Sept 7 2016

Annual Meeting of Shareholders

TRANSCAT®

Trust in every measure

Sept 7
2016

Annual Meeting of Shareholders

Lee D. Rudow
President and CEO

TRANSCAT®
Trust in every measure

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 not statements of historical fact and thus are subject to risks, uncertainties and assumptions that often 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, capital expenditures, growth strategy, potential acquisitions, customer preferences and changes in market conditions in the industries in which Transcat operates are forward-looking statements. Forward-looking statements 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 presentation.

TRANSCAT® Trust in every measure

Senior Management Team

Lee D. Rudow	*President and Chief Executive Officer*
Michael J. Tschiderer	*Chief Financial Officer*
Robert A. Flack	*Vice President of Operations*
Jennifer J. Nelson	*Vice President of Human Resources*
Scott D. Sutter	*Vice President of Business Development*
Mike W. West	*Vice President of Inside Sales and Marketing*

FY 2016 Performance

Record Service segment revenue

- Service revenue up 14%
- Milestone: exceeded Distribution in revenue (53% of Q4)

Distribution headwinds continued

- Segment revenue down 12%
- 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

TRANSCAT® Trust in every measure

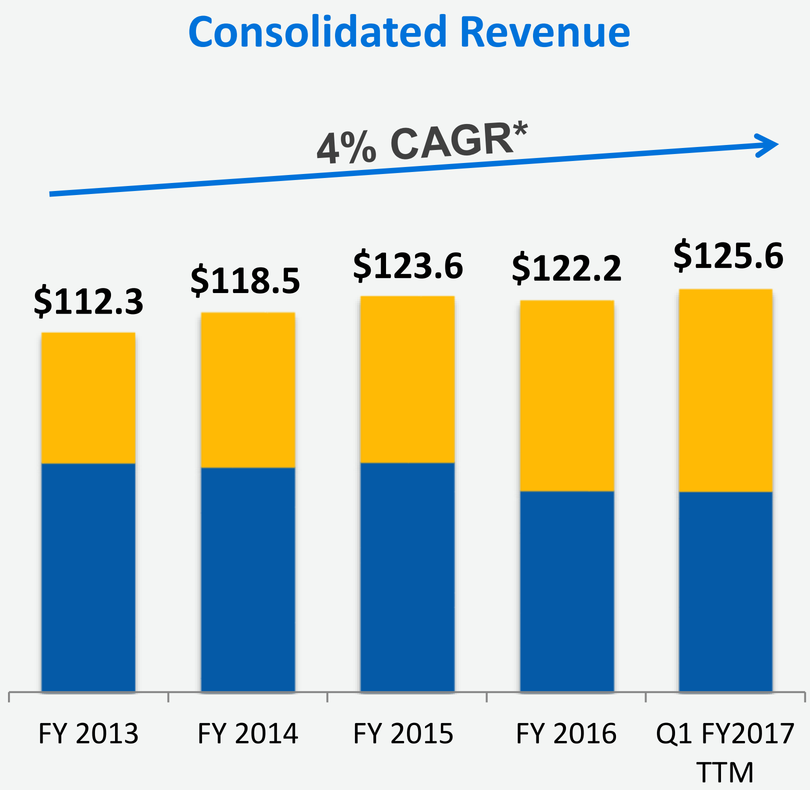
Outstanding Year for Acquisitions

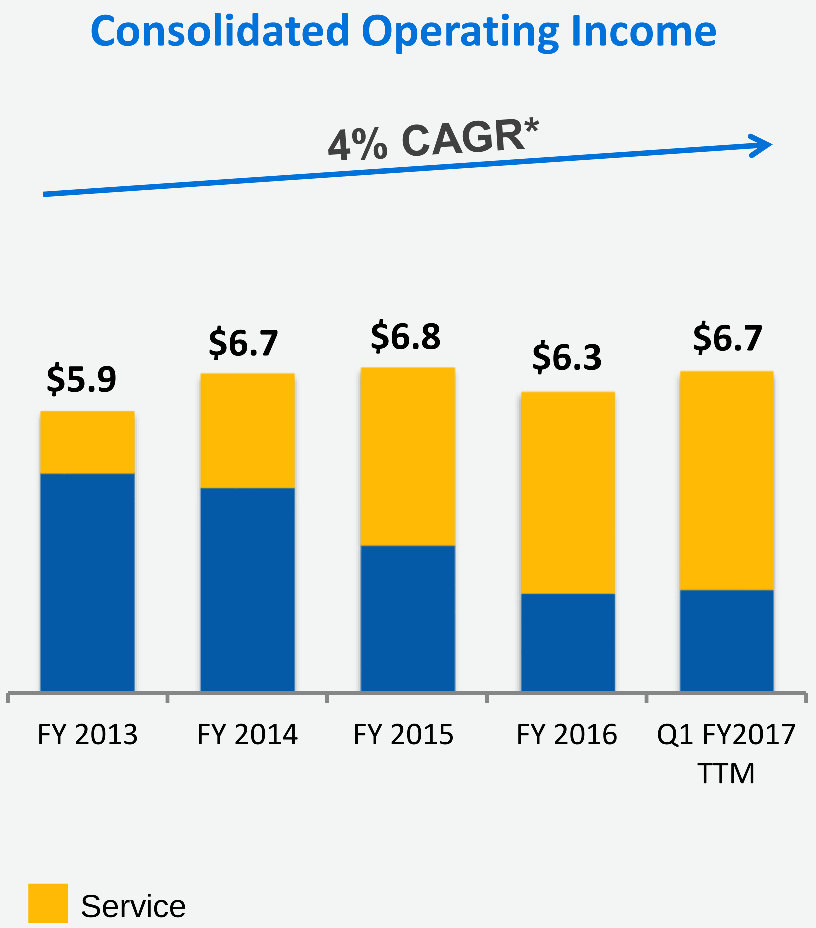
	Geographic Expansion	*Increased Capabilities*	*Leveraged Infrastructure*
Excalibur Engineering		✓	✓
Dispersion Laboratory		✓	✓
Spectrum Technologies	✓	✓	
Anmar Metrology	✓		
Calibration Technologies		✓	

Spectrum & Excalibur:
Largest acquisitions in recent years

Consolidated Results

($ in millions)

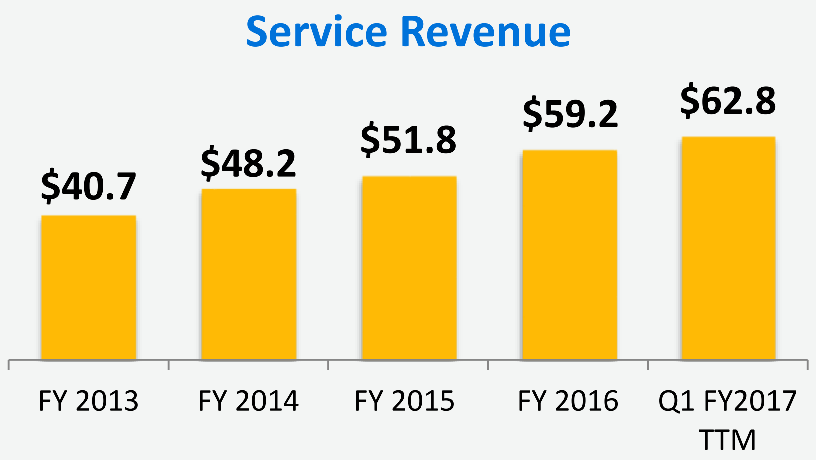


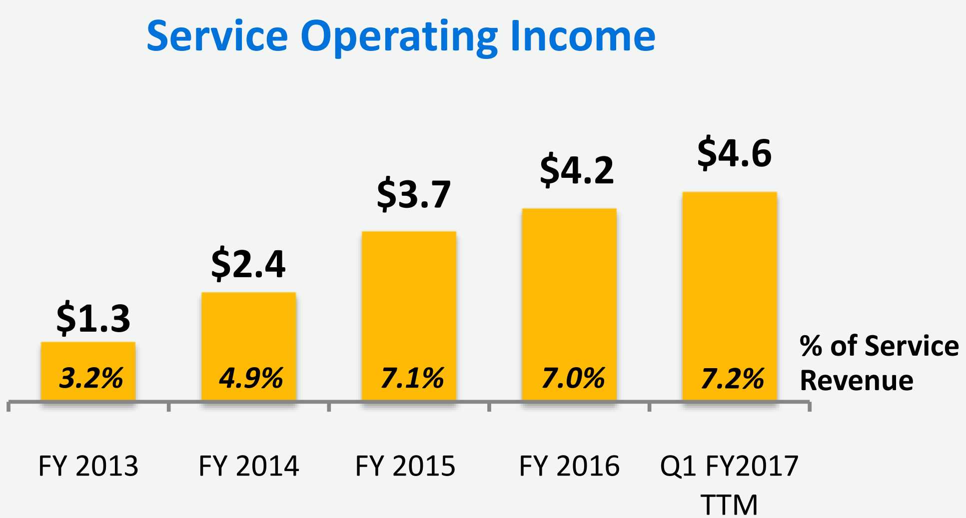


**FY 2013 – Q1 FY 2017 TTM*

Record Service Segment Performance

($ in millions)



