



# Investor Presentation 2024

ESCO Technologies Inc.





## Forward Looking Statement

Statements in this presentation regarding expectations for future results, sales and sales growth, EPS, Adjusted EBIT, Adjusted EBITDA, Adjusted EPS, cash flow, results of cost reduction efforts, margins, income tax rates, the financial success of the Company, the strength of its end markets, the outlook for the A&D, Test and USG segments, the ability to increase shareholder value, the results of acquisitions and international expansion efforts, internal investments in new products and solutions, the impacts of inflation, the long-term success of the Company, and any other statements which are not strictly historical are “forward-looking” statements within the meaning of the safe harbor provisions of the federal securities laws.

Investors are cautioned that such statements are only predictions and speak only as of the date of this release, and the Company undertakes no duty to update them except as may be required by applicable laws or regulations. The Company’s actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company’s operations and business environment including but not limited to those described in Item 1A, “Risk Factors”, of the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2023; the impacts of natural disasters on the Company’s operations and those of the Company’s customers and suppliers; the timing and content of future contract awards or customer orders; future impacts of the Inflation Reduction Act and other existing and future laws and regulations, future levels of utility infrastructure spending and demand for renewables products; the appropriation, allocation and availability of Government funds; the termination for convenience of Government and other customer contracts or orders; changing economic conditions in served markets; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties; the success of the Company’s acquisition and cost reduction efforts; delivery delays or defaults by customers; performance issues with key customers, suppliers and subcontractors; changes in the costs and availability of certain raw materials; labor disputes; changes in U.S. tax laws and regulations; other changes in laws and regulations including but not limited to changes in accounting standards and foreign taxation; changes in interest rates; costs relating to environmental matters arising from current or former facilities; uncertainty regarding the ultimate resolution of current disputes, claims, litigation or arbitration; and the integration of recently acquired businesses.



## ESCO consists of 3 Business Segments working to solve difficult technical challenges through superior engineering, precision manufacturing, and world-class customer service

- > Our **Aerospace & Defense (A&D)** companies provide highly-engineered hydraulic filtration systems, fluid control valves, machined components, and metal finishing for the aerospace, space and defense industries. In addition, we design and manufacture complex shock and vibration dampening tiles and signature reduction solutions that enhance the stealth capabilities of U.S. Navy submarines and surface ships.
- > Our **Utility Solutions Group (USG)** provides industry-leading diagnostic, protection testing, and condition monitoring equipment, consulting and laboratory testing services, and data analytics vital for maintaining electric grid reliability and renewable energy project development.
- > Our **RF Test & Measurement (Test)** business is an industry leader in designing and manufacturing products and systems to measure and control RF and acoustic energy for research and development, regulatory compliance, medical, and security applications. Test supplies a broad range of turnkey systems, including RF test facilities and measurement systems, acoustic test enclosures, RF and magnetically shielded rooms, and secure communications facilities.

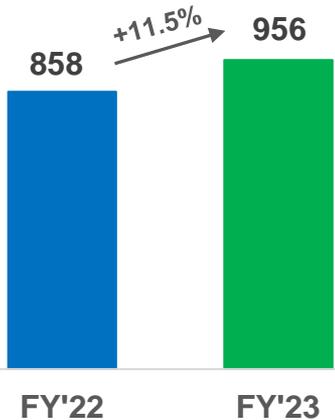


## FY'23 – A Record Year

- > Record Sales, Earnings, Orders and Year-End Backlog
  - Orders >\$1B for the first time
  - Sales +11% to \$956M
  - Adjusted EPS +15% to \$3.70
  - Ending Backlog +11% to \$722M
  - 40%+ increase in Market Cap



