

Q2

Fiscal 2016

Financial Results

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Trust in every measure

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Second Quarter Results

Revenue of \$29.5 million

- Service segment revenue up 12.7%
- 26th consecutive quarter of YOY revenue growth in our Service segment
- Acquisitions continue to contribute
- Distribution segment impacted by significant decline in oil & gas industry and strong U.S. dollar

Strong Service segment operating leverage

- Service segment operating income up 26%
- Investment in enhanced capabilities, flexibility and overall efficiency

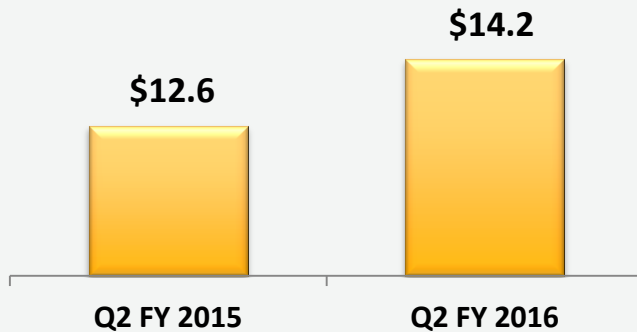
Cash generation and bottom-line performance

- Generating cash: \$2.7 million from operating activities (\$5.3 million YTD)
- Net income up 2.2% to \$0.9 million; Diluted EPS consistent at \$0.12

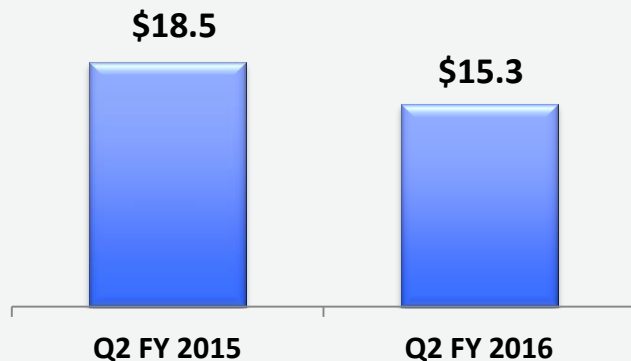
Top-line

(\$ in millions)

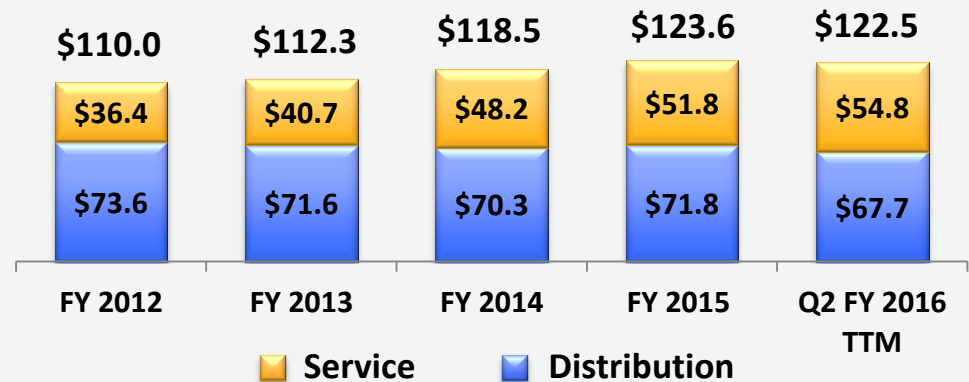
Q2 Service Segment



Q2 Distribution Segment



Consolidated – Annual



- Total revenue down 5.3%
- Strong Service segment performance offset by lower Distribution sales

