

Second Quarter Fiscal Year 2025 Results

April 28, 2025

WOODWARD

Cautionary Statement

Information in the earnings call and this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, including, but not limited to, the Company's ability to manage tariffs and the current operating environment; our long-term value proposition and ability to achieve sustainable growth and enhance shareholder value; our current steady growth trajectory; the impact of our operational excellence and lean transformation efforts; our capital allocation goals and whether we achieve them; and statements regarding our business, expectations and guidance for fiscal year 2025, including our guidance for sales, segment sales as compared to the prior fiscal year, adjusted earnings per share, segment earnings margin, adjusted effective tax rate, free cash flow, capital expenditures, and diluted weighted average shares outstanding, as well as our assumptions and expectations regarding our guidance and the factors that may impact guidance, and anticipated trends in our business and markets. 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 a potential global recession and the impact on customer demand; (2) changes in or uncertainty with respect to global trade and economic policy, including tariff levels and other retaliatory measures; (3) risks related to constraints and disruptions in the global supply chain and labor markets; (4) Woodward's long sales cycle; (5) risks related to Woodward's concentration of revenue among a relatively small number of customers; (6) Woodward's ability to implement and realize the intended effects of any restructuring efforts; (67) Woodward's ability to successfully manage competitive factors including expenses and fluctuations in sales; (8) changes and consolidations in the aerospace market; (9) Woodward's financial obligations including debt obligations and tax expenses and exposures; (10) risks related to Woodward's U.S. government contracting activities including potential changes in government spending patterns; (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, 2024, any subsequently filed Quarterly Report on Form 10-Q, as well as its Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, which we expect to file shortly, and other risks described in Woodward's filings with the Securities and Exchange Commission. The forward-looking statements contained in this press release are made as of the date hereof and Woodward assumes no obligation to update such statements, except as required by applicable law.

Value Driver Pillars Deliver Differentiated Value For Shareholders

Growth



Operational Excellence



Innovation



Capital Allocation



Our strong second quarter results were in line with our expectations, reflecting the dedication of our members in a volatile environment. Our long-term value proposition remains intact, and we are committed to achieving sustainable growth and enhancing shareholder value.

– Chip Blankenship
Chairman and Chief Executive Officer

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Second Quarter Fiscal Year 2025 Summary



Sales
Up 6% YOY

Growth in Aerospace & Core Industrial

Lower China on-highway, as expected

Measured ramp from Boeing work stoppage



Adjusted Net Earnings[1]
Up 3% YOY

Price realization

Lower volume

Unfavorable mix



Strong Balance Sheet

Free cash flow[1] of $60M

1.5 times leverage

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Fiscal Year 2025 Summary



Capital Allocation

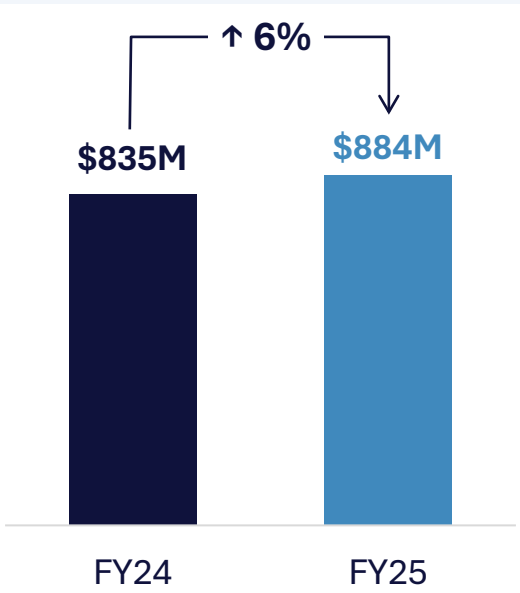
$52M YTD Capital Expenditures

$111M YTD Returned to Shareholders through dividends and share repurchases

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Q2 Fiscal Year 2025 Consolidated Results

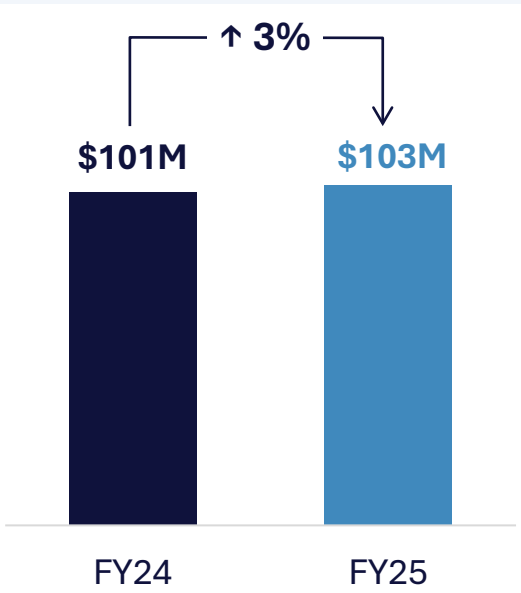
Net Sales



Adjusted Net Earnings

Reported Net Earnings

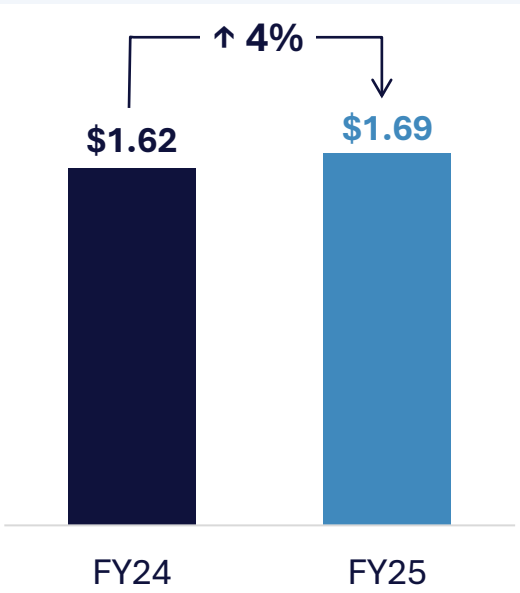
$98M Q2 FY24; $109M Q2 FY25



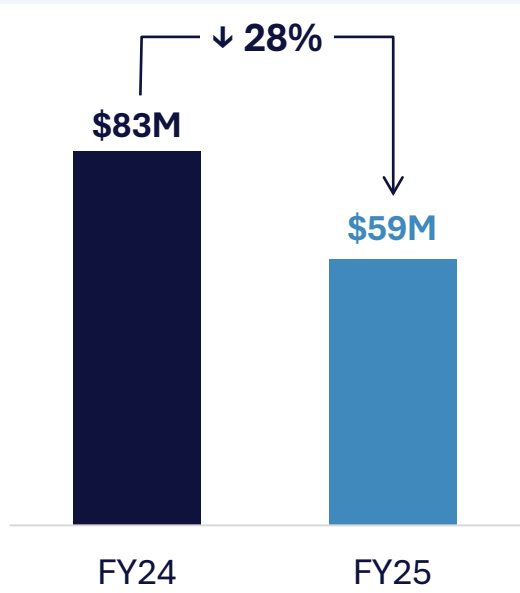
Adjusted Earnings Per Share (EPS)[1]

Reported EPS

$1.56 Q2 FY24; $1.78 Q2 FY25



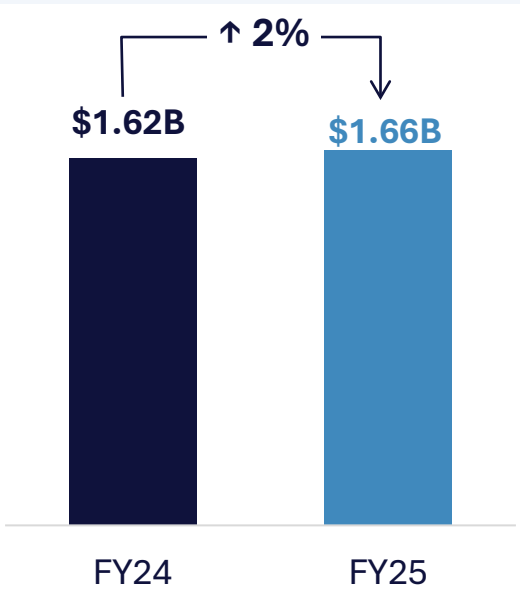
Free Cash Flow



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Q2 YTD Fiscal Year 2025 Consolidated Results

