

# ESCO Technologies

## Third Quarter FY 2025 Earnings Call

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August 7, 2025



# Forward Looking Statement

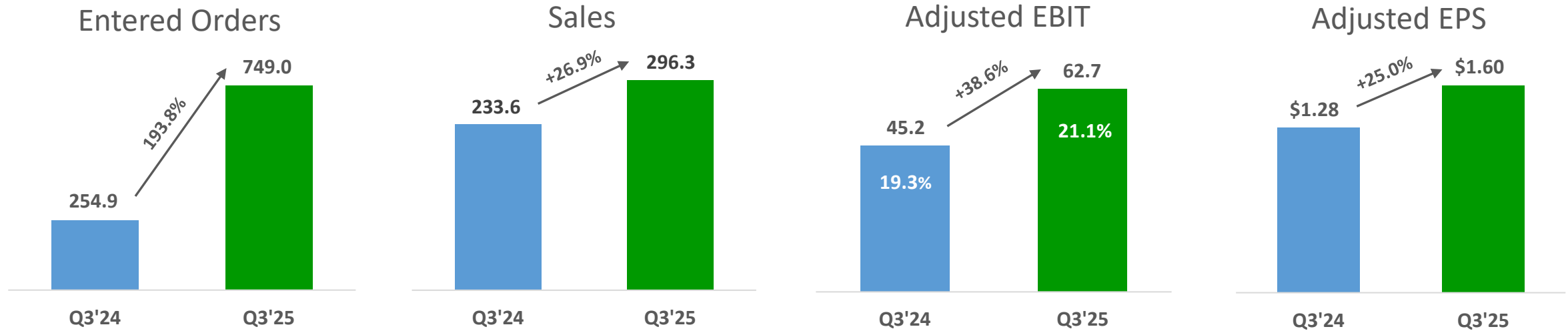
Statements in this presentation regarding Management's intentions, expectations and guidance for fiscal 2025, including restructuring and cost reduction actions, sales, orders, revenues, margin, earnings, Adjusted EPS, acquisition related amortization, and any other statements which are not strictly 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](http://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%

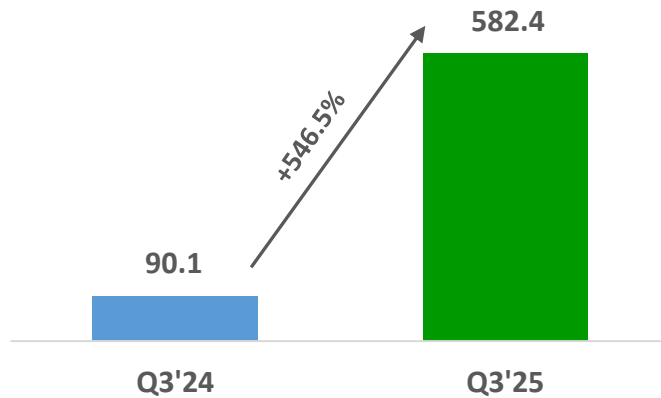
## Adjusted EPS

- Adjusted EPS of \$1.60 increased 25%

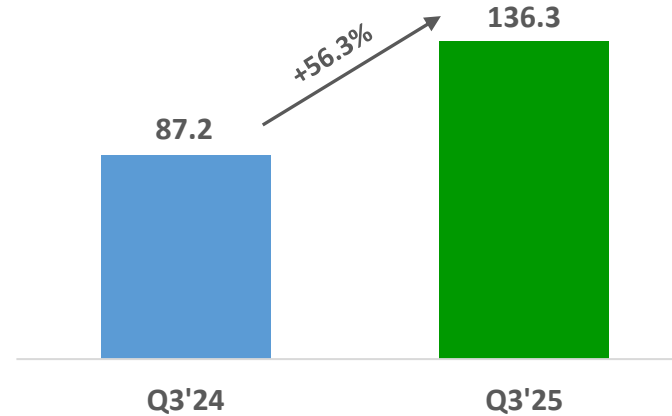
	Q3'24	Q3'25	Delta \$	Delta %
Entered Orders	\$254.9	749.0	494.1	193.8%
Sales	233.6	296.3	62.7	26.9%
Adjusted EBIT	45.2	62.7	17.5	38.6%
<i>Adj EBIT Margin</i>	19.3%	21.1%	+1.8 pts	
Adjusted EBITDA	53.2	71.5	18.3	34.5%
<i>Adj EBITDA Margin</i>	22.8%	24.1%	+1.3 pts	
EPS GAAP-Cont Ops	\$1.10	\$0.96	(\$0.14)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

