ESCO Technologies

First Quarter FY 2026 Earnings Call

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February 5, 2026

Forward Looking Statement

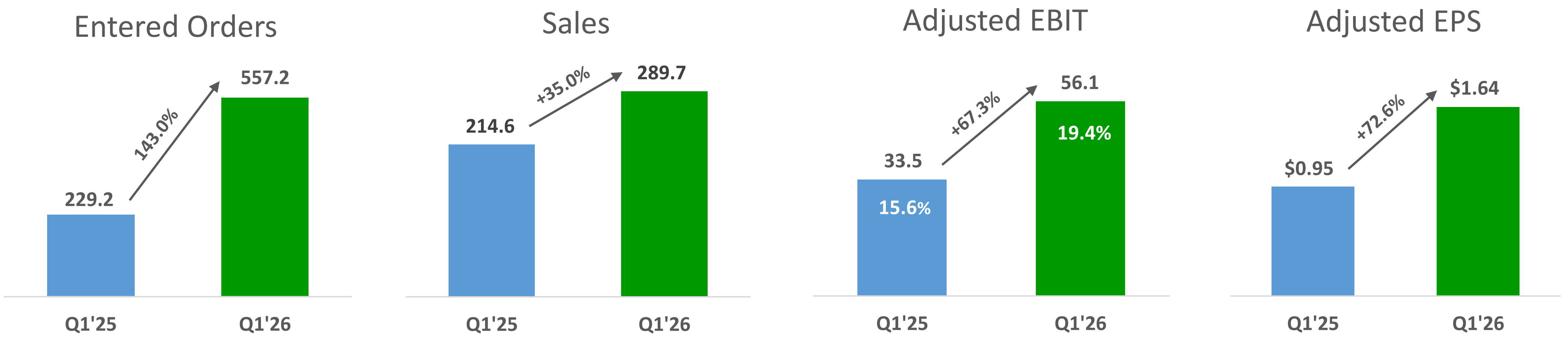
Statements in this presentation regarding Management's intentions, expectations and guidance for fiscal 2026, including restructuring and cost reduction actions, sales, orders, revenues, margin, earnings, Adjusted EPS, acquisition related amortization, and any other statements which are not strictly historical, are "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. securities laws.

Investors are cautioned that such statements are only predictions and speak only as of the date of this presentation, 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, 2025 and the following: the impacts of climate change and related regulation of greenhouse gases; the impacts of labor disputes, civil disorder, wars, elections, political changes, tariffs and trade disputes, terrorist activities, cyberattacks or natural disasters on the Company's operations and those of the Company's customers and suppliers; disruptions in manufacturing or delivery arrangements due to shortages or unavailability of materials or components or supply chain disruptions; inability to access work sites; the timing and content of future contract awards or customer orders; the timely appropriation, allocation and availability of Government funds; the termination for convenience of Government and other customer contracts or orders; weakening of economic conditions in served markets; the success of the Company's competitors; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties or data breaches; the availability of acquisitions; delivery delays or defaults by customers; performance issues with key customers, suppliers and subcontractors; material changes in the costs and availability of certain raw materials; material changes in the cost of credit; changes in laws and regulations including but not limited to changes in accounting standards and taxation; changes in interest, inflation and employment 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 and performance of acquired businesses.

During the call, the Company may discuss some non-GAAP financial measures in describing the Company's operating results. A reconciliation of these measures to their most comparable GAAP measures can be found in the press release issued today and found on the Company's website at www.escotechnologies.com under the link: Investor Relations.

In addition, the financial results presented in this presentation include certain non-GAAP financial measures such as EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA and Adjusted EPS. These non-GAAP financial measures are reconciled to their respective GAAP equivalents in the "Reconciliation of Non-GAAP Measures" presented below.