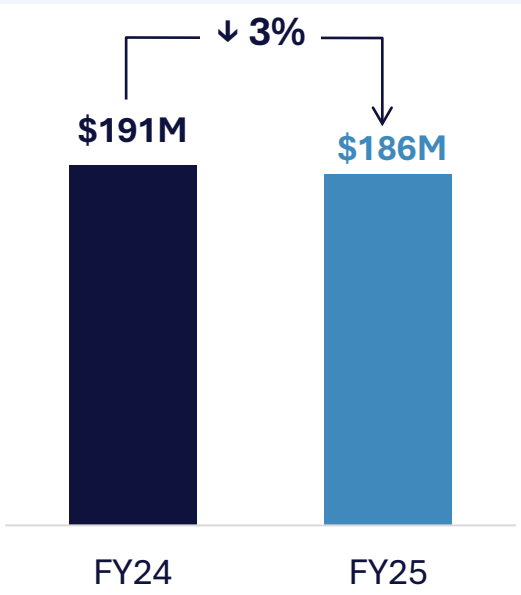
Net Sales



Adjusted Net Earnings

Reported Net Earnings

$188M YTD FY24; $196M YTD FY25



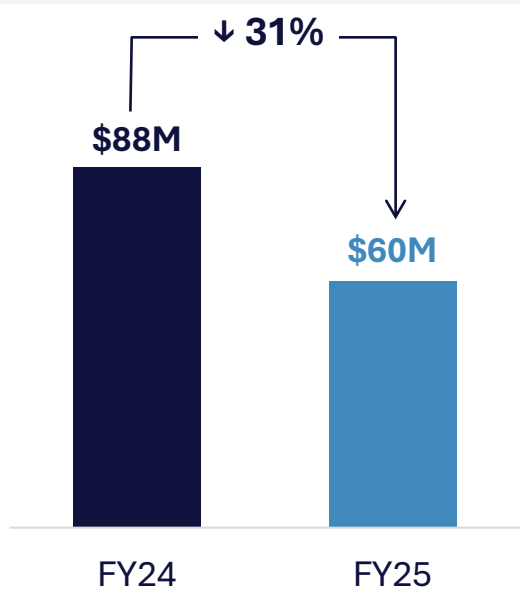
Adjusted Earnings Per Share (EPS)

Reported EPS

$3.02 YTD FY24; $3.20 YTD FY25

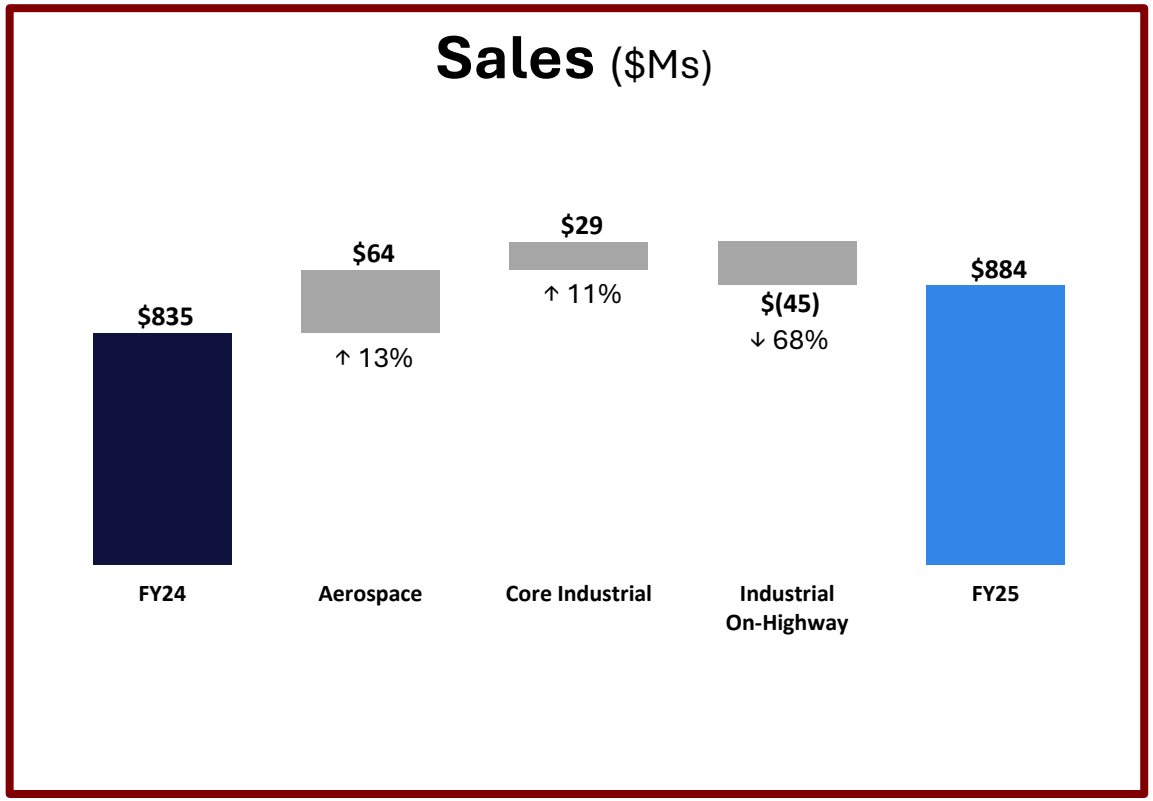


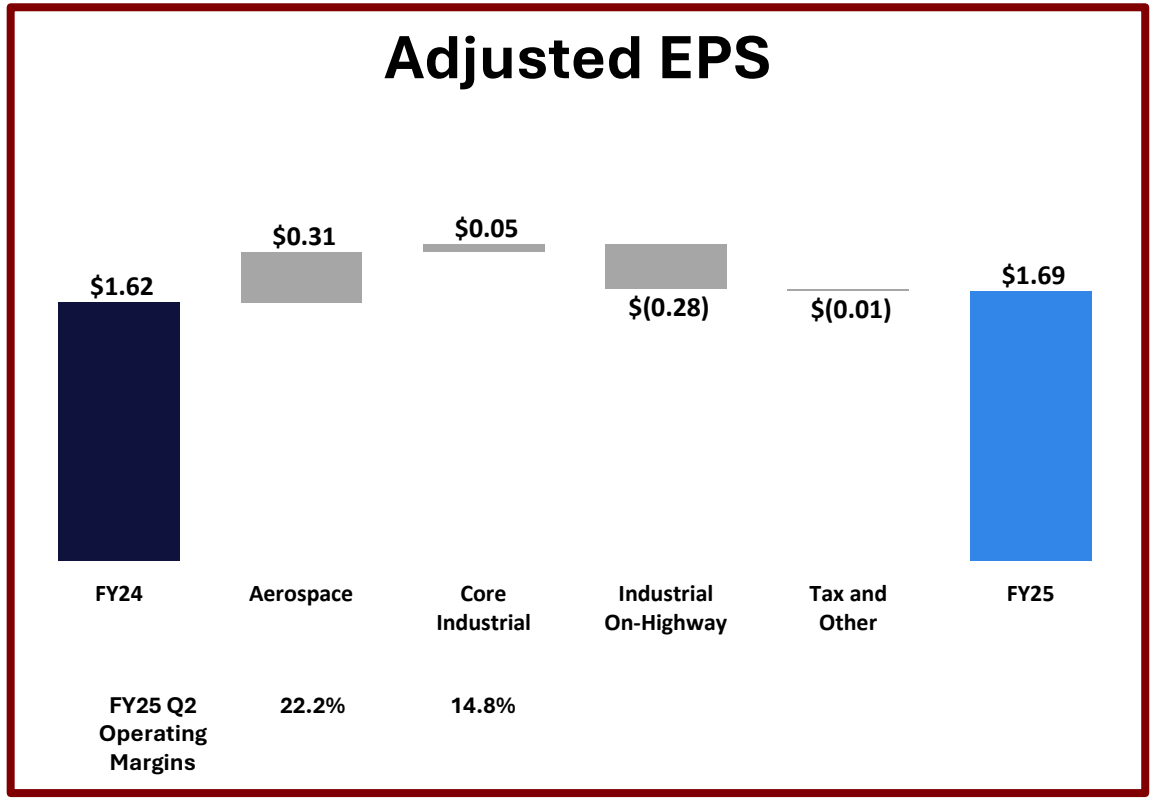
Free Cash Flow



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Q2 Fiscal Year 2025 Sales & Adjusted EPS Bridge

