

Sep 9,
2015

Annual Meeting of Shareholders

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Lee D. Rudow
President and CEO

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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.

Senior Management Team

Lee D. Rudow	President and Chief Executive Officer
John J. Zimmer	Senior Vice President of Finance and Chief Financial Officer
Robert A. Flack	Vice President of Operations
Jennifer J. Nelson	Vice President of Human Resources
Rainer Stellrecht	Vice President of Operational Systems
Scott D. Sutter	Vice President of Sales
Mike W. West	Vice President of Marketing
Jay F. Woychick	Vice President of Inside Sales

Strategy Delivered Record Results

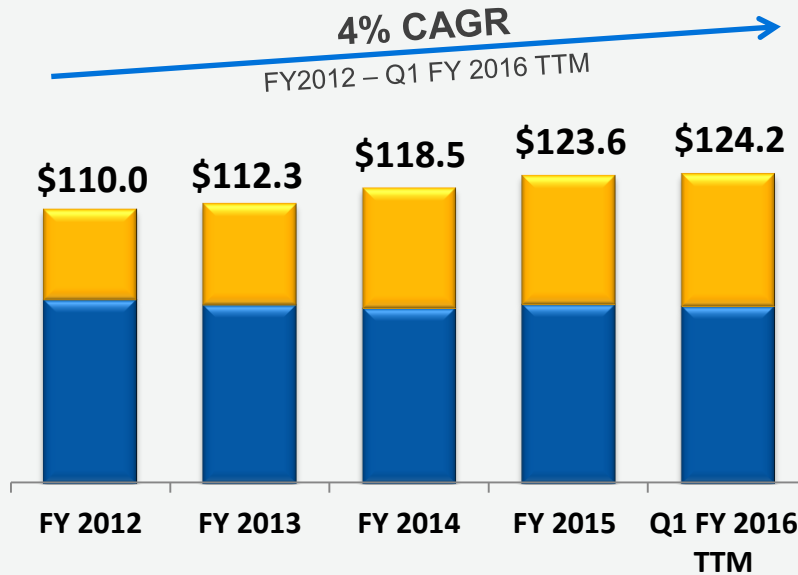
- **Record annual revenue of \$123.6 million in fiscal 2015**
 - 11th consecutive year of revenue growth
- **Strong Service segment operating leverage**
 - Segment operating income up 55% on 7.5% revenue growth
- **Growth-focused investments**
 - Expanded Service capabilities
 - Relocated LA lab
 - Launched new e-commerce platform and C3 Asset Management Software
- **Two acquisitions in fiscal 2015**
 - Ulrich Metrology and Apex Metrology Solutions

Executing our Strategy

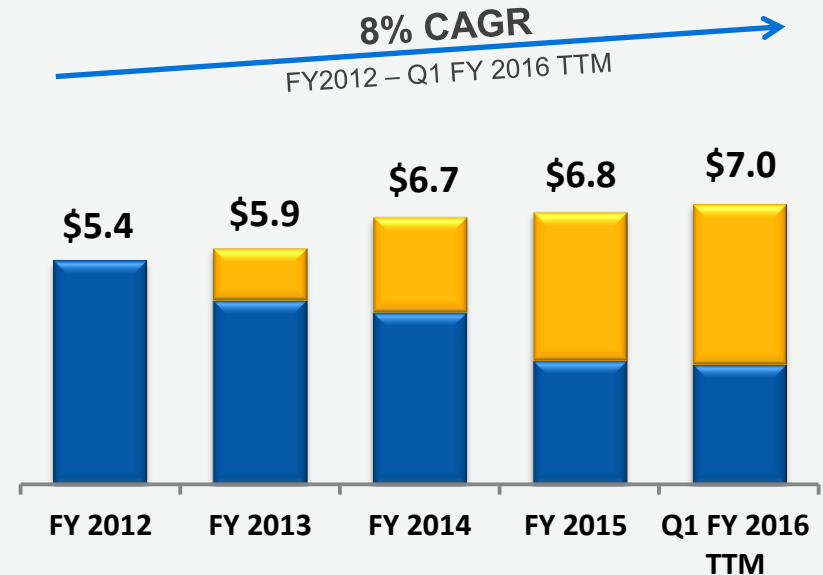
Growing Revenue & Operating Income

(\$ in millions)

