



Q4 and FY2014 Financial Results

May 21, 2014

Lee D. Rudow

President and CEO

John J. Zimmer

Sr. Vice President of Finance and CFO

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as “expects,” “estimates,” “projects,” “anticipates,” “believes,” “could,” and other similar words. All statements addressing operating performance, events, or developments that Transcat, Inc. expects or anticipates will occur in the future, including but not limited to statements relating to anticipated revenue, profit margins, sales operations, its strategy to build its sales representative channel, customer preferences and changes in market conditions in the industries in which Transcat operates are forward-looking statements. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Transcat’s Annual and Quarterly Reports filed with the Securities and Exchange Commission, including under the heading entitled “Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of the Company’s underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. In addition, undue reliance should not be placed on the Company’s forward-looking statements. Except as required by law, the Company disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained in this press release.

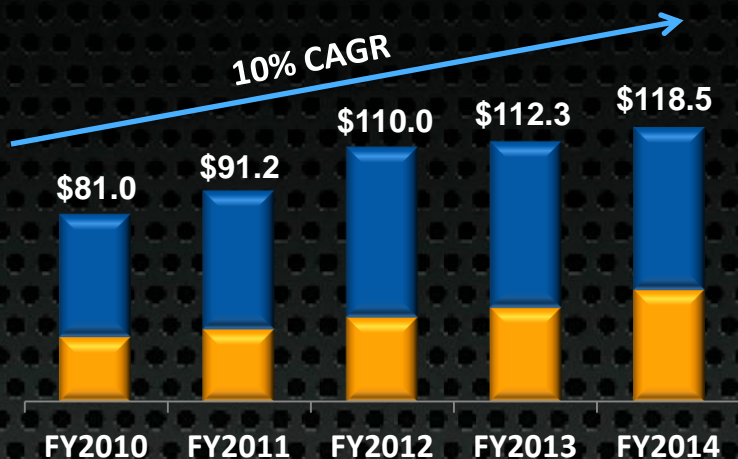
Fourth Quarter and Fiscal Year 2014 Execution

Strategy Continues to Deliver Strong Results

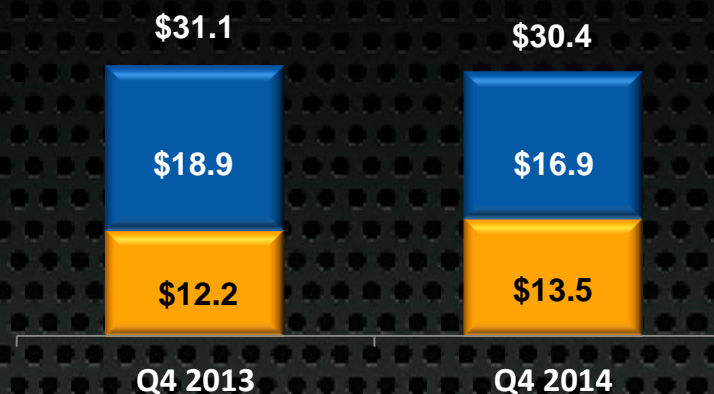
- Continued to execute our strategic plan
 - Acceleration of growth
 - Building momentum
- Achieved annual revenue growth for 10th consecutive year
 - Service segment continued double-digit growth, up 19% for the year
- Achieved operating margin expansion of 170 bps in Service segment
 - Demonstrating operating leverage
- Overall operating earnings up \$800,000, or 13%
- Year not without challenges:
 - Weather
 - Temporary softness in alternative energy markets

