



# Loar Holdings Inc.

## Q4 & Full Year 2024 Earnings Presentation



# Agenda

- Our Value Drivers, Our Portfolio, and Our Products
- Q4 Earnings Highlights
- Full Year 2024 Earnings Highlights
- Full Year 2025 - Outlook Revised

## 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 press release, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this press release, including, but not limited to, the statements under the heading “Full Year 2025 Outlook – Revised” is 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; our ability to timely close on the LMB acquisition; 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 December 10, 2024 filed with the Securities and Exchange Commission (“SEC”) on December 12, 2024, as well as the Company’s Annual Report on Form 10-K that will be filed following this 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 press release. 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 press release speaks only as of the date of this press release and is expressly qualified in its entirety by the cautionary statements included in this press release. 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, Adjusted EBITDA Margin, and Adjusted Earnings Per Share. 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. References to “Adjusted Earnings Per Share” means net income plus certain adjustments as set forth in the reconciliations below to derive Adjusted EBITDA from EBITDA, less the tax effect of these adjustments. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Earnings Per Share are not measurements of financial performance under U.S. GAAP. We present EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Earnings Per Share 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, Adjusted EBITDA Margin, and Adjusted Earnings Per Share 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, Adjusted EBITDA Margin, and Adjusted Earnings Per Share 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 2025 Outlook – Revised” and 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

L

Launching New Products

O

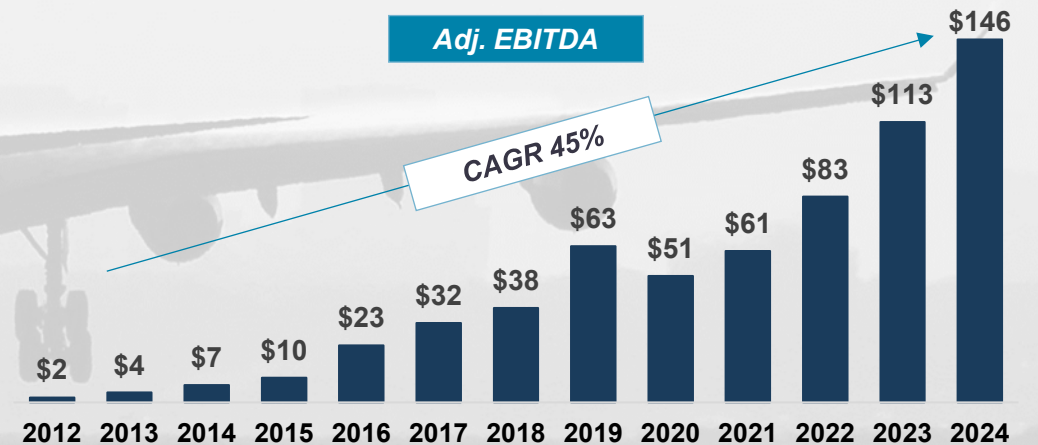
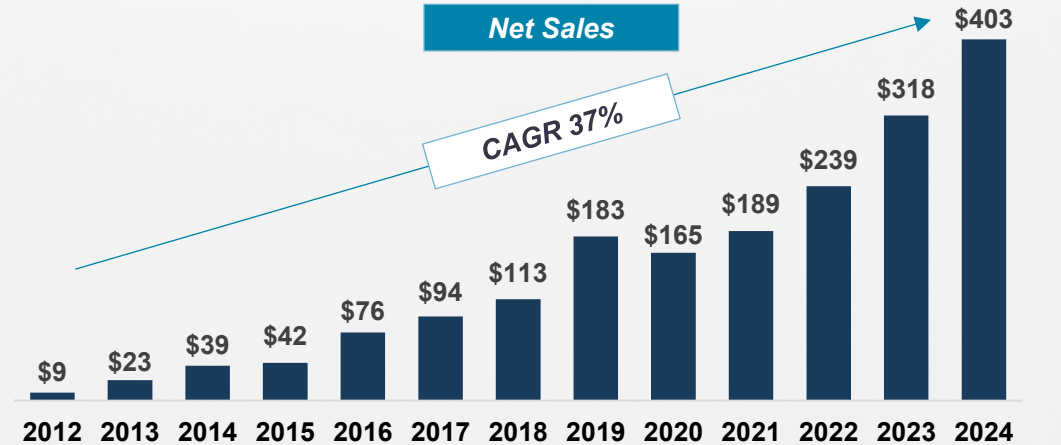
Optimizing Productivity

