



Q4 and FY 2015 Financial Results

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Fourth Quarter Execution

Record revenue of \$32.3 million

- Service segment record revenue of \$14.5 million, up 7.5%
- 24 consecutive quarters of year-over-year Service segment revenue growth
- Distribution sales up 5.5% to \$17.9 million

Strong operating leverage

- Service segment operating margin expanded 400 basis points to 15.2%

Cash generation

- Consolidated Adjusted EBITDA* of \$4.0 million, an increase of 6.9%

Record FY 2015 Performance

Record annual revenue of \$123.6 million, up 4.3%

- 11th consecutive year of revenue growth
- Service segment revenue increased 7.5% to \$51.8 million
- Distribution sales up 2.1% to \$71.8 million

Cash generation and bottom-line performance

- Consolidated Adjusted EBITDA* of 10.3 million, an increase of 2.1%
- Achieved net income of \$4.0 million

Acquisitions

- Ulrich Metrology Inc. and Apex Metrology Solutions

Growth-focused investments

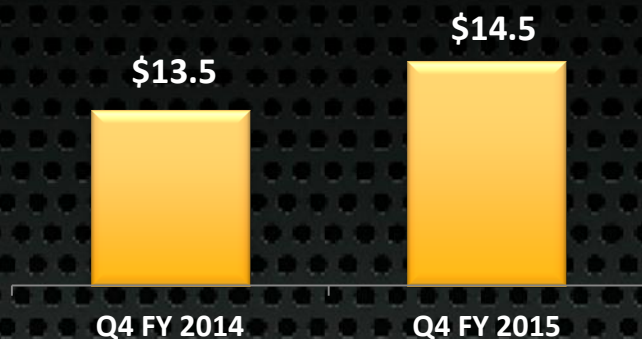
- \$3.5 million in CapEx
- Expanded Service capabilities, launched new website and C3 Metrology Management Software

Top-line Growth

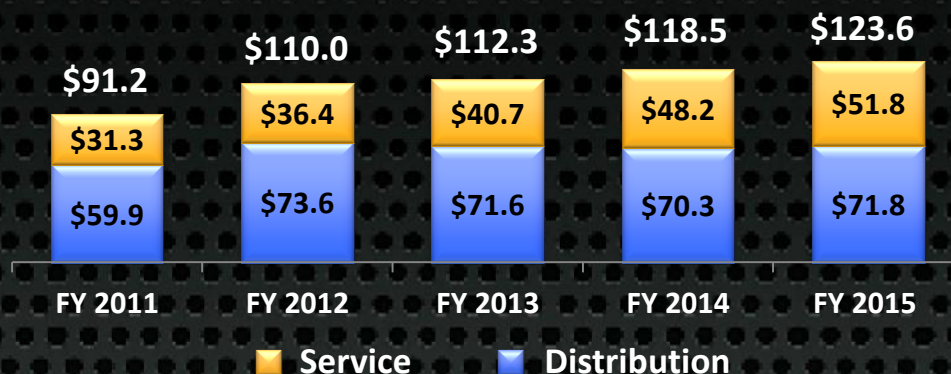
(\$ in millions)

**7.9%
CAGR***

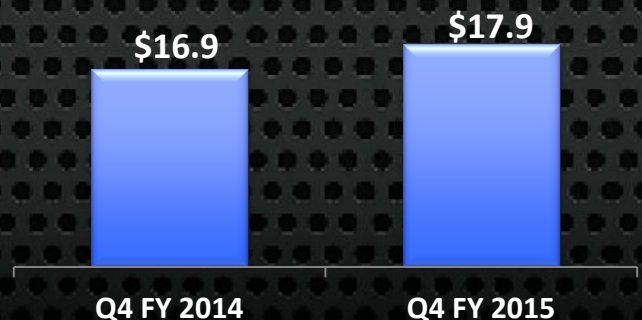
Q4 Service Segment



Consolidated – Annual



Q4 Distribution Segment



- Record quarterly and annual Service segment revenue
 - Driven by organic & acquisition growth
- Distribution segment remains highly competitive
 - Fourth quarter growth due to alternative energy customers