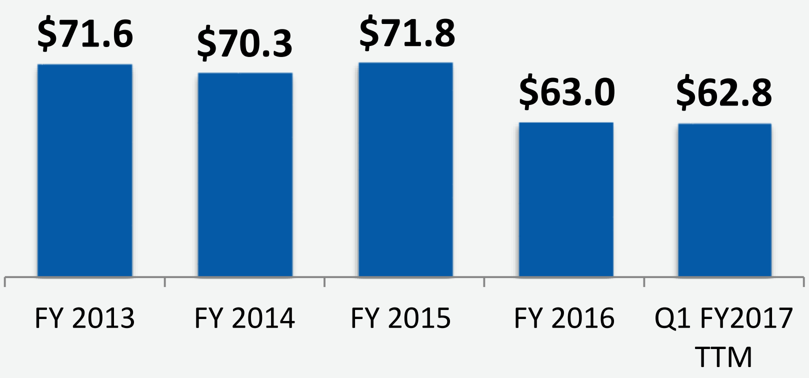


- Revenue increase driven by organic growth and acquisitions
- 29 consecutive quarters of YOY revenue growth
- Strong operating leverage:
  Revenue: +27%
  Operating Income: +62%
  (Q1 FY17 vs Q1 FY16)

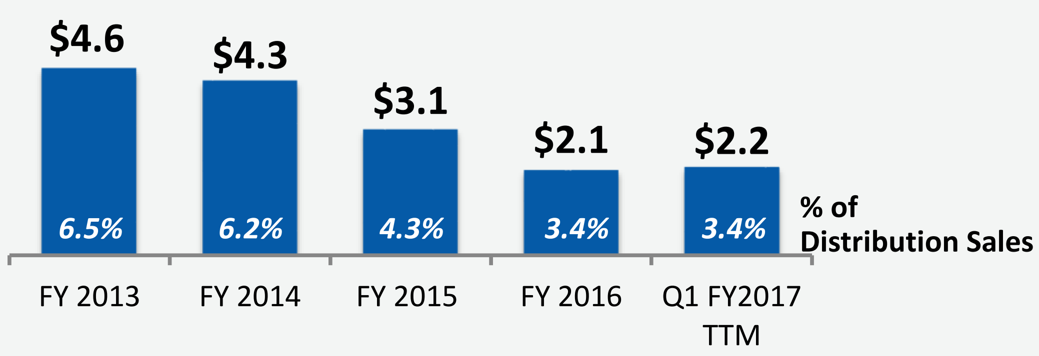
Focus: Stabilizing Distribution

($ in millions)

Distribution Sales



Distribution Operating Income

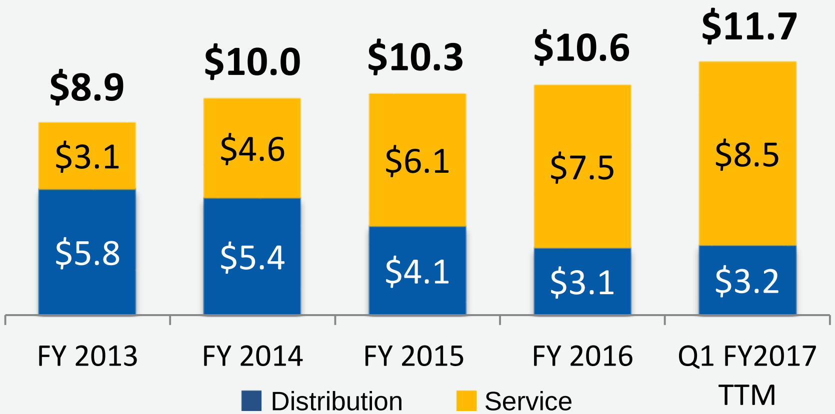


- Sales impacted by:
  - Soft oil and gas market
  - More on-line distributors
- Opportunities
  - Instrument rental growth
  - Used equipment sales growth
  - Expanding SKUs to grow and diversify