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

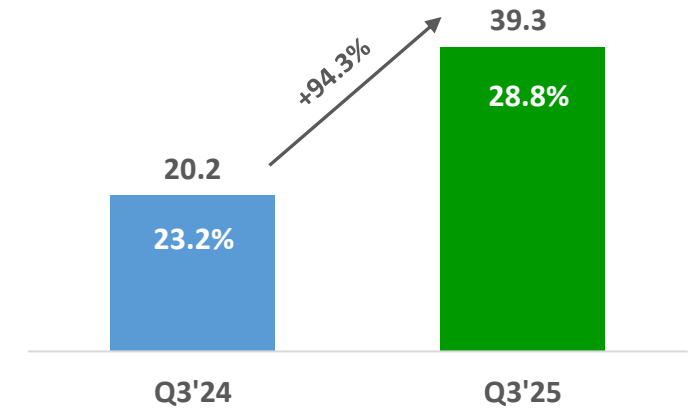
Entered Orders



Sales



Adjusted EBIT



## 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%)

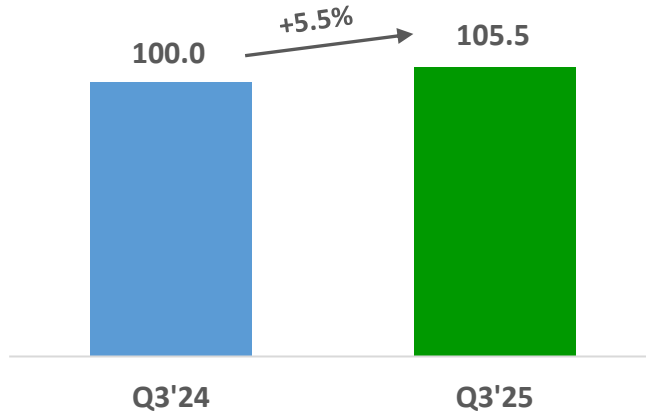
## Adjusted EBIT

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

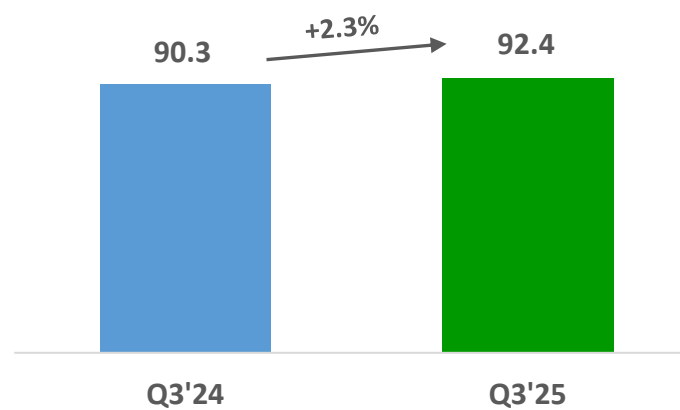
	Q3'24	Q3'25	Delta \$	Delta %
Entered Orders	\$90.1	582.4	492.3	546.5%
Sales	87.2	136.3	49.1	56.3%
Adjusted EBIT	20.2	39.3	19.1	94.3%
<i>Adj EBIT Margin</i>	23.2%	28.8%	+5.6 pts	
Adjusted EBITDA	22.9	42.4	19.5	85.5%
<i>Adj EBITDA Margin</i>	26.2%	31.1%	+4.9 pts	
	Prior YE	6/30/25	Delta \$	Delta %
Backlog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

