

First Quarter Fiscal Year 2025 Results

February 3, 2025

WOODWARD

CAUTIONARY STATEMENT

Information in this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, including, but not limited to, our focus on and commitment to growth, operational excellence and innovation, including whether such focus ultimately leads to profitable growth and long-term term success, anticipated margin expansion in certain product lines, our capital allocation strategy and our expectations regarding the form and amount of cash we anticipate returning to shareholders, and statements regarding our business, expectations and guidance for fiscal year 2025, including our guidance for sales, segment sales as compared to the prior fiscal year, adjusted earnings per share, segment earnings margin, adjusted effective tax rate, free cash flow, capital expenditures, and diluted weighted average shares outstanding, as well as our assumptions regarding our guidance and our progress toward achieving it, and anticipated trends in our business and markets. Factors that could cause actual results and the timing of certain events to differ materially from the forward-looking statements include, but are not limited to: (1) global economic uncertainty and instability, including in the financial markets that affect Woodward, its customers, and its supply chain; (2) risks related to constraints and disruptions in the global supply chain and labor markets; (3) Woodward's long sales cycle; (4) risks related to Woodward's concentration of revenue among a relatively small number of customers; (5) Woodward's ability to implement and realize the intended effects of any restructuring efforts; (6) Woodward's ability to successfully manage competitive factors including expenses and fluctuations in sales; (7) changes and consolidations in the aerospace market; (8) Woodward's financial obligations including debt obligations and tax expenses and exposures; (9) risks related to Woodward's U.S. government contracting activities including potential changes in government spending patterns; (10) Woodward's ability to protect its intellectual property rights and avoid infringing the intellectual property rights of others; (11) changes in the estimates of fair value of reporting units or of long-lived assets; (12) environmental risks; (13) Woodward's continued access to a stable workforce and favorable labor relations with its employees; (14) Woodward's ability to manage various regulatory and legal matters; (15) risks from operating internationally; (16) cybersecurity and other technological risks; and other risk factors and risks described in Woodward's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended September 30, 2024, as well as its Quarterly Report on Form 10-Q, which we expect to file shortly, and other risks described in Woodward's filings with the Securities and Exchange Commission. The forward-looking statements contained in this press release are made as of the date hereof and Woodward assumes no obligation to update such statements, except as required by applicable law.

Value Driver Pillars Continue to Deliver Differentiated Value for Shareholders



"We're pleased with our strong start to 2025, as our first quarter results were in line with our expectations. We remain committed to operational excellence, innovation, and delivering profitable growth to build a stronger, more focused Woodward."

- Chip Blankenship, Chairman and Chief Executive Officer

First Quarter Fiscal Year 2025 Summary

SALES DOWN 2% YOY

- Growth in Aerospace & core Industrial
- Lower China on-highway, as expected
- Boeing work stoppage

