



MOOG

# 2023 INVESTOR DAY

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June 6, 2023

Shaping the way our world moves™

# Disclosures

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## Cautionary Statement Regarding Forward Looking Information

This presentation and accompanying oral discussion contains forward-looking statements within the Private Securities Litigation Reform Act of 1995, which statements may be identified by words such as “may,” “will,” “should,” “believes,” “expects,” “expected,” “intends,” “plans,” “projects,” “approximate,” “estimates,” “predicts,” “potential,” “outlook,” “forecast,” “anticipates,” “presume” and “assume.” These forward-looking statements are not guarantees of future performance and are subject to several factors, risks and uncertainties, the impact or occurrence of which could cause actual results to differ materially from the expected results described in the forward-looking statements. In evaluating these forward-looking statements, you should carefully consider the factors referenced below. Although it is not possible to create a comprehensive list of all factors that may cause actual results to differ from the results expressed or implied by our forward-looking statements or that may affect our future results, a discussion of the factors and other risks and uncertainties that could materially affect our financial results and operations is included in Item 1A “Risk Factors” of our Annual Report on Form 10-K and in our other periodic filings with the SEC. Our most recent Annual Report on form 10-K and other reports we periodically file with the SEC including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K are posted on our website. While we believe we have identified and discussed in these SEC filings the material risks affecting our business, there may be additional factors, risks and uncertainties not currently known to us or that we currently consider immaterial that may affect the forward-looking statements made herein. Given these factors, risks and uncertainties, investors should not place undue reliance on forward-looking statements as predictive of future results. Any forward-looking statement speaks only as of the date on which it is made, and we disclaim any obligation to update any forward-looking statement made in this report, except as required by law.

## Non-GAAP Financial Measures

The presentation also includes certain financial information that is not presented in accordance with Generally Accepted Accounting Principles (“GAAP”), including, but not limited to, “Adjusted Operating Margin”, “Adjusted Net Earnings Per Share”, and “Adjusted Free Cash Flow”. While we believe that these non-GAAP financial measures may be useful in evaluating our financial condition and results of operations, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP. Adjustments to operating profit and margin, net earnings and net earnings per share have included restructuring charges, impairment charges, gains and losses on the sale of buildings and businesses and inventory write-down charges. Reconciliations of the non-GAAP measures to the most directly comparable GAAP measures can be found in the appendix to this presentation.

This presentation also contains forward-looking non-GAAP financial measures regarding “Adjusted Operating Margin”, “Adjusted Net Earnings per Share”, “Adjusted Free Cash Flow”. The forward-looking non-GAAP financial measures are expected to include adjustments similar in nature to those described above though could differ materially and adversely from the results anticipated or implied herein. We cannot, without unreasonable effort or expense, reliably predict the necessary components of the most directly comparable GAAP measures and are unable to present a quantitative reconciliation of these forward-looking non-GAAP financial measures.

## Forward-looking Projections

All forward-looking financial projections are compared against a base year of fiscal year 2022.

Note – numbers in tables may not add to totals due to rounding.

# Agenda

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**An Inflection Point**

**PAT ROCHE**

Chief Executive Officer

**Delivering Margin Enhancement**

**MARK TRABERT**

Chief Operating Officer

**Building Financial Strength**

**JENNIFER WALTER**

Chief Financial Officer

**Questions and Answers**



# Shaping The Way Our World Moves

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Each day, our people, products and technologies affect the lives of millions across the globe.

Moog solutions are critical to our national security, to safe transportation, to reducing factory emissions and to enhancing patients' lives.

# An Inflection Point

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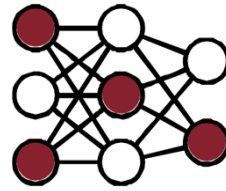
**PAT ROCHE**  
Chief Executive Officer

# What I Have Learned

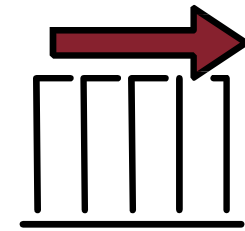
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**Strong organic growth** over the last decade



Unnecessary **levels of complexity** built over decades



**Flat operating margins** and no visibility on goals

**Outstanding business that needs execution discipline**



# What's Changing



## Focus on margin expansion

Simplification to enhance margins  
Pricing to recognize fair value delivered

Leadership prioritizing execution, enabling our performance

Staff empowered to deliver, with clear expectations and accountability

## Clear visibility on financial goals



# Our Mission

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A technology company with deep capabilities in motion control systems and precision components

Our highly collaborative culture delivers innovative solutions to solve our customers most difficult technical challenges

We target specific applications “when performance really matters™”

We deliver solutions across a range of end markets

We are clear on where and how we create value



# Our Vision

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Together, we will make a difference by building a sustainable Moog for **current** and **future** generations.