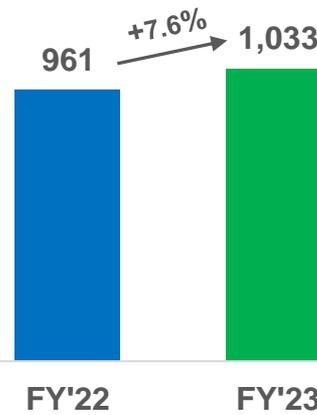
Sales



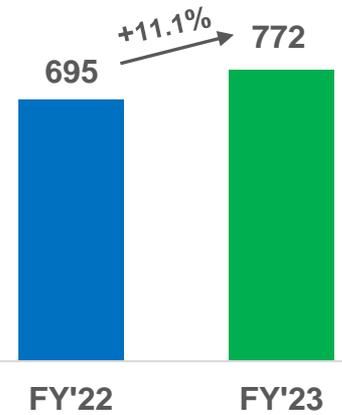
Adjusted EPS



Entered Orders



Ending Backlog





## FY'23 Financial Results <sup>(1)</sup>

Dollars in Millions

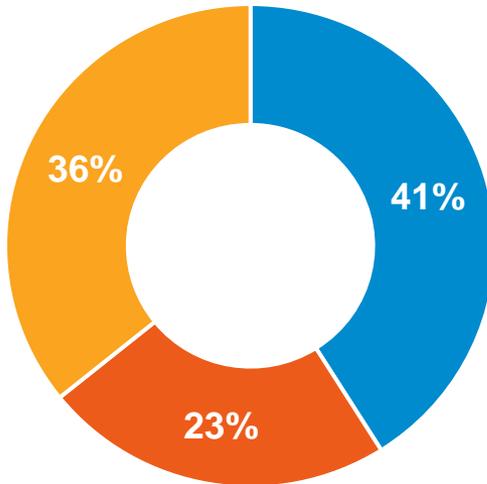
### Sales

\$956M

**A&D**  
\$392.4M

**USG**  
\$342.3M

**Test**  
\$221.3M



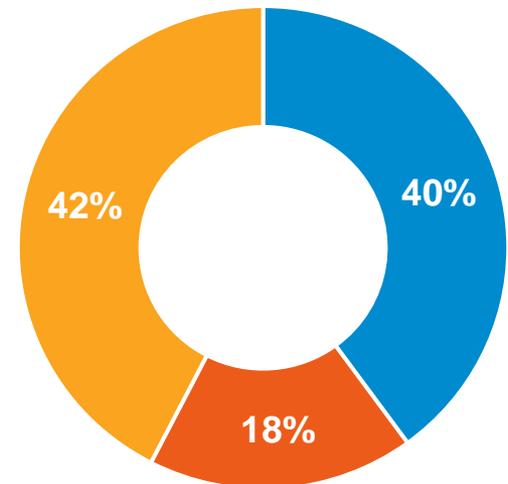
### Segment EBITDA - As Adjusted <sup>(1)</sup>

\$214M

**A&D**  
\$85.6M

**USG**  
\$90.9M

**Test**  
\$37.7M



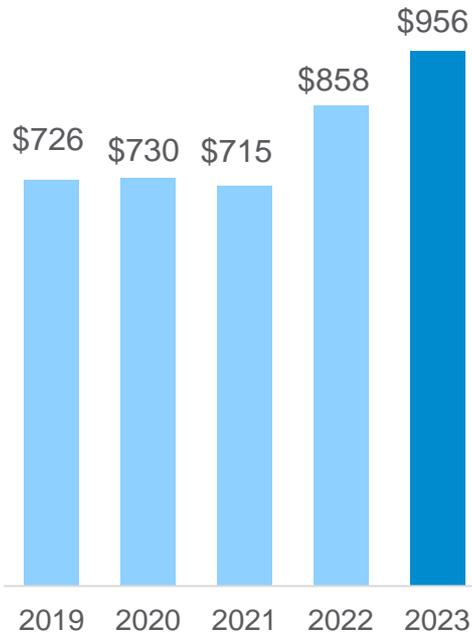
1) Excludes \$31.8 million of Corporate costs and \$4.1 million of charges associated with executive management transition, CMT acquisition inventory step-up, restructuring primarily within A&D, and Corporate acquisition related costs. See page 32 for supporting detail.



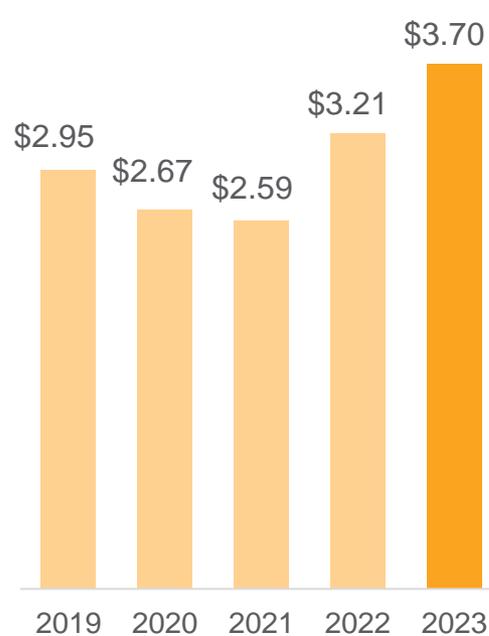
## 5 Year Results from Continuing Operations <sup>(1)</sup>

### Net Sales

In Millions

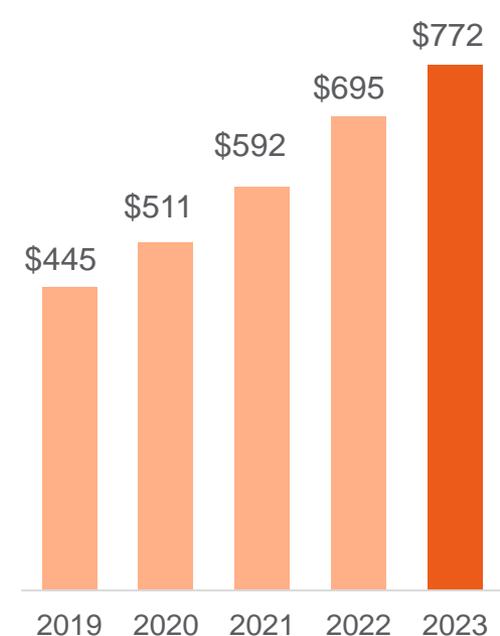


### EPS – As Adjusted <sup>(2)</sup>



### Ending Backlog

In Millions



1) Excludes Discontinued Operations – Technical Packaging Segment sale completed 12/31/19. See Page 32 for supporting detail.

