



TransDigm Announces Cost Mitigation Efforts

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CLEVELAND, April 2, 2020 /PRNewswire/ -- TransDigm Group Incorporated (NYSE: TDG), a leading global designer, producer and supplier of highly engineered aircraft components, today announced cost mitigation efforts as a result of disruption in the aerospace and travel industries as a result of the COVID-19 virus.

Cost Mitigation Efforts

The Company is beginning to see significant decreases in demand across its commercial aerospace business and expects this trend will continue in the coming months. As a result, the Company has adjusted its estimated shipping levels accordingly and will reduce its workforce by up to 15%. These actions are in addition to the cost mitigation efforts that were implemented earlier this calendar year. TransDigm also currently anticipates implementing one to two week furloughs at many locations over approximately the next six months in response to business unit specific situations.

Impacted domestic employees will receive a substantial lump sum payment upon their departure based on their tenure and will receive an additional \$4,000 to defray expenses associated with health care costs, job-search costs or for any other purpose. The Company is hopeful that these payments will help to significantly mitigate the impact of these events on its employees.

As an additional action to reduce costs, TransDigm's senior management team will substantially reduce their cash compensation for the balance of 2020. TransDigm's President and Chief Executive Officer, Kevin Stein, is reducing his cash compensation by over 50% and other senior executives will also substantially reduce their cash compensation as well. Members of TransDigm's Board of Directors will forgo their annual cash board fees.

TransDigm is focused on mitigating the impact to its business while supporting customers and employees. This includes following guidance from the World Health Organization and U.S. Centers for Disease Control and Prevention to prevent the spread of the virus. At this time, the duration or magnitude of this disruption is difficult to predict and the Company may have to adjust its plans as the situation evolves. However, TransDigm remains confident in its business model over the long term and hopes to return to normal employment levels as soon as practical.

Guidance Update

Given the unprecedented uncertainty around the ultimate impact of COVID-19 on global market and economic conditions, TransDigm is withdrawing its financial guidance for the fiscal year ending September 30, 2020. The Company will provide more information on its second quarter 2020 earnings call.

About TransDigm


TransDigm Group, through its wholly-owned subsidiaries, is a leading global designer, producer and supplier of highly engineered aircraft components for use on nearly all commercial and military aircraft in service today. Major product offerings, substantially all of which are ultimately provided to end-users in the aerospace industry, include mechanical/electro-mechanical actuators and controls, ignition systems and engine technology, specialized pumps and valves, power conditioning devices, specialized AC/DC electric motors and generators, NiCad batteries and chargers, engineered latching and locking devices, rods and locking devices, engineered connectors and elastomers, databus and power controls, cockpit security components and systems, specialized cockpit displays, aircraft audio systems, specialized lavatory components, seat belts and safety restraints, engineered interior surfaces and related components, advanced sensor products, switches and relay panels, advanced displays, thermal protection and insulation, lighting and control technology, military personnel parachutes, high performance hoists, winches and lifting devices, and cargo loading, handling and delivery systems.

Forward-Looking Statements

Statements in this press release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believe," "may," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," or "continue" and other words and terms of similar meaning may identify forward-looking statements. All forward-looking statements involve risks and uncertainties which could affect TransDigm Group's actual results and could cause its actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, TransDigm Group. These risks and uncertainties include but are not limited to: the impact that the COVID-19 pandemic has on our business, results of operations, financial condition and liquidity; 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; future geopolitical or worldwide events; cyber-security threats and natural disasters; our reliance on certain customers; the U.S. defense budget and risks associated with being a government supplier including government audits and inspections; failure to maintain government or industry approvals; failure to complete or successfully integrate acquisitions, including our acquisition of Esterline; our indebtedness; potential environmental liabilities; liabilities arising in connection with litigation; increases in raw material costs, taxes and labor costs that cannot be recovered in product pricing; risks and costs associated with our international sales and operations; and other risk 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 Annual Report on Form 10-K and other reports that TransDigm Group or its subsidiaries have filed with the Securities and Exchange Commission. Except as required by law, TransDigm Group undertakes no obligation to revise or update the forward-looking statements contained in this press release.

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