Highly motivated and empowered workforce

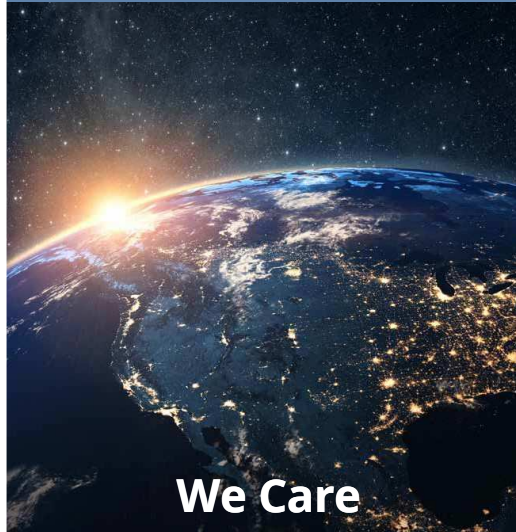
# Key Leadership Themes

## CUSTOMER FOCUS



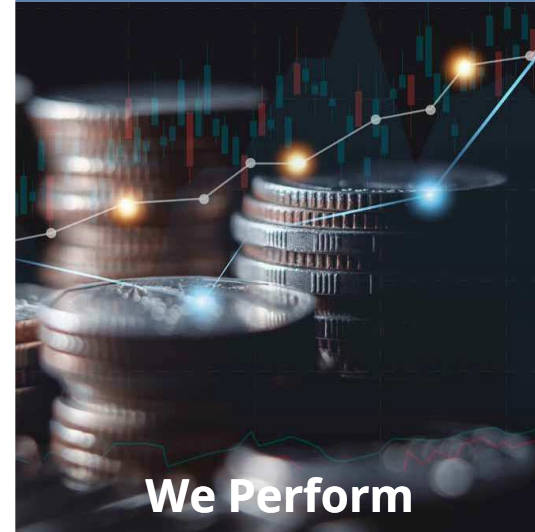
**We Deliver**

## PEOPLE, COMMUNITY AND PLANET



**We Care**

## FINANCIAL STRENGTH



**We Perform**

# Financial Targets Through FY26

Base Year FY22

**5-7%**

Sales CAGR

**100 bps**

Average Annual  
Adjusted Operating  
Margin Growth

**15-20%**

Adjusted  
Earnings per  
Share CAGR

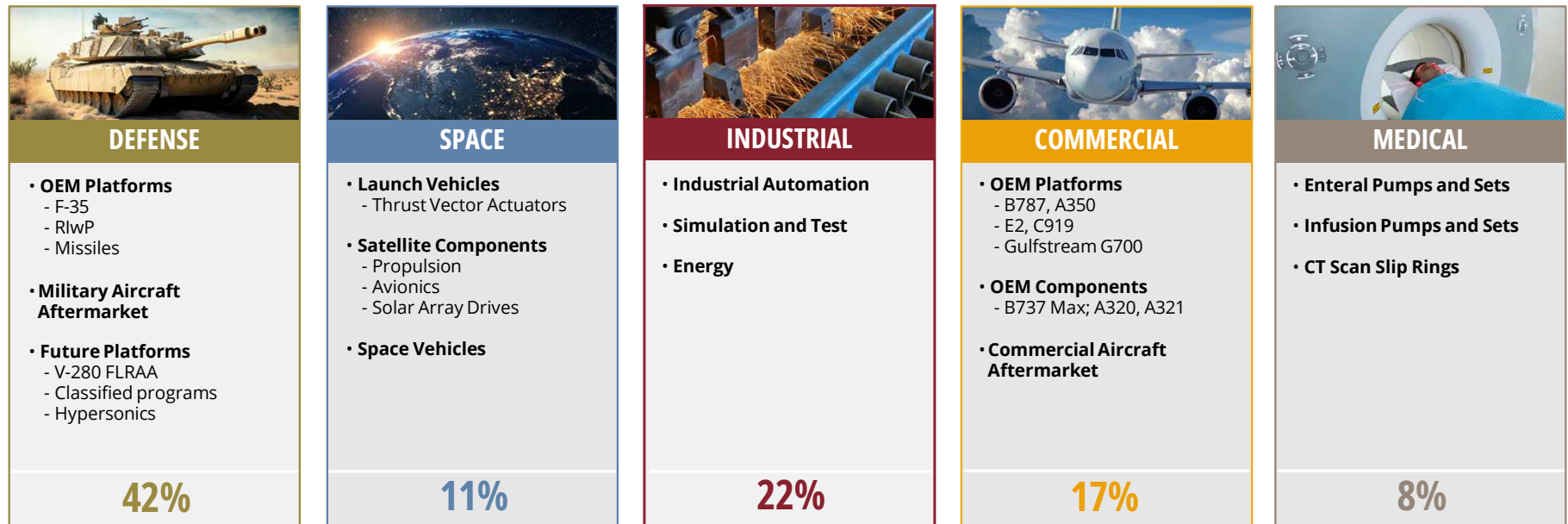
**75-100%**

Free Cash Flow  
Conversion in  
FY25 and FY26

Modest Cash  
Flow in FY24

# Business and Markets Overview

FY22 % of Moog Sales



# Strong Business Growth in Core Markets

## Proven growth engine

5% CAGR over the last decade

## Strong platform position

V-280 and various classified programs drive continued growth

## Sustained market growth

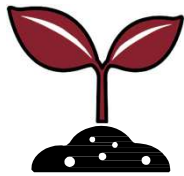
Defense and Space experiencing prolonged growth and Commercial aircraft in recovery

## End market diversity

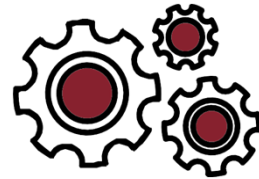
Provides resilience

Confident in our ability to deliver **5-7%** sales growth

# New Ventures Add Revenue Upside



Early success  
**opening  
new market  
opportunities**



Builds on precision  
components,  
**systems engineering**  
and software



**Three  
new ventures**

**Adjacencies create significant growth beyond FY26**



# New Ventures

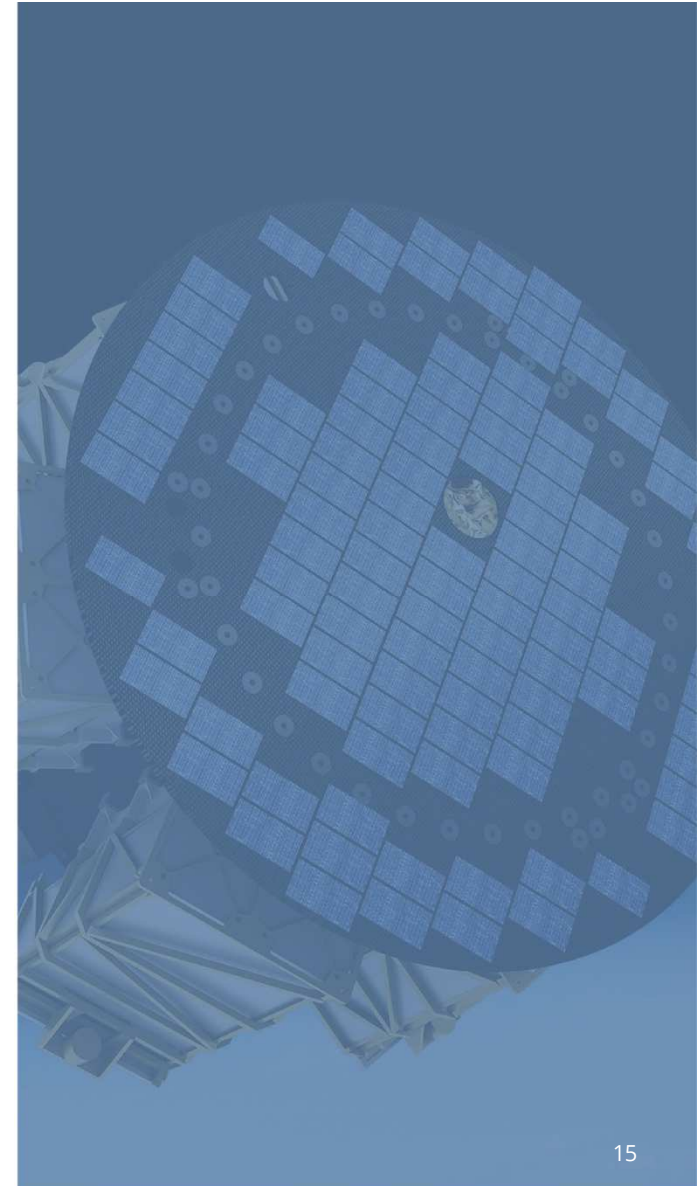
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## Three areas of strategic growth that build on core businesses

**Space Vehicles** – significant growth in ISR and constellations; building complete satellite ready for the addition of payload. First flight this year.