2) See page 32 for GAAP reconciliation .



## ESCO Defined

ESCO is a global provider of highly-engineered products and solutions serving diverse and growing end-markets

- > Shared characteristics
  - Technology driven products and services
  - Market leader across several niche markets
  - Deep and broad engineering and operating expertise
  - Global presence in served markets



## ESCO Investor Fundamentals

- > **Positioned for Continuing Revenue & EBITDA Growth**
  - A&D – Commercial aerospace build rates increasing / significant Navy procurement activity
  - USG – Accelerating investment in utility infrastructure & renewables (Inflation Reduction Act)
  - Test - Strong technology driven end-markets / MPE acquisition broadens power filter end-markets and international reach
- > **Strong Balance Sheet Allows Investment in Existing Businesses and Pursuit of Acquisition Opportunities**
  - Capital investment to improve operating efficiency & expand product offerings
  - Acquisitions to supplement growth, accretive to EBITDA and EPS
- > **Commitment to Cost Structure Optimization and Cash Flow Management**
- > **Return on Invested Capital (ROIC) Focus – Management and Shareholder interests aligned**
  - Component of LTI Compensation beginning in 2023



## Continuing Pursuit of M&A to Support Growth

- > Characteristics we are looking for:
  - In our core businesses or markets, or very close
  - Leadership position in niche markets
  - Technology driven products or services
  - Demonstrated financial performance
    - Reasonably predictable revenue streams
    - Solidly profitable
  - Clearly defined growth opportunities
  - Synergistic to core business platforms

# Aerospace & Defense

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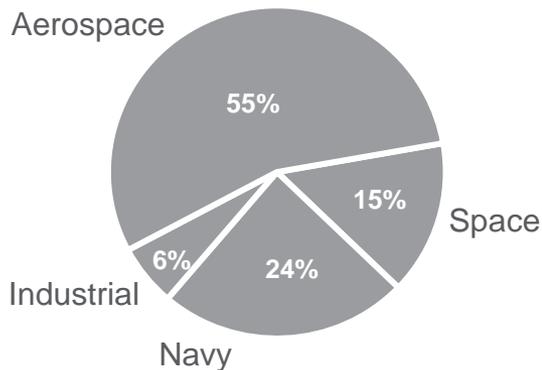


## Overview

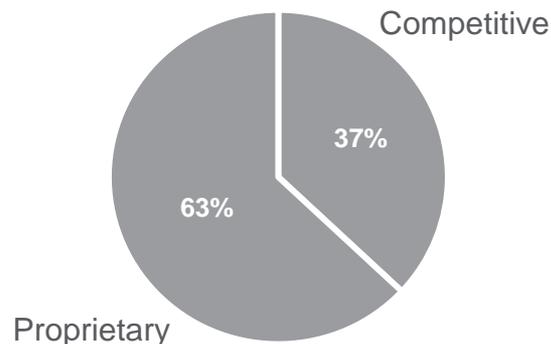
- > Provides highly-engineered products and solutions to the Aerospace, Navy, Space & Industrial markets
- > 2023 Revenue up 12% to \$392M
  - 9% Organic Growth – Commercial & defense aerospace partially offset by lower space
  - 3% Growth from CMT Acquisition
- > 2023 Adjusted EBITDA Margin of 21.8%
- > Long term programs (20 - 40 years)
  - Production, Aftermarket, Repairs & Spares



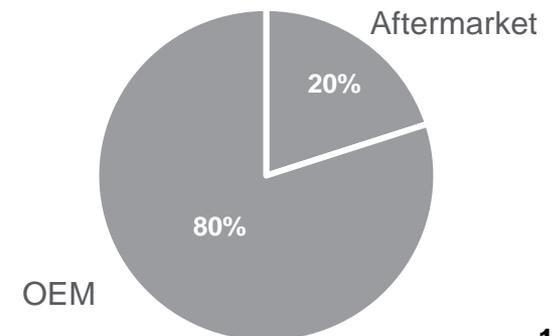
Sales by End Market



Proprietary Vs. Competitive



OEM Vs. Aftermarket





## Aerospace

### PTI Technologies

- > Leading provider of filtration and fluid control equipment/subsystems and miniature CAD/PAD devices for a full range of mission and life critical operations on commercial and military aircraft

### Crissair

- > Industry leader in a wide range of products from miniature fluid control valves and components to large manifold assemblies for the aerospace, defense and space industries

### Mayday Manufacturing

- > Leading manufacturer of mission-critical bushings, pins, sleeves and precise-tolerance machined parts for the aerospace industry
- > Full-service metal processor - anodizing, cadmium and zinc-nickel plating, organic coatings, non-destructive testing and heat treatment



