

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2020

CURTISS-WRIGHT CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

001-00134

13-0612970

(Commission File
Number)

(IRS Employer
Identification No.)

130 Harbour Place Drive, Suite 300
Davidson, NC
(Address of Principal Executive Offices)

28036
(Zip Code)

Registrant's telephone number, including area code: (704) 869-4600

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CW	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

SECTION 2 – FINANCIAL INFORMATION

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On Monday, August 3, 2020, the Company issued a press release announcing financial results for the second quarter ended June 30, 2020. A conference call and webcast presentation will be held on Tuesday, August 4, 2020 at 10:00 am ET for management to discuss the Company's second quarter performance as well as expectations for 2020 financial performance. David C. Adams, Chairman and CEO, and K. Christopher Farkas, Vice President and CFO, will host the call. A copy of the press release and the webcast slide presentation are attached hereto as Exhibits 99.1 and 99.2.

The financial press release, access to the webcast, and the accompanying financial presentation will be posted on Curtiss-Wright's website at www.curtisswright.com. In addition, the Listen-Only dial-in number for domestic callers is (844) 220-4970, while international callers can dial (262) 558-6349. For those unable to participate live, a webcast replay will be available for 90 days on the Company's website beginning one hour after the call takes place. A conference call replay will also be available for seven days.

Conference Call Replay:
Domestic (855) 859-2056
International (404) 537-3406
Passcode 3080386

The information contained in this Current Report, including Exhibits 99.1 and 99.2, are being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 or otherwise subject to the liabilities of that Section. The information in this report shall not be incorporated by reference into any filing of the registrant with the SEC, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.

99.1 Press Release dated August 3, 2020

99.2 Presentation shown during investor and securities analyst webcast on August 4, 2020

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CURTISS-WRIGHT CORPORATION

By: /s/ K. Christopher Farkas
K. Christopher Farkas
Vice-President and Chief Financial Officer

Date: August 4, 2020

EXHIBIT INDEX

Exhibit
Number

Description

99.1	Press Release dated August 3, 2020
99.2	Presentation shown during investor and securities analyst webcast on August 4, 2020

Curtiss-Wright Reports Second Quarter 2020 Financial Results and Reinitiates Full-Year 2020 Guidance

Q2 Results Reflect Solid Defense Market Sales Growth and Benefits of Cost Containment Actions

Expect Strong FY'20 Free Cash Flow Generation

Maintain Healthy Balance Sheet with Ample Liquidity

DAVIDSON, N.C.--(BUSINESS WIRE)--August 3, 2020--Curtiss-Wright Corporation (NYSE: CW) reports financial results for the second quarter ended June 30, 2020.

Second Quarter 2020 Highlights:

- Reported diluted earnings per share (EPS) of \$0.74, with Adjusted diluted EPS of \$1.31;
- Reported free cash flow (FCF) of \$130 million, up 71% compared to the prior year period, with Adjusted FCF of \$136 million, up 70%, and Adjusted FCF conversion of 247%;
- Net sales of \$550 million, down 14%, with defense market sales up 5%;
- New orders of \$620 million, up 3%, led by strong growth in naval defense;
- Reported operating income of \$55 million, down 48%, with Reported operating margin of 10.1%, down 640 basis points; and
- Adjusted operating income of \$79 million, down 27%, with Adjusted operating margin of 14.3%, down 250 basis points.

"Our second quarter performance reflects our team's ability to take swift action and effectively manage the business in this exceptionally challenging environment," said David C. Adams, Chairman and CEO of Curtiss-Wright Corporation.

"Across Curtiss-Wright, we continue to take the necessary steps to protect the health and safety of our employees and ensure the continuity of our operations. Our results reflect solid sales growth in our defense markets, the benefits of our ongoing cost containment initiatives and strong free cash flow which produced a robust free cash flow conversion of 247% in the quarter.

"Looking ahead to the remainder of 2020, we expect continued overall growth in our defense markets, which remain strong, along with sequential improvement in our commercial markets, as we slowly rebound from lower second quarter demand resulting from the COVID-19 pandemic. We are increasing and accelerating difficult, but essential, restructuring actions aimed at mitigating the challenging conditions within our commercial end markets. As a result, we now anticipate \$35 million in restructuring costs in 2020 to generate \$40 million in annualized savings, which is expected to benefit our performance for the remainder of 2020 and in 2021.

"Our balanced portfolio, along with the anticipated cost savings generated by these actions, provides the necessary confidence to reinitiate our full-year 2020 guidance. Further, it supports our ability to generate strong Adjusted free cash flow of \$350 to \$380 million. Overall, we remain focused on executing on our long-term strategy to deliver significant value for our shareholders."

Full-Year 2020 Adjusted Guidance (compared to Full-Year 2019 Adjusted Actuals):

- Overall sales expected to be down 4% to 6%; Defense market growth remains in-line with prior guidance at 8% to 10%;
- Adjusted operating income expected to be down 5% to 8%;
- Adjusted operating margin expected to be down 30 to 50 basis points to new range of 16.0% to 16.2%, as cost containment actions expected to partially offset impact of decline in sales volume;
- Adjusted diluted EPS range of \$6.60 to \$6.85, with approximately 40% of full-year 2020 EPS expected to be recognized in the fourth quarter;
- Adjusted FCF guidance range of \$350 to \$380 million, with Adjusted FCF conversion increasing to approximately 130%; and
- The Company now anticipates \$35 million in restructuring costs in 2020 to generate \$40 million in annualized savings, which is expected to benefit our performance for the remainder of 2020 and in 2021; this exceeds the original expectations of \$28 million in restructuring costs in 2020 to generate \$20 million in annualized savings which were to begin in 2021.

Financing of \$300 Million in Senior Notes:

- During the second quarter, the Company priced a private placement debt offering of \$300 million for senior notes, consisting of \$150 million 3.10% notes due 2030 and \$150 million 3.20% notes due 2032; The offering is expected to close on August 13, 2020; and
 - Curtiss-Wright maintains a flexible and conservative capital structure, including significant dry powder for acquisitions and other corporate needs.
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Second Quarter 2020 Operating Results

<i>(In millions)</i>	2Q-2020	2Q-2019	Change
Sales	\$ 550.0	\$ 639.0	(14%)
Reported operating income	\$ 55.3	\$ 105.7	(48%)
Adjustments ⁽¹⁾	23.2	2.0	
Adjusted operating income ⁽¹⁾	\$ 78.5	\$ 107.7	(27%)
Adjusted operating margin ⁽¹⁾	14.3%	16.8%	(250 bps)

(1) Adjusted results exclude \$15 million in restructuring costs, a non-cash impairment of capitalized development costs related to a commercial aerospace program, one-time inventory step-up, backlog amortization and transaction costs for current and prior year acquisitions, and one-time transition and IT security costs associated with the relocation of our DRG business.

