

THIRD QUARTER 2024 EARNINGS PRESENTATION

**NOVEMBER 13, 2024** 



## **DISCLAIMER – FORWARD LOOKING STATEMENTS & NON-GAAP DISCLOSURE**

This presentation contains forward-looking statements that involve substantial risks and uncertainties. We intend such forward-looking statements contained in Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). In some cases, you can identify forward-looking statements by the words "anticipate." "continue." "could." "estimate." "foreseeable." "future." "intend." "may." "might." "objective." "ongoing," "plan," "potential," "predict," "predict," "seek," "should," "will," or "would" and/or the negative of these terms, or other comparable terminology intended to identify statements about the future. They appear in a number of places throughout this presentation and include statements regarding our intentions, beliefs or current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, the industry in which we operate and other information that is not historical information. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this presentation, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Generally, statements that are not historical facts, including statements concerning our possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. Factors that could cause actual results to differ materially from those forward-looking statements included in this presentation include, among others: factors that adversely affect the commercial and business aviation industries, including U.S. and global macroeconomic conditions, geopolitical events, financial market disruptions, credit markets, the airline environment and increases in energy costs; decreases in budget, spending or outsourcing by our military end-users; future outbreaks and infectious diseases; supply chain disruptions or loss of key suppliers for our aftermarket services operations; competitive conditions in the markets we serve; damage to our reputation of other parties in the aerospace industry; our reliance on a small number of customers for a significant portion of our revenue; reliance on certain customers for a significant portion of our revenue; the loss of an original equipment manufacturers authorization or license could negatively impact our ability to service an engine platform and damage our competitive advantage; lack of volume commitments with many of our customers; failure to offset any declining revenue from engine platforms that are mature or for which the installed base is flat or declining; unexpected cost variations or lead times under our fixed price contracts; physical condition of our facilities; capital and operational risks from implementing new or expanded platforms; integration and other risks related to any future acquisitions, joint ventures, business combinations and inorganic investments; our ability to remediate effectively the material weaknesses identified in our internal control over financial reporting; continued availability of financing on terms acceptable to us; our ability to protect our information technology infrastructure and other capabilities from cyber-attacks and other business disruptions; compliance with laws relating to handling information about individuals; failure to protect or enforce our rights in our technology, brands or intellectual property: the ability to obtain and maintain our regulatory approvals; foreign exchange rates, market and monetary fluctuations and other risks related to our operations outside of North America; compliance with environmental, health and safety laws and regulations; our efforts to reduce greenhouse gas emissions and to address environmental, social and governance matters; ongoing or future litigation, regulatory proceedings or liability to attract or retain qualified senior management and employees; labor shortages or increased labor costs; failing to comply with the requirements and costs of being a public company; our indebtedness and any future indebtedness, including the restrictions and covenants in our debt agreements; our success at managing the risks of the foregoing, and the other factors described in our final prospectus for our initial public offering, dated October 1, 2024, and our other filings with the SEC.

As a result of these factors, we cannot assure you that the forward-looking statements in this presentation will prove to be accurate. You should understand that it is not possible to predict or identify all such factors. We operate in a competitive and rapidly changing environment. New factors emerge from time to time, and it is not possible to predict the impact of all of these factors on our business, financial condition or results of operations.

Furthermore, if our forward-looking statements prove to be inaccurate, the inaccurate, the inaccurate, way be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives, plans or cost savings in any specified time frame or at all. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods. We caution you not to place undue reliance on these forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. Forward-looking statements speak only as of the date of this presentation. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

This presentation includes "non-GAAP financial measures," which are financial measures that either exclude or included in the most directly comparable measures calculated and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), including Adjusted EBITDA and Adjusted EBITDA Margin. We use these non-GAAP financial measures to evaluate our business operations,

The non-GAAP financial measures presented in this presentation are supplemental measures of our performance that we believe help investors understand our financial condition and operating results and assess our future prospects. We believe that presenting these non-GAAP financial measures, in addition to the corresponding GAAP financial measures, are important supplemental measures that exclude non-cash or other items that may not be indicative of or are unrelated to our core operating results and the overall health of our company. We believe that these non-GAAP financial measures provide investors greater transparency to the information used by management for its operational decision-making and allow investors to see our results "through the eyes of management." We further believe that providing this information assists our investors in understanding our operating performance and the methodology used by management to evaluate and measure such performance. When read in conjunction with our GAAP results, these non-GAAP financial measures provide a baseline for analyzing trends in our underlying businesses and can be used by management as one basis for financial, operational and planning decisions. Finally, these measures are often used by analysts and other interested parties to evaluate companies in our industry.

