

TRANSDIGM
GROUP INC.

HOW WE MEASURE SUCCESS



FY 2013 First Quarter Earnings Call

February 4, 2013

Agenda

- TransDigm Overview
W. Nicholas Howley
Chairman and CEO
- Highlights, Market Review, Operating Performance and Outlook
W. Nicholas Howley
Chairman and CEO
- Operations and Value Creation
Raymond F. Laubenthal
President and COO
- Financial Results
Gregory Rufus
Executive Vice President and CFO
- Q&A



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 and divestitures. 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.

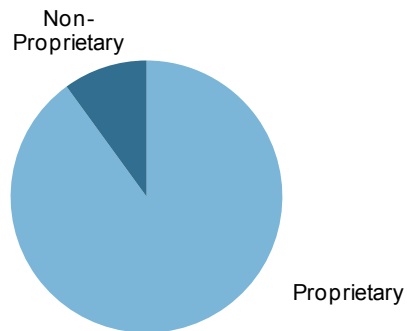


TransDigm Overview

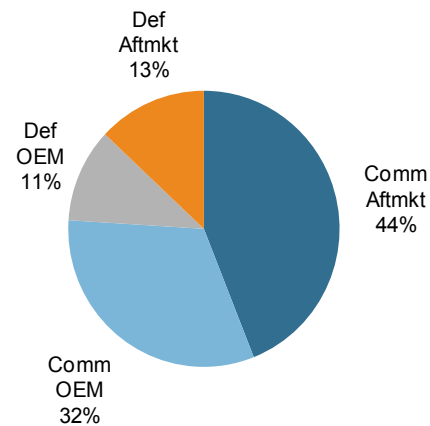
DISTINGUISHING CHARACTERISTICS

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

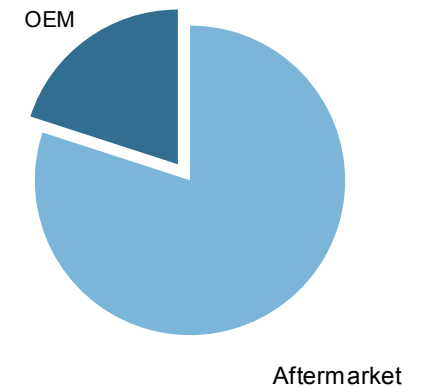
Proprietary Revenues (1)



Pro Forma Revenues (Excluding Ground Transportation) (1)



Pro Forma EBITDA As Defined (1)



(1) Pro Forma revenue for the fiscal year ended 9/30/12 (excluding Ground Transportation sales of ~ \$65 million or ~ 4% of combined sales).



2013 Q1 Financial Performance by Markets – Pro Forma

Highlights⁽¹⁾

- **Commercial OEM**
 - Roughly tracking our expectations
 - 2012 Q1 includes a favorable customer contract adjustment of ≈ \$5 million
- **Commercial Aftermarket:**
 - Incoming orders: running slightly ahead of shipments; up ≈ 5% sequentially
 - Trends vary and picture is mixed
- **Defense:**
 - Continues to perform better than anticipated
 - Incoming orders: running more than 30% ahead of shipments

Market Review – Pro Forma Revenues⁽¹⁾

Actual vs. Prior Year Q1 Fiscal 2013	
Commercial OEM:	Up 5%
Commercial Aftermarket:	Up 3%
Defense:	Up 2%

(1) Information is on a pro forma basis versus the prior year quarter. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.



Fiscal 2013 Outlook

FY 2012 Pro Forma Sales Mix ⁽¹⁾	Market	FY 2013 Expected Growth ⁽¹⁾
32%	Commercial OEM	Up Low Single-Digit %
44%	Commercial Aftermarket	Up 5 - 10 %
24%	Defense	Flat

Assumptions

- Worldwide RPM growth 4-5 %
- OEM production rate increases proceeding, however:
 - Concern over 2014/2015 flattening
 - 787 inventory overhang
- Defense excludes any impact from sequestration
- Full year tax rate between 33 to 34%
- Weighted average shares of 54.5 million

Guidance Summary









(\$ in millions)	FY 2013	
	Low	High
Revenues	\$ 1,820	\$ 1,880
EBITDA As Defined % to sales	\$ 874 48.0%	\$ 902 48.0%
Net Income	\$ 344	\$ 356
GAAP EPS	\$ 5.60	\$ 5.84
Adj. EPS	\$ 6.74	\$ 6.98

(1) Pro Forma revenue for the fiscal year ended 9/30/12 (excluding Ground Transportation sales of ≈ \$65 million or ≈ 4% of combined sales).



First Quarter 2013 Results

(\$ in millions)

	Q1 FY13	Q1 FY12		
Revenue	\$430.4	\$352.5	22.1% Increase	
Gross Profit	\$238.5	\$199.6	1.2 Margin Point Decrease	
<i>Margin %</i>	<i>55.4%</i>	<i>56.6%</i>	<ul style="list-style-type: none"> ● Total dilutive acquisition impact over 1 margin point ● Q1 FY 12 included favorable contract adjustment ≈ 3/4 of a margin point ● Unfavorable OEM vs aftermarket product mix ● Strength of our proprietary products & productivity improvements 	   
SG&A	\$55.2	\$41.9	<ul style="list-style-type: none"> ● Dilutive acquisition mix of ≈ 1 margin point ● Higher stock comp expense ● Lower non-operating acquisition related costs 	  
<i>% to Sales</i>	<i>12.8%</i>	<i>11.9%</i>		
Interest Exp.	\$62.9	\$49.1	28.2% Increase	
			<ul style="list-style-type: none"> ● Outstanding borrowings increased to \$4.3B from \$3.1B ● Weighted avg. cash interest rate decreased to 5.6% vs. 5.9% prior qtr 	
Net Income From Continuing Ops.	\$74.2	\$65.1	13.9% Increase	
<i>% to Sales</i>	<i>17.2%</i>	<i>18.5%</i>		
EBITDA As Defined	\$200.9	\$174.1	15.4% Increase	
<i>% to Sales</i>	<i>46.7%</i>	<i>49.4%</i>	<ul style="list-style-type: none"> ● Dilutive acquisition mix of ≈ 3 margin points 	
Adjusted EPS	\$1.51	\$1.42	6.3% Increase	