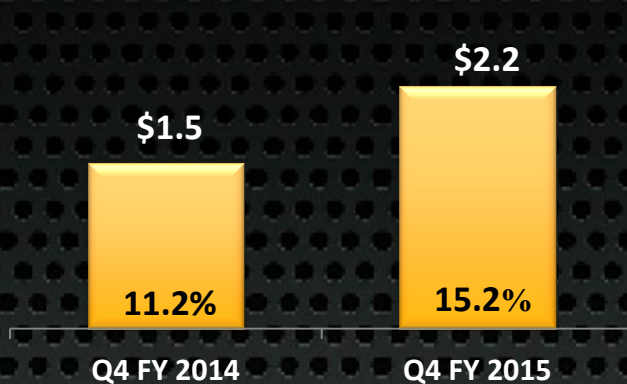
*FY 2011 – FY 2015

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

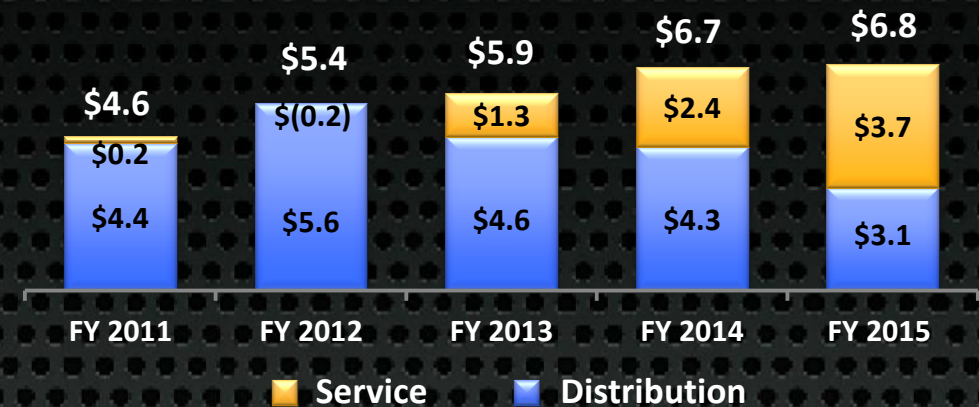
Operating Income and Margin

(\$ in millions)

Q4 Service Segment

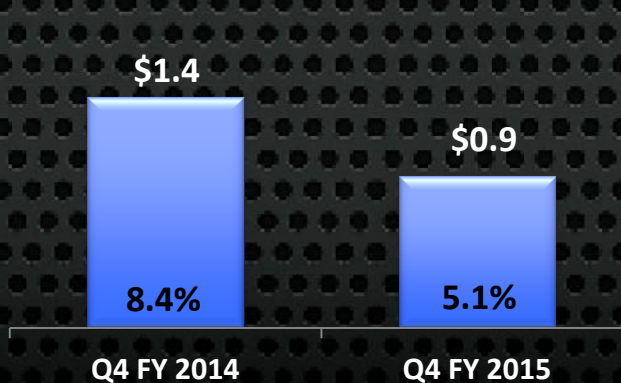


Consolidated – Annual



10.2% CAGR*

Q4 Distribution Segment



- Q4 Service operating margin expanded 400 basis points
- Annual Service operating income surpassed Distribution segment
- Q4 Distribution gross margin impacted 220 bps by lower vendor rebates

