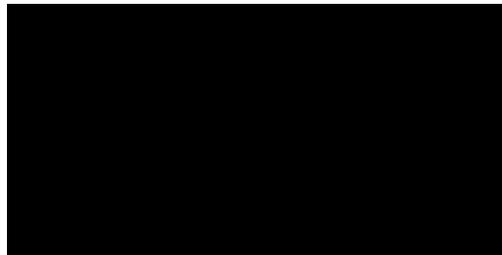


**CURTISS -  
WRIGHT**



# 4Q & FY 2019 Earnings Conference Call

February 27, 2020



NYSE: CW

## Safe Harbor Statement

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Please note that the information provided in this presentation is accurate as of the date of the original presentation. The presentation will remain posted on this website from one to twelve months following the initial presentation, but content will not be updated to reflect new information that may become available after the original presentation posting. The presentation contains forward-looking statements including, among other things, management's estimates of future performance, revenue and earnings, our management's growth objectives, our management's ability to integrate our acquisition, and our management's ability to produce consistent operating improvements. These forward-looking statements are based on expectations as of the time the statements were made only, and are subject to a number of risks and uncertainties which could cause us to fail to achieve our then-current financial projections and other expectations. Any references to organic growth exclude the effects of foreign currency translation, acquisitions and divestitures, unless otherwise noted.

This presentation also includes certain non-GAAP financial measures with reconciliations to GAAP financial measures being made available in the earnings release that is posted to our website and furnished with the SEC. We undertake no duty to update this information. More information about potential factors that could affect our business and financial results is included in our filings with the Securities and Exchange Commission, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, including, among other sections, under the captions, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is on file with the SEC and available at the SEC's website at [www.sec.gov](http://www.sec.gov).

## Fourth Quarter 2019 Highlights

- **Net Sales of \$656 million, up 1%**
  - Strong growth in defense markets, up 9% (8% organic)
  - Mainly offset by lower power generation and general industrial revenues
- **Adjusted Operating Income up 12%; Adjusted Operating Margin of 18.8%, up 180 bps**
  - Reflects margin expansion in all three segments, driven by solid defense revenues
  - Benefits of ongoing margin improvement initiatives
- **Adjusted Diluted EPS of \$2.12, up 12%**
- **Adjusted Free Cash Flow of \$248 million, up 16%; FCF conversion 277%**
  - Reflects solid growth in earnings, lower working capital and timing of advanced payments

Notes:

- Adjusted operating income, operating margin and diluted EPS for fourth quarter and full-year 2019 results exclude first year purchase accounting costs associated with current and prior year acquisitions of TCG in 2019 (Defense segment) and DRG in 2018 (Power segment), respectively, specifically one-time inventory step-up, backlog amortization and transaction costs, as well as one-time transition and IT security costs associated with the relocation of the DRG business (Power segment).
- Free Cash Flow (FCF) is defined as cash flow from operations less capital expenditures. FCF conversion is defined as FCF divided by net earnings from continuing operations. Fourth quarter 2019 Adjusted FCF excludes a \$5 million capital investment in the Power segment related to construction of a new, state-of-the-art naval facility. Adjusted FCF Conversion is calculated as Adjusted FCF divided by net earnings from continuing operations.

## Full-Year 2019 Highlights

- **Net Sales of \$2.5 billion, up 3%**
  - Strong growth in defense markets, up 12% (9% organic)
  - Partially offset by lower power generation and general industrial revenues
- **Adjusted Operating Income up 7%; Adjusted Operating Margin of 16.5%, up 70 bps**
  - Solid profitability in C/I and Power segments, partially offset by unfavorable mix in Defense segment
- **Adjusted Diluted EPS of \$7.27, up 14%**
- **Adjusted Free Cash Flow of \$371 million, up 11%; FCF conversion 121%**
  - Reflects double-digit growth in earnings, lower working capital and timing of advanced payments
- **New Orders up 6%, led by double-digit growth in defense markets; Book-to-bill 1.04x**

Notes:

- Adjusted operating income, operating margin and diluted EPS for fourth quarter and full-year 2019 results exclude first year purchase accounting costs associated with current and prior year acquisitions of TCG in 2019 (Defense segment) and DRG in 2018 (Power segment), respectively, specifically one-time inventory step-up, backlog amortization and transaction costs, as well as one-time transition and IT security costs associated with the relocation of the DRG business (Power segment).
- Free Cash Flow (FCF) is defined as cash flow from operations less capital expenditures. FCF conversion is defined as FCF divided by net earnings from continuing operations. Full-year 2019 Adjusted FCF excludes a \$19 million capital investment in the Power segment related to construction of a new, state-of-the-art naval facility. Adjusted FCF Conversion is calculated as Adjusted FCF divided by net earnings from continuing operations.

## 901D Acquisition

- **Completed acquisition of 901D Holdings, LLC (901D) on Dec. 31, 2019**
- **Benefits of 901D acquisition**
  - Leading designer and manufacturer of MIL-SPEC Naval Shipboard (surface and submarine) ruggedized enclosure and electronic subsystems
  - Increases our footprint on critical U.S. Navy shipbuilding programs
  - Expands the breadth of our instrumentation and controls systems technologies
  - Strengthens long-term relationships with nearly identical customer base
  - Provides long-term profitable growth

	901D
Purchase Price	\$132M (cash)
EBITDA Multiple <sup>(1)</sup>	~10x NTM
2020 Sales	~\$50M
Adjusted Operating Margin	Accretive to CW <sup>(2)</sup>
Adjusted EPS Impact	Accretive to 2020 Adj. EPS <sup>(2)</sup>
FCF Impact	Accretive to CW (>100% Avg. FCF Conv.)