Record Annual Revenue & Operating Income

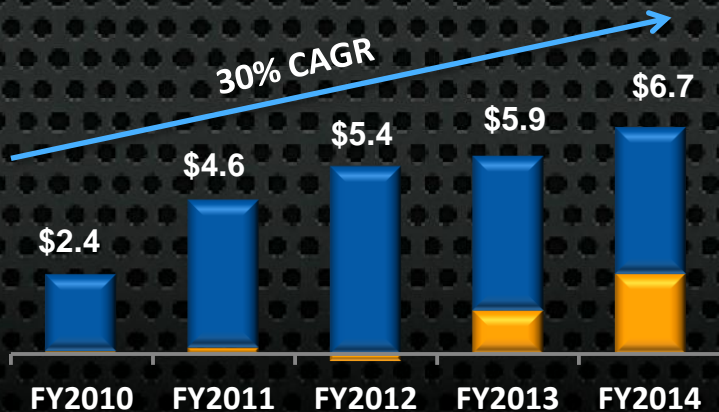
Consolidated Revenue



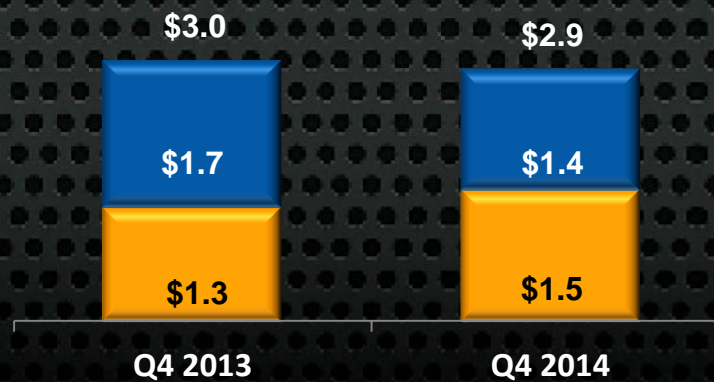
Revenue - Quarterly



Operating Income



Operating Income - Quarterly



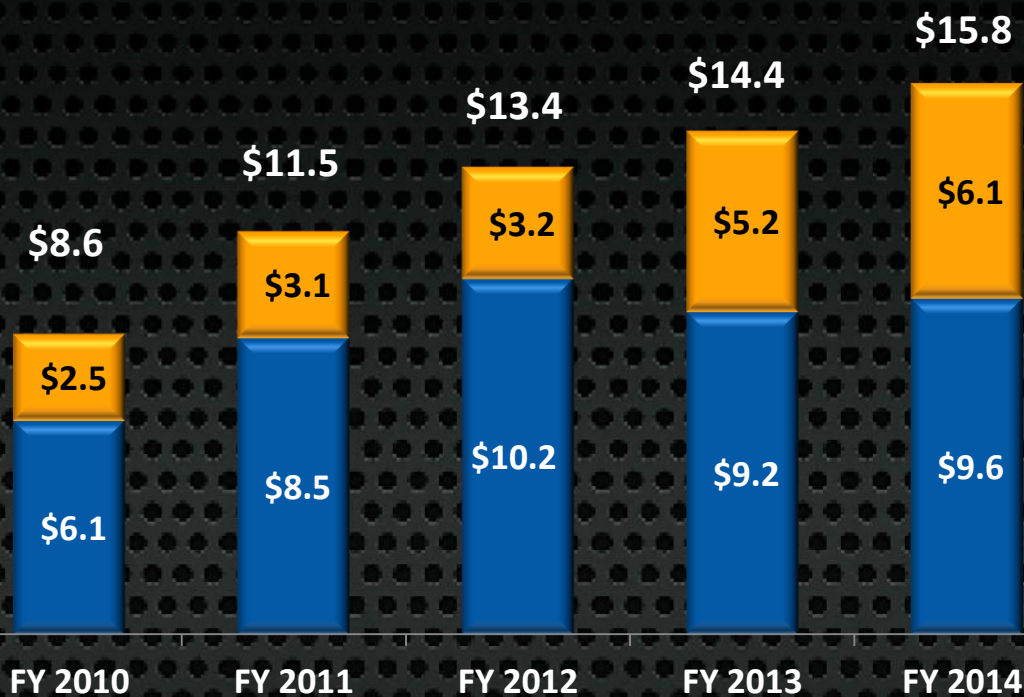
All figures are rounded to the nearest million. Therefore totals shown in graphs may not equal the sum of the segments.

Service

Distribution

Strong Contribution Margin

Contribution Margin*



■ Distribution Segment
 ■ Service Segment

All figures are rounded to the nearest million. Therefore totals shown in graphs may not equal the sum of the segments.

* See supplemental slides for Contribution Margin reconciliation and other important disclaimers regarding Contribution Margin.