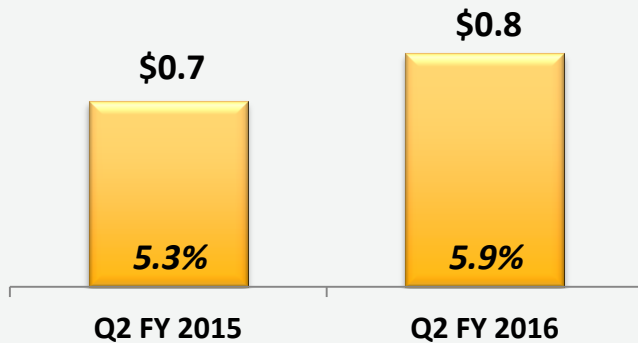
*FY 2012 – Q2 FY 2016 TTM

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

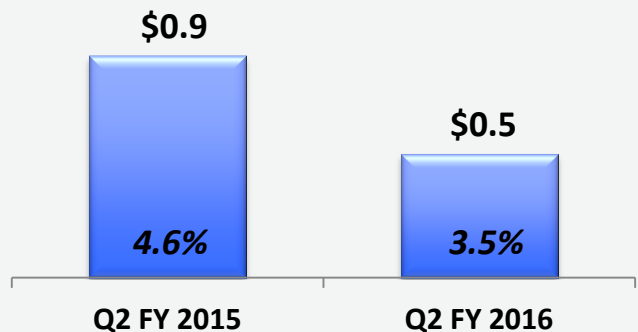
Operating Income and Margin

(\$ in millions)

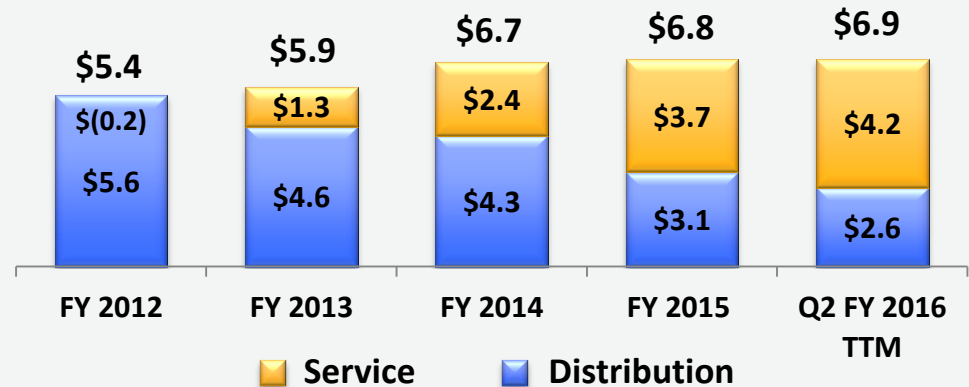
Q2 Service Segment



Q2 Distribution Segment



Consolidated – Annual



- Service operating margin expanded 60 basis points
- Distribution cost discipline reduced operating costs; helped to partially offset gross profit decline

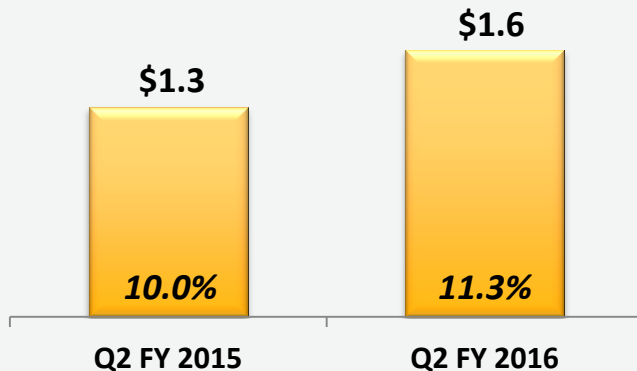
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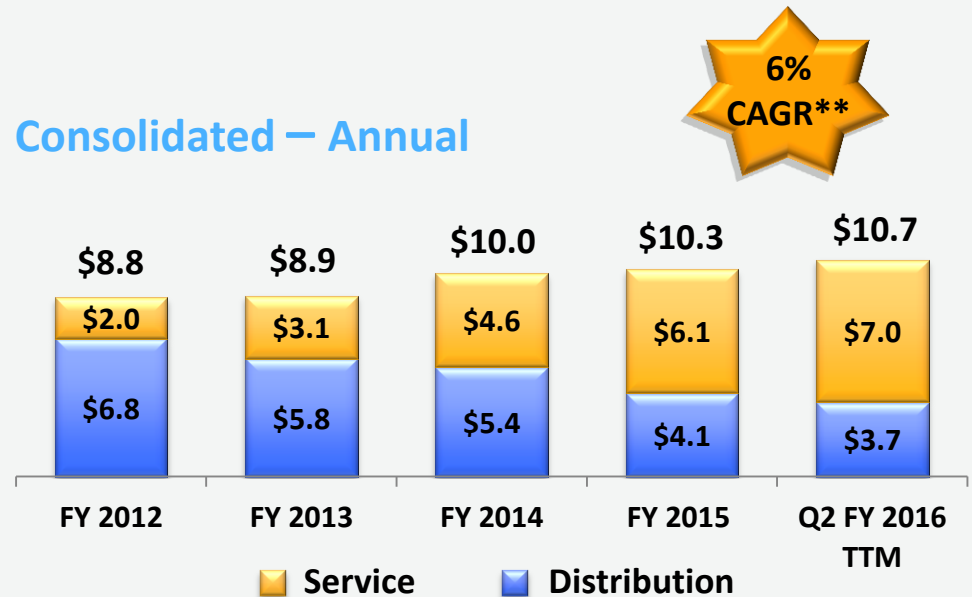
Adjusted EBITDA* and Margin

