



TRANSDIGM
GROUP INC.

FY 2026 Q2 Earnings Call

May 5, 2026

- TransDigm Overview, Highlights and Outlook
Mike Lisman
CEO
- Market Review
Joel Reiss
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 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

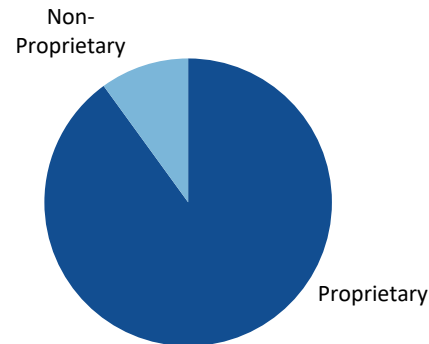
This presentation sets forth certain pro forma financial information. This pro forma financial information gives effect to certain recently completed acquisitions and divestitures. Such pro forma information is based on certain assumptions and adjustments and does not purport to present TransDigm's actual 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.

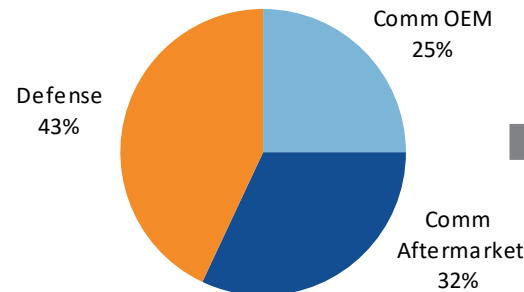
Distinguishing Characteristics

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

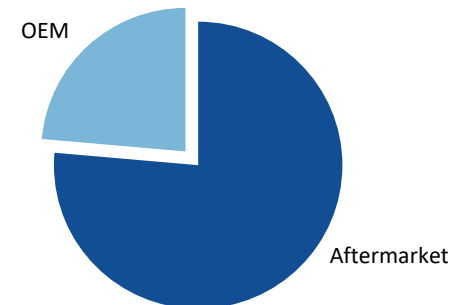
Proprietary Revenues ⁽¹⁾



Pro Forma Revenues ⁽¹⁾



Pro Forma EBITDA As Defined ⁽¹⁾



(1) Pro forma revenue is for the fiscal year ended 9/30/2025. Includes full year impact of the Simmonds Precision Products, Inc. acquisition completed October 2025 and Servotronics, Inc. acquisition completed July 2025. Excludes Jet Parts Engineering and Victor Sierra Aviation Holdings acquisition completed April 2026. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

2026 Q2 Financial Performance by Markets – Pro Forma

Highlights

Commercial OEM:

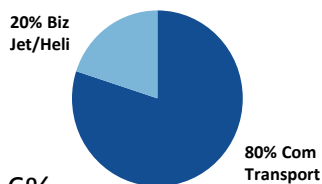
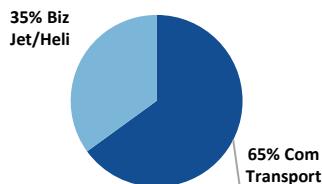
- Q2 '26 Commercial Transport Revenue Up 19%
- Q2 '26 Business Jet/Helicopter Revenue Up 1%

Commercial Aftermarket:

- Q2 '26 Commercial Transport Revenue Up 16%
- Q2 '26 Business Jet/Helicopter Revenue Up 6%

Defense:

- Q2 '26 Defense Aftermarket Growth Outpaced Defense OEM
- Revenue Growth Well Distributed Across Businesses



Q2 Review – Pro Forma Revenues⁽¹⁾

	Actual vs. Prior Year	
	Q2	YTD
Commercial OEM:	Up 12%	Up 14%
Commercial Aftermarket:	Up 14%	Up 11%
Defense:	Up 11%	Up 10%

(1) Pro forma revenue is for the fiscal year ended 9/30/2025. Includes full year impact of the Simmonds Precision Products, Inc. acquisition completed October 2025 and Servotronics, Inc. acquisition completed July 2025. Excludes Jet Parts Engineering and Victor Sierra Aviation Holdings acquisition completed April 2026. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.



