

# Goodrich Corporation First Quarter 2008 Results

April 24, 2008



right attitude/right approach/right alongside

[www.goodrich.com](http://www.goodrich.com)

**GOODRICH**



## Forward Looking Statements

*Certain statements made in this presentation are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the Company's future plans, objectives and expected performance. The Company cautions readers that any such forward-looking statements are based on assumptions that the Company believes are reasonable, but are subject to a wide range of risks, and actual results may differ materially.*

*Important factors that could cause actual results to differ include, but are not limited to: demand for and market acceptance of new and existing products, such as the Airbus A350 XWB and A380, the Boeing 787 Dreamliner, the Embraer 190, the Dassault Falcon 7X, and the Lockheed Martin F-35 Lightning II and F-22 Raptor; the health of the commercial aerospace industry, including the impact of bankruptcies and/or mergers in the airline industry; global demand for aircraft spare parts and aftermarket services; and other factors discussed in the Company's filings with the Securities and Exchange Commission and in the Company's April 24, 2008 First Quarter 2008 Results press release.*

*The Company cautions you not to place undue reliance on the forward-looking statements contained in this presentation, which speak only as of the date on which such statements were made. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events.*



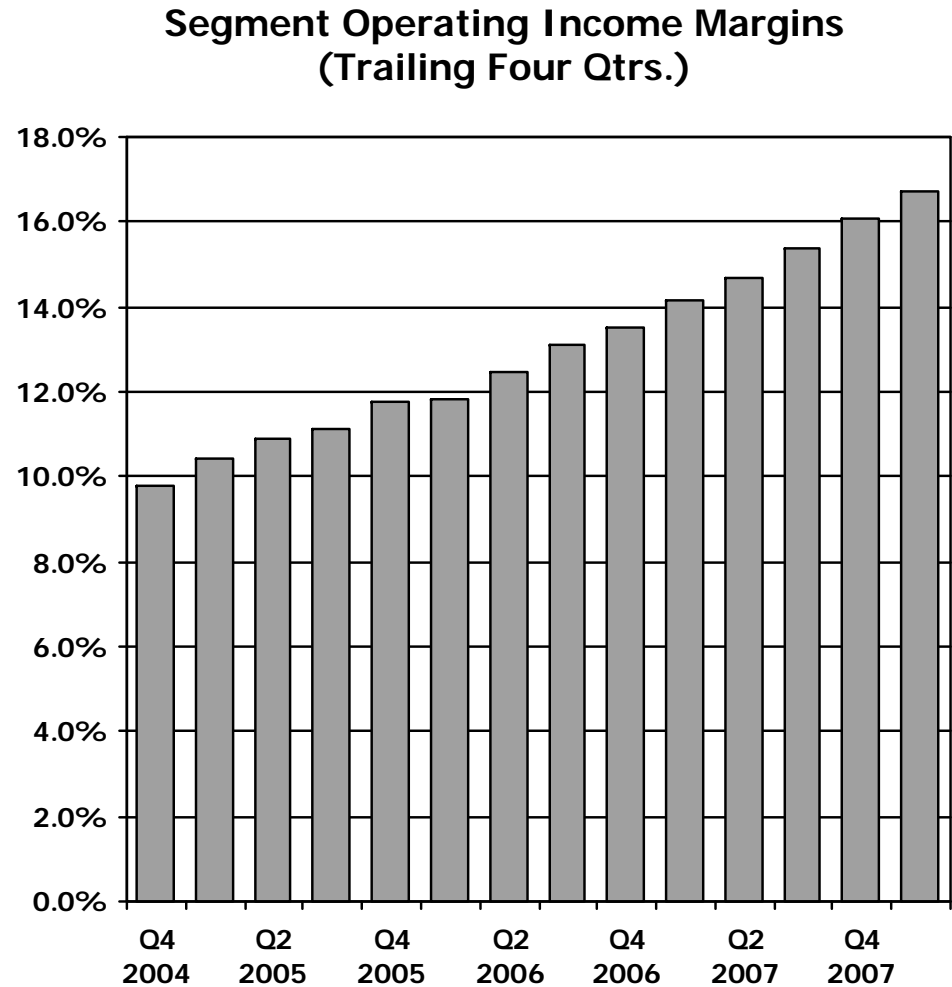
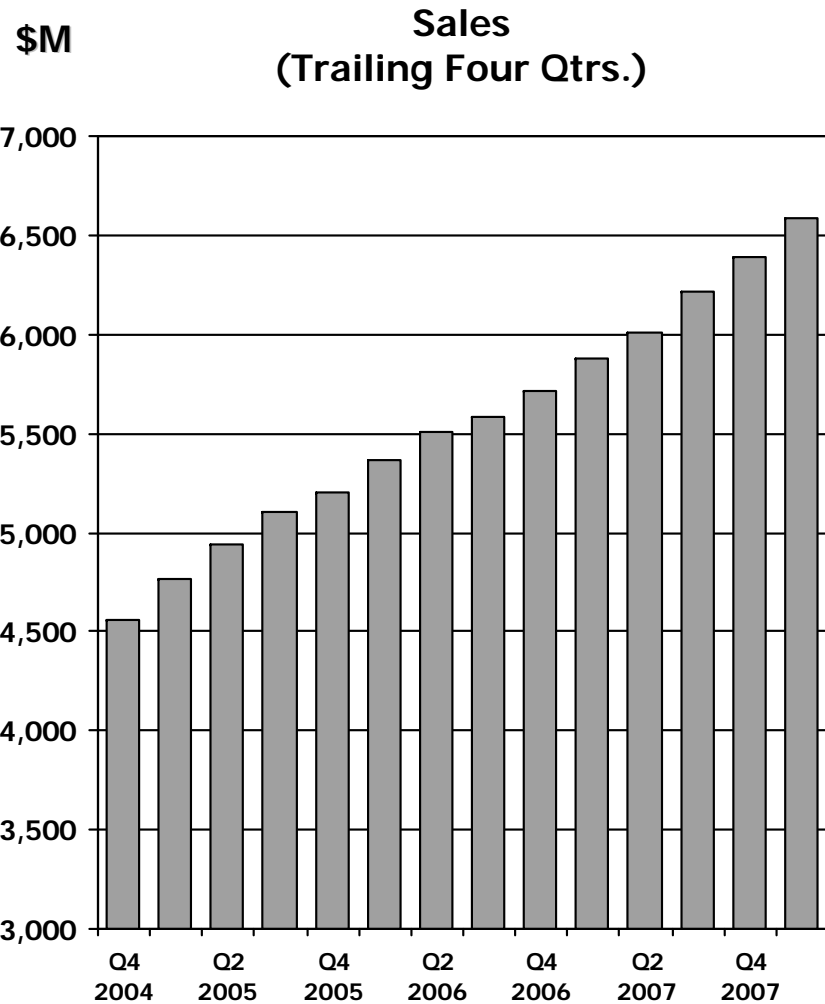
# Financial and Operational Highlights

