WOODWARD

Fiscal Year 2020 Third Quarter Results

August 6, 2020

Today’s Agenda

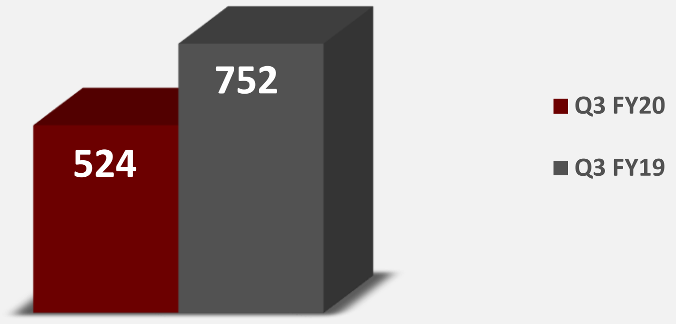
▪ Highlights	Don Guzzardo
▪ Market Review	Tom Gendron
▪ Financial Results & Outlook	Bob Weber
▪ Q&A	

Cautionary Statement

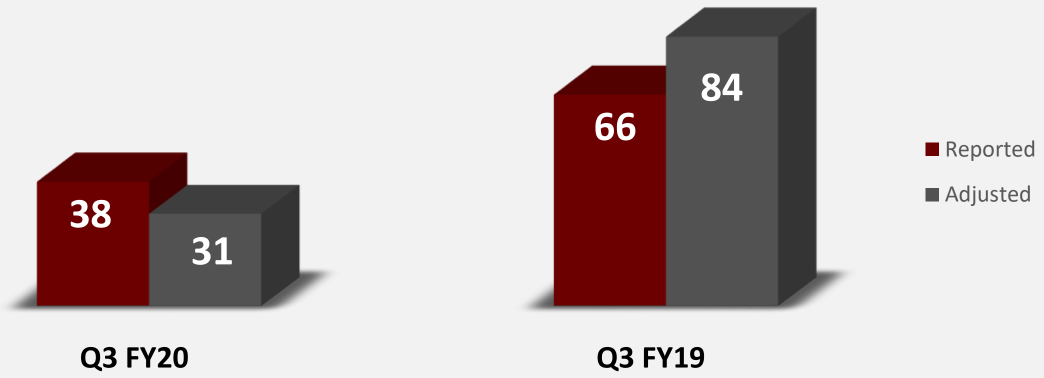
Information in this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, including, but not limited to, statements regarding our position within our markets and ability to compete effectively, including statements about the continued effects of the COVID-19 pandemic on our business, and the management of our business, including our operations and strategy, expectations related to the performance of our segments and specific markets within those segments, our strategies and investments, the effects of the sale of our renewable power systems and related businesses, and our outlook for the fourth quarter and the factors that may affect our outlook. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict. 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, the COVID-19 pandemic and related volatility in financial, commodities (including oil and gas) and other markets and industries (including the aviation industry), a decline in our customers' business, or our business with, or financial distress of, Woodward's significant customers; global economic uncertainty and instability in the financial markets; Woodward's ability to manage product liability claims, product recalls or other liabilities associated with the products and services that Woodward provides; Woodward's ability to obtain financing, on acceptable terms or at all, to implement its business plans, complete acquisitions, or otherwise take advantage of business opportunities or respond to business pressures; Woodward's long sales cycle, customer evaluation process, and implementation period of some of its products and services; Woodward's ability to implement and realize the intended effects of any restructuring and alignment efforts; Woodward's ability to successfully manage competitive factors, including prices, promotional incentives, competitor product development, industry consolidation, and commodity and other input cost increases; Woodward's ability to manage expenses and product mix while responding to sales increases or decreases; the ability of Woodward's subcontractors to perform contractual obligations and its suppliers to provide Woodward with materials of sufficient quality or quantity required to meet Woodward's production needs at favorable prices or at all; Woodward's ability to monitor its technological expertise and the success of, and/or costs associated with, its product development activities; consolidation in the aerospace market and our participation in a strategic joint venture with General Electric Company may make it more difficult to secure long-term sales in certain aerospace markets; Woodward's debt obligations, debt service requirements, and ability to operate its business, pursue its business strategies and incur additional debt in light of covenants contained in its outstanding debt agreements; Woodward's ability to manage additional tax expense and exposures; risks related to Woodward's U.S. Government contracting activities, including liabilities resulting from legal and regulatory proceedings, inquiries, or investigations related to such activities; the potential of a significant reduction in defense sales due to decreases in the amount of U.S. Federal defense spending or other specific budget cuts impacting defense programs in which Woodward participates; changes in government spending patterns, priorities, subsidy programs and/or regulatory requirements; future impairment charges resulting from changes in the estimates of fair value of reporting units or of long-lived assets; future results of Woodward's subsidiaries; environmental liabilities related to manufacturing activities and/or real estate acquisitions; Woodward's continued access to a stable workforce and favorable labor relations with its employees; physical and other risks related to Woodward's operations and suppliers, including natural disasters and COVID-19 related impacts, which could disrupt production; Woodward's ability to successfully manage regulatory, tax, and legal matters; changes in accounting standards that could adversely impact our profitability or financial position; risks related to Woodward's common stock, including changes in prices and trading volumes; impacts of tariff regulations; risks from operating internationally, including the impact on reported earnings from fluctuations in foreign currency exchange rates, and compliance with and changes in the legal and regulatory environments of the United States and the countries in which Woodward operates; fair value of defined benefit plan assets and assumptions used in determining Woodward's retirement pension and other postretirement benefit obligations and related expenses; industry risks, including increases in natural gas prices, unforeseen events that may reduce commercial aviation, such as diseases, epidemics, pandemics and natural disasters, and increasing emissions standards; any adverse effects on Woodward's operations due to information systems interruptions or intrusions; certain provisions of Woodward's charter documents and Delaware law that could discourage or prevent others from acquiring the company; and other risk factors described in Woodward's filings with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, which we expect to file shortly, its Annual Report on Form 10-K for the year ended September 30, 2019 and any subsequently filed Quarterly Report on Form 10-Q, and other risks described in Woodward's filings with the Securities and Exchange Commission.