Q1 Results – Continuing Operations ($ in Millions, except per share amounts)



Entered Orders
- Orders +$328M (+143%)
  - Organic Orders +$90M (+39%) + Maritime +$238M (+104%)
  - Order strength across Navy, Aerospace, Test & Utility markets
- Q1 Book-to-Bill of 1.92
- Backlog of $1.4B (+24% from 9/30/25)

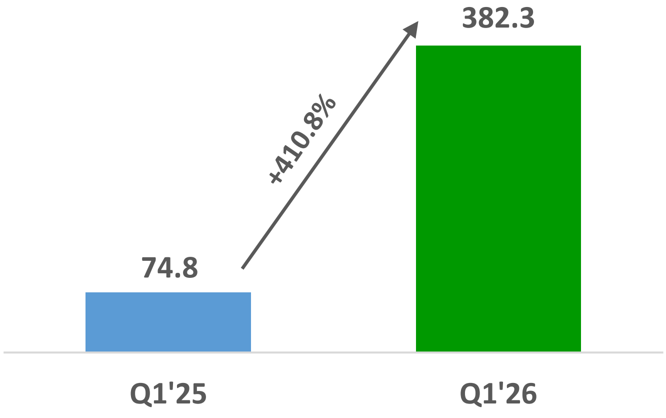
Sales
- Sales +$75M (+35%) / Organic Sales +$24M (+11%)
  - Maritime Sales of +$51M (+24%)

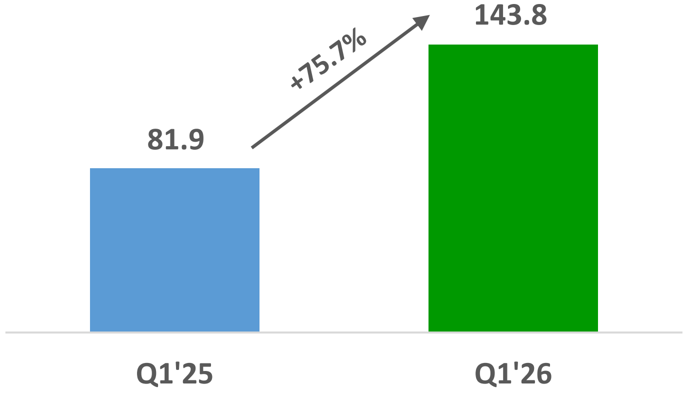
Adjusted EBIT
- Adjusted EBIT Margin increased 380 basis points to 19.4%
- Q1 Incremental margin of 30%

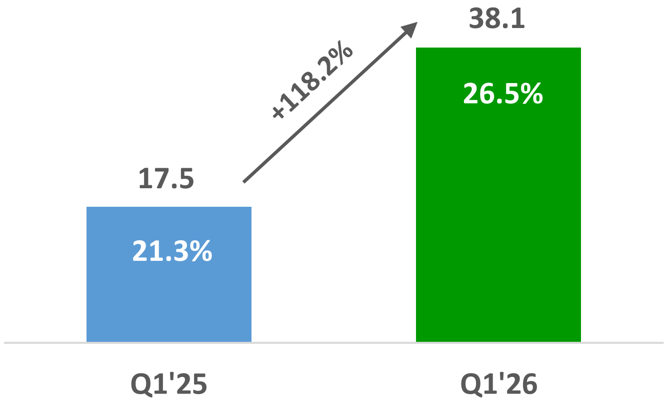
Adjusted EPS
- Adjusted EPS of $1.64 increased 73%

	Q1'25	Q1'26	Delta $	Delta %
Entered Orders	$229.2	557.2	328.0	143.0%
Sales	214.6	289.7	75.1	35.0%
Adjusted EBIT	33.5	56.1	22.6	67.3%
Adj EBIT Margin	*15.6%*	*19.4%*	*+3.8 pts*	
Adjusted EBITDA	41.5	65.0	23.5	56.7%
Adj EBITDA Margin	*19.3%*	*22.5%*	*+3.2 pts*	
EPS GAAP-Cont Ops	$0.79	$1.11	$0.32	40.5%
EPS Adjusted-Cont Ops	$0.95	$1.64	$0.69	72.6%

A&D Continuing Operations – Q1 ($ in Millions)







Entered Orders

- Orders +$307M (+411%) / Organic Orders +$69M (+92%)
  - Navy – Q1 included $238M of Maritime Orders & balance of Block VI Virginia Class XHT funding for first 2 boats at Globe
  - Aerospace – strong Military & Commercial
- Q1 Book-to-Bill of 2.66 / Backlog of $1.04B up $239M (+30%) from 9/30/25