Management recognizes that these non-GAAP financial measures have limitations, including that they may be calculated differently by other companies or may be used under different circumstances or for different purposes, thereby affecting their comparability from company to company. In order to compensate for these and the other limitations discussed below, management does not consider these measures in isolation from or as alternatives to the comparable financial measures determined in accordance with GAAP. Readers should review the reconciliations of our non-GAAP financial measures to the corresponding GAAP measures included in the appendix to this presentation and should not rely on any single financial measure to evaluate our business.

We define Adjusted EBITDA as net income (loss) before interest expense, income tax expense (benefit), depreciation and amortization, further adjusted for certain non-cash items that we may record each period, as well as non-recurring items such as acquisition costs, integration and severance costs, refinance fees, business transformation costs and other discrete expenses, when applicable. We define Adjusted EBITDA Margin as Adjusted EBITDA and Adjusted EBITDA Margin are important metrics for management and investors as they remove the impact of items that we do not believe are indicative of our core operating results or the overall health of our company and allows for consistent comparison of our operating results over time and relative to our peers.

We define Total Net Debt to Adjusted EBITDA Leverage Ratio as total debt, excluding cash divided by net income (loss) before interest expense, income tax expense (benefit), depreciation, further adjusted for certain non-cash items that we may record each period, as well as non-recurring items such as acquisition costs, integration and severance costs, refinance fees, business transformation costs and other discrete expenses, when applicable. We believe that Total Net Debt to Adjusted EBITDA Leverage Ratio is useful to investors because it adequately contextualizes the indebtedness amount.



Engine Services 89%

## STANDARDAERO AT A GLANCE

#### THE LEADING INDEPENDENT AEROENGINE AFTERMARKET SERVICES PROVIDER



**World's Largest Independent Aerospace Engine Aftermarket Service Provider** 



**Pure Play Focus on the Aerospace Engine Aftermarket** 



~80% of Revenue from Platforms with #1 or #2 Market Positions<sup>1</sup>



~77% of Revenue from Customers with Long-Term Agreements<sup>2</sup>



Only Independent LEAP CBSA<sup>3</sup> License in the Americas

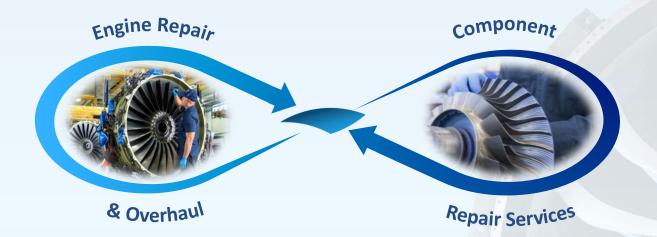


~7,300 Highly-Skilled Employees
Across 50+ Sites and 6 Continents



Platform for M&A with 11 Value-Accretive Acquisitions Since 2017

#### **Leading Capabilities Serving the Aeroengine Aftermarket**



Used Serviceable Material (USM)

Engineering & Test Services

Multiple Other Capabilities

#### **Key Partner to Both OEMs and Operators**



Honeywell

Pratt & Whitney
An RTX Business



Rolls-Royce















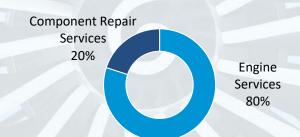
## Segment Adj. EBITDA by Segment<sup>2</sup>

**Attractive Business Mix** 

**Revenue by Segment<sup>2</sup>** 

Component Repair

Services 11%





<sup>1.</sup> Company estimates; reflects % of 2023A Engine Services revenue

<sup>2.</sup> Based on FY 2024 YTD results

B. CFM Branded Service Agreement

<sup>4.</sup> Reflects revenue mix across entire business with Component Repair Services allocated across end markets

20%<sup>1</sup>

# **LEADING GLOBAL POSITION ACROSS END MARKETS**

DIVERSIFIED EXPOSURE TO COMMERCIAL, MILITARY & HELICOPTER AND BUSINESS AVIATION END MARKETS

#### **ENGINE SERVICES**

(13% FY 2024 YTD Adj. EBITDA margin)



## **COMPONENT REPAIR SERVICES**

(26% FY 2024 YTD Adj. EBITDA margin)



