Q4 Fiscal 2016 | Financial Results

Lee D. Rudow
President and CEO

Michael J. Tschiderer
Chief Financial Officer

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Performance Highlights

Record Q4 and full year Service segment revenue

- Up 21% in Q4; 14% in FY16
- 28th consecutive quarter of YOY revenue growth in our Service segment
- Service milestone: exceeded Distribution in revenue (53% of Q4)
- Consolidated revenue up 1.6% in the quarter, down 1.2% in FY16

Distribution headwinds continued

- Segment revenue down 14% in Q4 and 12% in FY
- Approx. half the decline related to weakness in the oil & gas market

Strong cash generation and balance sheet support growth strategy

- Generated $11.0 million cash from operations in FY16; up from $4.4 million
- Completed strategic acquisitions for $13.9 million in FY16; closed another in early FY17

Outstanding Year for Acquisitions

Strategic opportunities identified and closed

- Increased life science business
- Expanded calibration services offerings and equipment rental offerings
- Regional and national footprint density/expansion

Spectrum and Excalibur: largest acquisitions in recent years

- Spectrum: $5.8 million annual revenue/20% operating margins/biomed market focus
- Excalibur: $8 million annual revenue/complementary to Service and Distribution segments/national platform to expand equipment rental business

Focus on integration, synergies and organic growth in FY17

- Realize operating leverage to drive higher margins
- Excalibur equipment rental and used equipment business to support Distribution segment sales/margins
- Focus on organic growth of "core" Transcat and acquisitions while selectively considering strategic acquisitions

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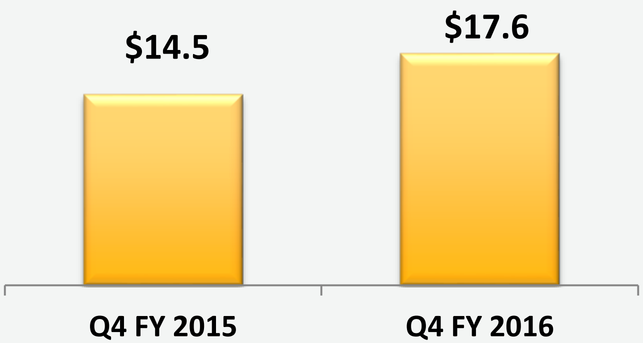
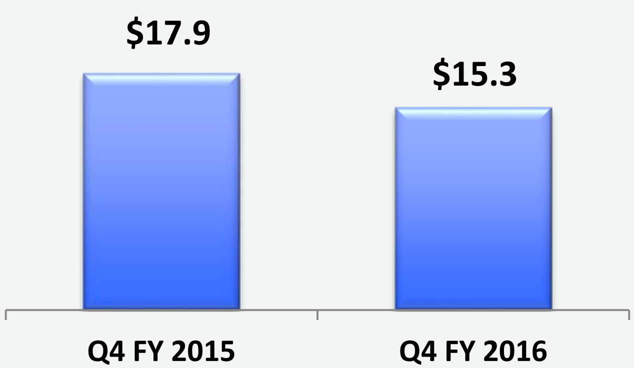
Revenue

($ in millions)

Q4 Service Segment

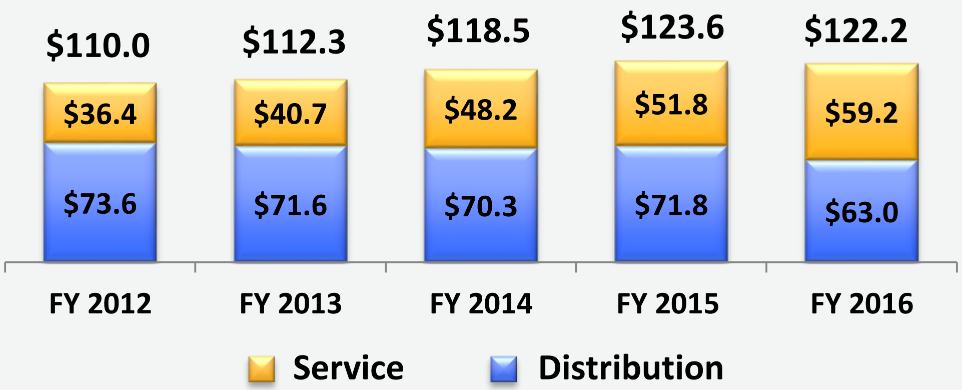


Q4 Distribution Segment



Consolidated – Annual

3% CAGR*



- Total annual revenue down 1.2%
- Strong Service segment performance offset by lower Distribution sales
- 13% CAGR for Service segment sales*

