(INTRODUCTION FOR CONFERENCE CALL)

Good morning and thank you for joining Moog's third quarter 2024 earnings release conference call. I'm Aaron Astrachan, Director of Investor Relations. With me today is Pat Roche, our Chief Executive Officer, and Jennifer Walter, our Chief Financial Officer.

Earlier this morning, we released our results and our supplemental slides, both of which are available on our website.

Our earnings press release, our supplemental slides and remarks made during our call today contain adjusted, non-GAAP results. Reconciliations for these adjusted results to GAAP results are contained within the provided materials.

Lastly, our comments today may include statements related to expected future results and other forward-looking statements, which are not guarantees. Our actual results may differ materially from those described in our forward-looking statements and are subject to a variety of risks and uncertainties that are described in our earnings press release and in our other SEC filings.

Now, I am happy to turn the call over to Pat…

Good morning and welcome to the call.

Today, we report on another strong quarter demonstrating very positive progress toward improved financial performance.

Sales were strong with double-digit growth in defense and mid-single-digit growth in commercial end-markets. Industrial, which has been a watch item, held ground despite softening in automation.

Adjusted operating margin was up substantially. This reflects moving beyond our Space Vehicles charges, a ramp in better-priced commercial business, and greater productivity as Future Long Range Assault Aircraft expands.

Adjusted diluted earnings per share increased by almost 40% relative to the prior year driven by margin enhancement initiatives and profitable sales growth. Cash flow improved on the previous year.

With three strong quarters behind us, we look forward with confidence to closing out fiscal year 24 as another record year in which we deliver improved financial performance. We are increasing our revenue guidance, holding our adjusted operating margin guidance, and increasing our adjusted diluted earnings per share guidance for fiscal 24.

Operational Performance

Now I will provide some highlights on our operational performance.

Starting with **Customer Focus**

- We recently had the opportunity to meet with commercial and military customers, suppliers and partners at the Farnborough International Airshow and the Royal International Air Tattoo. These engagements were incredibly important to enhance communications and strengthen working relationships as we continue to manage the growth in both markets. At Farnborough, we announced new airline support contracts with Lufthansa, Austrian Airlines, Hawaiian Air, Finnair PLC and Finnair Technical Services expanding our Commercial aftermarket business.
- In June, we met with defense customers, suppliers, and partners at Eurosatory in Paris. This is the largest international exhibition for land and air defense held every two years. Our customers signaled near-term growth not seen in decades that is driven by the need to build out defensive strength in Europe. This is creating increased interest in our field proven products and opening opportunities for platform modernization.
- Our dedicated subsidiary received its final full Facility Security Clearance at the end of June enabling it to receive new classified program contract awards. We are excited to work with our customers on new opportunities that apply our unique systems capabilities to solve our nation’s most challenging technical problems.

Moving to **People, Community, Planet**

- In June, I visited San Jose, Costa Rica, home to the largest of our three Medical Device facilities. Clarity of purpose, to enhance healthcare and enrich patient lives, continues to be a powerful motivator for our medical employees. This focus has driven a decade of continuous improvement leading to a reputation as a reliable partner that has secured market share growth, enhanced productivity that has doubled throughput in the facility, and secured a Bronze Shingo award. Costa Rica is a notable example of a purpose-driven organization delivering sustainable business performance improvements through LEAN.
- While in San Jose, we visited a childcare facility run by a local charity within one of the most challenged communities. We are delighted that our contributions help provide a hot meal and peace of mind for parents who struggle to make ends meet. Another community project helping the next generation is addressing the availability of clean drinking water in Baguio City which is a water-stressed region. Our donation and volunteer effort provided a local school 1,000 liters (or just over 260 gallons) per hour of clean, safe drinking water that will, on an on-going basis, sustain around 1,800 people. Baguio City, in the Philippines, is an important manufacturing location for Moog.
- Continuing this theme, water stress is a growing humanitarian concern. We recognize that water is already a limited and precious resource in many parts of the world and that access to clean water will be even more challenging in future years. Consequently, we have baselined our consumption of water at all manufacturing locations globally. We are committed to reductions and

will publish our goal later this year. In the meantime, we have already started multiple projects to reduce water consumption. These include improved water stewardship through metering, awareness campaigns on water usage and rainwater harvesting at several facilities. Our Bengaluru manufacturing facility has already seen a 40% reduction in water consumption.