Consolidated Revenue



Consolidated Operating Income



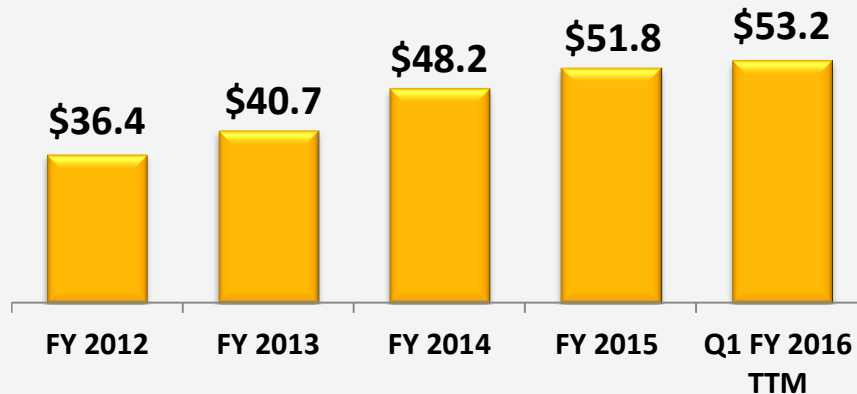
■ Distribution ■ Service

- FY 2015: Record revenue
 - Up 4.3% over FY 2014
 - Service up 7.5%; Distribution increased 2.1%
- Q1 FY 2016 Service segment revenue up 11.5%

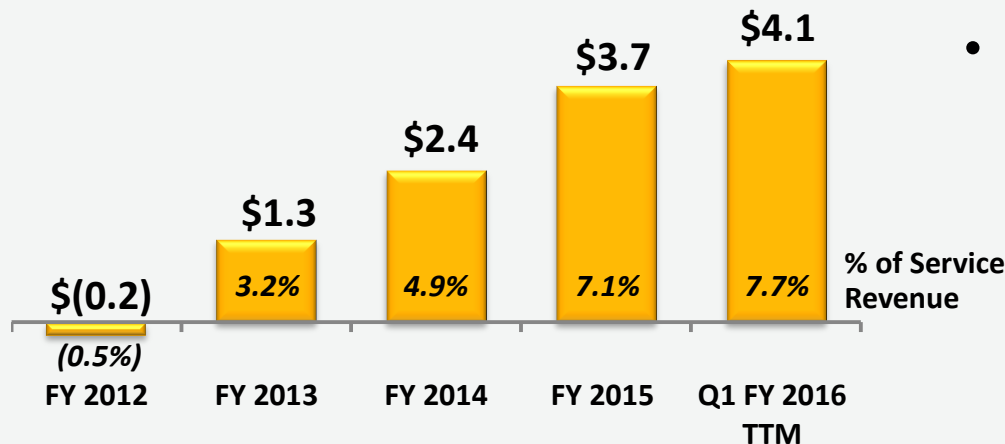
Service Segment Operating Leverage

(\$ in millions)

Service Revenue



Service Operating Income

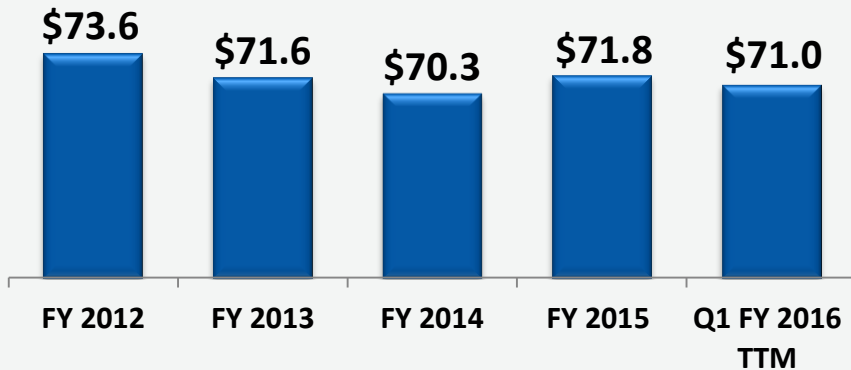


- Revenue increase driven by organic and acquisition-related growth
- 25 consecutive quarters of year-over-year growth
- FY 2015 Service operating income surpassed Distribution
- Revenue: +10%
Operating Income: +86%
(on TTM basis)