(1) EBITDA defined as Earnings before Interest, Tax, Depreciation and Amortization

(2) Excludes impact of first-year purchase accounting costs, including backlog amortization and transaction costs

## 2020E End Market Sales Growth (Guidance as of February 26, 2020)

	2019	2020E	2020E % Total Sales	Key Drivers
Aero Defense	11%	4% - 6%	16%	<ul style="list-style-type: none"> <li>Favorable growth on key platforms (esp. F-35)</li> </ul>
Ground Defense	(4%)	5% - 7%	4%	<ul style="list-style-type: none"> <li>Modernization of U.S. ground platforms</li> </ul>
Naval Defense	17%	12% - 14%	25%	<ul style="list-style-type: none"> <li>Strong DoD support for submarines and aircraft carriers</li> <li>Contribution from 901D acquisition</li> </ul>
<b>Total Defense</b>	<b>12%</b>	<b>8% - 10%</b>	<b>45%</b>	<b>Organic growth up 4% - 6%</b>
Commercial Aero	4%	0% - 2%	17%	<ul style="list-style-type: none"> <li>Higher sales on Airbus platforms</li> <li>Boeing ~Flat (impact of MAX)</li> </ul>
Power Generation	(9%)	3% - 5%	16%	<ul style="list-style-type: none"> <li>Higher CAP1000 program revenues (timing)</li> <li>Part. offset by lower Int'l aftermarket (U.S. market flat)</li> </ul>
General Industrial	(4%)	Flat	22%	<ul style="list-style-type: none"> <li>In-line with global GDP growth rate (flat)</li> </ul>
<b>Total Commercial</b>	<b>(3%)</b>	<b>0% - 2%</b>	<b>55%</b>	
<b>Total Curtiss-Wright</b>	<b>3%</b>	<b>4% - 6%</b>	<b>100%</b>	<b>Organic growth up 2% - 4%</b>

## 2020E Financial Outlook (Guidance as of February 26, 2020)

(\$ in millions)	2019 Adjusted <sup>(1)</sup> (Old Structure)	2019 Adjusted <sup>(1)</sup> (New Structure)
Commercial / Industrial	\$1,240	\$1,138
Defense	\$581	\$628
Power	\$669	\$724
<b>Total Sales</b>	<b>\$2,490</b>	<b>\$2,490</b>
Commercial / Industrial Margin	\$196 15.8%	\$180 15.8%
Defense Margin	\$132 22.7%	\$140 22.3%
Power Margin	\$117 17.5%	\$126 17.4%
Corporate and Other	(\$35)	(\$35)
<b>Total Op. Income</b>	<b>\$411</b>	<b>\$411</b>
<b>CW Margin</b>	<b>16.5%</b>	<b>16.5%</b>

Note: Amounts may not add down due to rounding.

- 1) 2019 Adjusted results exclude first year purchase accounting costs, specifically one-time inventory step-up, backlog amortization and transaction costs for acquisition of TCG (Defense segment), and one-time transition and IT security costs associated with the relocation of our DRG business (Power segment).  
 2) 2020 Adjusted guidance excludes restructuring costs (impacting all three segments), one-time transition and IT security costs related to the relocation of the DRG business (Power Segment), and one-time backlog amortization and transaction costs associated with the acquisition of 901D (Defense segment).

## 2020E Financial Outlook (Guidance as of February 26, 2020)

(\$ in millions)	2019 Adjusted <sup>(1)</sup> (New Structure)	2020E Adjusted <sup>(2)</sup>	2020E Change vs 2019 Adjusted <sup>(1)(2)</sup>	2020 Key Drivers
Commercial / Industrial	\$1,138	\$1,140 - 1,160	0% - 2%	<ul style="list-style-type: none"> <li>Modest growth in commercial &amp; industrial markets</li> </ul>
Defense	\$628	\$690 - 700	10% - 12%	<ul style="list-style-type: none"> <li>Solid growth in all defense markets</li> <li>Contribution from 901D</li> </ul>
Power	\$724	\$760 - 770	5% - 6%	<ul style="list-style-type: none"> <li>Solid growth in naval defense and CAP1000</li> </ul>
<b>Total Sales</b>	<b>\$2,490</b>	<b>\$2,590 - 2,630</b>	<b>4% - 6%</b>	
Commercial / Industrial Margin	\$180 15.8%	\$180 - 184 15.8% - 15.9%	0% - 3% +0 - 10 bps	<ul style="list-style-type: none"> <li>Benefit of PY cost reduction</li> <li>Excludes restructuring costs (\$13M)</li> </ul>
Defense Margin	\$140 22.3%	\$152 - 155 22.0% - 22.1%	9% - 11% (20 - 30 bps)	<ul style="list-style-type: none"> <li>Higher defense sales and favorable overhead absorption</li> <li>Increased R&amp;D (\$5M)</li> <li>Excl. restructuring (\$4M) and 901D PA costs (\$7M)</li> </ul>
Power Margin	\$126 17.4%	\$130 - 132 17.1% - 17.2%	3% - 5% (20 - 30 bps)	<ul style="list-style-type: none"> <li>Higher sales and favorable overhead absorption</li> <li>Increased R&amp;D (\$5M)</li> <li>Excl. restructuring (\$11M) and DRG relocation costs (\$3M)</li> </ul>
Corporate and Other	(\$35)	(\$34 - 35)	0% - 4%	
<b>Total Op. Income</b>	<b>\$411</b>	<b>\$428 - 437</b>	<b>4% - 6%</b>	<b>Up 40-50 bps excl. \$10M increase in R&amp;D</b>
<b>CW Margin</b>	<b>16.5%</b>	<b>16.5% - 16.6%</b>	<b>+0 - 10 bps</b>	

Note: Amounts may not add down due to rounding.

1) 2019 Adjusted results exclude first year purchase accounting costs, specifically one-time inventory step-up, backlog amortization and transaction costs for acquisition of TCG (Defense segment), and one-time transition and IT security costs associated with the relocation of our DRG business (Power segment).

2) 2020 Adjusted guidance excludes restructuring costs (impacting all three segments), one-time transition and IT security costs related to the relocation of the DRG business (Power Segment), and one-time backlog amortization and transaction costs associated with the acquisition of 901D (Defense segment).

## 2020E Financial Outlook (Guidance as of February 26, 2020)

(\$ in millions, except EPS)	2019 Adjusted <sup>(2)</sup>	2020E Adjusted <sup>(3)</sup>	2020E Change vs 2019 Adjusted <sup>(2)(3)</sup>	2020 Key Drivers
<b>Total Operating Income</b>	<b>\$411</b>	<b>\$428 - 437</b>	<b>4% - 6%</b>	▪ Higher profitability on strong defense revenues
Other Income/(Expense)	\$24	\$24 - 25		
Interest Expense	(\$31)	(\$32 - 33)		
Effective Tax Rate	22.4%	~23.0%		
<b>Diluted EPS</b>	<b>\$7.27</b>	<b>\$7.50 - 7.70</b>	<b>3% - 6%</b>	▪ Includes increased R&D (\$10M or \$0.18)
Diluted Shares Outstanding	43.0	43.0		▪ Reflects \$50 million 10b5-1 share repurchase program
<b>Free Cash Flow<sup>(1)</sup></b>	<b>\$371</b>	<b>\$370 - 390</b>	<b>0% - 5%</b>	▪ Excludes \$150M voluntary pension contribution and \$14M cash impact from restructuring
Free Cash Flow Conversion <sup>(1)</sup>	121%	115% - 118%		
Capital Expenditures	\$50	\$50 - 60		▪ Excludes \$13M capital investment related to relocation of DRG business
Depreciation & Amortization	\$102	\$115 - 125		

1) Free Cash Flow is defined as cash flow from operations less capital expenditures. FCF Conversion is calculated as free cash flow divided by net earnings from continuing operations. Adjusted FCF Conversion is calculated as adjusted free cash flow divided by net earnings from continuing operations.