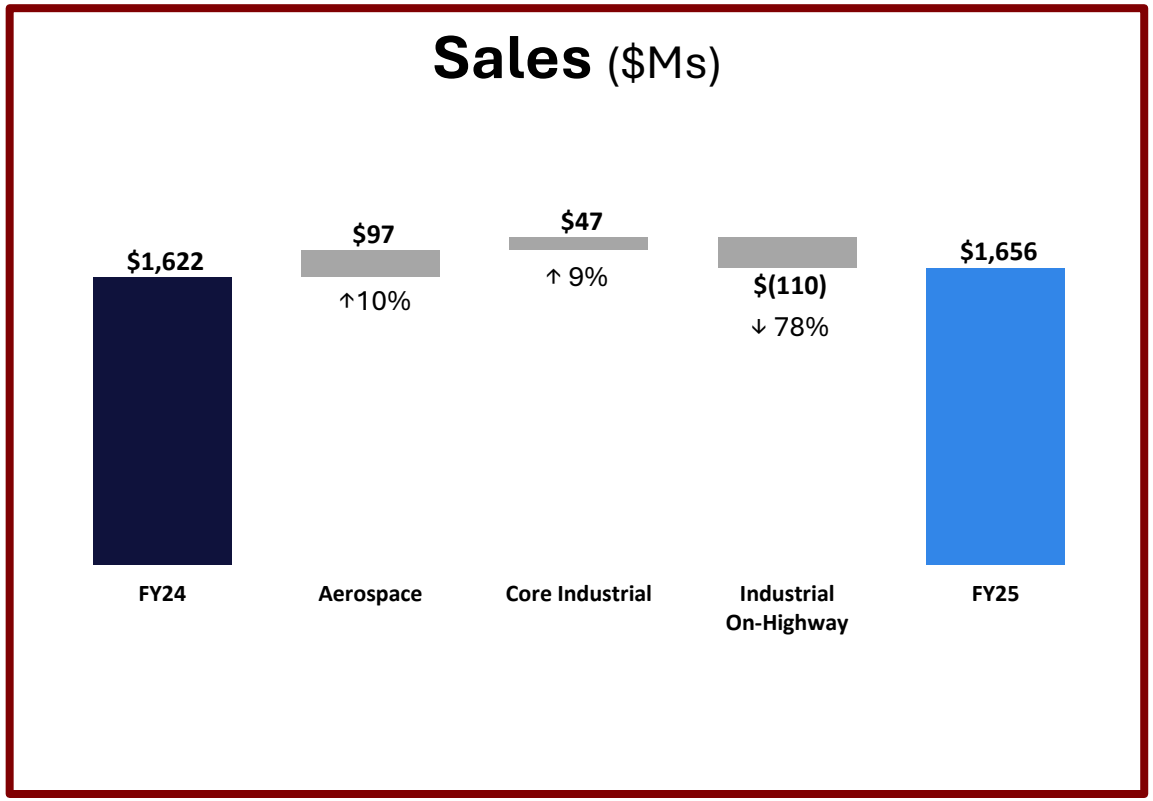


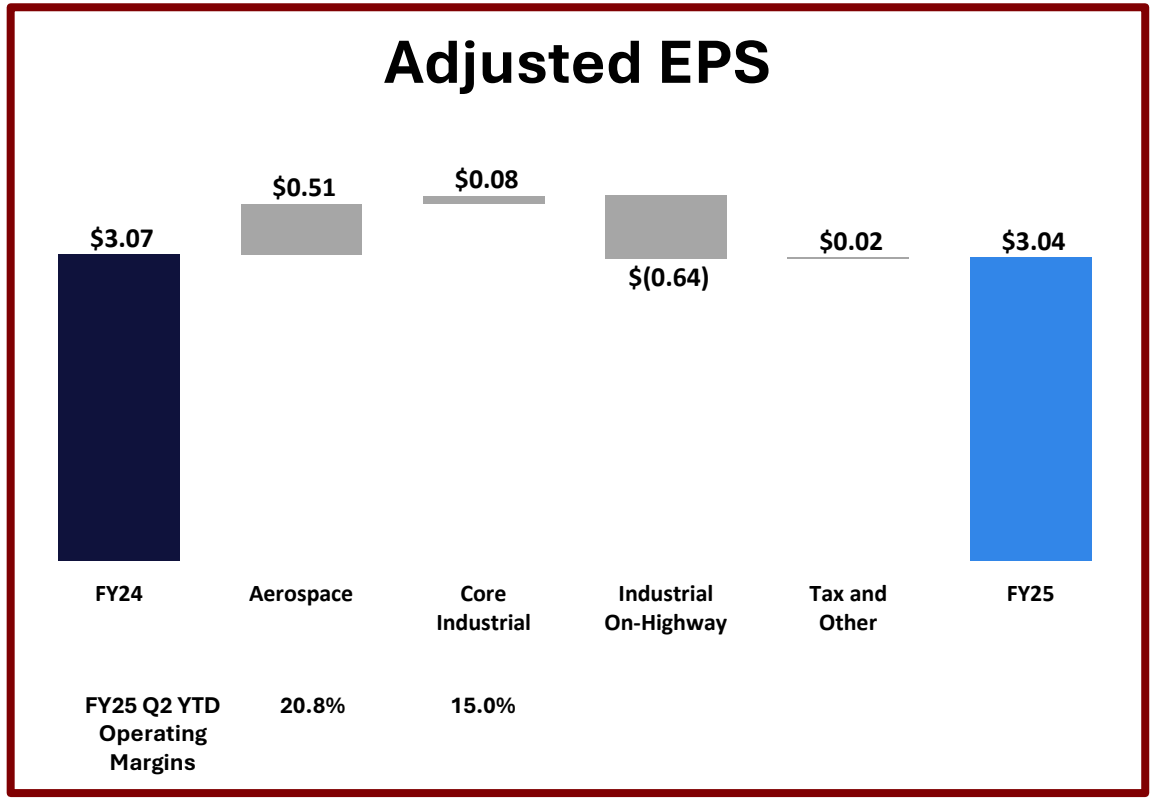


GROWTH IN AEROSPACE AND CORE INDUSTRIAL
OFFSET BY CHINA ON-HIGHWAY DECLINE

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Q2 YTD Fiscal Year 2025 Sales & Adjusted EPS Bridge





