



# Loar Holdings Inc.

## Q1 2024 Earnings Presentation



# Agenda

- Our Value Drivers, Our Portfolio, and Our Products
- Q1 Earnings Highlights
- Capital Structure Update
- Full Year 2024 Outlook

## Today's Speakers:

- Dirkson Charles – CEO and Executive Co-Chairman of the Board of Directors
- Brett Milgrim – Executive Co-Chairman of the Board of Directors
- Glenn D'Alessandro – CFO and Treasurer
- Ian McKillop – Director of Investor Relations

# Forward Looking Statements & Special Notice Regarding Pro Forma and Non-GAAP Information

## Forward-Looking Statements

This presentation includes express or implied forward-looking statements. Forward-looking statements include all statements that are not historical facts including those that reflect our current views with respect to, among other things, our operations and financial performance. The words “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “future,” “will,” “seek,” “foreseeable,” the negative version of these words or similar terms and phrases may identify forward-looking statements in this presentation, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this presentation, including, but not limited to, the statements under the heading “Full Year 2024 Outlook” and “Full Year 2024 Outlook – Assumptions” are based on management’s current expectations and are not guarantees of future performance. Our expectations and beliefs are expressed in management’s good faith, and we believe there is a reasonable basis for them, however, the forward-looking statements are subject to various known and unknown risks, uncertainties, assumptions, or changes in circumstances that are difficult to predict or quantify. Actual results may differ materially from these expectations due to changes in global, regional, or local economic, business, competitive, market, regulatory, and other factors, many of which are beyond our control. We believe that these factors include but are not limited to the following: the almost exclusive focus of our business on the aerospace and defense industry; our heavy reliance on certain customers for a significant portion of our sales; the fact that we have in the past consummated acquisitions and our intention to continue to pursue acquisitions, and that our business may be adversely affected if we cannot consummate acquisitions on satisfactory terms, or if we cannot effectively integrate acquired operations; and the other risks and uncertainties described under “Risk Factors” of the Company’s Prospectus dated April 24, 2024 filed with the Securities and Exchange Commission (“SEC”), as well as the Company’s Quarterly Report on Form 10-Q that will be filed following the earnings release, and other periodic reports filed by the Company from time to time with the SEC.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in the forward-looking statements. Any forward-looking statement made by us in this presentation speaks only as of the date of this presentation and is expressly qualified in its entirety by the cautionary statements included in this presentation. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments, or other strategic transactions we may make. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable law.

## Special Notice Regarding Pro Forma Information

This presentation sets forth certain pro forma financial information. This pro forma financial information gives effect to certain recently completed acquisitions. Such pro forma information is based on certain assumptions and adjustments and does not purport to present our actual results of operations or financial condition had the transactions reflected in such pro forma financial information occurred at the beginning of the relevant period, in the case of income statement information, or at the end of such period, in the case of balance sheet information, nor is it necessarily indicative of the results of operations that may be achieved in the future.

## Special Notice Regarding Non-GAAP Information

We present in this presentation certain financial information based on our EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin. References to “EBITDA” mean earnings before interest, taxes, depreciation and amortization, references to “Adjusted EBITDA” mean EBITDA plus, as applicable for each relevant period, certain adjustments as set forth in the reconciliations of net loss to EBITDA and Adjusted EBITDA, and references to “Adjusted EBITDA Margin” refer to Adjusted EBITDA divided by net sales. EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin are not measurements of financial performance under U.S. GAAP. We present EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin because we believe they are useful indicators for evaluating operating performance. In addition, our management uses Adjusted EBITDA to review and assess the performance of the management team in connection with employee incentive programs and to prepare its annual budget and financial projections. Moreover, our management uses Adjusted EBITDA of target companies to evaluate acquisitions.

Although we use EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin as measures to assess the performance of our business and for the other purposes set forth above, the use of non-GAAP financial measures as analytical tools has limitations, and you should not consider any of them in isolation, or as a substitute for analysis of our results of operations or cash flow from operations as reported in accordance with U.S. GAAP. Our calculations of EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin may not be comparable to the calculations of similarly titled measures reported by other companies.