- **Completed acquisition of TEAC Aerospace Holdings, a leading provider of airborne mission data**
- **Announced contracts to supply several advanced systems for use on the new Gulfstream G650 large business jet**
- **Increased share repurchase program to \$600 million, primarily to minimize dilution from share-based compensation plans**
- **First quarter 2008 results, compared with first quarter 2007**
  - **Sales grew 13% - above market growth rates in all major market channels**
  - **Segment OI margin increased from 14.9% to 17.3%**
  - **Net income per diluted share of \$1.24 – a 59% increase over first quarter 2007**
    - **Includes income of \$0.03 per diluted share from discontinued operations**

- **Full Year 2008 Outlook**
  - **Increased outlook for sales and net income per diluted share**
    - **Sales outlook increased to \$7.2 - \$7.3 billion, from prior outlook of \$7.1 - \$7.2 billion**
      - Approximately 13 - 14% growth over 2007 results
    - **Outlook for net income per diluted share increased to \$4.30 - \$4.45, from prior outlook of \$4.15 - \$4.30**
      - Approximately 14 - 18% growth over 2007 results
      - Includes expected effective tax rate of 33 – 35%, and assumes reinstatement of R&D tax credit
    - **Net cash provided by operating activities, minus capital expenditures, expected to be greater than 75% of net income**
      - Capital expenditure outlook raised to \$275 - \$325 million, primarily due to:
        - Purchase rather than lease equipment,
        - Increased spending for low cost country manufacturing and MRO facilities,
        - Acceleration of U.S. capital spending to take advantage of bonus depreciation as part of U.S. Government stimulus plan