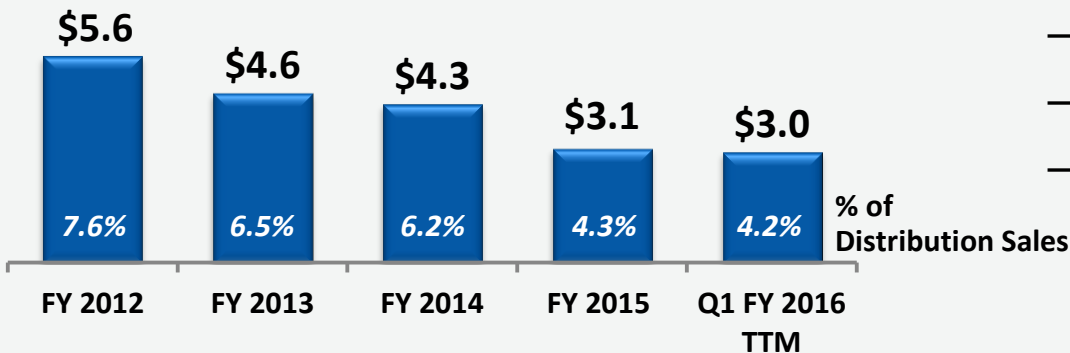
Leveraging Distribution to Drive Growth

(\$ in millions)

Distribution Sales



Distribution Operating Income

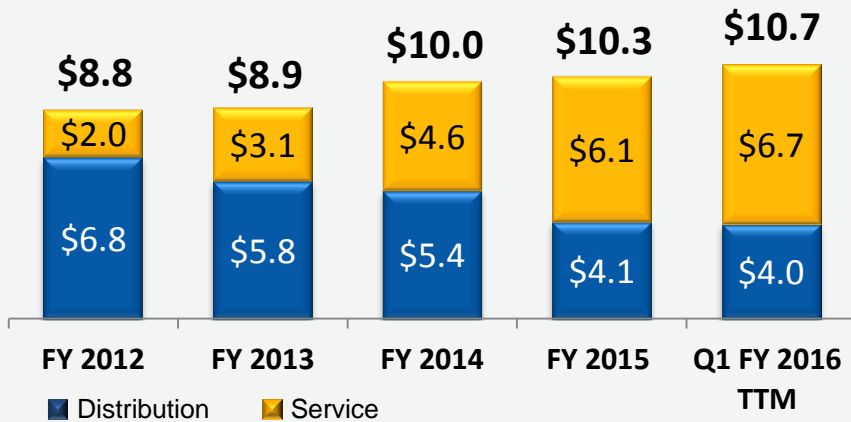


- Maintaining market share
- Soft oil and gas market impacted sales
- Lower vendor rebates hit gross margin (no impact expected in FY 2016)
- Opportunities
 - Rental service
 - Expand SKUs
 - New web platform

Strong Cash Generation and Bottom-Line

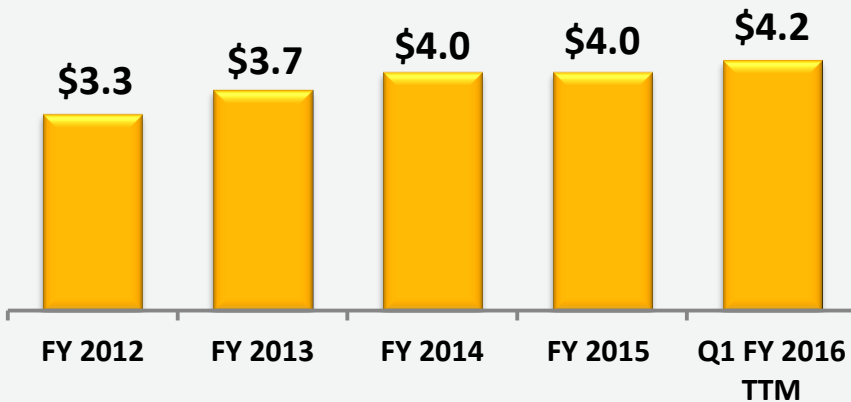
(\$ in millions)

Adjusted EBITDA*



- Consolidated Adjusted EBITDA CAGR of 6%
- Service: +45% CAGR
- Distribution segment generates significant cash
- Net income: +8% CAGR