2) 2019 Adjusted results exclude first year purchase accounting costs, specifically one-time inventory step-up, backlog amortization and transaction costs for acquisition of TCG (Defense segment), and one-time transition and IT security costs associated with the relocation of our DRG business (Power segment). 2019 Adjusted Free Cash Flow excludes a \$19 million capital investment related to construction of a new, state-of-the-art naval facility for the DRG business (Power segment).

3) 2020 Adjusted guidance excludes restructuring costs (impacting all three segments), one-time transition and IT security costs related to the relocation of the DRG business (Power Segment), and one-time backlog amortization and transaction costs associated with the acquisition of 901D (Defense segment). 2020 Adjusted Free Cash Flow guidance excludes a voluntary contribution to the Company's corporate defined benefit pension plan of \$150 million, a \$14 million cash impact from restructuring, and a \$13 million capital investment related to construction of a new, state-of-the-art naval facility for the DRG business (Power segment).

## Positioned to Deliver Solid 2020 Results

- **Strong defense revenues driving overall sales growth of 4% - 6%**
- **Continued adjusted operating margin expansion to reach 16.5% - 16.6%**
  - Driven by solid defense revenues and benefit of ongoing margin improvement initiatives
  - Restructuring actions to drive approximately \$20M in future annualized savings
  - Increased profitability despite additional R&D investments (\$10M or \$0.18)
- **Solid growth in adjusted diluted EPS, up 3% - 6%**
- **Strong adjusted free cash flow of \$370 - 390M, flat to up 5%; FCF conversion >115%**
  - Driven by higher earnings and efficient working capital management

Notes:

1) 2020 Adjusted guidance excludes restructuring costs (impacting all three segments), one-time transition and IT security costs related to the relocation of the DRG business (Power Segment), and one-time backlog amortization and transaction costs associated with the acquisition of 901D (Defense segment).

2) 2020 Adjusted Free Cash Flow guidance excludes a voluntary contribution to the Company's corporate defined benefit pension plan of \$150 million, a \$14 million cash impact from restructuring, and a \$13 million capital investment related to construction of a new, state-of-the-art naval facility for the DRG business (Power segment).

# Appendix

## Non-GAAP Financial Results

The company reports its financial performance in accordance with accounting principles generally accepted in the United States of America ("GAAP"). This press release refers to "Adjusted" amounts, which are Non-GAAP financial measures described below.

We utilize a number of different financial measures in analyzing and assessing the overall performance of our business, and in making operating decisions, forecasting and planning for future periods. We consider the use of the non-GAAP measures to be helpful in assessing the performance of the ongoing operation of our business. We believe that disclosing non-GAAP financial measures provides useful supplemental data that, while not a substitute for financial measures prepared in accordance with GAAP, allows for greater transparency in the review of our financial and operational performance.

The Company's presentation of its financials and guidance includes an Adjusted (non-GAAP) view that excludes first year purchase accounting costs associated with its acquisitions, as well as one-time transition and IT security costs, and capital investments, specifically associated with the relocation of the DRG business in the Power segment. Transition costs include relocation of employees and equipment as well as overlapping facility and labor costs associated with the relocation. The Company is also excluding significant restructuring costs in 2020 associated with its operations. We believe this Adjusted view will provide improved transparency to the investment community in order to better measure Curtiss-Wright's ongoing operating and financial performance and better comparisons of our key financial metrics to our peers.

Reconciliations of "Reported" GAAP amounts to "Adjusted" non-GAAP amounts are furnished with this presentation. All per share amounts are reported on a diluted basis.

The following definitions are provided:

### Adjusted Operating Income, Operating Margin, Net Income and Diluted EPS

These Adjusted financials are defined as Reported Operating Income, Operating Margin, Net Income and Diluted EPS under GAAP excluding the impact of first year purchase accounting costs associated with acquisitions for current and prior year periods, specifically one-time inventory step-up, backlog amortization and transaction costs; one-time transition and IT security costs associated with the relocation of a business; and significant restructuring costs in 2020 associated with its operations.

### Organic Sales and Organic Operating Income

The Corporation discloses organic sales and organic operating income because the Corporation believes it provides investors with insight as to the Company's ongoing business performance. Organic sales and organic operating income are defined as revenue and operating income excluding the impact of foreign currency fluctuations and contributions from acquisitions made during the last twelve months.

### Free Cash Flow and Free Cash Flow Conversion

The Corporation discloses free cash flow because it measures cash flow available for investing and financing activities. Free cash flow represents cash available to repay outstanding debt, invest in the business, acquire businesses, return capital to shareholders and make other strategic investments. Free cash flow is defined as cash flow provided by operating activities less capital expenditures. Adjusted free cash flow excludes a capital investment in the Power segment related to the new, state-of-the-art naval facility principally for DRG, voluntary contributions to the Company's corporate defined benefit pension plan made in the first quarters of 2018 and 2020, and the cash impact from restructuring in 2020. The Corporation discloses free cash flow conversion because it measures the proportion of net earnings converted into free cash flow and is defined as free cash flow divided by net earnings from continuing operations.

## Fourth Quarter 2019 End Market Sales Growth

	4Q'19 Change	% of Total Sales
Aero Defense	18%	19%
Ground Defense	(16%)	4%
Naval Defense	8%	22%
<b>Total Defense</b>	<b>9%</b>	<b>44%</b>
Commercial Aero	4%	17%
Power Generation	(8%)	17%
General Industrial	(8%)	21%
<b>Total Commercial</b>	<b>(5%)</b>	<b>56%</b>
<b>Total Curtiss-Wright</b>	<b>1%</b>	<b>100%</b>

### Key Drivers

#### Defense Markets: Up 9% overall, 8% organic

- **Aerospace Defense:** Higher COTS embedded computing revenues on UAV and helicopter programs; Higher actuation revenues on F-35
- **Ground Defense:** Lower revenues on Abrams tank and various international platforms
- **Naval Defense:** Higher VA class submarine (valves) and surface ship revenues (COTS embedded computing and aircraft handling)

#### Commercial Markets: Down 5% overall, down 4% organic

- **Commercial Aerospace:** Higher sales of actuation equipment and sensors
- **Power Generation:** Lower domestic aftermarket and CAP1000 program revenues (timing)
- **General Industrial:** Reduced demand for industrial vehicle and valve products, and surface treatment services

#### Notes:

Percentages in chart relate to Fourth Quarter 2019 sales compared with the prior year. Amounts may not add due to rounding.  
Any references to organic growth exclude the effects of foreign currency translation, acquisitions and divestitures, unless otherwise noted.