Sales

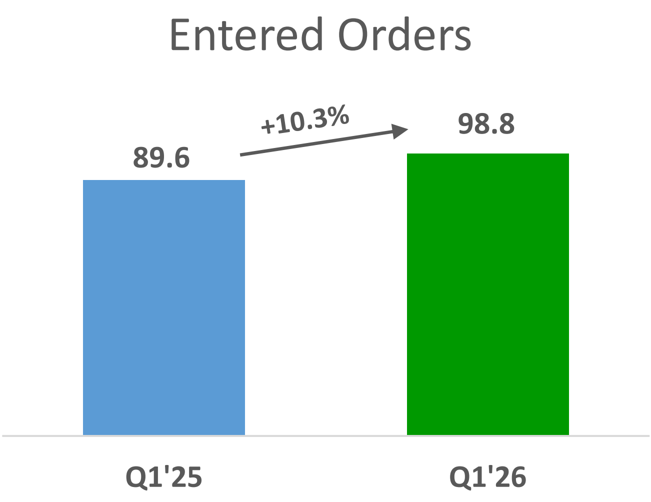
- Sales +$62M (+76%) / Organic Sales +$11M (+14%)
  - Aerospace +$16M (+27%) - Commercial +$3M & Defense +$13M
  - Navy +$44M (+242%) / Organic Sales +$2.5M (+14%)

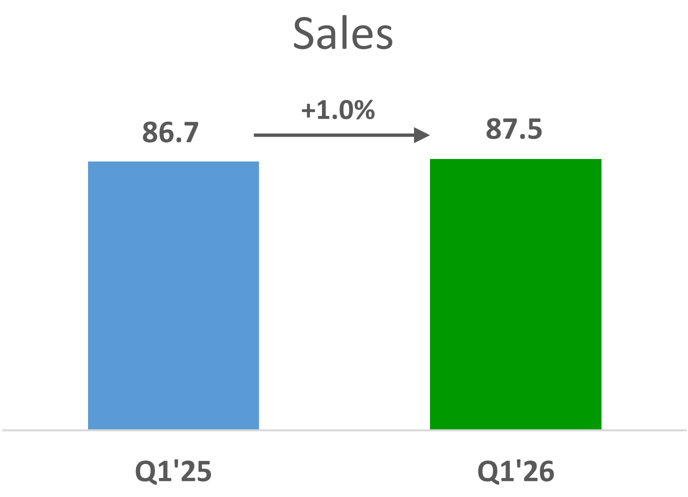
Adjusted EBIT

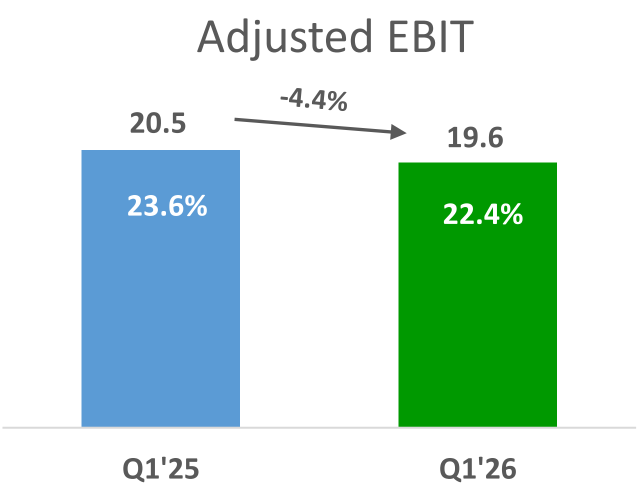
- Adjusted EBIT Margin increased 520 basis points to 26.5%
- Driven by leverage on higher volume (including the addition of Maritime), price increases, and mix, partially offset by inflationary pressures

	Q1'25	Q1'26	Delta $	Delta %
Entered Orders	$74.8	382.3	307.5	410.8%
Sales	81.9	143.8	61.9	75.7%
Adjusted EBIT	17.5	38.1	20.6	118.2%
Adj EBIT Margin	*21.3%*	*26.5%*	*+5.2 pts*	
Adjusted EBITDA	20.1	41.4	21.3	105.8%
Adj EBITDA Margin	*24.6%*	*28.8%*	*+4.2 pts*	
	Prior YE	**12/31/25**	**Delta $**	**Delta %**
Backlog	$803.0	1,041.5	238.5	29.7%