A

Achieving Price Above Inflation

R

Readying Talent





# Margin Expansion

Loar's Growth Algorithm

Secular Growth Industry



Winning Profitable New Business

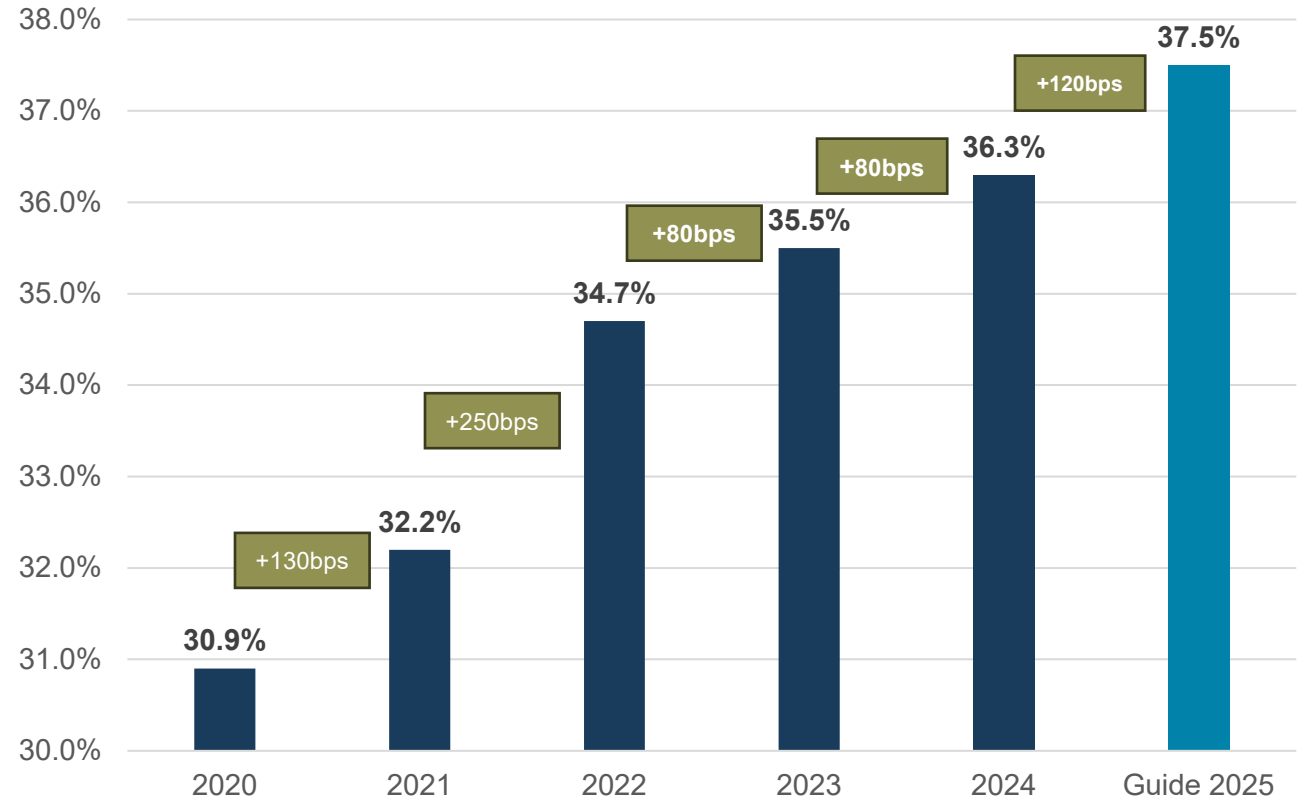


Value-Based Pricing



New Product Introductions

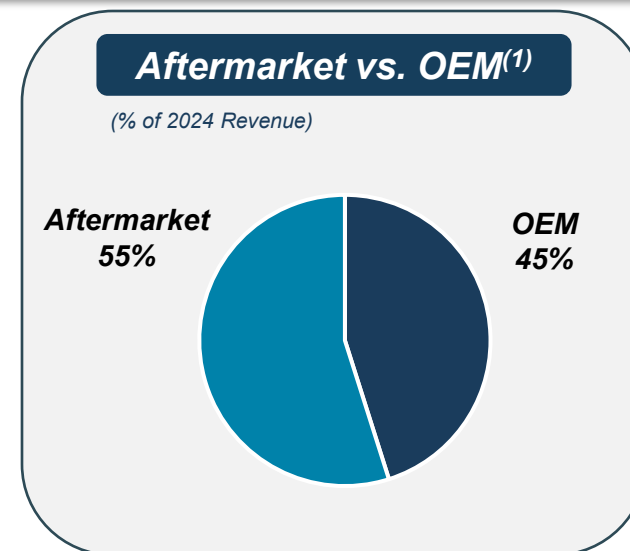
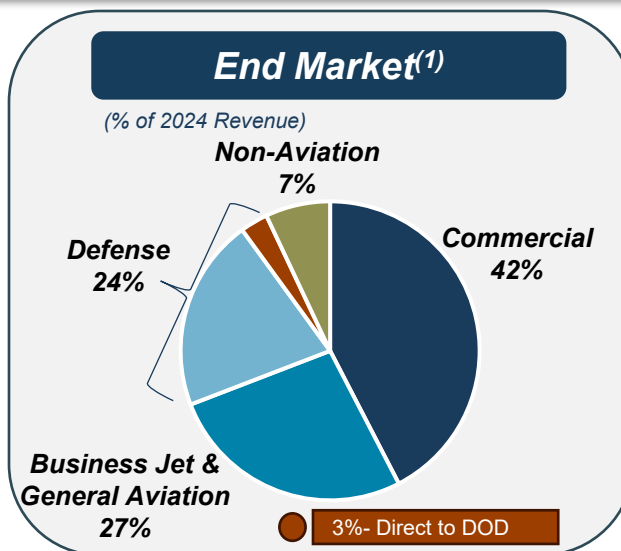
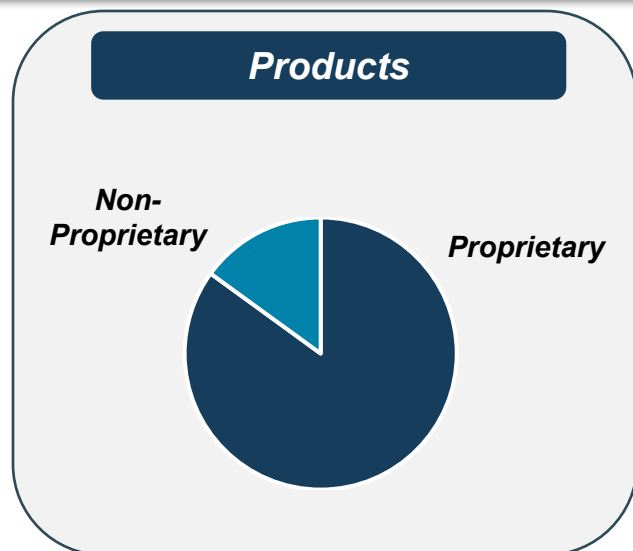
Adjusted EBITDA Margin



Consistently Improving Margins...

# 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 2024. Includes full year impact of the Applied Avionics acquisition which closed in Q3 2024. Please see additional special notice on pro forma sales and non-GAAP information on page 3

## 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 Disciplined Approach– LMB Fan's & Motors



*Aerospace &  
Defense Focus*



*Niche Markets  
and/or Strong  
Market  
Positions*



*Proprietary  
Content and/or  
Processes*



*Significant  
Aftermarket  
Opportunity*




*Cross-Sell  
Opportunity*



*Long-Standing  
Customer  
Relationships*

# Our Products

Diverse Portfolio Offering With  
Over 20,000+ 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**



