48	Acquisition Related Amortization	\$ 0.44	0.70							
EPS - As Adjusted from Continuing Ops	\$ 1.28	1.60	2.04	2.19	5.75	5.90	Adjustments	\$ 0.53	0.95							
							EPS - As Adjusted from Continuing Ops	\$ 2.99	3.71							