Q3 FY 2015 Financial Results

January 27, 2015

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Long-Term Objectives

Leverage our strong foundation to drive future growth

Service segment

- Double-digit revenue growth through organic and acquisition strategies
- Take market share particularly in the Healthcare space
- Grow pipeline of larger, multi-year enterprise opportunities
- Continue margin expansion at a greater rate than revenue growth

Distribution segment

- Build upon leadership position to drive Service growth
- Use strong cash generation to invest in growth opportunities
- Expand product lines and improve margin mix

Make strategic acquisitions

- Consolidate the highly-fragmented calibration industry
- Focus: Increased capabilities, geographic expansion, greater scale
- Majority of opportunities: Revenue range of $1 million – $5 million

Third Quarter and FY 2015 Execution

Record third quarter revenue of $31.1 million

- Service segment revenue of $12.6 million, up 9.4%
- 23 consecutive quarters of year-over-year Service segment revenue growth
- Distribution sales down 2.9%

Strong operating leverage

- Service segment operating income tripled to $0.6 million

Cash generation

- Consolidated Adjusted EBITDA* of $2.4 million, an increase of 5.8%

Growth-focused investments

Software by TRANSCAT

Web 3.0

Ulrich Metrology Acquisition

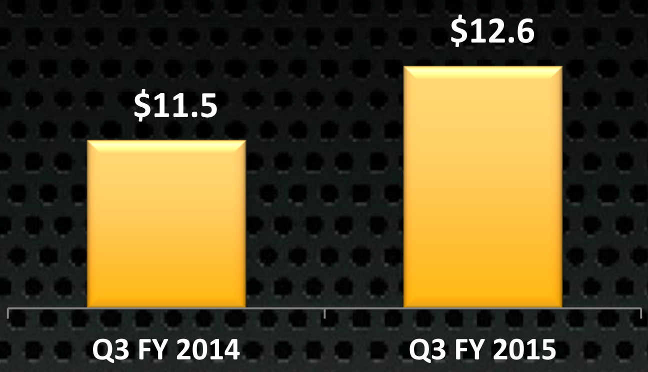
** See supplemental slides for Adjusted EBITDA reconciliation and other important disclaimers regarding Adjusted EBITDA.*

Top-line Growth

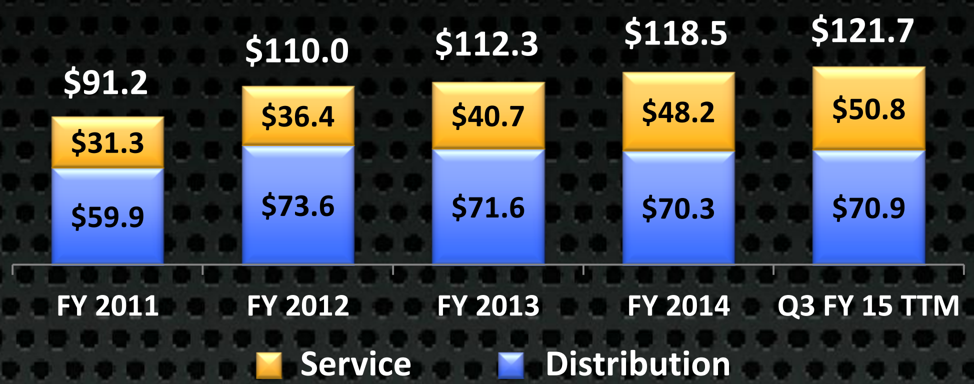
($ in millions)