## Full-Year 2019 End Market Sales Growth

	FY'19 Change	% of Total Sales
Aero Defense	11%	16%
Ground Defense	(4%)	4%
Naval Defense	17%	23%
<b>Total Defense</b>	<b>12%</b>	<b>43%</b>
Commercial Aero	4%	17%
Power Generation	(9%)	16%
General Industrial	(4%)	24%
<b>Total Commercial</b>	<b>(3%)</b>	<b>57%</b>
<b>Total Curtiss-Wright</b>	<b>3%</b>	<b>100%</b>

### Key Drivers

**Defense Markets:** Up 12% overall, 9% organic

- **Aerospace Defense:** Higher revenues on F-35, UAV and helicopter programs
- **Ground Defense:** Lower revenues on various international platforms, partially offset by higher Abrams and Bradley sales
- **Naval Defense:** Higher VA class submarine, CVN-80 aircraft carrier and service centers revenues

**Commercial Markets:** Down 3% overall, down 2% organic

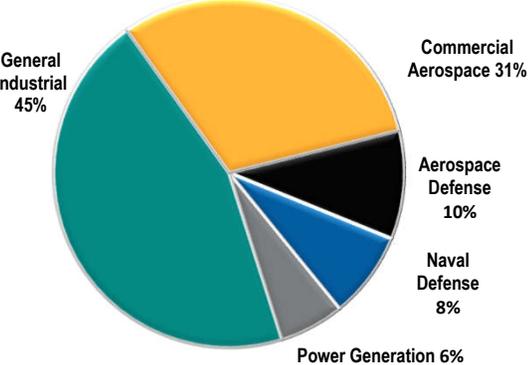
- **Commercial Aerospace:** Higher sales of surface treatment services and sensors
- **Power Generation:** Lower CAP1000 program (timing) and domestic aftermarket revenues
- **General Industrial:** Reduced demand for surface treatment services, industrial vehicles products and industrial controls

Notes:

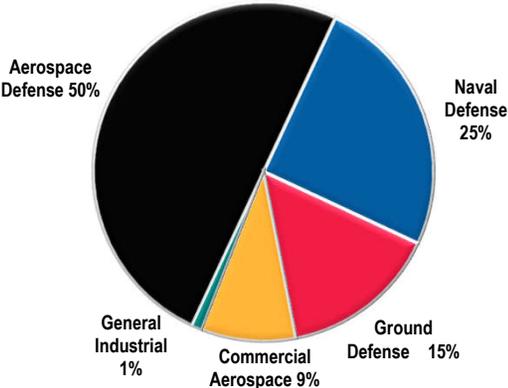
Percentages in chart relate to Full-Year 2019 sales compared with the prior year. Amounts may not add due to rounding.  
Any references to organic growth exclude the effects of foreign currency translation, acquisitions and divestitures, unless otherwise noted.

# 2019 Sales by Segment vs. End Market: Realignment to New Structure

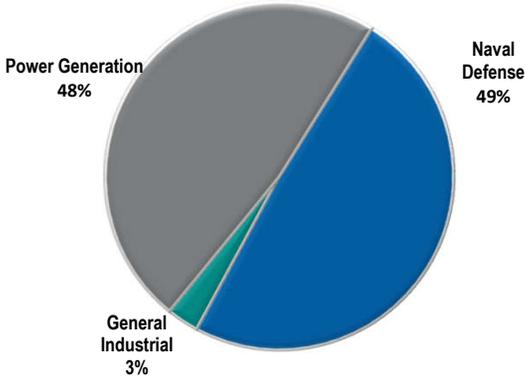
**Commercial / Industrial Segment (OLD)**



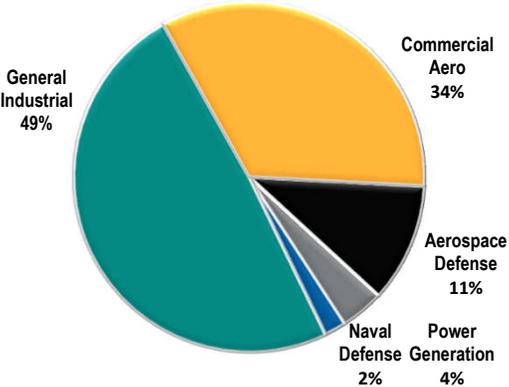
**Defense Segment (OLD)**



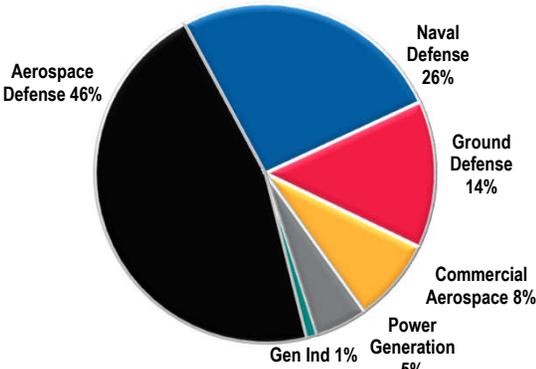
**Power Segment (OLD)**



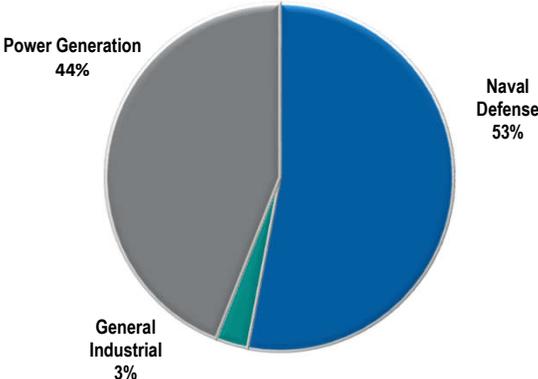
**Commercial / Industrial Segment (NEW)**