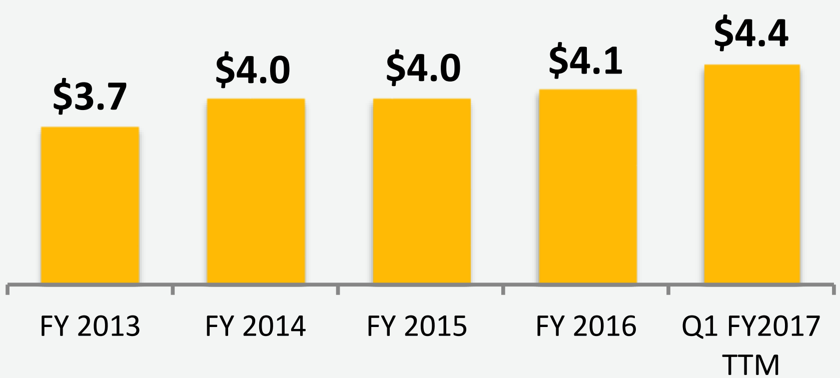
Strong Cash Generation and Bottom-Line

($ in millions)

Adjusted EBITDA*



Net Income



EPS	**$0.49**	**$0.54**	**$0.57**	**$0.58**	**$0.62**

- Service segment Adjusted EBITDA
  - +71% in Q1 FY17
  - +36% CAGR
- Distribution segment generates significant cash
- Consolidated Adjusted EBITDA margin up 70 bps to 9.3% *(on TTM basis)*
- Net income: +5% CAGR

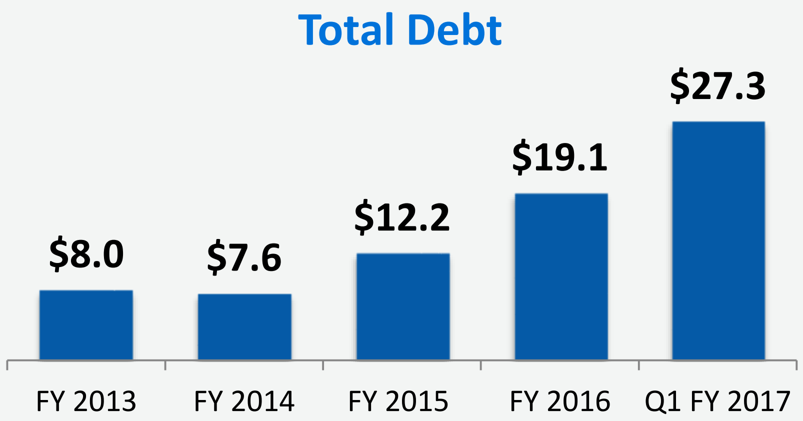
** See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Adjusted EBITDA.*

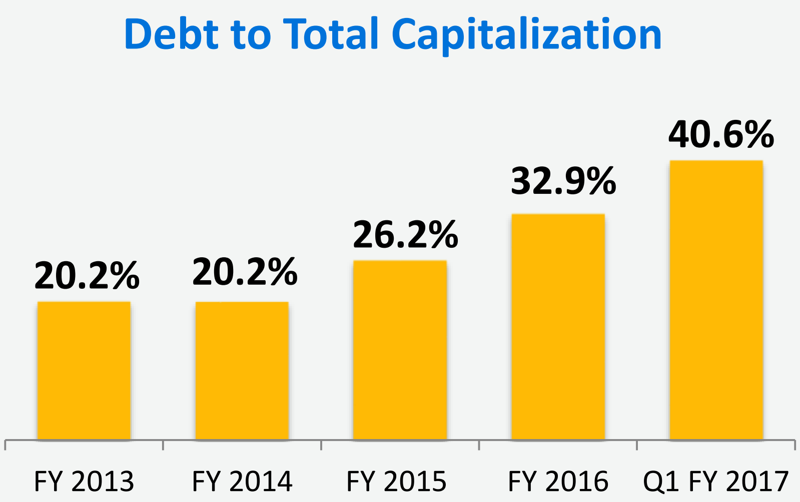
CAGR calculated FY 2013 – Q1 FY 2017 TTM

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

Balance Sheet Supports Acquisition Strategy

($ in millions)