8.0% CAGR*

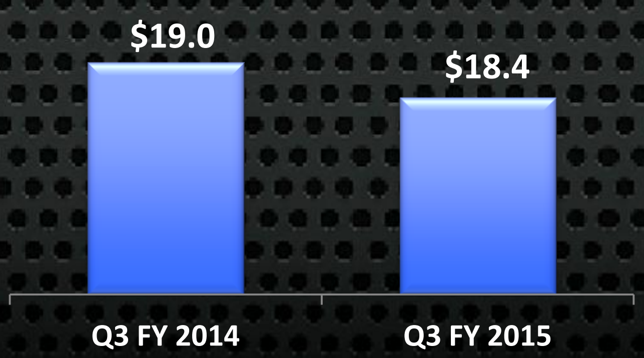
Q3 Service Segment



Consolidated – Annual



Q3 Distribution Segment



- Record third quarter for the Service segment
  - Driven by organic & acquisition growth
- Distribution segment remains highly competitive

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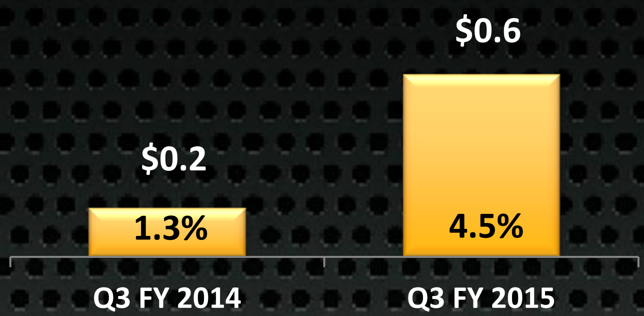
**FY 2011 – Q3 FY 2015 TTM*

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

Operating Income and Margin

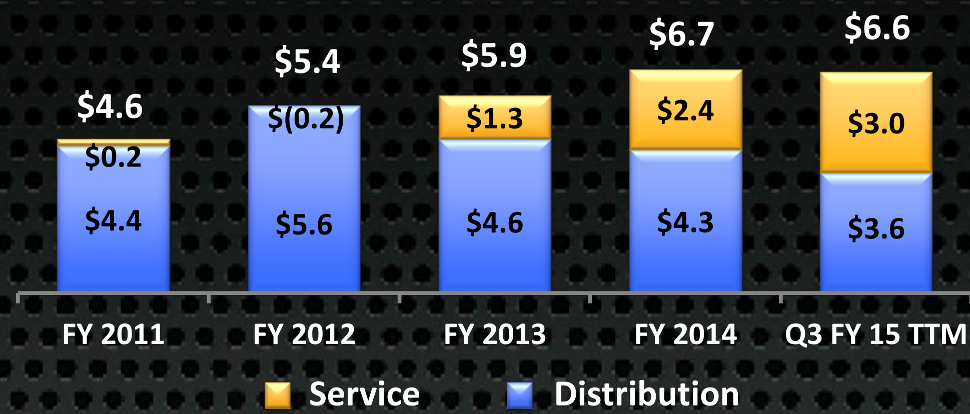
($ in millions)

Q3 Service Segment

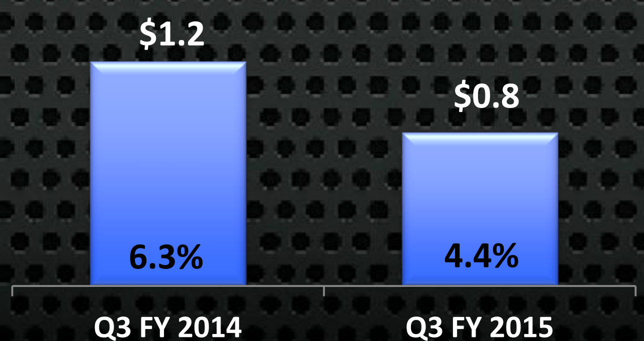


Consolidated – Annual

10.1%
CAGR*



Q3 Distribution Segment



- Q3 Service operating income tripled to $0.6 million
  - Operating margin was 4.5%, up 320 bps
- Q3 Distribution gross margin impacted 190 bps by lower vendor rebates