And finally, **Financial Strength**

We continue to drive margin enhancement through pricing and simplification. We see impact and growing momentum.

- We continue to ensure that our pricing reflects the value we create for our customers. We have already made great progress in delivering on our investor day plans. The work continues with bottom-up, site-level data analysis and action complimenting top-down, large-account management.
- We persist in simplifying our business, further building our 80/20 capability. We have now deployed to almost half of our manufacturing locations with the addition of a further 6 sites this quarter. We have trained over 750 leaders with 200 trained within the quarter. Training has extended to functional leadership, such as finance who can better support data analytics which enable better-informed decision making across the organization. With the launch of our 80/20 Playbook and standardized training programs, we anticipate accelerated deployment to the remaining sites.
- We now have a talented team of well-trained, dedicated 80/20 champions within the business who are acting as catalysts for this transformation. We

are actively developing 80/20 tools and templates to embed the 80/20 mindset into our organizational DNA. This commitment ensures that our approach to 80/20 becomes a fundamental part of how we work and drive sustained success.

- On footprint and portfolio shaping activities. We took charges in the quarter arising from on-going consolidation of our Radford, Virginia facility into our Murphy, North Carolina facility. Murphy is a focused factory for industrial motors, having transferred avionics products out of that site over the last year. The sales of two small European businesses near completion and we expect both to close in the coming quarter.

Now turning to macroeconomic and end market conditions.

We are still in the midst of on-going conflicts in Europe and the Middle East. The war in Ukraine has become a war of attrition. This reality drives the pressing need to replenish depleted arsenals. The shifting geopolitical reality is leading to growing security concerns in Europe where nations are increasing their defense spending and in Asia-Pacific where a conflict would require a different balance of capabilities.

As a result, we are seeing strong broad-based demand in defense and notable strengthening in Europe.

In the United States, a limited increase in Department of Defense budget is anticipated in calendar year 2025. Given inflationary pressure, this means difficult prioritization decisions in the near-term. This could result in replenishment and

sustainment being favored over some long-term strategic programs for a limited time.

Despite this budgetary context, we have strong platform positions. We continue to ramp up our engineering efforts on FLRAA, and as Bell has indicated that the next program milestone is imminent, making FLRAA a program of record. Lockheed has resumed deliveries of F-35s to the United States government and is bullish about foreign military sales. And we have continued delivery on our Remote Integrated Weapons Platform.

As to the longer-term, we are seeing “once-in-a-generation” type opportunities that could become important future platforms for Moog. Within these applications, we can leverage our component and system-of-systems engineering capabilities. There are multiple examples, starting with sixth-generation fighter and unmanned collaborative aircraft programs in play. In the United States, opportunities include the Navy’s F/A-XX and the Air Force’s Next Generation Air Dominance aircraft. At Farnborough, the tri-nations Global Combat Air Program concept model aircraft was revealed. Whilst there may be uncertainty on budget and timeline, there is clear need for these next generation aircraft. In addition to aerial platforms, there are also next-generation armored-vehicle platforms including the Mechanized Infantry Combat Vehicle (known as XM30) and vehicle modernization programs such as the United Kingdom’s Ground Based Air Defense. Finally, we see ample opportunities on missile, hypersonic, and strategic weapons programs. We look forward to playing our part on these platforms of the future.