**Construction** – disruption due to sustainability expectations and work force productivity needs. A global construction equipment fleet of 10 million units. Moog has already fielded electrified and automated vehicles.

**Agile Prime** – rapid deployment of new capabilities into the battlefield. Moog is bringing full mission solutions to the market. Our Reconfigurable Integrated Weapons Platform (RIWP®) is already in the field.



# Margin Performance Will Change

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## **New approach to deliver margin improvement**

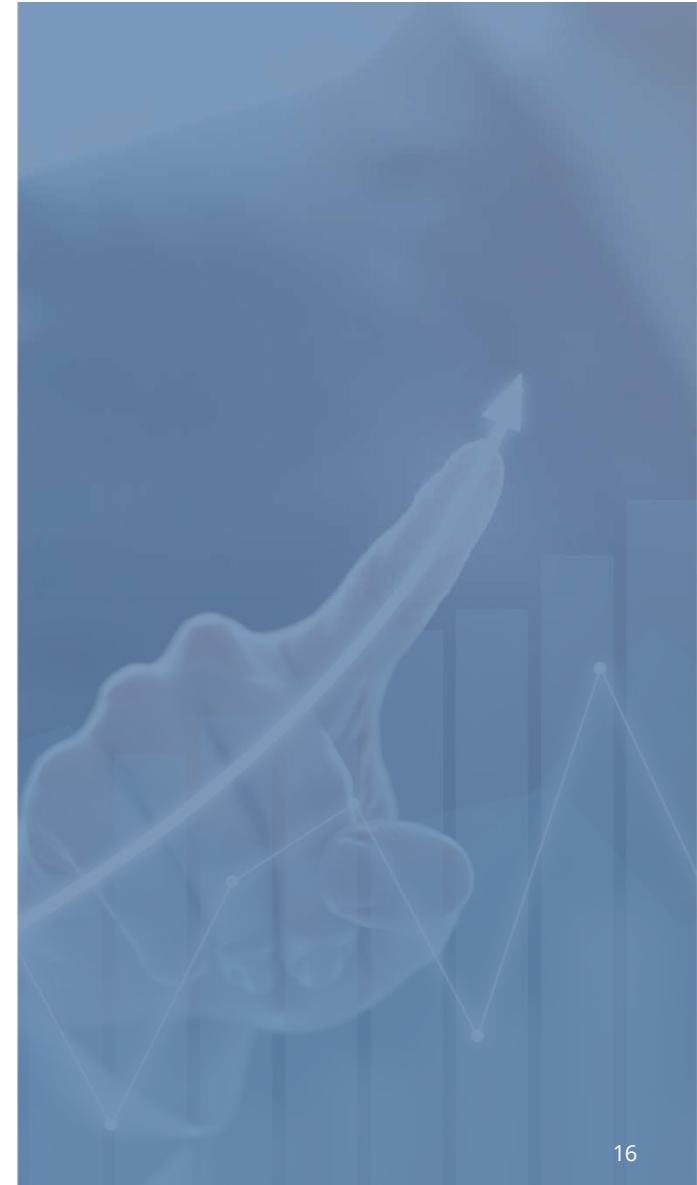
**Execution discipline**

**Leadership priority**

**Empowerment and accountability**

**Mindset shift**

**Systematic approach**



# Margin Performance Will Change

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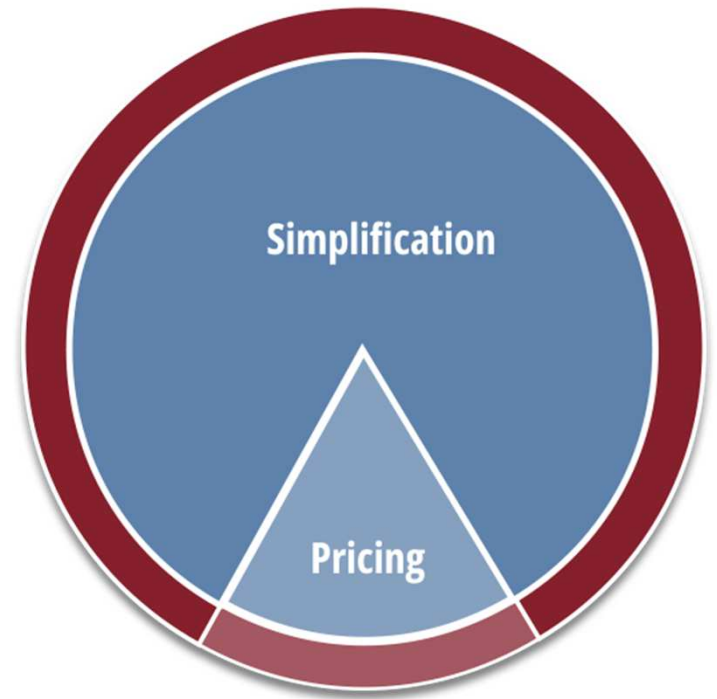
## Two levers for margin improvement

### **Simplification**

Unravelling decades-long build-up of complexity

### **Pricing**

Reflecting the value that we deliver for our customers



**Clear path to achieve better performance each year**

# Leadership Team

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Skills and  
experience  
to deliver



**PAT ROCHE**  
Chief Executive Officer



**MARK TRABERT**  
Chief Operating Officer



**JENNIFER WALTER**  
Chief Financial Officer



**PAUL WILKINSON**  
Chief Human Resources Officer



**JOE ALFIERI**  
President,  
Space and Defense



**MARK GRACZYK**  
President,  
Military Aircraft



**STU MCLACHLAN**  
President,  
Industrial



**MICHAEL SCHAFF**  
President,  
Commercial Aircraft

# Aircraft Organization Simplification

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**Align** each business to focus on different market needs

**Transform** from a complex, matrix organization to a simpler, more focused organization

**Create** clear lines of accountability, and to drive ownership of financial performance further into the organization

**Focus** on value creation and speed of decisions

# Key Takeaways

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## An Inflection Point for Moog