OPERATING EARNINGS DOWN 7% YOY

- Lower volume
- Unfavorable mix
- Price realization

STRONG BALANCE SHEET

- Free cash flow[1] of $1M
- 1.5 times leverage



CAPITAL ALLOCATION

$34M

capital expenditures

$50M

returned to shareholders through dividends and share repurchases

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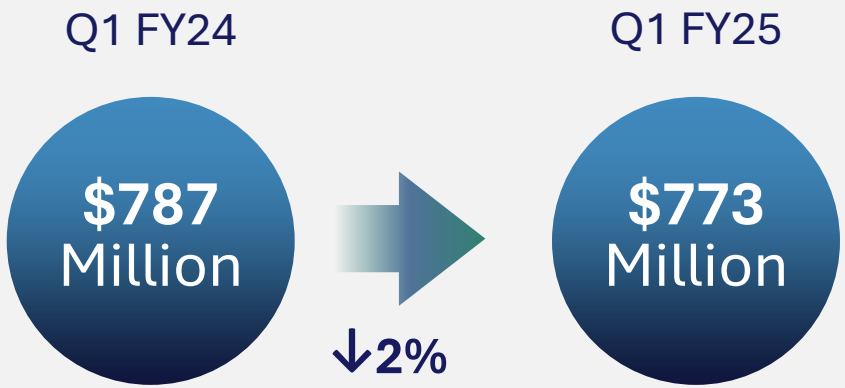
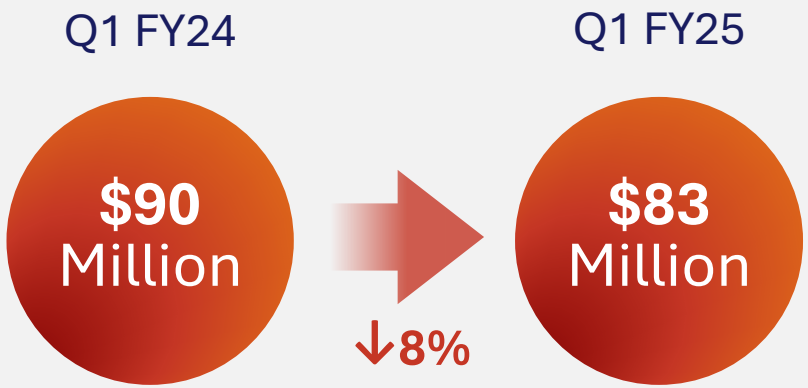
Q1 Fiscal Year 2025 Consolidated Results

NET SALES



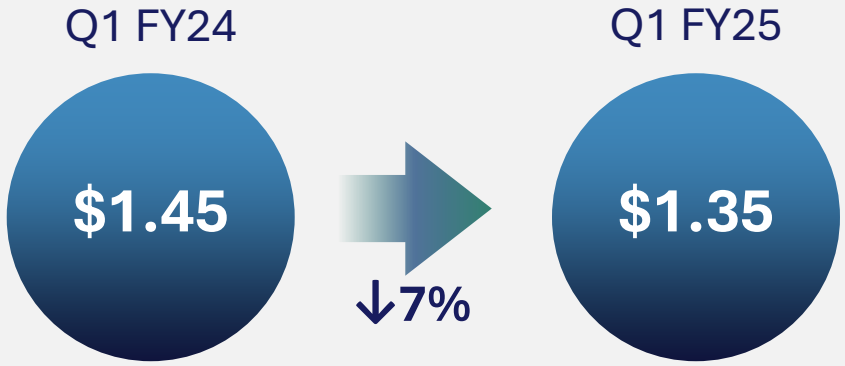
ADJUSTED NET EARNINGS[1]

REPORTED EARNINGS:
$90M Q1 FY24
$87M Q1 FY25

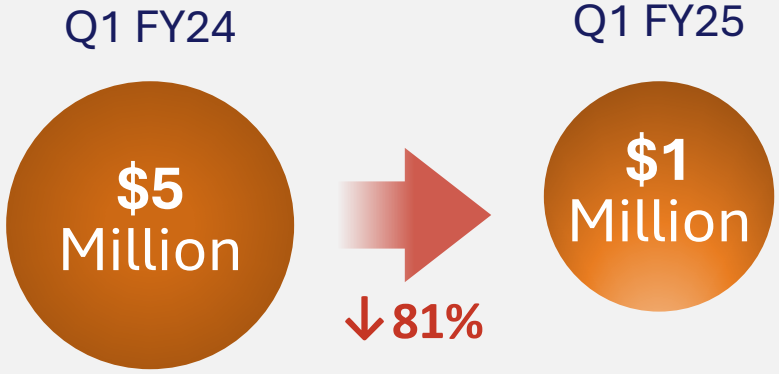


ADJUSTED EARNINGS PER SHARE (EPS)[1]