Q3 Fiscal Year 2020 Consolidated Results

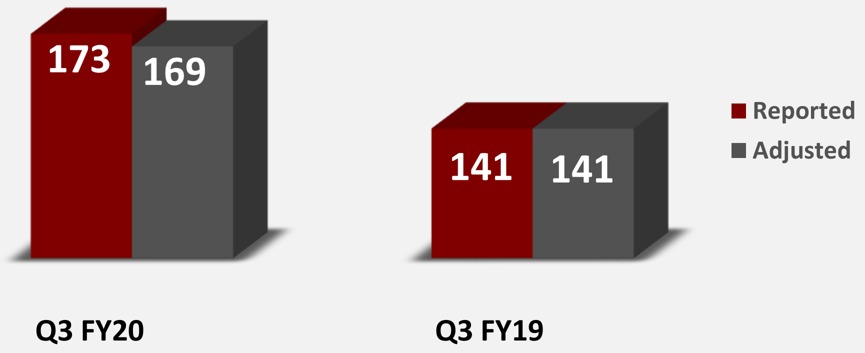
Woodward Sales (mil $)



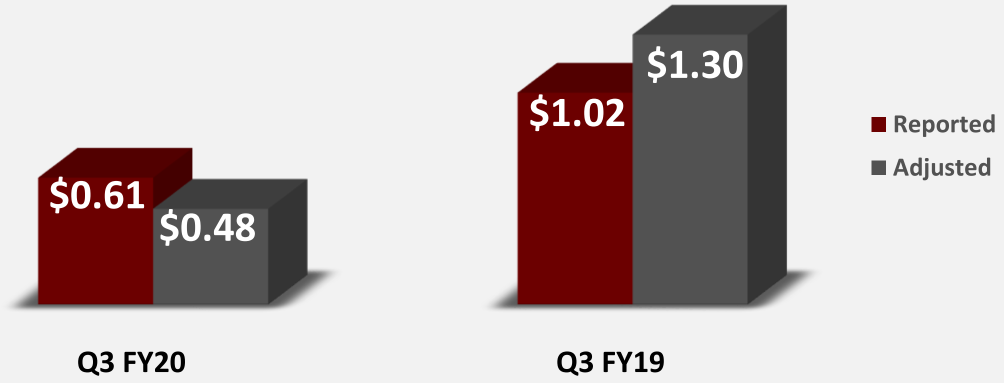
Net Earnings (mil $)



Free Cash Flow[1] (mil $)
(Fiscal Year-to-Date 2020)



Earnings Per Share



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Taking Decisive Actions

Focused on the safety of our members and communities while maintaining financial strength

Communicating daily, both internally as well as externally with suppliers and customers