**Proven**  
**growth** engine  
in expanding  
markets

Clear line of  
sight to  
**better**  
**profitability**

**Different**  
**approach** to  
drive margin  
improvement

Leadership  
team  
**committed**  
**to deliver**



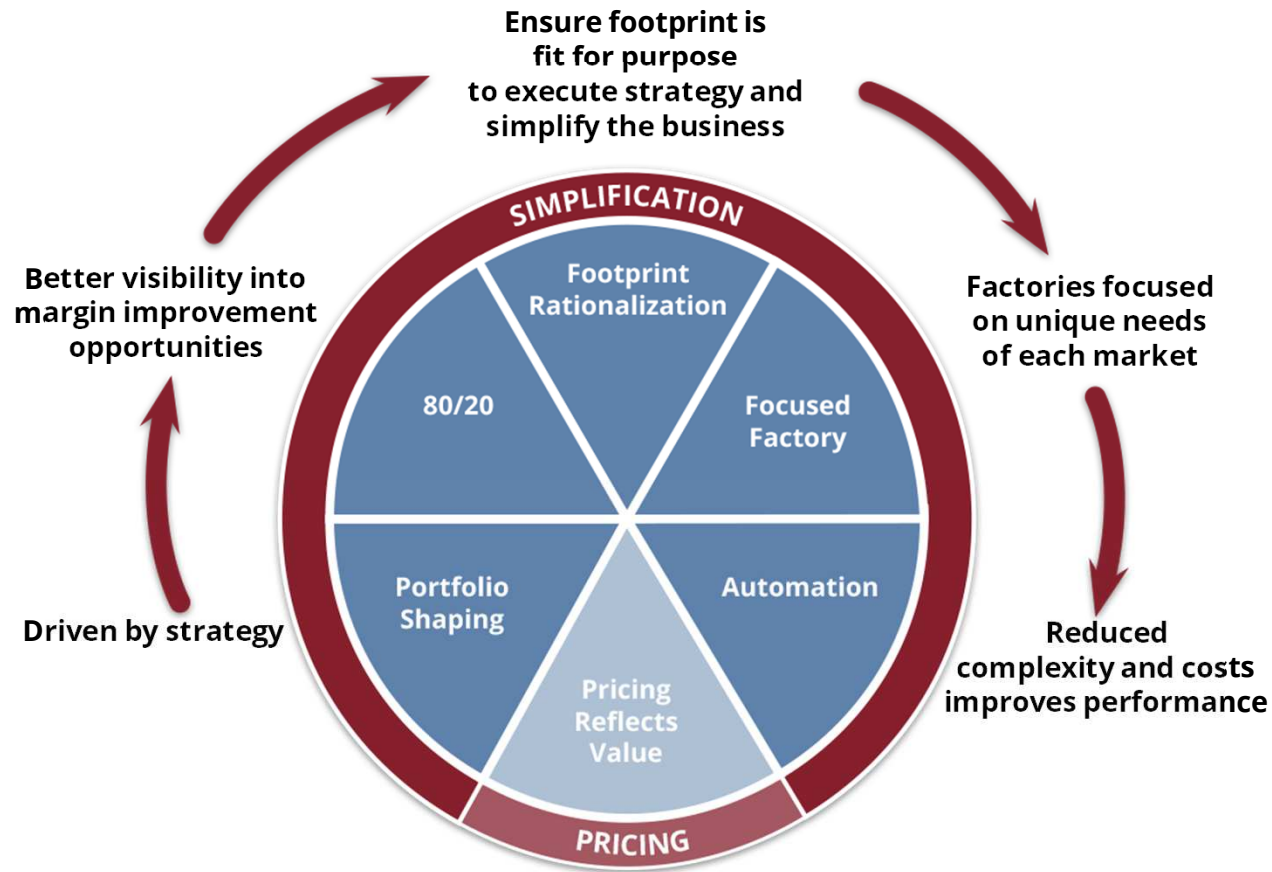
# Delivering Margin Enhancement

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**MARK TRABERT**  
Chief Operating Officer

# Company-Wide Initiatives Drive Performance Improvement



# Portfolio Shaping

Portfolio reflects strategic direction and simplification of our business

## Portfolio Growth

Investing in businesses we are growing



## Divestitures

Pruning businesses and products that no longer fit



Margin expansion, longer-term growth

# 80/20 Execution

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**80% of results come from 20% of input**

**Data-driven, systematic process to improving performance**

**Different way of evaluating the business to better understand potential improvement opportunities**

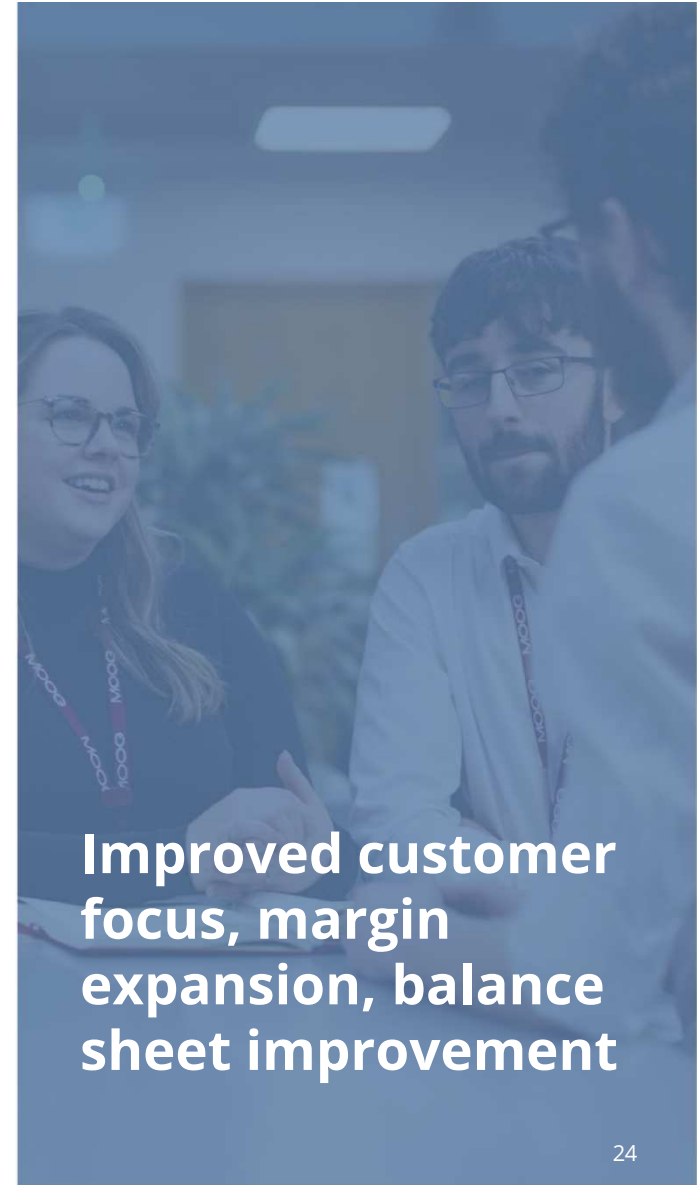
Deeper understanding of profitability throughout the company

