

Fiscal Year 2024 Second Quarter Results

April 29, 2024



CAUTIONARY STATEMENT

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These forward-looking statements include, but are not limited to, our prioritization of growth, operational excellence and innovation, including to the outcome of such efforts on our long-term success and shareholder value; demand for our products and services and our ability to capitalize on such demand, trends in our markets and statements regarding our business and financial guidance for the remainder of fiscal year 2024, including our guidance for sales, adjusted earnings, adjusted earnings per share, segment sales growth, segment earnings as a percent of sales, adjusted effective tax rate, adjusted free cash flow, capital expenditures, and diluted weighted shares outstanding, as well as our assumptions and expectations regarding our guidance. 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) volatility with respect to the China on-highway natural gas truck market; (11) Woodward's ability to protect its intellectual property rights and avoid infringing the intellectual property rights of others; (12) changes in the estimates of fair value of reporting units or of long-lived assets; (13) environmental risks; (14) Woodward's continued access to a stable workforce and favorable labor relations with its employees; (15) Woodward's ability to manage various regulatory and legal matters; (16) risks from operating internationally; (17) 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, 2023, any subsequently filed Quarterly Report on Form 10-Q, as well as its Quarterly Report on Form 10-Q for the second quarter ended March 31, 2024, which we expect to file shortly, and other risks described in Woodward's filings with the Securities and Exchange Commission.

Q2 FISCAL YEAR 2024 SUMMARY



SALES UP
16% YOY

- Robust end market demand
- Operational excellence focus delivered increased output and price realization
- ~\$65M China on-highway natural gas truck



YOY EARNINGS
IMPROVEMENT
DRIVEN BY

- Higher volumes, including from the China on-highway business
- Increased output enabled through productivity and efficiency gains
- Price realization



STRONG
BALANCE
SHEET

- YTD Adjusted free cash flow¹ of \$90M
- 1.2 times leverage

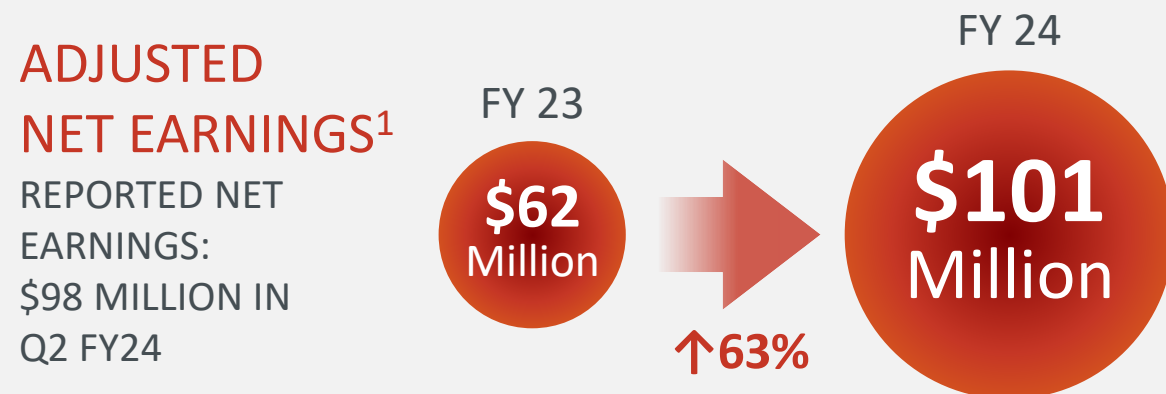
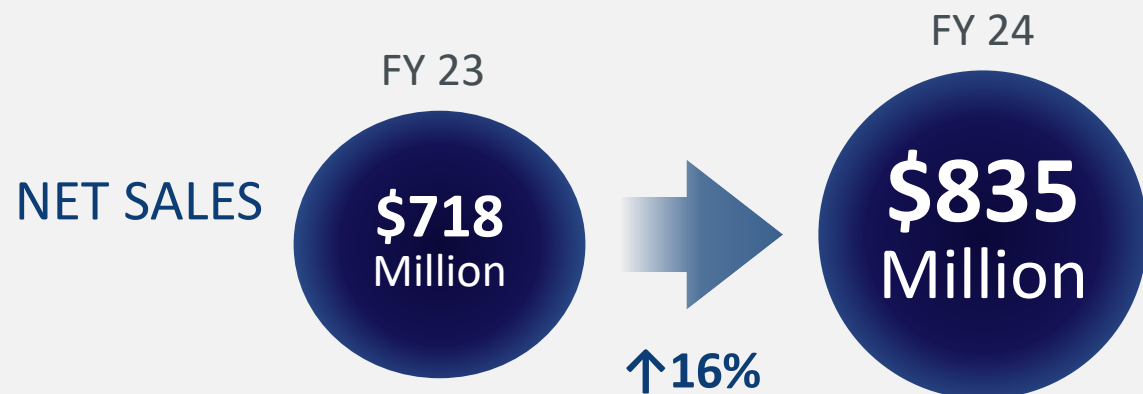