- Sales of \$550 million, down \$89 million, or 14%, compared to the prior year (down 17% organic, up 3% acquisitions);
 - Sales to the defense markets increased 5%, led by solid growth in aerospace and naval defense, while sales to the commercial markets decreased 29%, due to reduced demand in the general industrial, commercial aerospace and power generation markets resulting from the widespread impact of the COVID-19 pandemic. Please refer to the accompanying tables for an overall breakdown of sales by end market;
 - Adjusted operating income was \$79 million, down 27%, while Adjusted operating margin decreased 250 basis points to 14.3%, reflecting unfavorable overhead absorption on lower organic revenues in the Commercial/Industrial and Power segments, partially offset by the benefits of our company-wide cost containment actions; and
 - Non-segment expenses of \$8 million decreased by \$2 million, or 21% compared to the prior year, primarily due to lower corporate spending.
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Net Earnings and Diluted EPS

<i>(In millions, except EPS)</i>	2Q-2020	2Q-2019	Change
Reported net earnings	\$ 31.0	\$ 80.1	(61%)
Adjustments, net of tax (1)	23.9	1.5	
Adjusted net earnings (1)	\$ 54.9	\$ 81.6	(33%)
Reported diluted EPS	\$ 0.74	\$ 1.86	(60%)
Adjustments, net of tax (1)	0.57	0.04	
Adjusted diluted EPS (1)	\$ 1.31	\$ 1.90	(31%)

(1) Adjusted results exclude \$15 million in restructuring costs, a non-cash impairment of capitalized development costs related to a commercial aerospace program, one-time inventory step-up, backlog amortization and transaction costs for current and prior year acquisitions, one-time transition and IT security costs associated with the relocation of our DRG business, and a \$10 million non-cash currency translation loss (within non-operating income) related to the liquidation of a foreign legal entity.

- Reported net earnings of \$31 million, down \$49 million, or 61% from the prior year, reflecting lower segment operating income, a non-cash currency translation loss related to the liquidation of a foreign legal entity and a higher effective tax rate;
 - Reported diluted EPS of \$0.74, down 60% from the prior year, reflecting lower net earnings, partially offset by a lower share count;
 - Adjusted net earnings of \$55 million, down 33%;
 - Adjusted diluted EPS of \$1.31, down 31%; and
 - Effective tax rate of 27.4%, an increase from 22.7% in the prior year quarter, primarily due to the aforementioned foreign currency translation loss.
-

Free Cash Flow

<i>(In millions)</i>	2Q-2020	2Q-2019	Change
Net cash provided by operating activities	\$ 140.4	\$ 92.2	52%
Capital expenditures	(10.7)	(16.4)	35%
Reported free cash flow	\$ 129.7	\$ 75.8	71%
Adjustment to capital expenditures (DRG facility investment) ⁽¹⁾	2.0	4.0	(50%)
Restructuring ⁽¹⁾	4.1	-	-
Adjusted free cash flow ⁽¹⁾	\$ 135.8	\$ 79.8	70%

(1) Adjusted free cash flow excludes a capital investment related to the new, state-of-the-art naval facility principally for DRG which impacted both periods, and the cash impact from restructuring in the current period.

- Reported free cash flow was \$130 million, an increase of \$54 million compared to the prior year, principally driven by higher collections, timing of tax payments and a reduction in capital expenditures, partially offset by lower cash earnings;
- Capital expenditures decreased \$6 million to \$11 million compared to the prior year, primarily due to lower capital investments within the Power segment; and
- Adjusted free cash flow, which excludes restructuring in the current period, as well as the DRG facility investment in the current and prior year periods, improved by \$56 million, or 70%, to \$136 million.

New Orders and Backlog

- New orders of \$620 million increased 3% compared with the prior year period, led by strong organic growth in naval defense for aircraft carrier and submarine platforms, which more than offset reduced demand in the commercial markets; and
- Backlog of \$2.2 billion increased 1% from December 31, 2019.

Share Repurchase and Dividends

- During the second quarter, the Company repurchased 132,443 shares of its common stock for approximately \$13 million;
 - Year-to-date, the Company repurchased 1.2 million shares for approximately \$125 million, which included a \$100 million opportunistic share repurchase program executed in March; and
 - The Company also declared a quarterly dividend of \$0.17 a share, unchanged from the previous quarter.
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Second Quarter 2020 Segment Performance**Commercial/Industrial**

<i>(In millions)</i>	2Q-2020	2Q-2019	Change
Sales	\$ 213.6	\$ 292.9	(27%)
Reported operating income	\$ 14.4	\$ 51.4	(72%)
Adjustments ⁽¹⁾	7.7	-	
Adjusted operating income ⁽¹⁾	\$ 22.1	\$ 51.4	(57%)
Adjusted operating margin ⁽¹⁾	10.3%	17.5%	(720 bps)

⁽¹⁾ Adjusted results exclude restructuring costs and one-time backlog amortization and transaction costs for current year acquisition.

- Sales of \$214 million, down \$79 million, or 27%, compared to the prior year (down 28% organic, up 1% acquisition), primarily due to reduced demand resulting from the impact of the COVID-19 pandemic, though order activity sequentially improved as the quarter progressed;
 - Lower commercial aerospace market revenues principally reflect reduced OEM sales of actuation and sensors equipment, as well as surface treatment services;
 - General industrial market sales declines reflect reduced demand for industrial vehicle, valve and controls products, as well as surface treatment services;
 - Reported operating income was \$14 million, with Reported operating margin of 6.7%; and
 - Adjusted operating income was \$22 million, while Adjusted operating margin decreased 720 basis points to 10.3%, reflecting unfavorable absorption on lower revenues across our commercial markets, partially offset by the benefits of our cost containment initiatives.
-

Defense

<i>(In millions)</i>	2Q-2020	2Q-2019	Change
Sales	\$ 170.0	\$ 158.5	7%
Reported operating income	\$ 27.9	\$ 32.6	(15%)
Adjustments (1)	8.9	0.9	
Adjusted operating income (1)	\$ 36.8	\$ 33.5	10%
Adjusted operating margin (1)	21.6%	21.0%	60 bps

(1) Adjusted results exclude restructuring costs, a non-cash impairment of capitalized development costs related to a commercial aerospace program, and one-time backlog amortization and transaction costs for current and prior year acquisitions.

- Sales of \$170 million, up \$11 million, or 7%, compared to the prior year (down 2% organic, up 9% acquisition);
 - Higher aerospace defense market revenues principally reflect increased sales of embedded computing equipment on various Intelligence, Surveillance and Reconnaissance (ISR) programs, including fighter jets and Unmanned Aerial Vehicle (UAV) platforms;
 - Strong naval defense market revenue growth was due to higher sales of valves on the Virginia class submarine program as well as the contribution from the 901D acquisition;
 - Reduced ground defense market revenues reflect lower sales on domestic and international tank platforms;
 - Lower commercial aerospace market revenues reflect lower sales of flight test instrumentation equipment;
 - Reported operating income was \$28 million, with Reported operating margin of 16.4%; and
 - Adjusted operating income was \$37 million, up 10% from the prior year, while Adjusted operating margin increased 60 basis points to 21.6%, primarily reflecting the contribution from the 901D acquisition and the benefits of our cost containment actions.
-

Power

<i>(In millions)</i>	2Q-2020	2Q-2019	Change
Sales	\$ 166.4	\$ 187.6	(11%)
Reported operating income	\$ 21.3	\$ 32.0	(34%)
Adjustments (1)	6.5	1.2	
Adjusted operating income (1)	\$ 27.8	\$ 33.2	(16%)
Adjusted operating margin (1)	16.7%	17.7%	(100 bps)

(1) Adjusted results exclude restructuring costs and one-time transition and IT security costs associated with the relocation of our DRG business.

- Sales of \$166 million, down \$21 million, or 11%, compared to the prior year;
- Lower naval defense market revenues reflect production timing, as we completed the transition of our DRG business from New York to South Carolina in the second quarter and expect a steady, sequential ramp up to full production in the second half of the year. In addition, lower service center sales were partially offset by increased Columbia class submarine revenues;
- Reduced power generation market sales principally reflect lower domestic and international aftermarket revenues; and
- Reported operating income was \$21 million, with Reported operating margin of 12.8%; and
- Adjusted operating income was \$28 million, down 16%, while Adjusted operating margin decreased 100 basis points to 16.7%, reflecting unfavorable overhead absorption on lower naval defense and power generation revenues, partially offset by the benefits of our cost containment actions.