**Defense Segment (NEW)**



**Power Segment (NEW)**

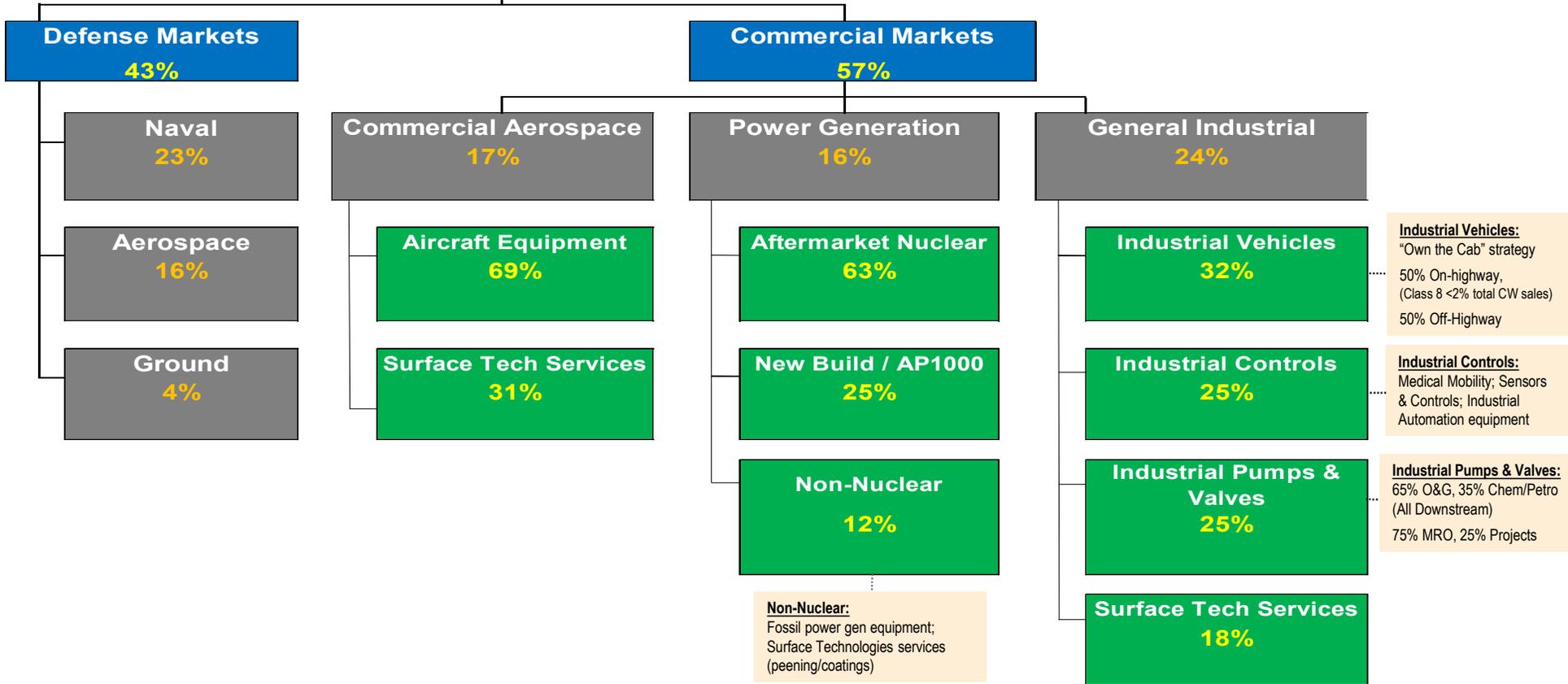


# FY2019 End Market Sales Waterfall

(\$ Millions)

**Total CW End Markets**  
\$2,488

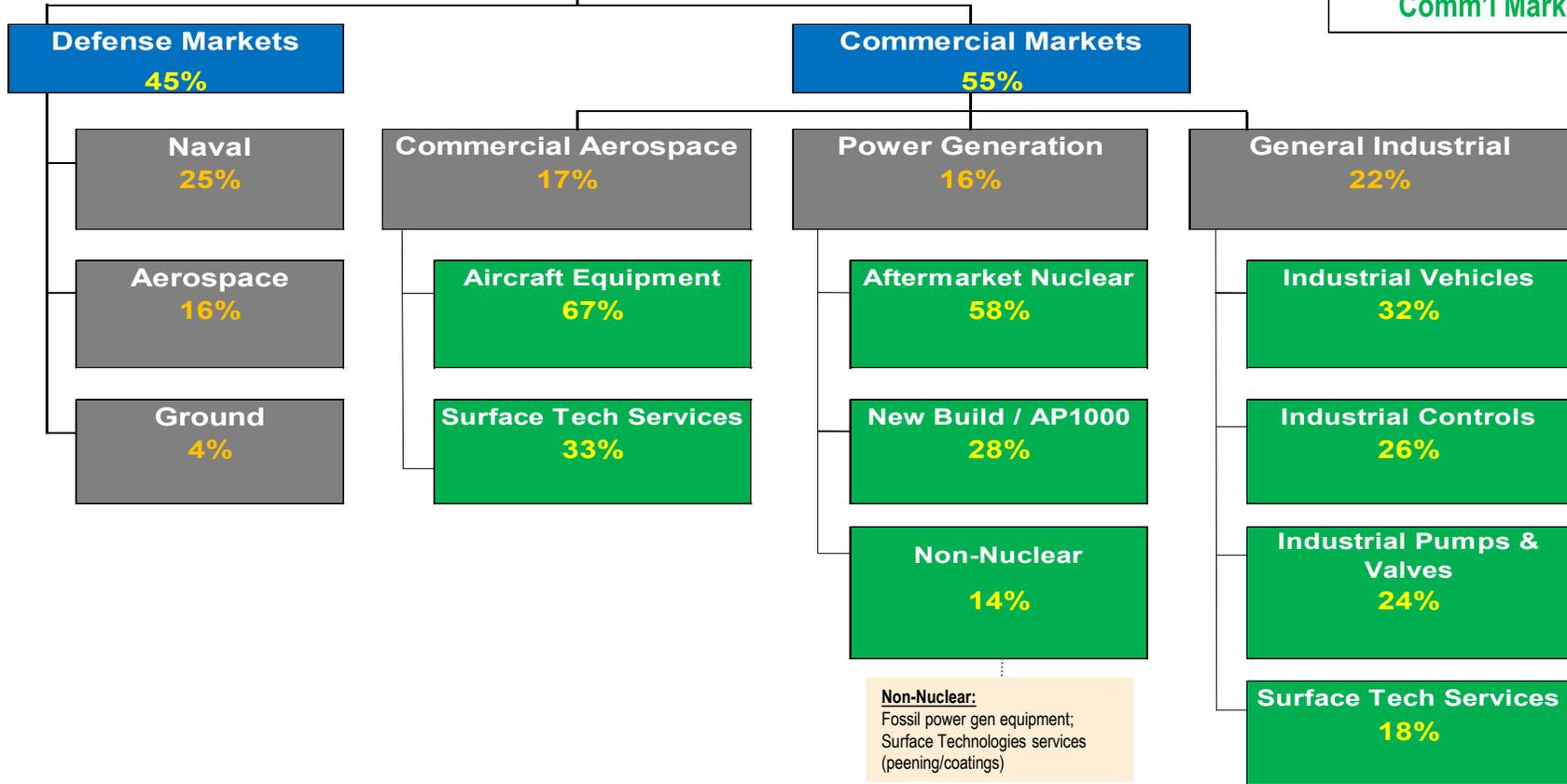
**Overall UP 3%**  
**Defense Markets Up 12%**  
**Comm'l Markets Down 3%**