*FY 2012 – FY 2016

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

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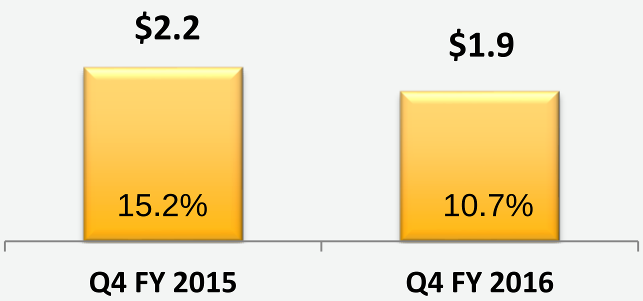
Operating Income and Margin

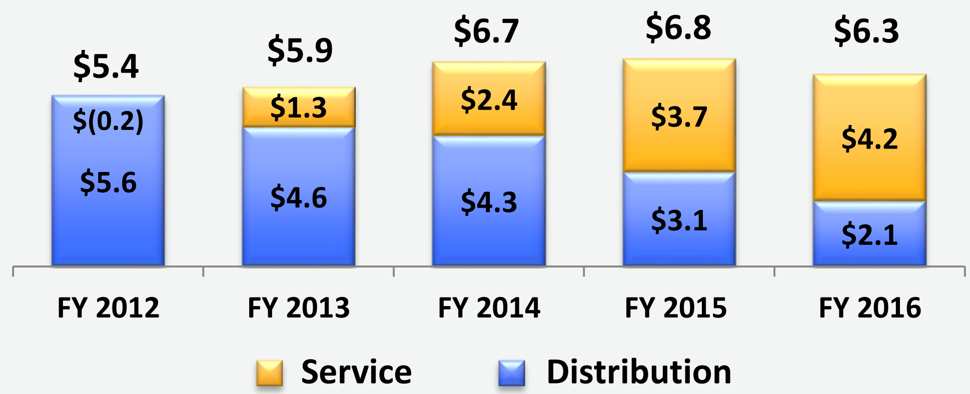
($ in millions)

Q4 Service Segment

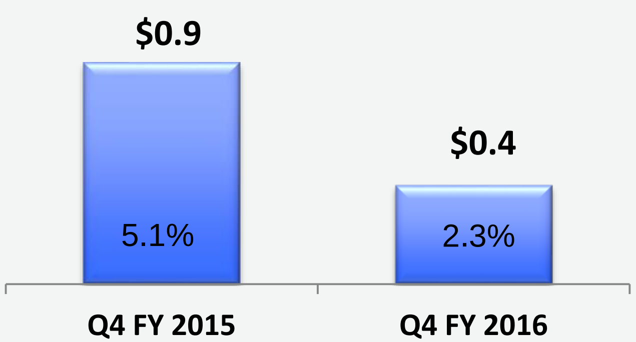


Consolidated – Annual

4% CAGR*



Q4 Distribution Segment



- Lower Q4 Service operating margin due to variable employee related expenses and incremental acquisition expenses
- Consolidated annual operating margin 5.2% vs. 5.5%

**FY 2012 – FY 2016*

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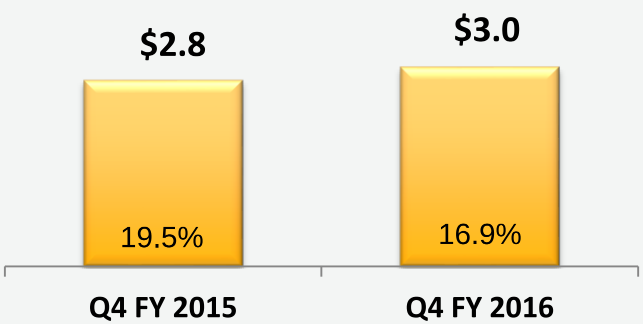
Adjusted EBITDA* and Margin