**FY 2011 – Q3 FY 2015 TTM*

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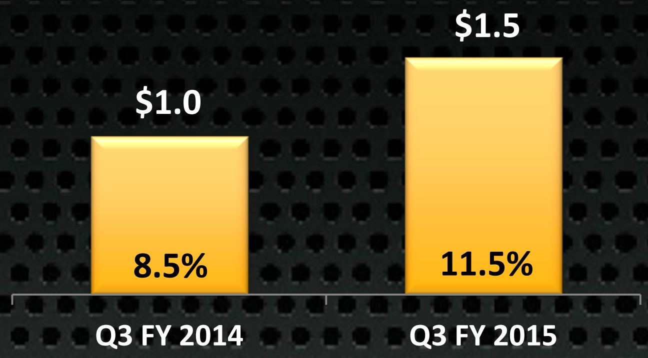
Contribution Margin* and % of Revenue

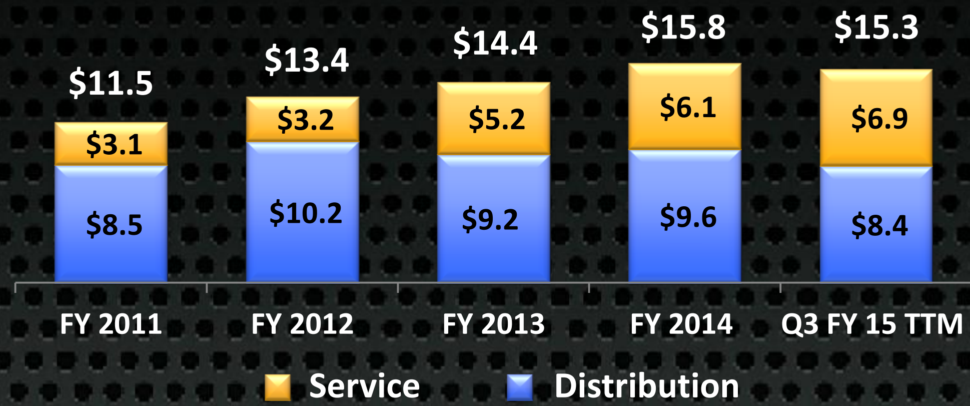
($ in millions)

7.9% CAGR**

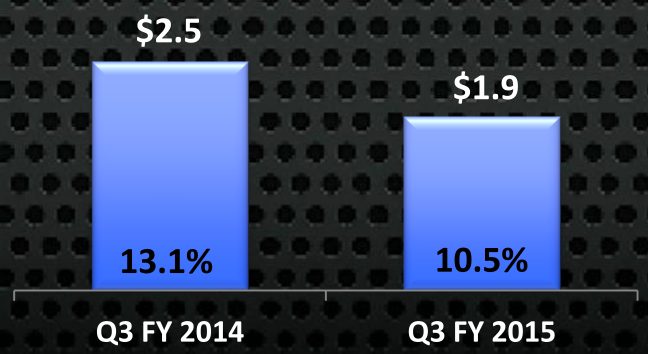
Q3 Service Segment



Consolidated – Annual



Q3 Distribution Segment



- 24.5% CAGR for Service segment
  (FY 2011-Q3 FY 2015 TTM)
- Cost discipline and lower performance-based compensation expense helped to offset Distribution gross margin pressure

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

***FY 2011 – Q3 FY 2015 TTM*

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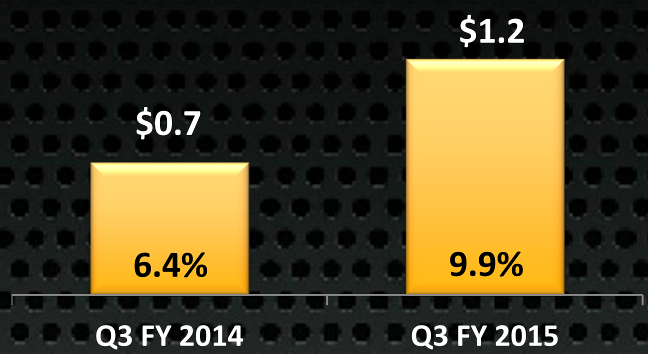
Adjusted EBITDA* and Margin