A more detailed breakdown of the Company's 2020 financial guidance by segment and by market, as well as all reconciliations of Reported GAAP amounts to Adjusted non-GAAP amounts can be found in the accompanying schedules.

Conference Call & Webcast Information

The Company will host a conference call to discuss its second quarter financial results and business outlook at 10:00 a.m. ET on Tuesday, August 4, 2020. A live webcast of the call and the accompanying financial presentation, as well as a replay of the call, will be made available on the internet by visiting the Investor Relations section of the Company's website at www.curtisswright.com.

(Tables to Follow)

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
(\$'s in thousands, except per share data)

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2020	2019	\$	%	2020	2019	\$	%
Product sales	\$ 466,445	\$ 532,253	\$ (65,808)	(12%)	\$ 964,374	\$ 1,003,852	\$ (39,478)	(4%)
Service sales	83,602	106,743	(23,141)	(22%)	186,904	213,458	(26,554)	(12%)
Total net sales	550,047	638,996	(88,949)	(14%)	1,151,278	1,217,310	(66,032)	(5%)
Cost of product sales	309,152	342,726	(33,574)	(10%)	639,965	654,682	(14,717)	(2%)
Cost of service sales	54,869	66,226	(11,357)	(17%)	124,708	135,711	(11,003)	(8%)
Total cost of sales	364,021	408,952	(44,931)	(11%)	764,673	790,393	(25,720)	(3%)
Gross profit	186,026	230,044	(44,018)	(19%)	386,605	426,917	(40,312)	(9%)
Research and development expenses	18,269	18,900	(631)	(3%)	36,576	36,141	435	1%
Selling expenses	25,193	30,693	(5,500)	(18%)	56,781	62,170	(5,389)	(9%)
General and administrative expenses	76,606	74,766	1,840	2%	153,264	150,876	2,388	2%
Restructuring expenses	10,609	—	10,609	NM	12,189	—	12,189	NM
Operating income	55,349	105,685	(50,336)	(48%)	127,795	177,730	(49,935)	(28%)
Interest expense	8,515	7,960	555	7%	16,004	15,232	772	5%
Other income, net	(4,105)	5,871	(9,976)	(170%)	1,427	11,349	(9,922)	(87%)
Earnings before income taxes	42,729	103,596	(60,867)	(59%)	113,218	173,847	(60,629)	(35%)
Provision for income taxes	(11,711)	(23,524)	11,813	(50%)	(30,439)	(38,182)	7,743	(20%)
Net earnings	\$ 31,018	\$ 80,072	\$ (49,054)	(61%)	\$ 82,779	\$ 135,665	\$ (52,886)	(39%)
Net earnings per share:								
Basic earnings per share	\$ 0.75	\$ 1.87			\$ 1.97	\$ 3.17		
Diluted earnings per share	\$ 0.74	\$ 1.86			\$ 1.95	\$ 3.15		
Dividends per share	\$ 0.17	\$ 0.17			\$ 0.34	\$ 0.32		
Weighted average shares outstanding:								
Basic	41,629	42,758			42,092	42,776		
Diluted	41,855	43,024			42,362	43,038		

NM - not meaningful

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(\$'s in thousands, except par value)

	June 30, 2020	December 31, 2019	Change %
Assets			
Current assets:			
Cash and cash equivalents	\$ 155,383	\$ 391,033	(60)%
Receivables, net	598,340	632,194	(5)%
Inventories, net	461,902	424,835	9%
Other current assets	51,584	81,729	(37)%
Total current assets	<u>1,267,209</u>	<u>1,529,791</u>	(17)%
Property, plant, and equipment, net	381,226	385,593	(1)%
Goodwill	1,197,194	1,166,680	3%
Other intangible assets, net	489,208	479,907	2%
Operating lease right-of-use assets, net	157,526	165,490	(5)%
Prepaid pension asset	123,695	—	NM
Other assets	26,613	36,800	(28)%
Total assets	<u>\$ 3,642,671</u>	<u>\$ 3,764,261</u>	(3)%
Liabilities			
Current liabilities:			
Accounts payable	171,842	222,000	(23)%
Accrued expenses	128,800	164,744	(22)%
Income taxes payable	7,177	7,670	(6)%
Deferred revenue	263,110	276,115	(5)%
Other current liabilities	91,049	74,202	23%
Total current liabilities	<u>661,978</u>	<u>744,731</u>	(11)%
Long-term debt	834,802	760,639	10%
Deferred tax liabilities, net	92,941	80,159	16%
Accrued pension and other postretirement benefit costs	90,004	138,635	(35)%
Long-term operating lease liability	137,213	145,124	(5)%
Long-term portion of environmental reserves	15,271	15,026	2%
Other liabilities	97,167	105,575	(8)%
Total liabilities	<u>1,929,376</u>	<u>1,989,889</u>	(3)%
Stockholders' equity			
Common stock, \$1 par value	49,187	49,187	—%
Additional paid in capital	118,467	116,070	2%
Retained earnings	2,565,727	2,497,111	3%
Accumulated other comprehensive loss	(342,681)	(325,274)	(5)%
Less: cost of treasury stock	(677,405)	(562,722)	(20)%
Total stockholders' equity	<u>1,713,295</u>	<u>1,774,372</u>	(3)%
Total liabilities and stockholders' equity	<u>\$ 3,642,671</u>	<u>\$ 3,764,261</u>	(3)%

NM - not meaningful

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
SEGMENT INFORMATION (UNAUDITED)
(\$'s in thousands)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change %	2020	2019	Change %
Sales:						
Commercial/Industrial	\$213,648	\$292,900	(27%)	\$478,016	\$562,758	(15%)
Defense	169,955	158,492	7%	336,066	292,275	15%
Power	166,444	187,604	(11%)	337,196	362,277	(7%)
Total sales	\$550,047	\$638,996	(14%)	\$1,151,278	\$1,217,310	(5%)
Operating income (expense):						
Commercial/Industrial	\$14,366	\$51,376	(72%)	\$49,353	\$86,581	(43%)
Defense	27,872	32,607	(15%)	56,576	53,339	6%
Power	21,259	31,983	(34%)	41,881	57,364	(27%)
Total segments	\$63,497	\$115,966	(45%)	\$147,810	\$197,284	(25%)
Corporate and other	(8,148)	(10,281)	21%	(20,015)	(19,554)	(2%)
Total operating income	\$55,349	\$105,685	(48%)	\$127,795	\$177,730	(28%)
Operating margins:						
Commercial/Industrial	6.7%	17.5%	(1,080 bps)	10.3%	15.4%	(510 bps)
Defense	16.4%	20.6%	(420 bps)	16.8%	18.2%	(140 bps)
Power	12.8%	17.0%	(420 bps)	12.4%	15.8%	(340 bps)
Total Curtiss-Wright	10.1%	16.5%	(640 bps)	11.1%	14.6%	(350 bps)
Segment margins	11.5%	18.1%	(660 bps)	12.8%	16.2%	(340 bps)