Liquidity & Taxes

(\$ in millions)

Cash

	<u>12/29/2012</u>	<u>FY 9/30/2012</u>
Net Cash Provided by Operating Activities	\$98.1	\$413.9
Capital Expenditures	(\$8.7)	(\$25.2)
Free Cash Flow	<u>\$89.4</u>	<u>\$388.7</u>
Cash on the Balance Sheet	<u>\$554.4</u>	<u>\$440.5</u>

Liquidity

	12/29/2012	EBITDA As Defined multiple	Rate
Cash	<u>\$554.4</u>		
Revolver ⁽¹⁾	-	-	L + 3.75%
Existing First Lien Term Loan	2,019.1	2.4x	L + 3.00%
Tack on First Lien Term Loan	150.0	0.2x	L + 3.00%
Total senior secured debt	\$2,169.1	2.6x	
Existing Senior Sub Notes	1,600.0	1.9x	7.75%
New Senior Sub Notes	550.0	0.6x	5.50%
Total debt	\$4,319.1	5.1x	

Net Debt to Proforma EBITDA As Defined	4.5x
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(1) \$310 million Revolving Credit Facility.

Taxes

- FY13 Q1 ETR: 32.6%
- FY 13 Full Year ETR : 33% to 34%



Reconciliation of GAAP to Adjusted EPS

(\$ in millions)

	Quarter Ended		Full Year Guidance Mid-Point
	December 29, 2012	December 31, 2011	September 30, 2013
Earnings per share from continuing operations	\$ 0.66	\$ 1.15	\$ 5.72
Adjustments to earnings per share:			
Dividend equivalent payment	0.70	0.06	0.70
Non-cash compensation costs	0.09	0.05	0.35
Acquisition-related expenses	0.06	0.16	0.09
Adjusted earnings per share	<u>\$ 1.51</u>	<u>\$ 1.42</u>	<u>\$ 6.86</u>
Weighted-average shares outstanding	54,453	53,882	54,453



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Appendix

Reconciliation of Net Income to EBITDA and EBITDA As Defined

(\$ in thousands)

	Thirteen Week Periods Ended	
	December 29, 2012	December 31, 2011
Net income	\$ 74,170	\$ 65,105
Adjustments:		
Depreciation and amortization expense	17,452	17,782
Interest expense, net	62,876	49,061
Income tax provision	35,800	31,100
EBITDA	190,298	163,048
Adjustments:		
Acquisition related expenses and adjustments ⁽¹⁾	3,467	7,452
Stock option expense ⁽²⁾	7,131	3,648
Gross Adjustments to EBITDA	10,598	11,100
EBITDA As Defined	\$ 200,896	\$ 174,148
EBITDA As Defined, Margin ⁽³⁾	46.7%	49.4%

⁽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.

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

⁽³⁾ The EBITDA As Defined margin represents the amount of EBITDA As Defined as a percentage of sales.



Reconciliation of Reported EPS to Adjusted EPS

(\$ in thousands, except per share amounts)

	Thirteen Week Periods Ended	
	December 31, 2012	December 31, 2011
Reported Earnings Per Share		
Net income	\$ 74,170	\$ 65,105
Less: dividends paid on participating securities	(38,130)	(3,299)
Net income applicable to common stock - basic and diluted	<u>\$ 36,040</u>	<u>\$ 61,806</u>
Weighted-average shares outstanding under the two-class method:		
Weighted average common shares outstanding	51,796	50,431
Vested options deemed participating securities	2,657	3,451
Total shares for basic and diluted earnings per share	<u>54,453</u>	<u>53,882</u>
Basic and diluted earnings per share	<u>\$ 0.66</u>	<u>\$ 1.15</u>
Adjusted Earnings Per Share		
Net income	\$ 74,170	\$ 65,105
Gross adjustments to EBITDA	10,598	11,100
Purchase accounting backlog amortization	1,461	5,687
Tax adjustment	(3,926)	(5,427)
Adjusted net income	<u>\$ 82,303</u>	<u>\$ 76,465</u>
Adjusted diluted earnings per share under the two-class method	<u>\$ 1.51</u>	<u>\$ 1.42</u>



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

(\$ in thousands)

	<u>Thirteen Week Periods Ended</u>	
	<u>December 29, 2012</u>	<u>December 31, 2011</u>
Net Cash Provided by Operating Activities	\$ 98,115	\$ 68,094
Adjustments:		
Changes in assets and liabilities, net of effects from acquisitions of businesses	(20,996)	7,307
Interest expense - net ⁽¹⁾	59,080	46,445
Income tax provision - current	34,542	35,800
Non-cash equity compensation ⁽²⁾	(7,131)	(3,648)
Excess tax benefit from exercise of stock options	26,688	9,050
	<u>190,298</u>	<u>163,048</u>
EBITDA	190,298	163,048
Adjustments:		
Acquisition related expenses ⁽³⁾	3,467	7,452
Stock option expense ⁽²⁾	7,131	3,648
EBITDA As Defined	<u>\$ 200,896</u>	<u>\$ 174,148</u>

⁽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.



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