*FY 2011 – FY 2015

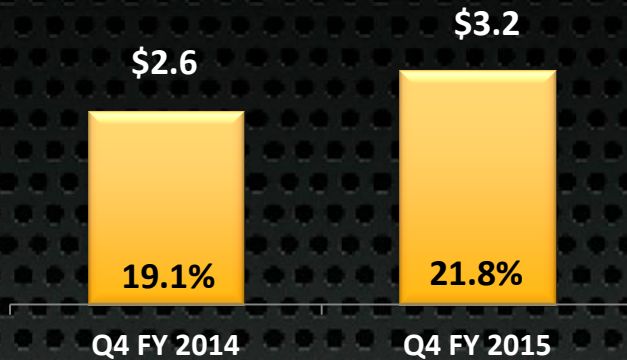
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Contribution Margin* and % of Revenue

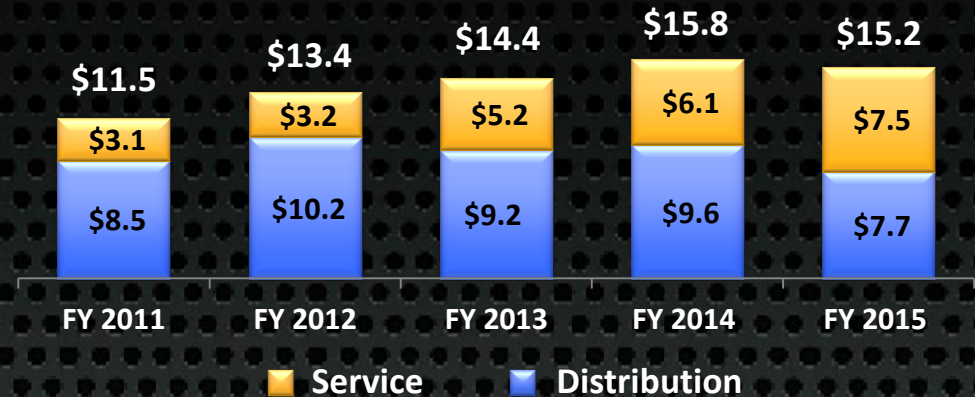
(\$ in millions)

**7.1%
CAGR****

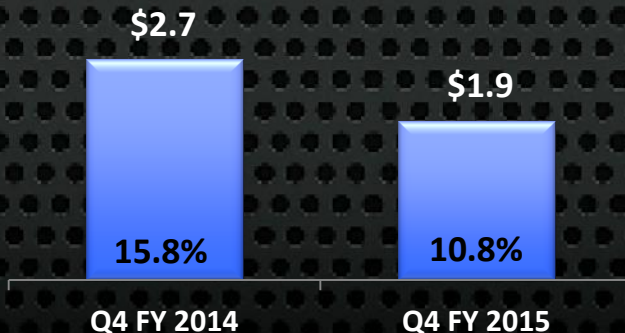
Q4 Service Segment



Consolidated – Annual



Q4 Distribution Segment



- 25.3% CAGR for Service segment (FY 2011 - FY 2015)
- Cost discipline and lower performance-based compensation expense helped to partially offset Distribution gross margin pressure