Second Quarter 2026 Select Financial Results

(\$ in millions, except per share amounts)

	<u>Q2 FY 2026</u>	<u>Q2 FY 2025</u>		
Revenue	\$2,544	\$2,150	18.3%	Increase
Gross Profit	\$1,511	\$1,274		
	59.4%	59.3%	0.1%	
SG&A	\$273	\$236		
<i>% to Sales</i>	10.7%	11.0%	-0.3%	
Interest Expense - Net	\$484	\$378	28.0%	Increase
EBITDA As Defined	\$1,337	\$1,162	15.1%	Increase
<i>Margin %</i>	52.6%	54.0%		
Adjusted EPS	\$9.85	\$9.11	8.1%	Increase
GAAP Tax Rate	23.4%	23.0%		
Adjusted Tax Rate	24.1%	24.1%		

Organic growth 11%

- Driven by double-digit growth in all 3 major market channels
- Offset by lower Non-Aero growth

- Application of our value-driven operating strategy 
- Acquisition dilution 

- Interest on the additional debt raised in Q4 fiscal 2025

Market Growth Assumptions

FY 2025 Pro Forma Revenue Mix ⁽¹⁾	Market	FY 2026 Expected Growth
25%	Commercial OEM	Low Double-Digit to Mid-Teens % Range
32%	Commercial Aftermarket	High Single-Digit to Low Double-Digit % Range
43%	Defense	High Single-Digit % Range

Guidance Summary

(\$ in millions, except per share amounts)

	FY 26 Guidance			FY 26 Guidance Midpoint Change		
	Low	High		Current	Prior	Δ
Revenues	\$ 10,300	\$ 10,420	Revenues	\$ 10,360	\$ 9,940	\$ 420
Net Income	\$ 2,026	\$ 2,106				
GAAP EPS	\$ 33.91	\$ 35.29				
EBITDA As Defined	\$ 5,370	\$ 5,470	EBITDA As Defined	\$ 5,420	\$ 5,210	\$ 210
<i>% of sales</i>	52.1%	52.5%	<i>% of sales</i>	52.3%	52.4%	
Adj. EPS	\$ 38.83	\$ 40.21	Adj. EPS	\$ 39.52	\$ 38.38	\$ 1.14

(1) Pro forma revenue is for the fiscal year ended 9/30/2025. Includes full year impact of the Simmonds Precision Products, Inc. acquisition completed October 2025 and Servotronics, Inc. acquisition completed July 2025. Excludes Jet Parts Engineering and Victor Sierra Aviation Holdings acquisition completed April 2026. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

Fiscal 2026 Select Financial Assumptions

Select Financial Assumptions for Fiscal 2026		
	Prior Assumptions (Issued February 2026)	Updated Assumptions
Capital Expenditures	\$280 to \$310 million	No change
Full Year Net Interest Expense	≈ \$1.90 billion (includes \$60 million of interest income)	≈ \$2.02 billion (includes \$60 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)	\$375 to \$385 million	\$395 to \$405 million
Backlog Amortization	\$35 to \$40 million	No change
Non-Cash Stock Compensation and Deferred Compensation Expense	\$180 to \$200 million	\$160 to \$180 million
Other EBITDA As Defined Add-Backs ⁽¹⁾	\$75 to \$85 million	\$85 to \$95 million
Weighted Average Shares	58.3 million	58.0 million

(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 2026 Outlook

(\$ in millions, except per share amounts)