## Navy & Space

### VACCO Industries

- > Leading supplier of specialty valves, filters, and fluid control products for vital Navy and space programs
  - Navy - air and water valves and manifolds for submarines / Critical Quiet Technology
  - Space - fluid control/propulsion components for launch vehicles, crew capsules, and satellites

### Globe Composite Solutions

- > Leading provider of mission-critical composite solutions for Navy and industrial customers
  - Navy - Special Hull Treatment (SHT) & baffle panels to increase stealth capabilities of submarines
  - Industrial - shielding for security, material handling, and marine applications
- > 2023 acquisition of CMT Materials and Engineered Syntactic Systems – products include buoyancy materials for Navy Unmanned Underwater Vehicles (UUVs) and composite tooling materials for the thermoforming industry

### Westland Technologies

- > Designs and manufacturers hull treatments and shock and vibration dampening systems that reduce acoustic signatures and modify signal emissions on submarines and surface ships

## Growth Drivers

> Large and well-defined addressable markets

### > Aerospace

- Commercial Aero recovery continuing
  - Orders strong / OEMs committed to ramping up narrow & wide body build rates
- Military Aero remains strong – new opportunities
- 2023 order strength and ending backlog are positive signs

### > Navy

- Submarines – SHT, Quiet/Non-Quiet Valves, Vibration and Sound Dampening components
- FY 2024 National Defense Authorization Act (approved December 2023) includes multi-year submarine procurement authorization intended to secure supplier base
  - Virginia Class
    - Block V.2 (2 Boats) & Advanced Procurement funding for Block VI (10 Boats)
    - Anticipated Shipset Content ~\$45M
  - Columbia Class - Ohio Class replacement - Navy's top priority
    - 1 Boat & Advanced Procurement for 4 Boats
    - Anticipated Shipset Content ~\$20M
  - Spares & Repairs above trend growth through 2027

### > Space

- Space Launch System (SLS) - Production Hardware ~\$30M-\$35M per launch
- Satellites - Smaller satellites / Cubesats / Micro-Propulsion Systems (MiPS)

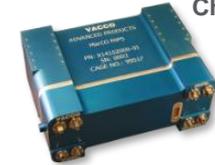
421® Metal Fiber Media filters



Hydraulic Manifold



Check Valves



Micro Propulsion System (MiPS)

Artemis Vent Valve



Submarine Quiet Valve



# Utility Solutions Group

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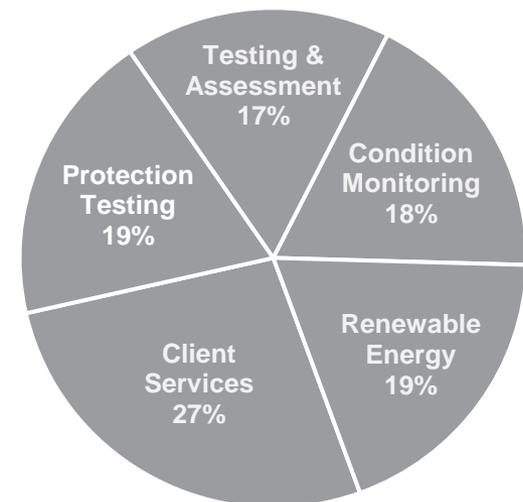




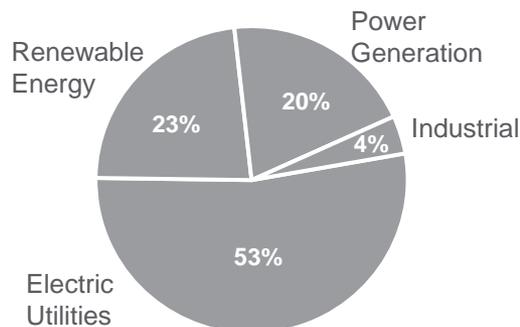
## Overview

- > Doble provides industry-leading diagnostic test equipment, software, and services to maintain and optimize electric power infrastructure performance
  - Doble brand has a strong domestic market share and perception of trusted excellence and independence - 3<sup>rd</sup> party extension of utility's organization
  - Doble "Knowledgebase" - statistical database utilized for baseline and trend analytics
- > NRG products serve multiple stages of wind and solar energy project development and energy production optimization
- > 2023 Revenue +23% - All organic
- > 2023 Adjusted EBITDA Margin increased to 26.5%
- > Accelerating investment in utility infrastructure & renewables