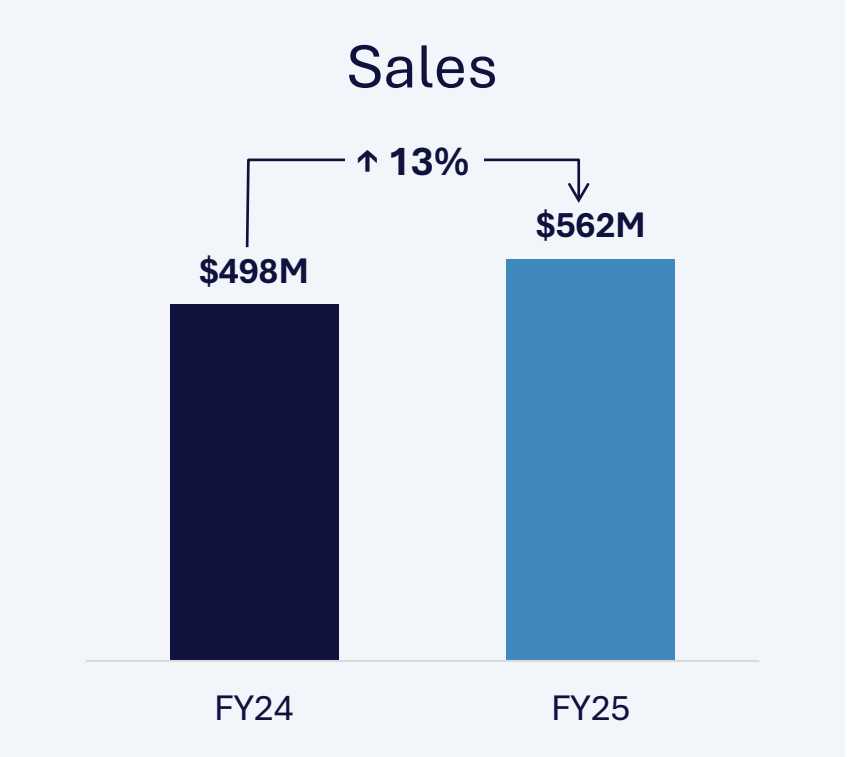
GROWTH IN AEROSPACE AND CORE INDUSTRIAL OFFSET BY CHINA ON-HIGHWAY DECLINE

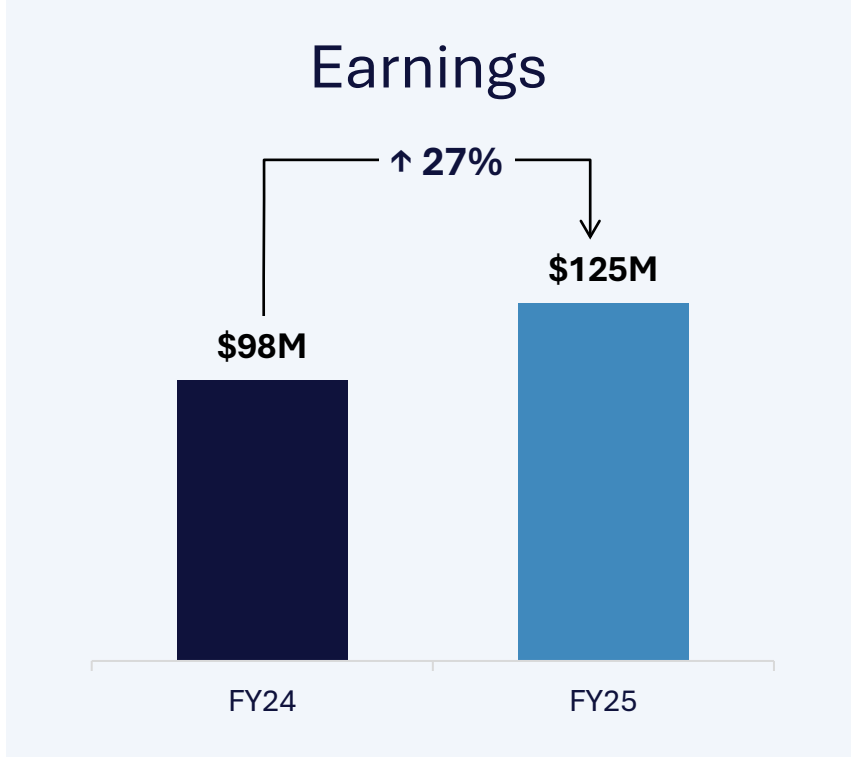
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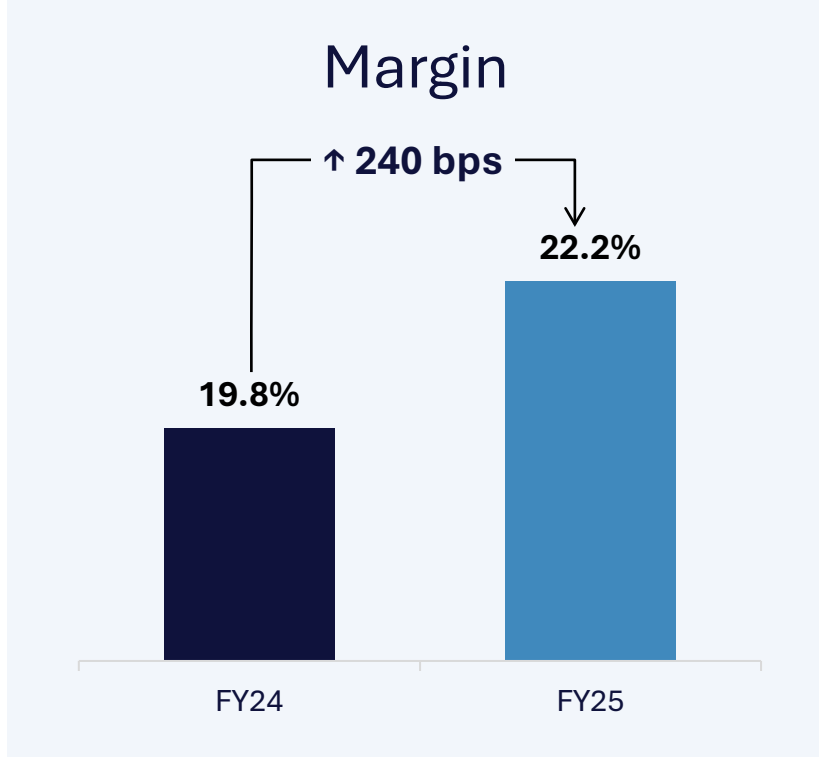
Aerospace Overview



