



FY 2025 Q3 Earnings Call

August 5, 2025

- TransDigm Overview, Highlights and Outlook
Kevin Stein
President and CEO
- Market Review
Mike Lisman
Co-COO
- Operating Performance and Financial Results
Sarah Wynne
CFO
- Q&A

Forward Looking Statements & Special Notice Regarding Pro Forma and Non-GAAP Information



FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including information regarding our guidance for future periods. These forward-looking statements are based on management's current expectations and beliefs, as well as a number of assumptions concerning future events, many of which are outside of our control. Consequently, such forward looking statements should be regarded solely as our current plans, estimates and beliefs. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statement. The Company does not undertake, and specifically declines, any obligation, to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. These risks and uncertainties include but are not limited to: the sensitivity of our business to the number of flight hours that our customers' planes spend aloft and our customers' profitability, both of which are affected by general economic conditions; supply chain constraints; increases in raw material costs, taxes and labor costs that cannot be recovered in product pricing; failure to complete or successfully integrate acquisitions; our indebtedness; current and future geopolitical or other worldwide events, including, without limitation, wars or conflicts and public health crises; cybersecurity threats; risks related to the transition or physical impacts of climate change and other natural disasters or meeting sustainability-related voluntary goals or regulatory requirements; our reliance on certain customers; the United States ("U.S.") defense budget and risks associated with being a government supplier including government audits and investigations; failure to maintain government or industry approvals; risks related to changes in laws and regulations, including increases in compliance costs and potential changes in trade policies and tariffs; potential environmental liabilities; liabilities arising in connection with litigation; risks and costs associated with our international sales and operations; and other factors. Further information regarding the important factors that could cause actual results to differ materially from projected results can be found in TransDigm Group's most recent Annual Report on Form 10-K and other reports that TransDigm Group or its subsidiaries have filed with the Securities and Exchange Commission.

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SPECIAL NOTICE REGARDING PRO FORMA AND NON-GAAP INFORMATION

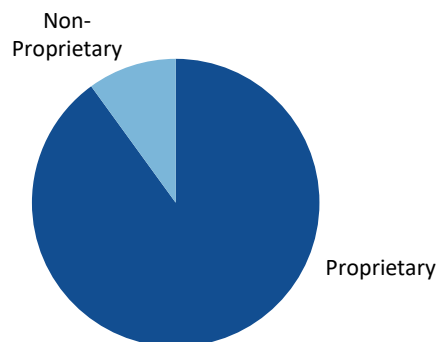
This presentation sets forth certain pro forma financial information. This pro forma financial information gives effect to certain recently completed acquisitions and divestitures. Such pro forma information is based on certain assumptions and adjustments and does not purport to present TransDigm's actual results of operations or financial condition had the transactions reflected in such pro forma financial information occurred at the beginning of the relevant period, in the case of income statement information, or at the end of such period, in the case of balance sheet information, nor is it necessarily indicative of the results of operations that may be achieved in the future.

This presentation also sets forth certain non-GAAP financial measures. A presentation of the most directly comparable GAAP measures and a reconciliation to such measures are set forth in the appendix.

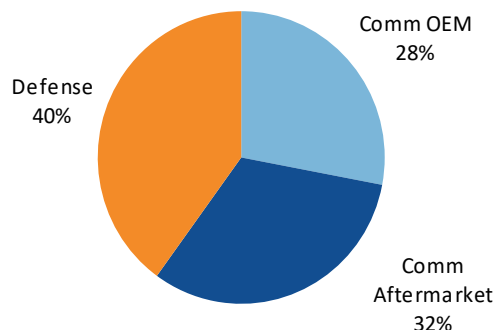
Distinguishing Characteristics

- Highly engineered aerospace components
- Significant aftermarket content
- Proprietary products
- High free cash flow