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
SALES BY END MARKET (UNAUDITED)
(\$'s in thousands)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change %	2020	2019	Change %
Defense markets:						
Aerospace	\$ 109,305	\$ 104,426	5%	\$ 211,133	\$ 183,213	15%
Ground	20,029	26,394	(24%)	42,686	47,151	(9%)
Naval	164,941	149,853	10%	330,633	280,941	18%
Total Defense	\$ 294,275	\$ 280,673	5%	\$ 584,452	\$ 511,305	14%
Commercial markets:						
Aerospace	\$ 71,084	\$ 108,000	(34%)	\$ 171,765	\$ 211,222	(19%)
Power Generation	76,202	93,171	(18%)	160,550	189,652	(15%)
General Industrial	108,486	157,152	(31%)	234,511	305,131	(23%)
Total Commercial	\$ 255,772	\$ 358,323	(29%)	\$ 566,826	\$ 706,005	(20%)
Total Curtiss-Wright	\$ 550,047	\$ 638,996	(14%)	\$ 1,151,278	\$ 1,217,310	(5%)

Use of Non-GAAP Financial Information (Unaudited)

The Corporation supplements its financial information determined under U.S. generally accepted accounting principles (GAAP) with certain non-GAAP financial information. Curtiss-Wright believes that these non-GAAP measures provide investors with additional insight into the Company's ongoing business performance. These non-GAAP measures should not be considered in isolation or as a substitute for the related GAAP measures, and other companies may define such measures differently. Curtiss-Wright encourages investors to review its financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

The Company's presentation of its financials and guidance includes an Adjusted (non-GAAP) view that excludes significant restructuring costs in 2020 associated with its operations, including one-time actions taken in response to COVID-19, a non-cash impairment of capitalized development costs related to a commercial aerospace program, 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. 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 within this release.

The following definitions are provided:

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

These Adjusted financials are defined as Reported Operating Income, Operating Margin, Net Earnings and Diluted Earnings per Share (EPS) under GAAP excluding: (i) 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; (ii) one-time transition and IT security costs associated with the relocation of a business in the current year period; (iii) the non-cash impairment of capitalized development costs related to a commercial aerospace program; and (iv) 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 sales and operating income excluding the impact of restructuring costs, foreign currency fluctuations and contributions from acquisitions made during the last twelve months.

Three Months Ended**June 30,****2020 vs. 2019**

	Commercial/Industrial		Defense		Power		Total Curtiss-Wright	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Organic	(28%)	(59%)	(2%)	(11%)	(11%)	(14%)	(17%)	(35%)
Acquisitions	1%	0%	9%	(1%)	0%	0%	3%	(1%)
Restructuring	0%	(14%)	0%	(5%)	0%	(20%)	0%	(13%)
Foreign Currency	0%	1%	0%	2%	0%	0%	0%	1%
Total	(27%)	(72%)	7%	(15%)	(11%)	(34%)	(14%)	(48%)

Six Months Ended**June 30,****2020 vs. 2019**

	Commercial/Industrial		Defense		Power		Total Curtiss-Wright	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Organic	(16%)	(35%)	5%	10%	(7%)	(14%)	(8%)	(19%)
Acquisitions	1%	0%	10%	(1%)	0%	0%	3%	0%
Restructuring	0%	(9%)	0%	(5%)	0%	(13%)	0%	(10%)
Foreign Currency	0%	1%	0%	2%	0%	0%	0%	1%
Total	(15%)	(43%)	15%	6%	(7%)	(27%)	(5%)	(28%)

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: (i) a capital investment in the Power segment related to the new, state-of-the-art naval facility principally for DRG; (ii) a voluntary contribution to the Company's corporate defined benefit pension plan made in the first quarter of 2020; and (iii) 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. Adjusted free cash flow conversion is defined as Adjusted free cash flow divided by Adjusted net earnings.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
NON-GAAP FINANCIAL DATA (UNAUDITED)
(S's in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 140,367	\$ 92,244	\$ (52,209)	\$ 40,386
Capital expenditures	(10,687)	(16,437)	(29,324)	(33,471)
Free cash flow	<u>\$ 129,680</u>	<u>\$ 75,807</u>	<u>\$ (81,533)</u>	<u>\$ 6,915</u>
Voluntary pension contribution	—	—	150,000	—
Adjustment to capital expenditures (DRG facility investment)	1,998	4,039	9,675	9,162
Restructuring	4,076	—	4,741	—
Adjusted free cash flow	<u>\$ 135,754</u>	<u>\$ 79,846</u>	<u>\$ 82,883</u>	<u>\$ 16,077</u>
Adjusted free cash flow conversion	<u>247%</u>	<u>100%</u>	<u>74%</u>	<u>12%</u>

CURTISS-WRIGHT CORPORATION
2020 Guidance
As of August 3, 2020
(\$'s in millions, except per share data)

	2019 Reported (GAAP)	2019 Adjustments (1) (Non-GAAP)	2019 Adjusted (Non-GAAP)	2020 Reported Guidance (GAAP)		2020 Restructuring Adjustments (2) (Non-GAAP)	2020 Other Adjustments (2) (Non- GAAP)	2020 Adjusted Guidance (3)(4)(5) (Non-GAAP)		2020 Chg vs 2019 Adjusted
				Low	High			Low	High	
Sales:										
Commercial/Industrial	\$ 1,138	\$ -	\$ 1,138	\$ 935	\$ 965	\$ -	\$ -	\$ 935	\$ 965	
Defense	626	2	628	675	685	-	-	675	685	
Power	724	-	724	740	750	-	-	740	750	
Total sales	\$ 2,488	\$ 2	\$ 2,490	\$ 2,350	\$ 2,400	\$ -	\$ -	\$ 2,350	\$ 2,400	(4 to 6%)
Operating income:										
Commercial/Industrial	\$ 180	\$ -	\$ 180	\$ 106	\$ 114	\$ 20	\$ 2	\$ 128	\$ 136	
Defense	137	2	140	139	142	4	13	156	159	
Power	122	4	126	113	116	11	3	127	129	
Total segments	439	7	446	358	372	35	18	411	424	
Corporate and other	(35)	-	(35)	(35)	(36)	-	-	(35)	(36)	
Total operating income	\$ 404	\$ 7	\$ 411	\$ 323	\$ 336	\$ 35	\$ 18	\$ 376	\$ 389	(5 to 8%)
Interest expense	\$ (31)	\$ -	\$ (31)	\$ (35)	\$ (36)	\$ -	\$ -	\$ (35)	\$ (36)	
Other income, net	24	-	24	13	14	-	10	23	24	
Earnings before income taxes	397	7	403	301	315	35	27	363	377	
Provision for income taxes	(89)	(2)	(90)	(71)	(74)	(8)	(6)	(85)	(89)	
Net earnings	\$ 308	\$ 5	\$ 313	\$ 230	\$ 241	\$ 27	\$ 21	\$ 278	\$ 289	
Diluted earnings per share	\$ 7.15	\$ 0.12	\$ 7.27	\$ 5.47	\$ 5.72	\$ 0.64	\$ 0.50	\$ 6.60	\$ 6.85	(6 to 9%)
<i>Diluted shares outstanding</i>	43.0		43.0	42.1	42.1			42.1	42.1	
<i>Effective tax rate</i>	22.4%		22.4%	23.5%	23.5%			23.5%	23.5%	
Operating margins:										
Commercial/Industrial	15.8%	-	15.8%	11.4%	11.8%	+210 bps	-	13.7%	14.1%	(170 to 210 bps)
Defense	21.9%	+40 bps	22.3%	20.6%	20.8%	+60 bps	+190 bps	23.1%	23.2%	80 to 90 bps
Power	16.9%	+50 bps	17.4%	15.2%	15.4%	+150 bps	+40 bps	17.1%	17.2%	(20 to 30 bps)
Total operating margin	16.2%	+30 bps	16.5%	13.7%	14.0%	+150 bps	+70 bps	16.0%	16.2%	(30 to 50 bps)
Free cash flow (6)	\$ 352	\$ 19	\$ 371	\$ 167	\$ 197	\$ 20	\$ 163	\$ 350	\$ 380	

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 \$35 million in restructuring costs, \$11 million in first year purchase accounting costs, specifically one-time backlog amortization and transaction costs associated with acquisitions, \$4 million non-cash impairment of capitalized development costs related to a commercial aerospace program, and \$3 million in one-time transition and IT security costs related to the relocation of the DRG business, as well as a \$10 million non-cash currency translation loss (within non-operating income) related to the liquidation of a foreign legal entity.

