



# **Second Quarter Fiscal 2012 Earnings Conference Call**

**Richard C. Ill - Chairman and Chief Executive Officer**  
**M. David Kornblatt - Executive Vice President,**  
**Chief Financial Officer & Treasurer**

**November 1, 2011**





## Forward-Looking Information is Subject to Risk and Uncertainty

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**Parts of this presentation contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause Triumph's actual results, performance, or achievements to be materially different from any expected future results, performance, or achievements. For more information, see the risk factors described in Triumph's current Form 10-K and other SEC filings.**



# Q2 in Review

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## **▼ Strong Quarter**

- **Significant Operating Income Growth and Year Over Year Operating Margin Expansion**
- **Aerospace Systems and Aerostructures Operating Margins Particularly Strong as a Result of Execution and Realization of Synergies From the Vought Acquisition**
- **Strong Year to Date Cash Flow Generation**

## **▼ Integration of Vought Progressing Well**

- **On Track to Deliver Annual Synergies of \$18 Million Within First 18 Months and \$50 Million Per Year After Three Years**

## **▼ Strong Backlog**

## **▼ Closed Yesterday on Small Acquisition Which Will Expand Our Capabilities in Interiors**

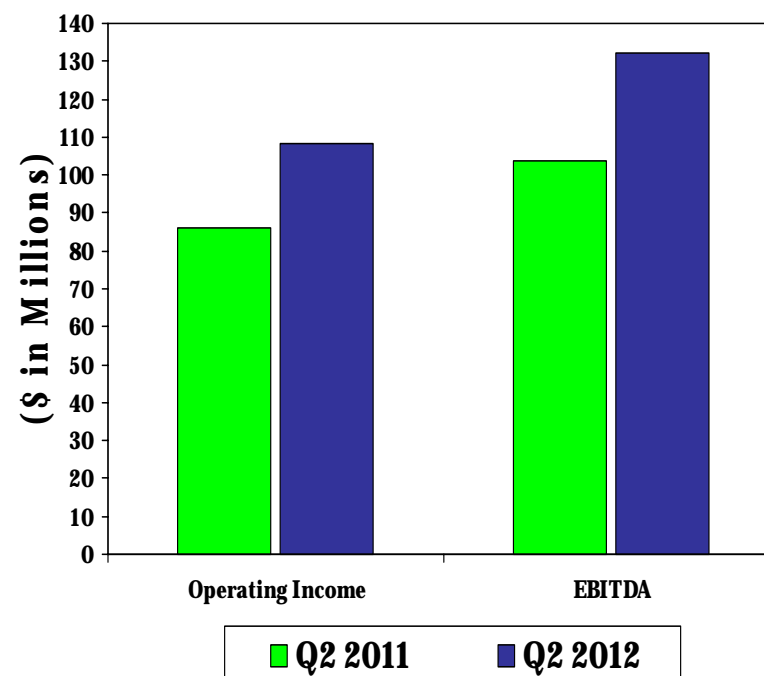


# Financial Performance

## Quarterly Comparison

(\$ in millions except per share data)

	Q2		
	2012	2011	Change
<b>Sales</b>	\$ 790.5	\$ 768.2	3%
<b>Operating Income</b>	108.5 *	86.1 **	26%
<i>Operating Margin</i>	13.7%	11.2%	
<b>EBITDA</b>	132.2	103.6	28%
<b>Income from Continuing Operations</b>	58.6	41.8	40%
<b>Loss from Discontinued Operations</b>	(0.1)	(0.3)	
<b>Net Income</b>	58.5	41.5	41%
<b>Earnings per Share (Diluted): Continuing Operations</b>	\$ 1.13	\$ 0.84	
<b>Discontinued Operations</b>	0.00	(0.01)	
<b>Net Income</b>	\$ 1.13	\$ 0.83	



\* Includes \$1.1 million in integration costs

\*\* Includes \$1.3 million in transaction & integration costs



# Segment Performance

## Aerostructures

(\$ in millions)

Aerostructures	(in millions)	Q2		
		2012	2011	Change
		<b>Sales</b>	\$ 588.0	\$ 577.7
<b>Operating Income</b>	92.5	70.0	32%	
<b>Operating Margin</b>	16%	12%		



# Segment Performance

## Aerospace Systems

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Aerospace Systems	(in millions)	Q2		
		2012	2011	Change
		<b>Sales</b>	\$ 133.8	\$ 123.5
<b>Operating Income</b>	22.6	17.1	32%	
<b><i>Operating Margin</i></b>	<i>17%</i>	<i>14%</i>		