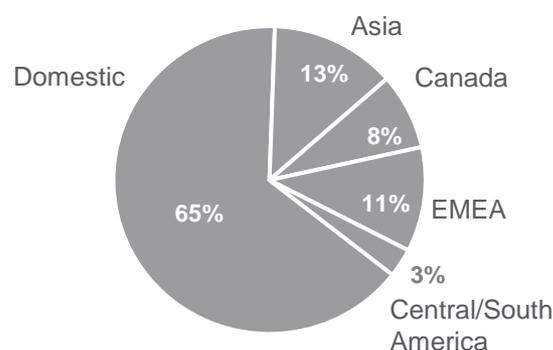
### Sales by Product Area



### Sales by End Market



### Sales by Geography





## Protection Testing

- > Power System Simulators – Diagnostic equipment and software solutions for the verification of system protection
  - **Doble F8 Series** - New modular, configurable power system simulator for both conventional and digital protection testing applications
  - **Doble F6150** - Power system simulator to test relays and schemes
  - **Manta MTS-5100** - All-in-one relay test set
  - **Protection Suite Software** - Data management software for analyzing, storing and reporting to regulatory agencies



F8300 Seven-Module Test Set



F6150 Power System Simulator



Protection Suite Software



MTS-5100 Protective Relay Test System

## Condition Monitoring Products (Online Solutions)

### > **doblePRIME™**

- Transformer condition monitoring system
- Remote access to overall transformer health
- Scalable / Modular Design
- Aggregates and analyzes data from monitoring devices



Calisto™ R9



Calisto™ Cable Condition Monitoring Solutions

### > **Morgan Schaffer Calisto™ Condition Monitoring Platform**

- Dissolved Gas Analysis (DGA) – detection of impending failures
- Cable Monitoring – helps customers prevent major faults in transmission and distribution cables
- Bushings Health - detects deterioration in bushings and abnormalities in insulation
- Partial Discharge (PD) - monitors PD in transformers, rotating machines, cables, and switchgear

doblePRIME Analytics™



### > **INSIDEVIEW® Diagnostic Software**

- Evaluates >130 laboratory tests on liquid and solid insulation providing advanced DGA, oil quality and paper degradation analytics to optimize asset health and predict failures



INSIDEVIEW®

## Testing & Assessment Equipment

### > Power Transformer Testing

- Doble **M7100** High-Voltage (HV) Asset Analyzer - Complete solution automating tests previously performed by several instruments reducing testing time and technician ladder trips
- Doble **Sweep Frequency Response Analyzer (SFRA) - M5500™ & SFRA 6 Software** – provide fast sweep speed analysis of mechanical integrity within HV transformers
- Doble Test Assistance (DTA) Software – collection, analysis and management of Doble M-Series test results



M5500™ SFRA



M7100 HV Asset Analyzer

### > High Power Test Systems

- Phenix AC/DC dielectric high potential (HIPOT) test equipment for commercial and industrial customers



Falcon™ PD Monitor



DC Dielectric Test Systems

### > Partial Discharge Testing

- Portable surveyors and analyzers for non-invasive testing
- Techimp **Falcon™** - Medium voltage PD monitoring / Doble **Spark P3** - PD & EMI Analyzer



CBA 3000 – Circuit Breaker Analyzer



Spark P3 - PD & EMI Analyzer

### > Circuit Breaker Testing

- Complete line of circuit breaker test equipment
- isa **CBA 3000** – Circuit breaker analyzer / Vanguard **AUTO-OHM 200 S4** Micro-Ohm Meter



AUTO-OHM 200 S4  
Micro-Ohm Meter



## Doble Client Services

### > Doble Knowledgebase

- Statistical database utilized in analysis of utility asset test results
- > 60 million test results on over 100,000 types of apparatus
- Independent broker / brand agnostic

### > Security & Compliance

- **Doble Universal Controller™ (DUC)**
  - Hardware Sale followed by multi-year service agreement
  - Ultra-rugged tablets/laptops for field applications
  - NERC/CIP compliant transient cyber asset solution



Doble Universal Controller™

### > Equipment Leasing

- HV test equipment leasing program / recurring revenue

### > Consulting & Testing Services

- Allows customers to outsource diagnosis and assessment of critical assets

### > Conferences & Training

- International Conference of Doble Clients - Brings together power industry peers for education, discussion, and collaboration on asset management, operational concerns, and diagnostic approaches to asset optimization
- Industry leader in training and education for the electric power industry

### > Laboratory Services

- Fully equipped labs provide a wide variety of testing and diagnostic services
  - Oil Analysis, Forensic Analysis, DGA, Insulation Testing & HV Testing



## Renewable Energy (NRG Products)

### > Wind & Solar

- Data Loggers – Collect and store data from meteorological sensors and other devices
  - **SymphoniePRO® / LOGR-S**
- Met Sensors – Anemometers, Pyranometers & Wind Vanes
- Towers – Sensors are mounted on galvanized steel NRG Towers

### > Wind

- Light Detection & Ranging (LIDAR) - Remote sensing equipment utilized in Wind Resource Assessment (WRA), turbine optimization, and weather applications
  - Reliable data at a range of heights – ideal as turbine height increases
- Bat Deterrent Systems
  - Pioneering technology to support bat conservation
  - Emits ultrasonic acoustic field to discourage bats from entering airspaces

### > Solar

- Solar Resource Assessment (SRA) – Pre-construction resource assessment solution for utility-scale photovoltaic (PV) solutions
- Solar Resource Monitoring (SRM) – Performance monitoring and optimization system for solar installations