(3) Commercial/Industrial segment 2020 Adjusted guidance excludes \$20 million in restructuring costs and \$2 million in one-time backlog amortization and transaction costs associated with the acquisition of Dyna-Flo.

(4) Defense segment 2020 Adjusted guidance excludes \$4 million in restructuring costs, \$9 million in one-time backlog amortization and transaction costs associated with the acquisitions of 901D and IADS, and \$4 million non-cash impairment of capitalized development costs related to a commercial aerospace program.

(5) Power segment 2020 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 \$150 million voluntary contribution made in January to the Company's corporate defined benefit pension plan, a \$20 million cash impact from restructuring, and a \$13 million capital investment related to the aforementioned DRG facility.

CURTISS-WRIGHT CORPORATION
2020 Sales Growth Guidance by End Market
As of August 3, 2020

	<u>2020 % Change vs 2019</u>
<u>Defense Markets</u>	
Aerospace	4 - 6%
Ground	(5 - 7%)
Navy	14 - 16%
Total Defense	8 - 10%
<u>Commercial Markets</u>	
Commercial Aerospace	(19 - 21%)
Power Generation	(3 - 5%)
General Industrial	(18 - 20%)
Total Commercial	(14 - 16%)
Total Curtiss-Wright Sales	(4 - 6%)

About Curtiss-Wright Corporation

Curtiss-Wright Corporation (NYSE: CW) is a global innovative company that delivers highly engineered, critical function products and services to the commercial, industrial, defense and energy markets. Building on the heritage of Glenn Curtiss and the Wright brothers, Curtiss-Wright has a long tradition of providing reliable solutions through trusted customer relationships. The company employs approximately 8,900 people worldwide. For more information, visit www.curtisswright.com.

Certain statements made in this press release, including statements about future revenue, financial performance guidance, quarterly and annual revenue, net income, operating income growth, future business opportunities, cost saving initiatives, the successful integration of the Company's acquisitions, future cash flow from operations, and potential impacts of the COVID-19 pandemic are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act") and the Private Securities Litigation Reform Act of 1995. These statements present management's expectations, beliefs, plans and objectives regarding future financial performance, and assumptions or judgments concerning such performance. Any discussions contained in this press release, except to the extent that they contain historical facts, are forward-looking and accordingly involve estimates, assumptions, judgments and uncertainties. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such risks and uncertainties include, but are not limited to: a reduction in anticipated orders; an economic downturn; changes in the competitive marketplace and/or customer requirements; a change in government spending; an inability to perform customer contracts at anticipated cost levels; the impact of a global pandemic or national epidemic, and other factors that generally affect the business of aerospace, defense contracting, electronics, marine, and industrial companies. Such factors are detailed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and subsequent reports filed with the Securities and Exchange Commission.

This press release and additional information are available at www.curtisswright.com.

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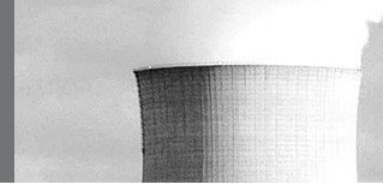


Q2 2020 Earnings Conference Call

August 4, 2020



Listen-Only dial-in numbers:
(844) 220-4970 (domestic)
(262) 558-6349 (international)



NYSE: CW



Safe Harbor Statement

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 within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and the Private Securities Litigation-Reform Act of 1995. Such forward-looking statements only speak as of the date of this report and Curtiss-Wright Corporation assumes no obligation to update the information included in this report. Such forward-looking statements include, 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, including the impact of a global pandemic or national epidemic. Any references to organic growth exclude the effects of restructuring costs, foreign currency fluctuations, 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.

Second Quarter 2020 Business Review and Financial Highlights

- **Maintaining comprehensive COVID-19 health and safety protocols**
- **Net Sales of \$550 million, down 14%**
 - Solid defense market growth, up 5%
 - Reduced commercial market demand, as expected
- **Adjusted Operating Income down 27%; Adjusted Operating Margin down 250 bps to 14.3%**
 - Lower sales and reduced profitability in C/I and Power segments
 - Benefits of ongoing cost containment actions and restructuring savings in all segments
- **Adjusted Diluted EPS of \$1.31, down 31%**
- **New Orders of \$620 million, up 3%; Backlog up 1% YTD**
 - Q2 Book-to-Bill 1.1x, led by strong demand in naval defense
- **Adjusted Free Cash Flow of \$136 million, up 70% (247% FCF conversion)**

Notes:

- 2020 Adjusted results exclude restructuring costs, a non-cash impairment of capitalized development costs related to a commercial aerospace program, one-time inventory step-up, backlog amortization and transaction costs for current and prior year acquisitions, and one-time transition and IT security costs associated with the relocation of our DRG business.
- 2020 Adjusted Free Cash Flow excludes a voluntary contribution to the Company's corporate defined benefit pension plan, the cash impact from restructuring, and a capital investment related to construction of a new, state-of-the-art naval facility for the DRG business (Power segment).

Second Quarter 2020 End Market Sales Growth

	Q2'20 Change	% of Total Sales
Aero Defense	5%	20%
Ground Defense	(24%)	4%
Naval Defense	10%	30%
Total Defense	5%	54%
Commercial Aero	(34%)	13%
Power Generation	(18%)	14%
General Industrial	(31%)	20%
Total Commercial	(29%)	46%
Total Curtiss-Wright	(14%)	100%

Key Drivers

Defense Markets:

- **Aerospace Defense:** Higher defense electronics revenues on various ISR programs
- **Ground Defense:** Lower TDSS revenues on Int'l platforms and COTS embedded computing revenues on Abrams platform
- **Naval Defense:** Higher revenues on Virginia class and Columbia class submarine programs and contribution from 901D acquisition; Partially offset by DRG production timing on ramp up of new facility

Commercial Markets:

- **Commercial Aerospace:** Lower sales of equipment and surface treatment services across all major OEM platforms
- **Power Generation:** Lower international aftermarket revenues due to deferrals of maintenance and large projects
- **General Industrial:** Reduced demand across all categories of industrial products and surface treatment services

Notes:

- Percentages in chart relate to Second Quarter 2020 sales compared with the prior year. Amounts may not add due to rounding.