Engine piece part component repair, development, engineering & related services

One of the largest independent engine

#### **COMMERCIAL AEROSPACE**



Leading engine aftermarket services for commercial airlines and OEMs

#### **MILITARY & HELICOPTERS**



**Engine aftermarket services for** U.S. and allied militaries

**Engine aftermarket services provider** 



**Independent business aviation** engine service provider

Engine aftermarket services and

full "Nose-to-tail" solutions

**BUSINESS AVIATION** 

Capabilities across large, mid-size and small cabin business jet platforms



Significant differentiator with complementary suite of capabilities & IP

component repair providers globally

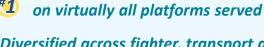
Key Highlights



**Independent commercial engine** aftermarket services provider globally



1<sup>st</sup> and only independent LEAP CBSA<sup>2</sup> provider in the Americas



Diversified across fighter, transport and helicopter platforms









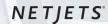






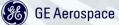






















Key Customers







Rolls-Royce Southwest's





**T56** 











**TFE731** 

PW300

VISTA JET



CFM56-5B/-7B







PW100/150





**AE3007** 







F135





PW500











PW4000

- Reflects percentage of FY 2024 YTD Segment Adjusted EBITDA. Not pro forma for August 2024 Aero Turbine acquisition, which will be part of Component Repair Services
- CFM Branded Service Agreement. Independent reflects independent from an airline or OEM parent



# **Q3 BUSINESS HIGHLIGHTS**

## **OPERATIONAL DEVELOPMENTS**



## **LEAP Program Progress**



Test cell correlation complete



Signed first airline agreements and inducted first engines

## **New Facility Investments**





Began expansion of Augusta business aviation facility



### **New Award Momentum**

*Including two US Navy MRO contracts for CFM56* on the P-8A fleet and T56-427 on the E-2D Hawkeye

#### M&A

Acquired Aero Turbine in August for \$141mm (\$120mm upfront)



Adds niche engine component repair and differentiated SAR expertise

Value added solutions providing ~90% of sales from sole-source contracts

**Enhances positioning to win** targeted new engine programs

Expected to contribute \$25mm of Adj. EBITDA in 2025 after synergies

## **CAPITAL MARKETS** -

Completed IPO on NYSE on October 2nd



\$1.2bn IPO primary proceeds used to deleverage

Refinanced debt to extend maturities, increase liquidity, and reduce interest rate

Multi-notch upgrades from ratings agencies (now Ba3 / BB-)

> $5.3x \implies 3.5x$ Net Leverage<sup>1</sup>

>\$130mm annual interest savings from IPO and refinancing



# **THIRD QUARTER 2024 HIGHLIGHTS**



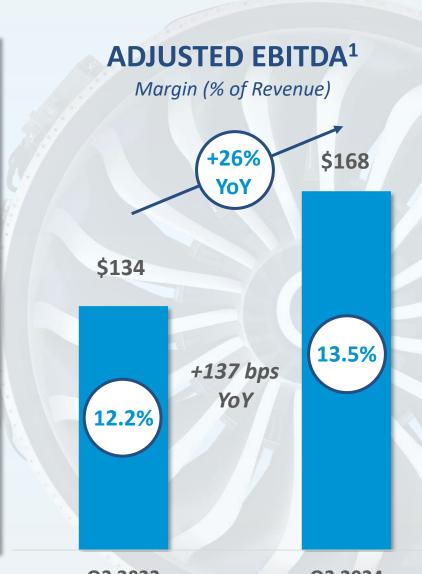
## **Q3 PERFORMANCE DRIVERS**

## **Further Aftermarket Demand Strength**

- Commercial Aerospace: +19% YoY
- Business Aviation: +15% YoY
- Military & Helicopter: (3%) YoY

## **Continued Margin Expansion**

- Favorable engine work scope mix at ES
- Mix benefit from continued growth and pricing initiatives at CRS