REPORTED EPS:
$1.46 Q1 FY24
$1.42 Q1 FY25



FREE CASH FLOW



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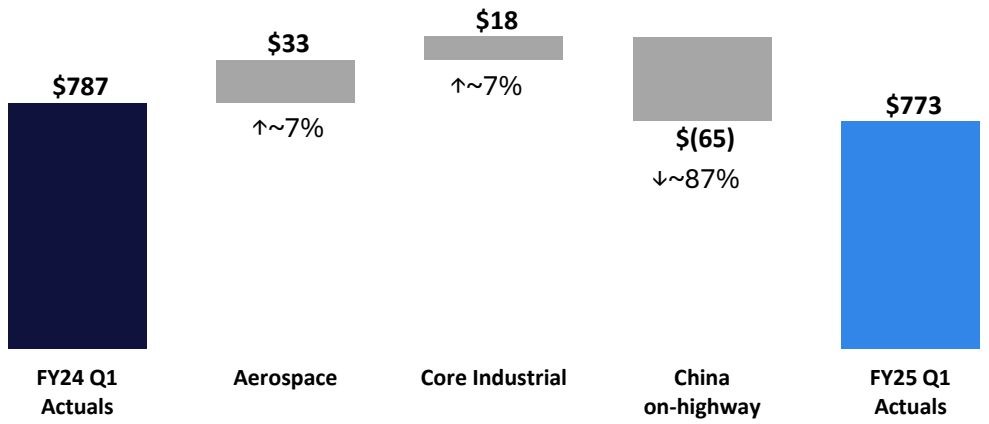
Q1 Fiscal Year 2025 Bridge

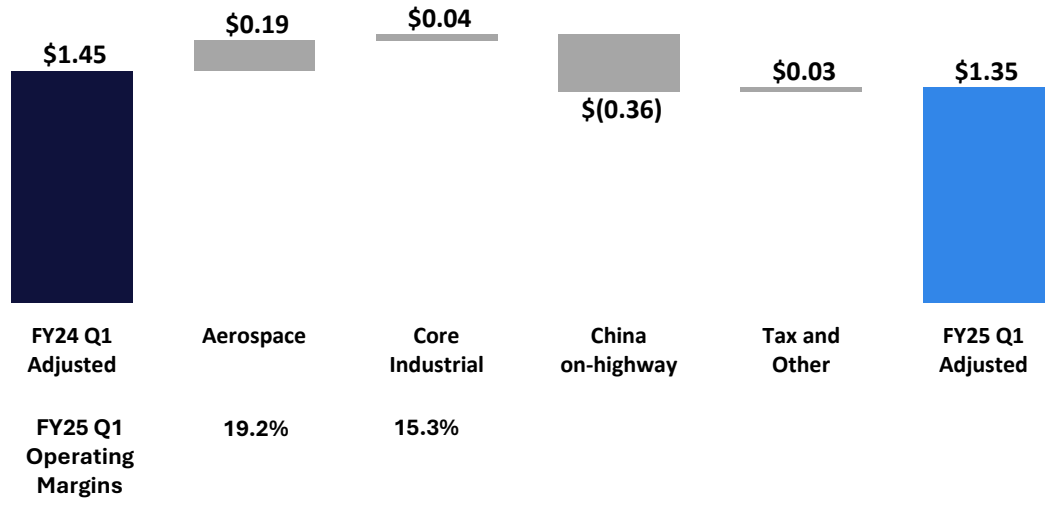
SALES

FY24 Q1 ACTUAL TO FY25 Q1 ACTUAL



EPS

FY24 Q1 ADJUSTED TO FY25 Q1 ADJUSTED



GROWTH IN AEROSPACE AND CORE INDUSTRIAL
OFFSET BY CHINA ON-HIGHWAY DECLINE

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Aerospace Overview



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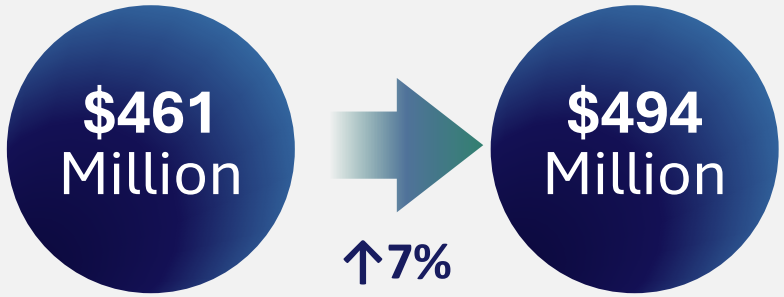
Aerospace Segment Q1 Fiscal Year 2025