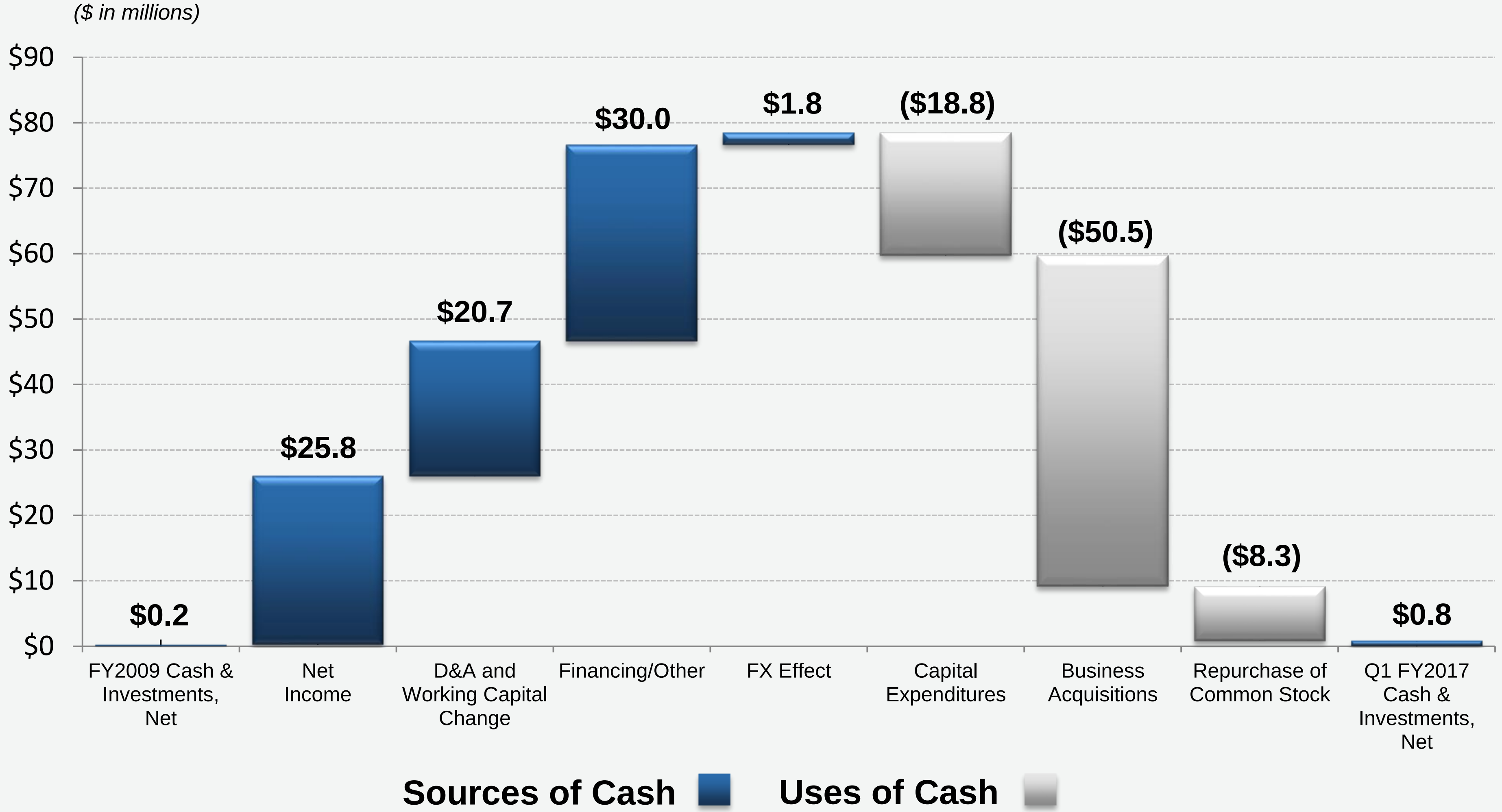




- Acquisitions
  - FY16: $13.9M paid plus deal holdbacks of $2.4M
  - Q1 FY17: $7.6M including deal holdback of $0.7M
- Financial flexibility
  - Strong cash generation from operations and expanded credit facility
    - Added $10.0 million term note in Q1 FY17
  - Funded Excalibur acquisition with term note
  - $11.4 million available from credit facility at end of Q1 FY17