Q3 2023

Q3 2024

ote & in millions



# **THIRD QUARTER 2024 RESULTS – CONSOLIDATED**

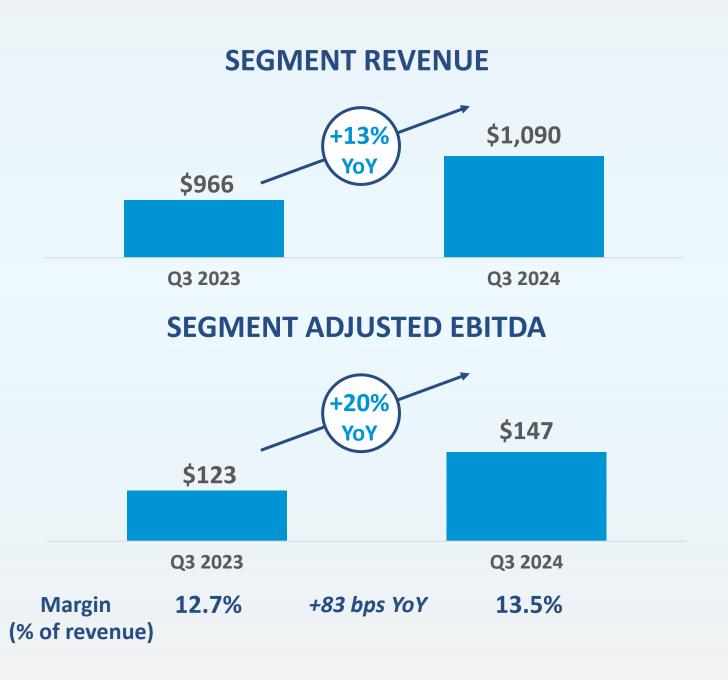
(\$ in millions)	Q3 2024	2024 YTD	Q3 Performance Commentary
Revenue % Change YoY	<b>\$1,245</b> +13%	<b>\$3,828</b> +12%	<ul> <li>Engine Services: +13% YoY in Q3 (+12% YoY Q3 YTD)</li> <li>Component Repair Services: +15% YoY in Q3 (+12% YoY Q3 YTD)</li> </ul>
Adjusted EBITDA <sup>1</sup> % Change YoY	<b>\$168</b> +26%	<b>\$504</b> +19%	<ul> <li>Engine Services: +20% YoY in Q3 (+15% YoY Q3 YTD)</li> <li>Component Repair Services: +21% YoY in Q3 (+20% YoY Q3 YTD)</li> </ul>
Adjusted EBITDA <sup>1</sup> % Margin $\triangle bps$	<b>13.5%</b> +137 bps	<b>13.2%</b> +69 bps	<ul> <li>Favorable mix in Engine Services coupled with growth and margin expansion in Component Repair Services</li> </ul>
Net Income	\$16	\$25	Includes non-recurring IPO, acquisition, and transformation investment costs and reflects pre-IPO capital structure (IPO / refinancing reduce annual interest >\$130mm)
Capex % of Revenue	<b>\$25</b> 2.0%	<b>\$70</b> <i>1.8%</i>	<ul> <li>Capex of 2.0% of Revenues in Q3 and 1.8% in Q3 YTD</li> <li>Includes capex for growth investments, including \$40 million Q3 YTD capex for LEAP program and CFM56 greenfield facility in Dallas</li> </ul>

Note: \$ in millions

<sup>1.</sup> See appendix for GAAP to Non-GAAP reconciliations



# **THIRD QUARTER 2024 RESULTS – ENGINE SERVICES**

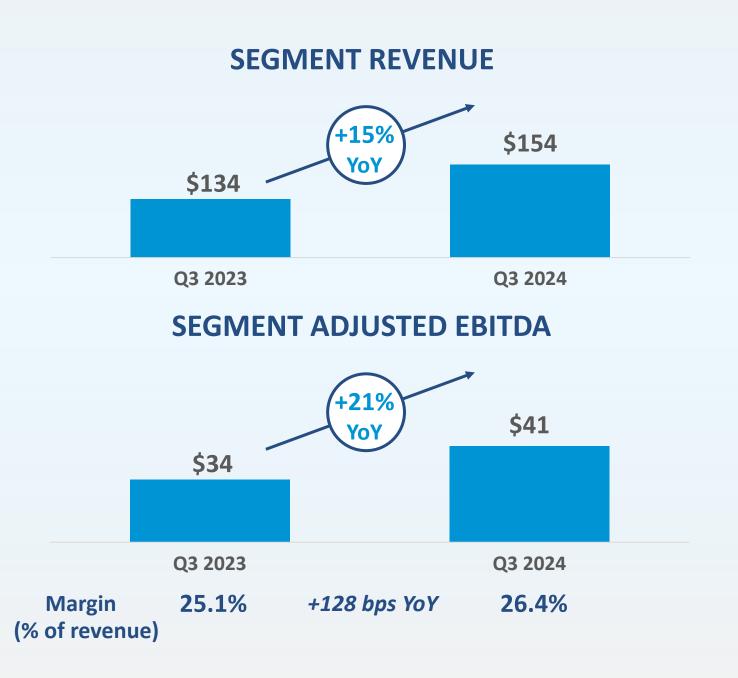


## **QUARTERLY HIGHLGIHTS**

- **+13% YoY** Revenue growth
  - Commercial Aerospace: +20% YoY
  - Business Aviation: +15% YoY
  - Military & Helicopter: (7%) YoY, driven by temporary
     V-22 Osprey grounding
- **+20% YoY** Segment Adjusted EBITDA growth, driven by revenue growth and positive work scope mix
- Strong operational progress
  - Milestones on investments in LEAP program, new
     CFM56 facility and Augusta facility expansion
  - Contract awards on LEAP, CFM56 and T56