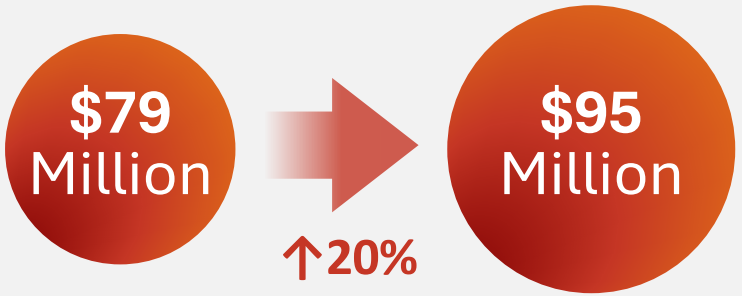
SALES

Q1 FY24 → Q1 FY25



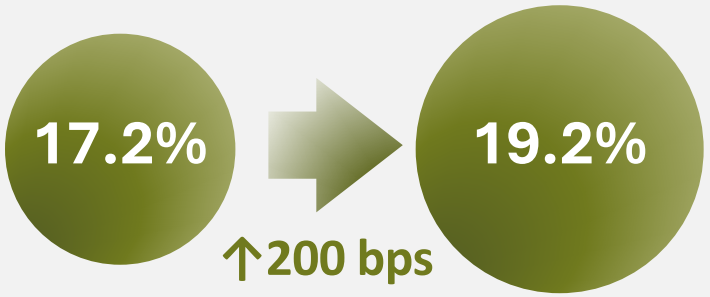
EARNINGS

Q1 FY24 → Q1 FY25



MARGIN

Q1 FY24 → Q1 FY25



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Aerospace Commercial

WWD Commercial
OEM Sales
Q1 FY24 to Q1 FY25

10%
DECLINE



WWD Commercial
Aftermarket Sales
Q1 FY24 to Q1 FY25

19%
GROWTH

COMMERCIAL OEM
MARKET UPDATE

- Boeing work stoppage
- Industry supply chain challenges

COMMERCIAL AFTERMARKET
MARKET UPDATE

- Strong passenger traffic