Generating Cash to Drive Key Investments

FY 2009 to Q1 FY 2017

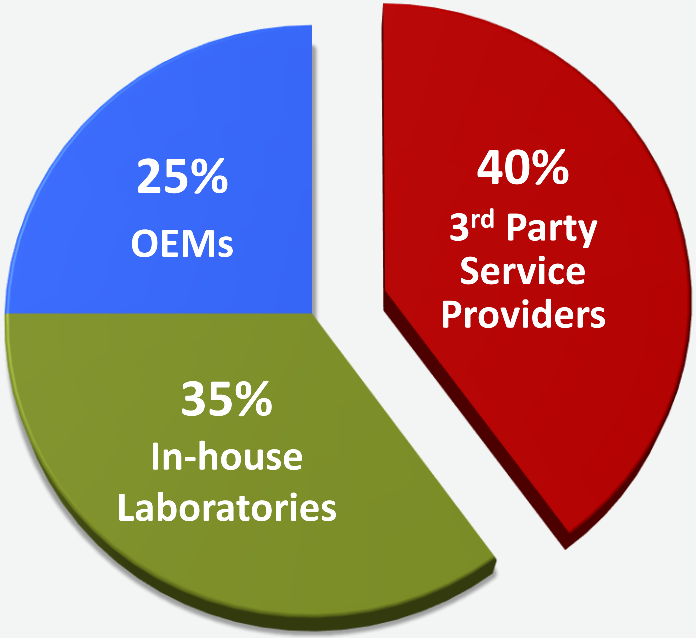


MARKET, STRATEGY AND OUTLOOK

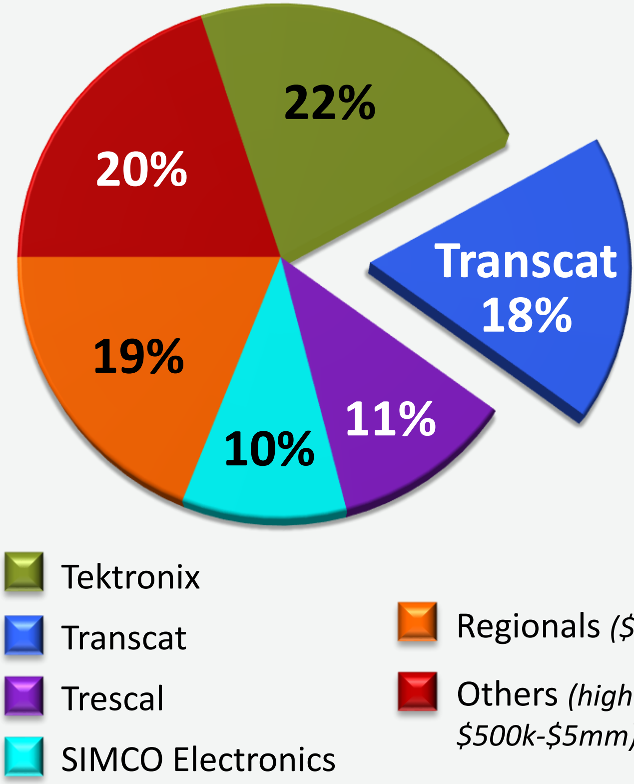
TRANSCAT® Trust in every measure

Taking Market Share

$1.0 Billion Addressable Market[1]