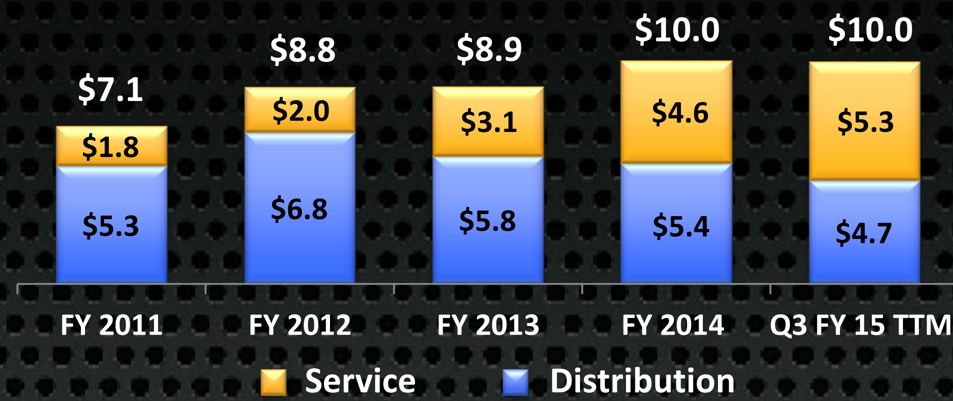
($ in millions)

9.6%
CAGR**

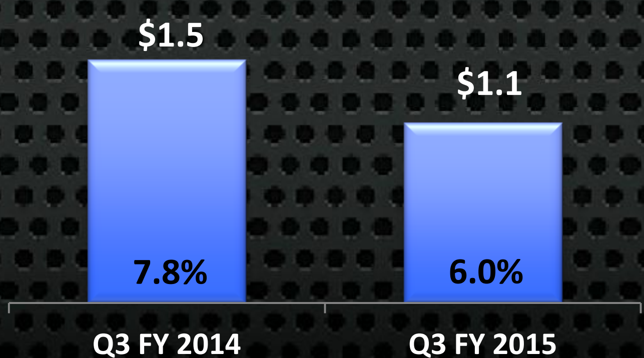
Q3 Service Segment



Consolidated – Annual



Q3 Distribution Segment



- Service segment up 69% quarter over quarter
- 34% CAGR for Service segment
  (FY 2011-Q3 FY 2015 TTM)
- Distribution segment: Strong cash generation

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

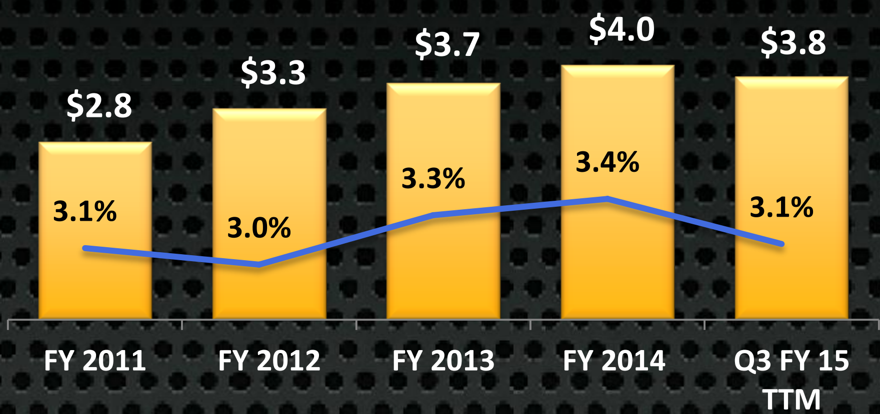
***FY 2011 – Q3 FY 2015 TTM*

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

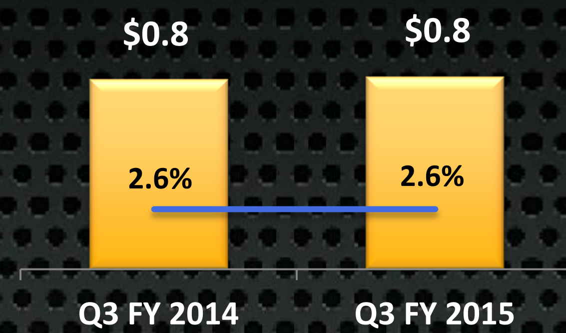
Bottom-line Performance

($ in millions)