# Segment Performance

## Aftermarket Services

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Aftermarket Services	(in millions)	Q2		
		2012	2011	Change
		<b>Sales</b>	\$ 70.5	\$ 68.7
<b>Operating Income</b>	7.0	8.2	(14%)	
<b>Operating Margin</b>	10%	12%		



# Key Financial Assumptions

## Triumph Aerostructures-Vought Aircraft Division

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Pension / OPEB Analysis	Fiscal Year 2012	Fiscal Year 2013 *
<b>Pension Expense (Income)</b>	≈ (\$14) million	≈ (\$33) million
<b>Cash Pension Contribution</b>	≈ \$118 million	≈ \$136 million
<b>OPEB Expense</b>	≈ \$18 million	≈ \$17 million
<b>Cash OPEB Contribution</b>	≈ \$36 million	≈ \$36 million

\* Assume all fiscal year 2012 actuarial assumptions are met

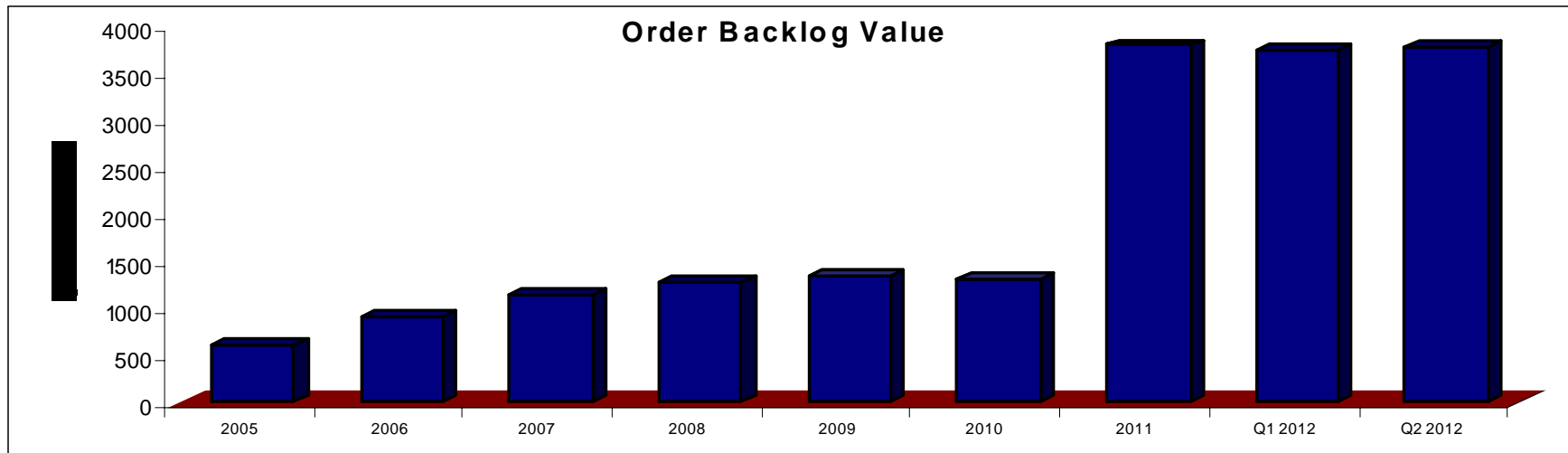
Purchase Accounting Impact Compared to Pre-Acquisition Amounts Dr/(Cr)	P&L Impact FY 2012
<b>Fixed Assets</b>	(\$9.3) million <sup>1</sup>
<b>Amortizable Customer Intangibles</b>	\$21.8 million
<b>Contract Liabilities-net</b>	(\$28.5) million
<b>Fair Value Leasehold</b>	\$2.5 million

