



TRANSDIGM
GROUP INC.

CONSISTENT STRATEGY, MORE RUNWAY
MORE VALUE

FY 2014 FOURTH QUARTER EARNINGS CALL

November 13, 2014

- TransDigm Overview
- Highlights, Market Review, Operating Performance and Outlook
- Operations and Value Creation
- Financial Results
- Q&A

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Chairman and CEO

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Chairman and CEO

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Forward Looking Statements



This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including information regarding our guidance for future periods. These forward-looking statements are based on management's current expectations and beliefs, as well as a number of assumptions concerning future events, many of which are outside of our control. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statement. These risks and uncertainties include but are not limited to: the sensitivity of our business to the number of flight hours that our customers' planes spend aloft and our customers' profitability, both of which are affected by general economic conditions; future terrorist attacks; our reliance on certain customers; the U.S. defense budget and risks associated with being a government supplier; failure to maintain government or industry approvals; failure to complete or successfully integrate acquisitions; our substantial indebtedness; potential environmental liabilities; and other factors. Further information regarding the important factors that could cause actual results to differ materially from projected results can be found in TransDigm Group's Annual Report on Form 10-K and other reports that TransDigm Group or its subsidiaries have filed with the Securities and Exchange Commission.

You are cautioned not to place undue reliance on our forward-looking statements. TransDigm Group Incorporated assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Special Notice Regarding Pro Forma and Non-GAAP Information



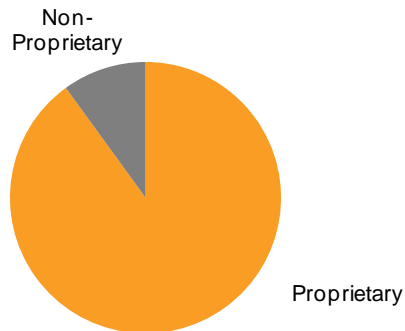
This presentation sets forth certain pro forma financial information. This pro forma financial information gives effect to certain recently completed acquisitions. Such pro forma information is based on certain assumptions and adjustments and does not purport to present TransDigm's actual results of operations or financial condition had the transactions reflected in such pro forma financial information occurred at the beginning of the relevant period, in the case of income statement information, or at the end of such period, in the case of balance sheet information, nor is it necessarily indicative of the results of operations that may be achieved in the future.

This presentation also sets forth certain non-GAAP financial measures. A presentation of the most directly comparable GAAP measures and a reconciliation to such measures are set forth in the appendix.

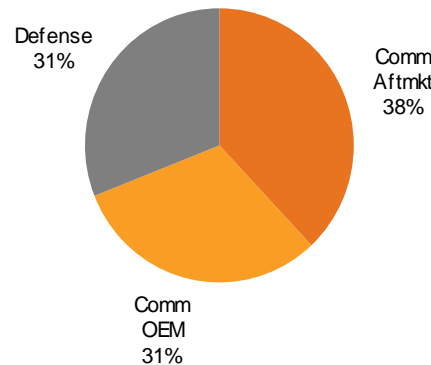
DISTINGUISHING CHARACTERISTICS

- Highly engineered aerospace components
- Proprietary and sole source products
- Significant aftermarket content
- High free cash flow

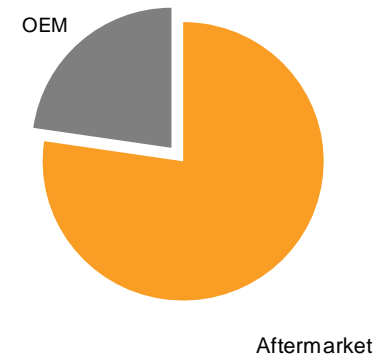
Proprietary Revenues ⁽¹⁾



Pro Forma Revenues (Excluding Non-Aviation Segment) ⁽¹⁾



Pro Forma EBITDA As Defined ⁽¹⁾



⁽¹⁾ Pro forma revenue is for the fiscal year ended 9/30/14 (excluding the Non-Aviation Segment sales of ≈ \$96 million or ≈ 4% of total sales). Includes the impact of FY 14 acquisitions of Airborne and EME. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

2014 Q4 Financial Performance by Markets – Pro Forma



Highlights⁽¹⁾

■ Commercial OEM

- Commercial transport revenues up 12% YTD
- Business jet revenues about flat YTD

■ Commercial Aftermarket

- Sequential revenues up modestly

■ Defense

- Bookings about flat YTD

Q4 Market Review – Pro Forma Revenues⁽¹⁾

	Actual vs. Prior Year	
	Q4 2014	YTD 2014
Commercial OEM:	Up 7%	Up 8%
Commercial Aftermarket:	Up 18%	Up 12%
Defense:	Up 3%	Flat

(1) Information is on a pro forma basis versus the prior year period including the recent acquisitions of Airborne Systems and EME. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

