

Moog Inc.
CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net sales	\$ 740,969	\$ 692,018	\$ 2,139,456	\$ 2,008,602
Cost of sales	529,050	491,959	1,530,634	1,423,897
Inventory write-down - restructuring	—	2,398	—	9,727
Gross profit	211,919	197,661	608,822	574,978
Research and development	31,298	30,953	94,518	97,282
Selling, general and administrative	103,655	101,722	299,841	295,006
Interest	9,780	8,850	29,401	26,585
Restructuring	1,200	(1,549)	1,200	22,509
Other	4,266	2,730	8,340	5,138
Earnings before income taxes	61,720	54,955	175,522	128,458
Income taxes	14,255	14,205	41,629	72,444
Net earnings attributable to Moog and noncontrolling interest	47,465	40,750	133,893	56,014
Net earnings attributable to noncontrolling interest	—	67	—	67
Net earnings attributable to Moog	\$ 47,465	\$ 40,683	\$ 133,893	\$ 55,947
Net earnings per share attributable to Moog				
Basic	\$ 1.36	\$ 1.14	\$ 3.84	\$ 1.56
Diluted	\$ 1.35	\$ 1.13	\$ 3.80	\$ 1.55
Average common shares outstanding				
Basic	34,904,488	35,762,918	34,869,021	35,768,471
Diluted	35,235,922	36,143,367	35,201,214	36,174,759

Diluted net earnings per share for the three and nine months ended June 29, 2019 includes an increase of \$0.10 related to our adoption of Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (ASC 606). Results shown in the previous table include the one-time impacts of the Tax Cuts and Jobs Act of 2017 and restructuring related to our wind pitch controls business. The table below adjusts the income taxes, net earnings and diluted net earnings per share attributable to Moog to exclude these impacts.

Reconciliation to non-GAAP adjusted income taxes, net earnings and diluted net earnings per share attributable to Moog:

	Three Months Ended		Nine Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
As Reported:				
Earnings before income taxes	\$ 61,720	\$ 54,955	\$ 175,522	\$ 128,458
Income taxes	14,255	14,205	41,629	72,444
Effective income tax rate	23.1%	25.8%	23.7%	56.4%
Net earnings attributable to Moog and noncontrolling interest	47,465	40,750	133,893	56,014
Net earnings attributable to Moog	47,465	40,683	133,893	55,947
Diluted net earnings per share attributable to Moog	\$ 1.35	\$ 1.13	\$ 3.80	\$ 1.55
Non-GAAP Adjustments - Due to Restructuring - Wind pitch controls business:				
Earnings before income taxes	\$ —	\$ 849	\$ —	\$ 32,236
Income taxes	—	—	—	5,485
Net earnings attributable to Moog	—	849	—	26,751
Diluted net earnings per share attributable to Moog	\$ —	\$ 0.02	\$ —	\$ 0.74
Non-GAAP Adjustments - Due to Tax Reform:				
Income taxes	\$ —	\$ —	\$ —	\$ (36,776)
Net earnings attributable to Moog	—	—	—	36,776
Diluted net earnings per share attributable to Moog	\$ —	\$ —	\$ —	\$ 1.02
As Adjusted:				
Earnings before income taxes	\$ 61,720	\$ 55,804	\$ 175,522	\$ 160,694
Income taxes	14,255	14,205	41,629	41,153
Effective income tax rate	23.1%	25.5%	23.7%	25.6%
Net earnings attributable to Moog and noncontrolling interest	47,465	41,599	133,893	119,541
Net earnings attributable to Moog	47,465	41,532	133,893	119,474
Diluted net earnings per share attributable to Moog	\$ 1.35	\$ 1.15	\$ 3.80	\$ 3.30

Moog Inc.
CONSOLIDATED SALES AND OPERATING PROFIT
(dollars in thousands)

	Three Months Ended		Nine Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net sales:				
Aircraft Controls	\$ 336,735	\$ 299,606	\$ 961,407	\$ 889,579
Space and Defense Controls	173,045	149,815	493,938	426,735
Industrial Systems	231,189	242,597	684,111	692,288
Net sales	\$ 740,969	\$ 692,018	\$ 2,139,456	\$ 2,008,602
Operating profit:				
Aircraft Controls	\$ 34,484	\$ 33,601	\$ 94,805	\$ 98,437
	10.2%	11.2%	9.9%	11.1%
Space and Defense Controls	24,133	16,689	63,110	50,204
	13.9%	11.1%	12.8%	11.8%
Industrial Systems	25,495	24,972	83,428	39,455
	11.0%	10.3%	12.2%	5.7%
Total operating profit	84,112	75,262	241,343	188,096
	11.4%	10.9%	11.3%	9.4%
Deductions from operating profit:				
Interest expense	9,780	8,850	29,401	26,585
Equity-based compensation expense	1,439	894	5,130	4,394
Non-service pension expense	3,182	1,693	9,562	5,093
Corporate and other expenses, net	7,991	8,870	21,728	23,566
Earnings before income taxes	\$ 61,720	\$ 54,955	\$ 175,522	\$ 128,458