# **THIRD QUARTER 2024 RESULTS – COMPONENT REPAIR SERVICES**



## **QUARTERLY HIGHLGIHTS**

- +15% YoY Revenue growth (+9% organic)
  - Commercial Aerospace: +13% YoY
  - Military & Other: +19% YoY (+3% organic)
- +128 bps YoY margin expansion driven by revenue growth, positive platform mix and price
- Aero Turbine acquisition closed August 23, 2024
  - Results included from closing date
  - Projected to contribute \$25 million of Adjusted
     EBITDA during 2025



## **CAPITAL STRUCTURE UPDATE**

#### IMPROVED BALANCE SHEET AND CASH FLOW PROFILE FROM IPO AND REFINANCING

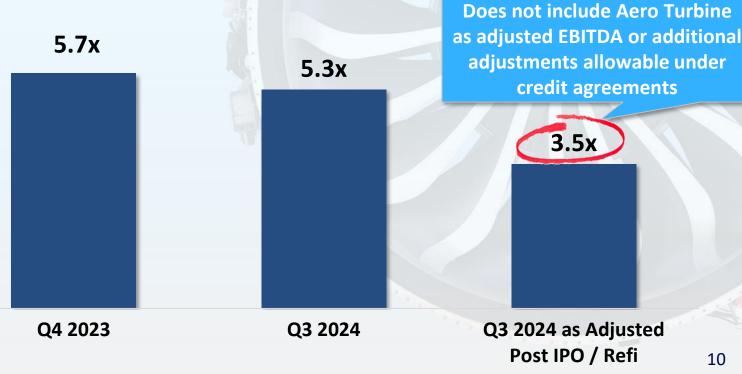
#### **IPO SUMMARY IMPACT**

- \$1.2 billion IPO primary proceeds after fees used to (i) repay 100% of the \$475 million 10% Senior Notes and (ii) repay \$726 million of existing Term Loans
- Following the IPO, received multi-notch upgrades from Moody's / S&P / Fitch
- Successfully refinanced debt on October 31, 2024:
  - \$750 million Cash Flow Revolver due October 2029 priced at S + 200 bps (adds +\$200 million additional liquidity)
  - \$2,250 million First Lien Term Loan due October 2031 priced at S + 225 bps with additional 25 bps step down at net leverage below 3.0x
- Results in 3.5x post-IPO net leverage and annual interest savings >\$130 million vs. pre-IPO levels

#### **RATING AGENCY UPGRADES POST-IPO**



### **NET DEBT TO ADJUSTED EBITDA LEVERAGE RATIO<sup>1</sup>**





## **CAPITAL ALLOCATION STRATEGY**

### FOCUSED, DISCIPLINED APPROACH TO DRIVE COMPOUNDING RETURNS THROUGH CAPITAL ALLOCATION

# ORGANIC INVESTMENT AND DELEVERAGING

Evaluate every growth investment based on long-term strategic fit, ROI and impact to leverage

- Competitively differentiated capabilities
- Strategic capacity expansion
- Make vs. buy evaluation based on existing capability and infrastructure

~2,400 new component repairs developed since 2016

#### **NEW ENGINE PLATFORMS**

Disciplined approach to evaluating and winning new license opportunities focused on high conviction of ROI and structured NPI process to mitigate risk

- High conviction of attractive ROI
- Large addressable market
- Path to leading market position based on expertise and capabilities

8 new platform program wins over the past 7 years

## **ACQUISITIONS**

Dozens of acquisitions evaluated each year with focus on appreciation of long-term equity value and strategic fit

- High-value, complementary capabilities
- Strong synergy planning and execution
- Access to new customers, platforms, capabilities and geographies

11 value-accretive acquisitions completed since 2017

Capital Allocation Focused on Compounding Equity Returns while Maintaining Long-Term Leverage Target of 2-3x



