FY 2022 Q1 Earnings Call

February 8, 2022

TRANSDIGM GROUP INC.

Agenda

TRANSDIGM GROUP INC.

TransDigm Overview, Highlights and Outlook	Kevin Stein President and CEO
Market Review	Jorge L. Valladares III COO
Operating Performance and Financial Results	Mike Lisman CFO
Q&A	

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

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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 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 other worldwide events; cyber-security threats, natural disasters and climate change-related events; our reliance on certain customers; the U.S. defense budget and risks associated with being a government supplier, including government audits and investigations; failure to maintain government or industry approvals; failure to complete or successfully integrate acquisitions; our indebtedness; potential environmental liabilities; liabilities arising in connection with litigation; climate-related regulations; 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 for the fiscal year ended September 30, 2021 and other reports that TransDigm Group or its subsidiaries have filed with the Securities and Exchange Commission.

You are cautioned not to place undue reliance on our forward-looking statements. TransDigm Group Incorporated assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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. 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.

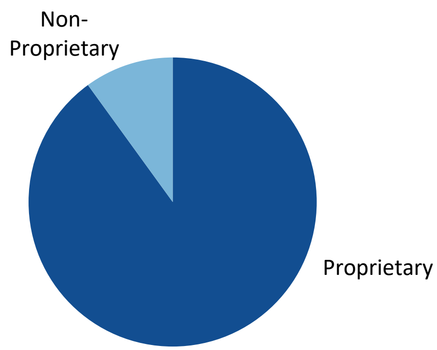
TransDigm Overview

TRANSDIGM GROUP INC.

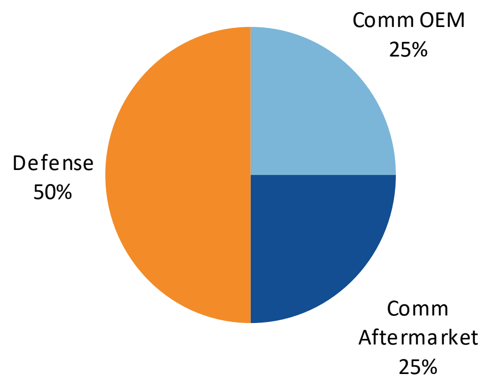
Distinguishing Characteristics

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

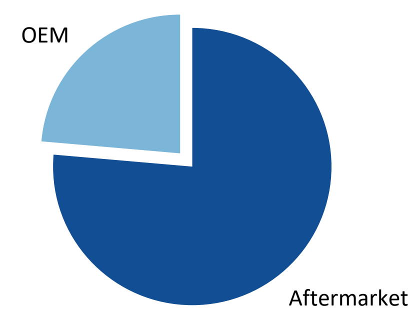
Proprietary Revenues (1)



Pro Forma Revenues (1)



Pro Forma EBITDA As Defined (1)



(1) Pro forma revenue is for the fiscal year ended 9/30/2021. Includes full year impact of the Cobham Aero Connectivity acquisition completed January 2021. Excludes full year impact of FY 21 divestitures including Avista (divested November 2020), Racal Acoustics (divested January 2021), Technical Airborne Components (divested April 2021), and ScioTeq and TREALITY Simulation Visual Systems (divested June 2021). Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

2022 Q1 Financial Performance by Markets – Pro Forma

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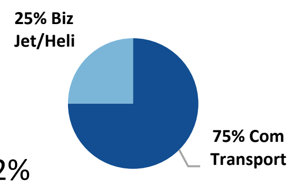
Highlights

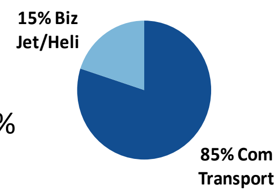
Commercial OEM:

- Q1 ’22 Commercial Transport Revenue Up 9%
- Q1 ’22 Business Jet/Helicopter Revenue Up 22%
- Q1 ’22 Bookings Strongly Outpace Shipments



Commercial Aftermarket:

- Q1 ’22 Commercial Transport Revenue Up 55%
- Q1 ’22 Business Jet/Helicopter Revenue Up 33%
- Q1 ’22 Bookings Strongly Outpace Shipments



Defense:

- Defense Sales and Bookings can be Lumpy
- Q1 ‘22 Impacted by Supply Chain Induced-Delays

Q1 Review – Pro Forma Revenues(1)

	Actual vs. Prior Year Q1
Commercial OEM:	Up 13%
Commercial Aftermarket:	Up 49%
Defense:	Down 12%

(1) Fiscal 2022 pro forma revenue for the thirteen-week period ended January 1, 2022, includes no pro forma adjustments. Fiscal 2021 pro forma revenue for the thirteen-week period ended January 2, 2021, includes the impact of the Cobham Aero Connectivity acquisition completed January 2021 and excludes the impact of FY 21 divestitures including Avista (divested November 2020), Racal Acoustics (divested January 2021), Technical Airborne Components (divested April 2021), and ScioTeq and TREALITY Simulation Visual Systems (divested June 2021). Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