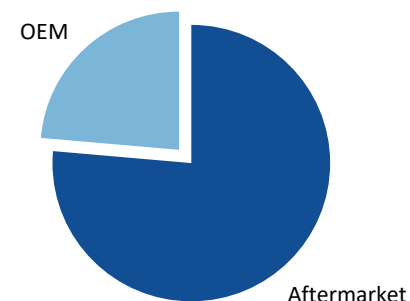
Proprietary Revenues ⁽¹⁾



Pro Forma Revenues ⁽¹⁾



**Pro Forma EBITDA
As Defined ⁽¹⁾**



(1) Pro forma revenue is for the fiscal year ended 9/30/2024. Excludes full year impact of the Servotronics, Inc. acquisition completed July 2025. Includes full year impact of the Raptor Scientific acquisition completed July 2024, CPI Electron Device Business acquisition completed June 2024 and SEI Industries acquisition completed May 2024. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

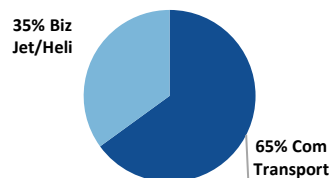
2025 Q3 Financial Performance by Markets – Pro Forma

TRANSDIGM
GROUP INC.

Highlights

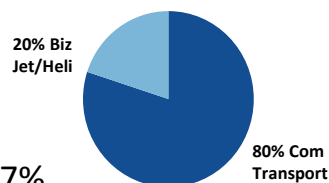
Commercial OEM:

- Q3 '25 Commercial Transport Revenue Down 8%
- Q3 '25 Business Jet/Helicopter Revenue Down 6%



Commercial Aftermarket:

- Q3 '25 Commercial Transport Revenue Up 7%
- Q3 '25 Business Jet/Helicopter Revenue Up 5%



Defense:

- Q3 '25 Defense OEM Outpaced Defense Aftermarket Growth
- Revenue Growth Well Distributed Across Businesses

Q3 Review – Pro Forma Revenues⁽¹⁾

	Actual vs. Prior Year	
	Q3	YTD
Commercial OEM:	Down 7%	Down 4%
Commercial Aftermarket:	Up 6%	Up 10%
Defense:	Up 13%	Up 11%

(1) Pro forma revenue for all periods excludes full year impact of the Servotronics, Inc. acquisition completed July 2025 and includes full year impact of the Raptor Scientific acquisition completed July 2024, CPI Electron Device Business acquisition completed June 2024 and SEI Industries acquisition completed May 2024. Please see the Special Notice Regarding Pro Forma and Non-GAAP information.

Third Quarter 2025 Select Financial Results

(\$ in millions, except per share amounts)

	<u>Q3 FY 2025</u>	<u>Q3 FY 2024</u>		
Revenue	\$2,237	\$2,046	9.3%	Increase
Gross Profit	\$1,332	\$1,220		
	59.5%	59.6%	-0.1%	
SG&A	\$242	\$248		
% to Sales	10.8%	12.1%	-1.3%	
Interest Expense - Net	\$397	\$316	25.6%	Increase
Refinancing Costs	\$7	\$30		
EBITDA As Defined	\$1,217	\$1,091	11.5%	Increase
Margin %	54.4%	53.3%		
Adjusted EPS	\$9.60	\$9.00	6.7%	Increase
GAAP Tax Rate	22.4%	23.4%		
Adjusted Tax Rate	24.2%	25.5%		

- Application of our value-driven operating strategy
- Fixed overhead spread over higher production volumes



- Lower acquisition transaction-related expenses



- Interest on the additional debt raised in Q4 fiscal 2024 and lower interest income

- Senior subordinated note refinancing completed during the quarter

Fiscal 2025 Outlook

Market Growth Assumptions

FY 2024 Pro Forma Revenue Mix ⁽¹⁾	Market	FY 2025 Expected Growth
28%	Commercial OEM	Flat to Low Single-Digit % Range
32%	Commercial Aftermarket	High Single-Digit to Low Double-Digit % Range
40%	Defense	High Single-Digit to Low Double-Digit % Range

Guidance Summary

(\$ in millions, except per share amounts)

	FY 25 Guidance			FY 25 Guidance Midpoint Change		
	Low	High		Current	Prior	Δ
Revenues	\$ 8,760	\$ 8,820	Revenues	\$ 8,790	\$ 8,850	\$ (60)
Net Income	\$ 1,932	\$ 1,980				
GAAP EPS	\$ 32.39	\$ 33.21				
EBITDA As Defined	\$ 4,695	\$ 4,755	EBITDA As Defined	\$ 4,725	\$ 4,685	\$ 40
<i>% of sales</i>	53.6%	53.9%	<i>% of sales</i>	53.8%	52.9%	
Adj. EPS	\$ 36.33	\$ 37.15	Adj. EPS	\$ 36.74	\$ 36.47	\$ 0.27