Turning to commercial aircraft, the number of people flying continues to increase. Data shows that more people traveled over the last couple of months than pre-pandemic. This is driving aircraft flight hours and consequently aftermarket demand is increasing. Whilst Farnborough was light on aircraft orders in general, we did note that 50 787's and 25 A350's were added to backlog. The focus of industry debate was the ability of Boeing and Airbus to hit targeted build rates, especially for narrow body aircraft. For our part, we are well prepared to meet our customers' planned build rates.

Finally, turning to industrial markets, manufacturing activity in the heart of Europe continues to be weak, affecting our industrial automation business. However, this impact has been partially compensated for by other sub-segments such as simulation and energy. On a positive note, orders in the quarter were higher than the average trailing four quarters.

Now, let me turn the call over to Jennifer for a detailed review of the financials.

Thanks Pat.

I'll begin with our third quarter financial performance. I'll then provide an update on our guidance for FY 24.

We had another great quarter from a sales and earnings perspective. Sales of $905 million were very strong, adjusted operating margin of 12.3% was robust, and adjusted earnings per share of $1.91 exceeded the high end of our guidance range.

Sales in the third quarter were 6% higher than last year's third quarter. Aerospace and defense sales were up nicely, while industrial sales were fairly flat.

The largest increase in segment sales was in Military Aircraft. Sales of $207 million were up 18% over the third quarter of last year. Activity on the FLRAA tilt-rotor aircraft program began to ramp in the third quarter last year, and has steadily increased since that time, accounting for half of the increase in Military Aircraft sales this quarter. In addition, over the past couple of years, certain other development work has shifted into production and we're now beginning to see the ramp up in production that will continue for the next few years.

Space and Defense sales of $258 million increased 7% over the third quarter last year. There continues to be strong defense demand across our portfolio associated with US defense priorities and European defense needs. In addition, launch vehicle activity increased in our space business.

Commercial Aircraft sales of $189 million increased 6% over the same quarter a year ago. This reflects increased production in our widebody business.

Industrial sales were $250 million in the third quarter. That's down 1% from the same quarter a year ago, or flat when considering the changes in foreign currency rates. Industrial automation sales were down from the very strong quarter a year ago, reflecting the slowdown in orders we've seen in recent quarters. The other sub-segments – energy, simulation and test, and medical – were all up from the third quarter last year. Demand for flight simulation systems continues to be strong

and, this quarter, auto test demand drove the increase in this sub-segment. We also benefited within medical devices from a competitor's challenges this quarter.

We'll now shift to operating margins.

Adjusted operating margin of 12.3% in the third quarter increased 210 basis points from the third quarter last year.

Adjustments to operating profit this quarter and the same quarter a year ago were $6 million and $2 million, respectively. These adjustments reflect restructuring and asset impairment charges, largely in our Industrial segment as we continue to drive simplification.

Adjusted operating margins increased over the third quarter of last year in each of our segments. In Space and Defense, operating margin increased 490 basis points to 12.7%. This increase is associated with improved performance on space vehicle programs, offset partially by investments to fund once-in-a-generation pursuits. The operating margin for Military Aircraft was 11.9%, up 140 basis points, reflecting cost absorption on the FLRAA program this quarter. Commercial Aircraft operating margin was 13.1%, up 190 basis points over the third quarter last year, as we saw benefits from both pricing and volume, as well as mix. Industrial operating margin was 11.7% in the third quarter, up 20 basis points. This increase was attributable to benefits from pricing initiatives, offset by pressures associated with lower industrial automation sales and planned product transfers.

Our adjusted effective tax rate in the third quarter was 19.3% compared to 16.0% in the third quarter last year. We're benefitting from high levels of R&D tax credits and have captured these benefits in our return-to-provision third quarter adjustments in both years.

Putting it all together, adjusted earnings per share of $1.91 were up 39% over the same quarter a year ago. Operating margin expansion, along with increased operating profit associated with higher sales, drove the increase in earnings per share.

Compared to our previous guidance, adjusted earnings per share for the third quarter came in well above the high end of the range. Higher operating profit associated with strong sales and margin expansion, along with a lower than forecasted effective tax rate, drove the increase in earnings per share. This was partially offset by higher non-operating expenses.