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



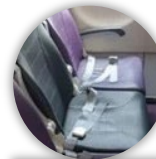
Angle of Attack Sensors / Systems



Flight Control Computers



Lap-belt Airbags



2 & 3 Point Seat Belts



Water Purification Systems



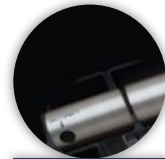
Waste Mgmt. Systems



Cockpit Door Barrier



Wing Lift Sensors



Auto Throttles



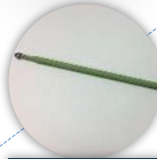
Polyimide Washers & Bushings



Interface Solutions



Latches



Hold Open & Tie Rods



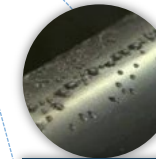
Temperature & Fluid Sensors & Switches



Hydraulic & Pneumatic Components



Carbon & Metallic Brakes



Fluid & Pneumatic Based Ice Protection



RAM Air Components



Drag Reduction Technologies



Rotorcraft Flotation Devices



Motion & Actuation




No one part makes up more than approximately 3% of the company's 2024 net sales





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

## End Market Drivers


### Total Commercial OEM:

- Improving production environment for Commercial OEMs 

### Total Commercial Aftermarket:

- Strong demand for passenger travel 
- Slower than expected rate ramp of new OEM platforms 

### Defense:

- Strong aftermarket demand across platforms and market share gains 


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


End Market	Q4 2024 vs Q4 2023	2024 vs. 2023
Total Commercial OEM	+16%	+19%
Total Commercial Aftermarket	+12%	+15%
Defense	+39%	+28%

(1) Pro forma sales for full year 2024. Includes full year impact of the Applied Avionics acquisition which closed in Q3 2024. Please see additional special notice on pro forma sales and non-GAAP information on page 3

# Quarterly Financial Results

<i>\$thousands</i>	Q4 2024	Q4 2023	Δ
Net Sales	110,441	86,435	27.8%
Gross Profit Margin	53,962 48.9%	40,126 46.4%	34.5%
Net Income (Loss)	3,685	(573)	
Adjusted EBITDA Adj EBITDA Margin	40,178 36.4%	29,252 33.8%	37.4%

 Net sales up 14.9% organically

 Execution of productivity and pricing initiatives and our fixed overhead costs supporting higher production and sales levels

 Primarily driven by an increase in operating income and lower taxes

# Full Year Financial Results

<i>\$thousands</i>	2024	2023	Δ
Net Sales	402,819	317,477	26.9%
Gross Profit	198,825	154,264	28.9%
Margin	49.4%	48.6%	
Net Income (Loss)	22,231	(4,615)	
Adjusted EBITDA	146,336	112,743	29.8%
Adj EBITDA Margin	36.3%	35.5%	