# FY2020E Guidance: Sales Waterfall (as of February 26, 2020)

(\$ Millions)

**Total CW End Markets**  
\$2,590 - 2,630



**Guidance:**  
Overall UP 4 - 6%  
Defense Markets UP 8 - 10%  
Comm'l Markets UP 0 - 2%

**Industrial Vehicles:**  
"Own the Cab" strategy  
50% On-highway,  
(Class 8 <2% total CW sales)  
50% Off-Highway

**Industrial Controls:**  
Medical Mobility; Sensors  
& Controls; Industrial  
Automation equipment

**Industrial Pumps & Valves:**  
65% O&G, 35% Chem/Petro  
(All Downstream)  
70% MRO, 30% Projects  
90% Valves, 10% Pumps

**Non-Nuclear:**  
Fossil power gen equipment;  
Surface Technologies services  
(peening/coatings)

# Non-GAAP Reconciliation – Organic Results

**Three Months Ended  
December 31,  
2019 vs. 2018**

	<b>Commercial/Industrial</b>		<b>Defense</b>		<b>Power</b>		<b>Total Curtiss-Wright</b>	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Organic	6%	13%	6%	21%	(12)%	(10)%	1%	10%
Acquisitions	0%	0%	2%	0%	0%	0%	1%	0%
Foreign Currency	0%	(1)%	0%	0%	0%	0%	(1)%	0%
<b>Total</b>	<b>6%</b>	<b>12%</b>	<b>8%</b>	<b>21%</b>	<b>(12)%</b>	<b>(10)%</b>	<b>1%</b>	<b>10%</b>

**Year Ended  
December 31,  
2019 vs. 2018**

	<b>Commercial/Industrial</b>		<b>Defense</b>		<b>Power</b>		<b>Total Curtiss-Wright</b>	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Organic	4%	8%	3%	0%	(1)%	11%	2%	6%
Acquisitions	0%	0%	2%	0%	4%	3%	2%	1%
Foreign Currency	(1)%	0%	0%	1%	0%	0%	(1)%	1%
<b>Total</b>	<b>3%</b>	<b>8%</b>	<b>5%</b>	<b>1%</b>	<b>3%</b>	<b>14%</b>	<b>3%</b>	<b>8%</b>

Organic Revenue and Organic Operating Income

The Corporation discloses organic revenue and organic operating income because the Corporation believes it provides investors with insight as to the Company's ongoing business performance. Organic revenue and organic operating income are defined as revenue and operating income excluding the impact of foreign currency fluctuations and contributions from acquisitions made during the last twelve months.

Note: Amounts may not add due to rounding

## Non-GAAP Reconciliations – 4Q 2019 Results

(In millions, except EPS)	4Q-2019	4Q-2018	Change
<b>Sales</b>	\$ 655.8	\$ 648.6	1%
<b>Reported operating income (GAAP)</b>	\$ 120.7	\$ 110.0	10%
Adjustments <sup>(1)</sup>	<u>2.5</u>	<u>0.4</u>	-
<b>Adjusted operating income (Non-GAAP)</b>	\$ 123.2	\$ 110.4	12%
<b>Adjusted operating margin (Non-GAAP)</b>	18.8%	17.0%	180 bps
<b>Reported net earnings (GAAP)</b>	\$ 89.4	\$ 82.8	8%
Adjustments, net of tax <sup>(1)</sup>	1.9	0.4	-
<b>Adjusted net earnings (Non-GAAP)</b>	\$ 91.3	\$ 83.2	10%
<b>Reported diluted EPS (GAAP)</b>	\$ 2.08	\$ 1.89	10%
Adjustments, net of tax <sup>(1)</sup>	0.04	0.01	-
<b>Adjusted diluted EPS (Non-GAAP)</b>	\$ 2.12	\$ 1.90	12%

(1) Adjusted operating income, operating margin, net income and diluted EPS results exclude first year purchase accounting costs associated with current and prior year acquisitions, and one-time transition and IT security costs associated with the relocation of our DRG business (Power segment).