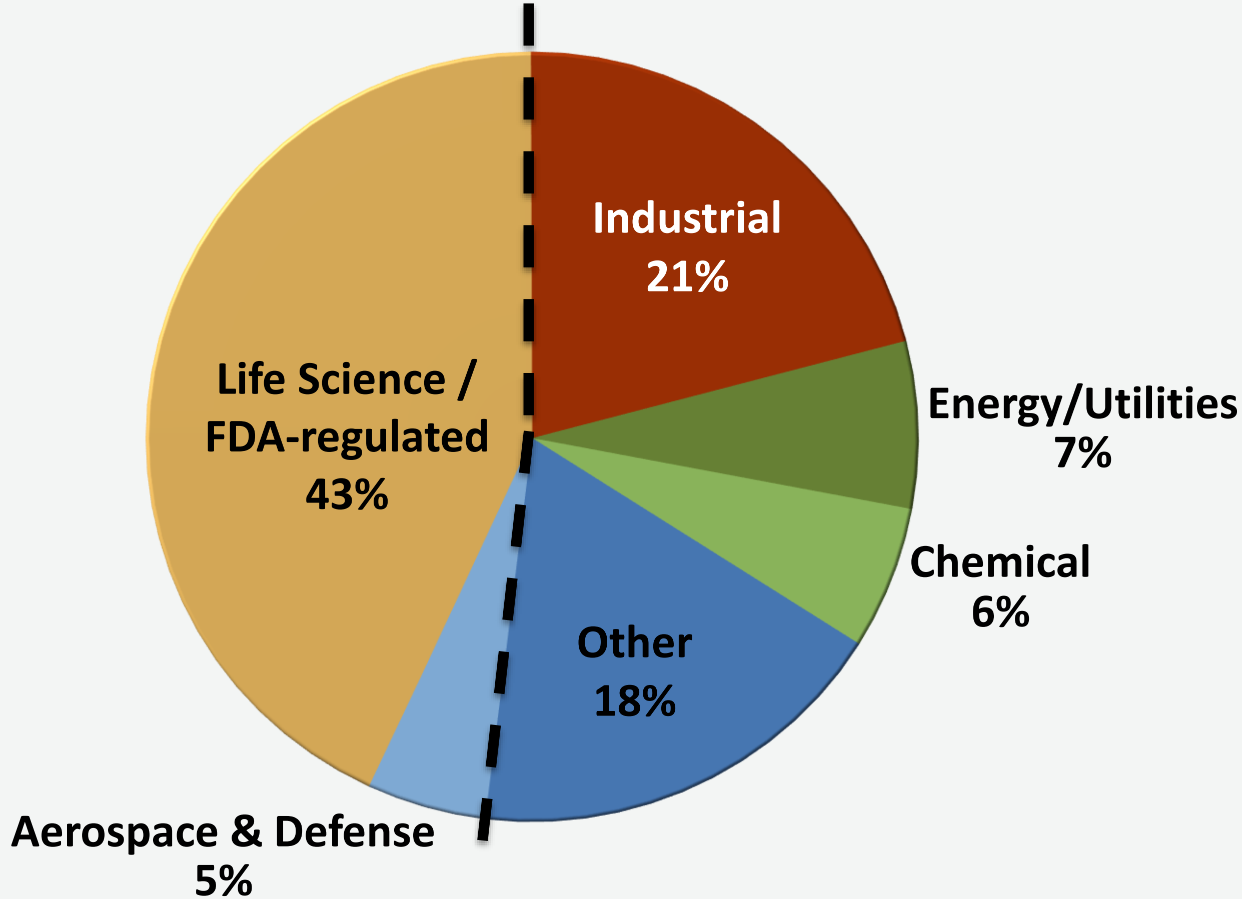


#2 in Market Share by Revenue for 3rd Party Service Providers[2]



[1] Estimated Addressable North American Calibration Market
[2] Percentage of Revenue (North America), Company estimates