Drives improved decision-making and actions that capture margin enhancement

**Helps simplify the business and provides clarity for resource deployment decisions**

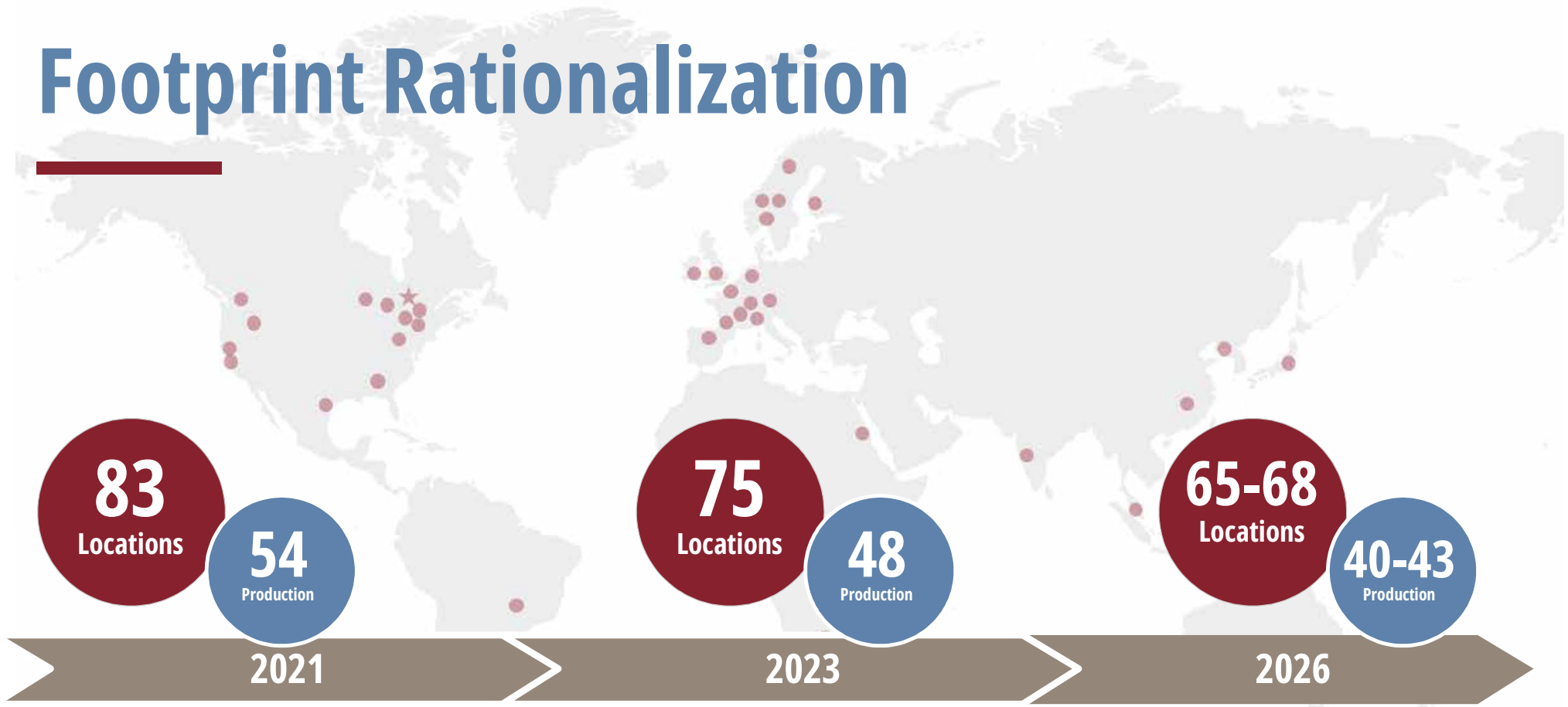
**Undergoing mindset change as organization adopts 80/20**

**Initial deployment across many areas of the company**



**Improved customer focus, margin expansion, balance sheet improvement**

# Footprint Rationalization



Margin expansion

# Focused Factories

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**Realigning production facilities to focus on the unique requirements of each market**

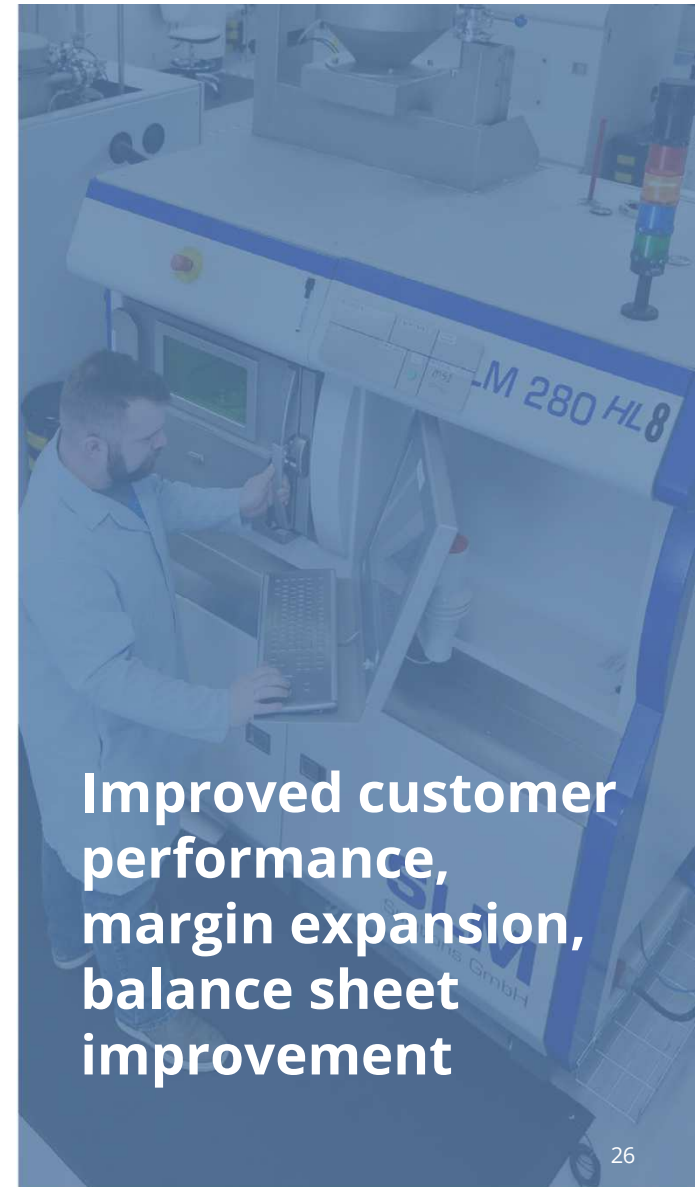
**Markets: Defense, Space, Industrial, Commercial, Medical**  
Original Equipment, Aftermarket