## Delivering Sustained Sales Growth and Margin Expansion





## **Year-over-Year Financial Results**



## First Quarter 2008 – Financial Summary Year-over-Year Performance

(Dollars in Millions, excluding EPS)	1st Qtr 2008	1st Qtr 2007	Change
<b>Sales</b>	<b>\$1,745</b>	<b>\$1,546</b>	<b>13%</b>
<b>Segment operating income</b>	<b>\$302</b>	<b>\$230</b>	<b>31%</b>
<b>- % of Sales</b>	<b>17.3%</b>	<b>14.9%</b>	<b>+2.4%</b>
<b>Income</b>			
<b>- Continuing Operations</b>	<b>\$154</b>	<b>\$ 99</b>	<b>55%</b>
<b>- Net Income</b>	<b>\$158</b>	<b>\$100</b>	<b>58%</b>
<b>Diluted EPS</b>			
<b>- Continuing Operations</b>	<b>\$1.21</b>	<b>\$0.78</b>	<b>55%</b>
<b>- Net Income</b>	<b>\$1.24</b>	<b>\$0.78</b>	<b>59%</b>



## First Quarter 2008 Year-over-Year Financial Change Analysis

Item	(Dollars in Millions)		Net Income per Diluted Share
	Sales	After-tax Net Income	
<b>First Quarter 2007 – Net Income</b>	<b>\$1,546</b>	<b>\$99</b>	<b>\$0.78</b>
▪ <b>Increased overall volume, efficiency, mix, other</b>	<b>\$185</b>	<b>\$44</b>	<b>\$0.33</b>
▪ <b>Contract accounting cumulative catch-up adjustments</b>		<b>\$12</b>	<b>\$0.10</b>
▪ <b>Foreign exchange translation costs</b>	<b>\$14</b>	<b>(\$8)</b>	<b>(\$0.06)</b>
▪ <b>Share-based compensation</b>		<b>\$5</b>	<b>\$0.04</b>
▪ <b>Corporate G&amp;A and Other Income (Expense)</b>		<b>\$4</b>	<b>\$0.03</b>
▪ <b>Discontinued Operations</b>		<b>\$2</b>	<b>\$0.02</b>
<b>First Quarter 2008 – Net Income</b>	<b>\$1,745</b>	<b>\$158</b>	<b>\$1.24</b>



## First Quarter 2008 Year-over-Year Segment Results

Dollars in Millions	1st Quarter 2008	1st Quarter 2007	Change	
			\$	%
<b>Sales</b>				
Actuation and Landing Systems	\$682	\$567	\$115	20%
Nacelles and Interior Systems	\$621	\$547	\$74	13%
Electronic Systems	<u>\$442</u>	<u>\$432</u>	<u>\$10</u>	2%
<b>Total Sales</b>	<b>\$1,745</b>	<b>\$1,546</b>	<b>\$199</b>	<b>13%</b>
<b>Segment OI</b>				
Actuation and Landing Systems	\$74	\$49	\$25	50%
Nacelles and Interior Systems	\$179	\$126	\$53	42%
Electronic Systems	<u>\$49</u>	<u>\$55</u>	<u>(\$6)</u>	(10%)
<b>Total Segment OI</b>	<b>\$302</b>	<b>\$230</b>	<b>\$72</b>	<b>31%</b>
<b>Segment Margin</b>				
Actuation and Landing Systems	10.9%	8.7%	N/A	+2.2%
Nacelles and Interior Systems	28.8%	23.0%	N/A	+5.8%
Electronic Systems	11.1%	12.6%	N/A	(1.5%)
<b>Overall Segment Margin</b>	<b>17.3%</b>	<b>14.9%</b>	<b>N/A</b>	<b>+2.4%</b>



## Summary Cash Flow Information

Item (Dollars in Millions)	1st Quarter 2008	1st Quarter 2007
<b>Income from Continuing Operations</b>	<b>\$154</b>	<b>\$99</b>
<b>Depreciation and Amortization</b>	<b>\$64</b>	<b>\$60</b>
<b>Working Capital – (increase)/decrease – defined as the sum of A/R, Inventory and A/P</b>	<b>(\$73)</b>	<b>(\$100)</b>
<b>Deferred income taxes and taxes payable</b>	<b>\$98</b>	<b>\$42</b>
<b>Accrued expenses, other (including pension contributions)</b>	<b>(\$92)</b>	<b>\$27</b>
<b>Cash Flow from Operations</b>	<b>\$151</b>	<b>\$128</b>
<b>Pension Contributions - worldwide</b>	<b>(\$9)</b>	<b>(\$11)</b>
<b>Capital Expenditures</b>	<b>(\$54)</b>	<b>(\$36)</b>