A presentation of the most directly comparable GAAP measures and a reconciliation to such measures are set forth in the appendix, other than with respect to the non-GAAP information under the heading “Full Year 2024 Outlook,” for which no reconciliation is provided because to do so would be potentially misleading and not practical given the difficulty of projecting event-driven transactional and other non-core operating items in any future period, which may be significant.

# Simple Approach to Driving Value...

## Value Drivers

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Launching New Products

O

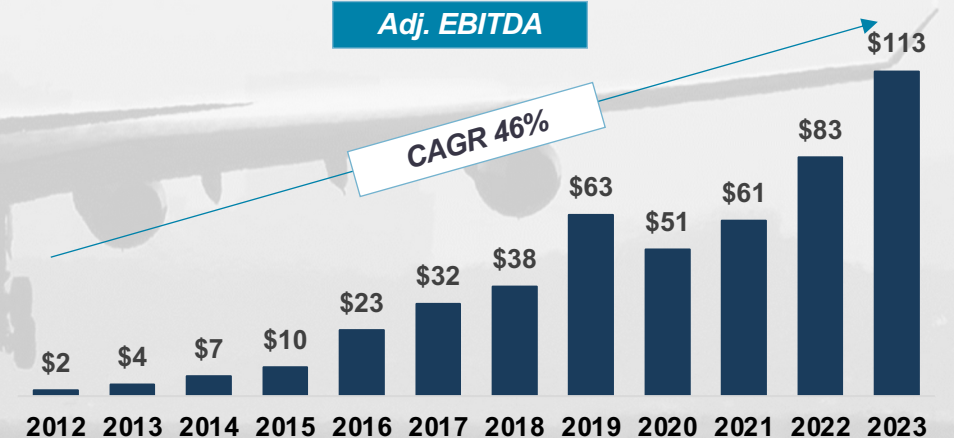
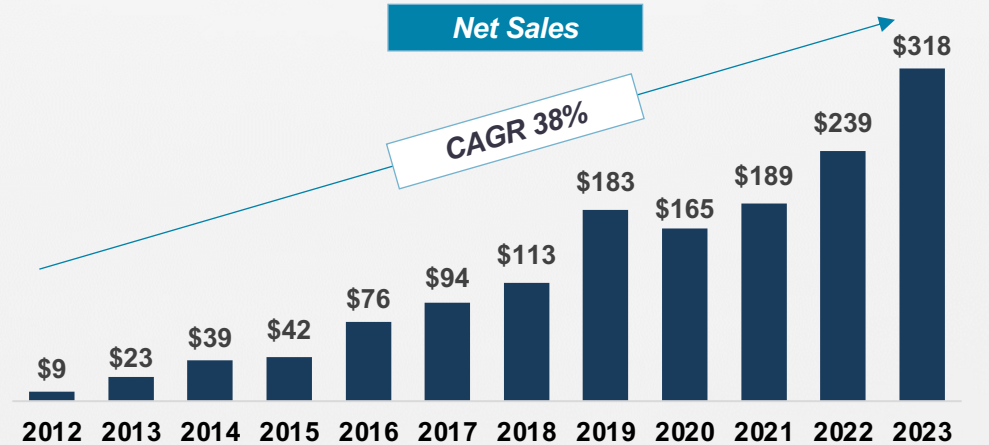
Optimizing Productivity