Q2 Fiscal Year 2025 Aerospace Segment

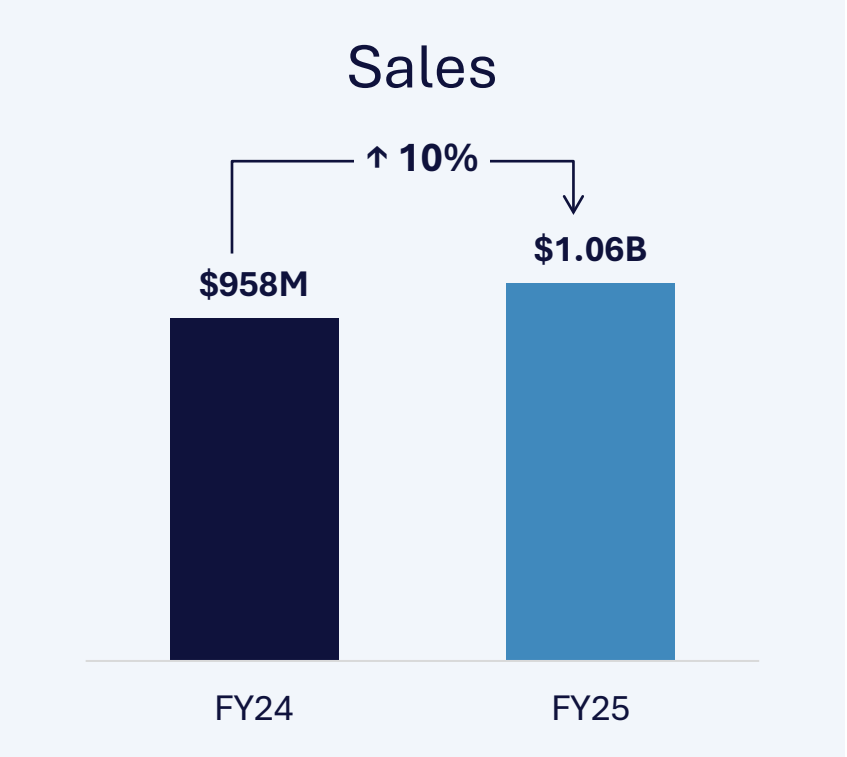


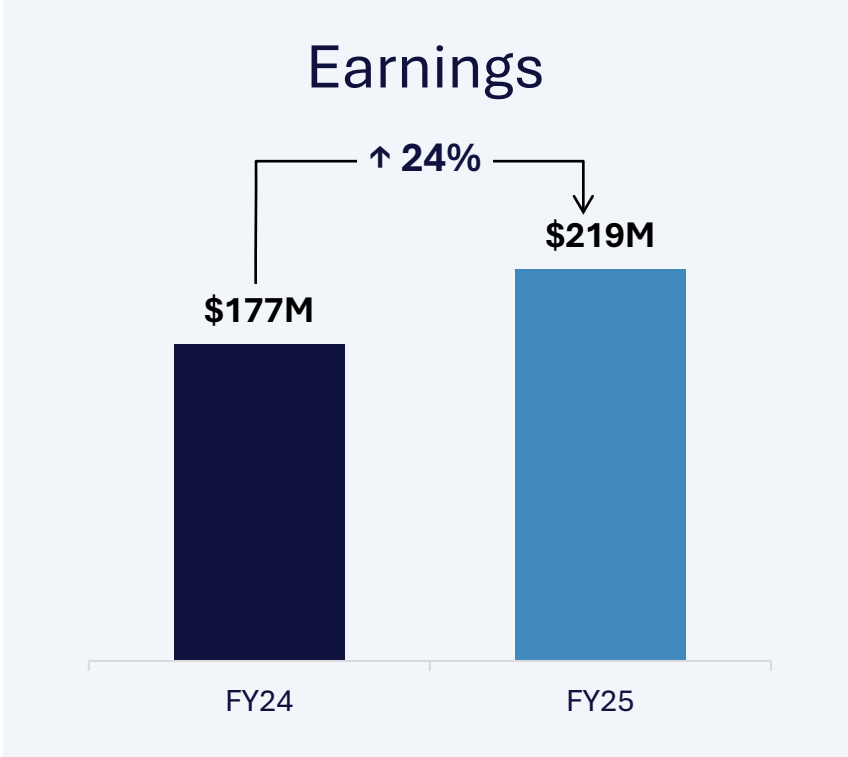


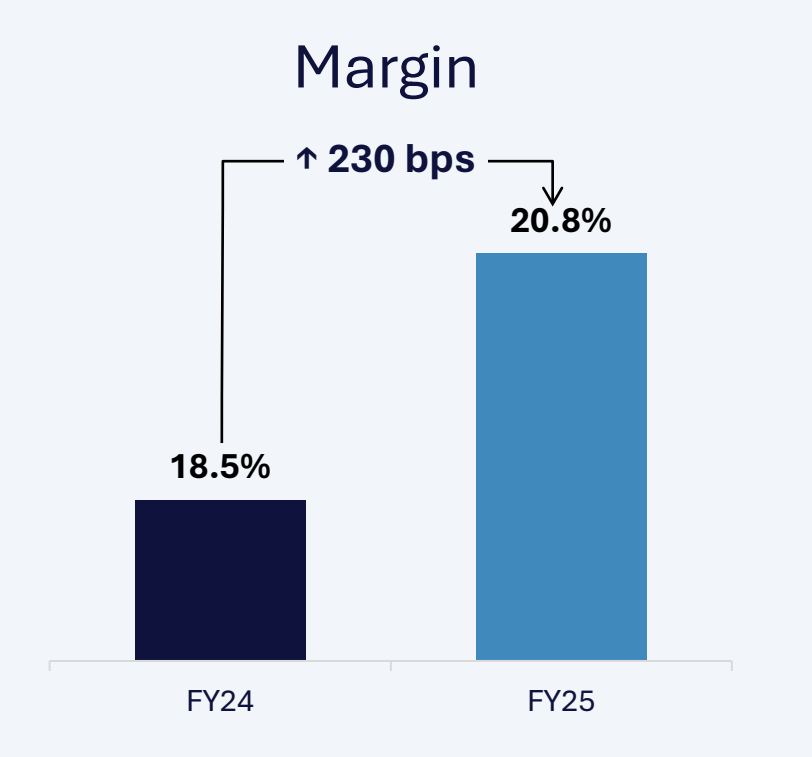


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Q2 YTD Fiscal Year 2025 Aerospace Segment







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Aerospace Commercial

Woodward Commercial
OEM Sales
Q2 FY24 to Q2 FY25

9%
Decline



Woodward Commercial
Aftermarket Sales
Q2 FY24 to Q2 FY25

23%
Growth

Commercial OEM
Market Update

→ OEM build rates continue to improve
→ Industry supply chain challenges

Commercial Aftermarket
Market Update

→ High legacy aircraft utilization
→ Passenger traffic growing
→ Growing concerns around soft forward bookings

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Aerospace Defense

Woodward Defense
OEM Sales
Q2 FY24 to Q2 FY25

52%
Growth



Woodward Defense
Aftermarket Sales
Q2 FY24 to Q2 FY25

8%
Decline

Defense OEM
Market Update

→ Strong demand for defense products
→ Robust smart defense order activity

Defense Aftermarket
Market Update

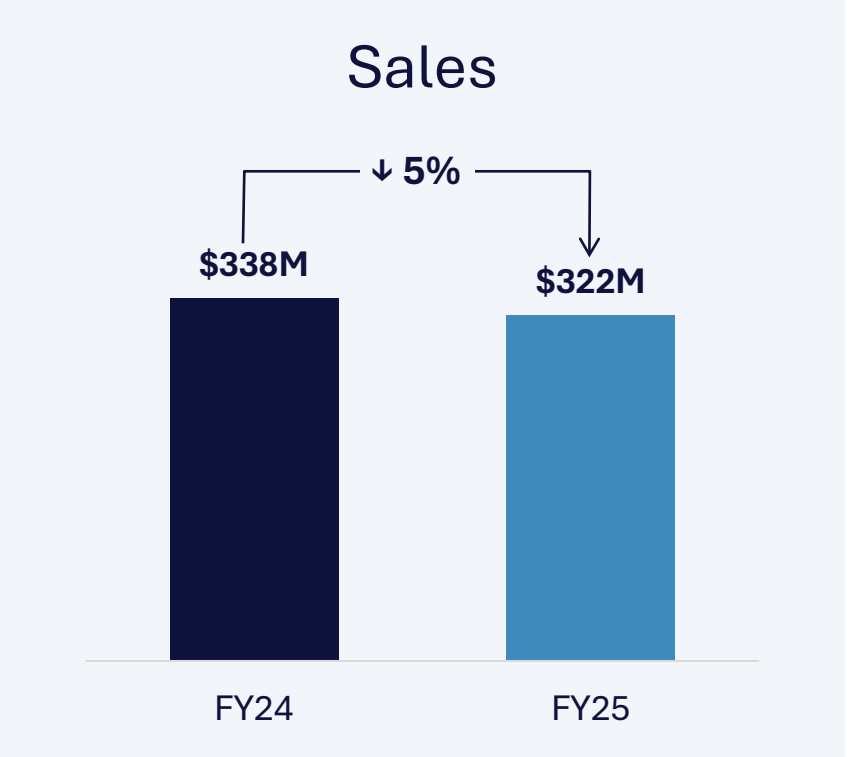
→ Large growing installed base
→ Steady utilization

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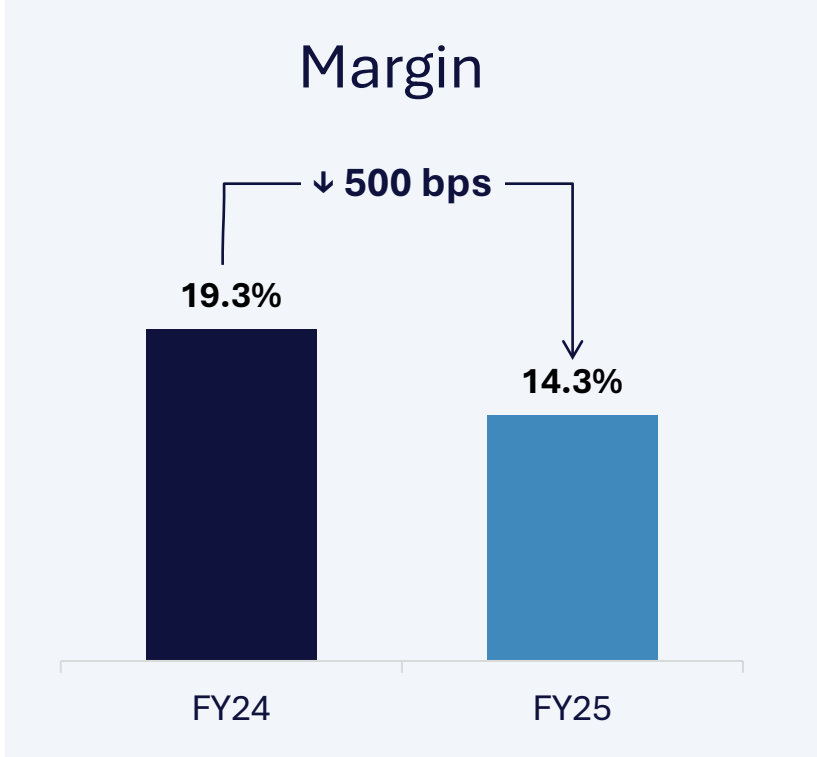
Industrial Overview