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

**FY 2011 – FY 2015

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

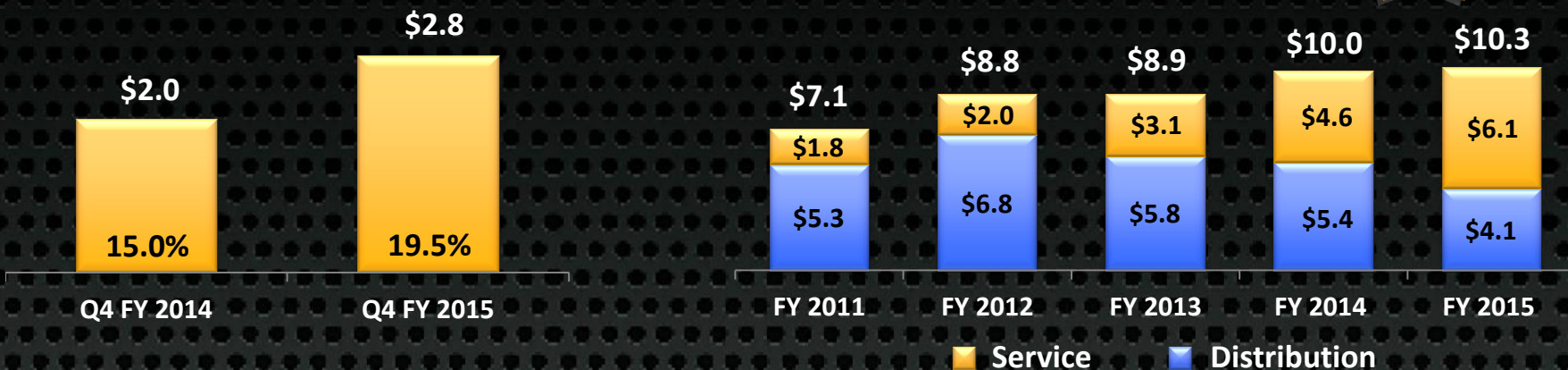
Adjusted EBITDA* and Margin

(\$ in millions)

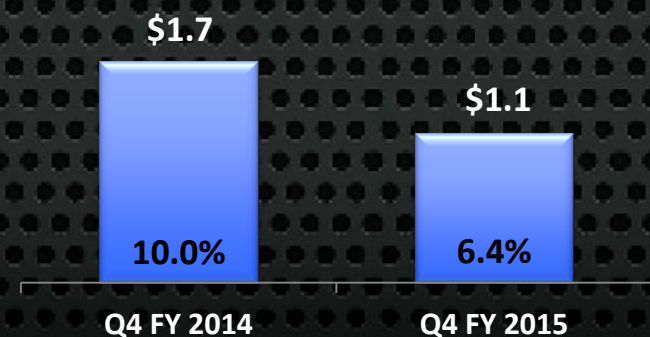
**9.7%
CAGR****

Q4 Service Segment

Consolidated – Annual



Q4 Distribution Segment



- Service segment up nearly 40% quarter over quarter
 - Margin expanded 450 basis points
- 36.5% CAGR for Service segment (FY 2011 - FY 2015)