## Non-GAAP Reconciliation – 2019 vs. 2018 (Adjusted)

CURTISS-WRIGHT CORPORATION							
2019 Reconciliation Reported (GAAP) to Adjusted (Non-GAAP)							
(\$'s in millions, except per share data)							
	2018 Reported (GAAP)	2018 Adjustments <sup>(1)</sup> (Non-GAAP)	2018 Adjusted <sup>(1)</sup> (Non-GAAP)	2019 Reported (GAAP)	2019 Adjustments <sup>(1)</sup> (Non-GAAP)	2019 Adjusted <sup>(1)</sup> (Non-GAAP)	2019 Chg vs 2018 Adjusted
<b>Sales:</b>							
Commercial/Industrial	\$ 1,209	\$ -	\$ 1,209	\$ 1,240	\$ -	\$ 1,240	
Defense	554	-	554	579	2	581	
Power	648	-	648	669	-	669	
<b>Total sales</b>	<b>\$ 2,412</b>	<b>\$ -</b>	<b>\$ 2,412</b>	<b>\$ 2,488</b>	<b>\$ 2</b>	<b>\$ 2,490</b>	<b>3%</b>
<b>Operating income:</b>							
Commercial/Industrial	\$ 183	\$ -	\$ 183	\$ 196	\$ -	\$ 196	
Defense	128	-	128	130	2	132	
Power	99	9	108	113	4	117	
<b>Total segments</b>	<b>410</b>	<b>9</b>	<b>419</b>	<b>439</b>	<b>7</b>	<b>446</b>	
Corporate and other	(36)	-	(36)	(35)	-	(35)	
<b>Total operating income</b>	<b>\$ 374</b>	<b>\$ 9</b>	<b>\$ 382</b>	<b>\$ 404</b>	<b>\$ 7</b>	<b>\$ 411</b>	<b>7%</b>
Interest expense	\$ (34)	\$ -	\$ (34)	\$ (31)	-	\$ (31)	
Other income, net	17	-	17	24	-	24	
<b>Earnings before income taxes</b>	<b>356</b>	<b>9</b>	<b>365</b>	<b>396</b>	<b>7</b>	<b>403</b>	
Provision for income taxes	(81)	(2)	(83)	(89)	(2)	(90)	
<b>Net earnings</b>	<b>\$ 276</b>	<b>\$ 7</b>	<b>\$ 282</b>	<b>\$ 308</b>	<b>\$ 5</b>	<b>\$ 313</b>	
<b>Diluted earnings per share</b>	<b>\$ 6.22</b>	<b>\$ 0.15</b>	<b>\$ 6.37</b>	<b>\$ 7.15</b>	<b>\$ 0.12</b>	<b>\$ 7.27</b>	<b>14%</b>
<i>Diluted shares outstanding</i>	44.3		44.3	43.0		43.0	
<i>Effective tax rate</i>	22.6%		22.6%	22.4%		22.4%	
<b>Operating margins:</b>							
Commercial/Industrial	15.1%	-	15.1%	15.8%	-	15.8%	70 bps
Defense	23.2%	-	23.2%	22.4%	+30 bps	22.7%	(50 bps)
Power	15.2%	+140 bps	16.6%	16.9%	+60 bps	17.5%	90 bps
<b>Total operating margin</b>	<b>15.5%</b>	<b>+30 bps</b>	<b>15.8%</b>	<b>16.2%</b>	<b>+30 bps</b>	<b>16.5%</b>	<b>70 bps</b>
<b>Free cash flow <sup>(2)</sup></b>	<b>\$ 283</b>	<b>\$ 50</b>	<b>\$ 333</b>	<b>\$ 352</b>	<b>\$ 19</b>	<b>\$ 371</b>	<b>11%</b>

Note: Full year amounts may not add due to rounding

(1) Adjusted financials are defined as Reported Operating Income, Operating Margin, Net Income and Diluted EPS under GAAP excluding the impact of first year purchase accounting costs associated with acquisitions for current and prior year periods, specifically one-time inventory step-up, backlog amortization and transaction costs, as well as one-time transition and IT security costs related to the relocation of the DRG business.

(2) Free Cash Flow is defined as cash flow from operations less capital expenditures. 2018 Adjusted Free Cash Flow excludes a voluntary contribution to the Company's corporate defined benefit pension plan of \$50 million. 2019 Adjusted Free Cash Flow excludes a \$19 million capital investment in the Power segment related to construction of a new, state-of-the-art naval facility for the DRG business.

## Non-GAAP Reconciliation – 2020 Segment Reorganization

**CURTISS-WRIGHT CORPORATION**  
**2020 Segment Reorganization**  
**As of February 26, 2020**  
(\$'s in millions, except per share data)

	2019 Adjusted (Non-GAAP)		Business Unit Realignment	2019 Adjusted (Non-GAAP)		2020 Adjusted Guidance (Non-GAAP)				
	(Prior Structure)			(New Structure)		(New Structure) Low	High			
<b>Sales:</b>										
Commercial/Industrial	\$	1,240	\$	(102)	\$	1,138	\$	1,140	\$	1,160
Defense		581		47		628		690		700
Power		669		55		724		760		770
<b>Total sales</b>	<b>\$</b>	<b>2,490</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>2,490</b>	<b>\$</b>	<b>2,590</b>	<b>\$</b>	<b>2,630</b>
<b>Operating income:</b>										
Commercial/Industrial	\$	196	\$	(17)	\$	180	\$	180	\$	184
Defense		132		8		140		152		155
Power		117		9		126		130		132
<b>Total segments</b>		<b>446</b>		<b>-</b>		<b>446</b>		<b>462</b>		<b>472</b>
Corporate and other		(35)		-		(35)		(34)		(35)
<b>Total operating income</b>	<b>\$</b>	<b>411</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>411</b>	<b>\$</b>	<b>428</b>	<b>\$</b>	<b>437</b>
Interest expense	\$	(31)	\$	-	\$	(31)	\$	(32)	\$	(33)
Other income, net		24		-		24		24		25
<b>Earnings before income taxes</b>		<b>403</b>		<b>-</b>		<b>403</b>		<b>419</b>		<b>429</b>
Provision for income taxes		(90)		-		(90)		(96)		(99)
<b>Net earnings</b>	<b>\$</b>	<b>313</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>313</b>	<b>\$</b>	<b>323</b>	<b>\$</b>	<b>331</b>
<b>Diluted earnings per share</b>	<b>\$</b>	<b>7.27</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>7.27</b>	<b>\$</b>	<b>7.50</b>	<b>\$</b>	<b>7.70</b>
<i>Diluted shares outstanding</i>		<i>43.0</i>				<i>43.0</i>		<i>43.0</i>		<i>43.0</i>
<i>Effective tax rate</i>		<i>22.4%</i>				<i>22.4%</i>		<i>23.0%</i>		<i>23.0%</i>
<b>Operating margins:</b>										
Commercial/Industrial		15.8%		-		15.8%		15.8%		15.9%
Defense		22.7%		(40 bps)		22.3%		22.0%		22.1%
Power		17.5%		(10 bps)		17.4%		17.1%		17.2%
<b>Total operating margin</b>		<b>16.5%</b>		<b>-</b>		<b>16.5%</b>		<b>16.5%</b>		<b>16.6%</b>

**Notes:**

(1) Full year amounts may not add due to rounding

(2) The above supplemental financial information by reportable segment for the 2019 and 2020 reporting periods reflects the Corporation's first quarter 2020 segment reorganization.