USG – Q1 ($ in Millions)







Entered Orders

- Doble +$11M (+15%) - Strong orders quarter for Services, Condition Monitoring, and Offline Test equipment
- NRG down $2M (-10%) - lower wind orders in U.S. & China, partially offset by higher solar orders
- Q1 Book-to-Bill of 1.13 / Backlog +$11M (+8%) from 9/30/25

Sales

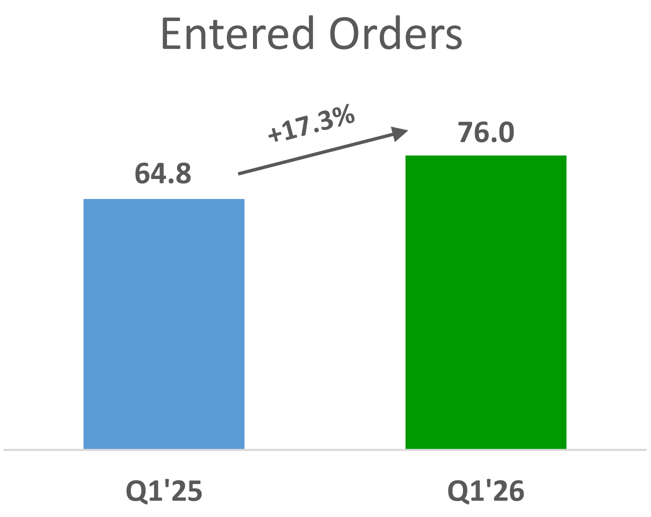
- Doble +$4M (+6%) - higher Condition Monitoring, Offline Test Equipment and Services, partially offset by lower Protection Testing
- NRG down $3M (-22%) - lower wind and solar hardware sales

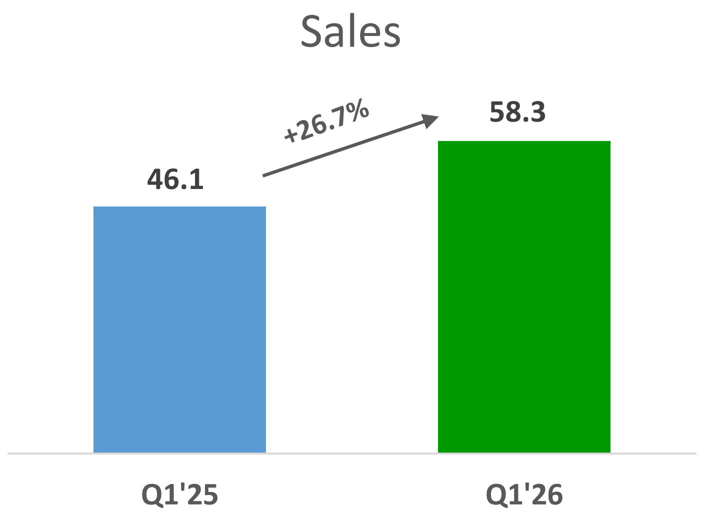
Adjusted EBIT

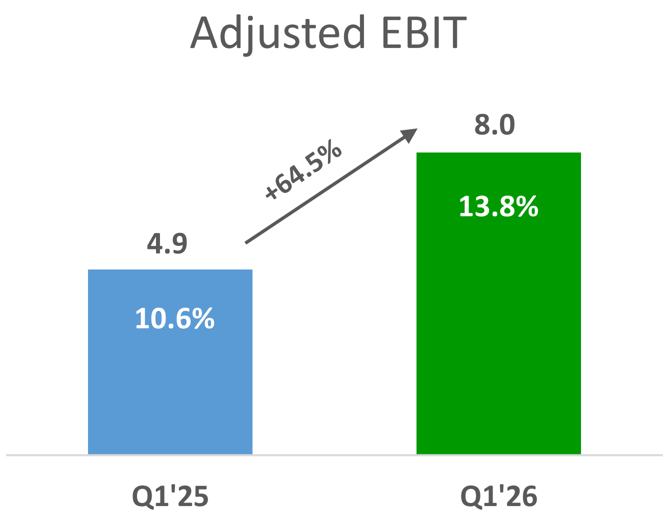
- Driven by price increases and leverage on higher volume at Doble, more than offset by mix, inflationary pressures, and deleverage on lower volume at NRG