Annual



Quarterly



% of Revenue

	FY 2011	FY 2012	FY 2013	FY 2014	Q3 FY 15 TTM	Q3 FY 2014	Q3 FY 2015
EPS	$0.37	$0.43	$0.49	$0.54	$0.53	$0.11	$0.11

- 8.8% CAGR for net income *(FY 2011-Q3 FY 2015 TTM)*

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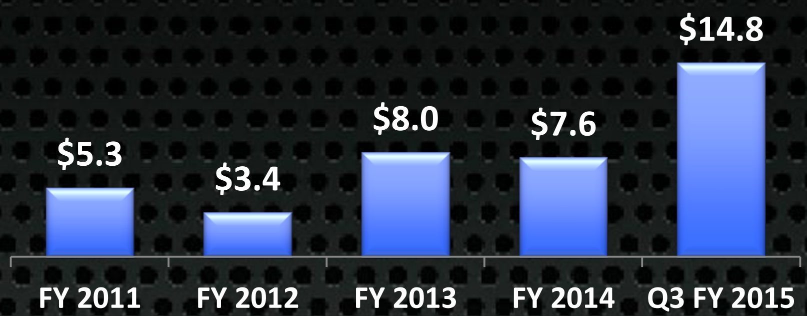
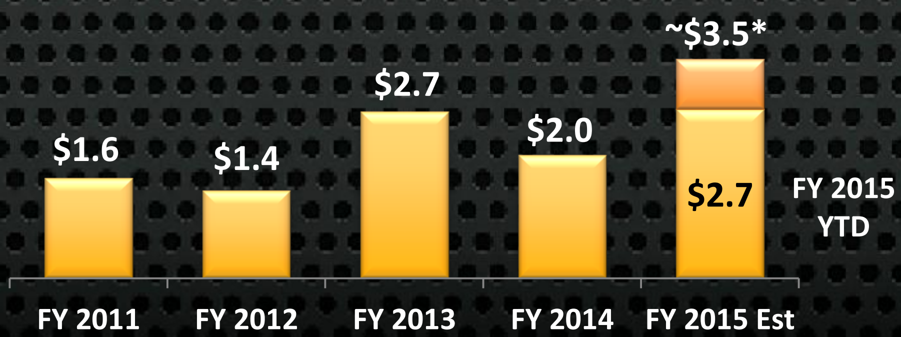
Balance Sheet Supports Acquisition Strategy

($ in millions)