<sup>1</sup> Increase to useful life has offset impact of step up





# Backlog



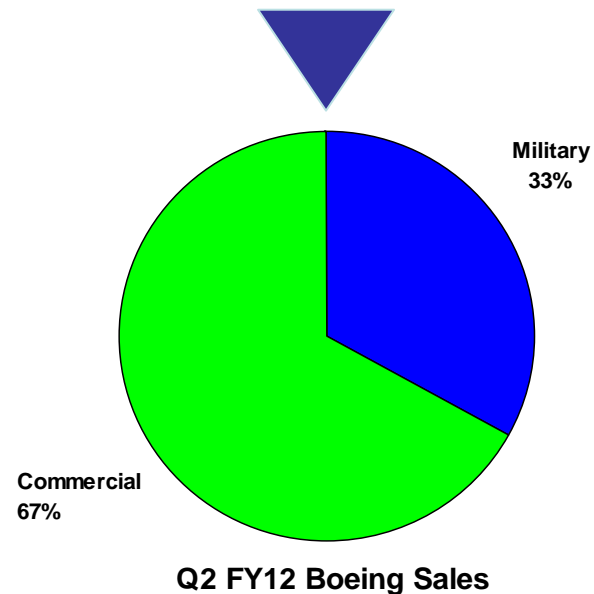
**Order Backlog Stands at \$3.76 Billion. Heritage Triumph Backlog Increased 11% Year Over Year and 1% Sequentially. Military Represents Approximately 31% of Total Backlog.**



# Top 10 Programs

Top Programs
1. Boeing 747
2. Gulfstream 450, 550
3. Boeing 777
4. V-22
5. Boeing 737 NG
6. Boeing 787
7. Boeing C-17
8. Lockheed Martin C-130
9. UH60
10. Boeing 767

>10% Customers	Q2 FY12 % of Sales	Q2 FY11 % of Sales
Boeing	45.6%	42.1%



Boeing is the only customer with >10% of sales.



# Sales by Market

(\$ in Millions)	Q2 FY 2012		FY 2011	
	Sales	% of Total	Sales	% of Total
<b>Commercial</b>	\$ 393	50%	\$ 1,399	48%
<b>Military</b>	263	33%	1,069	37%
<b>Business Jets</b>	104	13%	314	11%
<b>Regional Jets</b>	11	1%	44	1%
<b>Non-Aviation</b>	20	3%	79	3%
<b>Total Sales</b>	\$ 791	100%	\$ 2,905	100%
<b>OEM</b>		87%		85%
<b>Aftermarket</b>		11%		12%
<b>Other</b>		2%		3%
<b>Total</b>		100%		100%



# Sales Trends

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<b>Export Sales</b>			
<i>(in millions)</i>	<b>Q2</b>		
	<b>2012</b>	<b>2011</b>	<b>Change</b>
<b>Export Sales</b>	<b>\$ 111.8</b>	<b>\$ 99.3</b>	<b>13%</b>



# Cash Flow

*(\$ in millions)*

	YTD	
	2012	2011
<b>Cash Flow from Operations Before Pension Contributions</b>	\$ 122.1 *	\$ 123.6 **
<b>Pension Contributions - Triumph Aerostructures</b>	\$ 61.0	\$ 5.9
<b>Cash Flow from Operations</b>	\$ 61.1 *	\$ 117.7 **
<b>CAPEX</b>	\$ 33.9	\$ 41.2

\* Includes approximately \$1.6 million of integration costs

\*\* Includes approximately \$12.4 million of interest paid at closing on Vought's debt and approximately \$18.7 million of acquisition-related costs.



# Current Capitalization

*(\$ in millions)*

**9/30/2011**

<b>Cash</b>	<b>(\$34.8)</b>
<b>Revolver</b>	<b>391.6</b>
<b>Convertible Debt</b>	<b>150.3</b>
<b>Securitized Debt</b> (Accounts Receivables & Capital Leases)	<b>191.7</b>
<b>2009 Senior Subordinated Notes Due 2017</b>	<b>172.9</b>
<b>2010 Senior Notes Due 2018</b>	<b>347.7</b>
<b>Other Debt</b>	<b>10.4</b>
<b>Net Debt</b>	<b>\$1,229.8</b>
<b>Shareholders' Equity</b>	<b>1,740.8</b>
<b>Total Book Capitalization</b>	<b>\$2,970.6</b>

**Net Debt-to-Capitalization**

**41.4%**



# FUTURE OUTLOOK

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- ▼ Backlog Remains Strong
- ▼ Remain Focused on Improving Execution, Driving Integration and Controlling Costs
- ▼ Reaffirming Revenue Guidance of \$3.2 - \$3.5 Billion
- ▼ Raising Earnings Guidance- EPS From Continuing Operations of Approximately \$4.50, Excluding Integration Costs, Based on:
  - Strong Performance to Date
  - Current market conditions
  - Current production rates
  - Weighted average shares of 51.6 million, which includes estimate of additional shares from convertible debt



# Appendix

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# EBITDA Disclosure

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## FINANCIAL DATA (UNAUDITED)