(\$ in millions)

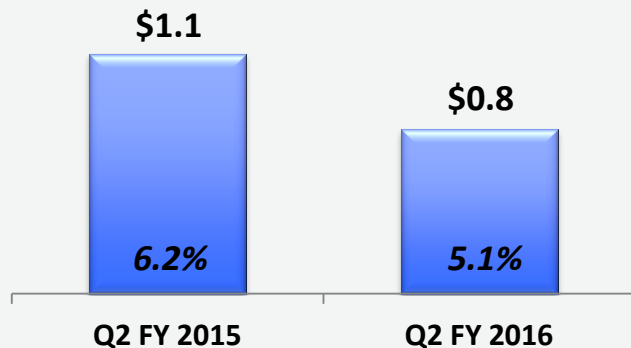
Q2 Service Segment



Consolidated – Annual



Q2 Distribution Segment



- Service segment up 28% quarter over quarter
 - Margin expanded 130 basis points
- 43% CAGR for Service segment (FY 2012 – Q2 FY 2016 TTM)

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

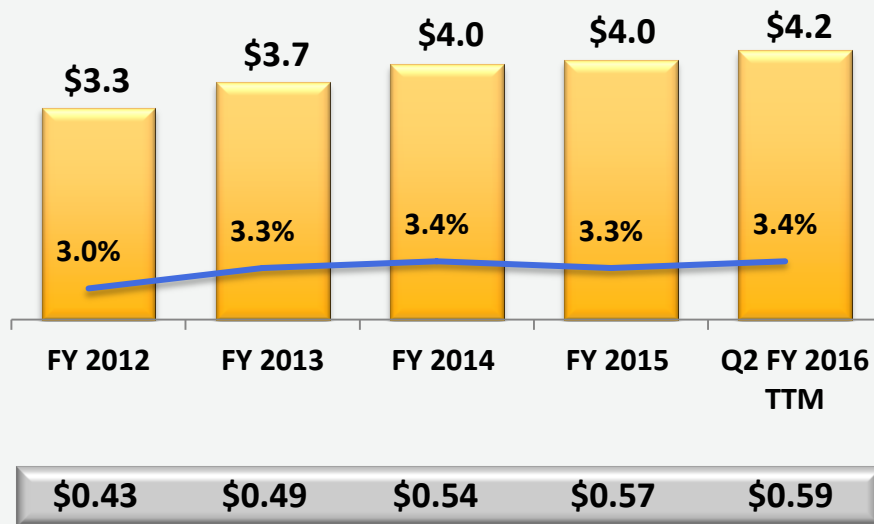
**FY 2012 – Q2 FY 2016 TTM

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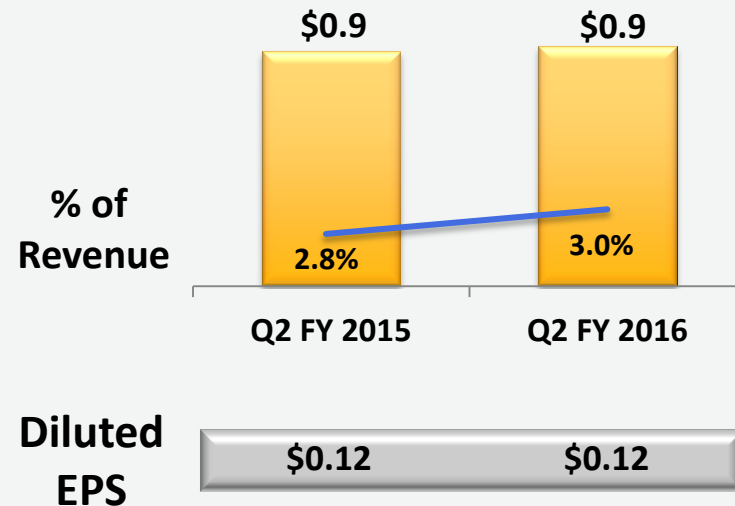
Bottom-line

(\$ in millions)