- High legacy aircraft utilization

Aerospace Defense

WWD Defense
OEM Sales
Q1 FY24 to Q1 FY25

↑ **21% GROWTH**



WWD Defense
Aftermarket Sales
Q1 FY24 to Q1 FY25

↑ **8% GROWTH**

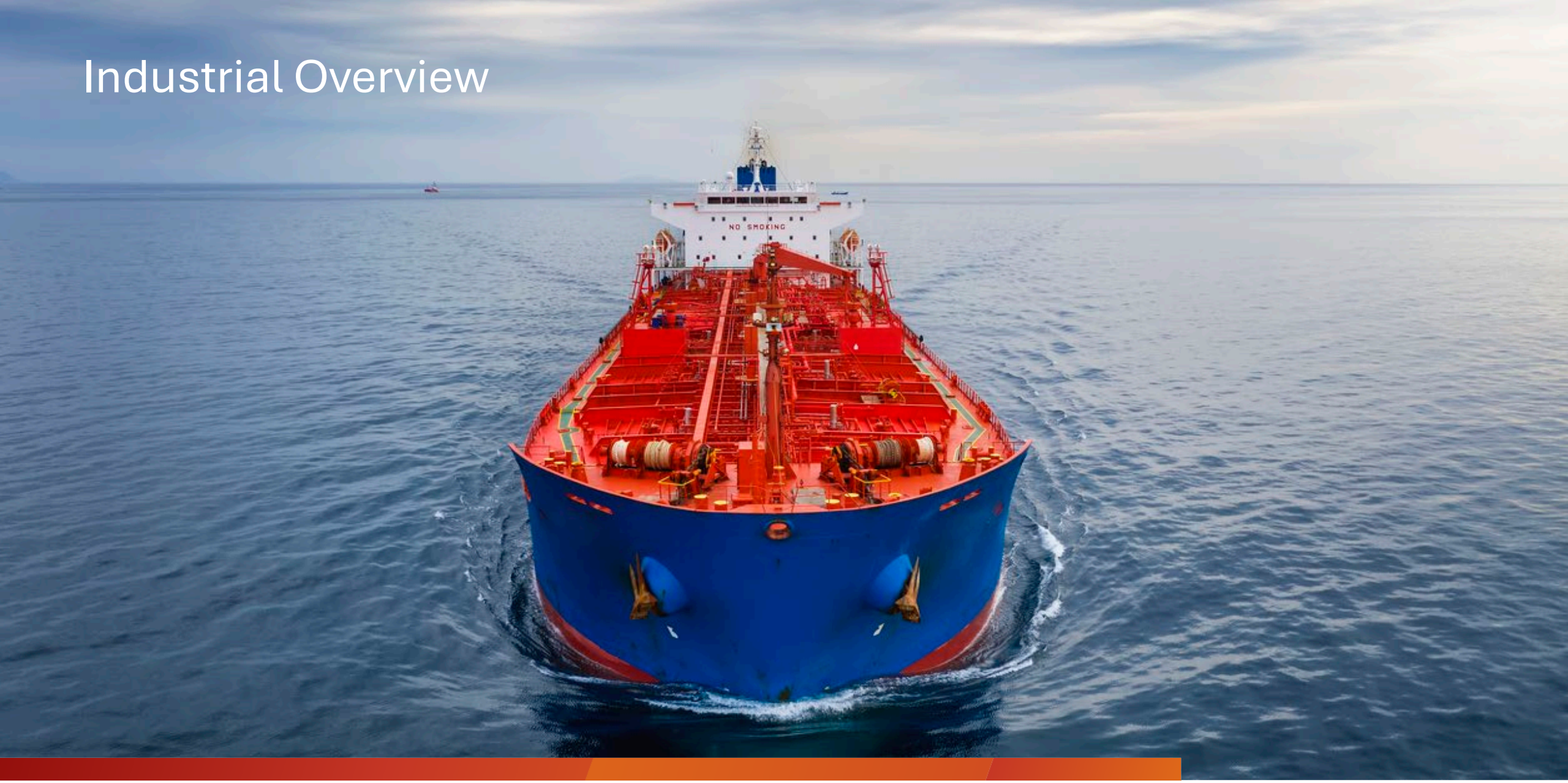
DEFENSE OEM
MARKET UPDATE

- Strong demand for defense products
- Robust smart defense order activity

DEFENSE AFTERMARKET
MARKET UPDATE

- Improved operational execution
- Supply chain stabilization

Industrial Overview



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Industrial Segment Q1 Fiscal Year 2025