(1) Pro forma revenue is for the fiscal year ended 9/30/2024. Excludes full year impact of the Servotronics, Inc. acquisition completed July 2025. Includes full year impact of the Raptor Scientific acquisition completed July 2024, CPI Electron Device Business acquisition completed June 2024 and SEI Industries acquisition completed May 2024. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

Fiscal 2025 Select Financial Assumptions

Select Financial Assumptions for Fiscal 2025		
	Prior Assumptions (Issued May 2025)	Updated Assumptions
Capital Expenditures	\$255 to \$285 million	No change
Full Year Net Interest Expense	≈ \$1.54 billion (includes \$80 million of interest income)	≈ \$1.56 billion (includes \$80 million of interest income)
Full Year Effective Tax Rate	≈ 22% to 24% for GAAP EPS, Adjusted EPS and Cash Taxes	No change
Depreciation & Amortization Expense (ex backlog)	\$350 to \$360 million	No change
Backlog Amortization	\$25 to \$30 million	No change
Non-Cash Stock Compensation and Deferred Compensation Expense	\$170 to \$190 Million	No change
Other EBITDA As Defined Add-Backs ⁽¹⁾	(\$15) to (\$25) million	\$25 to \$35 million
Weighted Average Shares	58.15 million	58.175

(1) Other EBITDA As Defined Add-Backs primarily include estimates for refinancing costs, foreign currency gains or losses, employer withholding taxes on stock option exercises, acquisition-related expenses and adjustments and other, net.

Reconciliation of Fiscal 2025 Outlook

(\$ in millions, except per share amounts)

	FY 2025 Guidance Midpoint	
Net income	\$ 1,956	
Adjustments:		
Depreciation and amortization expense	380	Includes approx. \$30m of backlog amortization
Interest expense - net	1,560	
Income tax provision	618	
EBITDA	4,514	
Adjustments:		
Acquisition-related expenses and adjustments ⁽¹⁾	40	
Non-cash stock and deferred compensation expense ⁽¹⁾	180	
Refinancing costs ⁽¹⁾	7	
Other, net ⁽¹⁾	(16)	
Gross Adjustments to EBITDA	211	
EBITDA As Defined	\$4,725	
<i>EBITDA As Defined Margin ⁽¹⁾</i>	<i>53.8%</i>	
GAAP earnings per share	\$32.80	
Adjustments to earnings per share:		
Inclusion of the dividend equivalent payments	0.83	
Acquisition-related expenses and adjustments	0.87	
Non-cash stock and deferred compensation expense	2.35	
Refinancing costs	0.10	
Other, net	(0.21)	
Adjusted earnings per share	\$36.74	
Weighted-average shares outstanding	58.175	
GAAP & Adj Tax Rate	22% - 24%	

(1) Refer to tables in Appendix for definitions of Non-GAAP measurement adjustments.

Reconciliation of GAAP EPS to Adjusted EPS - Guidance

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended		Full Year Guidance Mid-Point
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024	September 30, 2025
GAAP earnings per share	\$ 8.47	\$ 7.96	\$ 24.31	\$ 19.81	\$ 32.80
Adjustments to earnings per share:					
Dividend equivalent payments	-	-	0.83	1.75	0.83
Acquisition transaction and integration-related expenses	0.20	0.36	0.60	0.61	0.87
Non-cash stock and deferred compensation expense	0.67	0.61	1.62	2.05	2.35
Refinancing costs	0.10	0.39	0.10	0.76	0.10
Tax adjustment on income from continuing operations before taxes	(0.19)	(0.23)	(0.67)	(0.75)	-
Other, net	0.35	(0.09)	(0.26)	(0.08)	(0.21)
Adjusted earnings per share	\$ 9.60	\$ 9.00	\$ 26.53	\$ 24.15	\$ 36.74

Capital Structure

Capital Structure

(\$ in millions)

