

# Supplemental Information: Key Credit Agreement Provisions & Pro forma Capital Structure



March 26, 2020

## As of December 28, 2020

- No financial maintenance covenants in place on any of TransDigm's \$18.5 billion of Secured and Unsecured Debt
- No maturity due on any term loans or bonds until July 2024
- Available revolver of \$760 million
  - Subject to a covenant only if drawn greater than \$265 million
  - No covenants apply below the \$265 million level
- \$2.3 billion cash balance <sup>(1)</sup>

(1) Actual 12/28/2019 cash balance of \$4.2Bn adjusted to remove \$1.9Bn dividend paid first week of January 2020. Pro forma cash balance = \$2.3Bn.

## Summary of Key Provisions in Credit Agreement

- TransDigm has no maintenance covenants in its existing Term Loan and Bond Indenture documents
- Only exception to this is that if the company should draw greater than 35% of its revolver, there is a Net Debt / EBITDA limit of 7.25x. Provided the Revolver is less than 35% drawn, there is no covenant in place.

<u>PROVISION</u>	<u>MATERIAL DETAILS</u>
<b>Incremental Facility</b>	<ul style="list-style-type: none"> <li>○ Unlimited if Consolidated Net Leverage Ratio would be no greater than 7.25 to 1.00 and Consolidated Secured Net Debt Ratio would be no greater than 5.00 to 1.00</li> </ul>
<b>Financial Covenant</b>	<ul style="list-style-type: none"> <li>○ Springing for the benefit of the Revolving Lenders if the Revolving Credit Exposure (Borrowings and LCs) as of the last day of a fiscal quarter exceeds an amount equal to 35% of the Revolving Commitments</li> <li>○ Consolidated Net Leverage Ratio of no more than 7.25 to 1.00 (or 7.75 to 1.00 for the first two fiscal quarters ending after the consummation of a material acquisition).</li> </ul>

(1) This summary is based on the Second Amended and Restated Credit Agreement, dated as of June 4, 2014 (as amended through Amendment No. 7, dated as of February 2020) and does not purport to be complete. Reference should be made to the Credit Agreement and related Loan Documents for their complete terms and provisions.

# Capital Structure

(\$ in millions)

## Pro forma Capital Structure

Pro forma Capitalization	Pro forma - Post Div & Refi					
	Actual 12/28/19		12/28/19 <sup>(1)</sup>		Rate	Maturity
Cash, excluding disc ops	\$4,231		\$2,365			
\$760mm revolver	–		–		L + 3.000%	Dec-22
\$350mm AR securitization facility	350		350		L + 0.900%	Jul-20
First lien term loan E due 2025	2,221		2,221		L + 2.250%	May-25
First lien term loan F due 2025	3,524		3,524		L + 2.250%	Dec-25
First lien term loan G due 2024	1,778		1,778		L + 2.250%	Aug-24
Senior secured notes due 2026	4,000		4,000		6.250%	Mar-26
<b>Total secured debt</b>	<b>\$11,874</b>	<b>4.5x</b>	<b>\$11,874</b>	<b>4.5x</b>		
<b>Total net secured debt</b>	<b>\$7,643</b>	<b>2.9x</b>	<b>\$9,509</b>	<b>3.6x</b>		
Senior subordinated notes due 2024	1,200		1,200		6.500%	Jul-24
Senior subordinated notes due 2025	750		750		6.500%	May-25
Senior subordinated notes due 2026	950		950		6.375%	Jun-26
Senior subordinated notes due 2026 (UK)	500		500		6.875%	May-26
Senior subordinated notes due 2027	550		550		7.500%	Mar-27
Senior subordinated notes due 2027	2,650		2,650		5.500%	Nov-27
Capital Lease Obligations (Gross)	50		50			
<b>Total debt</b>	<b>\$18,524</b>	<b>7.0x</b>	<b>\$18,524</b>	<b>7.0x</b>		
<b>Total net debt</b>	<b>\$14,293</b>	<b>5.4x</b>	<b>\$16,159</b>	<b>6.1x</b>		

Refinancing completed  
2/6/2020:

- Lowered interest rate  
from L+2.50% to  
L+2.25%

- Extended maturity on  
TLF from 6/2023 to  
12/2025

(1) Pro forma capital structure reflects the dividend paid subsequent to the fiscal quarter ended 12/28/2019 and refinancing completed 2/6/2020.

### 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.