FY 2017 Second Quarter Earnings Conference Call

May 9, 2017

Agenda

TRANSDIGM GROUP INC.

- TransDigm Overview, Highlights and Outlook

  W. Nicholas Howley
  Chairman and CEO

- Operating Performance and Market Review

  Kevin Stein
  President and COO

- Financial Results

  Terrance Paradie
  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; geopolitical or worldwide events; cyber-security threats and natural disasters; 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; increases in raw material costs that cannot be recovered in product pricing; risks associated with our international sales and operations; 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.

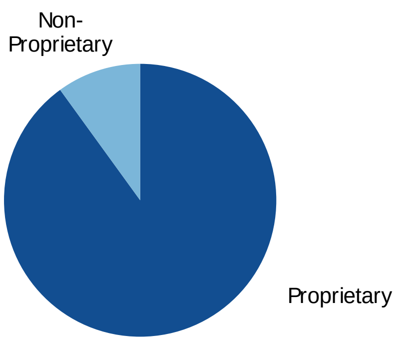
TransDigm Overview

TRANSDIGM GROUP INC.

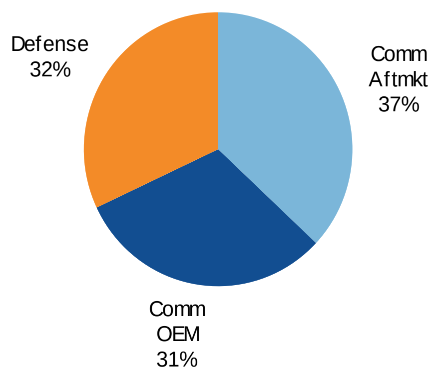
Distinguishing Characteristics

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

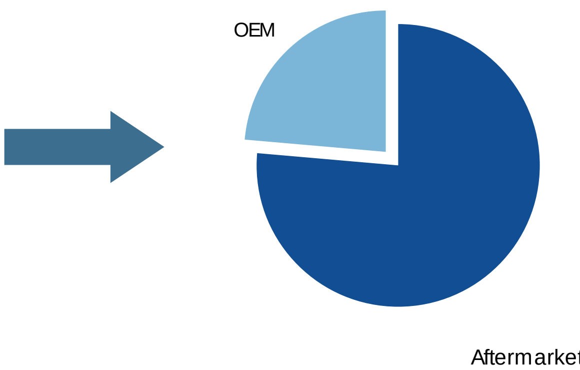
Proprietary Revenues (1)



Pro Forma Revenues (1)



Pro Forma EBITDA As Defined (1)



(1) Pro forma revenue is for the fiscal year ended 9/30/16. Includes the full year impact of Breeze-Eastern, DDC and Young & Franklin/Tactair; excludes Schroth.
Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

2017 Q2 Financial Performance by Markets – Pro Forma

TRANSDIGM GROUP INC.

Highlights[1]

Commercial OEM

- Commercial transport revenue up 4% in Qtr
- Commercial transport bookings up modestly YTD

Commercial Aftermarket

- Tough prior year quarter comparison
- Bookings ahead of shipments 8.5% YTD

Defense

- Strong Q2 bookings

Q2 Market Review – Pro Forma Revenues[1]

	Actual vs. Prior Year	
	Q2	**YTD**
Commercial OEM:	**Up 2%**	**Flat**
Commercial Aftermarket:	**Down 1.5%**	**Up 1%**
Defense:	**Up 3%**	**Up 3%**

(1) Information is on a pro forma basis versus the prior year period and includes the full year impacts of the acquisitions Breeze-Eastern, DDC and Young & Franklin/Tactair; excludes Schroth. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

Fiscal 2017 Outlook

TRANSDIGM GROUP INC.