## THE STANDARDAERO SUMMARY

- 1 Pure Play Focus on the Aerospace Engine Aftermarket
  - Leading Market Position Supported by World-Class Service and Capabilities
    - Recent Platform Wins and Investments Driving Above
      Market Growth

Path to Leading
Earnings Compounder

Platform to Accelerate Growth from Organic Initiatives, New Programs and M&A

# **StandardAero**

- Attractive and Resilient Financial Profile that Supports Strong
  Through-Cycle Performance
- 6 The Right Leadership Team with the Expertise, Track Record and Drive to Execute Strategy



**APPENDIX** 



## **RECONCILIATION OF NON-GAAP FINANCIAL METRICS**

#### **Adjusted EBITDA and Adjustments Walk**

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA and Adjusted EBITDA Margin:

	Three Months Ended				Nine Mont			
	September 30,				Septemb	er 3	0,	
		2024		2023		2024		2023
			(in	millions, exce	ept pe	rcentages)		
Net income (loss)	\$	16.4	\$	(17.9)	\$	25.0	\$	(30.5)
Income tax expense (benefit)		0.2		(12.6)		38.1		34.9
Interest expense		79.9		79.2		235.5		230.5
Depreciation and amortization		47.1		49.3		140.0		147.8
Loss on debt extinguishment and refinancing costs		1.5		26.1		10.0		26.1
Integration costs and severance (1)		0.3		1.5		0.9		2.6
Acquisition costs (2)		1.3		_		1.3		1.5
Business transformation costs (LEAP and CFM) (3)		10.6		3.6		33.7		5.4
Other (4)		11.1		4.4		19.9		7.1
Adjusted EBITDA	\$	168.4	\$	133.6	\$	504.4	\$	425.4
Revenue		1,244.6		1,099.5		3,827.5		3,405.5
Net income (loss) margin		1.3%	)	(1.6)%	Ď	0.7%	)	(0.5)%
Adjusted EBITDA Margin		13.5%	)	12.2%		13.2%	)	12.5%

<sup>(1)</sup> Represents integration costs incurred, including any facility or platform consolidation associated with the integration of an acquisition that does not meet capitalization criteria and severance related to reduction in workforce or acquisitions. Examples of integration costs may include lease breakage or run-off fees, consulting costs, demolition costs or training costs.

<sup>(4)</sup> Represents other non-recurring costs including quarterly management fees payable to Carlyle Investment Management L.L.C. and Beamer Investment Inc. under consulting services agreements, representation and warranty insurance costs associated with acquisitions, and costs for professional services incurred as a result of our IPO readiness that are the result of other, non-comparable events to measure operating performance as these events arise outside of our ordinary course of continuing operations.



Represents transaction costs incurred in connection with planned and completed acquisitions, including legal and professional fees, debt arrangement fees and other third-party costs.

<sup>(3)</sup> Represents new product industrialization costs with the business transformation of the LEAP 1A/1B engine line in San Antonio, Texas and the expansion of our CFM56 capabilities into Dallas, Texas.



# **SEGMENT DISCLOSURE**

#### **Segment Adjusted EBITDA**

	Three Mon			NI:	M4b. FJ	. 10	
	 September 30, 2024 2023		Nine Months Endo		ea se	2023	
	(in millions, except percentages)						
Engine Services							
Segment Revenue	\$ 1,090.3	\$	965.5	\$	3,399.1	\$	3,023.1
Segment Adjusted EBITDA	\$ 147.4	\$	122.5	\$	451.1	\$	391.8
Segment Adjusted EBITDA Margin	13.5%	)	12.7%	, 0	13.3%		13.0%
Component Repair Services							
Segment Revenue	\$ 154.3	\$	133.9	\$	428.4	\$	382.4
Segment Adjusted EBITDA	\$ 40.8	\$	33.7	\$	111.1	\$	92.5
Segment Adjusted EBITDA Margin	26.4%	)	25.1%	, 0	25.9%		24.2%

15



## **RECONCILIATION OF SEGMENT DISCLOSURE**

#### **Reconciliation of Segment Revenue and Segment Adjusted EBITDA to Net Income**

	Three months ended September 30, 2024				
	Component Engine Repair Total Services Services Segments (In thousands)				
Revenue from external customers	\$ 1,109,804 \$ 134,823 \$ 1,244,627				
Intersegment revenue	8 19,503 19,511				
	1,109,812 154,326 1,264,138				
Elimination of intersegment revenue	(19,503) (8) (19,511				
Total segment revenue	\$ 1,090,309 \$ 154,318 \$ 1,244,627				
Segment Adjusted EBITDA	\$ 147,414 \$ 40,758 \$ 188,172				
Less unallocated amounts:					
Corporate (1)	19,750				
Depreciation and amortization	47,147				
Integration costs and severance	308				
Acquisition costs	1,323				
Business transformation costs (LEAP and CFM) (2)	10,533				
Interest expense	79,898				
Loss on debt extinguishment and refinancing costs	1,503				
Other (3)	11,055				
Tax	211				
Net income	\$ 16,436				