First Quarter 2022 Select Financial Results

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($ in millions, except per share amounts)	Q1 FY 2022	Q1 FY 2021			
Revenue	**$1,194**	**$1,108**	**8%**	**Increase**	
Gross Profit	**$661**	**$541**			• Favorable Aftermarket vs. OEM sales mix • Lower COVID-19 restructuring costs
	55.4%	***48.8%***	**6.6%**		
SG&A	**$170**	**$197**			• Realization of COVID -19 cost mitigation efforts • Lower non-cash stock compensation expense • Lower COVID-19 restructuring costs
% to Sales	***14.2%***	***17.8%***	**-3.6%**		
Interest Expense - Net	**$264**	**$267**	**-1%**	**Decrease**	• Two senior subordinated notes refinanced to lower rates
EBITDA As Defined	**$565**	**$474**	**19%**	**Increase**	
Margin %	***47.3%***	***42.8%***			
Adjusted EPS	**$3.00**	**$1.97**	**52%**	**Increase**	
GAAP Tax Rate	**15.7%**	**5.5%**			• Higher current period GAAP tax rate due to increase in income from continuing operations before income taxes compared to prior year period, partially offset by favorable discrete impact of excess tax benefits associated with share-based payments
Adjusted Tax Rate	**26.3%**	**23.0%**			

Fiscal 2022 Select Financial Assumptions

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Select Financial Assumptions for Fiscal 2022		
	Prior Assumptions (issued November 2021)	**Updated Assumptions**
Defense Revenue Growth	LSD% Growth	No change
Full Year EBITDA Margin	≈ 47% (Highly Dependent on Pace of Commercial Aftermarket Recovery)	Slightly North of 47% (Highly Dependent on Pace of Commercial Aftermarket Recovery)
Capital Expenditures	\$135 to \$155 million	No change
Full Year Net Interest Expense	≈ \$1.08 billion	No change
Full Year Effective Tax Rate	≈ 21% - 23% for GAAP and Cash Taxes ≈ 26% - 28% Adjusted EPS	No change No change
Depreciation & Amortization Expense (ex backlog)	\$255 to \$260 million	No change
Non-Cash Stock Compensation Expense	\$90 to \$110 Million	\$140 to \$155 Million
Other EBITDA As Defined Add-Backs (1)	\$35 to \$50 Million	No change
Weighted Average Shares	59.2 million	No change

(1) Other EBITDA As Defined Add-Backs primarily include estimates for acquisition-related expenses and adjustments and other, net.

Capital Structure

TRANSDIGM GROUP INC.

Pro Forma Capital Structure

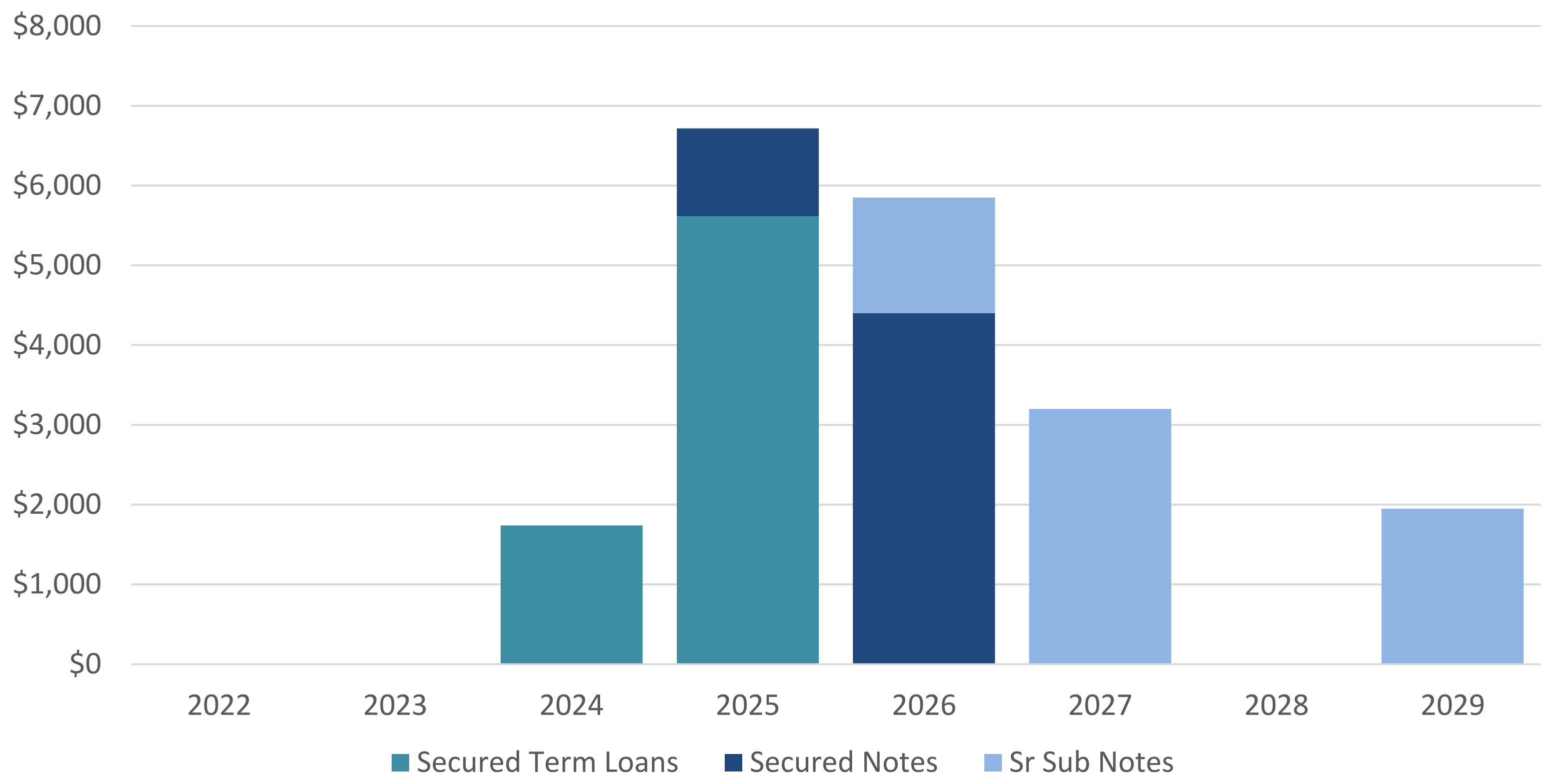
($ in millions)