CAPITAL ALLOCATION

\$56M YTD
capital expenditures

\$28M YTD
returned to shareholders
through dividends

Q2 FISCAL YEAR 2024 CONSOLIDATED RESULTS





AEROSPACE OVERVIEW

AEROSPACE - COMMERCIAL

WWD Commercial
OEM Sales



Q2'FY23 to Q2'FY24

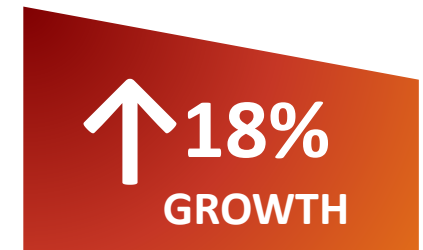
COMMERCIAL
OEM

Higher OEM production rates

Price realization



WWD Commercial
Aftermarket Sales



Q2'FY23 to Q2'FY24

COMMERCIAL
AFTERMARKET

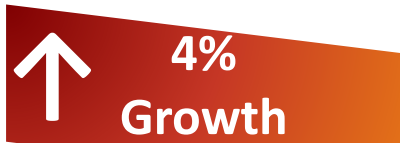
Continued passenger traffic
growth in all regions

High aircraft utilization

Price realization

AEROSPACE - DEFENSE

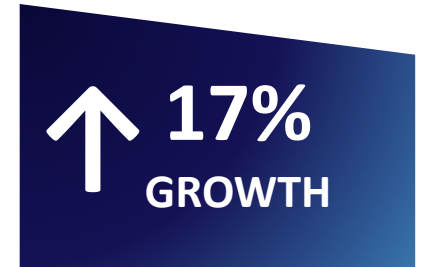
WWD Defense
OEM Sales



Q2'FY23 to Q2'FY24



WWD Defense
Aftermarket Sales



Q2'FY23 to Q2'FY24

DEFENSE
OEM

Decline in guided weapons

Increase in ground vehicles

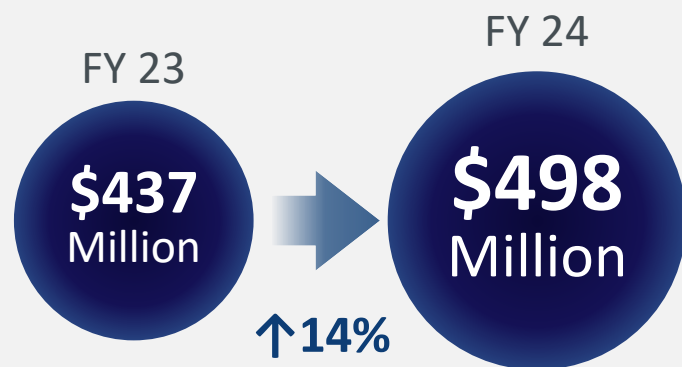
DEFENSE
AFTERMARKET

Supply chain stabilization

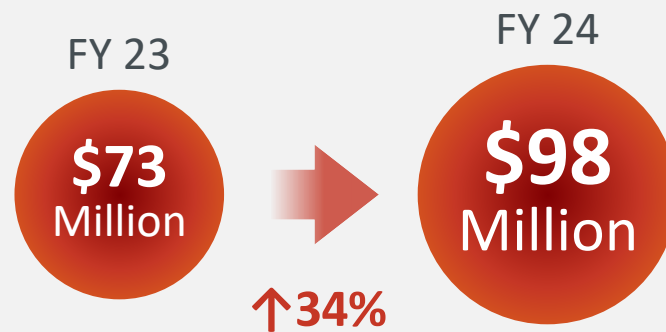
Increased output