# USG – Q3 (\$ in Millions)

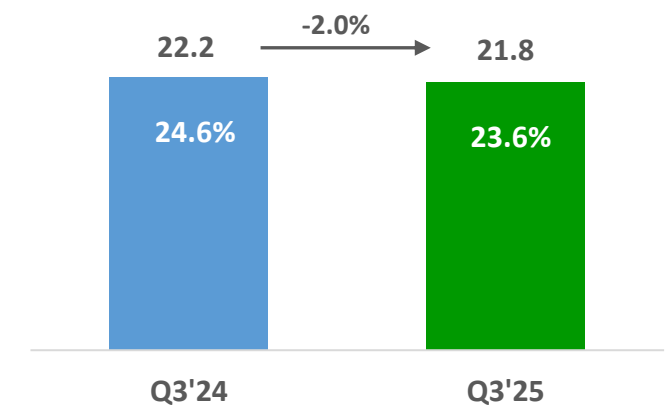
## Entered Orders



## Sales



## Adjusted EBIT



### Entered Orders

- Doble +\$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

- Doble +\$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

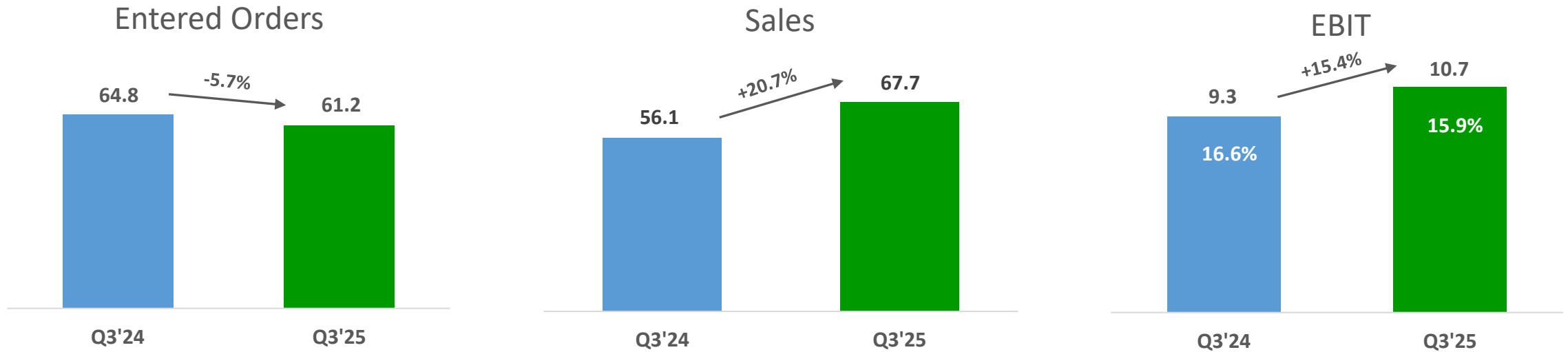
### Adjusted EBIT

- 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%
<i>Adj EBIT Margin</i>	24.6%	23.6%	-1.0 pts	
<i>Adjusted EBITDA</i>	26.3	26.0	(0.3)	-0.8%
<i>Adj EBITDA Margin</i>	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

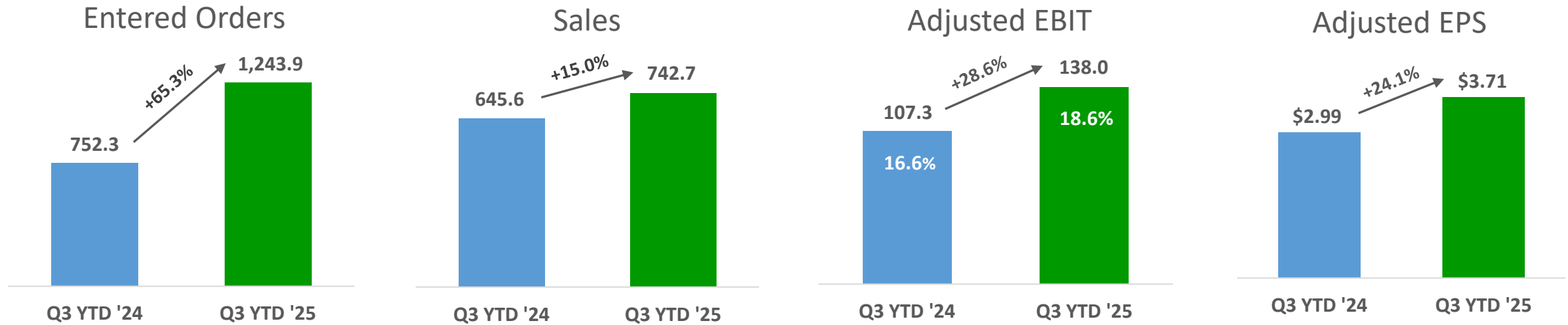
- Sales +\$12M (+21%) / +\$16M (32%) Sequentially
- Strong quarter for Test & Measurement (EMC), Industrial Shielding, and Services