Focus on Highly Regulated Industries



Percentage of Service Revenue*

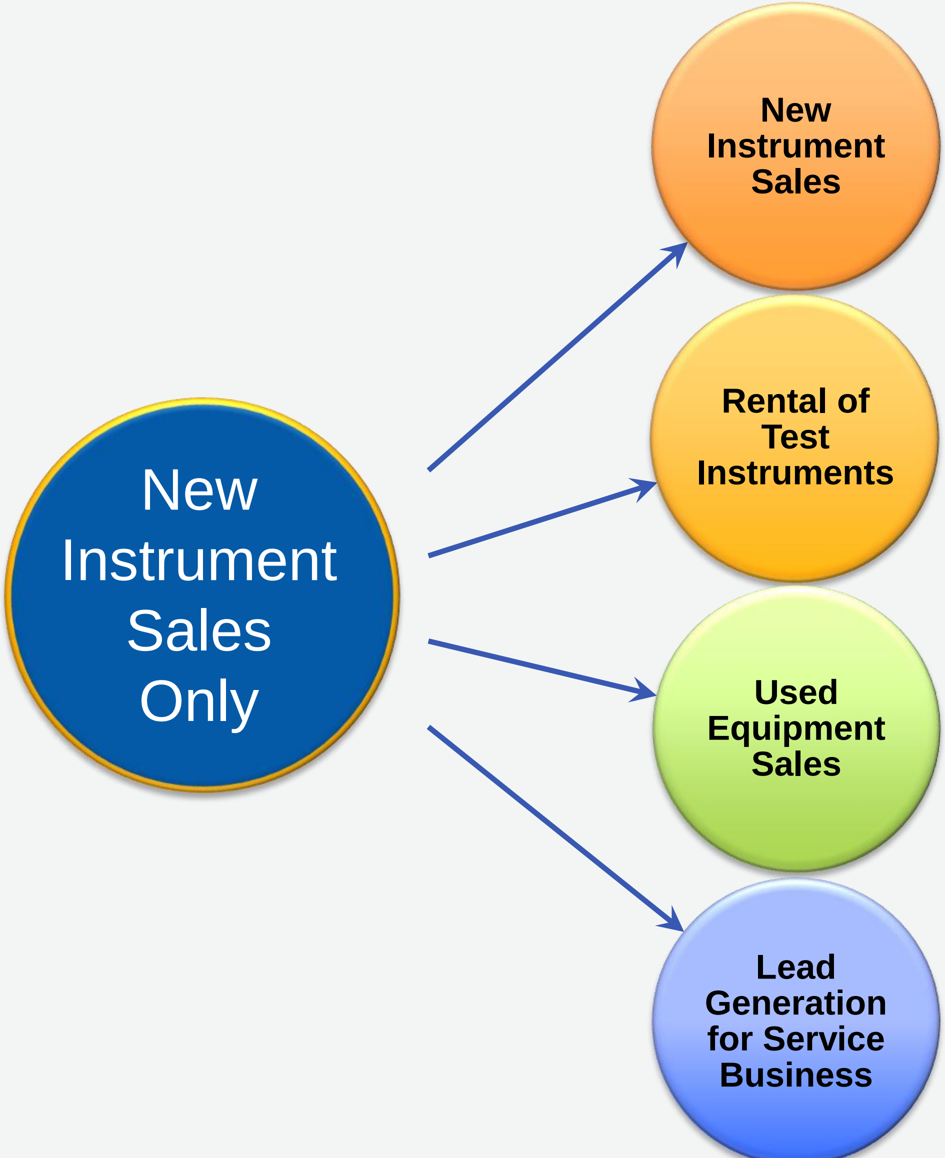
* Company estimates

Full Suite of Products and Services

Unique Among Competition

- Serve an expanded Life Science market
- Mission critical services

Distribution Strategy Pivot



Why the pivot in strategy?

- Great synergies between accounts
- Leverage of current infrastructure
- Higher gross margins on used and rental equipment
- Faster ramp up in new business from well indexed web domain
- Value add in a more competitive, commoditized industry

Service Organic Growth Strategy

- Taking market share from 3rd party providers and OEMs
- Capture outsourcing of internal labs
- Upgraded sales talent and integrated sales model
- Leveraging Distribution segment
- Expanding addressable market through capabilities and geographic expansion
- Continually enhancing our C3 Asset Management software

Service Acquisition Strategy

- Drivers:
  - Geographic expansion
  - Increased capabilities /expertise
  - Bolt-on / leverage infrastructure
- Majority of opportunities:
  Revenue range of $500K – $5MM
- Criteria: 4-6x EBITDA
  Minimum IRR of 15%

FY 2017 Outlook*

- Double-digit Service segment revenue growth
  - Incremental sales from recent acquisitions
  - Expect strong organic growth
  - Achieve sales and cost synergies to drive operating leverage and margin expansion
- Stabilization of Distribution segment
  - Core Distribution still faces headwinds but high margin rental business and used equipment sales to grow organically and through acquisition
- Remain selective and disciplined in acquisition approach

Long-term Objectives *(within 4-5 years)*

- $175 million to $200 million revenue
- Continued improvement in margin leverage as revenue grows

** Outlook provided as of August 30, 2016*

Sept 7 2016

Annual Meeting of Shareholders

TRANSCAT®

Trust in every measure

SUPPLEMENTAL INFORMATION

Trust in every measure

Adjusted EBITDA Reconciliation

($ in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016	Q1 FY 2017 TTM
Service Operating Income (loss)	$ 1,311	$ 2,379	$ 3,693	$ 4,155	$ 4,553
+Depreciation & Amortization	1,740	2,144	2,362	3,216	3,783
+Other (Expense) / Income	(84)	(141)	(138)	(64)	(52)
+Noncash Stock Comp	150	230	224	171	166
Service Adjusted EBITDA	$ 3,117	$ 4,612	$ 6,141	$ 7,478	$ 8,450
Distribution Operating Income	$ 4,635	$ 4,326	$ 3,075	$ 2,147	$ 2,160
+Depreciation & Amortization	962	801	728	730	872
+Other (Expense) / Income	(27)	12	27	16	17
+Noncash Stock Comp	193	297	283	188	171
Distribution Adjusted EBITDA	$ 5,763	$ 5,436	$ 4,113	$ 3,081	$ 3,220
Service	$ 3,117	$ 4,612	$ 6,141	$ 7,478	$ 8,450
Distribution	$ 5,763	$ 5,436	$ 4,113	$ 3,081	$ 3,220
Total Adjusted EBITDA	**$ 8,880**	**$ 10,048**	**$ 10,254**	**$ 10,559**	**$ 11,670**

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.