Proactively revising demand and supply plans in accordance with changing market conditions

Strategically adjusting our business to align with customer expectations

- Implemented layoffs and furloughs, reduced company directors' retainers and officers' salaries through 2020, eliminated 2020 annual bonuses, reduced non-essential costs

Managing cash and de-risking the balance sheet

- Strong liquidity with approximately $1 billion of combined cash on hand and revolver capacity
- Decreased dividend, restricting capital expenditures, reducing working capital
- Lowered leverage to 1.8x EBITDA[1] at end of Q3

Continuing to invest for the future

Aerospace

Commercial aerospace significantly impacted by COVID-19

- Global flight hours declined as much as 80% on some platforms
- Flight traffic has begun a slow increase off the bottom and OEM production rates are slowly stabilizing
- Anticipate slow recovery in commercial aerospace over the next couple years

Commercial aftermarket

- 47% sales decrease for the quarter versus prior year period
- Expect fleet in service, post recovery, to have more Woodward content than the permanently retired aircraft

Defense

- Solid aftermarket growth – upgrades and fleet readiness
- Defense OEM activity remains strong
  - Woodward sales pressured due to COVID related supply chain challenges
  - Strong second half in the prior year

A320neo

737 MAX

F-35

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Industrial

Power generation

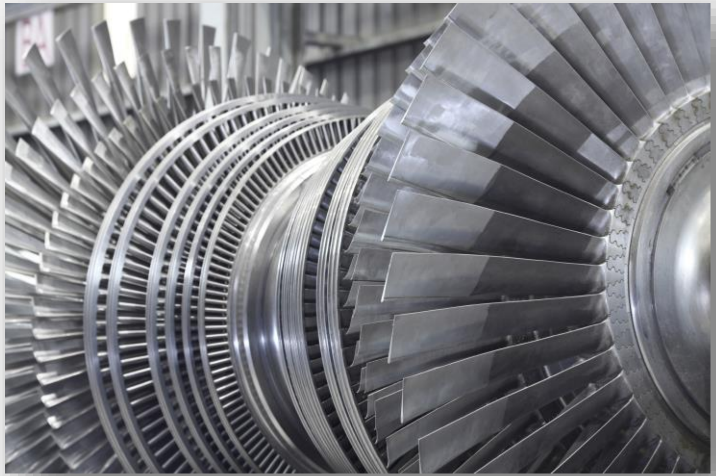
- On April 30th, we closed on the divestiture of our renewable power systems and related businesses (RPS)
- Gas turbine scheduled deliveries largely unchanged for 2020
- Impact of downturns on gas turbines lags general market – expect lower 2021

Transportation

- China natural gas truck production volumes rebounded from shutdowns earlier in the year - volatility due to global pandemic
- Marine markets have been depressed in almost all areas related to COVID-19 effects

Oil and gas

- Weak markets due to low oil prices, decreased drilling, reduced capital investment



Aerospace Q3 Fiscal Year 2020 Results

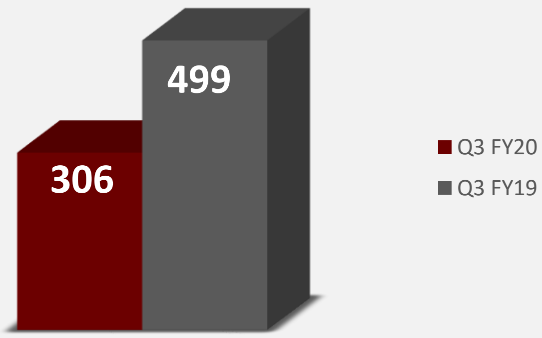
Segment net sales

- Lower commercial aftermarket and reduced OEM production
- Partially offset by higher defense aftermarket