# Non-GAAP Reconciliation – 2020 vs. 2019 (Adjusted)

CURTISS-WRIGHT CORPORATION										
2020 Guidance (New Segment Structure)										
As of February 26, 2020										
(\$'s in millions, except per share data)										
	2019 Reported (GAAP)	2019 Adjustments <sup>(1)</sup> (Non-GAAP)	2019 Adjusted (Non-GAAP)	2020 Reported Guidance (GAAP)		2020 Adjustments <sup>(2)</sup> (Non-GAAP)	2020 Adjusted Guidance <sup>(3)(4)(5)</sup> (Non-GAAP)		2020 Chg vs 2019 Adjusted	
				Low	High		Low	High		
<b>Sales:</b>										
Commercial/Industrial	\$ 1,138	\$ -	\$ 1,138	\$ 1,140	\$ 1,160	\$ -	\$ 1,140	\$ 1,160		
Defense	626	2	628	690	700	-	690	700		
Power	724	-	724	760	770	-	760	770		
<b>Total sales</b>	<b>\$ 2,488</b>	<b>\$ 2</b>	<b>\$ 2,490</b>	<b>\$ 2,590</b>	<b>\$ 2,630</b>	<b>\$ -</b>	<b>\$ 2,590</b>	<b>\$ 2,630</b>	<b>4 to 6%</b>	
<b>Operating income:</b>										
Commercial/Industrial	\$ 180	\$ -	\$ 180	\$ 167	\$ 171	\$ 13	\$ 180	\$ 184		
Defense	137	2	140	141	144	11	152	155		
Power	122	4	126	116	119	14	130	132		
<b>Total segments</b>	<b>439</b>	<b>7</b>	<b>446</b>	<b>424</b>	<b>434</b>	<b>38</b>	<b>462</b>	<b>472</b>		
Corporate and other	(35)	-	(35)	(34)	(35)	-	(34)	(35)		
<b>Total operating income</b>	<b>\$ 404</b>	<b>\$ 7</b>	<b>\$ 411</b>	<b>\$ 390</b>	<b>\$ 399</b>	<b>\$ 38</b>	<b>\$ 428</b>	<b>\$ 437</b>	<b>4 to 6%</b>	
Interest expense	\$ (31)	\$ -	\$ (31)	\$ (32)	\$ (33)	\$ -	\$ (32)	\$ (33)		
Other income, net	24	-	24	24	25	-	24	25		
<b>Earnings before income taxes</b>	<b>397</b>	<b>7</b>	<b>403</b>	<b>381</b>	<b>392</b>	<b>38</b>	<b>419</b>	<b>429</b>		
Provision for income taxes	(89)	(2)	(90)	(88)	(90)	(9)	(96)	(99)		
<b>Net earnings</b>	<b>\$ 308</b>	<b>\$ 5</b>	<b>\$ 313</b>	<b>\$ 294</b>	<b>\$ 302</b>	<b>\$ 29</b>	<b>\$ 323</b>	<b>\$ 331</b>		
<b>Diluted earnings per share</b>	<b>\$ 7.15</b>	<b>\$ 0.12</b>	<b>\$ 7.27</b>	<b>\$ 6.82</b>	<b>\$ 7.02</b>	<b>\$ 0.68</b>	<b>\$ 7.50</b>	<b>\$ 7.70</b>	<b>3 to 6%</b>	
<i>Diluted shares outstanding</i>	<i>43.0</i>		<i>43.0</i>	<i>43.0</i>	<i>43.0</i>		<i>43.0</i>	<i>43.0</i>		
<i>Effective tax rate</i>	<i>22.4%</i>		<i>22.4%</i>	<i>23.0%</i>	<i>23.0%</i>		<i>23.0%</i>	<i>23.0%</i>		
<b>Operating margins:</b>										
Commercial/Industrial	15.8%	-	15.8%	14.6%	14.8%	+110 bps	15.8%	15.9%	0 to 10 bps	
Defense	21.9%	+40 bps	22.3%	20.4%	20.6%	+160 bps	22.0%	22.1%	(20 to 30 bps)	
Power	16.9%	+50 bps	17.4%	15.3%	15.4%	+180 bps	17.1%	17.2%	(20 to 30 bps)	
<b>Total operating margin</b>	<b>16.2%</b>	<b>+30 bps</b>	<b>16.5%</b>	<b>15.1%</b>	<b>15.2%</b>	<b>+150 bps</b>	<b>16.5%</b>	<b>16.6%</b>	<b>0 to 10 bps</b>	
<b>Free cash flow <sup>(6)</sup></b>	<b>\$ 352</b>	<b>\$ 19</b>	<b>\$ 371</b>	<b>\$ 193</b>	<b>\$ 213</b>	<b>\$ 177</b>	<b>\$ 370</b>	<b>\$ 390</b>		

Notes: Full year amounts may not add due to rounding. All financial information by reportable segment for the 2019 and 2020 reporting periods reflects the Corporation's first quarter 2020 segment reorganization.

(1) 2019 Adjusted financials are defined as Reported Operating Income, Operating Margin, Net Income and Diluted EPS under GAAP excluding the impact of first year purchase accounting costs associated with acquisitions (Defense segment), specifically one-time backlog amortization and transaction costs, as well as one-time transition and IT security costs related to the relocation of the DRG business (Power Segment).

(2) 2020 Adjusted financials are defined as Reported Operating Income, Operating Margin, Net Income and Diluted EPS under GAAP excluding restructuring costs (impacting all three segments), the impact of first year purchase accounting costs, specifically one-time backlog amortization and transaction costs associated with the acquisition of 901D (Defense Segment), and one-time transition and IT security costs related to the relocation of the DRG business (Power Segment).

(3) Commercial/Industrial segment 2020 guidance reflects improved profitability due to higher sales and benefits of our ongoing margin improvement initiatives. Adjusted guidance excludes \$13 million in restructuring costs.

(4) Defense segment 2020 guidance reflects reduced profitability, despite higher sales, due to a \$5 million increase in R&D investments. Adjusted guidance excludes \$4 million in restructuring costs and \$7 million in one-time backlog amortization and transaction costs associated with the acquisition of 901D.

(5) Power segment 2020 guidance reflects reduced profitability, despite higher sales, due to a \$5 million increase in R&D investments. Adjusted guidance excludes \$11 million in restructuring costs and \$3 million in one-time transition and IT security costs related to the relocation of the DRG business.

(6) Free Cash Flow is defined as cash flow from operations less capital expenditures. 2019 Adjusted Free Cash Flow excludes a \$19 million capital investment in the Power segment related to construction of a new, state-of-the-art naval facility for the DRG business. 2020 Adjusted Free Cash Flow guidance excludes a voluntary contribution to the Company's corporate defined benefit pension plan of \$150 million, a \$14 million cash impact from restructuring, and a \$13 million capital investment in the Power segment related to construction of a new, state-of-the-art naval facility for the DRG business.