Long Term Debt



Capital Expenditures

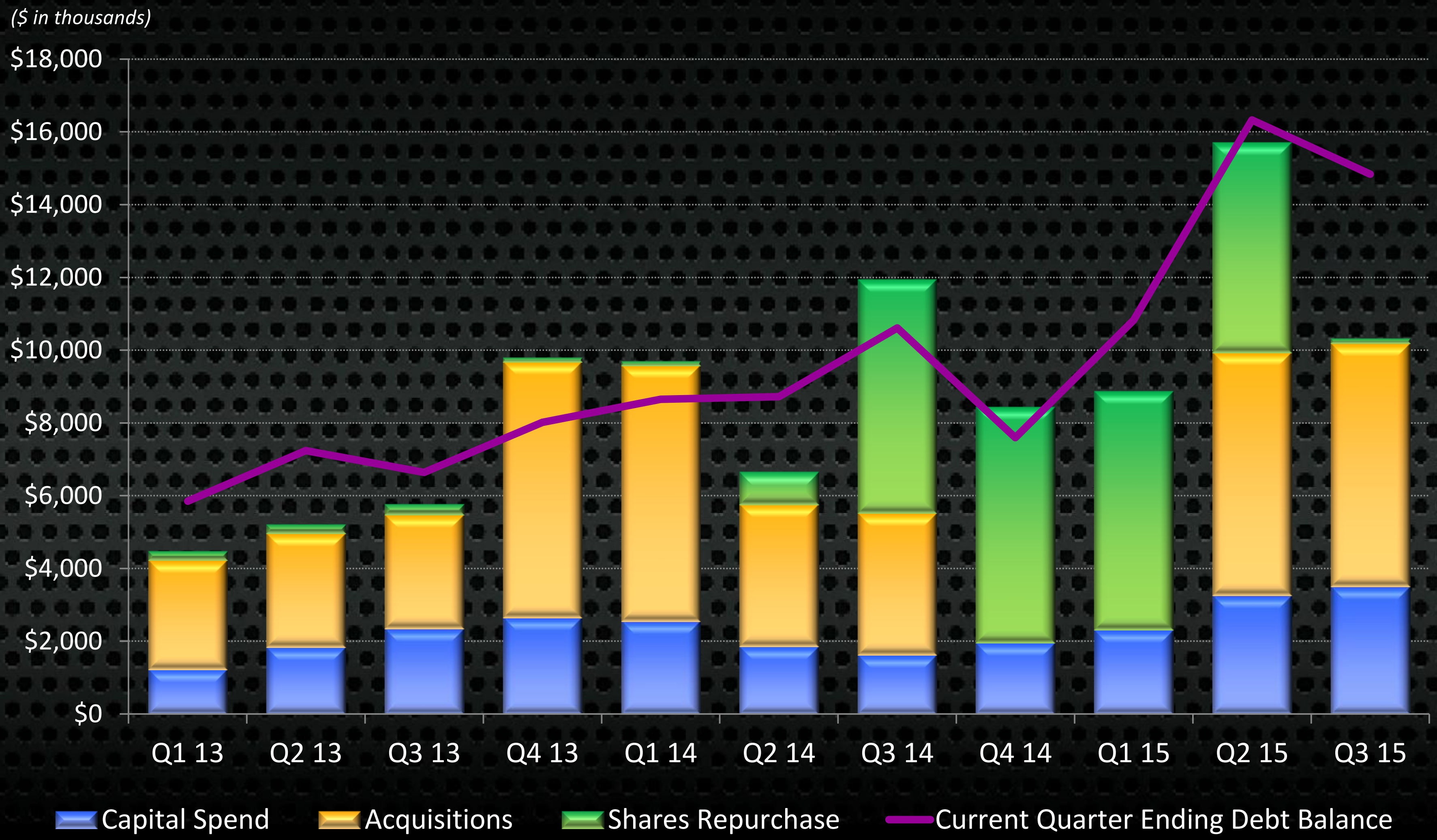


- $12.7 million in availability under revolving credit facility
- CapEx focused on service capabilities and IT
- Financial flexibility to facilitate acquisition strategy, satisfy working capital and capital expenditure needs

* FY 2015 capital expenditure guidance provided as of January 26, 2015

Generating Cash to Drive Key Investments

Historical Trailing 12 Month Key Investments and Current Quarter Debt Balance



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FY 2015 Outlook

Continue to Execute Strategic Plan

- Grow operating income at a faster rate than revenue
- Capitalize on the organic opportunities in the Service space
  - Augmented growth from Ulrich acquisition
- Continue to capture Distribution market share and leverage leading position to drive Service growth
- Capital allocation focused on growth initiatives
  - Leverage new website and C3 software
  - Continue to evaluate service market acquisition opportunities

Upcoming Investor Relations Calendar

February 9-11	1:1s West Coast
Late May	Q4 FY 2015 Earnings

SUPPLEMENTAL INFORMATION

Adjusted EBITDA Reconciliation

($ in thousands)