AEROSPACE Q2 FISCAL YEAR 2024

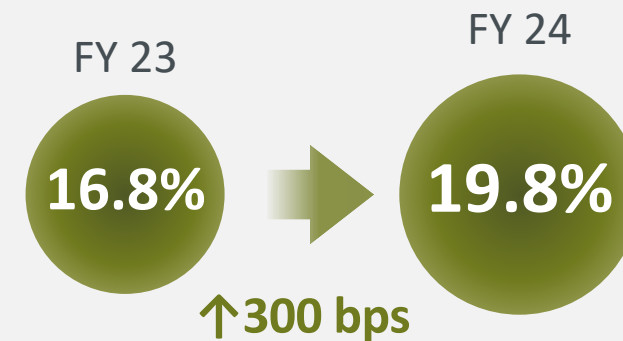
SEGMENT SALES



SEGMENT EARNINGS



SEGMENT MARGIN





INDUSTRIAL OVERVIEW

INDUSTRIAL – PRIMARY MARKETS

Q2'FY23 VS Q2'FY24

WWD Power Generation Sales

↑ **14%**
GROWTH

POWER GENERATION

Strong demand driven by growth in Asia

Growing demand for data center backup power

Market sentiment optimistic regarding capacity firming growth to support grid stability

WWD Transportation Sales

↑ **46%**
GROWTH

TRANSPORTATION

Strong demand for natural gas engines on heavy duty trucks in China

Healthy global marine market with shipyards at capacity and higher utilization

Increasing demand for alternative fuels across the marine industry

WWD Oil & Gas Sales

↓ **16% Decline**

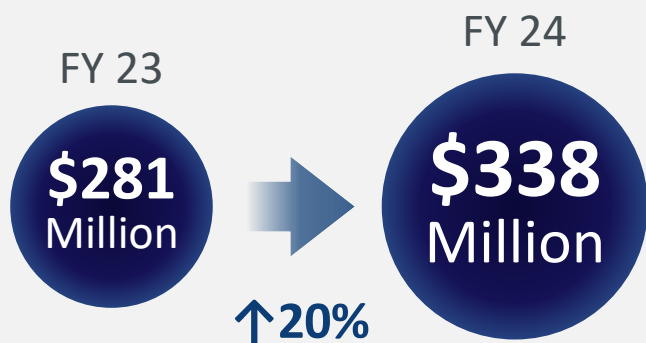
OIL AND GAS

Uncertainty in US related to pause in LNG exports

Positive outlook for domestic shale oil as well as China and India refining and Petrochem activities