Net Income



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

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

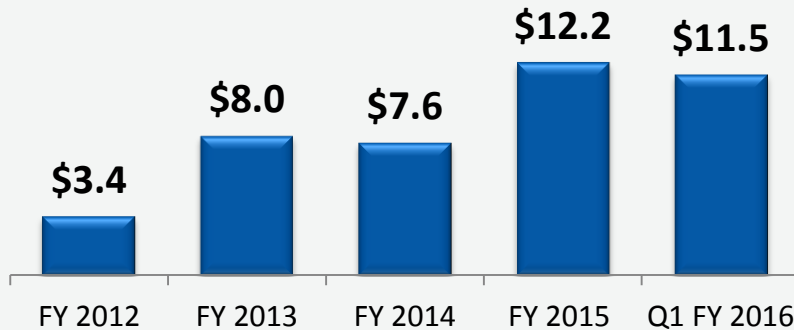
CAGR calculated FY 2012 – Q1 FY 2016 TTM

EPS	FY 2012	FY 2013	FY 2014	FY 2015	Q1 FY 2016 TTM
	\$0.43	\$0.49	\$0.54	\$0.57	\$0.59

Balance Sheet Supports Acquisition Strategy

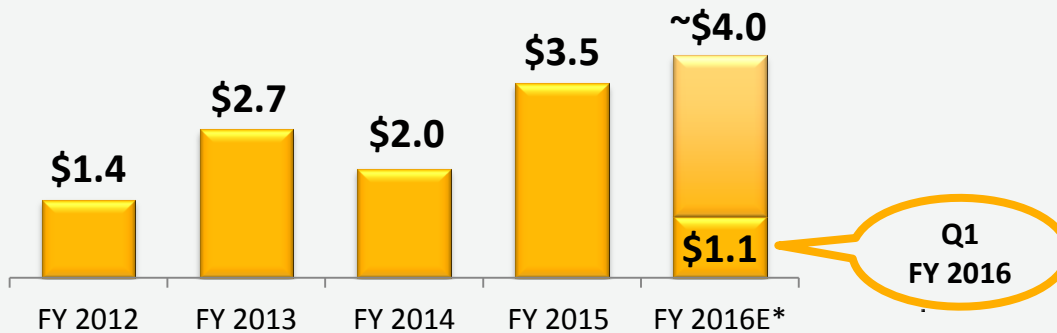
(\$ in millions)

Long Term Debt



- Revolving credit facility: \$18.0 million available
- FY 2016 CapEx
 - Increasing lab capabilities
 - Adding lab capacity
 - Assets for rental business

Capital Expenditures



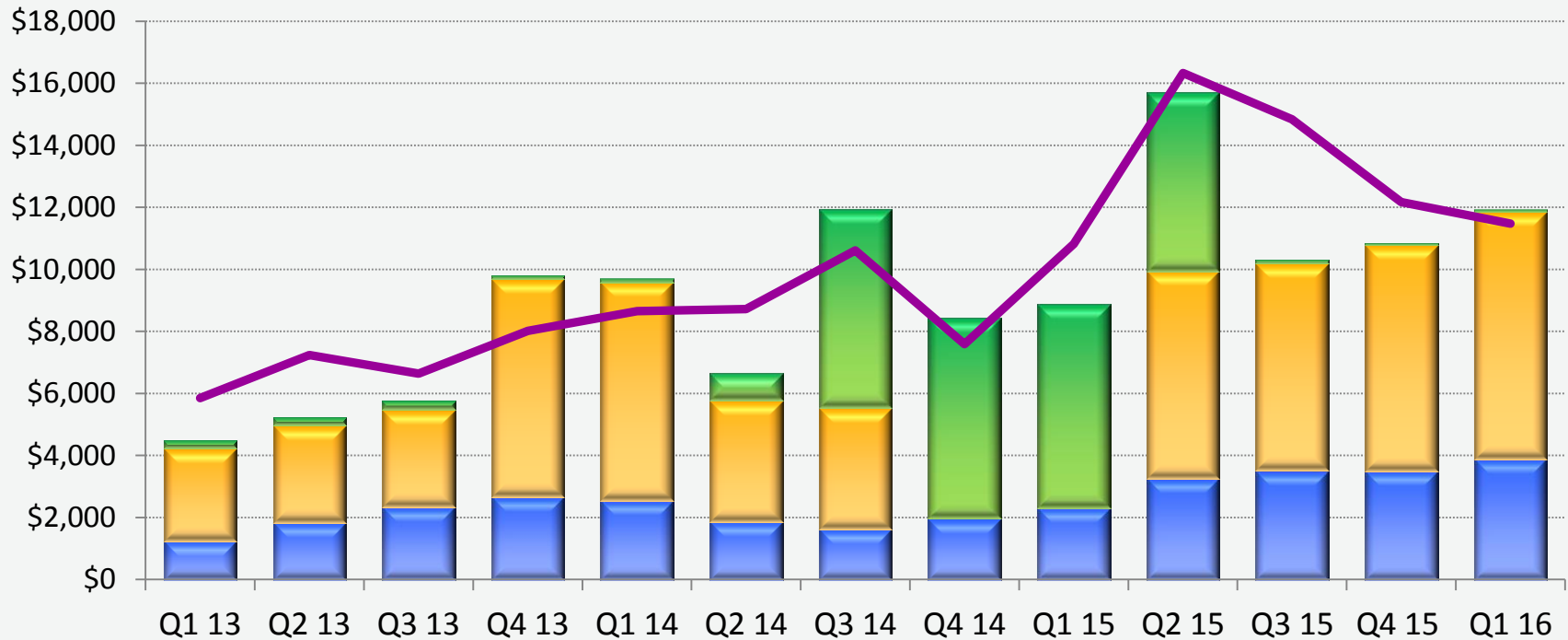
- Financial flexibility
 - Supports acquisition strategy
 - Meets working capital and capital expenditure needs