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

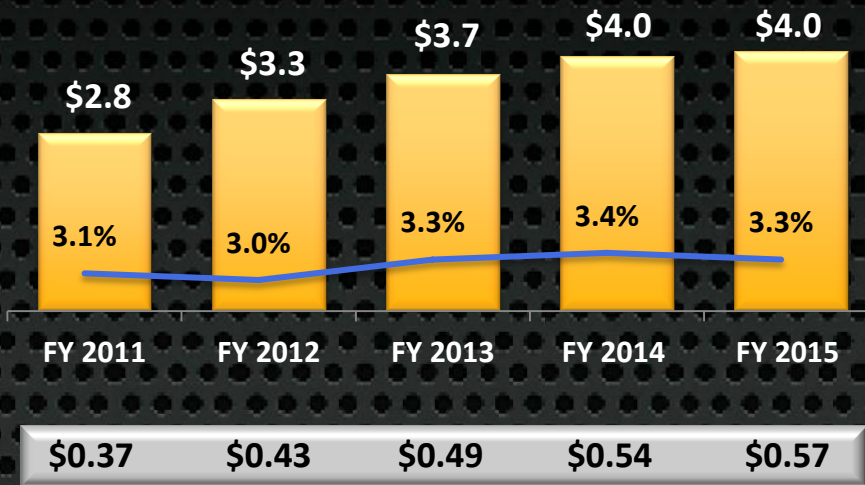
**FY 2011 – FY 2015

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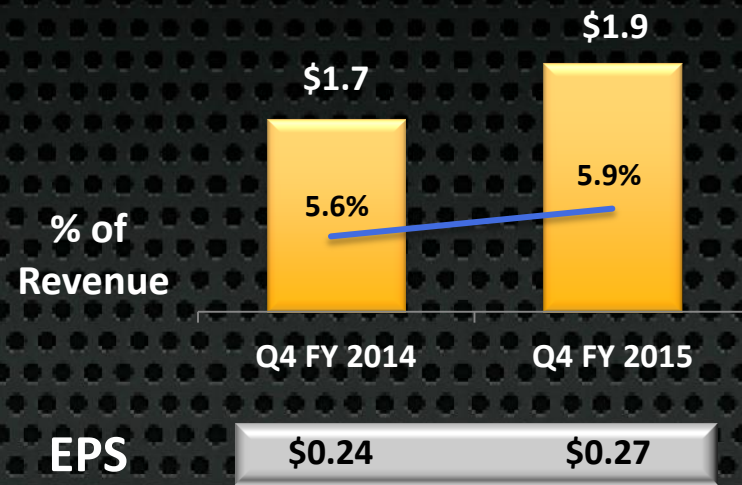
Bottom-line Performance

(\$ in millions)

Annual Net Income



Quarterly Net Income



EPS

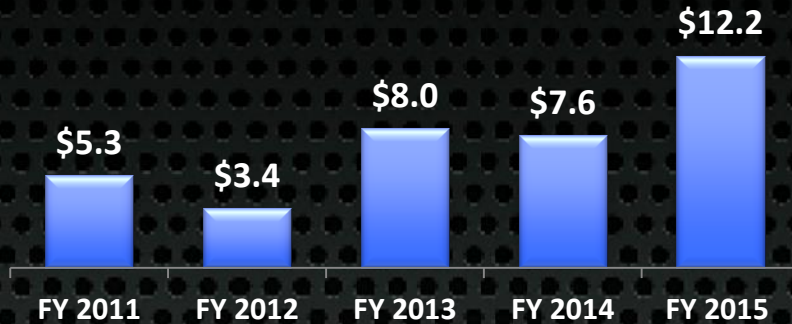


- 9.6% CAGR for net income (FY 2011 - FY 2015)

Balance Sheet Supports Growth Strategy

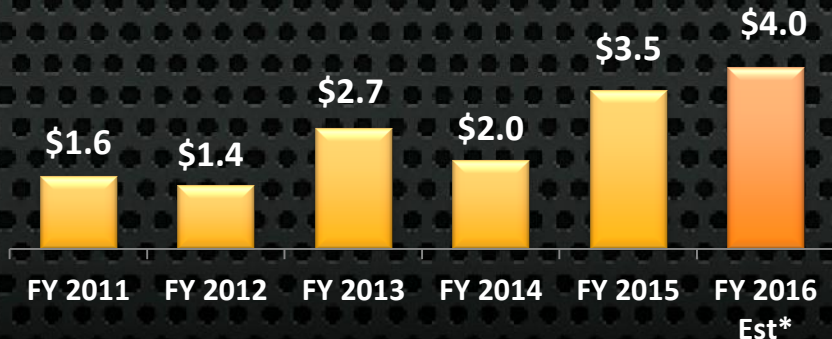
(\$ in millions)

Long Term Debt



- \$16.0 million in availability under revolving credit facility
- FY 2015 CapEx focused on service capabilities and IT upgrades
- FY 2016 CapEx to focus on increasing lab capabilities and capacity; Also includes additional assets for rental business
- Financial flexibility to facilitate acquisition strategy, satisfy working capital and capital expenditure needs