INDUSTRIAL Q2 FISCAL YEAR 2024

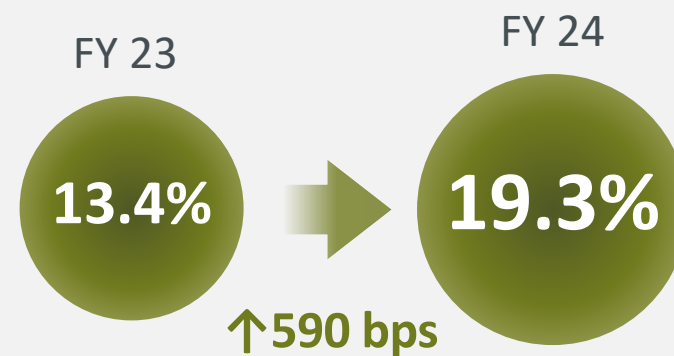
SEGMENT SALES



SEGMENT EARNINGS



SEGMENT MARGIN



SELECTED FINANCIAL RESULTS

	Quarter-to-date			Year-to-date		
	Q2 FY 23	Q2 FY 24	CHANGE	Q2 FY 23	Q2 FY 24	CHANGE
GROSS MARGIN*	22.1%	28.1%	600 bps	21.3%	27.0%	570 bps
SG&A EXPENSES: % OF SALES	10.5%	9.8%	(70) bps	10.4%	9.6%	(80) bps
R&D EXPENSES: % OF SALES	5.3%	4.4%	(90) bps	5.0%	4.1%	(90) bps
EFFECTIVE TAX RATE	11.8%	19.1%	730 bps	9.5%	18.6%	910 bps
EBITDA ¹ (MILS)	\$83	\$160	\$77	\$154	\$309	\$155
ADJUSTED EBITDA ¹ (MILS)	\$117	\$164	\$47	\$189	\$312	\$123
CASH FROM OPERATIONS (MILS)				\$40	\$144	\$104
CAPITAL EXPENDITURES (MILS)				\$(44)	\$(56)	\$(12)
FREE CASH FLOW ¹ (MILS)				\$(4)	\$88	\$92
ADJUSTED FREE CASH FLOW ¹ (MILS)				\$(1)	\$90	\$91

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



FY24 REVISED GUIDANCE

REVISED FISCAL 2024 GUIDANCE

WOODWARD, INC. AND SUBSIDIARIES REVISED GUIDANCE (in Millions, except per share amount and percentages)

		PRIOR FY24 Guidance issued on Jan 29, 2024	REVISED FY24 Guidance issued on Apr 29, 2024
TOTAL COMPANY	Sales	\$3,150-\$3,300	\$3,250-\$3,350
	Adjusted Effective Tax Rate	~21%	~20%
	Adjusted Free Cash Flow	\$300-\$350	\$325-\$375
	Capital Expenditures	~\$100	No change
	Shares	~62	No change
	Adjusted Eps	\$5.00-\$5.40	\$5.70-\$6.00
SEGMENT DATA AEROSPACE	Sales Growth	Up 10% to 14%	Up 12% to 14%
	Segment Earnings (% of Sales)	18%-19%	No change
INDUSTRIAL	Sales Growth	Up 8% to 10%	Up 13% to 15%
	Segment Earnings (% of Sales)	14%-15%	17%-18%

STRONG SECOND QUARTER PERFORMANCE
DEMAND FOR THE CHINA ON-HIGHWAY NATURAL GAS TRUCK BUSINESS

Appendix



NON-U.S. GAAP RECONCILIATIONS

Woodward, Inc. and Subsidiaries
RECONCILIATION OF NET EARNINGS TO ADJUSTED NET EARNINGS¹
(Unaudited - in thousands, except per share amounts)

	<i>Three Months Ended March 31, 2024</i>			<i>Three Months Ended March 31, 2023</i>		
	<i>Before Income</i>	<i>Net of Income Tax</i>	<i>Per Share, Net of</i>	<i>Before Income</i>	<i>Net of Income Tax</i>	<i>Per Share, Net of</i>
	<i>Tax</i>		<i>Income Tax</i>	<i>Tax</i>		<i>Income Tax</i>
Net earnings (U.S. GAAP)	\$ 120,624	\$ 97,556	\$ 1.56	\$ 40,241	\$ 35,511	\$ 0.58
Non-U.S. GAAP adjustments:						
Non-recurring gain related to a previous acquisition	-	-	-	-	-	-
Business development activities	1,664	1,256	0.02	-	-	-
Certain non-restructuring separation costs	2,666	2,013	0.04	2,208	1,661	0.03
Specific charge for excess and obsolete inventory	-	-	-	11,995	9,016	0.15
Product rationalization	-	-	-	10,504	7,896	0.13
Restructuring charges	-	-	-	5,172	3,874	0.06
Non-recurring charge related to customer collections	-	-	-	4,997	3,761	0.06
Total non-U.S. GAAP adjustments	<u>4,330</u>	<u>3,269</u>	<u>0.06</u>	<u>34,876</u>	<u>26,208</u>	<u>0.43</u>
Adjusted net earnings (Non-U.S. GAAP)	\$ 124,954	\$ 100,825	\$ 1.62	\$ 75,117	\$ 61,719	\$ 1.01