## 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

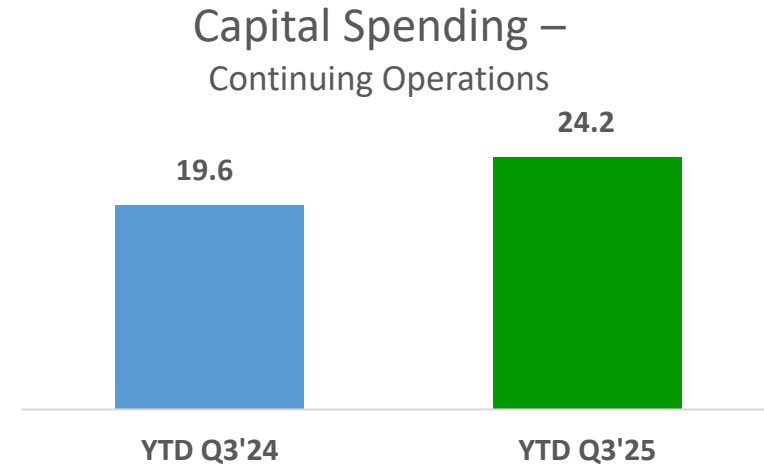
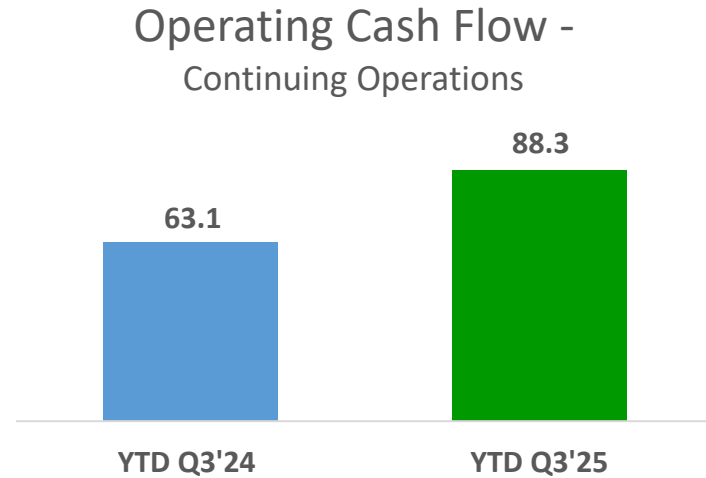
- YTD Sales +\$97M (+15.0%) / Organic Sales +\$60M (+9.3%)
  - A&D +\$67M (+27.6%) / Organic Sales +\$29M (+12.2%)
    - Aerospace +\$27M (+15%)
    - Navy +\$37M (+78%) / Organic Sales +\$7M (+14%)
- USG +4% - Utilities +6% & Renewables -5%
- Test +15% - higher T&M, Industrial Shielding, MPE filters & 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%
<i>Adj EBIT Margin</i>	16.6%	18.6%	+2.0 pts	
Adjusted EBITDA	130.7	163.0	32.3	24.7%
<i>Adj EBITDA Margin</i>	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

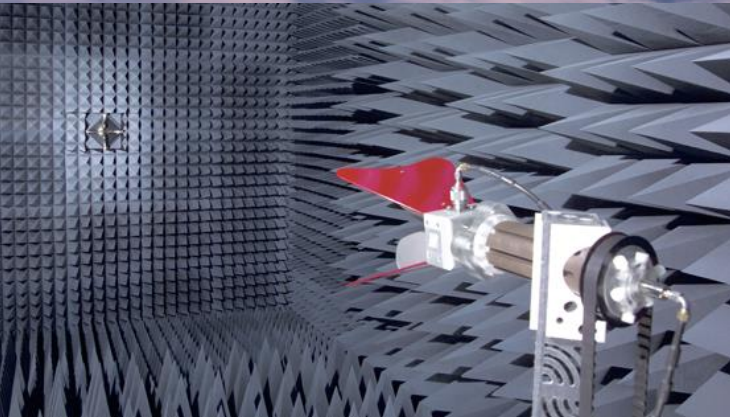
- Our Full Year Adjusted EPS from Continuing Operations is now expected to be in the range of \$5.75 - \$5.90 (21% - 24% growth over FY'24 EPS from Continuing Operations of \$4.77) and reflects:
  - The removal of EPS from Discontinued Operations (VACCO) of ~\$0.50
  - An increase and narrowing of our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