A

Achieving Price Above Inflation

R

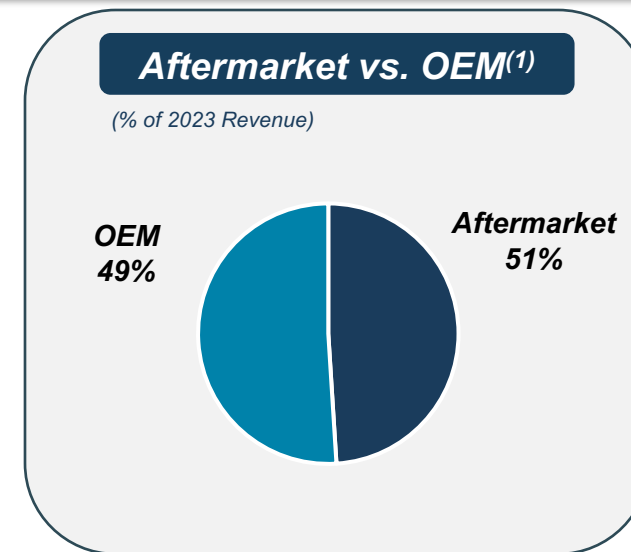
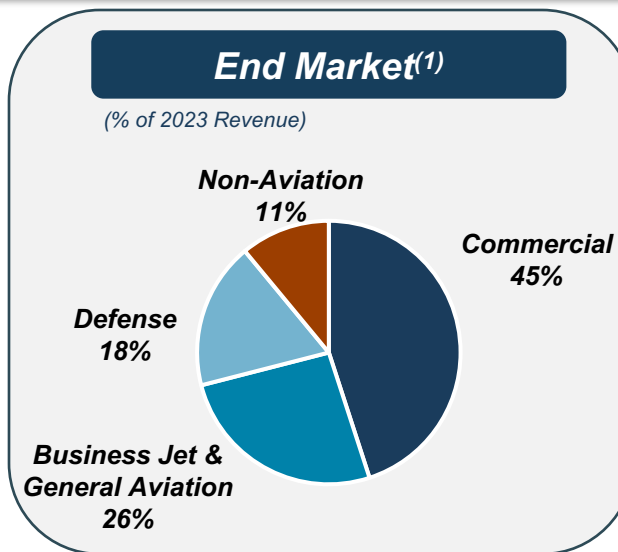
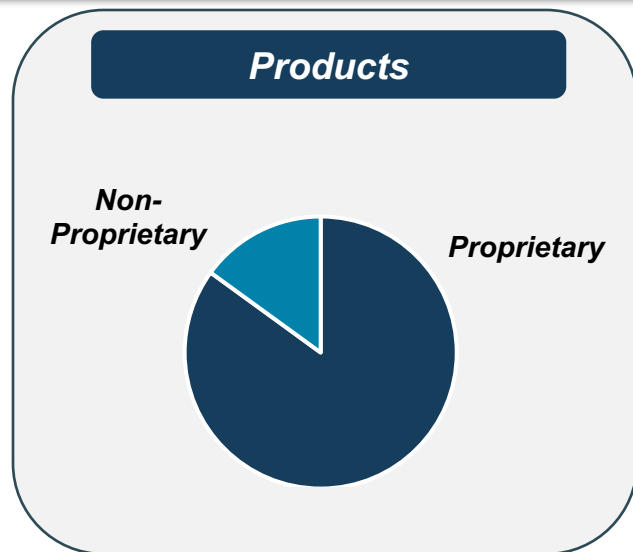
Readying Talent





# Our Portfolio

Loar Group specializes in the design, manufacture, and sale of niche aerospace and defense components that are ***essential for today's aircraft and aerospace and defense systems***, across ***250+ total aircraft platforms***. Our business focuses on ***mission-critical, highly engineered solutions with high-intellectual property content***. Our products cover a diverse range of applications supporting nearly every major aircraft platform in use today for a diverse customer base within the commercial, business jet and general aviation, and defense end markets



(1) Pro forma sales for full year 2023. Includes full year impact of DAC and CAV, both acquisitions completed in Q3 2023. Please see additional special notice on pro forma sales and non-GAAP information

## Disciplined Acquisition Approach

Aerospace & Defense Focus

Niche Markets and/or Strong Market Positions

Proprietary Content and/or Processes

Significant Aftermarket Exposure

Cross-Sell Opportunity

Long-Standing Customer Relationships

# Our Products

Diverse Portfolio Offering With  
Over 15,000+ Products Offered

*Mission critical nature of products with high monetary and reputational cost of failure to customers*

*Revenue from IP-heavy, proprietary products, which require a depth of operational expertise*

*Time and cost intensive specification process ensures once Loar products are spec'd on to platform they are "locked in" for long term*

*Strong ability to provide aftermarket services for Loar components ensures high-margin revenue streams for lifetime of platforms Loar serves*



No One Part Makes Up More Than 3% of the Company's 2023 Net Sales

# Q1 2024 Results by End Market – Pro Forma<sup>(1)</sup>

## Q1 2024 End Market Drivers

### Total Commercial OEM:

- Increase demand for GA, business jets, and commercial aircraft 

### Total Commercial Aftermarket

- Passenger traffic continues to recover 
- Strong bookings supporting 2024 outlook, YoY backlog up over 25% 
- Destocking 