* FY 2016 capital expenditure guidance provided as of July 28, 2015

Generating Cash to Drive Key Investments

Historical Trailing 12 Month Key Investments and Current Quarter Debt Balance

(\$ in thousands)



ROIC (TTM)	10.6%	10.3%	9.4%	10.6%	10.9%	10.6%	10.6%	10.4%	9.8%	9.7%	9.3%	9.2%	9.4%
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■ Capital Spend
 ■ Acquisitions
 ■ Shares Repurchase
 — Current Quarter Ending Debt Balance

ROIC = Net Operating Profit after Taxes / Total Invested Capital

Where:

Net Operating Profit after Taxes (NOPAT) = Operating Profit x (1 - Tax Rate)

Total Invested Capital = Average total of Long-term Debt + Total Equity

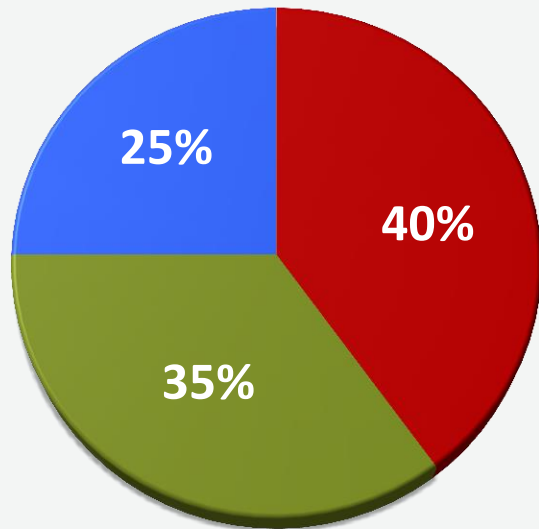





MARKET, STRATEGY AND OUTLOOK

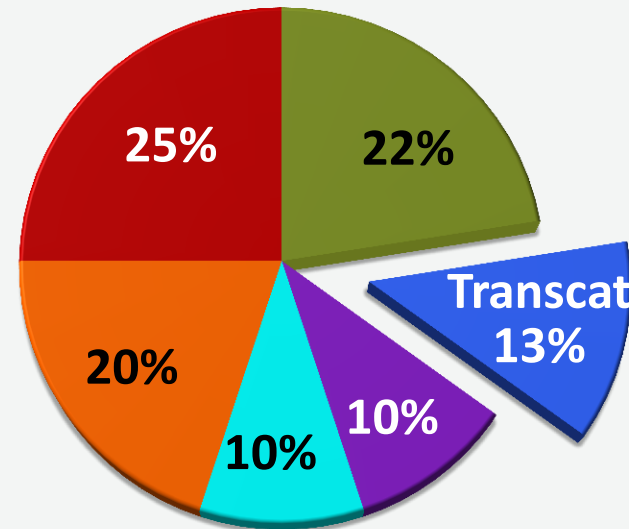
Calibration Services Market







\$1.0 Billion Addressable Market¹

#2 in Market Share by Revenue for 3rd Party Service Providers²



-  OEMs
-  3rd Party Service Providers
-  In-house Laboratories



-  Tektronix
-  Transcat
-  Trescal
-  SIMCO Electronics
-  Regionals (\$5mm-\$15mm)
-  Others (highly fragmented; \$500k-\$5mm)

¹ Estimated Addressable Calibration Market

² Percentage of Revenue (North America), management estimates




Unique Service Value Proposition

Fully Accredited Calibration Provider with Highest Quality in the Industry

Flexible Service Delivery Options:

- Permanent on-site
- Periodic on-site
- Mobile
- In-house
- Pickup & Delivery

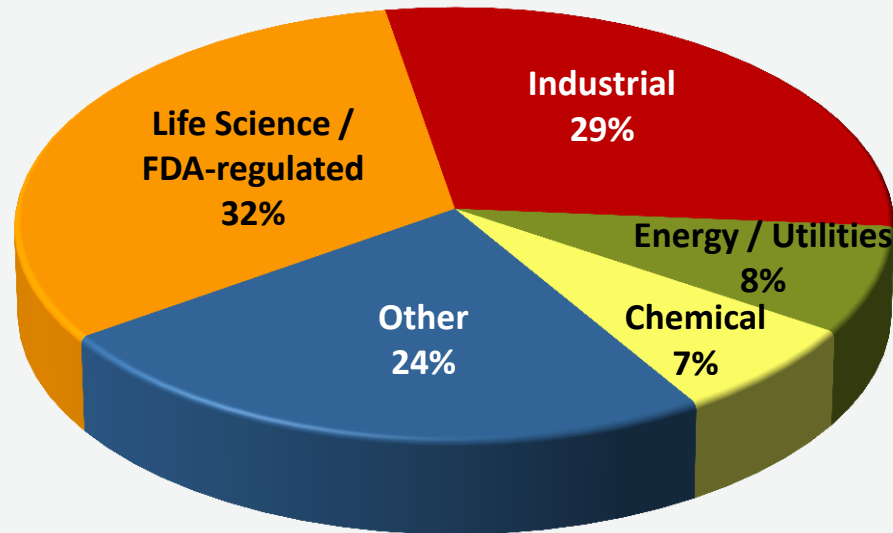
Map Legend

-  Headquarters
-  NVLAP Accredited Facilities
-  Other Accredited Requirements



Broad and Diverse Blue Chip Customer Base

Percentage of Service Revenue *



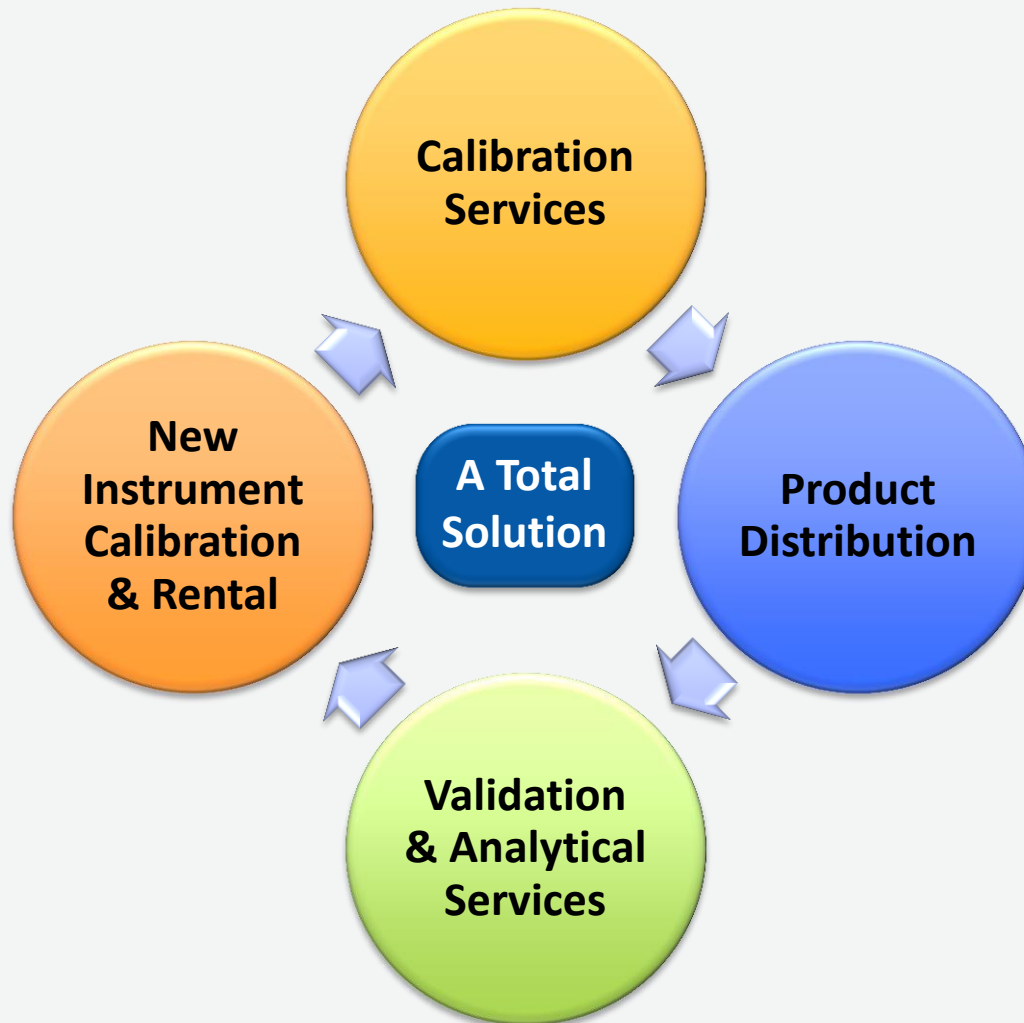
*Revenue and Percentages as of FY 2015

Service Growth Strategy



- Expanding addressable market
 - Taking market share
 - Outsourcing of Internal Labs
 - Integrated Sales Model – Enterprise Sales
 - Leveraging Distribution Segment