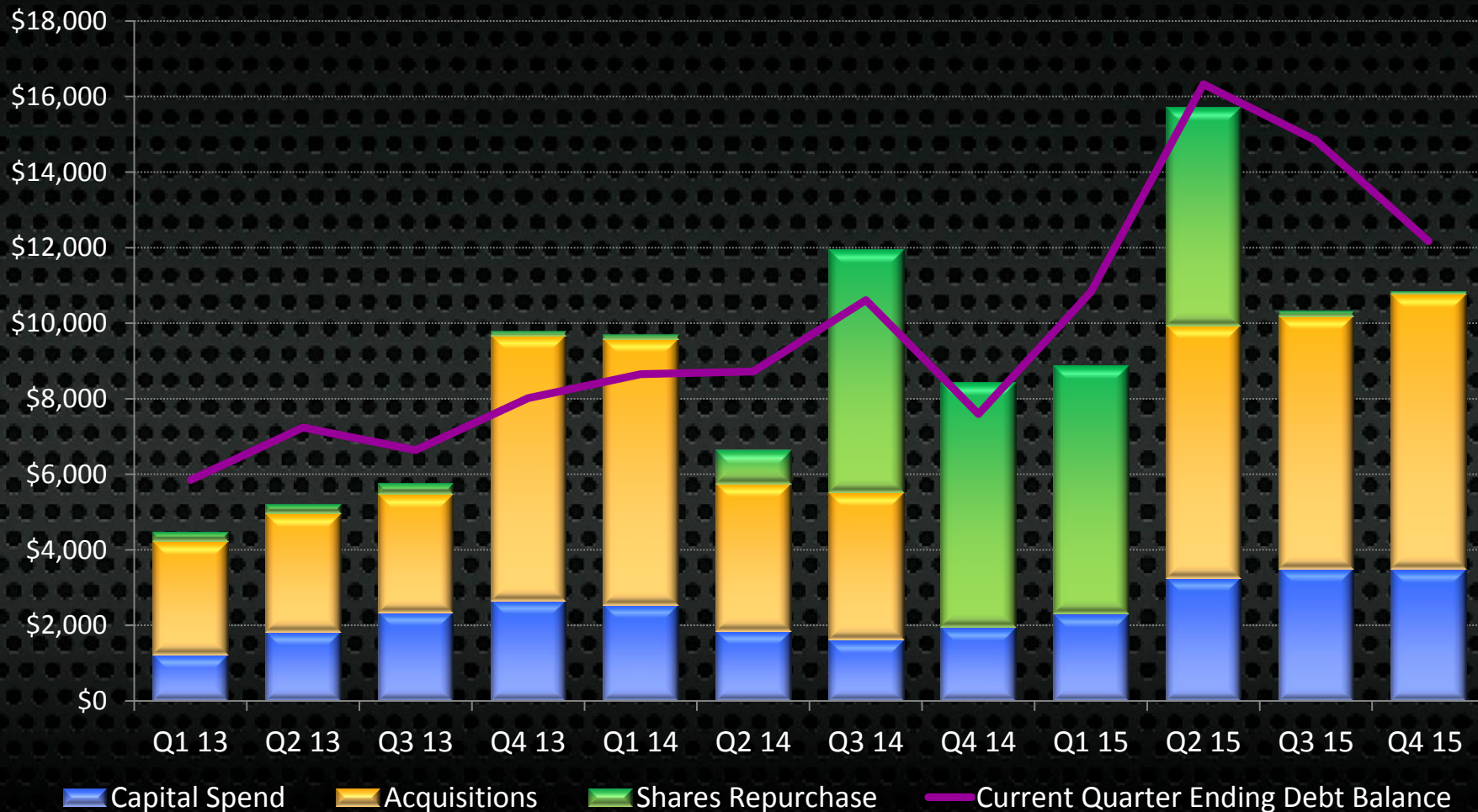
Capital Expenditures



Generating Cash to Drive Key Investments

Historical Trailing 12 Month Key Investments and Current Quarter Debt Balance

(\$ in thousands)



FY 2016 Outlook*

- Expect double-digit Service segment revenue growth
 - Leverage recent acquisitions and investments such as the new website and C3 software
 - Continue to develop and grow Service pipeline, particularly in the Healthcare space
- Expect Distribution sales growth in the low single digit range
 - Capture Distribution market share by expanding product lines and introducing innovative product bundles
- Continue to evaluate service market acquisition opportunities