	Q1'25	Q1'26	Delta $	Delta %
Entered Orders	$89.6	98.8	9.2	10.3%
Sales	86.7	87.5	0.8	1.0%
Adjusted EBIT	20.5	19.6	(0.9)	-4.4%
Adj EBIT Margin	*23.6%*	*22.4%*	*-1.2 pts*	
Adjusted EBITDA	24.4	23.7	(0.7)	-2.9%
Adj EBITDA Margin	*28.1%*	*27.0%*	*-1.1 pts*	
	Prior YE	**12/31/25**	**Delta $**	**Delta %**
Backlog	$143.5	154.8	11.3	7.9%

Test – Q1 ($ in Millions)







Entered Orders

- Orders +$11M (+17%)
  - Strong quarter for U.S. Test & Measurement (EMC), Industrial Shielding & Medical Shielding orders
  - Received a large T&M (EMC) chamber order in Japan
- Q1 Book-to-Bill of 1.30 / Backlog +$18M (+9%) from 9/30/25

Sales

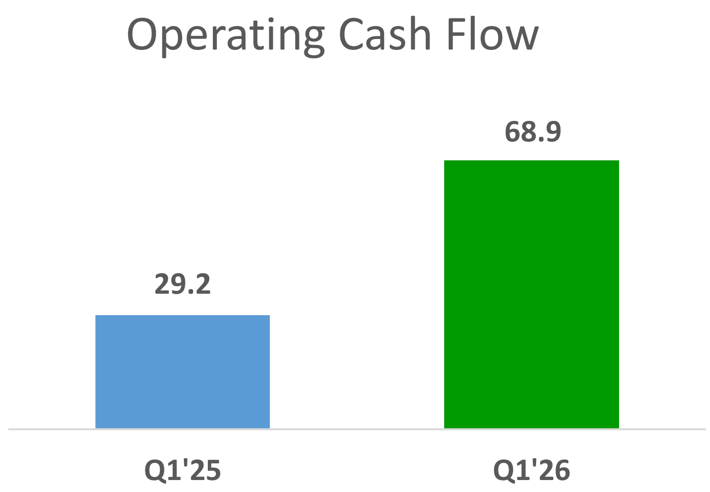
- Sales +$12M (+27%)
- Strong quarter for U.S and European Test & Measurement (EMC) and Filter sales

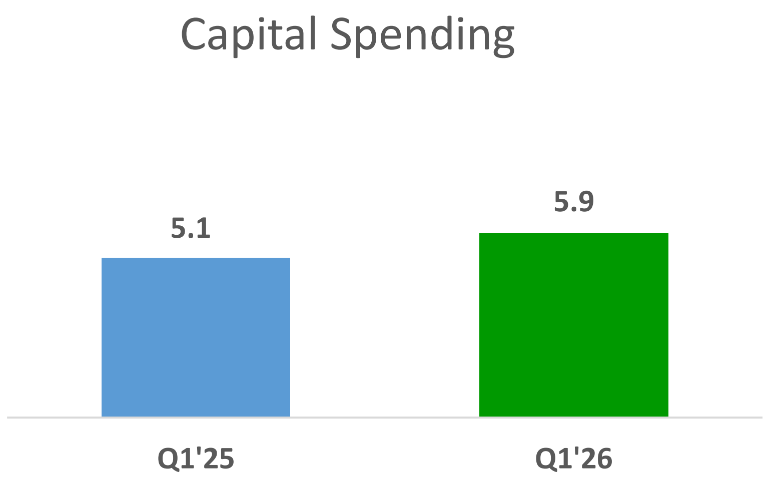
Adjusted EBIT

- Leverage on higher volume and price increases, partially offset by inflationary pressures

	Q1'25	Q1'26	Delta $	Delta %
Entered Orders	$64.8	76.0	11.2	17.3%
Sales	46.1	58.3	12.2	26.7%
Adjusted EBIT	4.9	8.0	3.1	64.5%
Adj EBIT Margin	*10.6%*	*13.8%*	*+3.2 pts*	
Adjusted EBITDA	6.3	9.5	3.2	51.7%
Adj EBITDA Margin	*13.6%*	*16.3%*	*+2.7 pts*	
	Prior YE	**12/31/25**	**Delta $**	**Delta %**
Backlog	$187.2	204.9	17.7	9.4%

Cash Flow & Capital Expenditures – Continuing Operations ($ in Millions)





Operating Cash Flow
- Improvement mainly driven by higher earnings and an increase in contract liabilities.