	Actual 6/28/25	Rate
Cash	<u>\$2,792</u>	
\$910mm revolver	—	S + 2.250%
\$650mm AR securitization facility ⁽¹⁾	650	S + 1.450%
First lien term loan I due 2028	1,862	S + 2.750%
First lien term loan J due 2031	3,614	S + 2.500%
First lien term loan K due 2030	1,691	S + 2.750%
First lien term loan L due 2032	1,492	S + 2.500%
Senior secured notes due 2028	2,100	6.750%
Senior secured notes due 2029	2,750	6.375%
Senior secured notes due 2030	1,450	6.875%
Senior secured notes due 2031	1,000	7.125%
Senior secured notes due 2032	2,200	6.625%
Senior secured notes due 2033	1,500	6.000%
Total secured debt	\$20,309	4.4x
Total net secured debt	\$17,517	3.8x
Senior subordinated notes due 2029	1,200	4.625%
Senior subordinated notes due 2029	750	4.875%
Senior subordinated notes due 2033	2,650	6.375%
Capital Lease Obligations (Gross)	279	
Total debt	\$25,188	5.5x
Total net debt	\$22,396	4.9x

**FY25 Forecasted
Weighted Average
Interest Rate
6.2%**

(1) On July 11, 2025, the Company amended the AR securitization facility to increase the borrowing capacity from \$650 million to \$725 million at an interest rate of Term SOFR plus 1.350%.

Interest Rate Sensitivity

- Interest rates on TDG's \$25Bn of gross Debt is ~ 75% hedged/fixed rate through fiscal year 2027
- Achieved via a combination of interest rate caps, swaps and collars
- Significantly reduces near-term exposure to any variable rate increases

\$ in millions

	Current FY 25 Assumptions			
Average Variable Rate ⁽¹⁾	~ 4.4%	5.0%	6.0%	7.0%
Interest Expense - Pre-Tax ⁽²⁾	\$1,560	\$1,595	\$1,660	\$1,725
Interest Rate - Pre-Tax	6.2%	6.3%	6.6%	6.8%

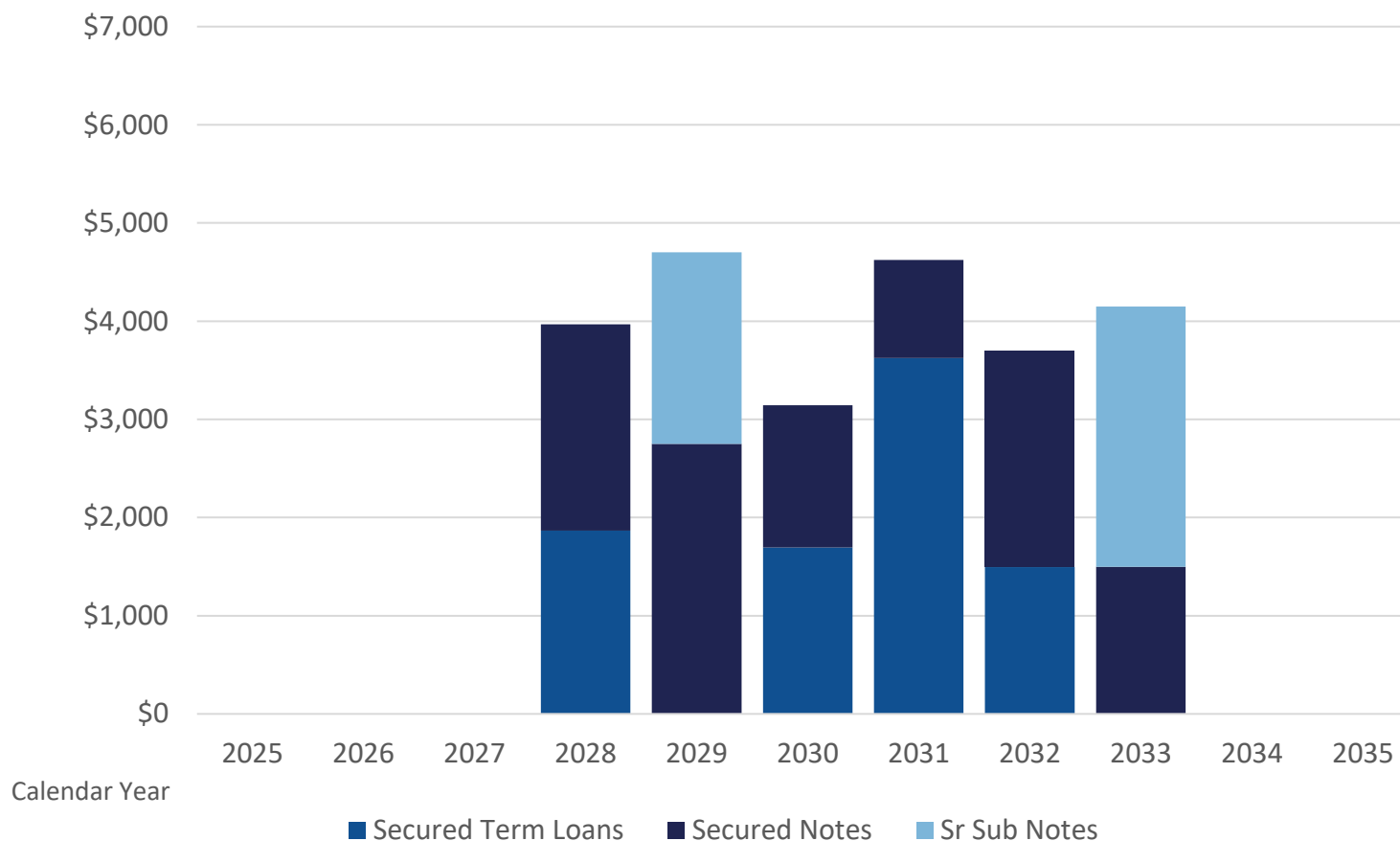
(1) FY 25 Weighted Average Variable rate is the average Term SOFR for TDG's 2025 fiscal year based on current consensus and management estimates.