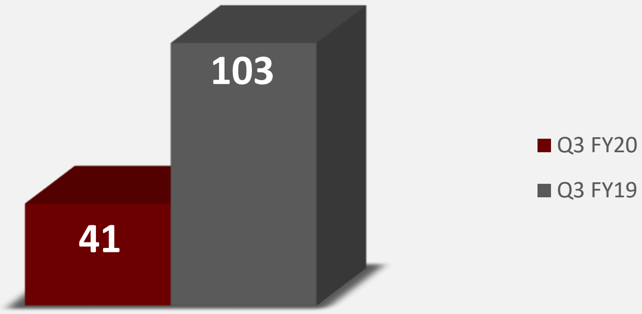
Segment earnings

- Lower sales volume
- Partially offset by cost reduction initiatives

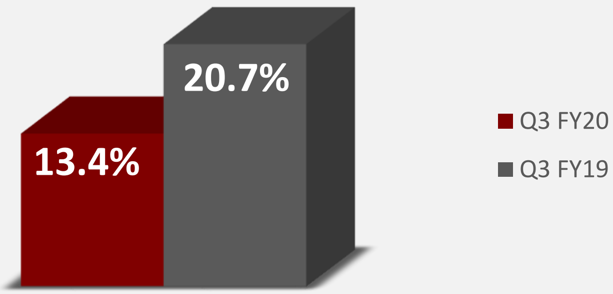
Aerospace Sales (mil $)



Segment Earnings (mil $)



Segment Margin %



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Industrial Q3 Fiscal Year 2020 Results

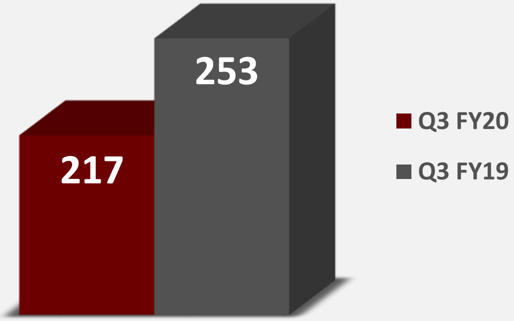
Segment Net Sales

- Economic headwinds impacting our markets
- Weakness in oil and gas
- Divestiture of RPS

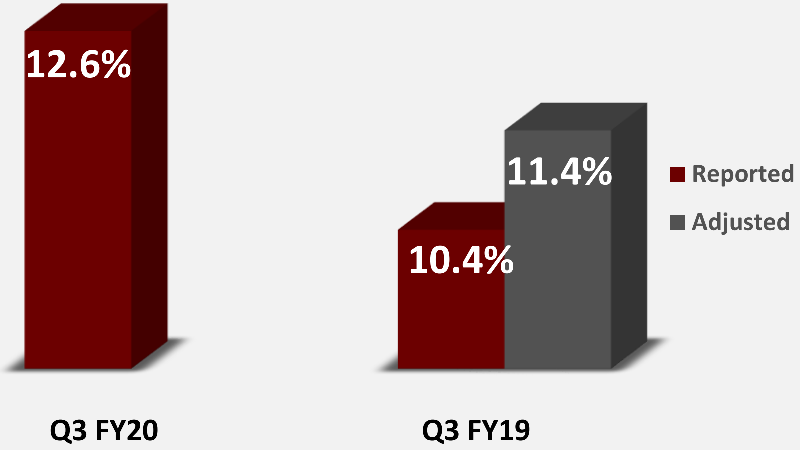
Industrial Segment Earnings

- Lower sales volume
- Partially offset by cost reduction initiatives

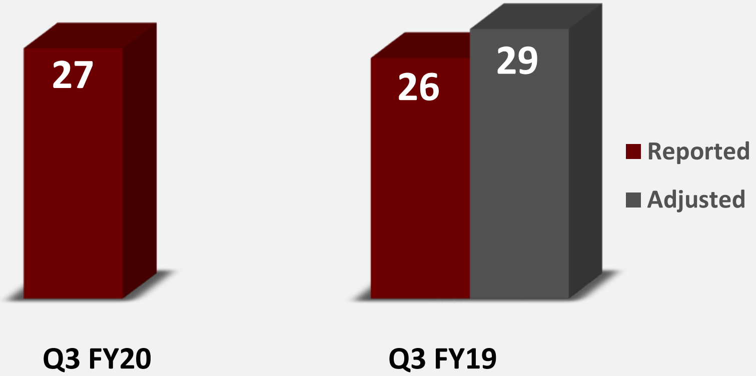
Industrial Sales (mil $)



Segment Margin %



Segment Earnings (mil $)



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Selected Financial Items

Quarter and Year-to-Date Comparatives	Q3 FY 20	Q3 FY 19	YTD FY 20	YTD FY 19
Gross Margin *	24.5%	25.2%	26.3%	25.1%
SG&A Expenses - % of Sales	11.0%	7.0%	9.0%	7.4%
R&D Expenses - % of Sales	6.6%	5.4%	5.4%	5.7%
Effective Tax Rate	14.6%	28.4%	14.3%	21.0%
EBITDA[1] (mils)	$ 85	$ 136	$ 337	$ 386
Adjusted EBITDA[1] (mils)	$ 84	$ 143	$ 376	$ 409