Fiscal 2015 Outlook



FY 2014 Pro Forma Sales Mix ⁽¹⁾

31%

Commercial OEM

FY 2015 Expected Growth

Up Mid Single-Digit %

38%

Commercial Aftermarket

Up High Single-Digit %

31%

Defense

Flat

Assumptions

- Worldwide RPM growth ≈ 4% to 5%
- OEM production rate increases proceeding
- Full year interest expense ≈ \$400 million
- Full year tax rate ≈ 33%
- Weighted average shares of 56.6 million

Guidance Summary

(\$ in millions)

	Low	High
Revenues	\$ 2,510	\$ 2,550
EBITDA As Defined	\$ 1,163	\$ 1,183
% to sales	46.3%	46.4%
Net Income	\$ 429	\$ 443
GAAP EPS	\$ 7.51	\$ 7.77
Adj. EPS	\$ 8.03	\$ 8.29

(1) Pro forma revenue is for the fiscal year ended 9/30/14 (excluding the Non-Aviation Segment sales of ≈ \$96 million or ≈ 4% of total sales). Includes the impact of FY 14 acquisitions of Airborne and EME. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

Fourth Quarter 2014 Results



(\$ in millions)

	Q4 FY14	Q4 FY13	
Revenue	\$642.2	\$539.7	19.0% Increase
Gross Profit	\$348.6	\$282.7	1.9 Margin Point Increase
<i>Margin %</i>	<i>54.3%</i>	<i>52.4%</i>	<ul style="list-style-type: none"> • Strength of our proprietary products and productivity improvements • Reduced non-operating acquisition related costs • Dilutive impact on operations from acquisitions
SG&A	\$76.7	\$61.1	
<i>% to Sales</i>	<i>11.9%</i>	<i>11.3%</i>	
Interest Expense- Net	\$96.9	\$81.2	19.3% Increase
			<ul style="list-style-type: none"> • Outstanding borrowings increased to \$7.5 billion from \$5.7 billion • Weighted average cash interest rate at 9/30/14 was 4.9%
Net Income	\$114.3	\$84.0	36.0% Increase
<i>% to Sales</i>	<i>17.8%</i>	<i>15.6%</i>	
EBITDA As Defined	\$291.1	\$248.2	17.3% Increase
	<i>45.3%</i>	<i>46.0%</i>	
Adjusted EPS	\$2.21	\$1.75	26.3% Increase



Liquidity & Taxes



(\$ in millions)

Cash

	<u>FY 9/30/2014</u>	<u>FY 9/30/2013</u>
Net Cash Provided by Operating Activities	\$541.2	\$470.2
Capital Expenditures	(\$34.1)	(\$35.5)
Free Cash Flow	<u>\$507.1</u>	<u>\$434.7</u>
Cash on the Balance Sheet	<u>\$819.5</u>	<u>\$564.7</u>

Taxes

- FY 14 Full Year ETR: 31.6%

Liquidity

	Actual 9/30/2014	Net Debt to Pro Forma EBITDA As Defined Multiple	Rate
Cash	\$820		
\$420m revolver	–		L + 3.00%
\$225m AR securitization facility	200		L + 0.75%
First lien term loan B due 2017	491		L + 2.75%
First lien term loan C due 2020	2,559		L + 3.00%
New first lien term loan D due 2021	823		L + 3.00%
Total senior secured debt	\$4,073	3.0x	
New senior sub notes due 2022	1,150		6.00%
New senior sub notes due 2024	1,200		6.50%
Senior sub notes due 2020	550		5.50%
Senior sub notes due 2021	500		7.50%
Total debt	\$7,473	6.2x	

Reconciliation of GAAP to Adjusted EPS - Guidance



	Thirteen Week Periods Ended		Fiscal Year Ended		Full Year Guidance
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	Mid-Point September 30, 2015
Earnings (loss) per share	\$ 1.91	\$ (0.20)	\$ 3.16	\$ 2.39	\$ 7.64
Adjustments to earnings per share:					
Dividend equivalent payment	0.11	1.67	2.22	3.11	0.06
Non-cash stock compensation expense	0.11	0.03	0.32	0.60	0.35
Acquisition-related expenses	0.08	0.23	0.46	0.41	0.11
Refinancing costs	-	-	1.58	0.37	-
Other non-recurring charges	-	0.02	0.02	0.02	-
Adjusted earnings per share	<u>\$ 2.21</u>	<u>\$ 1.75</u>	<u>\$ 7.76</u>	<u>\$ 6.90</u>	<u>\$ 8.16</u>
Weighted-average shares outstanding (\$ in millions)	56,731	56,862	56,993	55,080	56,600

Appendix - Reconciliation of Net Income to EBITDA and EBITDA As Defined



(\$ in thousands)

	Thirteen Week Periods Ended		Fiscal Years Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Net income	\$ 114,255	\$ 84,027	\$ 306,910	\$ 302,789
Adjustments:				
Depreciation and amortization expense	21,844	23,680	96,385	73,515
Interest expense, net	96,933	81,246	347,688	270,685
Income tax provision	47,400	40,500	141,600	145,700
EBITDA	280,432	229,453	892,583	792,689
Adjustments:				
Acquisition related expenses and adjustments ⁽¹⁾	3,048	13,877	20,541	26,433
Non-cash stock compensation expense ⁽²⁾	7,483	2,904	26,332	48,884
Refinancing costs ⁽³⁾	132	-	131,622	30,281
Other nonrecurring charges	3	1,991	2,129	1,991
Gross Adjustments to EBITDA	10,666	18,772	180,624	107,589
EBITDA As Defined	\$ 291,098	\$ 248,225	\$ 1,073,207	\$ 900,278
EBITDA As Defined, Margin ⁽⁴⁾	45.3%	46.0%	45.2%	46.8%