### TRIUMPH GROUP, INC. AND SUBSIDIARIES (dollars in thousands)

#### Non-GAAP Financial Measure Disclosures

We prepare and publicly release quarterly unaudited financial statements prepared in accordance with GAAP. In accordance with Securities and Exchange Commission (the "SEC") guidance on Compliance and Disclosure Interpretations, we also disclose and discuss certain non-GAAP financial measures in our public releases. Currently, the non-GAAP financial measure that we disclose is EBITDA, which is our income from continuing operations before interest, income taxes, amortization of acquired contract liabilities, depreciation and amortization. We disclose EBITDA on a consolidated and an operating segment basis in our earnings releases, investor conference calls and filings with the SEC. The non-GAAP financial measures that we use may not be comparable to similarly titled measures reported by other companies. Also, in the future, we may disclose different non-GAAP financial measures in order to help our investors more meaningfully evaluate and compare our future results of operations to our previously reported results of operations.

We view EBITDA as an operating performance measure and, as such, we believe that the GAAP financial measure most directly comparable to it is income from continuing operations. In calculating EBITDA, we exclude from income from continuing operations the financial items that we believe should be separately identified to provide additional analysis of the financial components of the day-to-day operation of our business. We have outlined below the type and scope of these exclusions and the material limitations on the use of these non-GAAP financial measures as a result of these exclusions. EBITDA is not a measurement of financial performance under GAAP and should not be considered as a measure of liquidity, as an alternative to net income (loss), income from continuing operations, or as an indicator of any other measure of performance derived in accordance with GAAP. Investors and potential investors in our securities should not rely on EBITDA as a substitute for any GAAP financial measure, including net income (loss) or income from continuing operations. In addition, we urge investors and potential investors in our securities to carefully review the reconciliation of EBITDA to income from continuing operations set forth below, in our earnings releases and in other filings with the SEC and to carefully review the GAAP financial information included as part of our Quarterly Reports on Form 10-Q and our Annual Reports on Form 10-K that are filed with the SEC, as well as our quarterly earnings releases, and compare the GAAP financial information with our EBITDA.

EBITDA is used by management to internally measure our operating and management performance and by investors as a supplemental financial measure to evaluate the performance of our business that, when viewed with our GAAP results and the accompanying reconciliation, we believe provides additional information that is useful to gain an understanding of the factors and trends affecting our business. We have spent more than 15 years expanding our product and service capabilities partially through acquisitions of complementary businesses. Due to the expansion of our operations, which included acquisitions, our income from continuing operations has included significant charges for depreciation and amortization. EBITDA excludes these charges and provides meaningful information about the operating performance of our business, apart from charges for depreciation and amortization. We believe the disclosure of EBITDA helps investors meaningfully evaluate and compare our performance from quarter to quarter and from year to year. We also believe EBITDA is a measure of our ongoing operating performance because the isolation of non-cash income and expenses, such as amortization of acquired contract liabilities, depreciation and amortization, and non-operating items, such as interest and income taxes, provides additional information about our cost structure, and, over time, helps track our operating progress. In addition, investors, securities analysts and others have regularly relied on EBITDA to provide a financial measure by which to compare our operating performance against that of other companies in our industry.

Set forth below are descriptions of the financial items that have been excluded from our income from continuing operations to calculate EBITDA and the material limitations associated with using this non-GAAP financial measure as compared to income from continuing operations:

- Amortization of acquired contract liabilities may be useful for investors to consider because it represents the non-cash earnings on the fair value of below market contracts acquired through the acquisition of Vought. We do not believe these earnings necessarily reflect the current and ongoing cash earnings related to our operations.
- Amortization expenses may be useful for investors to consider because it represents the estimated attrition of our acquired customer base and the diminishing value of product rights and licenses. We do not believe these charges necessarily reflect the current and ongoing cash charges related to our operating cost structure.
- Depreciation may be useful for investors to consider because they generally represent the wear and tear on our property and equipment used in our operations. We do not believe these charges necessarily reflect the current and ongoing cash charges related to our operating cost structure.
- The amount of interest expense and other we incur may be useful for investors to consider and may result in current cash inflows or outflows. However, we do not consider the amount of interest expense and other to be a representative component of the day-to-day operating performance of our business.

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# EBITDA Disclosure

(Continued)

## FINANCIAL DATA (UNAUDITED)

### TRIUMPH GROUP, INC. AND SUBSIDIARIES (dollars in thousands)

#### Non-GAAP Financial Measure Disclosures (continued)

- Income tax expense may be useful for investors to consider because it generally represents the taxes which may be payable for the period and the change in deferred income taxes during the period and may reduce the amount of funds otherwise available for use in our business. However, we do not consider the amount of income tax expense to be a representative component of the day-to-day operating performance of our business.