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



# ESCO Technologies

## Third Quarter FY 2025 Earnings Call

Q&A



# Reconciliation of Non-GAAP Measures

	3 Months ended June 30					
	GAAP		Adjustments		As Adjusted	
	Q3'24	Q3'25	Q3'24	Q3'25	Q3'24	Q3'25
EBIT						
A&D	\$ 20,150	36,577	83	2,742	20,233	39,319
USG	22,155	21,540	75	249	22,230	21,789
Test	9,292	10,732	5	-	9,297	10,732
Corporate	(12,296)	(27,859)	5,730	18,675	(6,566)	(9,184)
Consolidated EBIT	39,301	40,990	5,893	21,666	45,194	62,656
D&A						
A&D	\$ 2,617	3,059	-	-	2,617	3,059
USG	4,027	4,246	-	-	4,027	4,246
Test	1,294	1,496	-	-	1,294	1,496
Corporate	5,063	13,559	(5,000)	(13,471)	63	88
Consolidated EBIT	13,001	22,360	(5,000)	(13,471)	8,001	8,889
EBITDA						
A&D	\$ 22,767	39,636	83	2,742	22,850	42,378
USG	26,182	25,786	75	249	26,257	26,035
Test	10,586	12,228	5	-	10,591	12,228
Corporate	(7,233)	(14,300)	730	5,204	(6,503)	(9,096)
Consolidated EBITDA	52,302	63,350	893	8,195	53,195	71,545
Less: Depreciation & Amortization	(13,001)	(22,360)	5,000	13,471	(8,001)	(8,889)
Consolidated EBIT	\$ 39,301	40,990	5,893	21,666	45,194	62,656
Less: Interest Expense	(3,335)	(7,921)	-	-	(3,335)	(7,921)
Less: Income Tax	(7,654)	(8,314)	(1,355)	(4,983)	(9,009)	(13,297)
Net Earnings	\$ 28,312	24,755	4,538	16,683	32,850	41,438

	3 Mos ended June 30		Adjusted EPS Guidance			
	Q3'24	Q3'25	Q4'25		FY'25	
			Low	High	Low	High
EPS Reconciliation						
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
Restructuring Charges	\$ 0.01	0.01	-	-	0.02	0.02
Acquisition Related Amortization	\$ 0.15	0.40	0.53	0.53	1.23	1.23
Adjustments	\$ 0.18	0.64	0.53	0.53	1.48	1.48
EPS - As Adjusted from Continuing Ops	\$ 1.28	1.60	2.04	2.19	5.75	5.90

	9 Months ended June 30					
	GAAP		Adjustments		As Adjusted	
	YTD Q3'24	YTD Q3'25	YTD Q3'24	YTD Q3'25	YTD Q3'24	YTD Q3'25
EBIT						
A&D	\$ 55,919	78,246	142	2,770	56,061	81,016
USG	57,355	62,808	195	332	57,550	63,140
Test	16,613	21,523	481	465	17,094	21,988
Corporate	(40,289)	(56,918)	16,863	28,776	(23,426)	(28,142)
Consolidated EBIT	89,598	105,659	17,681	32,343	107,279	138,002
D&A						
A&D	\$ 7,765	8,545	-	-	7,765	8,545
USG	11,534	11,998	-	-	11,534	11,998
Test	3,964	4,225	-	-	3,964	4,225
Corporate	15,709	23,633	(15,533)	(23,428)	176	205
Consolidated EBIT	38,972	48,401	(15,533)	(23,428)	23,439	24,973
EBITDA						
A&D	\$ 63,684	86,791	142	2,770	63,826	89,561
USG	68,889	74,806	195	332	69,084	75,138
Test	20,577	25,748	481	465	21,058	26,213
Corporate	(24,580)	(33,285)	1,330	5,348	(23,250)	(27,937)
Consolidated EBITDA	128,570	154,060	2,148	8,915	130,718	162,975
Less: Depreciation & Amortization	(38,972)	(48,401)	15,533	23,428	(23,439)	(24,973)
Consolidated EBIT	\$ 89,598	105,659	17,681	32,343	107,279	138,002
Less: Interest Expense	(9,228)	(12,373)	-	-	(9,228)	(12,373)
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

	YTD Q3'24	YTD Q3'25
EPS Reconciliation		
EPS - GAAP from Continuing Ops	\$ 2.46	2.76
Purchase Accounting/Acq Related Exp	\$ 0.06	0.23
Restructuring Charges	\$ 0.03	0.02
Acquisition Related Amortization	\$ 0.44	0.70
Adjustments	\$ 0.53	0.95
EPS - As Adjusted from Continuing Ops	\$ 2.99	3.71