- Geographic Expansion
 - Increased Capabilities /Expertise
 - Bolt-On - Leverage Infrastructure
 - Majority of opportunities:
Revenue range of \$0.5 – \$5 million
 - Criteria: 4-6x EBITDA, Target IRR of 15%

Full Suite of Products and Services



Executing Acquisition Strategy

Ulrich Metrology Inc.

- Extends market reach in Montreal and Ottawa; further solidifies our Canadian market position

Apex Metrology Solutions

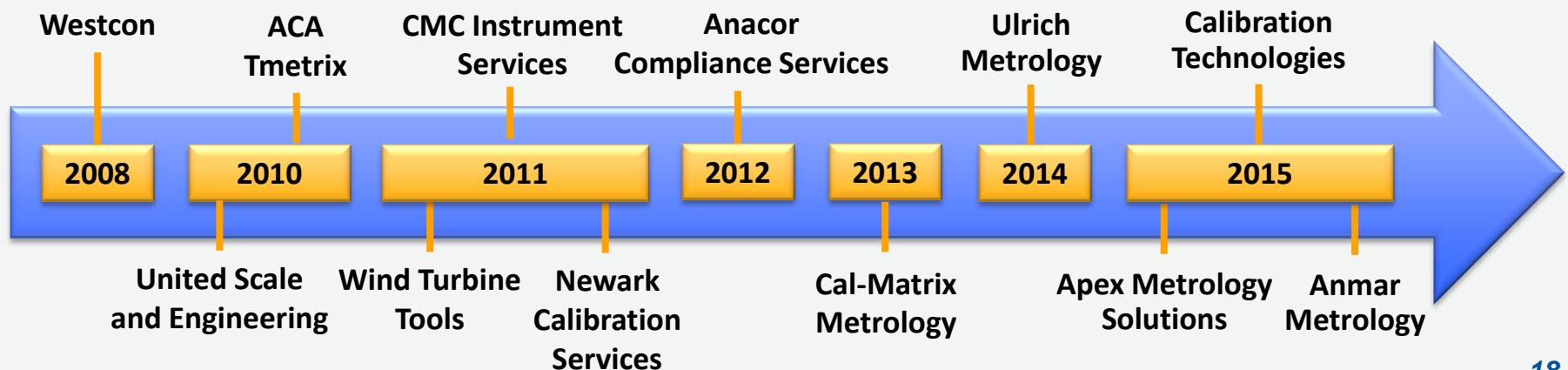
- Added a Midwest lab to better support our growing customer base in the region

Calibration Technologies, Inc.