	Actual 1/1/22		Rate
Cash	$4,813		
$810mm revolver	–		L + 2.500%
$350mm AR securitization facility	350		L + 1.200%
First lien term loan E due 2025	2,171		L + 2.250%
First lien term loan F due 2025	3,445		L + 2.250%
First lien term loan G due 2024	1,738		L + 2.250%
Senior secured notes due 2025	1,100		8.000%
Senior secured notes due 2026	4,400		6.250%
Total secured debt	**$13,204**	**5.8x**	
Total net secured debt	**$8,391**	**3.7x**	
Senior subordinated notes due 2026	950		6.375%
Senior subordinated notes due 2026	500		6.875%
Senior subordinated notes due 2027	550		7.500%
Senior subordinated notes due 2027	2,650		5.500%
Senior subordinated notes due 2029	1,200		4.625%
Senior subordinated notes due 2029	750		4.875%
Finance Lease Obligations (Gross)	128		
Total debt	**$19,932**	**8.8x**	
Total net debt	**$15,119**	**6.7x**	

FY22 Weighted Average Interest Rate 5.4%

Debt Maturity Profile

Debt Maturity Profile
($MM)



Note: $350M AR Securitization renews annually in July

Appendix: Reconciliation of Income from Continuing Operations to EBITDA and EBITDA As Defined

TRANSDIGM GROUP INC.

($ in millions)

	Thirteen Week Periods Ended	
	January 1, 2022	**January 2, 2021**
Income from continuing operations	**$ 163**	**$ 50**
Adjustments:		
Depreciation and amortization expense	65	58
Interest expense, net	264	267
Income tax provision	30	3
EBITDA	**522**	**378**
Adjustments:		
Acquisition and divestiture transaction-related expenses and adjustments [1]	5	4
Non-cash stock compensation expense [2]	37	49
COVID-19 pandemic restructuring costs [3]	-	21
Other, net [4]	1	22
Gross Adjustments to EBITDA	43	96
EBITDA As Defined	**$ 565**	**$ 474**
EBITDA As Defined, Margin [5]	47.3%	42.8%

[1] Represents costs incurred to integrate acquired businesses and product lines into TD Group's operations, facility relocation costs and other acquisition-related costs; transaction-related costs for both acquisitions and divestitures comprising deal fees, legal, financial and tax due diligence expenses, and valuation costs that are required to be expensed as incurred.

[2] Represents the compensation expense recognized by TD Group under our stock incentive plans.

[3] Represents restructuring costs related to the Company's cost reduction measures in response to the COVID-19 pandemic for the thirteen week period ended January 2, 2021 of $20 million. These are costs related to the Company's actions to reduce its workforce to align with customer demand. This also includes incremental costs related to the pandemic for the thirteen week period ended January 2, 2021 of $1 million that are not expected to recur once the pandemic has subsided and are clearly separable from normal operations (e.g., additional cleaning and disinfecting of facilities by contractors above and beyond normal requirements, personal protective equipment, etc.). Restructuring costs incurred in response to the COVID-19 pandemic for the thirteen week period ended January 1, 2022 were not material.