Let's now shift over to cash flow.

Free cash flow for the third quarter was a $2 million use of cash. Our cash performance was driven by growth in net working capital. Customer advances were a use of cash this quarter, reflecting the achievement of significant progress across several major defense programs. We also had strong billings, resulting in higher receivables that were a use of cash, which should be collected over the next quarter or two. Physical inventories, which have been a consumer of cash over recent quarters, were relatively flat in the third quarter.

Capital expenditures were $32 million in the third quarter, down from the levels in the past few quarters. We expect our capital expenditures to return to a more typical level next quarter.

Our leverage ratio, calculated on a net debt basis, at the end of the third quarter was 2.2x, near the low end of our target range.

Our capital deployment priorities, both long-term and near-term, are unchanged. Our current priority continues to be investing in organic growth.

We'll now shift over to our updated guidance for this year.

We're raising our sales guidance, affirming our adjusted operating margin and increasing our adjusted earnings per share guidance for FY 24.

Fiscal year 2024 is measuring up to be a great step towards achieving our long-term financial targets. This year, our sales will grow by 8%, adjusted operating margin will expand by 150 basis points and adjusted earnings per share will increase by 20%.

We're projecting sales of $3.58 billion in FY 24, with sales growth in each of our segments. Commercial Aircraft sales will grow related to the production ramps on widebody and other programs. Military Aircraft sales will increase due to having a full year's worth of FLRAA sales. Space and Defense sales will increase due to strong

defense demand. Sales in Industrial will increase slightly, with softening in industrial automation being compensated for by growth in other sub-markets.

We're increasing our guidance for FY 24 sales by $25 million from 90 days ago. For Industrial, we're increasing our sales guidance by $40 million to reflect the strong level of sales in the third quarter and an improved outlook for the fourth quarter. We're increasing our sales guidance for Military Aircraft by $15 million based on our performance this past quarter. For Space and Defense, we're increasing our sales guidance by $10 million to reflect strong defense demand. We're reducing our sales guidance for Commercial Aircraft by $40 million, primarily due to a change in the timing of orders which is causing a short-term delay in sales and a temporary increase in inventory.

Let's shift over to operating margins.

We're projecting our adjusted operating margin in FY 24 to be 12.4%, the same as we guided to a quarter ago, though with a different mix between segments. We're increasing guidance in Commercial Aircraft to reflect the strong third quarter performance, and we're bringing down Space and Defense for planned costs to fund business pursuits. Our other two segments will be down just marginally. This results in operating margins of 13.0% in Space and Defense, 11.9% in Military Aircraft, 12.0% in Commercial Aircraft and 12.5% in Industrial.

For FY 24, we're projecting adjusted earnings per share of $7.40, plus or minus $0.10. We've increased our guidance from 90 days ago by $0.15, which reflects the

benefit associated with a lower effective tax rate in the third quarter and higher operating profit, largely realized in the third quarter, offset partially by higher non-operating costs.

Compared to FY 23, earnings per share will be up 20%. This reflects strong operational performance and growth in the business, partially offset by higher non-operating expenses and a higher effective tax rate.

Finally, turning to free cash flow.

Our cash situation is somewhat more pressured than previously guided. We've consumed $77 million of cash year-to-date, and we expect that we will generate roughly that amount in the fourth quarter. Working capital improvements will drive our cash generation, with physical inventories coming down due to strong shipments. In addition, we expect receivables to generate cash on strong collections. Customer advances will remain a use of cash as we continue to work them down. For the year, we're projecting capital expenditures of $150 million, down from our previous guidance, reflecting the lighter spend in the third quarter.

Overall, our third quarter financial performance was solid, and we're confident in a strong finish to the year.

And now I'll turn it over to Pat.

Thank you, Jennifer.

I am pleased with another impressive performance this quarter and look forward to continued strength as we close out the year. We continue to deliver improved financial performance.

Now, let us take your questions.