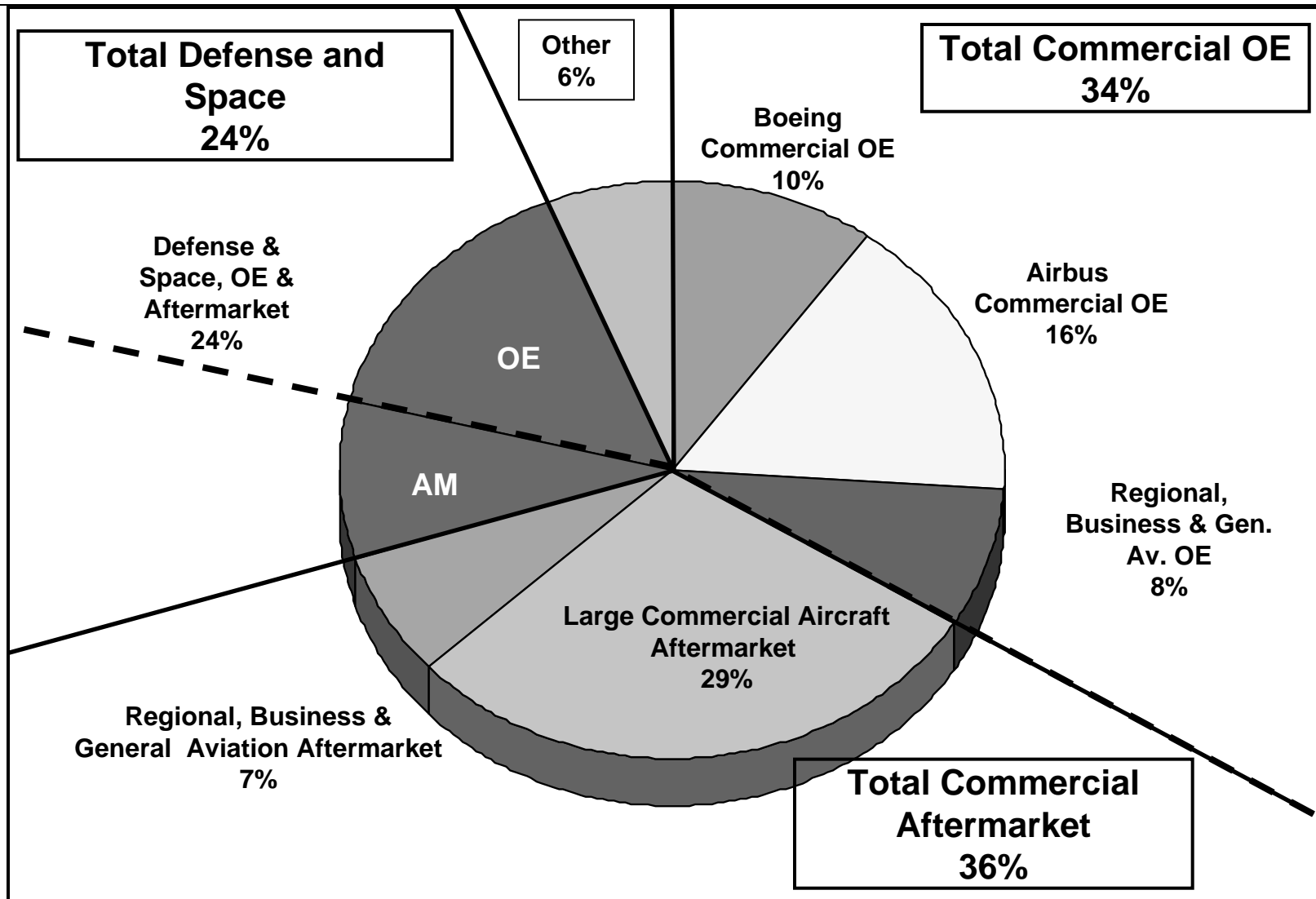


## **Sales by Market Channel**



# First Quarter 2008 Sales by Market Channel

## Total Sales \$1.745 Billion



Balanced business mix; aftermarket represents 45% of total sales



## Sales by Market Channel First Quarter 2008 Change Analysis

		Actual Goodrich Change Comparisons	
		1Q 2008 vs. 1Q 2007	1Q 2008 vs. 4Q 2007
<b>Boeing and Airbus – OE Production</b>	<b>Aircraft Deliveries</b>	<b>13%</b>	<b>6%</b>