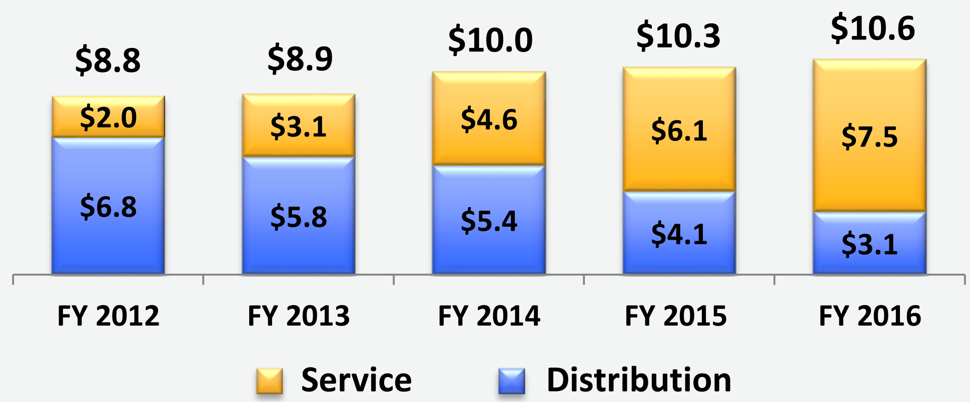
($ in millions)

5%
CAGR**

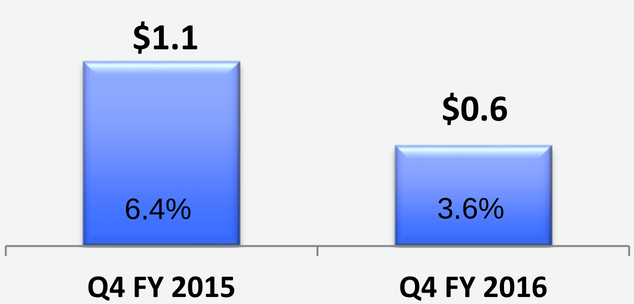
Q4 Service Segment



Consolidated – Annual



Q4 Distribution Segment



- Service segment Adjusted EBITDA up 5% in Q4, 22% in FY16
- Consolidated Adjusted EBITDA margin up 30 bps to 8.6% in FY16
- 39% CAGR for Service segment*

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

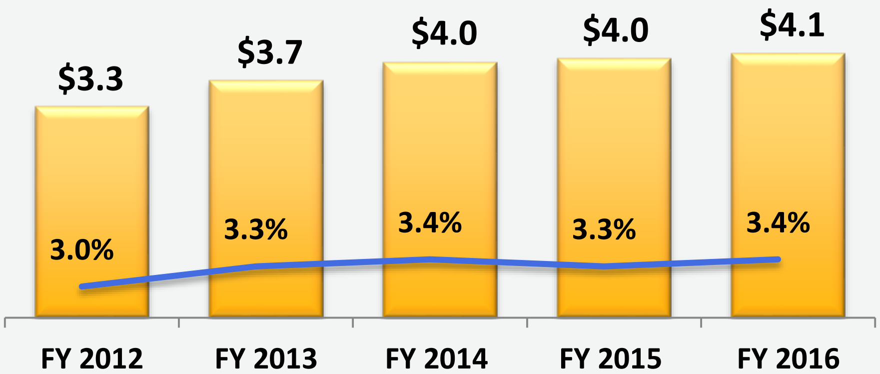
**FY 2012 – FY 2016*

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

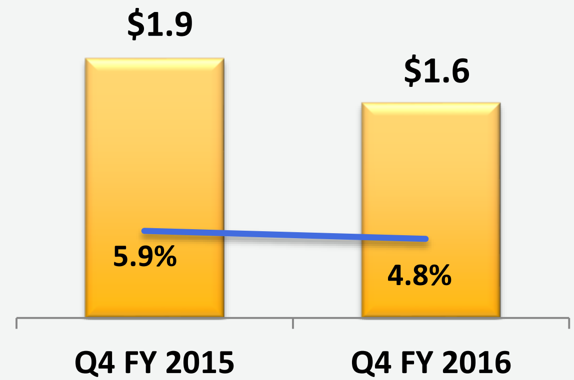
Net Income

($ in millions)

Annual Net Income



Quarterly Net Income



% of Revenue

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Q4 FY 2015	Q4 FY 2016
Diluted EPS	$0.43	$0.49	$0.54	$0.57	$0.58	$0.27	$0.22