SALES

Q1 FY24 $326 Million → Q1 FY25 $279 Million

↓15%

EARNINGS

Q1 FY24 $67 Million → Q1 FY25 $40 Million

↓40%

MARGIN

Q1 FY24 20.5% → Q1 FY25 14.4%

↓610 bps

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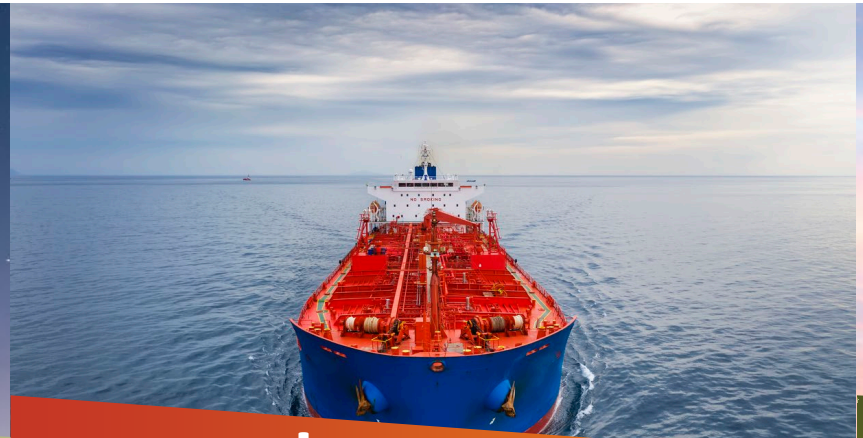
Industrial Sales and Market
Q1 FY24 to Q1 FY25



↑ 7%
SALES GROWTH

POWER GENERATION
MARKET UPDATE

- Robust global demand for power generation
- Increasing investment in gas-powered generation for both primary and backup power for grid stability
- Growing demand for data centers and associated backup power



↓ 33%
SALES DECLINE

TRANSPORTATION
MARKET UPDATE

- Local economic challenges dampening demand for heavy duty trucks in China
- Healthy global marine market with shipyards at capacity and higher utilization



↑ 7%
SALES GROWTH

OIL AND GAS
MARKET UPDATE

- Low commodity prices impacting upstream services
- Positive outlook related to continued investment in refining and petrochemical activities in China, Middle East and India

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Woodward Select Financial Results

	Q1 FY24	Q1 FY25	CHANGE
GROSS MARGIN*: % OF SALES	26.0%	24.5%	(150) bps
SG&A EXPENSES: % OF SALES	9.5%	9.0%	(50) bps
R&D EXPENSES: % OF SALES	3.9%	3.9%	0 bps
EFFECTIVE TAX RATE	17.9%	14.5%	340 bps
ADJUSTED EFFECTIVE TAX RATE[1]	17.7%	14.0%	370 bps
EBITDA[1] (Millions)	$149	$141	($8)
ADJUSTED EBITDA[1] (Millions)	$148	$135	($13)
CASH FROM OPERATIONS (Millions)	$47	$35	($12)
CAPITAL EXPENDITURES (Millions)	$42	$34	($8)
FREE CASH FLOW (Millions)	$5	$1	($4)

* Gross margin defined as (Net Sales less Cost of Goods Sold) / (Net Sales)

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Fiscal Year 2025 Guidance



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Fiscal Year 2025 Guidance

(in millions, except EPS and percentages)

		Prior FY25 Guidance issued on November 25, 2024	**Revised** FY25 Guidance issued on February 3, 2025
WOODWARD	Sales	$3,300 – $3,500	No change
	Adjusted Effective Tax Rate	~20%	~19%
	Free Cash Flow	$350 – $400	No change
	Capital Expenditures	~$115	No change
	Shares	~61.5	No change
	Adjusted EPS	$5.75 – $6.25	$5.85 - $6.25
AEROSPACE	Sales	Up 6–13%	No change
	Segment Earnings (% of Sales)	20–21%	No change
INDUSTRIAL	Sales	Down 7–11%	No change
	Segment Earnings (% of Sales)	13–14%	No change

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Appendix

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APPENDIX

NON-U.S. GAAP RECONCILIATIONS

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NET EARNINGS TO ADJUSTED NET EARNINGS[1]

(Unaudited - in thousands, except per share amounts)