Q2 Fiscal Year 2025 Industrial Segment

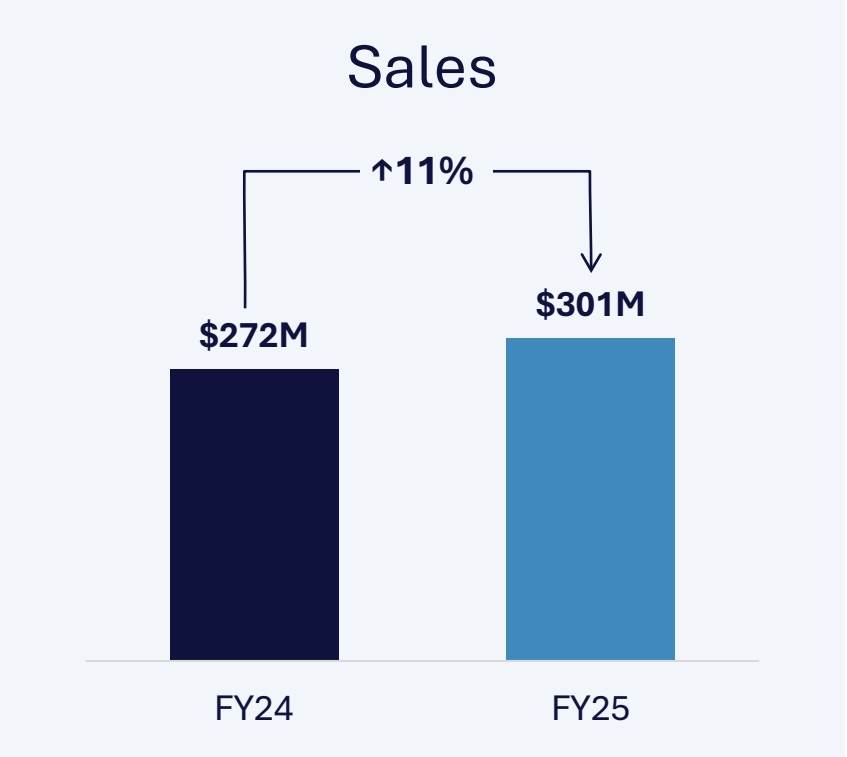




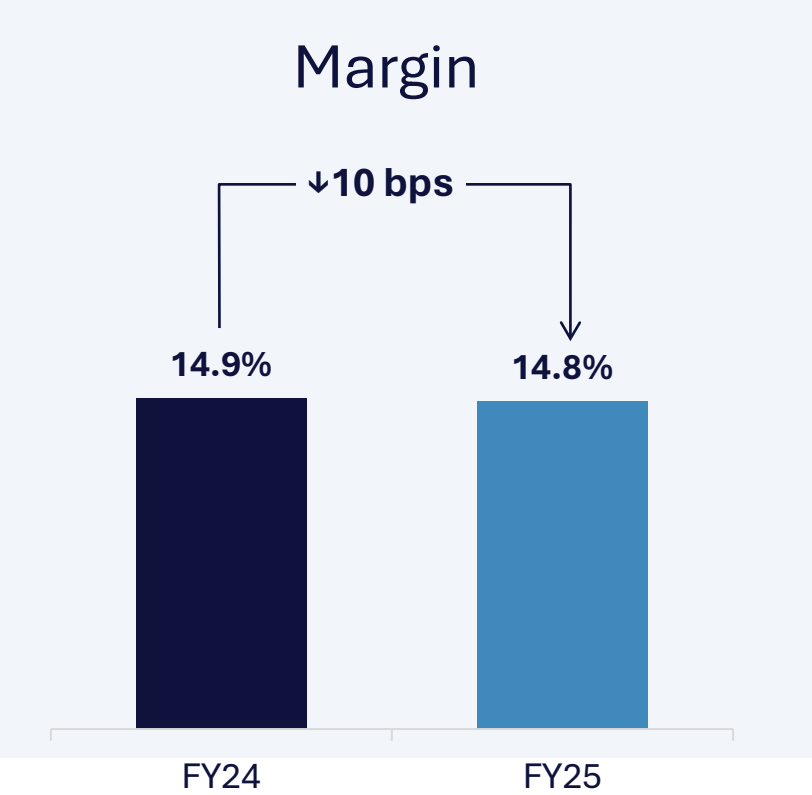


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Q2 Fiscal Year 2025 Core Industrial

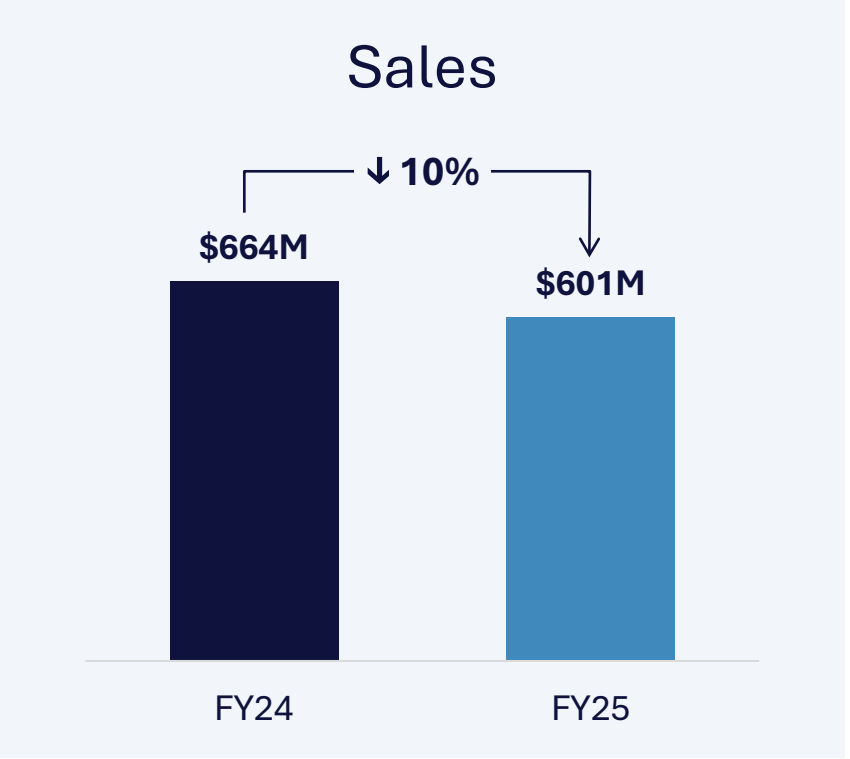


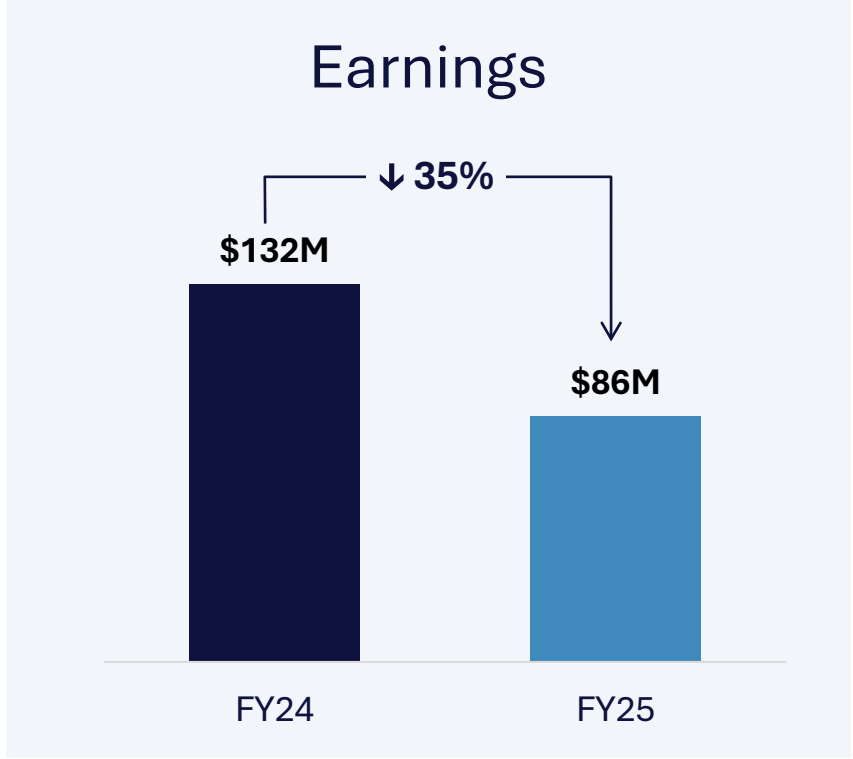


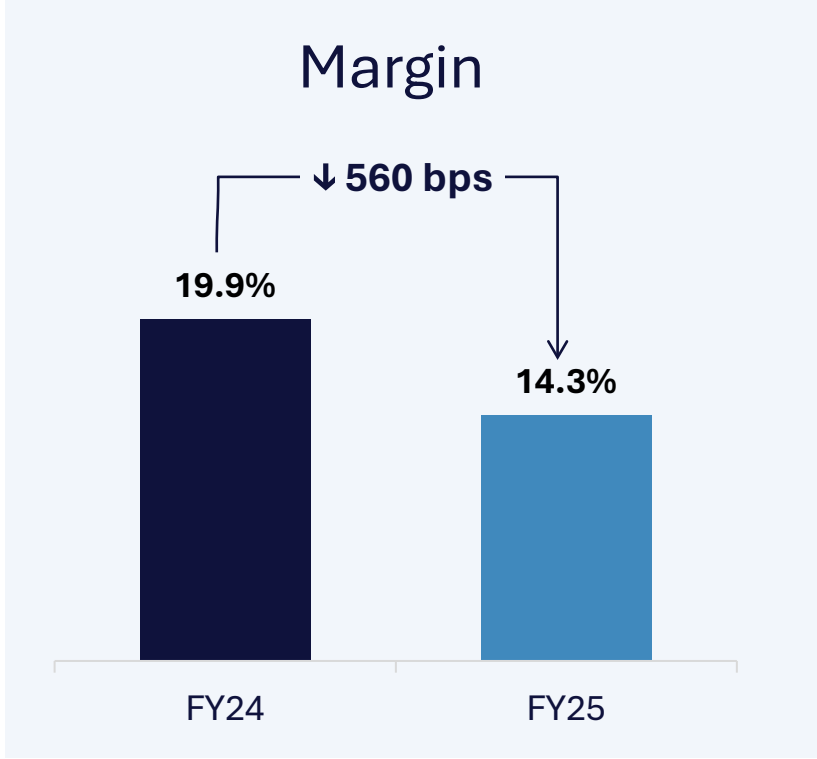


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Q2 YTD Fiscal Year 2025 Industrial Segment