Q4 Service Contribution Margin *

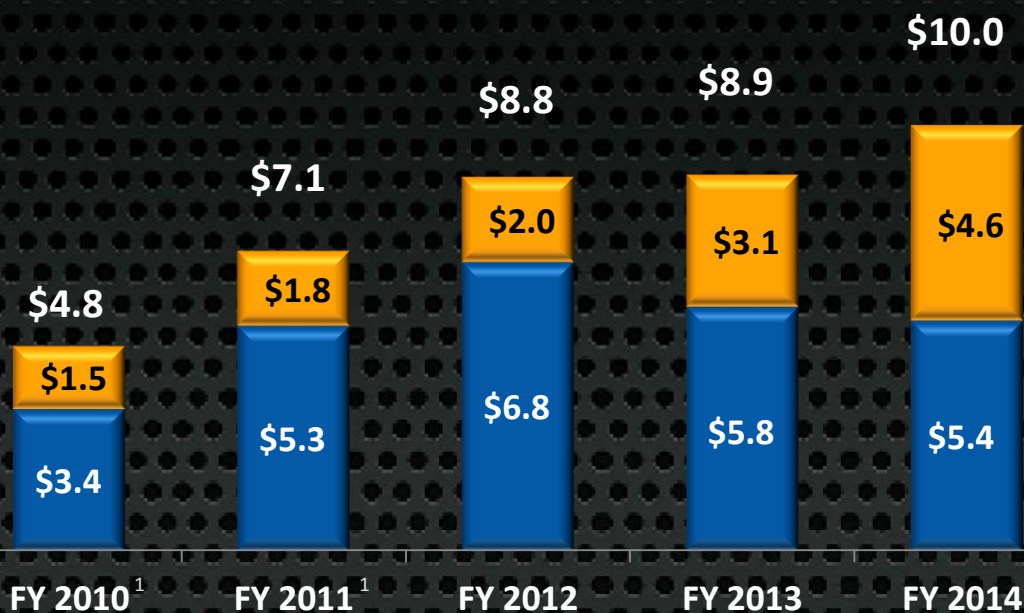


Q4 Distribution Contribution Margin *



Strong Cash Generation

Adjusted EBITDA*



■ Distribution Segment
 ■ Service Segment

All figures are rounded to the nearest million. Therefore totals shown in graphs may not equal the sum of the segments.

* See supplemental slides for Adjusted EBITDA reconciliation and other important disclaimers regarding Adjusted EBITDA.

¹ The chart above excludes unallocated amounts of \$0.2 million for FY10 and \$0.2 million for FY11. These amounts include previously unallocated administrative-related depreciation, amortization and other non-operating expense. These items have been allocated by segment beginning in fiscal year 2012.

Q4 Service Adjusted EBITDA*



Q4 Distribution Adjusted EBITDA*

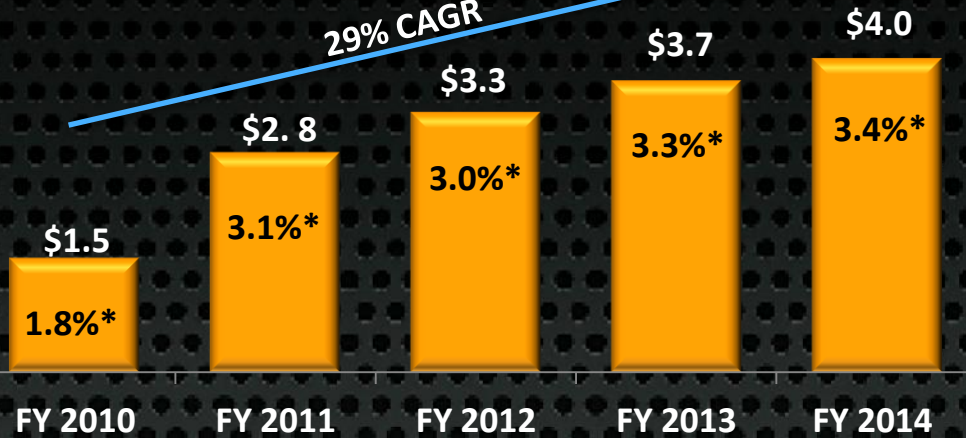


Strong Performance

Net Income

(\$ in millions)