Operating Profit and Margins - as adjusted

	Three Months Ended		Nine Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Industrial Systems operating profit - as reported	\$ 25,495	\$ 24,972	\$ 83,428	\$ 39,455
Inventory write-down - restructuring	—	2,398	—	9,727
Restructuring - Wind pitch controls business	—	(1,549)	—	22,509
Industrial Systems operating profit- as adjusted	25,495	25,821	83,428	71,691
	11.0%	10.6%	12.2%	10.4%
Total operating profit - as adjusted	\$ 84,112	\$ 76,111	\$ 241,343	\$ 220,332
	11.4%	11.0%	11.3%	11.0%

Moog Inc.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	June 29, 2019	September 29, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 89,045	\$ 125,584
Receivables	922,853	793,911
Inventories	515,055	512,522
Prepaid expenses and other current assets	44,239	44,404
Total current assets	1,571,192	1,476,421
Property, plant and equipment, net	582,105	552,865
Goodwill	791,678	797,217
Intangible assets, net	84,629	95,537
Deferred income taxes	15,736	17,328
Other assets	20,799	24,680
Total assets	\$ 3,066,139	\$ 2,964,048
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	\$ 93	\$ 3,623
Current installments of long-term debt	292	365
Accounts payable	238,559	213,982
Accrued compensation	134,015	147,765
Contract advances	147,677	151,687
Contract and contract-related loss reserves	46,597	42,258
Other accrued liabilities	108,541	120,944
Total current liabilities	675,774	680,624
Long-term debt, excluding current installments	825,965	858,836
Long-term pension and retirement obligations	119,269	117,471
Deferred income taxes	56,664	46,477
Other long-term liabilities	32,810	35,654
Total liabilities	1,710,482	1,739,062
Shareholders' equity		
Common stock - Class A	43,789	43,785
Common stock - Class B	7,491	7,495
Additional paid-in capital	525,962	502,257
Retained earnings	2,096,174	1,973,514
Treasury shares	(750,326)	(738,494)
Stock Employee Compensation Trust	(124,128)	(118,449)
Supplemental Retirement Plan Trust	(76,751)	(72,941)
Accumulated other comprehensive loss	(366,554)	(372,181)
Total Moog shareholders' equity	1,355,657	1,224,986
Total liabilities and shareholders' equity	\$ 3,066,139	\$ 2,964,048

Moog Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Nine Months Ended	
	June 29, 2019	June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings attributable to Moog and noncontrolling interest	\$ 133,893	\$ 56,014
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	53,744	54,693
Amortization	10,364	13,628
Deferred income taxes	3,764	35,549
Equity-based compensation expense	5,130	4,394
Impairment of long-lived assets and inventory write-down associated with restructuring	—	24,246
Other	2,550	4,743
Changes in assets and liabilities providing (using) cash:		
Receivables	(42,267)	(27,597)
Inventories	(68,519)	(27,840)
Accounts payable	25,212	12,778
Contract advances	(4,670)	(165)
Accrued expenses	(15,250)	11,709
Accrued income taxes	(5,564)	(1,817)
Net pension and post retirement liabilities	20,486	(130,135)
Other assets and liabilities	10,222	16,150
Net cash provided by operating activities	129,095	46,350
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of businesses, net of cash acquired	—	(47,947)
Purchase of property, plant and equipment	(91,083)	(70,759)
Other investing transactions	2,518	(3,448)
Net cash used by investing activities	(88,565)	(122,154)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net short-term (borrowings) repayments	(3,560)	1,357
Proceeds from revolving lines of credit	570,200	301,500
Payments on revolving lines of credit	(604,513)	(411,610)
Proceeds from long-term debt	—	11,216
Payments on long-term debt	(255)	(21,849)
Payment of dividends	(26,156)	(8,941)
Proceeds from sale of treasury stock	2,443	2,451
Purchase of outstanding shares for treasury	(17,986)	(5,210)
Proceeds from sale of stock held by SECT	10,036	1,941
Purchase of stock held by SECT	(13,327)	(8,444)
Proceeds from sale of SERP stock	4,293	—
Other financing transactions	—	484
Net cash used by financing activities	(78,825)	(137,105)
Effect of exchange rate changes on cash	(366)	2,266
Decrease in cash, cash equivalents and restricted cash	(38,661)	(210,643)
Cash, cash equivalents and restricted cash at beginning of period	127,706	386,969
Cash, cash equivalents and restricted cash at end of period	\$ 89,045	\$ 176,326
SUPPLEMENTAL CASH FLOW INFORMATION		
Treasury shares issued as compensation	\$ 11,795	\$ —
Equipment acquired through financing	\$ 148	\$ —