Woodward, Inc. and Subsidiaries
RECONCILIATION OF NET EARNINGS TO ADJUSTED NET EARNINGS¹
(Unaudited - in thousands, except per share amounts)

	<i>Six Months Ended March 31, 2024</i>			<i>Six Months Ended March 31, 2023</i>		
	<i>Before Income</i>	<i>Net of Income Tax</i>	<i>Per Share, Net of</i>	<i>Before Income</i>	<i>Net of Income Tax</i>	<i>Per Share, Net of</i>
	<i>Tax</i>		<i>Income Tax</i>	<i>Tax</i>		<i>Income Tax</i>
Net earnings (U.S. GAAP)	\$ 230,344	\$ 187,600	\$ 3.02	\$ 71,990	\$ 65,117	\$ 1.07
Non-U.S. GAAP adjustments:						
Non-recurring gain related to a previous acquisition	(4,803)	(3,433)	(0.06)	-	-	-
Business development activities	5,902	4,456	0.07	-	-	-
Certain non-restructuring separation costs	2,666	2,013	0.04	2,208	1,661	0.03
Specific charge for excess and obsolete inventory	-	-	-	11,995	9,016	0.15
Product rationalization	-	-	-	10,504	7,896	0.13
Restructuring charges	-	-	-	5,172	3,874	0.06
Non-recurring charge related to customer collections	-	-	-	4,997	3,761	0.06
Total non-U.S. GAAP adjustments	<u>3,765</u>	<u>3,036</u>	<u>0.05</u>	<u>34,876</u>	<u>26,208</u>	<u>0.43</u>
Adjusted net earnings (Non-U.S. GAAP)	\$ 234,109	\$ 190,636	\$ 3.07	\$ 106,866	\$ 91,325	\$ 1.50

NON-U.S. GAAP RECONCILIATIONS

Woodward, Inc. and Subsidiaries
RECONCILIATION OF NET EARNINGS TO EBIT¹ AND ADJUSTED EBIT¹
(Unaudited - in thousands)

	<i>Three Months Ended March 31,</i>		<i>Six Months Ended March 31,</i>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net earnings (U.S. GAAP)	\$ 97,556	\$ 35,511	\$ 187,600	\$ 65,117
Income tax expense	23,068	4,730	42,744	6,873
Interest expense	11,530	12,845	22,966	23,987
Interest income	<u>(1,293)</u>	<u>(508)</u>	<u>(2,766)</u>	<u>(874)</u>
EBIT (Non-U.S. GAAP)	130,861	52,578	250,544	95,103
Total non-U.S. GAAP adjustments*	<u>4,330</u>	<u>34,876</u>	<u>3,765</u>	<u>34,876</u>
Adjusted EBIT (Non-U.S. GAAP)	<u>\$ 135,191</u>	<u>\$ 87,454</u>	<u>\$ 254,309</u>	<u>\$ 129,979</u>

*See Reconciliation of Net Earnings to Adjusted Net Earnings¹ table above for the list of Non-U.S. GAAP adjustments made in the applicable periods.

Woodward, Inc. and Subsidiaries
RECONCILIATION OF NET EARNINGS TO EBITDA¹ AND ADJUSTED EBITDA¹
(Unaudited - in thousands)