- Deepens presence in the Life Science industry

Anmar Metrology, Inc.

- Building critical mass in Southern California; expands Life Science/bio-medical business



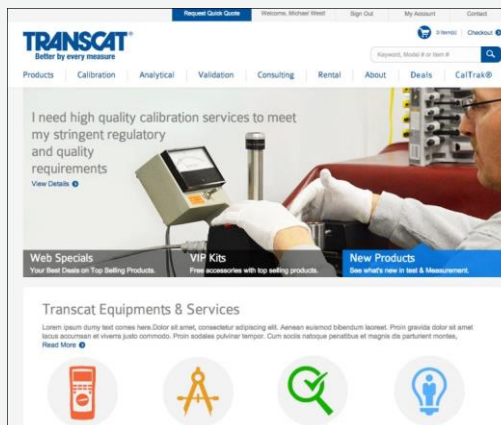
Investments to Drive Growth

C3 Asset Management Software



- Customizable, web-based software
- Meets the critical needs of highly regulated manufacturing environments
- Strengthened value proposition
- Positive customer reaction to software capabilities

Web 3.0 – new e-commerce and CMS platform



- Flexible and adaptable to changing e-commerce market
- Robust promotional and lead nurturing engine
- Strong SEO integration
- Increased efficiency in content management
- Goals: - Increase relevant traffic
- Higher conversion rate


Long-term Objectives

- Service Segment
 - Double-digit segment revenue growth
 - Acquisitions
 - Leverage e-commerce platform and C3 Asset Management Software
 - Life science market expanding
 - Enterprise sales strategy is working
- Distribution segment
 - Capture market share
 - Expanding number of product offerings
 - Adding vendors
 - Introducing innovative product bundles
 - Leverage leading position to drive Service growth

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The background of the top half of the page is a complex technical drawing or engineering blueprint. It features a grid of fine lines, various circular arcs, and straight lines. Some lines are labeled with letters and numbers, such as 'A', 'B', 'C', 'D', 'E', 'F', 'a', 'b', 'c', 'd', 'e', 'f', '1', '2', 'R1', and 'R2'. There are also several small circles and dots scattered throughout the drawing. The overall style is that of a precise, scientific or engineering illustration.

SUPPLEMENTAL INFORMATION

Adjusted EBITDA Reconciliation

(\$ in thousands)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Q1 FY 2016 TTM</u>
Service Operating Income (loss)	\$ (175)	\$ 1,311	\$ 2,379	\$ 3,693	\$ 4,072
+Depreciation & Amortization	1,959	1,740	2,144	2,362	2,554
+Other (Expense) / Income	(37)	(84)	(141)	(138)	(162)
+Noncash Stock Comp	263	150	230	224	237
Service Adjusted EBITDA	<u>\$ 2,010</u>	<u>\$ 3,117</u>	<u>\$ 4,612</u>	<u>\$ 6,141</u>	<u>\$ 6,701</u>
Distribution Operating Income	\$ 5,603	\$ 4,635	\$ 4,326	\$ 3,075	\$ 2,964
+Depreciation & Amortization	937	962	801	728	752
+Other (Expense) / Income	(11)	(27)	12	27	21
+Noncash Stock Comp	290	193	297	283	286
Distribution Adjusted EBITDA	<u>\$ 6,819</u>	<u>\$ 5,763</u>	<u>\$ 5,436</u>	<u>\$ 4,113</u>	<u>\$ 4,023</u>
Service	\$ 2,010	\$ 3,117	\$ 4,612	\$ 6,141	\$ 6,701
Distribution	\$ 6,819	\$ 5,763	\$ 5,436	\$ 4,113	\$ 4,023
Total Adjusted EBITDA	<u>\$ 8,829</u>	<u>\$ 8,880</u>	<u>\$ 10,048</u>	<u>\$ 10,254</u>	<u>\$ 10,724</u>

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.