Net sales up 15.0% organically

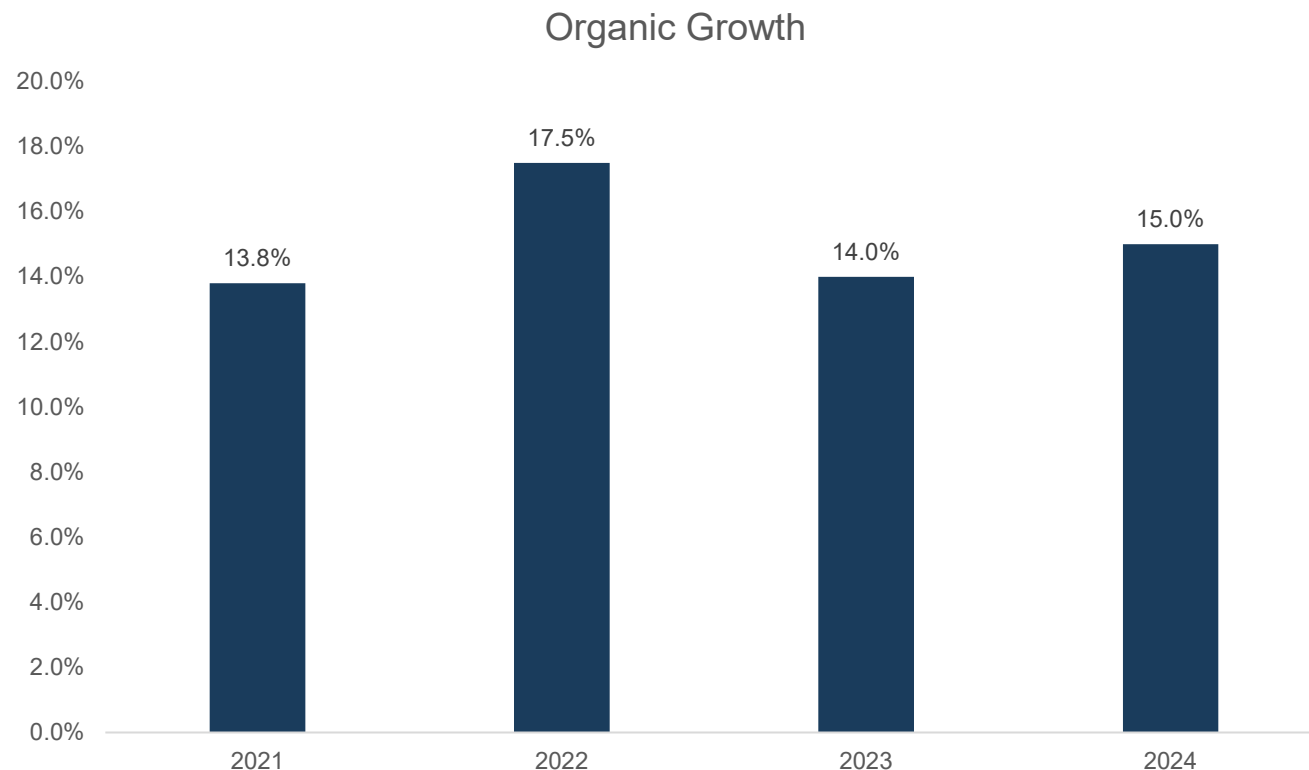
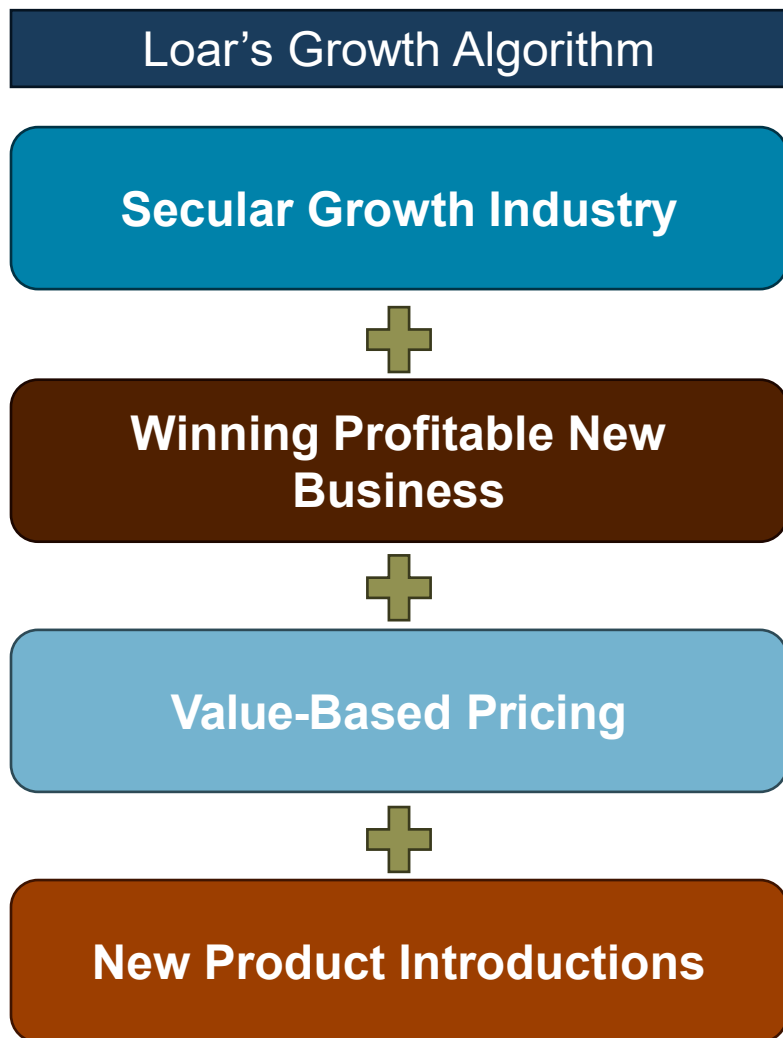