Second Quarter 2020 Adjusted Operating Income / Margin Drivers

(\$ in millions)	Q2'20 Adjusted ⁽¹⁾	Q2'19 Adjusted ⁽¹⁾	Chg vs. Q2'19	Key Drivers
Commercial / Industrial Margin	\$22.1 10.3%	\$51.4 17.5%	(57%) (720 bps)	<ul style="list-style-type: none"> Lower sales / unfavorable absorption in comm'l markets Partially offset by benefits of cost containment / restructuring savings PY gain on sale of building (\$4M)
Defense Margin	36.8 21.6%	33.5 21.0%	10% 60 bps	<ul style="list-style-type: none"> Contribution from 901D acquisition Benefit of restructuring savings
Power Margin	27.8 16.7%	33.2 17.7%	(16%) (100 bps)	<ul style="list-style-type: none"> Unfavorable absorption on lower power generation revenues Timing of naval production revenues due to ramp up in new DRG facility Partially offset by benefit of restructuring savings
Total Segments Adjusted Operating Income	\$86.7	\$118.0	(27%)	
Corp & Other	(\$8.1)	(\$10.3)	21%	<ul style="list-style-type: none"> Lower Corporate spending
Total CW Adjusted Op Income Margin	\$78.5 14.3%	\$107.7 16.8%	(27%) (250 bps)	

* Notes: Amounts may not add down due to rounding. Adjusted operating income and operating margin exclude restructuring costs, a non-cash impairment of capitalized development costs related to a commercial aerospace program, one-time inventory step-up, backlog amortization and transaction costs for current and prior year acquisitions, and one-time transition and IT security costs associated with the relocation of our DRG business.

Strong Balance Sheet Provides Stability

CASH AND DEBT LEVELS

- **Cash balance: \$155M**
- **Adjusted Debt⁽¹⁾: \$825M**
 - \$750M private placement; \$75M drawn from revolver
 - \$100M in notes maturing in 2021
- **Revolver: \$500M (Current Capacity \$403M)**
 - Plus \$200M accordion feature
- **Borrowing Capacity: \$1.6B**
- **Circled \$300M Senior Notes in May**
 - \$150M @ 3.1% (due 2030)
 - \$150M @ 3.2% (due 2032)
 - Delayed draw feature / Closing Aug 13

DEBT AND LEVERAGE RATIOS⁽¹⁾

- **Adjusted Net Debt / Net Cap: 28%**
 - Manage to internal 45% net debt / net cap limitation
- **Adjusted Net Debt / EBITDA: 1.4x**
- **Interest Coverage: 14.8x**
- **Maintain significant financial flexibility for acquisitions and other corporate needs**

Maintain Flexible and Conservative Capital Structure

2020E End Market Sales Growth (Guidance as of August 3, 2020)

Updated

	2020E (Feb 2020)	2020E (Current)	2020E % Total Sales	Key Drivers
Aero Defense	4% - 6%	No Change	19%	<ul style="list-style-type: none"> Favorable growth on key platforms (esp. F-35)
Ground Defense	5% - 7%	(5% - 7%)	4%	<ul style="list-style-type: none"> Lower sales on international ground platforms
Naval Defense	12% - 14%	14% - 16%	27%	<ul style="list-style-type: none"> Strong growth on submarines and aircraft carriers Contribution from 901D acquisition
Total Defense	8% - 10%	No Change	50%	Maintain healthy organic growth, Up 4% - 6%
Commercial Aero	0% - 2%	(19% - 21%)	14%	<ul style="list-style-type: none"> Widespread reduction in OEM production rates
Power Generation	3% - 5%	(3% - 5%)	16%	<ul style="list-style-type: none"> Lower Int'l aftermarket sales (U.S. market relatively flat)
General Industrial	Flat	(18% - 20%)	20%	<ul style="list-style-type: none"> Reduced demand in all major categories (most notably industrial valves and vehicles)
Total Commercial	0% - 2%	(14% - 16%)	50%	Expect conditions to improve during H2'20
Total Curtiss-Wright	4% - 6%	(4% - 6%)	100%	

(\$ in millions)	2020E Adjusted ⁽²⁾ (Feb 2020)	2020E Adjusted ⁽²⁾ (Current)	2020E Change vs 2019 Adjusted ⁽¹⁾⁽²⁾	2020 Key Drivers
Commercial / Industrial	\$1,140 - 1,160	\$935 - 965	(15% - 18%)	<ul style="list-style-type: none"> ▪ Reduced demand in commercial aerospace and general industrial ▪ Solid growth in aerospace and naval defense ▪ Contribution from 901D acquisition ▪ Solid growth in naval defense and CAP1000 (both weighted to H2) ▪ Reduced International aftermarket power generation revenues
Defense	\$690 - 700	\$675 - 685	8% - 9%	
Power	\$760 - 770	\$740 - 750	2% - 4%	
Total Sales	\$2,590 - 2,630	\$2,350 - 2,400	(4% - 6%)	
Commercial / Industrial Margin	\$180 - 184 15.8% - 15.9%	\$128 - 136 13.7% - 14.1%	(24% - 29%) (170 - 210 bps)	<ul style="list-style-type: none"> ▪ Benefit of restructuring savings and ongoing cost reduction measures helping to mitigate lower sales volume ▪ Benefit of restructuring savings and ongoing cost reduction measures ▪ Contribution from 901D acquisition
Defense Margin	\$152 - 155 22.0% - 22.1%	\$156 - 159 23.1% - 23.2%	12% - 14% 80 - 90 bps	
Power Margin	\$130 - 132 17.1% - 17.2%	\$127 - 129 17.1% - 17.2%	0% - 2% (20 - 30 bps)	<ul style="list-style-type: none"> ▪ Favorable overhead absorption on higher sales ▪ Benefit of restructuring savings
Corporate and Other	(\$34 - 35)	(\$35 - 36)	(1% - 2%)	<ul style="list-style-type: none"> ▪ Higher FX
Total Op. Income	\$428 - 437	\$376 - 389	(5% - 8%)	FY'20 Decremental Margin to range from 20% - 25%
CW Margin	16.5% - 16.6%	16.0% - 16.2%	(30 - 50 bps)	

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, a non-cash impairment of capitalized development costs related to a comm aerospace program, one-time inventory step-up, backlog amortization and transaction costs for current and prior year acquisitions, and one-time transition and IT security costs assoc. with the relocation of our DRG business.

(\$ in millions, except EPS)	2020E Adjusted ⁽³⁾ (Feb 2020)	2020E Adjusted ⁽³⁾ (Current)	2020E Change vs 2019 Adjusted ⁽²⁾⁽³⁾	2020 Key Drivers
Total Operating Income	\$428 - 437	\$376 - 389	(5% - 8%)	
Other Income/(Expense)	\$24 - 25	\$23 - 24		
Interest Expense	(\$32 - 33)	(\$35 - 36)		▪ Addition of \$300M Senior Notes
Effective Tax Rate	~23.0%	~23.5%		
Diluted EPS	\$7.50 - 7.70	\$6.60 - 6.85	(6% - 9%)	
Diluted Shares Outstanding	43.0	42.1		▪ Reduction driven by \$100M opportunistic share repurchase
Free Cash Flow ⁽¹⁾	\$370 - 390	\$350 - 380	~ Flat	▪ Strong working capital management
Free Cash Flow Conversion ⁽¹⁾	115% - 118%	126% - 132%		
Capital Expenditures	\$50 - 60	\$40 - 50		▪ Reduced non-essential capital expenditures
Depreciation & Amortization	\$115 - 125	\$110 - 120		

(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 adjusted net earnings.

(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, a non-cash impairment of capitalized development costs related to a comm1 aerospace program, one-time inventory step-up, backlog amortization and transaction costs for current and prior year acquisitions, and one-time transition and IT security costs assoc. with the relocation of our 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 \$20 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).