Capital Expenditures
- Modest increase in A&D segment Capex

Acquisitions/Divestitures
- Maritime final working capital settlement of $5M in Q1’26

EBITDA Leverage
- Leverage ratio at 0.4X - strong cash generation and healthy balance sheet

Cash Flow	Q1’25	Q1’26	Delta
Operating Cash Flow-Contin Ops	$29.2	68.9	39.7
Capital Expenditures – Contin Ops	(5.1)	(5.9)	(0.8)
Acquisitions/Divestitures	-	(5.1)	(5.1)
EBITDA Leverage	0.4X	0.4X	-

FY’26 Guidance – Continuing Operations

Sales

- Raising guidance to increase 18% to 21% and be in the range of $1.29B to $1.33B
    - Increase of $20M from initial November guidance
- **A&D –** Raising guidance to increase 34% - 39% (increasing from 33% - 38%)
    - Organic Growth of 7% - 9% (increasing from 6% – 8%)
    - Maritime Revenue of $230M - $245M
- **USG -** Expected to increase 4% - 6% (Doble growth of 6% -8%, partially offset by lower renewables)
- **Test –** Raising guidance to increase 9% - 11% (increasing from 3% - 5%)

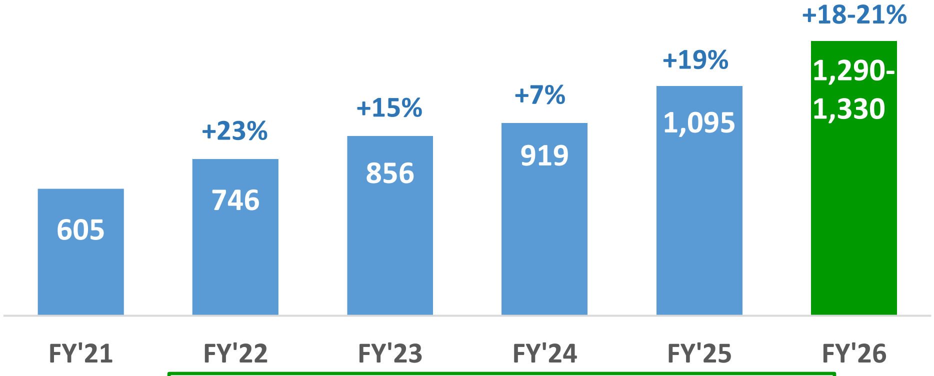
Effective Tax Rate

- Adjusting expected range to 23.0% to 23.5% (from 23.7% to 24.1%)

Adjusted EPS

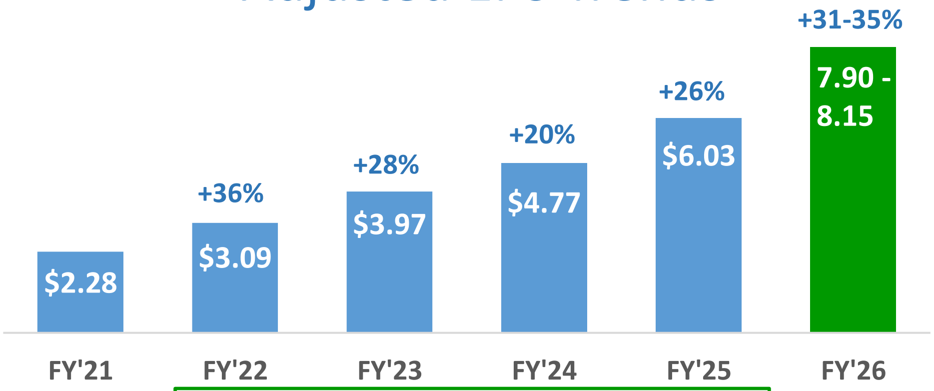
- **Full Year -** Raising to be in the range of $7.90 - $8.15 per share (31% - 35% growth)
    - Midpoint increase of $0.38 from initial November guidance of $7.50 - $7.80 per share (24% - 29% growth)
- **Q2’26 -** Expected to be in the range of $1.75 - 1.85 per share (50% - 58% growth compared to Q2’25 Adjusted EPS)