Execution of productivity and pricing initiatives and our fixed overhead costs supporting higher production and sales levels



Primarily driven by an increase in operating income and lower interest

# Organic Growth Drivers

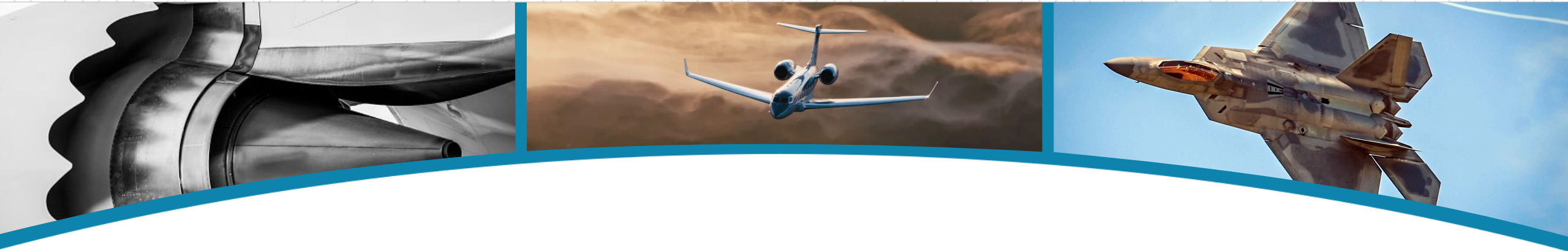


Consistently Delivering Mid-teen Organic Growth...

\*Net organic sales represent net sales from our existing businesses for comparable periods and exclude net sales from acquisitions. We include net sales from new acquisitions in net organic sales from the 13th month after the acquisition on a comparative basis with the prior period



# 2025 Market Assumptions



**Commercial, Business Jet,  
and General Aviation -  
OEM**

High Single-Digit Growth

**Commercial, Business Jet,  
and General Aviation –  
Aftermarket**

High Single-Digit Growth

**Defense**

High Double-Digit\* Growth  
\*17% - 20%

No Change From Previous Guidance

# Full Year 2025 Outlook – Revised

## Previous 2025 Outlook\*

*Issued 2/20/2025*

\$millions except for share count & Earnings Per Share	Low	High
Net Sales	\$470	\$480
Adjusted EBITDA	\$176	\$180
Adjusted EBITDA Margin	~37.5%	
Net Income	\$55	\$60
Diluted Earnings Per Share	\$0.57	\$0.62
Adjusted Earnings Per Share	\$0.67	\$0.72

*\*Full Year 2025 Outlook does not include the impact of the pending LMB acquisition.*

## Revised 2025 Outlook\*

*Issued 3/31/2025*

\$millions except for share count & Earnings Per Share	Low	High
Net Sales	\$480	\$488
Adjusted EBITDA	\$180	\$184
Adjusted EBITDA Margin	~37.5%	
Net Income	\$58	\$63
Diluted Earnings Per Share	\$0.60	\$0.65
Adjusted Earnings Per Share	\$0.70	\$0.75

*\*Full Year 2025 Outlook does not include the impact of the pending LMB acquisition.*

# Full Year 2025 – Outlook – Assumptions

	Full Year 2025 Outlook
Capital Expenditures	~ \$14 million
Full Year Interest Expense	~ \$28 million
Full Year Effective Tax Rate	~ 30%
Depreciation and Amortization	~ \$51 million
Non-Cash Stock-Based Compensation	~ \$15 million
Diluted Share Count	~ 97 million shares <i>Reflects impact of follow-on offering completed in Dec 2024</i>

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

(in thousands unless otherwise indicated)