	Three Months Ended December 31,			
	2024		2023	
	Net Earnings	Earnings Per Share	Net Earnings	Earnings Per Share
Net earnings (U.S. GAAP)	$ 87,091	$ 1.42	$ 90,044	$ 1.46
Non-U.S. GAAP adjustments:				
Product rationalization[1]	(9,361)	(0.15)	-	-
Business development activities[2]	3,518	0.06	4,238	0.07
Non-recurring gain related to a previous acquisition[1]	-	-	(4,803)	(0.09)
Tax effect of Non-U.S. GAAP net earnings adjustments	1,319	0.02	332	0.01
Total non-U.S. GAAP adjustments	(4,524)	(0.07)	(233)	(0.01)
Adjusted net earnings (Non-U.S. GAAP)	$ 82,567	$ 1.35	$ 89,811	$ 1.45

1) Presented in the line item "Other (income) expense, net" in Woodward's Condensed Consolidated Statement of Earnings.
2) Presented in item "Selling, general and administrative" expenses in Woodward's Condensed Consolidated Statement of Earnings.

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NET EARNINGS TO EBIT[1] AND ADJUSTED EBIT[1]

(Unaudited - in thousands)

	Three Months Ended December 31,	
	2024	2023
Net earnings (U.S. GAAP)	$ 87,091	$ 90,044
Income tax expense	14,763	19,676
Interest expense	12,341	11,436
Interest income	(1,377)	(1,473)
EBIT (Non-U.S. GAAP)	112,818	119,683
Total non-U.S. GAAP adjustments*	(5,843)	(565)
Adjusted EBIT (Non-U.S. GAAP)	$ 106,975	$ 119,118

*See Reconciliation of Net Earnings to Adjusted Net Earnings[1] table above for the list of Non-U.S. GAAP adjustments made in the applicable periods.

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NON-U.S. GAAP RECONCILIATIONS

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NET EARNINGS TO EBITDA[1] AND ADJUSTED EBITDA[1]

(Unaudited - in thousands)

	Three Months Ended December 31,	
	2024	*2023*
Net earnings (U.S. GAAP)	$ 87,091	$ 90,044
Income tax expense	14,763	19,676
Interest expense	12,341	11,436
Interest income	(1,377)	(1,473)
Amortization of intangible assets	6,914	8,599
Depreciation expense	20,962	20,226
EBITDA (Non-U.S. GAAP)	140,694	148,508
Total non-U.S. GAAP adjustments*	(5,843)	(565)
Adjusted EBITDA (Non-U.S. GAAP)	$ 134,851	$ 147,943

*See Reconciliation of Net Earnings to Adjusted Net Earnings[1] table above for the list of Non-U.S. GAAP adjustments made in the applicable periods.

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NONSEGMENT EXPENSES TO ADJUSTED NONSEGMENT EXPENSES[1]

(Unaudited - in thousands)

	Three Months Ended December 31,	
	2024	*2023*
Nonsegment expenses (U.S. GAAP)	$ (22,104)	$ (26,200)
Product rationalization	(9,361)	-
Business development activities	3,518	4,238
Non-recurring gain related to a previous acquisition	-	(4,803)
Adjusted nonsegment expenses (Non-U.S. GAAP)	$ (27,947)	$ (26,765)

NON-U.S. GAAP RECONCILIATIONS

Woodward, Inc. and Subsidiaries

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO FREE CASH FLOW[1]

(Unaudited - in thousands)

	Three Months Ended December 31,	
	2024	*2023*
Net cash provided by operating activities (U.S. GAAP)	$ 34,516	$ 46,789
Payments for property, plant, and equipment	(33,574)	(41,812)
Free cash flow (Non-U.S. GAAP)	$ 942	$ 4,977

Woodward, Inc. and Subsidiaries

RECONCILIATION OF INCOME TAX EXPENSE TO ADJUSTED INCOME TAX EXPENSE[1]

(Unaudited - in thousands)

	Three Months Ended December 31,	
	2024	*2023*
Income tax expense (U.S. GAAP)	$ 14,763	$ 19,676
Tax effect of Non-U.S. GAAP net income adjustments	(1,319)	(332)
Adjusted income tax expense (Non-U.S. GAAP)	$ 13,444	$ 19,344
Adjusted effective tax rate (Non-U.S. GAAP)	14.0%	17.7%