2020 Summary and Expectations

- **Maintain outlook for solid revenue growth in Defense; Commercial markets expected to gradually improve remainder of year**
 - Acquisitions providing modest boost to top-line
- **Agile business model helps mitigate impact of reduced profitability**
 - Benefit of increased and accelerated cost containment measures
 - Planned restructuring actions to drive \$40M in annualized savings; Contribute evenly to 2020 and 2021
 - Goal: Maintain top quartile performance vs. peers
- **Maintain flexible and conservative capital structure, with ample liquidity**
- **Adjusted FCF outlook remains strong, provides support to balanced capital allocation strategy**

Curtiss-Wright remains well-positioned to weather the challenging environment

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 significant restructuring costs in 2020 associated with its operations, including one-time actions taken in response to COVID-19, a non-cash impairment of capitalized development costs related to a commercial aerospace program, 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. 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 Earnings and Diluted EPS

These Adjusted financials are defined as Reported Operating Income, Operating Margin, Net Earnings and Diluted EPS under GAAP excluding: (i) 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; (ii) one-time transition and IT security costs associated with the relocation of a business in the current year period; (iii) the non-cash impairment of capitalized development costs related to a commercial aerospace program; and (iv) significant restructuring costs in 2020 associated with its operations.

Free Cash Flow and Free Cash Flow Conversion

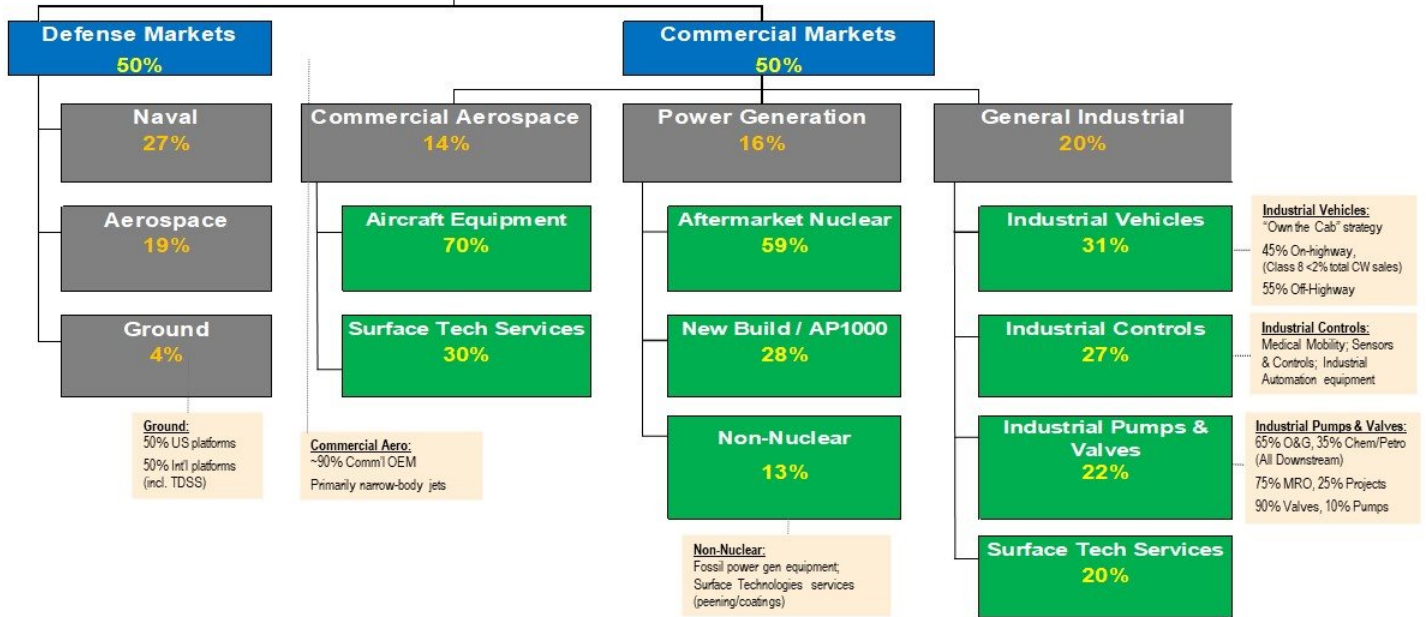
The Corporation discloses free cash flow because it measures cash flow available for investing and financing activities. Free cash flow represents cash available to repay outstanding debt, invest in the business, acquire businesses, return capital to shareholders and make other strategic investments. Free cash flow is defined as cash flow provided by operating activities less capital expenditures. Adjusted free cash flow excludes: (i) a capital investment in the Power segment related to the new, state-of-the-art naval facility principally for DRG; (ii) voluntary contribution to the Company's corporate defined benefit pension plan made in the first quarter of 2020; and (iii) 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. Adjusted free cash flow conversion is defined as Adjusted free cash flow divided by Adjusted net earnings.

FY2020E Guidance: Sales Waterfall (as of August 3, 2020)

Guidance:
 Overall DOWN 4 - 6%
 Defense Markets UP 8 - 10%
 Comm'l Markets DOWN 14 - 16%

(\$ Millions)

Total CW End Markets
 \$2,350 - 2,400



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

CURTISS-WRIGHT CORPORATION										
2020 Guidance										
As of August 3, 2020										
(\$'s in millions, except per share data)										
	2019 Reported (GAAP)	2019 Adjustments ⁽¹⁾ (Non-GAAP)	2019 Adjusted (Non-GAAP)	2020 Reported Guidance (GAAP)		2020 Restructuring Adjustments ⁽²⁾ (Non-GAAP)	2020 Other Adjustments ⁽²⁾ (Non-GAAP)	2020 Adjusted Guidance ⁽³⁾⁽⁴⁾⁽⁵⁾ (Non-GAAP)		2020 Chg vs 2019 Adjusted
				Low	High			Low	High	
Sales:										
Commercial/Industrial	\$ 1,138	\$ -	\$ 1,138	\$ 935	\$ 965	\$ -	\$ -	\$ 935	\$ 965	
Defense	626	2	628	675	685	-	-	675	685	
Power	724	-	724	740	750	-	-	740	750	
Total sales	\$ 2,488	\$ 2	\$ 2,490	\$ 2,350	\$ 2,400	\$ -	\$ -	\$ 2,350	\$ 2,400	(4 to 6%)
Operating income:										
Commercial/Industrial	\$ 180	\$ -	\$ 180	\$ 106	\$ 114	\$ 20	\$ 2	\$ 128	\$ 136	
Defense	137	2	140	139	142	4	13	156	159	
Power	122	4	126	113	116	11	3	127	129	
Total segments	439	7	446	358	372	35	18	411	424	
Corporate and other	(35)	-	(35)	(35)	(36)	-	-	(35)	(36)	
Total operating income	\$ 404	\$ 7	\$ 411	\$ 323	\$ 336	\$ 35	\$ 18	\$ 376	\$ 389	(5 to 8%)
Interest expense	\$ (31)	\$ -	\$ (31)	\$ (35)	\$ (36)	\$ -	\$ -	\$ (35)	\$ (36)	
Other income, net	24	-	24	13	14	-	10	23	24	
Earnings before income taxes	397	7	403	301	315	35	27	363	377	
Provision for income taxes	(89)	(2)	(90)	(71)	(74)	(8)	(6)	(85)	(89)	
Net earnings	\$ 308	\$ 5	\$ 313	\$ 230	\$ 241	\$ 27	\$ 21	\$ 278	\$ 289	(6 to 9%)
Diluted earnings per share	\$ 7.15	\$ 0.12	\$ 7.27	\$ 5.47	\$ 5.72	\$ 0.64	\$ 0.50	\$ 6.60	\$ 6.85	(6 to 9%)
<i>Diluted shares outstanding</i>	<i>43.0</i>		<i>43.0</i>	<i>42.1</i>	<i>42.1</i>			<i>42.1</i>	<i>42.1</i>	
<i>Effective tax rate</i>	<i>22.4%</i>		<i>22.4%</i>	<i>23.5%</i>	<i>23.5%</i>			<i>23.5%</i>	<i>23.5%</i>	
Operating margins:										
Commercial/Industrial	15.8%	-	15.8%	11.4%	11.8%	+210 bps	-	13.7%	14.1%	(170 to 210 bps)
Defense	21.9%	+40 bps	22.3%	20.6%	20.8%	+60 bps	+190 bps	23.1%	23.2%	80 to 90 bps
Power	16.9%	+50 bps	17.4%	15.2%	15.4%	+150 bps	+40 bps	17.1%	17.2%	(20 to 30 bps)
Total operating margin	16.2%	+30 bps	16.5%	13.7%	14.0%	+180 bps	+70 bps	16.0%	16.2%	(30 to 50 bps)
Free cash flow ⁽⁶⁾	\$ 352	\$ 19	\$ 371	\$ 167	\$ 197	\$ 20	\$ 163	\$ 350	\$ 380	