SymphoniePRO®  
Wind Data Logger



LOGR-S Solar Data Logger



NRG S1  
Anemometer



NRG 200M  
Wind Vane



ZX 300  
Wind LIDAR

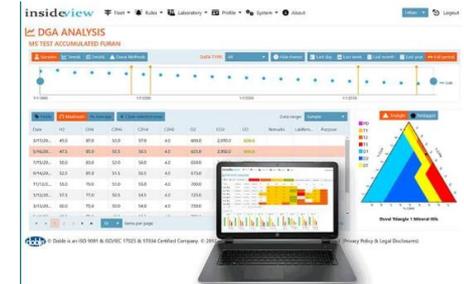
SRM System





## Growth Drivers

- > Increasing Demand for Power
  - Electricity demand expected to double by 2050 (U.S. Energy Information Administration)
- > Aging Infrastructure – Increasing need for Asset Surveillance
  - Average age of large power transformers (handle 90% of U.S. electricity flow) is >40 years (U.S. Dept of Energy)
- > Drive for more Resilient Power Systems
  - Infrastructure upgrades needed to protect grid from increasingly intense weather events
  - Failure rate of large power transformers increasing - costly outages / utility fines & penalties
- > Transition to Renewable Energy
  - Global drive towards de-carbonization
  - Expansion of Renewables + Electrification of Transportation
- > Conversion to Condition Monitoring Solutions
  - Grid management trending towards digitization and online monitoring solutions
- > Increasing Regulatory Compliance Requirements
  - North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP)
- > Expanding New Products and Software Solutions
  - New Product Introductions - F8000, DUC™, SFRA 6 Software, Calisto™ R9, Protection Suite Software, INSIDEVIEW®, PowerBase™
  - Acquisitions - expanded product offerings (partial discharge, cable/switch gear/battery monitoring, HV test equipment)
- > Global expansion
  - 2021 Altanva acquisition provides USG with an international platform to pursue overseas business (in the local time zone, language and currency)