	FY 2026 Guidance Midpoint
Net income	\$ 2,066
Adjustments:	
Depreciation and amortization expense	438
Interest expense - net	2,020
Income tax provision	635
EBITDA	5,159
Adjustments:	
Acquisition transaction and integration-related expenses ⁽¹⁾	70
Non-cash stock and deferred compensation expense ⁽¹⁾	170
Other, net ⁽¹⁾	21
Gross Adjustments to EBITDA	261
EBITDA As Defined	\$5,420
<i>EBITDA As Defined Margin ⁽¹⁾</i>	52.3%
GAAP earnings per share	\$34.60
Adjustments to earnings per share:	
Inclusion of the dividend equivalent payments	1.02
Acquisition transaction and integration-related expenses	1.42
Non-cash stock and deferred compensation expense	2.23
Other, net	0.25
Adjusted earnings per share	\$39.52
Weighted-average shares outstanding	58.0
GAAP & Adj Tax Rate	22% - 24%

Includes approx. \$38m of backlog amortization

(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		Twenty-Six Week Periods Ended		Full Year Guidance
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025	Mid-Point
					September 30, 2026
GAAP earnings per share	\$ 9.20	\$ 8.24	\$ 15.82	\$ 15.86	\$ 34.60
Adjustments to earnings per share:					
Dividend equivalent payments	-	-	1.02	0.83	1.02
Acquisition transaction and integration-related expenses	0.36	0.14	0.62	0.40	1.42
Non-cash stock and deferred compensation expense	0.34	0.62	0.69	0.95	2.23
Tax adjustment on income from continuing operations before taxes	(0.08)	(0.11)	(0.23)	(0.48)	
Other, net	0.03	0.22	0.17	(0.62)	0.25
Adjusted earnings per share	\$ 9.85	\$ 9.11	\$ 18.09	\$ 16.94	\$ 39.52

Capital Structure

Capital Structure

(\$ in millions)

	Actual 3/28/26		Adj.	Pro forma (1) 3/28/26	Rate
Cash	<u>\$3,884</u>		\$1,500	<u>\$5,384</u>	
\$910mm revolver	–		–	–	S + 2.250%
\$725mm AR securitization facility	725		–	725	S + 1.350%
First lien term loan J due 2031	3,587		–	3,587	S + 2.500%
First lien term loan K due 2030	3,535		–	3,535	S + 2.250%
First lien term loan L due 2032	1,481		–	1,481	S + 2.500%
First lien term loan M due 2032	2,494		–	2,494	S + 2.500%
First lien term loan N due 2033	800		1,000	1,800	S + 2.500%
Senior secured notes due 2028	2,100		–	2,100	6.750%
Senior secured notes due 2029	2,750		–	2,750	6.375%
Senior secured notes due 2030	1,450		–	1,450	6.875%
Senior secured notes due 2031	1,000		–	1,000	7.125%
Senior secured notes due 2032	2,200		–	2,200	6.625%
Senior secured notes due 2033	1,500		–	1,500	6.000%
Senior secured notes due 2034	500		–	500	6.250%
Total secured debt	\$24,122	4.8x		\$25,122	5.0x
Total net secured debt	\$20,238	4.0x		\$19,738	3.9x
Senior subordinated notes due 2029	1,200		–	1,200	4.625%
Senior subordinated notes due 2029	750		–	750	4.875%
Senior subordinated notes due 2033	2,650		–	2,650	6.375%
Senior subordinated notes due 2034	2,000		–	2,000	6.750%
Senior subordinated notes due 2034	1,200		500	1,700	6.125%
Finance Lease Obligations	302		–	302	
Total debt	\$32,224	6.4x		\$33,724	6.7x
Total net debt	\$28,340	5.6x		\$28,340	5.6x

FY26 Forecasted
Weighted Average
Interest Rate
6.2%

(1) Proforma to reflect \$1.5 billion of new debt issued April 17, 2026 and cash impact.