(2) Interest expense shown includes \$45M amortization of debt issuance costs and fees and \$80M of Interest income.

Debt Maturity Profile

Debt Maturity Profile

(\$MM)



Note 1: \$910M Revolver matures in February 2029

Note 2: \$725M AR Securitization renews annually in July

Appendix: Reconciliation of Net Income to EBITDA and EBITDA As Defined

(\$ in millions)

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Net Income	\$ 493	\$ 461	\$ 1,465	\$ 1,248
Adjustments:				
Depreciation and amortization expense	91	77	271	219
Interest expense - net	397	316	1,152	943
Income tax provision	142	141	411	362
EBITDA	1,123	995	3,299	2,772
Adjustments:				
Acquisition transaction and integration-related expenses ⁽¹⁾	9	27	32	43
Non-cash stock and deferred compensation expense ⁽²⁾	51	47	124	158
Refinancing costs ⁽³⁾	7	30	7	59
Other, net ⁽⁴⁾	27	(8)	(21)	(9)
Gross Adjustments to EBITDA	94	96	142	251
EBITDA As Defined	\$ 1,217	\$ 1,091	\$ 3,441	\$ 3,023
EBITDA As Defined, Margin ⁽⁵⁾	54.4%	53.3%	53.8%	52.5%

⁽¹⁾ Represents costs incurred to integrate acquired businesses into TD Group's operations; facility relocation costs and other acquisition-related costs; transaction and valuation-related costs for acquisitions comprising deal fees, legal, financial and tax due diligence expenses; and amortization expense of inventory step-up recorded in connection with the purchase accounting of acquired businesses.

⁽²⁾ Represents the compensation expense recognized by TD Group under our stock option plans and deferred compensation plans.

⁽³⁾ Represents costs expensed related to debt financing activities, including new issuances, extinguishments, refinancings and amendments to existing agreements.

⁽⁴⁾ Primarily represents foreign currency transaction gains or losses, payroll withholding taxes related to dividend equivalent payments and stock option exercises, non-service related pension costs, deferred compensation payments and other miscellaneous income or expense, such as gain on sale of business.

⁽⁵⁾ The EBITDA As Defined Margin represents the amount of EBITDA As Defined as a percentage of net sales.