Enterprise Asset Management - INSIDEVIEW®



Protection Testing – F8000 Power Simulator



Condition Monitoring - Calisto™ DGA Monitors

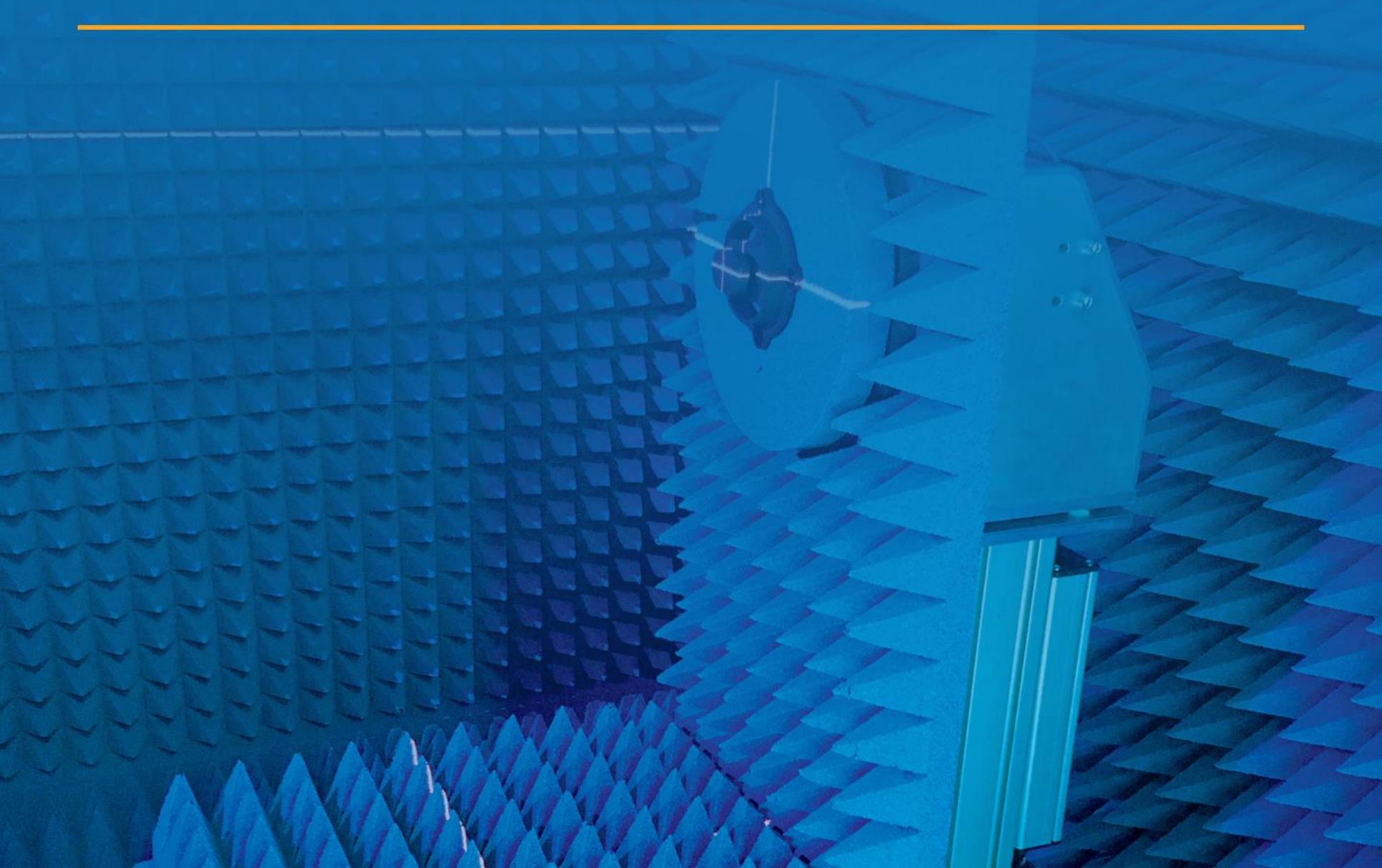


Solar Resource Assessment Systems

**Accelerating Investments in Utility Infrastructure & Renewables**

# RF Test & Measurement

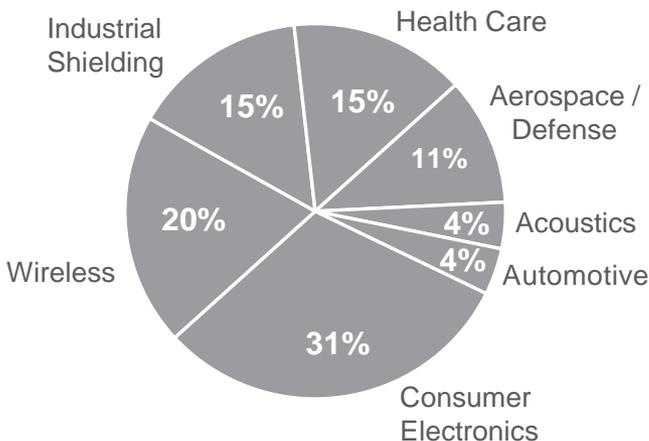
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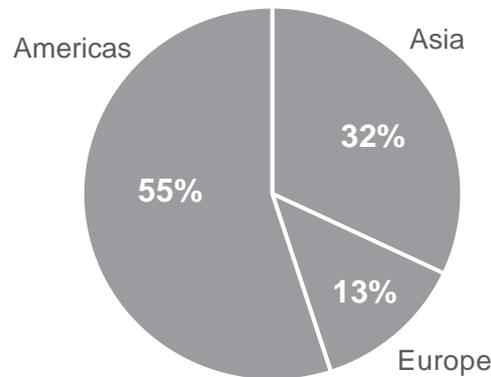
## Overview

- > Designs and manufactures systems and components to measure and control RF and acoustic energy for research and development, regulatory compliance, medical, and security applications
- > Provides medical, electromagnetic pulse (EMP), and industrial shielding
- > 2023 Revenue decreased 3%
  - Lower volume in China partially offset by a strong year in EMEA
- > 2023 Adjusted EBITDA increased to 17.0%
  - Margin improvement on lower revenue

**Sales by End Market**



**Sales by Geography**



**Global Customer Base**

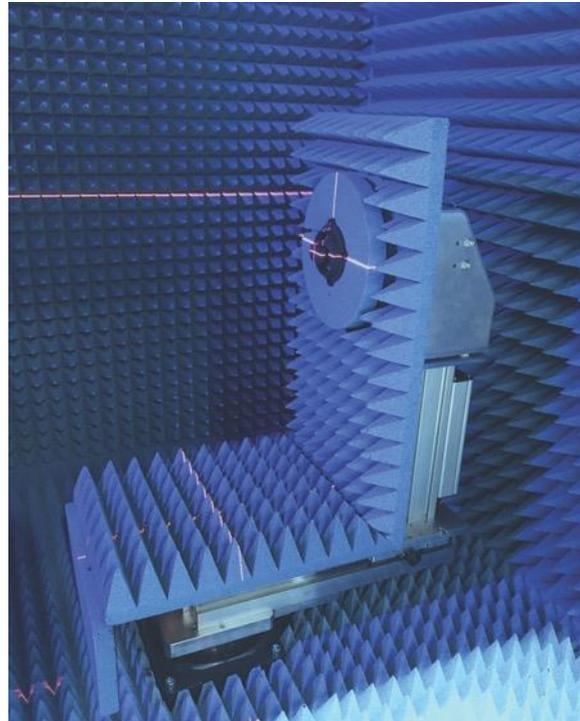


## Diverse Product Offerings

### Shielded Doors



### Chambers/Systems



### Shielded Intraoperative MRI Suites



### Power Line Filters



### Shielded Enclosures

### Antennas & Test Accessories



## Growth Drivers

- > MPE Acquisition closed November 2023
  - Expands facility and component filter product offerings
  - Adds complimentary EMC/EMP power filter product offerings for military and other critical infrastructure applications
  - Broadens end-markets and expands international reach
- > Pipeline remains strong - strength across end-markets
- > Increasing electronic content
  - Increased content with higher frequencies and functionality
  - Increased Electronic / RF “Pollution” = Interference
- > Increasing wireless communication
  - The Internet of Things - Everything connected wirelessly
  - Autonomous Vehicles
- > International Growth
  - Increasing development / manufacturing of electronics overseas
  - Increasing international requirements for electromagnetic compatibility (EMC) testing