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 \$35 million in restructuring costs, \$11 million in first year purchase accounting costs, specifically one-time backlog amortization and transaction costs associated with acquisitions, \$4 million non-cash impairment of capitalized development costs related to a commercial aerospace program, and \$3 million in one-time transition and IT security costs related to the relocation of the DRG business, as well as a \$10 million non-cash currency translation loss (within non-operating income) related to the liquidation of a foreign legal entity.

(3) Commercial/Industrial segment 2020 Adjusted guidance excludes \$20 million in restructuring costs and \$2 million in one-time backlog amortization and transaction costs associated with the acquisition of Dyna-Flu.

(4) Defense segment 2020 Adjusted guidance excludes \$4 million in restructuring costs, \$9 million in one-time backlog amortization and transaction costs associated with the acquisitions of 901D and LADS, and \$4 million non-cash impairment of capitalized development costs related to a commercial aerospace program.

(5) Power segment 2020 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 \$150 million voluntary contribution made in January to the Company's corporate defined benefit pension plan, a \$20 million cash impact from restructuring, and a \$13 million capital investment related to the new, state-of-the-art naval facility principally for DRG.

Non-GAAP Reconciliations – Q2 2020 Results

(In millions, except EPS)	Q2-2020	Q2-2019	Change
Sales	\$ 550.0	\$ 639.0	(14%)
Reported operating income (GAAP)	\$ 55.3	\$ 105.7	(48%)
Adjustments ⁽¹⁾	<u>23.2</u>	<u>2.0</u>	
Adjusted operating income (Non-GAAP)	\$ 78.5	\$ 107.7	(27%)
Adjusted operating margin (Non-GAAP)	14.3%	16.8%	(250 bps)
Reported net earnings (GAAP)	\$ 31.0	\$ 80.1	(61%)
Adjustments, net of tax ⁽¹⁾	<u>23.9</u>	<u>1.5</u>	
Adjusted net earnings (Non-GAAP)	\$ 54.9	\$ 81.6	(33%)
Reported diluted EPS (GAAP)	\$ 0.74	\$ 1.86	(60%)
Adjustments, net of tax ⁽¹⁾	0.57	0.04	
Adjusted diluted EPS (Non-GAAP)	\$ 1.31	\$ 1.90	(31%)

(1) Adjusted operating income, operating margin, net earnings and diluted EPS results exclude \$15 million in restructuring costs, a non-cash impairment of capitalized development costs related to a commercial aerospace program, one-time inventory step-up, backlog amortization and transaction costs for current and prior year acquisitions, and one-time transition and IT security costs associated with the relocation of our DRG business.

Non-GAAP Reconciliation – Organic Results

Three Months Ended June 30, 2020 vs. 2019

	Commercial/Industrial		Defense		Power		Total Curtiss-Wright	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Organic	(28%)	(59%)	(2%)	(11%)	(11%)	(14%)	(17%)	(35%)
Acquisitions	1%	0%	9%	(1%)	0%	0%	3%	(1%)
Restructuring	0%	(14%)	0%	(5%)	0%	(20%)	0%	(13%)
Foreign Currency	0%	1%	0%	2%	0%	0%	0%	1%
Total	(27%)	(72%)	7%	(15%)	(11%)	(34%)	(14%)	(48%)

Six Months Ended June 30, 2020 vs. 2019

	Commercial/Industrial		Defense		Power		Total Curtiss-Wright	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Organic	(16%)	(35%)	5%	10%	(7%)	(14%)	(8%)	(19%)
Acquisitions	1%	0%	10%	(1%)	0%	0%	3%	0%
Restructuring	0%	(9%)	0%	(5%)	0%	(13%)	0%	(10%)
Foreign Currency	0%	1%	0%	2%	0%	0%	0%	1%
Total	(15%)	(43%)	15%	6%	(7%)	(27%)	(5%)	(28%)

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 restructuring costs, foreign currency fluctuations and contributions from acquisitions made during the last twelve months.

Note: Amounts may not add due to rounding.

Non-GAAP Reconciliation – Adjusted Debt and Adjusted Net Debt

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

Adjusted Debt and Adjusted Net Debt

(Unaudited, in thousands)

	As of
	June 30, 2020
Current portion of long-term and short-term debt	\$ —
Long-term debt	834,802
Total debt	\$ 834,802
Less: Unamortized interest rate swap proceeds	10,336
Less: Debt issuance costs, net	(534)
Adjusted Debt	\$ 825,000
Less: Cash and cash equivalents	\$ 155,383
Adjusted Net Debt	\$ 669,617

Adjusted Debt and Adjusted Net Debt

The Corporation discloses Adjusted Debt and Adjusted Net Debt as it believes that these measures provide useful information regarding contractual amounts of borrowed capital to be repaid, net of cash available to repay such obligations. Adjusted Debt is defined as consolidated short-term and long-term debt (reported in accordance with GAAP), adjusted to exclude unamortized interest rate swap proceeds and debt issuance costs. Adjusted Net Debt is defined as Adjusted Debt less cash and cash equivalents.

Non-GAAP Reconciliation – EBITDA

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

EBITDA

(Unaudited, in thousands)

	<u>For the trailing 12 months ended 6/30/2020</u>	
Net Earnings	\$	254,700
Add back: Interest		32,121
Add back: Income Taxes		81,136
Add back: Depreciation and Amortization		107,384
EBITDA	\$	475,341

EBITDA

The Corporation discloses EBITDA as it believes that this measure is useful in evaluating the Corporation's operating performance. EBITDA is defined as net earnings before interest, income taxes, depreciation, and amortization for the trailing twelve month period ended June 30, 2020.

Non-GAAP Reconciliation – Leverage Ratios

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

(Unaudited, in thousands, except ratios)

	<u>As of June 30, 2020</u>
Adjusted Net Debt-to-Net Capitalization	
Adjusted Net Debt	\$ 669,617
Total Stockholders' equity	1,713,295
Net Capitalization	\$ 2,382,912
	28.1 %
Adjusted Debt-to-EBITDA	<u>As of June 30, 2020</u>
Adjusted Debt	\$ 825,000
EBITDA	475,341
	1.7
Adjusted Net Debt-to-EBITDA	<u>As of June 30, 2020</u>
Adjusted Net Debt	\$ 669,617
EBITDA	475,341
	1.4
Interest Coverage Ratio	<u>As of June 30, 2020</u>
EBITDA	\$ 475,341
Interest Expense	32,121
	14.8