Annual Net Income



Quarterly Net Income

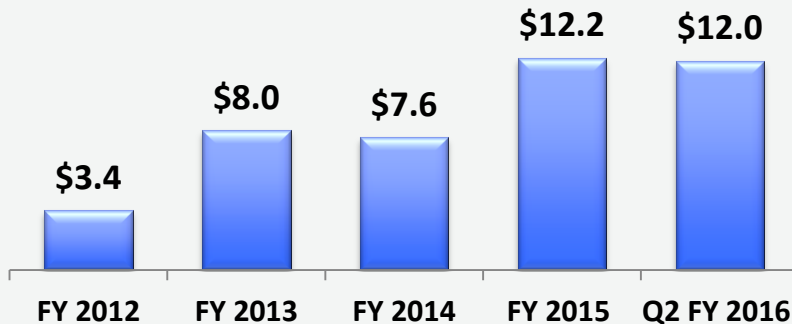


- 7% CAGR for net income (FY 2012 – Q2 FY 2016 TTM)

Balance Sheet Supports Acquisition Strategy

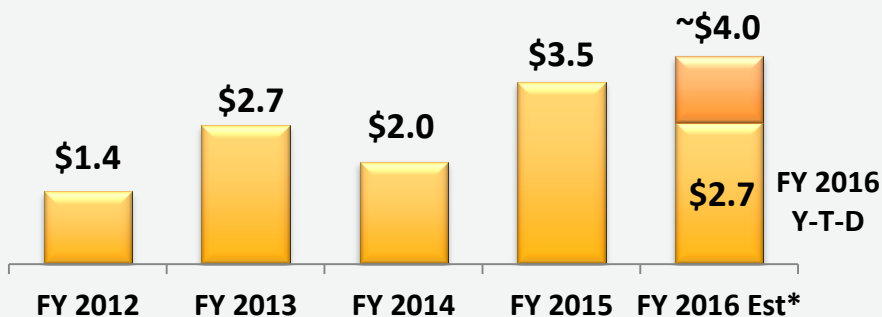
(\$ in millions)

Long-term Debt



- Revolving credit facility: \$17.5 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 October 26, 2015

FY 2016 Outlook*

- Expect double-digit Service segment revenue growth
 - Acquisition pipeline remains strong
 - Adding new capabilities in strategic markets
- Challenging conditions for Distribution market
- Consolidated operating income growth in the low double-digits

Long-term Objectives


- Service segment: Continue to execute organic growth and acquisition strategy to drive double-digit top line growth
- Leverage recent initiatives to improve Distribution segment contribution
- Calibration and compliance market leadership

* FY 2016 outlook and guidance provided as of October 26, 2015

Upcoming Investor Relations Calendar

November 12 Drexel Hamilton Micro-Cap Conf (NYC)

Late January 2016 Q3 FY 2016 Financial Results



SUPPLEMENTAL INFORMATION

Adjusted EBITDA Reconciliation

(\$ in thousands)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Q2 FY 2016 TTM</u>
Service Operating Income (loss)	\$ (175)	\$ 1,311	\$ 2,379	\$ 3,693	\$ 4,246
+Depreciation & Amortization	1,959	1,740	2,144	2,362	2,694
+Other (Expense) / Income	(37)	(84)	(141)	(138)	(76)
+Noncash Stock Comp	263	150	230	224	185
Service Adjusted EBITDA	<u>\$ 2,010</u>	<u>\$ 3,117</u>	<u>\$ 4,612</u>	<u>\$ 6,141</u>	<u>\$ 7,049</u>
Distribution Operating Income	\$ 5,603	\$ 4,635	\$ 4,326	\$ 3,075	\$ 2,644
+Depreciation & Amortization	937	962	801	728	767
+Other (Expense) / Income	(11)	(27)	12	27	38
+Noncash Stock Comp	290	193	297	283	213
Distribution Adjusted EBITDA	<u>\$ 6,819</u>	<u>\$ 5,763</u>	<u>\$ 5,436</u>	<u>\$ 4,113</u>	<u>\$ 3,662</u>
Service	\$ 2,010	\$ 3,117	\$ 4,612	\$ 6,141	\$ 7,049
Distribution	<u>\$ 6,819</u>	<u>\$ 5,763</u>	<u>\$ 5,436</u>	<u>\$ 4,113</u>	<u>\$ 3,662</u>
Total Adjusted EBITDA	<u>\$ 8,829</u>	<u>\$ 8,880</u>	<u>\$ 10,048</u>	<u>\$ 10,254</u>	<u>\$ 10,711</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.