29% CAGR



Q4 Net Income

(\$ in millions)



*=% of sales

EPS



Q4 EPS



Outlook

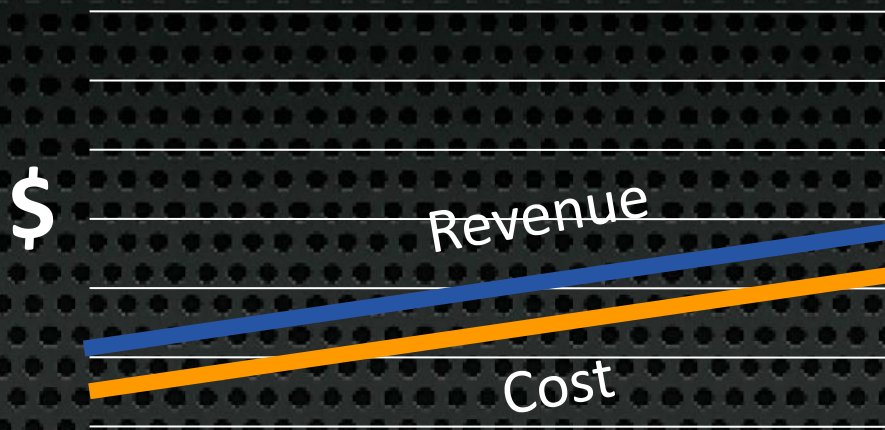
Continue to Execute Strategic Plan

- Expect solid performance driven by Service segment growth
 - Expect to continue double-digit growth trend in Service segment
 - Distribution segment expected to rebound
- Strategic acquisitions will continue play an important role in top-line growth
- Service segment should demonstrate the inherent leverage in the business as Service segment operating income grows faster than revenue
 - Service will continue to become a much larger contributor to top-line revenue

SUPPLEMENTAL INFORMATION

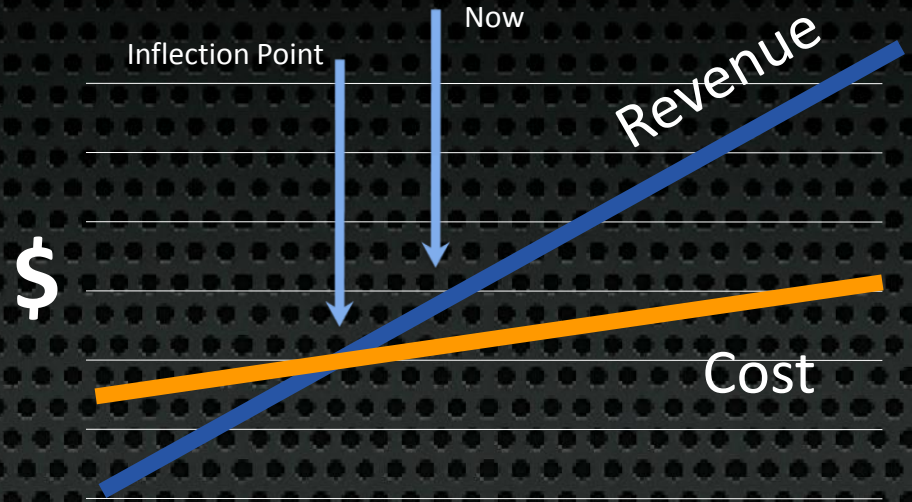
Critical Mass – Service Inflection Point