# Summary

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## Wrap-up

- > We have confidence in our well-tested operating model
  - 3 solidly profitable business segments
  - Record orders and ending backlog
- > We serve technology-oriented end-markets with long-term organic growth trajectories
  - Commercial Aerospace – build rates increasing
  - Navy submarine procurement activity
  - Utility infrastructure spending
- > Plan to continue to supplement growth with small to mid-size M&A
  - Balance sheet and Management bandwidth to make this happen
- > ROIC Focus – Management and Shareholder interests aligned

# Financial Highlights

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## FY'23 Segment Performance (\$ in Millions)

	Net Sales	EBIT <sup>(1)</sup>	Adjustments <sup>(2)</sup>	D&A	EBITDA As Adjusted	EBITDA Margin
A&D	\$ 392.4	\$ 71.6	\$ 1.4	\$ 12.6	\$ 85.6	21.8%
USG	342.3	76.7	0.2	13.9	90.9	26.6%
Test	221.3	32.4	-	5.3	37.7	17.0%
Segment Totals	956.0	180.7	1.6	31.8	214.2	22.4%
Corporate	-	(53.0)	2.5	18.7	(31.8)	
Continuing Ops	956.0	127.7	4.1	50.5	182.4	19.1%
<b>EBITDA Reconciliation</b>						
Less D&A					(50.5)	
Less Interest					(8.8)	
Less Income Tax					(27.4)	
<b>Net Earnings – As Adjusted</b>					<b>\$ 95.7</b>	<b>10.0%</b>

(1) See page F-24 in the 2023 Form 10-K

(2) Excludes \$2.3 million of management transition costs at Corporate, \$1.0 million of restructuring costs primarily within A&D, \$0.6 million of CMT acquisition inventory step-up costs, and \$0.2 million of acquisition related costs at Corporate.



## Financial Highlights (\$ in Millions)

	2019	2020	2021	2022	2023
Net Debt	\$223	\$10	\$98	\$55	<b>\$60</b>
Leverage Ratio	1.7X	0.5X	1.0X	0.8X	<b>0.5X</b>
Debt-to-Capital	26%	6%	13%	13%	<b>8%</b>
Available Liquidity	\$519	\$728	\$587	\$589	<b>\$640</b>
Cash from Operating Activities <sup>(1)</sup>	\$101	\$109	\$123	\$135	<b>\$77</b>

<b>FY 2023 Backlog</b> <sup>(1)</sup>	Beginning Backlog	Orders	Sales	Ending Backlog	Book-to-Bill
A&D	408.3	468.2	392.4	484.1	1.19
USG	128.1	347.7	342.3	133.5	1.02
Test	158.6	217.5	221.3	154.8	0.98
<b>Total - Continuing Operations</b>	<b>695.0</b>	<b>1,033.4</b>	<b>956.0</b>	<b>772.4</b>	<b>1.08</b>

1) Excludes Discontinued Operations - Technical Packaging Segment sale completed 12/31/19.



## Discontinued Operations and Adjustments to Earnings Detail

Technical Packaging (Divested 12/31/19)	2019	2020	2021	2022	2023
Sales (\$ in Millions)	86.9	-	-	-	-
Ending Backlog (\$ in Millions)	13.0	-	-	-	-
EPS – As Adjusted	\$0.13	\$2.93 <sup>(1)</sup>	-	-	-
<b>Segment EBITDA – As Adjusted Cont Ops</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
EBITDA	150.6	84.5	125.0	159.6	178.3
Corporate Costs	26.8	25.0	25.2	28.8	31.8
Discrete Adjustments	0.6	48.9	6.0	1.7	4.1
Disc Ops – Technical Packaging	(10.1)	-	-	-	-
Segment EBITDA – As Adjusted Continuing Ops	167.9	158.4	156.2	190.1	214.2
<b>EPS – As Adjusted Continuing Ops</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
GAAP EPS	\$3.10	\$3.81	\$2.42	\$3.16	\$3.58
Discrete Adjustments	(\$0.02)	\$0.24	\$0.17	\$0.05	\$0.12
Pension Plan Termination	-	\$1.55	-	-	-
Disc Ops – Technical Packaging	(\$0.13)	(\$2.93) <sup>(1)</sup>	-	-	-
EPS – As Adjusted Continuing Operations	\$2.95	\$2.67	\$2.59	\$3.21	\$3.70

1) Includes gain on sale in FY'20.



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**NYSE: ESE**