	<i>Three Months Ended March 31,</i>		<i>Six Months Ended March 31,</i>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net earnings (U.S. GAAP)	\$ 97,556	\$ 35,511	\$ 187,600	\$ 65,117
Income tax expense	23,068	4,730	42,744	6,873
Interest expense	11,530	12,845	22,966	23,987
Interest income	<u>(1,293)</u>	<u>(508)</u>	<u>(2,766)</u>	<u>(874)</u>
Amortization of intangible assets	8,618	9,418	17,217	18,596
Depreciation expense	<u>20,607</u>	<u>20,535</u>	<u>40,833</u>	<u>40,661</u>
EBITDA (Non-U.S. GAAP)	160,086	82,531	308,594	154,360
Total non-U.S. GAAP adjustments*	<u>4,330</u>	<u>34,876</u>	<u>3,765</u>	<u>34,876</u>
Adjusted EBITDA (Non-U.S. GAAP)	<u>\$ 164,416</u>	<u>\$ 117,407</u>	<u>\$ 312,359</u>	<u>\$ 189,236</u>

*See Reconciliation of Net Earnings to Adjusted Net Earnings¹ table above for the list of Non-U.S. GAAP adjustments made in the applicable periods.

NON-U.S. GAAP RECONCILIATIONS

Woodward, Inc. and Subsidiaries

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO FREE CASH FLOW¹ AND ADJUSTED FREE CASH FLOW¹
(Unaudited - in thousands)

	Six Months Ended March 31,	
	2024	2023
Net cash provided by operating activities (U.S. GAAP)	\$ 144,118	\$ 40,150
Payments for property, plant, and equipment	(56,301)	(44,046)
Free cash flow (Non-U.S. GAAP)	87,817	(3,896)
Cash received for a non-recurring matter related to a previous acquisition	(4,803)	-
Cash paid for business development activities	4,293	-
Cash paid for non-recurring matter unrelated to the ongoing operations of the business	2,725	-
Cash paid for restructuring charges	-	2,836
Adjusted free cash flow (Non-U.S. GAAP)	\$ 90,032	\$ (1,060)

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NONSEGMENT EXPENSES TO ADJUSTED NONSEGMENT EXPENSES¹
(Unaudited - in thousands)

	Three-Months Ended March 31,		Six-Months Ended March 31,	
	2024	2023	2024	2023
Nonsegment expenses (U.S. GAAP)	\$ 32,834	\$ 58,307	\$ 59,034	\$ 82,618
Non-recurring gain related to a previous acquisition	-	-	4,803	-
Certain non-restructuring separation costs	(2,666)	(2,208)	(2,666)	(2,208)
Business development activities	(1,664)	-	(5,902)	-
Specific charge for excess and obsolete inventory	-	(11,995)	-	(11,995)
Product rationalization	-	(10,504)	-	(10,504)
Restructuring charges	-	(5,172)	-	(5,172)
Non-recurring charge related to customer collections	-	(4,997)	-	(4,997)
Adjusted nonsegment expenses (Non-U.S. GAAP)	\$ 28,504	\$ 23,431	\$ 55,269	\$ 47,742

NON-U.S. GAAP MEASURES

¹Adjusted 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, (iii) certain non-restructuring separation costs, (iv) a specific charge for excess and obsolete inventory, (v) product rationalization, (vi) a restructuring charges, and (vii) a non-recurring charge related to customer collections. The product rationalization adjustment pertains to a non-recurring write-off of inventory and assets related to the elimination of certain product lines. The specific charge for excess and obsolete inventory pertains to a non-recurring process change that resulted in the identification and write down of certain excess inventory unrelated to product rationalization. The non-recurring charge related to customer collections pertains to a discrete process issue that was identified and corrected. 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) plus cash received for a non-recurring matter related to a previous acquisition, minus (i) cash paid for business development activities, (ii) cash paid for a non-recurring matter unrelated to the ongoing operations of the business, and (iii) cash paid for restructuring charges. Management believes these adjustments to free cash flow better portray Woodward's operating performance. Guidance with respect to non-U.S. GAAP measures as provided in this release excludes, as applicable (i) a non-recurring gain related to a previous acquisition, (ii) costs related to business development activities, (iii) certain non-restructuring separation costs, (iv) cash received for a non-recurring matter related to a previous acquisition, (v) cash paid for business development activities, and (vi) cash paid for non-recurring matter unrelated to the ongoing operations of the business.

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 and 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. Management'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.

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