	FY 2011	FY 2012	FY 2013	FY 2014	Q3 FY 15 TTM
Service Operating Income (loss)	$ 192	$ (175)	$ 1,311	$ 2,379	$ 3,001
+Depreciation & Amortization	1,377	1,959	1,740	2,144	2,982
+Other (Expense) / Income	-	(37)	(84)	(141)	(186)
+Noncash Stock Comp	202	263	150	230	226
Service Adjusted EBITDA	$ 1,771	$ 2,010	$ 3,117	$ 4,612	$ 5,335
Distribution Operating Income	$ 4,395	$ 5,603	$ 4,635	$ 4,326	$ 3,581
+Depreciation & Amortization	673	937	962	801	728
+Other (Expense) / Income	-	(11)	(27)	12	18
+Noncash Stock Comp	226	290	193	297	335
Distribution Adjusted EBITDA	$ 5,312	$ 6,819	$ 5,763	$ 5,436	$ 4,662
Service	$ 1,771	$ 2,010	$ 3,117	$ 4,612	$ 5,335
Distribution	$ 5,312	$ 6,819	$ 5,763	$ 5,436	$4,662
Total Adjusted EBITDA	**$ 7,083**	**$ 8,829**	**$ 8,880**	**$ 10,048**	**$ 9,997**

The Company believes that when used in conjunction with GAAP measures, Adjusted EBITDA, or earnings before interest, income taxes, depreciation and amortization, other income and expenses, and noncash stock compensation expense, 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. The Adjusted EBITDA chart excludes an unallocated amount of $0.2 million for FY 2011. This amount includes previously unallocated administrative-related depreciation, amortization and other non-operating expense. These items have been allocated by segment beginning in FY 2012.

Contribution Margin Calculation

($ in thousands)

	FY 2011	FY 2012	FY 2013	FY 2014	Q3 FY 15 TTM
SERVICE					
Service Revenue	$ 31,324	$ 36,406	$ 40,655	$ 48,184	$ 50,793
Cost of Revenue	23,392	27,786	30,353	35,359	37,263
Gross Profit	$ 7,932	$ 8,620	$ 10,302	$ 12,825	$ 13,530
Gross Margin	*25.3%*	*23.7%*	*25.3%*	*26.6%*	*24.5%*
Selling, Marketing & Warehouse Expenses	$ 4,877	$ 5,415	$ 5,131	$ 6,690	$ 6,588
Contribution Margin	$ 3,055	$ 3,205	$ 5,171	$ 6,135	$ 6,942
% of Revenue	*9.8%*	*8.8%*	*12.7%*	*12.7%*	*12.7%*
DISTRIBUTION					
Distribution Sales	$ 59,862	$ 73,614	$ 71,641	$ 70,324	$ 70,892
Cost of Sales	44,496	55,110	54,539	53,359	55,216
Gross Profit	$ 15,366	$ 18,504	$ 17,102	$ 16,965	$ 15,676
Gross Margin	*25.7%*	*25.1%*	*23.9%*	*24.1%*	*22.1%*
Selling, Marketing & Warehouse Expenses	$ 6,879	$ 8,336	$ 7,870	$ 7,349	$ 7,283
Contribution Margin	$ 8,487	$ 10,168	$ 9,232	$ 9,616	$ 8,393
% of Sales	*14.2%*	*13.8%*	*12.9%*	*13.7%*	*14.9%*
TOTAL					
Total Revenue	$ 91,186	$ 110,020	$ 112,296	$ 118,508	$ 121,685
Total Cost of Revenue	67,888	82,896	84,892	88,718	92,479
Gross Profit	$ 23,298	$ 27,124	$ 27,404	$ 29,790	$ 29,206
Gross Margin	*25.5%*	*24.7%*	*24.4%*	*25.1%*	*24.0%*
Selling, Marketing & Warehouse Expenses	$ 11,756	$ 13,751	$ 13,001	$ 14,039	$ 13,871
Contribution Margin	$ 11,542	$ 13,373	$ 14,403	$ 15,751	$ 15,335
% of Revenue	*12.7%*	*12.2%*	*12.8%*	*13.3%*	*12.7%*

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.