**Simplifies by untangling integrated factories**

**Optimizes factories and supply chains**

Parts, quality requirements and regulatory agencies unique to each market

**Improves cost, efficiency and quality using Lean principles**



**Improved customer performance, margin expansion, balance sheet improvement**



# Automation

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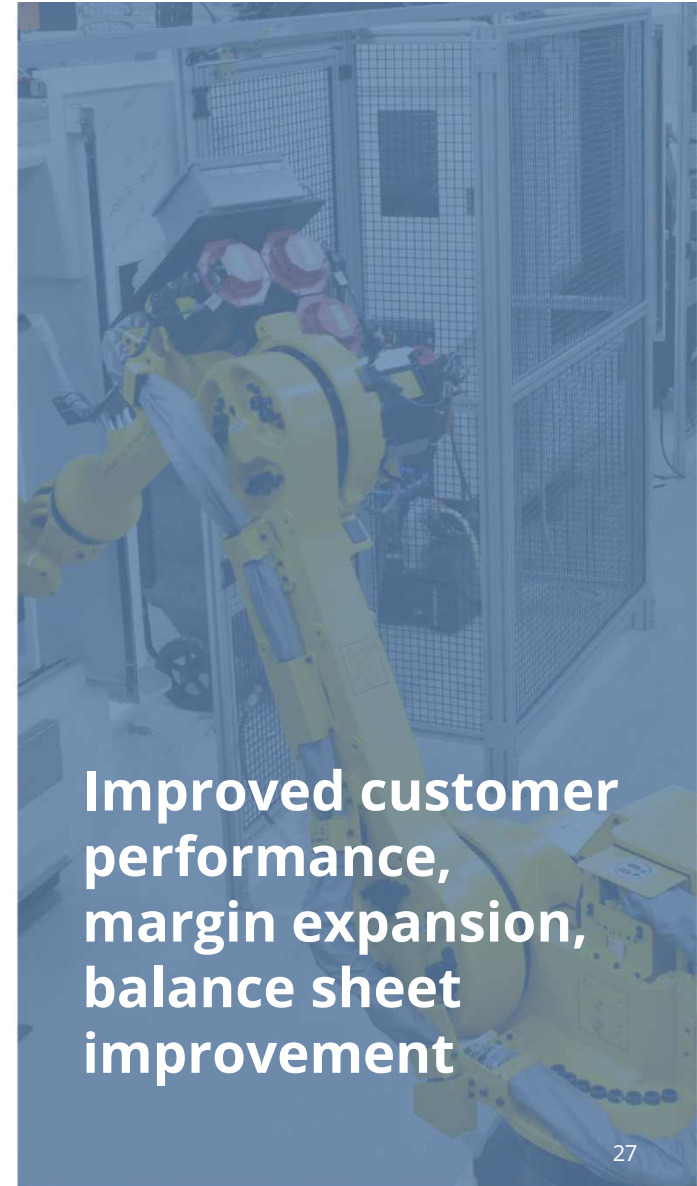
**Reduction of manufacturing system complexity and costs**

**Product lead-time improvement**

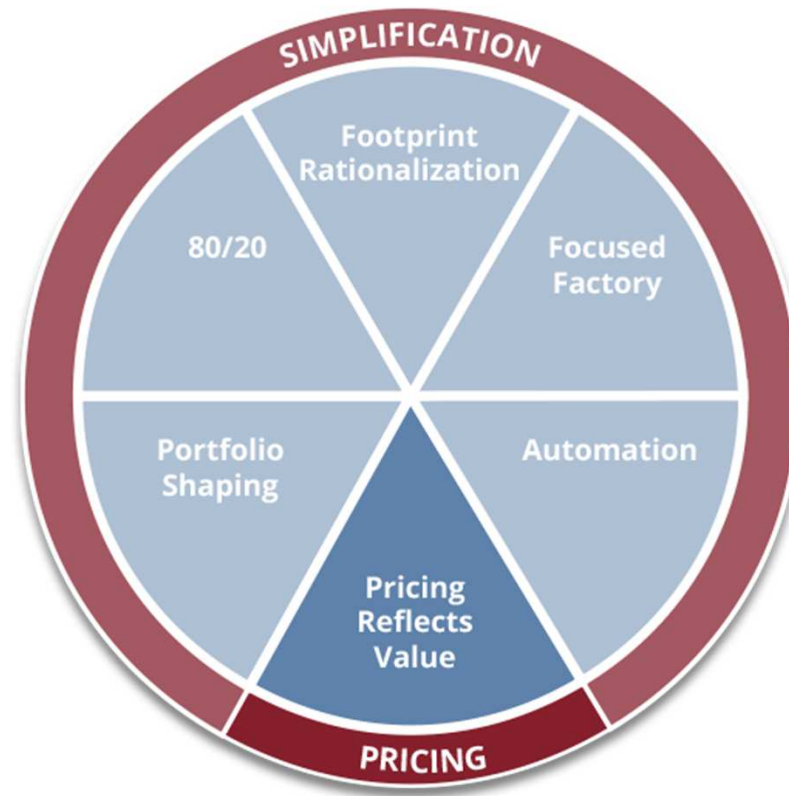
**Improved quality via automation and process capability**

Lower cost of poor quality

**Configure each factory around a specific strategy to maximize efficiency**



# Company-Wide Initiatives Drive Performance Improvement



# Pricing that Reflects Value Delivered

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**Moog delivers high value-added solutions to solve our customers' most difficult challenges across all of our markets**

Strong, collaborative customer relationships built over decades

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**In many cases, our pricing has not reflected the value we deliver**

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**All Moog segments have been working collaboratively with our customers to better align pricing with the value we deliver**

**Significant progress made over the past couple years**

Beginning to see impact on margins



# Key Takeaways

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## Delivering Margin Enhancement

Simplifying our business and securing pricing commensurate with the value delivered

Clear plan that drives sustained performance improvement

We are executing the plan and seeing the expected results

# Building Financial Strength

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**JENNIFER WALTER**

Chief Financial Officer

# Reaffirming FY23 Guidance

**5%**  
Sales Growth

**80 bps**

Adjusted Operating  
Margin Expansion

USD in millions, except EPS	FY22	FY23 F
<b>Sales</b>		
Aircraft Controls	\$1,256	\$1,330
Space and Defense Controls	\$872	\$920
Industrial Systems	\$907	\$940
<b>Total Sales</b>	<b>\$3,036</b>	<b>\$3,190</b>
<b>Adjusted Operating Margin</b>		
Aircraft Controls	10.1%	10.3%
Space and Defense Controls	10.9%	11.6%
Industrial Systems	9.5%	11.2%
<b>Total Adjusted Operating Margin</b>	<b>10.2%</b>	<b>11.0%</b>
<b>Adjusted Net Earnings per Share*</b>	<b>\$5.56</b>	<b>\$5.70</b>
<b>Adjusted Free Cash Flow</b>	<b>\$7</b>	<b>\$0</b>