Year-to-Date Comparatives	YTD FY 20	YTD FY 19
Cash from Operations (mils)	$ 212	$ 219
Capital Expenditures (mils)	$ 39	$ 78
Free Cash Flow[1] (mils)	$ 173	$ 141
Adjusted Free Cash Flow[1] (mils)	$ 169	$ 141

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

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Fiscal Year 2020 Outlook

The global economic effects associated with the COVID-19 pandemic have been unprecedented in their scope and depth. We continue to see severe volatility in our markets making even short-term forecasts challenging. With that uncertainty, we will not be providing specific financial guidance for fiscal 2020; however, we anticipate our fourth quarter financial results to be similar to our third quarter.

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Appendix

Non-U.S. GAAP Measures

	Q3 FY 20 Net Earnings (mils)	Q3 FY 20 Earnings Per Share (mils)	Q3 FY 19 Net Earnings (mils)	Q3 FY 19 Earnings Per Share (mils)
Net Earnings	$ 38.5	$ 0.61	$ 66.1	$ 1.02
Non-U.S. GAAP Adjustments				
Restructuring charges, net of tax	14.2	0.22	-	-
Other charges, net of tax*	(22.0)	(0.35)	7.2	0.11
Non-U.S. GAAP adjustments	(7.8)	(0.13)	7.2	0.11
Transition impact of recent changes to U.S. tax law	-	-	10.6	0.17
Total Non-U.S. GAAP adjustments	(7.8)	(0.13)	17.75	0.28
Adjusted net earnings[1]	$ 30.7	$ 0.48	$ 83.9	$ 1.30

* Represents, (1) the purchase accounting impacts related to the amortization of the Woodward L'Orange backlog intangible.
(2) merger and divestiture transaction costs include, as applicable, (i) merger-related transactions costs associated with the now-terminated merger with Hexcel, (ii) divestiture-related transaction costs associated with the divestiture of the disposal groups
(3) the net gain on cross-currency interest rate swaps includes (i) the net realized gains on termination of the instruments and (ii) the swap breakage fees associated with termination of the instruments

	Q3 FY 20 (mils)	Q3 FY 19 (mils)	YTD FY 20 (mils)	YTD FY 19 (mils)
Industrial Segment Earnings	$ 27.4	$ 26.2	$ 81.6	$ 82.5
Purchase accounting impacts	-	2.6	-	21.1
Adjusted Industrial Segment Earnings[1]	$ 27.4	$ 28.8	$ 81.6	$ 103.6

	Q3 FY 20 (mils)	Q3 FY 19 (mils)	YTD FY 20 (mils)	YTD FY 19 (mils)
Industrial segment net sales	$ 217.3	$ 253.2	$ 709.7	$ 789.0
Disposal group sales	7.7	22.8	67.7	64.7
Industrial segment net sales excluding renewables and other business divestitures	$ 209.6	$ 230.4	$ 642.1	$ 724.4

	Q3 FY 20 (mils)	Q3 FY 19 (mils)	YTD FY 20 (mils)	YTD FY 19 (mils)
Industrial segment earnings	$ 27.4	$ 26.2	$ 81.6	$ 82.5
Disposal group earnings (losses)	0.3	(1.2)	3.6	(3.9)
Industrial segment earnings excluding renewables and other business divestitures	$ 27.2	$ 27.4	$ 78.0	$ 86.5

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Non-U.S. GAAP Measures (cont.)

	Q3 FY 20 (mils)	Q3 FY 19 (mils)	YTD FY 20 (mils)	YTD FY 19 (mils)
Net Earnings	$ 38.5	$ 66.1	$ 183.2	$ 192.8
Income Taxes	6.6	26.2	30.6	51.2
Interest Expense	8.7	10.8	26.5	34.2
Interest Income	(0.4)	(0.3)	(1.3)	(1.0)
EBIT[1]	53.4	102.8	238.9	277.1
Non U.S. GAAP adjustments*	(1.8)	9.6	39.5	44.3
Adjusted EBIT[1]	$ 51.6	$ 112.4	$ 278.4	$ 321.4

* Includes, as applicable, (i) merger and divestiture transaction costs (ii) the gain on sale of the Duarte property, (iii) the impairment from assets sold, (iv) restructuring charges related to COVID-19, (v) the net gain on cross currency interest rate swaps, (vi) loss on sale of disposal group, (vii) acceleration of stock compensation, (viii) Duarte move related costs, and (ix) purchase accounting impact related to the amortization of the Woodward L'Orange backlog intangible.