[4] Primarily represents foreign currency transaction gain or loss, payroll withholding taxes related to special dividend and dividend equivalent payments and stock option exercises, non-service related pension costs, deferred compensation and gain or loss on sale of fixed assets.

[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

TRANSDIGM GROUP INC.

($ in millions, except per share amounts)

	Thirteen Week Periods Ended	
Reported Earnings (Loss) Per Share	**January 1, 2022**	**January 2, 2021**
Income from continuing operations	$ 163	$ 50
Less: Net income attributable to noncontrolling interests	(1)	-
Net income from continuing operations attributable to TD Group	162	50
Less: Special dividends declared or paid on participating securities, including dividend equivalent payments	(46)	(73)
	116	(23)
Income from discontinued operations, net of tax	1	-
Net income (loss) applicable to TD Group common stockholders - basic and diluted	$ 117	$ (23)
Weighted-average shares outstanding under the two-class method:		
Total shares for basic and diluted earnings (loss) per share - GAAP basis	59.2	54.7
Total shares for basic and diluted adjusted earnings per share - Adjusted basis	59.2	58.4
Earnings (Loss) per share from continuing operations -- basic and diluted	$ 1.96	$ (0.42)
Earnings per share from discontinued operations -- basic and diluted	0.02	-
Earnings (Loss) per share	$ 1.98	$ (0.42)
Adjusted Earnings Per Share		
Income from continuing operations	$ 163	$ 50
Gross adjustments to EBITDA	43	96
Purchase accounting backlog amortization	4	-
Tax adjustment [(1)]	(33)	(31)
Adjusted net income	$ 177	$ 115
Adjusted diluted earnings per share under the two-class method	$ 3.00	$ 1.97

[(1)] For the thirteen week periods ended January 1, 2022 and January 2, 2021, 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 GAAP EPS to Adjusted EPS

TRANSDIGM GROUP INC.

	Thirteen Week Periods Ended	
	January 1, 2022	January 2, 2021
GAAP earnings (loss) per share from continuing operations	**$ 1.96**	**$ (0.42)**
Allocation of undistributed losses to participating securities	-	0.03
Adjustments to earnings per share:		
Dividend & dividend equivalent payments	0.77	1.24
Acquisition and divestiture transaction-related expenses and adjustments	0.11	0.05
Non-cash stock compensation expense	0.46	0.64
Tax adjustment on income from continuing operations before taxes	(0.34)	(0.16)
COVID-19 pandemic restructuring costs	-	0.27
Other, net	0.04	0.32
Adjusted earnings per share	**$ 3.00**	**$ 1.97**

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

TRANSDIGM GROUP INC.

($ in millions)

	Thirteen Week Periods Ended	
	January 1, 2022	January 2, 2021
Net cash provided by operating activities	**$ 279**	**$ 274**
Adjustments:		
Changes in assets and liabilities, net of effects from acquisitions and sales of businesses	(18)	(121)
Interest expense, net [(1)]	256	258
Income tax provision (benefit) - current	30	(2)
Loss contract amortization	12	18
Non-cash stock compensation expense [(2)]	(37)	(49)
EBITDA	**522**	**378**
Adjustments:		
Acquisition and divestiture transaction-related expenses and adjustments [(3)]	5	4
Non-cash stock compensation expense [(2)]	37	49
COVID-19 pandemic restructuring costs [(4)]	-	21
Other, net [(5)]	1	22
EBITDA As Defined	**$ 565**	**$ 474**

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

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

(3) Represents costs incurred to integrate acquired businesses and product lines into TD Group's operations, facility relocation costs and other acquisition-related costs; transaction-related costs for both acquisitions and divestitures comprising deal fees; legal, financial and tax due diligence expenses and valuation costs that are required to be expensed as incurred.

(4) Represents restructuring costs related to the Company's cost reduction measures in response to the COVID-19 pandemic for the thirteen week period ended January 2, 2021 of $20 million. These are costs related to the Company's actions to reduce its workforce to align with customer demand. This also includes incremental costs related to the pandemic for the thirteen week period ended January 2, 2021 of $1 million that are not expected to recur once the pandemic has subsided and are clearly separable from normal operations (e.g., additional cleaning and disinfecting of facilities by contractors above and beyond normal requirements, personal protective equipment, etc.). Restructuring costs incurred in response to the COVID-19 pandemic for the thirteen week period ended January 1, 2022 were not material.

(5) Primarily represents foreign currency transaction gain or loss, payroll withholding taxes related to special dividend and dividend equivalent payments and stock option exercises, non-service related pension costs, deferred compensation and gain or loss on sale of fixed assets.