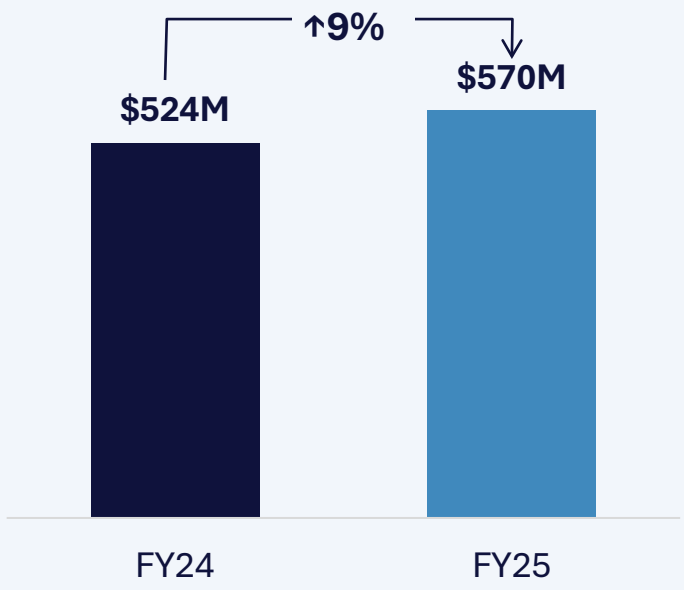




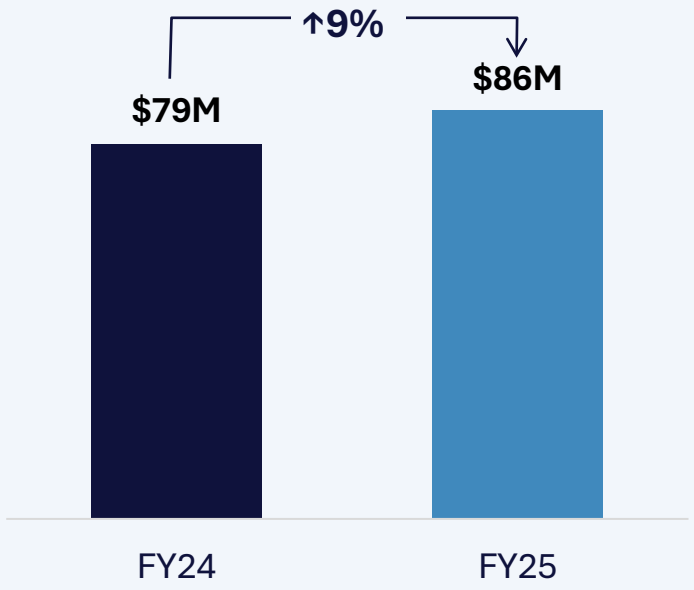
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Q2 YTD Fiscal Year 2025 Core Industrial

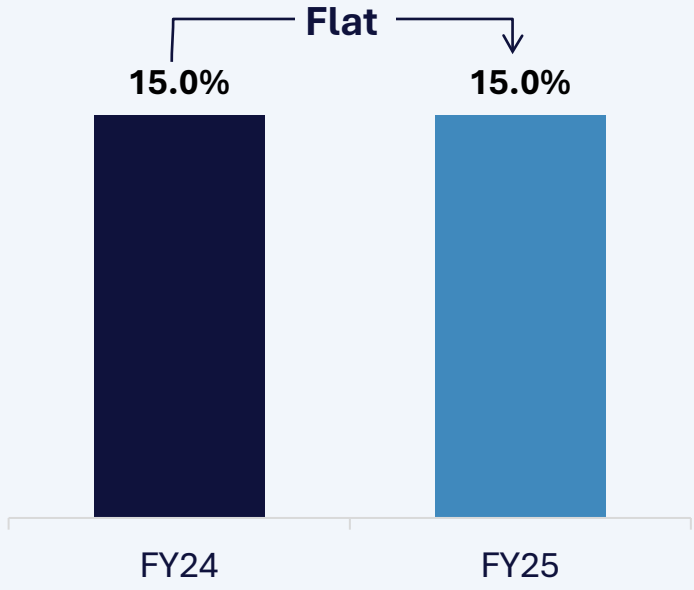
Sales



Earnings



Margin



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Industrial



4% Growth
Woodward Power Gen Sales
Q2 FY24 to Q2 FY25



18% Decline
Woodward Transportation Sales
Q2 FY24 to Q2 FY25



21% Growth
Woodward Oil & Gas Sales
Q2 FY24 to Q2 FY25

Power Generation
Market Update

- → Robust global demand for power generation
- → Increasing investment in gas-powered generation for both primary and backup power for grid stability
- → Growing demand for data centers and associated backup power

Transportation
Market Update

- → Healthy global marine market with shipyards at capacity and high utilization
- → Local economic challenges dampening demand for heavy duty trucks in China

Oil & Gas
Market Update

- → Recent oil production declines on lower commodity prices
- → Production efficiency gains impacting upstream services
- → Positive outlook related to continued investment in refining and petrochemical activities in China, Middle East, and India

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Woodward Select Financial Results

In millions, except bps and percentages

	Quarter-to-Date			Year-to-Date		
	Q2 FY24	Q2 FY25	Change	Q2 FY24	Q2 FY25	Change
Gross Margin: % of Sales	28.1%	27.2%	(90) bps	27.0%	25.9%	(111) bps
SG&A Expenses: % of Sales	9.8%	9.5%	30 bps	9.6%	9.3%	(30) bps
R&D Expenses: % of Sales	4.4%	4.2%	(20) bps	4.1%	4.1%	0 bps
Effective Tax Rate	19.1%	18.1%	(100) bps	18.6%	16.5%	(210) bps
Adjusted Effective Tax Rate[1]	19.3%	17.7%	(160) bps	18.6%	16.1%	(250) bps
EBITDA[1]	$160	$171	$11	$309	$312	$3
Adjusted EBITDA[1]	$164	$164	$0	$312	$299	($13)
Cash From Operations	$97	$78	($19)	$144	$112	($32)
Capital Expenditures	$14	$18	$4	$56	$52	($4)
Free Cash Flow	$83	$59	($24)	$88	$60	($28)

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Fiscal Year 2025 Guidance



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Fiscal Year 2025 Guidance

In millions, except EPS and percentages

		Prior FY25 Guidance Issued on February 3, 2025	**Revised** FY25 Guidance Issued on April 28, 2025
Woodward	Sales	$3,300-$3,500	$3,375-$3,500
	Adjusted Effective Tax Rate	~19%	No change
	Free Cash Flow	$350-$400	No change
	Capital Expenditures	~$115	No change
	Shares	~61.5	No change
	Adjusted EPS	$5.85-$6.25	$5.95-$6.25
Aerospace	Sales	Up 6 to13%	Up 8 to13%
	Segment Earnings (% of Sales)	20-21%	No change
Industrial	Sales	Down 7 to 11%	Down 7 to 9%
	Segment Earnings (% of Sales)	13-14%	No change

Revised Guidance Assumptions

Includes

- Announced tariff levels

Excludes

- Further escalation of announced tariff levels
- Global recession
- Significant changes in customer demand

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Appendix

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Non-U.S. GAAP Reconciliations

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NET EARNINGS TO ADJUSTED NET EARNINGS[1]

(Unaudited - in thousands, except per share amounts)