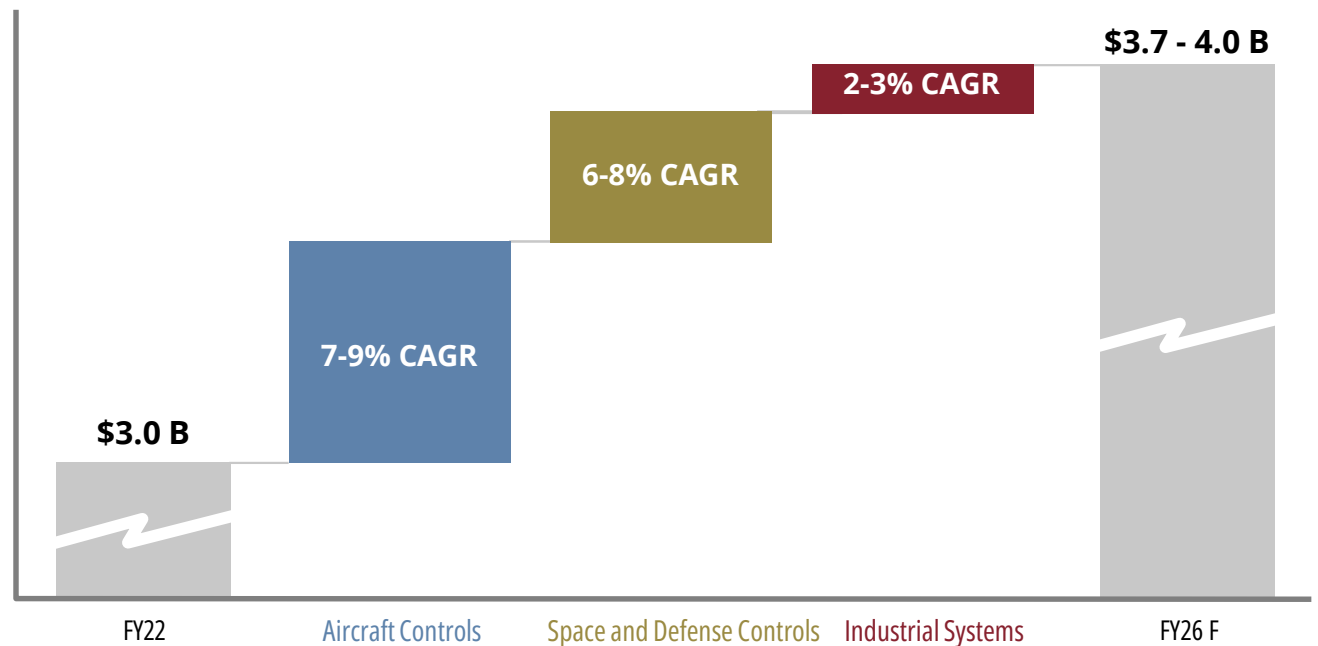
\*FY23 F adjusted net earnings per share is forecasted to be within a range of \$5.50 and \$5.90

# Strong Sales Growth

**5-7%**

Sales CAGR

Base Year FY22 - Through FY26



**Sales growth across all segments**



# Strong Sales Growth

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## Commercial Aircraft

### Commercial Aircraft Recovery

Ramp-up on wide-body platforms

787 - 10/mo in FY26

A350 - 9/mo in FY26

Growth on other platforms

Modest aftermarket growth,  
increasing beyond FY26

## Military Aircraft

### Evolving Defense Portfolio

Ramp-up of V-280 development work

Shift of funded development into production

Stable F-35 production

Wind-down of legacy platforms

# Strong Sales Growth

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## Space and Defense Controls

### Growing Defense Demand

Accelerated growth of Space products for emerging defense needs

Ramp-up of RIWP® to full-rate production

Geopolitical tensions driving higher defense activity

## Industrial Systems

### Refining Industrial Portfolio

Growth in major markets

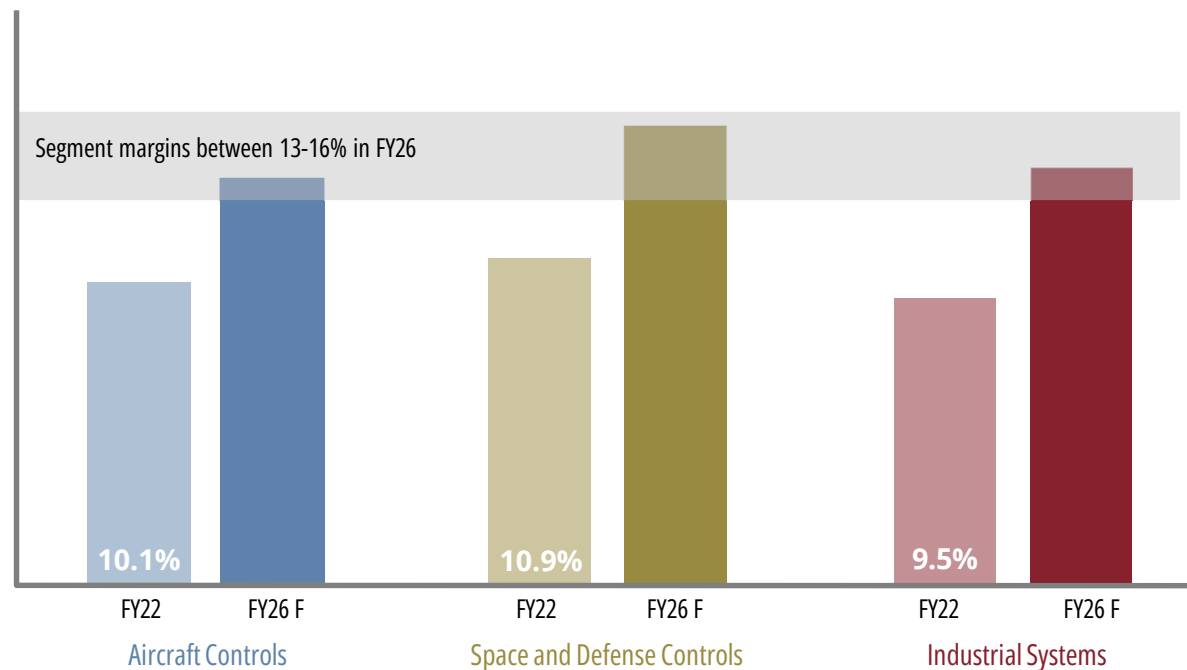
Continuation of portfolio shaping activities