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NON-U.S. GAAP RECONCILIATIONS

Woodward, Inc. and Subsidiaries

RECONCILIATION OF INDUSTRIAL NET SALES

(Unaudited - in thousands)

	Three Months Ended December 31,	
	2024	*2023*
China on highway natural gas truck sales	$ 9,633	$ 74,338
Core Industrial sales	269,210	251,636
Industrial segment net sales (U.S. GAAP)	$ 278,843	$ 325,974

Woodward, Inc. and Subsidiaries

RECONCILIATION OF INDUSTRIAL SEGMENT EARNINGS

(Unaudited - in thousands)

	Three Months Ended December 31,	
	2024	*2023*
China on highway natural gas truck (loss) earnings	$ (941)	$ 28,685
Core Industrial earnings	41,138	38,196
Industrial segment earnings (U.S. GAAP)	$ 40,197	$ 66,881

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APPENDIX

NON-U.S. GAAP MEASURES

[1]Adjusted and Non-U.S. GAAP Financial Measures: Adjusted net earnings, adjusted earnings per share, adjusted EBIT, adjusted EBITDA, adjusted effective tax rate, and adjusted nonsegment expenses exclude, as applicable, (i) a non-recurring gain related to a previous acquisition, (ii) costs related to business development activities, and (iii) gains related to product rationalization activities. The product rationalization adjustment pertains to gains related to the elimination of certain product lines. The Company believes that these excluded items are short-term in nature, not directly related to the ongoing operations of the business, and therefore, the exclusion of them illustrates more clearly how the underlying business of Woodward is performing. Adjusted free cash flow is free cash flow (defined below) minus cash received for a non-recurring matter related to a previous acquisition plus cash paid for business development activities. Management believes these adjustments to free cash flow better portray Woodward's operating performance.

EBIT (earnings before interest and taxes), EBITDA (earnings before interest, taxes, depreciation and amortization), free cash flow, adjusted free cash flow, adjusted net earnings, adjusted earnings per share, adjusted EBIT, adjusted EBITDA, adjusted effective tax rate, and adjusted nonsegment expenses are financial measures not prepared and presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Management uses EBIT and adjusted EBIT to evaluate Woodward's operating performance without the impacts of financing and tax related considerations. Management uses EBITDA and adjusted EBITDA in evaluating Woodward's operating performance, making business decisions, including developing budgets, managing expenditures, forecasting future periods, and evaluating capital structure impacts of various strategic scenarios.

Management also uses free cash flow, which is derived from net cash provided by or used in operating activities less payments for property, plant, and equipment, as well as adjusted free cash flow (as described above), in reviewing the financial performance of Woodward's various business segments and evaluating cash generation levels. Securities analysts, investors, and others frequently use EBIT, EBITDA, free cash flow, adjusted free cash flow in their evaluation of companies, particularly those with significant property, plant, and equipment, and intangible assets that are subject to amortization. The use of any of these non-U.S. GAAP financial measures is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with U.S. GAAP. Because adjusted net earnings, adjusted earnings per share, EBIT, EBITDA, adjusted EBIT, and adjusted EBITDA exclude certain financial information compared with net earnings, the most comparable U.S. GAAP financial measure, users of this financial information should consider the information that is excluded. Free cash flow and adjusted free cash flow do not necessarily represent funds available for discretionary use and is not necessarily a measure of our ability to fund our cash needs. Woodward's calculations of EBIT, EBITDA, adjusted net earnings, adjusted earnings per share, adjusted EBIT, adjusted EBITDA, adjusted effective tax rate, adjusted nonsegment expenses, free cash flow, and adjusted free cash flow may differ from similarly titled measures used by other companies, limiting their usefulness as comparative measures.

[2]Website, Facebook, X: Woodward has used, and intends to continue to use, its Investor Relations website, LinkedIn page, Facebook page, and X handle as means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.



Powering a clean future

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