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
Net income (loss)	\$ 3,685	\$ (573)	\$ 22,231	\$ (4,615)
Adjustments:				
Interest expense, net	13,780	17,929	52,112	67,054
Refinancing costs	4,814	—	6,459	—
Income tax provision	(1,040)	350	6,830	7,052
Operating income	21,239	17,706	87,632	69,491
Depreciation	3,061	2,641	11,244	9,938
Amortization	9,577	7,217	31,826	28,086
EBITDA	33,877	27,564	130,702	107,515
Adjustments:				
Recognition of inventory step-up <sup>(1)</sup>	826	402	1,102	603
Other income <sup>(2)</sup>	(11)	(279)	(4,452)	(762)
Transaction expenses <sup>(3)</sup>	841	767	3,390	3,394
Stock-based compensation <sup>(4)</sup>	3,535	94	11,103	372
Acquisition and facility integration costs <sup>(5)</sup>	1,110	704	4,491	1,621
Adjusted EBITDA	\$ 40,178	\$ 29,252	\$ 146,336	\$ 112,743
Net sales	\$ 110,441	\$ 86,435	\$ 402,819	\$ 317,477
Net income (loss) margin	3.3%	(0.7)%	5.5%	(1.4)%
Adjusted EBITDA Margin	36.4%	33.8%	36.3%	35.5%

(1) Represents accounting adjustments to inventory associated with acquisitions of businesses that were charged to cost of sales when inventory was sold.

(2) Represents a \$2.9 million reduction in the estimated contingent purchase price for the CAV acquisition and \$1.7 million of proceeds from the settlement of buyer-side representations and warranties insurance covering the acquisition of DAC during the year ended December 31, 2024 and in 2023 represents a grant from the U.S. Department of Transportation under the Aviation Manufacturing Jobs Protection Program.

(3) 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.

(4) Represents the non-cash compensation expense recognized by the Company for equity awards.

(5) Represents costs incurred to integrate acquired businesses and product lines into our operations, facility relocation costs and other acquisition-related costs.



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

(in thousands unless otherwise indicated)

	Year Ended							Twelve Months Ended Dec. 31, 2017 (1)	Oct. 2, 2017, through Dec. 31, 2017 (1)	Year Ended					
	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018			Jan. 1, 2017, through Oct. 1, 2017 (1)	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
	(Successor)									(Predecessor)					
Net (loss) income	\$ 22,231	\$ (4,615)	\$ (2,469)	\$ (5,354)	\$ (17,052)	\$ (4,152)	\$ (5,721)	\$ (7,063)	\$ (3,409)	\$ (3,654)	\$ (122)	\$ 1,278	\$ 6,075	\$ (1,058)	\$ (2,404)
Adjustments:															
Income tax provision (benefit)	6,830	7,052	(142)	(2,599)	(2,147)	774	(1,101)	(13,228)	(12,414)	(814)	499	685	(2,382)	105	160
Interest expense, net	52,112	67,054	42,071	31,637	32,864	29,304	16,846	10,610	3,817	6,793	8,933	981	15	10	14
Loss on extinguishment of debt (a)	6,459	-	-	-	-	-	-	5,233	-	5,233	-	-	-	-	-
Foreign exchange adjustment (b)	-	-	-	-	-	-	-	-	-	-	(72)	-	-	-	-
Gain on insurance recoveries (c)	-	-	-	-	-	-	-	-	-	-	-	-	(150)	-	-
Operating income (loss)	87,632	69,491	39,460	23,684	13,665	25,926	10,024	(4,448)	(12,006)	7,558	9,238	2,944	3,558	(943)	(2,230)
Depreciation	11,244	9,938	8,882	9,143	8,622	7,879	7,256	5,390	1,937	3,453	5,073	2,163	2,028	1,416	399
Amortization	31,826	28,086	25,074	23,550	22,429	21,919	16,405	8,399	4,613	3,786	4,795	1,246	906	1,385	817
EBITDA	130,702	107,515	73,416	56,377	44,716	55,724	33,685	9,341	(5,456)	14,797	19,106	6,353	6,492	1,858	(1,014)
Adjustments:															
Amortization of inventory step-up (d)	1,102	603	704	740	3,241	2,001	1,162	6,929	6,441	488	1,385	414	160	666	1,341
Other (income) loss (e)	(4,452)	(762)	(861)	396	(1,663)	-	(3,521)	2,313	0	2,313	(500)	-	-	-	-
Transaction expenses (f)	3,390	3,394	6,365	804	2,001	2,811	2,135	10,074	7,482	2,592	1,416	1,840	-	688	664
Stock-based compensation (g)	11,103	372	1,526	1,686	1,686	1,686	1,665	934	381	553	247	189	189	166	101
Acquisition integration costs (h)	4,491	1,621	1,913	642	405	931	2,406	1,101	288	813	197	451	21	21	-
COVID-19 related expenses (i)	-	-	-	147	399	-	-	-	-	-	-	-	-	-	-
Management service agreement fees and expenses (j)	-	-	-	-	-	-	-	843	0	843	1,157	616	567	454	554
<b>Adjusted EBITDA</b>	<b>\$ 146,336</b>	<b>\$ 112,743</b>	<b>\$ 83,063</b>	<b>\$ 60,792</b>	<b>\$ 50,785</b>	<b>\$ 63,153</b>	<b>\$ 37,532</b>	<b>\$ 31,535</b>	<b>\$ 9,136</b>	<b>\$ 22,399</b>	<b>\$ 23,008</b>	<b>\$ 9,863</b>	<b>\$ 7,429</b>	<b>\$ 3,853</b>	<b>\$ 1,646</b>
Net Sales	\$ 402,819	\$ 317,477	\$ 239,434	\$ 188,897	\$ 164,564	\$ 182,623	\$ 112,572	\$ 94,346	\$ 26,179	\$ 68,167	\$ 75,780	\$ 42,371	\$ 39,240	\$ 22,983	\$ 8,923
Net (loss) income margin	5.5%	(1.4%)	(1.0%)	(2.8%)	(10.4%)	(2.3%)	(5.1%)	(7.5%)	(13.0%)	(5.4%)	(0.2%)	3.0%	15.5%	(4.6%)	(26.9%)
Adjusted EBITDA Margin	36.3%	35.5%	34.7%	32.2%	30.9%	34.6%	33.3%	33.4%	34.9%	32.9%	30.4%	23.3%	18.9%	16.8%	18.4%