Corporate primarily consists of costs related to executive and staff functions, including Information Technology, Human Resources, Legal, Finance, Marketing, Corporate Supply Chain and Corporate Engineering Services finance, which benefit the enterprise as a whole. These costs are primarily related to the general management of these functions on a corporate level and the design and development of programs, policies, and procedures that are then implemented in the individual segments, with each segment bearing its own cost of implementation. The Corporate function also includes expenses associated with the Company's debt.

	Three months ended September 30, 2023				30, 2023	
		Engine Repair Services Services (In thousands)			Total Segments	
Revenue from external customers	\$	976,896	\$	122,545	\$	1,099,441
Intersegment revenue		48		11,437		11,485
		976,944		133,982		1,110,926
Elimination of intersegment revenue		(11,437)		(48)		(11,485)
Total segment revenue	\$	965,507	\$	133,934	\$	1,099,441
Segment Adjusted EBITDA	\$	122,542	\$	33,665	\$	156,207
Less unallocated amounts:	_				_	
Corporate (1)						22,542
Depreciation and amortization						49,307
Integration costs and severance						1,533
Acquisition costs						9
Business transformation costs (LEAP and CFM) (2)						3,630
Interest expense						79,188
Loss on debt extinguishment and refinancing costs						26,103
Other (3)						4,427
Tax						(12,599)
Net loss					\$	(17,933)

<sup>(1)</sup> Corporate primarily consists of costs related to executive and staff functions, including Information Technology, Human Resources, Legal, Finance, Marketing, Corporate Supply Chain and Corporate Engineering Services finance, which benefit the enterprise as a whole. These costs are primarily related to the general management of these functions on a corporate level and the design and development of programs, policies, and procedures that are then implemented in the individual segments, with each segment bearing its own cost of implementation. The Corporate function also includes expenses associated with the Company's debt.

Source: Company financials

<sup>(2)</sup> Represents new product industrialization costs with the business transformation of the LEAP 1A/1B engine line in San Antonio, Texas and the expansion of our CFM56 capabilities into Dallas, Texas.

<sup>(3)</sup> Represents other non-recurring costs including quarterly management fees payable to Carlyle Investment Management L.L.C. and Beamer Investment Inc. under consulting services agreements, representation and warranty insurance costs associated with acquisitions, and costs for professional services incurred as a result of our IPO readiness that are the result of other, non-comparable events to measure operating performance as these events arise outside of our ordinary course of continuing operations.

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# **RECONCILIATION OF SEGMENT DISCLOSURE (CONTINUED)**

#### **Reconciliation of Segment Revenue and Segment Adjusted EBITDA to Net Income**

	Nine months ended September 30, 2024				0, 2024	
		Engine Services		Component Repair Services		Total Segments
			(1	n thousands)	Ξ	
Revenue from external customers	\$	3,448,181	\$	379,367	\$	3,827,548
Intersegment revenue		222		49,241	_	49,463
		3,448,403		428,608		3,877,011
Elimination of intersegment revenue		(49,241)		(222)		(49,463)
Total segment revenue	\$	3,399,162	\$	428,386	\$	3,827,548
Segment Adjusted EBITDA	\$	451,095	\$	111,069	\$	562,164
Less unallocated amounts:	_				_	
Corporate (1)						57,797
Depreciation and amortization						140,021
Integration costs and severance						925
Acquisition costs						1,323
Business transformation costs (LEAP and CFM) (2)						33,626
Interest expense						235,496
Loss on debt extinguishment and refinancing costs						10,019
Other (3)						19,840
Tax						38,090
Net income					\$	25,027

- Corporate primarily consists of costs related to executive and staff functions, including Information Technology, Human Resources, Legal, Finance, Marketing, Corporate Supply Chain and Corporate Engineering Services finance, which benefit the enterprise as a whole. These costs are primarily related to the general management of these functions on a corporate level and the design and development of programs, policies, and procedures that are then implemented in the individual segments, with each segment bearing its own cost of implementation. The Corporate function also includes expenses associated with the Company's debt.
- Represents new product industrialization costs with the business transformation of the LEAP 1A/1B engine line in San Antonio, Texas and the expansion of our CFM56 capabilities into Dallas, Texas.
- Represents other non-recurring costs including quarterly management fees payable to Carlyle Investment Management L.L.C. and Beamer Investment Inc. under consulting services agreements, representation and warranty insurance costs associated with acquisitions, and costs for professional services incurred as a result of our IPO readiness that are the result of other, non-comparable events to measure operating performance as these events arise outside of our ordinary course of continuing operations.