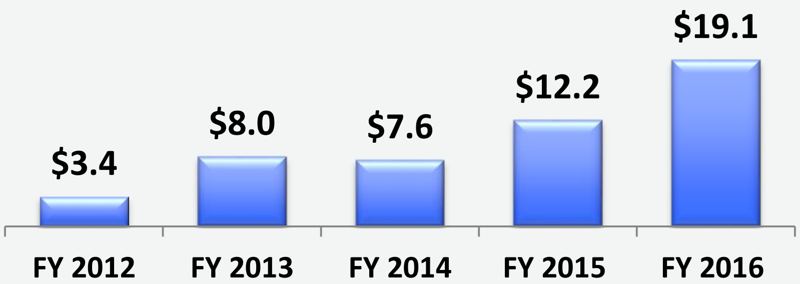
- Fourth quarter net income impacted by acquisition and employee expense
- Fiscal 2016 benefited from income tax credit of $0.5 million
- 6% CAGR for net income (FY 2012 – FY 2016)
- Expect tax rate to range between 34% and 36% in fiscal 2017*

* FY 2017 tax rate guidance provided as of May 17, 2016

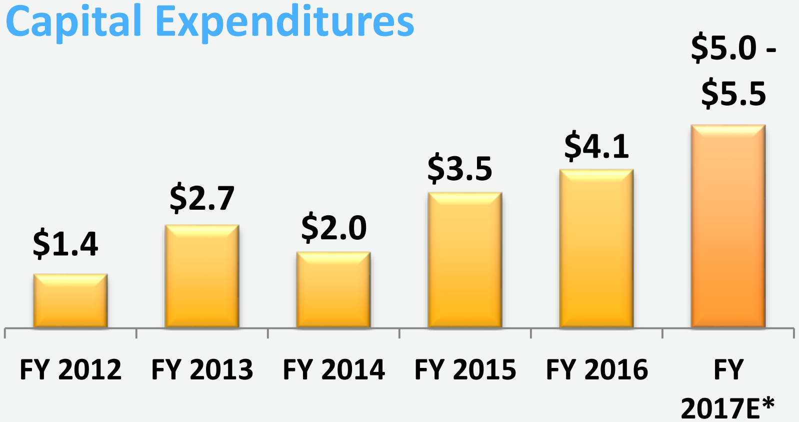
Balance Sheet Supports Growth Strategy

($ in millions)

Long-term Debt



Capital Expenditures



- Financial flexibility
  - Strong cash generation and expanded credit facility
  - Added $10.0 million term note (subsequent to fiscal year-end)
  - Funded Q1 FY17 Excalibur acquisition with term note
    - ~$27M in borrowings after acquisition
- FY 2017 CapEx
  - Assets for growing rental business
  - Lab capabilities/maintenance
  - Software/IT

** FY 2017 capital expenditure guidance provided as of May 17, 2016*

FY 2017 Outlook*

- Double-digit Service segment revenue growth
  - Expect strong organic growth
  - Achieve sales and costs synergies to drive operating leverage and margin expansion
  - Remain selective and disciplined in acquisition approach
- Stabilize Distribution segment
  - Still face headwinds
  - Expand rental business
  - Leverage digital transformation
  - Excalibur acquisition brings a used equipment distribution business

** Outlook provided as of May 17, 2016*

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Upcoming Investor Relations Calendar

Mid June	Filing of FY2016 Form 10-K
June 22	Midwest Investor Conference (Cleveland, OH)
Late July	Q1 FY 2017 Financial Results

SUPPLEMENTAL INFORMATION

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Adjusted EBITDA Reconciliation

($ in thousands)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Service Operating Income (loss)	$ (175)	$ 1,311	$ 2,379	$ 3,693	$ 4,155
+Depreciation & Amortization	1,959	1,740	2,144	2,362	3,216
+Other (Expense) / Income	(37)	(84)	(141)	(138)	(64)
+Noncash Stock Comp	263	150	230	224	171
Service Adjusted EBITDA	$ 2,010	$ 3,117	$ 4,612	$ 6,141	$ 7,478
Distribution Operating Income	$ 5,603	$ 4,635	$ 4,326	$ 3,075	$ 2,147
+Depreciation & Amortization	937	962	801	728	730
+Other (Expense) / Income	(11)	(27)	12	27	16
+Noncash Stock Comp	290	193	297	283	188
Distribution Adjusted EBITDA	$ 6,819	$ 5,763	$ 5,436	$ 4,113	$ 3,081
Service	$ 2,010	$ 3,117	$ 4,612	$ 6,141	$ 7,478
Distribution	$ 6,819	$ 5,763	$ 5,436	$ 4,113	$ 3,081
Total Adjusted EBITDA	**$ 8,829**	**$ 8,880**	**$ 10,048**	**$ 10,254**	**$ 10,559**

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.