# Operating Margin Expansion

# 100 bps

Average Annual  
Adjusted Operating  
Margin Expansion

Base Year FY22 - Through FY26



FY26 margins in the teens for all three segments

# Operating Margin Expansion

## Aircraft Controls



**Pricing for the value  
provided**

**Mix shift within  
military aircraft**

**Commercial recovery**

# Operating Margin Expansion

## Space and Defense Controls

**Pricing for the value provided**

**Efficiencies associated with sales growth**

**Moving beyond space vehicles challenges**

# Operating Margin Expansion

## Industrial Systems

**Pricing for the value  
provided**

**Benefits of  
portfolio shaping**

**Benefits of footprint  
rationalization**

# Adjusted Earnings per Share Growth

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**15-20%**

Adjusted Earnings  
per Share CAGR

Base Year FY22 - Through FY26

## Driven by strong operational performance

Operating margin expansion

Sales growth

## Assumptions

24% - 25% effective tax rate in FY24 - FY26

No share repurchases



# Free Cash Flow Generation

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**75-100%**

Free Cash Flow  
Conversion in  
FY25 and FY26

Modest Cash  
Flow in FY24

## **Deliberate decisions to support organic growth**

Investments in facilities - expansion and automation

## **Out-year improvements**

Inventory management activities

Normalization of capital expenditure levels

Consumption of strong customer advances

# Capital Deployment

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**\$2 B**

Capital Available  
to be Deployed  
Through FY26

## Organic growth

Facilities and advanced manufacturing capabilities  
New business ventures

## Strategic M&A

Complementary to our portfolio  
Strategic and financial focus

## Return of capital to shareholders

Quarterly dividend payments  
Opportunistic share repurchases

# Key Takeaways

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## Building Financial Strength

Key initiatives  
in place to drive  
margin expansion

Strong organic  
sales growth aids  
in margin  
expansion

Capital deployment  
focused on  
organic growth  
opportunities

Management  
team committed  
to building  
financial strength

# Closing Remarks

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## **We have a strong, resilient and growing business**

Defense and Space markets are growing

Commercial aircraft is rebounding

We are repositioning ourselves in existing markets and entering new markets

## **We have a strong commitment to margin expansion**

We have a realizable plan to deliver substantial improvement

## **We are building our financial strength to deliver a sustainable Moog**

# Questions and Answers

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**PAT ROCHE**  
Chief Executive Officer



**MARK TRABERT**  
Chief Operating Officer



**JENNIFER WALTER**  
Chief Financial Officer

# Appendix

	FY 2022 A	FY 2023 F
<b>As reported results</b>		
Sales	\$ 3,035.8	\$ 3,190.0
Net Earnings	155.2	186.0
Net Earnings Per Share	\$ 4.83	\$ 5.81 <sup>1</sup>
Segment Sales		
Aircraft Controls	\$ 1,256.5	\$ 1,330.0
Space and Defense Controls	872.3	920.0
Industrial Systems	907.0	940.0
	\$ 3,035.8	\$ 3,190.0
Operating Profit		
Aircraft Controls	\$ 123.6	\$ 136.0
Space and Defense Controls	86.8	105.5
Industrial Systems	72.4	112.7
	\$ 282.8	\$ 354.2
Operating Margins		
Aircraft Controls	9.8%	10.2%
Space and Defense Controls	10.0%	11.5%
Industrial Systems	8.0%	12.0%
	9.3%	11.1%

	FY 2022 A	FY 2023 F
<b>As adjusted FY 2022 and FY 2023 results<sup>3,4</sup></b>		
Sales	\$ 3,035.8	\$ 3,190.0
Net Earnings	178.6	182.4
Net Earnings Per Share	\$ 5.56	\$ 5.70 <sup>2</sup>
Segment Sales		
Aircraft Controls	\$ 1,256.5	\$ 1,330.0
Space and Defense Controls	872.3	920.0
Industrial Systems	907.0	940.0
	\$ 3,035.8	\$ 3,190.0
Operating Profit		
Aircraft Controls	\$ 127.0	\$ 137.0
Space and Defense Controls	94.7	107.0
Industrial Systems	86.6	105.5
	\$ 308.3	\$ 349.5
Operating Margins		
Aircraft Controls	10.1%	10.3%
Space and Defense Controls	10.9%	11.6%
Industrial Systems	9.5%	11.2%
	10.2%	11.0%

# Appendix

	FY 2022 A	FY 2023 F
<b>As reported results</b>		
Cash Flow from Operations	\$ 247	\$ 165
Capital Expenditures	<u>(139)</u>	<u>(165)</u>
Free Cash Flow	\$ 107	\$ 0

	FY 2022 A	FY 2023 F
<b>As adjusted FY 2022 and 2023 results: excluding the (detriment)/benefit of securitization<sup>5</sup></b>		
Cash Flow from Operations	\$ 147	\$ 165
Capital Expenditures	<u>(139)</u>	<u>(165)</u>
Free Cash Flow	\$ 7	\$ 0



# Appendix

	FY 2022 A	FY 2023 F
<b>Difference between As reported and As adjusted FY 2022 and 2023 results<sup>3,4</sup></b>		
Operating Profit		
Aircraft Controls	\$ (3.3)	\$ (1.0)
Space and Defense Controls	(7.9)	(1.5)
Industrial Systems	<u>(14.2)</u>	<u>7.2</u>
	\$ (25.4)	\$ 4.7
Operating Margin		
Aircraft Controls	-0.3%	-0.1%
Space and Defense Controls	-0.9%	-0.2%
Industrial Systems	<u>-1.6%</u>	<u>0.8%</u>
	-0.8%	0.1%
Net Earnings adjustments for charges	\$ (23.4)	\$ 3.6
Net Earnings Per Share adjustments for charges	\$ (0.73)	\$ 0.11
Cash Flow from Operations	\$ 100.0	\$ -
Free Cash Flow	\$ 100.0	\$ -
Decrease (Increase) in Net Debt	\$ 100.0	\$ -

1. FY 2023F Net Earnings Per Share is forecasted to be within a range of \$5.61 and \$6.01.

2. FY 2023F As Adjusted Net Earnings Per Share is forecasted to be within a range of \$5.50 and \$5.90.

3. FY 2022A adjustments to Operating Profit and Margin, Net Earnings and Net Earnings Per Share include:

Aircraft Controls: Restructuring and impairment charges of \$19 million, partially offset by gain on the sale of a business \$16 million.

Space and Defense Controls: Loss on the sale of a business \$4 million and restructuring, inventory write-down and impairment charges \$4 million.

Industrial Systems: Loss on the sale of a business \$15 million, restructuring, inventory write-down and impairment charges \$8 million, partially offset by gain on the sale of a building \$9 million.

4. FY 2023F adjustments to Operating Profit and Margin, Net Earnings and Net Earnings Per Share include:

Aircraft Controls: Impairment loss \$1 million.

Space and Defense Controls: Restructuring, impairment and other charges \$2 million.

Industrial Systems: Gain on the sales of buildings \$10 million partially offset by restructuring and other charges \$3 million.

5. Free cash flow is defined as net cash provided by operating activities less capital expenditures. Adjusted free cash flow is defined as free cash flow adjusted for securitization activity. The securitization increased FY 2022A Cash Flow from Operations by \$100 million.