- Interest rates on TDG’s \$33.7Bn of gross Debt is ~ 75% hedged/fixed rate through fiscal year 2029
- 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 26

Assumptions

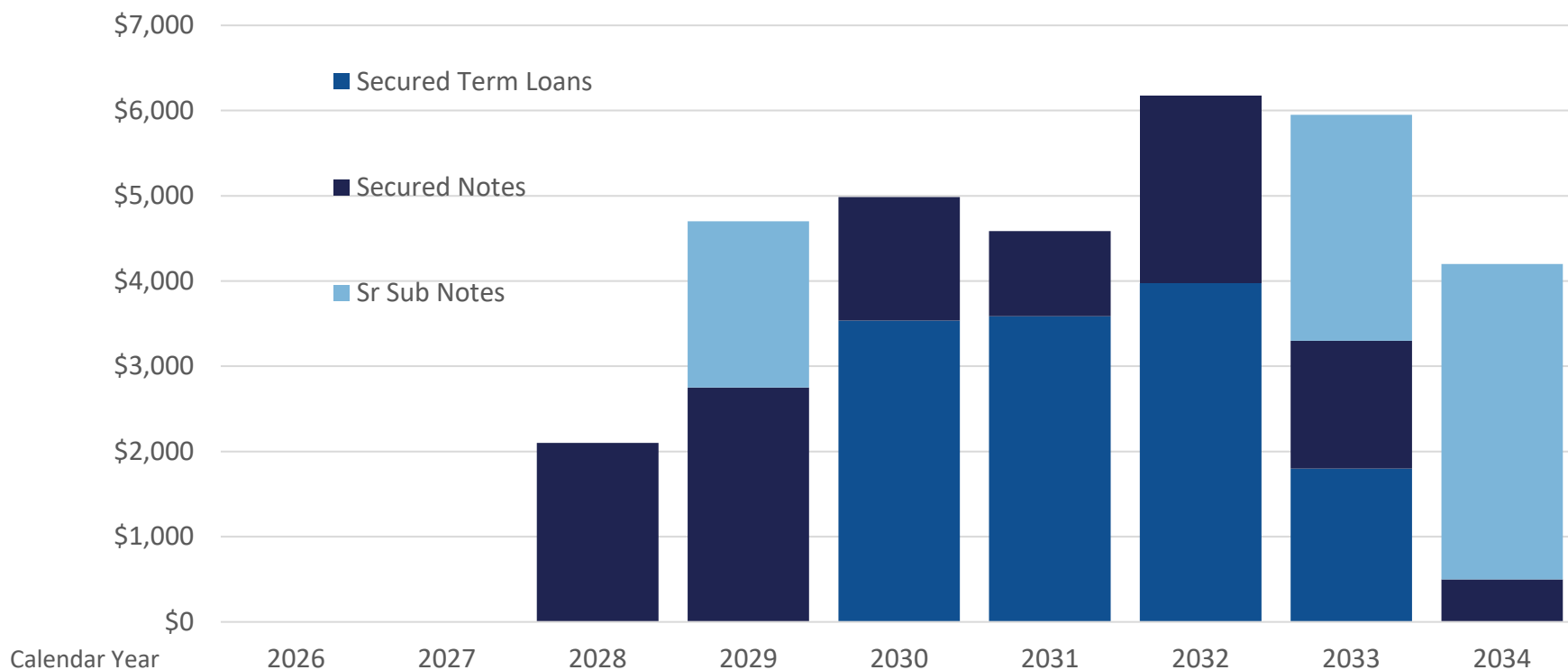
	~ 3.8%	5.0%	6.0%	7.0%
Average Variable Rate ⁽¹⁾				
Interest Expense - Pre-Tax ⁽²⁾	\$2,020	\$2,135	\$2,220	\$2,305
Interest Rate - Pre-Tax	6.2%	6.7%	6.9%	7.2%

(1) FY 26 Weighted Average Variable rate is the average Term SOFR for TDG's 2026 fiscal year based on current consensus and management estimates.

(2) Interest expense shown includes \$60M amortization of debt issuance costs and fees and \$60M of Interest income.