	Three Months Ended March 31,			
	2025		*2024*	
	Net Earnings	*Earnings Per Share*	*Net Earnings*	*Earnings Per Share*
Net earnings (U.S. GAAP)	$ 108,949	$ 1.78	$ 97,556	$ 1.56
Non-U.S. GAAP adjustments:				
Product rationalization[a]	(11,163)	(0.18)	-	-
Business development activities[b]	3,793	0.06	1,664	0.03
Certain non-restructuring separation costs[b]	-	-	2,666	0.04
Tax effect of Non-U.S. GAAP net earnings adjustments	1,811	0.03	(1,061)	(0.01)
Total non-U.S. GAAP adjustments	(5,559)	(0.09)	3,269	0.06
Adjusted net earnings (Non-U.S. GAAP)	$ 103,390	$ 1.69	$ 100,825	$ 1.62

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NET EARNINGS TO ADJUSTED NET EARNINGS[1]

(Unaudited - in thousands, except per share amounts)

	Six Months Ended March 31,			
	2025		*2024*	
	Net Earnings	*Earnings Per Share*	*Net Earnings*	*Earnings Per Share*
Net earnings (U.S. GAAP)	$ 196,040	$ 3.20	$ 187,600	$ 3.02
Non-U.S. GAAP adjustments:				
Product rationalization[a]	(20,524)	(0.33)	-	-
Non-recurring gain related to a previous acquisition[a]	-	-	(4,803)	(0.08)
Business development activities[b]	7,310	0.12	5,902	0.10
Certain non-restructuring separation costs[b]	-	-	2,666	0.04
Tax effect of Non-U.S. GAAP net earnings adjustments	3,130	0.05	(729)	(0.01)
Total non-U.S. GAAP adjustments	(10,084)	(0.16)	3,036	0.05
Adjusted net earnings (Non-U.S. GAAP)	$ 185,956	$ 3.04	$ 190,636	$ 3.07

a. Presented in the line item "Other (income) expense, net" in Woodward's Condensed Consolidated Statement of Earnings.
b. Presented in item "Selling, general and administrative" expenses in Woodward's Condensed Consolidated Statement of Earnings.

Appendix

Non-U.S. GAAP Reconciliations

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NET EARNINGS TO EBIT[1] AND ADJUSTED EBIT[1]

(Unaudited - in thousands)

	Three Months Ended March 31,		*Six Months Ended March 31,*	
	2025	*2024*	*2025*	*2024*
Net earnings (U.S. GAAP)	$ 108,949	$ 97,556	$ 196,040	$ 187,600
Income tax expense	24,014	23,068	38,777	42,744
Interest expense	11,889	11,530	24,230	22,966
Interest income	(1,021)	(1,293)	(2,398)	(2,766)
EBIT (Non-U.S. GAAP)	143,831	130,861	256,649	250,544
Total non-U.S. GAAP adjustments*	(7,370)	4,330	(13,214)	3,765
Adjusted EBIT (Non-U.S. GAAP)	$ 136,461	$ 135,191	$ 243,435	$ 254,309

*See Reconciliation of Net Earnings to Adjusted Net Earnings[1] 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 EBITDA[1] AND ADJUSTED EBITDA[1]

(Unaudited - in thousands)

	Three Months Ended March 31,		*Six Months Ended March 31,*	
	2025	*2024*	*2025*	*2024*
Net earnings (U.S. GAAP)	$ 108,949	$ 97,556	$ 196,040	$ 187,600
Income tax expense	24,014	23,068	38,777	42,744
Interest expense	11,889	11,530	24,230	22,966
Interest income	(1,021)	(1,293)	(2,398)	(2,766)
Amortization of intangible assets	6,772	8,618	13,686	17,217
Depreciation expense	20,794	20,607	41,756	40,833
EBITDA (Non-U.S. GAAP)	171,397	160,086	312,091	308,594
Total non-U.S. GAAP adjustments*	(7,370)	4,330	(13,214)	3,765
Adjusted EBITDA (Non-U.S. GAAP)	$ 164,027	$ 164,416	$ 298,877	$ 312,359

*See Reconciliation of Net Earnings to Adjusted Net Earnings[1] table above for the list of Non-U.S. GAAP adjustments made in the applicable periods.

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Appendix

Non-U.S. GAAP Reconciliations

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NONSEGMENT EXPENSES TO ADJUSTED NONSEGMENT EXPENSES[1]

(Unaudited - in thousands)

	Three Months Ended March 31,		*Six Months Ended March 31,*	
	2025	*2024*	*2025*	*2024*
Nonsegment expenses (U.S. GAAP)	$ 26,752	$ 32,834	$ 48,856	$ 59,034
Product rationalization	11,163	-	20,524	-
Business development activities	(3,793)	(1,664)	(7,310)	(5,902)
Non-recurring gain related to a previous acquisition	-	-	-	4,803
Certain non-recurring separation costs	-	(2,666)	-	(2,666)
Adjusted nonsegment expenses (Non-U.S. GAAP)	$ 34,122	$ 28,504	$ 62,070	$ 55,269

Woodward, Inc. and Subsidiaries

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW[1]

(Unaudited - in thousands)

	Six Months Ended March 31,	
	2025	*2024*
Net cash provided by operating activities (U.S. GAAP)	$ 112,341	$ 144,118
Payments for property, plant, and equipment	(51,990)	(56,301)
Free cash flow (Non-U.S. GAAP)	$ 60,351	$ 87,817

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Non-U.S. GAAP Reconciliations

Woodward, Inc. and Subsidiaries

RECONCILIATION OF INDUSTRIAL NET SALES

(Unaudited - in thousands)

	Three Months Ended March 31,		*Six Months Ended March 31,*	
	2025	*2024*	*2025*	*2024*
China on highway natural gas truck sales	$ 20,916	$ 65,967	$ 30,549	$ 140,305
Core Industrial sales	300,984	271,864	570,194	523,500
Industrial segment net sales (U.S. GAAP)	$ 321,900	$ 337,831	$ 600,743	$ 663,805

Woodward, Inc. and Subsidiaries

RECONCILIATION OF INDUSTRIAL SEGMENT EARNINGS

(Unaudited - in thousands)

	Three Months Ended March 31,		*Six Months Ended March 31,*	
	2025	*2024*	*2025*	*2024*
China on highway natural gas truck (loss) earnings	$ 1,475	$ 24,751	$ 534	$ 53,436
Core Industrial earnings	44,492	40,493	85,630	78,689
Industrial segment earnings (U.S. GAAP)	$ 45,967	$ 65,244	$ 86,164	$ 132,125

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Appendix

Non-U.S. GAAP Reconciliations

Woodward, Inc. and Subsidiaries

RECONCILIATION OF INCOME TAX EXPENSE TO ADJUSTED INCOME TAX EXPENSE[1]

(Unaudited - in thousands)

	Three Months Ended March 31,		*Six Months Ended March 31,*	
	2025	*2024*	*2025*	*2024*
Income tax expense (U.S. GAAP)	$ 24,014	$ 23,068	$ 38,777	$ 42,744
Tax effect of Non-U.S. GAAP net income adjustments	(1,811)	1,061	(3,130)	729
Adjusted income tax expense (Non-U.S. GAAP)	$ 22,203	$ 24,129	$ 35,647	$ 43,473
Adjusted effective tax rate (Non-U.S. GAAP)	17.7%	19.3%	16.1%	18.6%

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Appendix

Non-U.S. GAAP Measures

[1]Adjusted and Non-U.S. GAAP Financial Measures: Adjusted net earnings, adjusted earnings per share, adjusted EBIT, adjusted EBITDA, adjusted income tax expense, adjusted effective tax rate, and adjusted nonsegment expenses exclude, as applicable (i) product rationalization, (ii) a non-recurring gain related to a previous acquisition, (iii) costs related to business development activities, and (iv) certain non-restructuring separation costs. The product rationalization adjustment pertains to gains related to the elimination of certain product lines. 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. Guidance with respect to non-U.S. GAAP measures as provided in this release excludes, as applicable, (i) product rationalization, and (ii) business development activities.

EBIT (earnings before interest and taxes), EBITDA (earnings before interest, taxes, depreciation and amortization), free cash flow, adjusted net earnings, adjusted earnings per share, adjusted EBIT, adjusted EBITDA, adjusted income tax expense, 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 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 does not necessarily represent funds available for discretionary use and is not necessarily a measure of our ability to fund our cash needs. Woodward's calculations of EBIT, EBITDA, adjusted net earnings, adjusted earnings per share, adjusted EBIT, adjusted EBITDA, adjusted effective tax rate, adjusted nonsegment expenses, and free cash flow may differ from similarly titled measures used by other companies, limiting their usefulness as comparative measures.

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



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