Sales Trends ($in Millions)



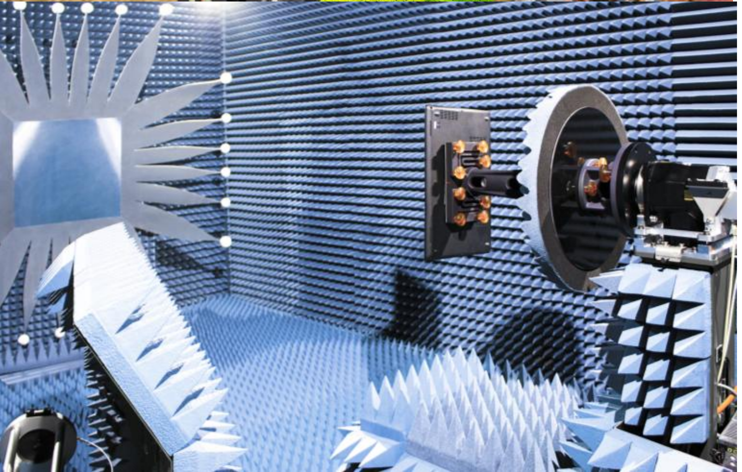
4 Year CAGR (FY21-FY’25) = 16.0%

Adjusted EPS Trends



4 Year CAGR (FY’21-FY’25) = 27.5%





ESCO Technologies

First Quarter FY 2026

Earnings Call

Q&A



Reconciliation of Non-GAAP Measures

	3 Months ended December 31					
	GAAP		Adjustments		As Adjusted	
EBIT	Q1'25	Q1'26	Q1'25	Q1'26	Q1'25	Q1'26
A&D	$ 17,452	37,987	26	146	17,478	38,133
USG	20,489	19,529	-	50	20,489	19,579
Test	4,422	8,042	465	-	4,887	8,042
Corporate	(14,309)	(27,200)	4,999	17,567	(9,310)	(9,633)
Consolidated EBIT	28,054	38,358	5,490	17,763	33,544	56,121
D&A						
A&D	$ 2,650	3,282	-	-	2,650	3,282
USG	3,888	4,080	-	-	3,888	4,080
Test	1,375	1,456	-	-	1,375	1,456
Corporate	5,058	17,675	(4,997)	(17,567)	61	108
Consolidated EBIT	12,971	26,493	(4,997)	(17,567)	7,974	8,926
EBITDA						
A&D	$ 20,102	41,269	26	146	20,128	41,415
USG	24,377	23,609	-	50	24,377	23,659
Test	5,797	9,498	465	-	6,262	9,498
Corporate	(9,251)	(9,525)	2	-	(9,249)	(9,525)
Consolidated EBITDA	41,025	64,851	493	196	41,518	65,047
Less: Depreciation & Amortization	(12,971)	(26,493)	4,997	17,567	(7,974)	(8,926)
Consolidated EBIT	$ 28,054	38,358	5,490	17,763	33,544	56,121
Less: Interest Expense	(2,257)	(2,880)		-	(2,257)	(2,880)
Less: Income Tax	(5,490)	(6,787)	(1,262)	(4,085)	(6,752)	(10,872)
Net Earnings	$ 20,307	28,691	4,228	13,678	24,535	42,369

EPS - As Adjusted	Q1'25	Q1'26
EPS - GAAP	$ 0.79	1.11
Restructuring Charges	$ 0.01	0.01
Acquisition Related Amortization	$ 0.15	0.52
Adjustments	$ 0.16	0.53
EPS - As Adjusted	$ 0.95	1.64

	Adjusted EPS Guidance			
	Q2'26		FY'26	
	Low	High	Low	High
EPS - GAAP	$ 1.22	1.32	5.79	6.04
Restructuring Charges	$ -	-	0.01	0.01
Acquisition Related Amortization	$ 0.53	0.53	2.10	2.10
Adjusted EPS Guidance	$ 1.75	1.85	7.90	8.15