Debt Maturity Profile

(\$MM)



Note 1: Includes \$1.5B incremental debt raised in April 2026

Note 2: \$910M Revolver matures in February 2029

Note 3: \$725M AR Securitization renews annually in July

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

(\$ in millions)

	Thirteen Week Periods Ended		Twenty-Six Week Periods Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Net Income	\$ 536	\$ 479	\$ 981	\$ 972
Adjustments:				
Depreciation and amortization expense	105	89	205	179
Interest expense - net	484	378	959	756
Income tax provision	164	143	291	269
EBITDA	1,289	1,089	2,436	2,176
Adjustments:				
Acquisition transaction and integration-related expenses ⁽¹⁾	19	9	31	22
Non-cash stock and deferred compensation expense ⁽²⁾	26	48	53	73
Other, net ⁽³⁾	3	16	14	(47)
Gross Adjustments to EBITDA	48	73	98	48
EBITDA As Defined	\$ 1,337	\$ 1,162	\$ 2,534	\$ 2,224
EBITDA As Defined, Margin ⁽⁴⁾	52.6%	54.0%	52.5%	53.5%

⁽¹⁾ Represents costs incurred to integrate acquired businesses into our 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 an amortization expense of inventory step-up recorded in connection with the purchase accounting of acquired businesses.

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

⁽³⁾ 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.

⁽⁴⁾ 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		Twenty-Six Week Periods Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Net income	\$ 536	\$ 479	\$ 981	\$ 972
Less: Net income attributable to noncontrolling interests	(1)	-	(1)	-
Net income attributable to TD Group	535	479	980	972
Less: Dividends paid on participating securities	-	-	(59)	(49)
Net income applicable to TD Group common stockholders - basic and diluted	<u>\$ 535</u>	<u>\$ 479</u>	<u>\$ 921</u>	<u>\$ 923</u>
Weighted-average shares outstanding under the two-class method:				
Weighted-average common shares outstanding	56.4	56.1	56.4	56.2
Vested options deemed participating securities	1.8	2.0	1.8	2.0
Total shares for basic and diluted earnings per share	<u>58.2</u>	<u>58.1</u>	<u>58.2</u>	<u>58.2</u>
Earnings per share -- basic and diluted	\$ 9.20	\$ 8.24	\$ 15.82	\$ 15.86
Adjusted Earnings Per Share				
Net income	\$ 536	\$ 479	\$ 981	\$ 972
Gross adjustments to EBITDA	48	73	98	48
Purchase accounting backlog amortization	8	2	16	8
Tax adjustment ⁽¹⁾	(18)	(25)	(42)	(42)
Adjusted net income	<u>\$ 574</u>	<u>\$ 529</u>	<u>\$ 1,053</u>	<u>\$ 986</u>
Adjusted diluted earnings per share under the two-class method	<u>\$ 9.85</u>	<u>\$ 9.11</u>	<u>\$ 18.09</u>	<u>\$ 16.94</u>

(1) For the thirteen and twenty-six week periods ended March 28, 2026 and March 29, 2025, 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)

	Twenty-Six Week Periods Ended	
	March 28, 2026	March 29, 2025
Net cash provided by operating activities	\$ 967	\$ 900
Adjustments:		
Changes in assets and liabilities, net of effects from acquisitions and sales of businesses	294	322
Interest expense - net ⁽¹⁾	936	737
Income tax provision - current	292	271
Gain on sale of businesses, net	-	19
Non-cash stock and deferred compensation expense ⁽²⁾	(53)	(73)
EBITDA	2,436	2,176
Adjustments:		
Acquisition transaction and integration-related expenses ⁽³⁾	31	22
Non-cash stock and deferred compensation expense ⁽²⁾	53	73
Other, net ⁽⁴⁾	14	(47)
EBITDA As Defined	\$ 2,534	\$ 2,224

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

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

⁽³⁾ Represents costs incurred to integrate acquired businesses into our 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.

⁽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.