### Defense

- Strong aftermarket demand across platforms 

## Q1 Pro Forma<sup>(1)</sup> Net Sales


End Market	Q1 2024 vs Q1 2023
Total Commercial OEM	+29%
Total Commercial Aftermarket	+5%
Defense	+8%

(1) Pro forma sales for full year 2023. Includes full year impact of DAC and CAV, both acquisitions completed in Q3 2023. Please see additional special notice on pro forma sales and non-GAAP information

# Q1 2024 Financial Results

<i>\$thousands</i>	Q1 2024	Q1 2023	Δ
Net Sales	91,844	74,246	24%
Gross Profit	44,433	36,035	23%
<i>Margin</i>	48.4%	48.5%	
Net Income (loss)	2,249	(7,519)	
Adjusted EBITDA	33,030	26,846	23%
<i>Adj EBITDA Margin</i>	36%	36%	

- Net sales up 11% organically 

- Pricing and operating leverage offset by facility integration costs 

- Increase in operating income 
- Decrease in our effective income tax rate 

- Margins remained strong despite dilutive impact of CAV and DAC acquisitions, and addition of public company costs 



# Capital Structure

- Closed IPO on 4/29, raising \$330 million
  - Used \$285 million to pay down borrowings, remainder for expenses and general corporate purposes
  - Pro forma leverage for the IPO is 1.6x to LTM EBITDA (ended 3/31/24)
- Amended and extended our existing credit agreement
  - Extended maturity of current indebtedness to 2030
  - Reduced the interest rate by 250 basis points to SOFR + 4.75%
  - Pro forma annual interest expense of \$26 million
- Increased liquidity to support reinvestment and inorganic growth
  - New \$50 million revolving credit facility
  - Increased commitment under our delayed draw term loan to \$100 million

# Full Year 2024 Outlook

## Market Assumptions

- Commercial OEM – Up Low Double Digits
- Commercial Aftermarket – Up Low Double Digits
- Defense – Up Low Double Digits

## 2024 Outlook

	Low	High
<small>\$millions except for share count &amp; EPS</small>		
Net Sales	\$370	\$374
Adjusted EBITDA	\$132	\$134
Adjusted EBITDA Margin	~36%	
Net Income	\$25.7	\$27.1
Adjusted EPS	\$0.41	\$0.43

# Full Year 2024 Outlook - Assumptions

	Full Year 2024 Outlook
Capital Expenditures	~ \$11 million
Full Year Interest Expense	~ \$42 million
Full Year Effective Tax Rate	~ 30%
Depreciation and Amortization	~ \$40 million
Non-Cash Stock-Based Compensation	~ \$9 million
Fully Diluted Share Count	~ 91 million shares

# Appendix – Reconciliation of EBITDA and Adjusted EBITDA to Net Income (Loss)

(in thousands unless otherwise indicated)

	Three Months Ended March 31,	
	2024	2023
Net income (loss)	\$ 2,249	\$ (7,519)
Adjustments:		
Interest expense, net	17,734	15,402
Income tax provision	1,374	9,172
Operating income	21,357	17,055
Depreciation	2,678	2,446
Amortization	7,265	6,880
EBITDA	31,300	26,381
Adjustments:		
Other income <sup>(1)</sup>	—	(48)
Transaction expenses <sup>(2)</sup>	176	183
Stock-based compensation <sup>(3)</sup>	87	92
Acquisition integration costs <sup>(4)</sup>	1,467	238
Adjusted EBITDA	\$ 33,030	\$ 26,846
Net sales	\$ 91,844	\$ 74,246
Net income (loss) margin	2.4%	(10.1)%
Adjusted EBITDA Margin	36.0%	36.2%

- (1) Represents a grant from the U.S. Department of Transportation under the AMJP.
- (2) Represents third party transaction-related costs for acquisitions comprising deal fees, legal, financial and tax due diligence expenses, and valuation costs that are required to be expensed as incurred.
- (3) Represents the non-cash compensation expense recognized by the Company for our restricted equity unit awards.
- (4) Represents costs incurred to integrate acquired businesses and product lines into our operations, facility relocation costs and other acquisition-related costs.