<b>Regional, Business &amp; General Aviation - OE</b>	<b>Aircraft Deliveries</b>	<b>23%</b>	<b>7%</b>
<b>Aftermarket – Large Commercial, Regional, Business and GA</b>	<b>ASMs, Age, Cycles, Fleet size</b>	<b>10%</b>	<b>11%</b>
<b>Defense and Space – OE and Aftermarket</b>	<b>US, UK Defense Budgets</b>	<b>13%</b>	<b>(5%)</b>
<b>Other</b>	<b>IGT, Other</b>	<b>23%</b>	<b>1%</b>
<b>Goodrich Total Sales</b>		<b>13%</b>	<b>5%</b>



## **2008 Outlook**



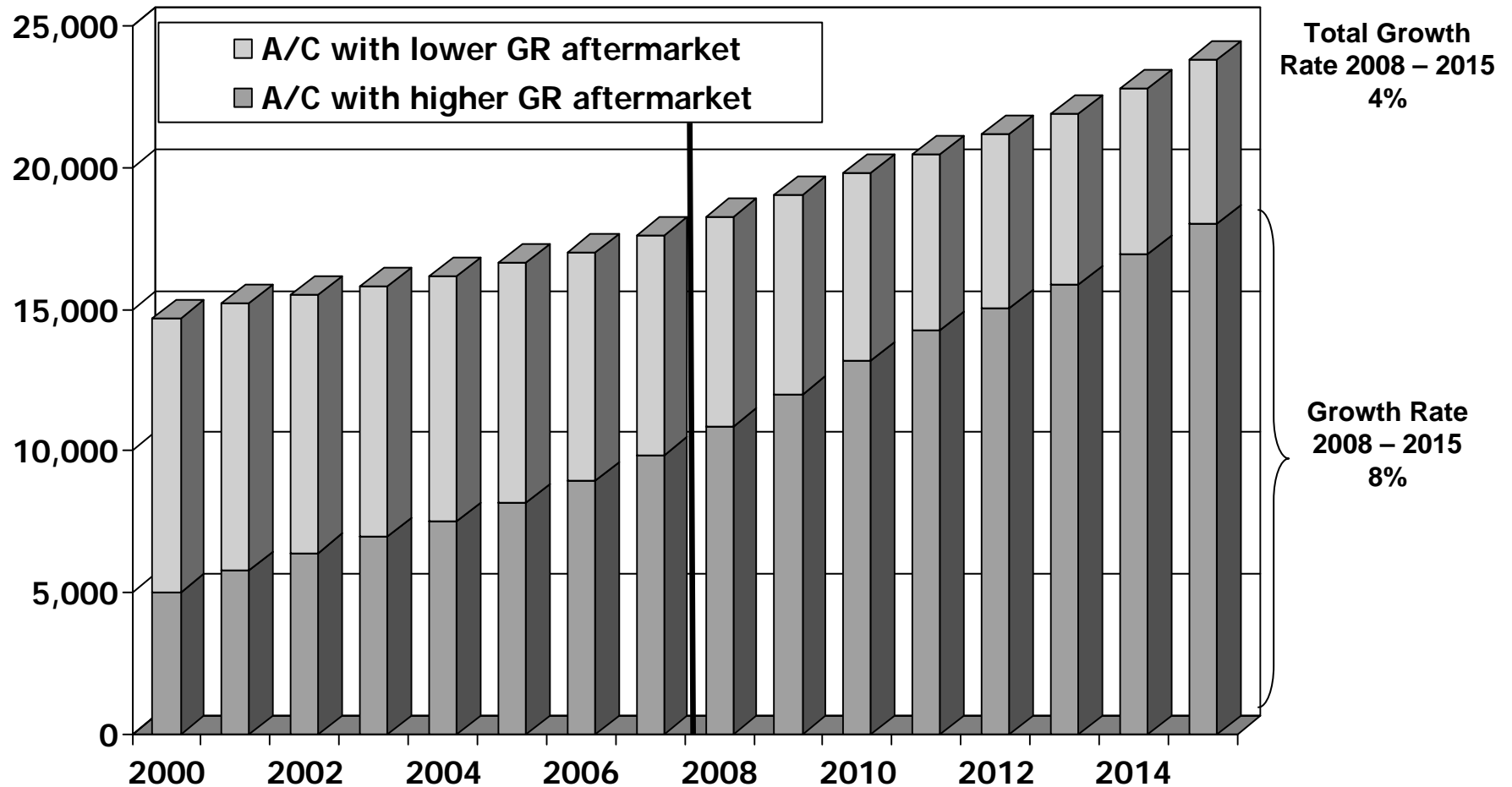
## 2008 Sales Expectations By Market Channel