Appendix: Reconciliation of Reported EPS to Adjusted EPS

(\$ in millions, except per share amounts)

Reported Earnings Per Share	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Net income	\$ 493	\$ 461	\$ 1,465	\$ 1,248
Less: Net income attributable to noncontrolling interests	(1)	-	(1)	(2)
Net income attributable to TD Group	492	461	1,464	1,246
Less: Dividends paid on participating securities	-	-	(49)	(101)
Net income applicable to TD Group common stockholders - basic and diluted	<u>\$ 492</u>	<u>\$ 461</u>	<u>\$ 1,415</u>	<u>\$ 1,145</u>
Weighted-average shares outstanding under the two-class method:				
Weighted-average common shares outstanding	56.2	56.0	56.2	55.7
Vested options deemed participating securities	1.9	1.9	2.0	2.1
Total shares for basic and diluted earnings per share	<u>58.1</u>	<u>57.9</u>	<u>58.2</u>	<u>57.8</u>
Earnings per share -- basic and diluted	\$ 8.47	\$ 7.96	\$ 24.31	\$ 19.81
Adjusted Earnings Per Share				
Net income	\$ 493	\$ 461	\$ 1,465	\$ 1,248
Gross adjustments to EBITDA	94	96	142	251
Purchase accounting backlog amortization	6	2	14	5
Tax adjustment ⁽¹⁾	(35)	(38)	(78)	(108)
Adjusted net income	<u>\$ 558</u>	<u>\$ 521</u>	<u>\$ 1,543</u>	<u>\$ 1,396</u>
Adjusted diluted earnings per share under the two-class method	<u>\$ 9.60</u>	<u>\$ 9.00</u>	<u>\$ 26.53</u>	<u>\$ 24.15</u>

⁽¹⁾ For the thirteen and thirty-nine week periods ended June 28, 2025 and June 29, 2024, the Tax adjustment represents the tax effect of the adjustments at the applicable effective tax rate, as well as the impact on the effective tax rate when excluding the excess tax benefits on stock option exercises. Stock compensation expense is excluded from adjusted net income and therefore we have excluded the impact that the excess tax benefits on stock option exercises have on the effective tax rate for determining adjusted net income.

Appendix: Reconciliation of Net Cash Provided by Operating Activities to EBITDA and EBITDA As Defined

(\$ in millions)

	Thirty-Nine Week Periods Ended	
	June 28, 2025	June 29, 2024
Net cash provided by operating activities	\$ 1,531	\$ 1,473
Adjustments:		
Changes in assets and liabilities, net of effects from acquisitions and sales of businesses	326	218
Interest expense - net ⁽¹⁾	1,124	912
Income tax provision - current	414	362
Amortization of inventory step-up	(9)	(8)
Loss contract amortization	38	24
Refinancing Costs ⁽²⁾	(7)	(59)
Gain on sale of businesses, net	17	11
Non-cash stock and deferred compensation expense ⁽³⁾	(124)	(158)
Foreign currency exchange losses	(11)	(3)
EBITDA	3,299	2,772
Adjustments:		
Acquisition transaction and integration-related expenses ⁽⁴⁾	32	43
Non-cash stock and deferred compensation expense ⁽³⁾	124	158
Refinancing costs ⁽²⁾	7	59
Other, net ⁽⁵⁾	(21)	(9)
EBITDA As Defined	\$ 3,441	\$ 3,023

⁽¹⁾ Represents interest expense, net of interest income, excluding the amortization of debt issuance costs and discount on debt.

⁽²⁾ Represents costs expensed related to debt financing activities, including new issuances, extinguishments, refinancings and amendments to existing agreements.

⁽³⁾ Represents the compensation expense recognized by TD Group under our stock option plans and deferred compensation plans.

⁽⁴⁾ Represents costs incurred to integrate acquired businesses into TD Group's operations; facility relocation costs and other acquisition-related costs; transaction and valuation-related costs for acquisitions comprising deal fees, legal, financial and tax due diligence expenses; and amortization expense of inventory step-up recorded in connection with the purchase accounting of acquired businesses.

⁽⁵⁾ Primarily represents foreign currency transaction gains or losses, payroll withholding taxes related to dividend equivalent payments and stock option exercises, non-service related pension costs, deferred compensation payments and other miscellaneous income or expense, such as gain on sale of business.