Consolidated operating income growth in the mid-teens

Upcoming Investor Relations Calendar

Late July

Q1 FY 2016 Earnings

Sep 9

Annual Meeting

SUPPLEMENTAL INFORMATION

Adjusted EBITDA Reconciliation

(\$ in thousands)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Service Operating Income (loss)	\$ 192	\$ (175)	\$ 1,311	\$ 2,379	\$ 3,693
+Depreciation & Amortization	1,377	1,959	1,740	2,144	2,362
+Other (Expense) / Income	-	(37)	(84)	(141)	(138)
+Noncash Stock Comp	202	263	150	230	224
Service Adjusted EBITDA	\$ 1,771	\$ 2,010	\$ 3,117	\$ 4,612	\$ 6,141
Distribution Operating Income	\$ 4,395	\$ 5,603	\$ 4,635	\$ 4,326	\$ 3,075
+Depreciation & Amortization	673	937	962	801	728
+Other (Expense) / Income	-	(11)	(27)	12	27
+Noncash Stock Comp	226	290	193	297	283
Distribution Adjusted EBITDA	\$ 5,312	\$ 6,819	\$ 5,763	\$ 5,436	\$ 4,113
Service	\$ 1,771	\$ 2,010	\$ 3,117	\$ 4,612	\$ 6,141
Distribution	\$ 5,312	\$ 6,819	\$ 5,763	\$ 5,436	\$ 4,113
Total Adjusted EBITDA	\$ 7,083	\$ 8,829	\$ 8,880	\$ 10,048	\$ 10,254

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)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
SERVICE					
Service Revenue	\$ 31,324	\$ 36,406	\$ 40,655	\$ 48,184	\$ 51,801
Cost of Revenue	23,392	27,786	30,353	35,359	37,698
Gross Profit	\$ 7,932	\$ 8,620	\$ 10,302	\$ 12,825	\$ 14,103
Gross Margin	25.3%	23.7%	25.3%	26.6%	27.2%
Selling, Marketing & Warehouse Expenses	\$ 4,877	\$ 5,415	\$ 5,131	\$ 6,690	\$ 6,584
Contribution Margin	\$ 3,055	\$ 3,205	\$ 5,171	\$ 6,135	\$ 7,519
% of Revenue	9.8%	8.8%	12.7%	12.7%	14.5%
DISTRIBUTION					
Distribution Sales	\$ 59,862	\$ 73,614	\$ 71,641	\$ 70,324	\$ 71,823
Cost of Sales	44,496	55,110	54,539	53,359	56,839
Gross Profit	\$ 15,366	\$ 18,504	\$ 17,102	\$ 16,965	\$ 14,984
Gross Margin	25.7%	25.1%	23.9%	24.1%	20.9%
Selling, Marketing & Warehouse Expenses	\$ 6,879	\$ 8,336	\$ 7,870	\$ 7,349	\$ 7,329
Contribution Margin	\$ 8,487	\$ 10,168	\$ 9,232	\$ 9,616	\$ 7,655
% of Sales	14.2%	13.8%	12.9%	13.7%	10.7%
TOTAL					
Total Revenue	\$ 91,186	\$ 110,020	\$ 112,296	\$ 118,508	\$ 123,624
Total Cost of Revenue	67,888	82,896	84,892	88,718	94,537
Gross Profit	\$ 23,298	\$ 27,124	\$ 27,404	\$ 29,790	\$ 29,087
Gross Margin	25.5%	24.7%	24.4%	25.1%	23.5%
Selling, Marketing & Warehouse Expenses	\$ 11,756	\$ 13,751	\$ 13,001	\$ 14,039	\$ 13,913
Contribution Margin	\$ 11,542	\$ 13,373	\$ 14,403	\$ 15,751	\$ 15,174
% of Revenue	12.7%	12.2%	12.8%	13.3%	12.3%

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.