		Nine months ended September 30, 2023				
		Engine Repair Services Services (In thousands)			Total Segments	
Revenue from external customers	\$ 3,	056,861	\$	348,652	\$	3,405,513
Intersegment revenue		168		33,975		34,143
	3	3,057,029		382,627		3,439,656
Elimination of intersegment revenue		(33,975)		(168)		(34,143)
Total segment revenue	\$ 3,	023,054	\$	382,459	\$	3,405,513
Segment Adjusted EBITDA	\$	391,824	\$	92,489	\$	484,313
Less unallocated amounts:					_	
Corporate (1)						58,938
Depreciation and amortization						147,801
Integration costs and severance						2,561
Acquisition costs						1,514
Business transformation costs (LEAP and CFM) (2)						5,384
Interest expense						230,515
Loss on debt extinguishment and refinancing costs						26,103
Other (3)						7,122
Tax						34,877
Net loss					\$	(30,502)

- 1) Corporate primarily consists of costs related to executive and staff functions, including Information Technology, Human Resources, Legal, Finance, Marketing, Corporate Supply Chain and Corporate Engineering Services finance, which benefit the enterprise as a whole. These costs are primarily related to the general management of these functions on a corporate level and the design and development of programs, policies, and procedures that are then implemented in the individual segments, with each segment bearing its own cost of implementation. The Corporate function also includes expenses associated with the Company's debt.
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Source: Company financials



# RECONCILIATION OF NET DEBT AND NET DEBT TO ADJUSTED EBITDA LEVERAGE RATIO

Reconciliation of Net Debt and Net Debt to Adjusted EBITDA Leverage Ratio

	Twelve Month	Twelve Months Ended December 31,		s Ended September 30,
	2023			2024
		(in millions, exce	pt percentages)	
Net income (loss)	\$	(35.0)	\$	20.5
Income tax expense (benefit)		40.3		43.5
Interest expense		309.6		314.6
Depreciation and amortization		197.1		189.3
Loss on debt extinguishment and refinancing costs		26.1		10.0
Integration costs and severance (1)		1.4		(0.3)
Acquisition costs (2)		1.5		1.3
Business transformation costs (LEAP and CFM) (3)		11.4		39.6
Other (4)		8.7		21.6
Adjusted EBITDA	\$	561.1	\$	640.1

		September 30, as Adjusted
December 31, September 30, 2023 2024		Post IPO / Refinancing Transactions
		2024
(in millions, exc		
<del>-</del>	25.0	_
_	2,947.8	_
2,562.1	_	_
675.5	475.5	_
_	_	25.0
_	_	2,250.0
3,237.6	3,448.3	2,275.0
58.0	51.3	22.9
\$ 3,179.6	\$ 3,397.0	\$ 2,252.1
561.1	640.1	640.1
5.7x	5.3x	3.5x
	2023 (in millions, exc  2,562.1 675.5  3,237.6 58.0 \$ 3,179.6	2023   2024



<sup>(1)</sup> Represents integration costs incurred, including any facility or platform consolidation associated with the integration of an acquisition that does not meet capitalization criteria and severance related to reduction in workforce or acquisitions. Examples of integration costs may include lease breakage or run-off fees, consulting costs, demolition costs or training costs.

Source: Company financials

<sup>(2)</sup> Represents transaction costs incurred in connection with planned and completed acquisitions, including legal and professional fees, debt arrangement fees and other third-party costs.

<sup>(3)</sup> Represents new product industrialization costs with the business transformation of the LEAP 1A/1B engine line in San Antonio, Texas and the expansion of our CFM56 capabilities into Dallas, Texas.

<sup>(4)</sup> Represents other non-recurring costs including quarterly management fees payable to Carlyle Investment Management L.L.C. and Beamer Investment Inc. under consulting services agreements, representation and warranty insurance costs associated with acquisitions, and costs for professional services incurred as a result of our IPO readiness that are the result of other, non-comparable events to measure operating performance as these events arise outside of our ordinary course of continuing operations.