Management compensates for the above-described limitations of using non-GAAP measures by using a non-GAAP measure only to supplement our GAAP results and to provide additional information that is useful to gain an understanding of the factors and trends affecting our business.

The following table shows our EBITDA reconciled to our income from continuing operations for the indicated periods:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2011	2010	2011	2010
<b>Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA):</b>				
Income from continuing operations	\$ 58,564	\$ 41,821	\$ 109,468	\$ 53,401
Add-back:				
Income tax expense	32,221	20,837	60,235	30,316
Interest expense and other	17,671	23,459	44,133	35,250
Amortization of acquired contract liabilities	(5,770)	(8,722)	(13,510)	(7,863)
Depreciation and amortization	29,466	26,221	58,933	41,877
Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")	\$ 132,152	\$ 103,616	\$ 259,259	\$ 152,981
Net sales	\$ 790,528	\$ 768,200	\$ 1,635,591	\$ 1,175,409
EBITDA Margin	16.7%	13.5%	15.9%	13.0%

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# EBITDA Disclosure

(Continued)

**FINANCIAL DATA (UNAUDITED)**  
**TRIUMPH GROUP, INC. AND SUBSIDIARIES**  
(dollars in thousands)

**Non-GAAP Financial Measure Disclosures (continued)**  
**Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA):**

	Three Months Ended September 30, 2011				
	Total	Segment Data			
		Aerostuctures	Aerospace Systems	Aftermarket Services	Corporate / Eliminations
Income from continuing operations	\$ 58,564				
Add-back:					
Income tax expense	17,671				
Interest expense and other	32,221				
Operating income (loss)	\$ 108,456	\$ 92,489	\$ 22,644	\$ 7,015	\$ (13,692)
Amortization of acquired contract liabilities	(5,770)	(5,770)	-	-	-
Depreciation and amortization	<u>29,466</u>	<u>21,937</u>	<u>4,322</u>	<u>2,341</u>	<u>866</u>
Earnings (Losses) before Interest, Taxes, Depreciation and Amortization ("EBITDA")	\$ 132,152	\$ 108,656	\$ 26,966	\$ 9,356	\$ (12,826) *
Net sales	<u>\$ 790,528</u>	<u>\$ 587,977</u>	<u>\$ 133,775</u>	<u>\$ 70,547</u>	<u>\$ (1,771)</u>
EBITDA Margin	16.7%	18.5%	20.2%	13.3%	n/a

**Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA):**

	Six Months Ended September 30, 2011				
	Total	Segment Data			
		Aerostuctures	Aerospace Systems	Aftermarket Services	Corporate / Eliminations
Income from continuing operations	\$ 109,468				
Add-back:					
Income tax expense	60,235				
Interest expense and other	<u>44,133</u>				
Operating income (loss)	\$ 213,836	\$ 180,463	\$ 45,061	\$ 13,976	\$ (25,664)
Amortization of acquired contract liabilities	(13,510)	(13,510)	-	-	-
Depreciation and amortization	<u>58,933</u>	<u>43,782</u>	<u>8,667</u>	<u>4,771</u>	<u>1,713</u>
Earnings (Losses) before Interest, Taxes, Depreciation and Amortization ("EBITDA")	\$ 259,259	\$ 210,735	\$ 53,728	\$ 18,747	\$ (23,951) **
Net sales	\$1,635,591	\$ 1,231,283	\$ 266,785	\$ 140,915	\$ (3,392)
EBITDA Margin	15.9%	17.1%	20.1%	13.3%	n/a

\* Includes \$1,144 of integration expenses associated with the acquisition of Vought.

\*\* Includes \$1,604 of integration expenses associated with the acquisition of Vought.