⁽¹⁾ Represents accounting adjustments to inventory associated with acquisitions of businesses and product lines that were charged to cost of sales when the inventory was sold; costs incurred to integrate acquired businesses and product lines into TD Group's operations, facility relocation costs and other acquisition-related costs; transaction-related costs comprising deal fees; legal, financial and tax due diligence expenses and valuation costs that are required to be expensed as incurred and other acquisition accounting adjustments.

⁽²⁾ Represents the compensation expense recognized by TD Group under our stock option plans.

⁽³⁾ Represents costs expensed including the premium paid to redeem our 2018 Notes in June 2014 and the refinancing of our 2010 Credit Facility and 2011 Credit Facility in February 2013, respectively.

⁽⁴⁾ The EBITDA As Defined margin represents the amount of EBITDA As Defined as a percentage of sales.

Appendix - Reconciliation of Reported EPS to Adjusted EPS



(\$ in thousands, except per share amounts)

	Thirteen Week Periods Ended		Fiscal Years Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Reported Earnings Per Share				
Net income	\$ 114,255	\$ 84,027	\$ 306,910	\$ 302,789
Less: dividends on participating securities	(6,098)	(95,137)	(126,626)	(171,243)
Net income (loss) applicable to common stock - basic and diluted	<u>\$ 108,157</u>	<u>\$ (11,110)</u>	<u>\$ 180,284</u>	<u>\$ 131,546</u>
Weighted-average shares outstanding under the two-class method:				
Weighted average common shares outstanding	52,579	52,580	52,748	52,258
Vested options deemed participating securities	4,152	4,282	4,245	2,822
Total shares for basic and diluted earnings per share	<u>56,731</u>	<u>56,862</u>	<u>56,993</u>	<u>55,080</u>
Basic and diluted earnings (loss) per share	<u>\$ 1.91</u>	<u>\$ (0.20)</u>	<u>\$ 3.16</u>	<u>\$ 2.39</u>
Adjusted Earnings Per Share				
Net income	\$ 114,255	\$ 84,027	\$ 306,910	\$ 302,789
Gross adjustments to EBITDA	10,666	18,772	180,624	107,589
Purchase accounting backlog amortization	2,122	4,515	17,390	6,976
Tax adjustment	(1,689)	(7,578)	(62,515)	(37,219)
Adjusted net income	<u>\$ 125,354</u>	<u>\$ 99,736</u>	<u>\$ 442,409</u>	<u>\$ 380,135</u>
Adjusted diluted earnings per share under the two-class method	<u>\$ 2.21</u>	<u>\$ 1.75</u>	<u>\$ 7.76</u>	<u>\$ 6.90</u>

Appendix - Reconciliation of Net Cash Provided by Operating Activities to EBITDA and EBITDA As Defined



(\$ in thousands)	Fiscal Years Ended	
	September 30,	September 30,
	2014	2013
Net Cash Provided by Operating Activities	\$ 541,222	\$ 470,205
Adjustments:		
Changes in assets and liabilities, net of effects from acquisitions of businesses	(27,967)	(71,618)
Net gain on sale of real estate	804	-
Interest expense - net ⁽¹⁾	333,753	258,752
Income tax provision - current	151,016	148,314
Non-cash stock compensation expense ⁽²⁾	(26,332)	(48,884)
Excess tax benefit from exercise of stock options	51,709	66,201
Refinancing costs ⁽⁴⁾	(131,622)	(30,281)
EBITDA	892,583	792,689
Adjustments:		
Acquisition related expenses ⁽³⁾	20,541	26,433
Non-cash stock compensation expense ⁽²⁾	26,332	48,884
Refinancing costs ⁽⁴⁾	131,622	30,281
Other nonrecurring charges	2,129	1,991
EBITDA As Defined	\$ 1,073,207	\$ 900,278

⁽¹⁾ Represents interest expense excluding the amortization of debt issue costs and note premium and discount.

⁽²⁾ Represents the compensation expense recognized by TD Group under our stock option plans.

⁽³⁾ Represents accounting adjustments to inventory associated with acquisitions of businesses and product lines that were charged to cost of sales when the inventory was sold; costs incurred to integrate acquired businesses and product lines into TD Group's operations, facility relocation costs and other acquisition-related costs; transaction-related costs comprising deal fees; legal, financial and tax due diligence expenses and valuation costs that are required to be expensed as incurred and other acquisition accounting adjustments.

⁽⁴⁾ Represents costs expensed including the premium paid to redeem our 2018 Notes in June 2014 and the refinancing of our 2010 Credit Facility and 2011 Credit Facility in February 2013, respectively.