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

(1) For the period January 1, 2017, through October 1, 2017 (“Predecessor Period”), the Company is referred to as the “Predecessor.” For the period October 2, 2017, through December 31, 2017 (“Successor Period”), the Company is referred to as “Successor.” The Company applied pushdown accounting to the transaction. Due to the application of push-down accounting, different bases of accounting have been used to prepare the consolidated financial statements in the Predecessor Period and Successor Period. A black line separates the Predecessor Period and Successor Period to highlight the lack of comparability between these two bases of accounting. The Successor Period includes the accounts of Loar Holdings, LLC and its subsidiaries. The Predecessor Period includes the accounts of Loar Group Inc. Intercompany accounts and transactions between consolidated entities have been eliminated.

(a) Represents the write-off of unamortized debt issuance costs associated with the extinguishment of debt.

(b) Represents foreign exchange gains related to an overseas distribution center.

(c) Represents insurance proceeds on property losses.

(d) Represents accounting adjustments to inventory associated with acquisitions of businesses that were charged to cost of sales when inventory was sold.

(e) Amounts represent income or losses not related to operations. The impact for the year ended December 31, 2024 represents a \$2.9 million reduction in the estimated contingent purchase price for the AV acquisition and \$1.7 million of proceeds from the settlement of buyer-side representations and warranties insurance covering the acquisition of DAC. The impact for the years ended December 31, 2018, and 2022 represents a grant from the U.S. Department of Transportation under the Aviation Manufacturing Jobs Protection Program. The impact for the year ended December 31, 2021, represented certain

long-lived asset write-offs of \$1.4 million, partially offset by a government grant of \$1.0 million. The impact for the year ended December 31, 2017, represented a government grant and a gain on sale of assets of \$1.0 million and \$0.7 million, respectively. The impact for the year ended December 31, 2016, is primarily attributable to contingent consideration payments for performance targets achieved post-acquisition. The impact for the 10 months ended October 1, 2016, represented an impairment of certain long-lived assets. The impact for the year ended December 31, 2016, represented a reversal of accrued contingency consideration related to unmet performance targets post-acquisition.

(f) 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.

(g) Represents the non-cash compensation expense recognized by the Company for restricted equity unit awards.

(h) Represents costs incurred to integrate acquired businesses and product lines into Loar’s operations, facility relocation costs and other acquisition-related costs.

(i) Represents incremental costs related to the pandemic that are not expected to recur once the pandemic dissipates and are clearly separable from normal operations (for example, additional cleaning and disinfecting of facilities by contractors above and beyond normal requirements and COVID sick pay).

(j) Management service agreement fees and expenses paid to former owner.