Full Year 2007 Sales Mix	Market	2007 Goodrich Actual Growth	2008 Goodrich Expected Growth	Market expectations - 2009 and beyond
10% <u>15%</u> 25%	Boeing OE Del. Airbus OE Del. Total (GR Weight)	8%	~20%	Growth continues for 737, 777, A320; A380, 787 and A350 introductions support deliveries past normal peak
8%	Regional/Bus/GA OE (Weighted)	20%	~15%	CF34-10 Engine Nacelles and tail cone on EMBRAER 190 support continued growth through the cycle
36%	Aftermarket (Commercial/Regional/Bus/GA)	16%	~8 - 11%	Airbus AM growing faster due to fleet aging, excellent product positions plus outsourcing trend support higher than market growth rate
25%	Defense and Space OE and Aftermarket	7%	~9 - 11%	<u>OE</u> - Positions on funded platforms worldwide, new products provide stable growth <u>Aftermarket</u> - Platform utilization, upgrade opportunities support long-term growth
6%	Other	14%	~12%	
100%	Total	12%	~13 - 14%	

- **Commercial Aircraft Original Equipment Production**
  - Record levels of new orders for commercial airplanes in 2007
  - Expect more orders than deliveries in 2008 – book-to-bill greater than 1
  - Manufacturers continue to raise production rates
  - Strong orders for new models entering production, especially Boeing’s 787 Dreamliner and Airbus A350 XWB
  - Deliveries expected to increase through 2011 with slight drop in 2012
  - Continued strong demand for larger regional jets
  
- **Commercial Aircraft Aftermarket Products and Services**
  - Worldwide growth in available seat miles supports demand for replacement parts and repair and overhaul services
    - Expect 4 – 5 percent base volume growth over the long-term
    - Consistent and predictable over the cycle
  - Aging aircraft fleet drives additional growth for many popular models of aircraft
  
- **Defense and Space Products and Services**
  - Strong demand for products supporting platforms
    - Original equipment and aftermarket
    - Good positions on newly funded platforms (e.g. Black Hawk helicopters, F-35)
  - New opportunities for mission equipment and intelligence, surveillance and reconnaissance (ISR) products



## Goodrich Content on Forecast In-Service Fleet



**Goodrich has higher aftermarket content on airplanes least likely to be retired, expected to help continue above market growth rate for aftermarket sales**



## 2008 Outlook P&L Summary (\$M)

	Actual 2007	Estimate 2008	B/(W)
<b>Sales</b>	<b>\$6.4B</b>	<b>\$7.2-\$7.3B</b>	<b>~13 - 14%</b>
<b>EPS (Diluted)</b>			
<b>- Continuing Operations</b>	<b>\$3.88</b>	<b>\$4.27-\$4.42</b>	<b>+10-14%</b>
<b>- Reported</b>	<b>\$3.78</b>	<b>\$4.30-\$4.45</b>	<b>+14-18%</b>
<b>Net cash provided by operating activities, minus capital expenditures, as a percent of net income</b>	<b>64%</b>	<b>&gt;75%</b>	<b>N/A</b>
<b>Capital Expenditures</b>	<b>\$283</b>	<b>\$275 - \$325</b>	<b>\$8 – (\$42)</b>
<b>Effective Tax Rate</b>	<b>31%</b>	<b>33 – 35%</b>	<b>+2 - 4%</b>

**Strong Sales and EPS growth and improved cash flow**