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# EBITDA Disclosure

(Continued)

## FINANCIAL DATA (UNAUDITED)

### TRIUMPH GROUP, INC. AND SUBSIDIARIES (dollars in thousands)

#### Non-GAAP Financial Measure Disclosures (continued) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA):

	Three Months Ended September 30, 2010				
	Segment Data				
	<u>Total</u>	<u>Aerostructures</u>	<u>Aerospace Systems</u>	<u>Aftermarket Services</u>	<u>Corporate / Eliminations</u>
Income from Continuing Operations	\$ 41,821				
Add-back:					
Income tax expense	23,459				
Interest Expense and other	20,837				
Operating income (loss)	\$ 86,117	\$ 69,964	\$ 17,149	\$ 8,163	\$ (9,159)
Amortization of acquired contract liabilities	(8,722)	(8,722)	-	-	-
Depreciation and amortization	<u>26,221</u>	<u>18,774</u>	<u>4,214</u>	<u>3,043</u>	<u>190</u>
Earnings (Losses) before Interest, Taxes, Depreciation and Amortization ("EBITDA")	<u>\$ 103,616</u>	<u>\$ 80,016</u>	<u>\$ 21,363</u>	<u>\$ 11,206</u>	<u>\$ (8,969) *</u>
Net sales	<u>\$ 768,200</u>	<u>\$ 577,700</u>	<u>\$ 123,500</u>	<u>\$ 68,686</u>	<u>\$ (1,686)</u>
EBITDA Margin	13.5%	13.9%	17.3%	16.3%	n/a
	Six Months Ended September 30, 2010				
	Segment Data				
	<u>Total</u>	<u>Aerostructures</u>	<u>Aerospace Systems</u>	<u>Aftermarket Services</u>	<u>Corporate / Eliminations</u>
Income from Continuing Operations	\$ 53,401				
Add-back:					
Income tax expense	30,316				
Interest Expense and other	<u>35,250</u>				
Operating income (loss)	\$ 118,967	\$ 106,030	\$ 35,497	\$ 12,284	\$ (34,844)
Amortization of acquired contract liabilities	(7,863)	(7,863)	-	-	-
Depreciation and amortization	<u>41,877</u>	<u>26,818</u>	<u>8,403</u>	<u>6,086</u>	<u>570</u>
Earnings (Losses) before Interest, Taxes, Depreciation and Amortization ("EBITDA")	<u>\$ 152,981</u>	<u>\$ 124,985</u>	<u>\$ 43,900</u>	<u>\$ 18,370</u>	<u>\$ (34,274) **</u>
Net sales	<u>\$1,175,409</u>	<u>\$ 809,035</u>	<u>\$ 240,933</u>	<u>\$ 128,483</u>	<u>\$ (3,042)</u>
EBITDA Margin	13.0%	15.4%	18.2%	14.3%	n/a

\* Includes \$1,283 of integration expenses associated with the acquisition of Vought.

\*\* Includes \$18,650 of acquisition and integration expenses associated with the acquisition of Vought.

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# EBITDA Disclosure

(Continued)

**FINANCIAL DATA (UNAUDITED)**  
**TRIUMPH GROUP, INC. AND SUBSIDIARIES**  
(dollars in thousands)

**Non-GAAP Financial Measure Disclosures (continued)**

Cash provided by operations, before pension contributions has been provided for consistency and comparability. We also use free cash flow available for debt reduction as a key factor in planning for and consideration of strategic acquisitions, stock repurchases and the repayment of debt. This measure should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating results presented in accordance with GAAP. The following table reconciles cash provided by operations, before pension contributions to cash provided by operations, as well as cash provided by operations to free cash flow available for debt reduction.

	<b>Six Months Ended</b>	
	<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>
Cash provided by operations, before pension contributions	\$ 122,063	\$ 123,616
Pension contributions	<u>60,953</u>	<u>5,908</u>
Cash provided by operations	61,110	117,708
Less:		
Capital expenditures	33,920	41,228
Dividends	<u>2,943</u>	<u>1,636</u>
Free cash flow available for debt reduction	<u>\$ 24,247</u>	<u>\$ 74,844</u>

We use "Net Debt to Capital" as a measure of financial leverage. The following table sets forth the computation of Net Debt to Capital:

	<b>September 30,</b>	<b>March 31,</b>
	<b>2011</b>	<b>2011</b>
<b><u>Calculation of Net Debt</u></b>		
Current portion	\$ 165,451	\$ 300,252
Long-term debt	<u>1,099,091</u>	<u>1,011,752</u>
Total debt	1,264,542	1,312,004
Less: Cash	<u>34,750</u>	<u>39,328</u>
Net debt	<u>\$ 1,229,792</u>	<u>\$ 1,272,676</u>
<b><u>Calculation of Capital</u></b>		
Net debt	\$ 1,229,792	\$ 1,272,676
Stockholders' equity	<u>1,740,799</u>	<u>1,632,217</u>
Total capital	<u>\$ 2,970,591</u>	<u>\$ 2,904,893</u>
Percent of net debt to capital	41.4%	43.8%

#####



**Triumph Group, Inc.**