Distribution



Volume

Service



Volume

Moving forward operating income should grow at a faster rate than revenue

Adjusted EBITDA Reconciliation

(\$ in thousands)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Service Operating Income	\$ 94	\$ 192	\$ (175)	\$ 1,311	\$ 2,379
+Depreciation & Amortization	\$ 1,136	\$ 1,377	\$ 1,959	\$ 1,740	\$ 2,144
+Other (Expense) / Income	-	-	\$ (37)	\$ (84)	\$ (141)
+Noncash Stock Comp	\$ 256	\$ 202	\$ 263	\$ 150	\$ 230
Adjusted Service EBITDA	\$ 1,486	\$ 1,771	\$ 2,010	\$ 3,117	\$ 4,612
Distribution Operating Income	\$ 2,287	\$ 4,395	\$ 5,603	\$ 4,635	\$ 4,326
+Depreciation & Amortization	\$ 742	\$ 673	\$ 937	\$ 962	\$ 801
+Other (Expense) / Income	-	-	\$ (11)	\$ (27)	\$ 12
+Noncash Stock Comp	\$ 323	\$ 226	\$ 290	\$ 193	\$ 297
Adjusted Distribution EBITDA	\$ 3,352	\$ 5,312	\$ 6,819	\$ 5,763	\$ 5,436
Service	\$ 1,486	\$ 1,771	\$ 2,010	\$ 3,117	\$ 4,612
Distribution	\$ 3,352	\$ 5,312	\$ 6,819	\$ 5,763	\$ 5,436
Unallocated	\$ 167	\$ 211	\$ -	\$ -	\$ -
Total Adjusted EBITDA	\$ 4,838	\$ 7,083	\$ 8,829	\$ 8,880	\$ 10,048

**The Company believes that when used in conjunction with GAAP measures, Adjusted EBITDA, or earnings before interest, taxes and depreciation and amortization, which is a non-GAAP measure, allows investors to view its performance in a manner similar to the methods used by management and provides additional insight into its operating results. Adjusted EBITDA is not calculated through the application of GAAP and is not the required form of disclosure by the Securities and Exchange Commission. As such, it should not be considered as a substitute for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.*

Contribution Margin *(\$ in thousands)*

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
SERVICE					
Service Revenue	\$27,918	\$31,324	\$36,406	\$40,655	\$48,184
Cost of Service Sold	\$21,066	\$23,392	\$27,786	\$30,353	\$35,359
Gross Profit	\$6,852	\$7,932	\$8,620	\$10,302	\$12,825
<i>Gross Margin</i>	24.5%	25.3%	23.7%	25.3%	26.6%
Selling, Marketing & Warehouse Expenses	\$4,352	\$4,877	\$5,415	\$5,131	\$6,690
Contribution Margin	\$2,486	\$3,055	\$3,205	\$5,171	\$6,135
<i>% of Revenue</i>	8.9%	9.8%	8.8%	12.7%	12.7%
DISTRIBUTION					
Distribution Sales	\$53,143	\$59,862	\$73,614	\$71,641	\$70,324
Cost of Distribution Sales	\$40,701	\$44,496	\$55,110	\$54,539	\$53,359
Gross Profit	\$12,442	\$15,366	\$18,504	\$17,102	\$16,965
<i>Gross Margin</i>	23.4%	25.7%	25.1%	23.9%	24.1%
Selling, Marketing & Warehouse Expenses	\$6,342	\$6,879	\$8,336	\$7,870	\$7,349
Contribution Margin	\$6,126	\$8,487	\$10,168	\$9,232	\$9,616
<i>% of Sales</i>	11.5%	14.2%	13.8%	12.9%	13.7%
TOTAL					
Total Revenue	\$81,061	\$91,186	\$110,020	\$112,296	\$118,508
Total Cost of Revenue	\$61,767	\$67,888	\$82,896	\$84,892	\$88,718
Gross Profit	\$19,294	\$23,298	\$27,124	\$27,404	\$29,790
<i>Gross Margin</i>	23.8%	25.5%	24.7%	24.4%	25.1%
Selling, Marketing & Warehouse Expenses	\$10,682	\$11,756	\$13,751	\$13,001	\$14,039
Contribution Margin	\$8,612	\$11,542	\$13,373	\$14,403	\$15,751
<i>% of Revenue</i>	10.6%	12.7%	12.2%	12.8%	13.3%

*The Company believes that when used in conjunction with GAAP measures, Contribution Margin, which is a non-GAAP measure, allows investors to view its performance in a manner similar to the methods used by management and provides additional insight into its operating results. Contribution Margin is not calculated through the application of GAAP and is not the required form of disclosure by the Securities and Exchange Commission. As such, it should not be considered as a substitute for GAAP measures of performance and, therefore, should not be used in isolation of, but in conjunction with, GAAP measures. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.