	YTD FY 20 (mils)	YTD FY 19 (mils)
Cash From Operations	$ 212.4	$ 219.2
Payments for PP&E	(39.1)	(77.9)
Free Cash Flow[1]	$ 173.3	$ 141.3
Cash proceeds from the sale of the Duarte facility	18.8	-
Cash paid for merger and divestiture transaction costs	17.6	-
Cash paid for restructuring charges	14.1	-
Net cash proceeds from cross currency interest rate swaps	(55.2)	-
Adjusted Free Cash Flow [1]	$ 168.6	$ 141.3

Non-U.S. GAAP Measures (cont.)

	Q3 FY 20 (mils)	Q3 FY 19 (mils)	YTD FY 20 (mils)	YTD FY 19 (mils)
Net Earnings	$ 38.5	$ 66.1	$ 183.2	$ 192.8
Income Taxes	6.6	26.2	30.6	51.2
Interest Expense	8.7	10.8	26.5	34.2
Interest Income	(0.4)	(0.3)	(1.3)	(1.0)
EBIT[1]	53.4	102.8	238.9	277.1
Amortization of Intangibles	9.7	11.3	29.5	45.5
Depreciation Expense	22.4	21.7	68.1	63.0
EBITDA[1]	85.5	135.7	336.5	385.6
Non U.S. GAAP adjustments*	(1.8)	7.0	39.5	23.2
Adjusted EBITDA[1]	$ 83.7	$ 142.8	$ 376.0	$ 408.8

* Includes, as applicable, (i) merger and divestiture transaction costs (ii) the gain on sale of the Duarte property, (iii) the impairment from assets sold, (iv) restructuring charges related to COVID-19, (v) the net gain on cross currency interest rate swaps, (vi) loss on sale of disposal group, and (vii) acceleration of stock compensation, (viii) Duarte move related costs

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Explanation of Non-U.S. GAAP Measures

[1]Adjusted and Non-U.S. GAAP Financial Measures: Adjusted net earnings, adjusted earnings per share, adjusted Industrial segment earnings, adjusted EBIT and EBITDA, adjusted effective tax rate, and adjusted nonsegment expenses exclude, as applicable, (i) the gain on sale of assets associated with the sale of the Company's Duarte real estate, (ii) the charge from the impairment of assets held for sale, and the losses, associated with the Company's divestiture of its renewable power systems and related businesses (collectively, the "disposal group"), (iii) Duarte move related costs, (iv) the purchase accounting impacts related to the amortization of the backlog intangible acquired in connection with the acquisition of Woodward L'Orange on June 1, 2018 (the "L'Orange Acquisition"), (v) the transition impacts of the change in U.S. federal tax legislation in December 2017, (vi) costs associated with the previously proposed merger with Hexcel Corporation, which merger agreement was terminated on April 5, 2020, and (vii) transaction costs associated with the completed divestiture of our renewable power systems and related businesses, (viii) restructuring charges related to the COVID-19 pandemic, (ix) acceleration of stock compensation expense related to restructuring activities, and (x) the net gain on settlement of cross-currency interest rate swaps. Woodward believes that these items are short-term costs or are otherwise not related to the ongoing operations of the business and therefore, uses them to illustrate more clearly how the underlying business of Woodward is performing. Adjusted free cash flow is free cash flow (defined below) plus the cash proceeds from the sale of real property at our former Duarte operations and cash payments added back for merger and divestiture transaction costs, cash payments for restructuring activities, and excluding cash proceeds from the settlement of our cross-currency interest rate swaps. Management believes the inclusion of these proceeds in free cash flow better portrays the net cash impact of relocating the Duarte, CA operations to the Drake Campus in Fort Collins, CO and excludes the unusual or infrequent cash payments for merger and divestiture transaction costs not indicative of Woodward's operating performance for the period.

EBIT (earnings before interest and taxes), EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted cash flow from operating activities, free cash flow, adjusted free cash flow, adjusted net earnings, adjusted Industrial segment net earnings, adjusted net 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 EBIT and EBITDA, and adjusted EBIT and 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. Management's calculations of EBIT, EBITDA, adjusted net earnings, adjusted earnings per share, adjusted EBIT and 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.

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

ALWAYS INNOVATING FOR A BETTER FUTURE

PROPRIETARY

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