FY 2016 Pro Forma Sales Mix (1)	Market	FY 2017 Expected Growth
31%	Commercial OEM	Up Low to Mid Single-Digit %
37%	Commercial Aftermarket	Up Mid Single-Digit %
32%	Defense	Up Low Single-Digit %

Assumptions

- Full year interest expense ≈ $600 million
- Full year effective tax rate ≈ 31% adjusted net income; ≈ 28% GAAP net income
- Weighted average shares of 55.6 million

Guidance Summary

($ in millions)	Low		High	
Revenues	$	3,530	$	3,570
EBITDA As Defined	$	1,693	$	1,713
% to sales		*48.0%*		*48.0%*
Net Income	$	605	$	619
GAAP EPS	$	9.16	$	9.40
Adj. EPS	$	12.09	$	12.33

(1) Pro forma revenue is for the fiscal year ended 9/30/16. Includes the full year impact of the acquisitions Breeze, DDC and Young & Franklin/Tactair; excludes Schroth. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

Second Quarter 2017 Results

TRANSDIGM GROUP INC.

($ in millions, except per share amounts)

	Q2 FY 2017	Q2 FY 2016	
Revenue	**$873.2**	**$796.8**	**9.6% Increase**
Gross Profit	**$491.1**	**$425.7**	**2.8 Margin Point Increase**
Margin %	***56.2%***	***53.4%***	• Strength of our proprietary products and productivity improvements • Lower acquisition-related costs
SG&A	**$102.6**	**$95.1**	
% to Sales	***11.7%***	***11.9%***	
Interest Expense- Net	**$147.8**	**$111.3**	**32.8% Increase** • Weighted average outstanding borrowings increased 33%
Refinancing Costs	**$3.5**	**$0.0**	
Net Income	**$155.5**	**$141.7**	**9.8% Increase**
% to Sales	***17.8%***	***17.8%***	
Adjusted EPS	**$3.02**	**$2.86**	**5.6% Increase**

Liquidity & Taxes

($ in millions)

Cash

	YTD 4/1/2017	FY 9/30/2016
Net Cash Provided by Operating Activities	**$390.5**	**$668.9**
Capital Expenditures	**($38.4)**	**($44.0)**
Free Cash Flow	**$352.1**	**$624.9**
Cash on the Balance Sheet	**$985.4**	**$1,587.0**

Taxes

- YTD FY 17 GAAP ETR: 22.5%
- YTD FY 17 Adjusted ETR: 30.8%

Capitalization

	Actual 4/1/2017	Net Debt to Pro Forma EBITDA As Defined Multiple	Rate
Cash	$985		
$600m revolver	–		L + 3.00%
$250m AR securitization facility	200		L + 0.90%
First lien term loan C due 2020	1,222		L + 3.00%
First lien term loan D due 2021	802		L + 3.00%
First lien term loan E due 2022	1,511		L + 3.00%
First lien term loan F due 2023	2,871		L + 3.00%
Total senior secured debt	**$6,606**	**3.4x**	
Senior sub notes due 2020	550		5.50%
Senior sub notes due 2022	1,150		6.00%
Senior sub notes due 2024	1,200		6.50%
Senior sub notes due 2025	750		6.50%
Senior sub notes due 2026	950		6.375%
Total debt	**$11,206**	**6.2x**	

Interest Rate Sensitivity Analysis

TRANSDIGM GROUP INC.

($ in millions)

		TDG Weighted Average			
		Pre-Tax		After-Tax (1)	
	LIBOR %	Cash Interest Exp $	Cash Interest Rate %	Cash Interest Exp $	Cash Interest Rate %
Current →	1.0%	$ 580	5.2%	$ 400	3.6%
	2%	$ 620	5.6%	$ 430	3.9%
	4%	$ 685	6.1%	$ 470	4.2%
	6%	$ 740	6.6%	$ 510	4.6%

(1) After tax calculations assume a 31% effective tax rate, the same rate assumed in the FY 2017 guidance.

Reconciliation of GAAP to Adjusted EPS - Guidance

TRANSDIGM GROUP INC.

	Thirteen Week Periods Ended		Twenty-Six Week Periods Ended		Full Year Guidance Mid-Point
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016	September 30, 2017
Earnings per share	$ 2.78	$ 2.52	$ 3.17	$ 4.75	$ 9.28
Adjustments to earnings per share:					
Dividend equivalent payment	-	-	1.71	0.05	1.73
Non-cash stock compensation expense	0.14	0.14	0.26	0.28	0.57
Acquisition-related expenses / other	0.18	0.25	0.53	0.35	0.65
Refinancing costs	0.04	-	0.44	-	0.44
Reduction in income tax provision net income per common share related to the adoption of ASU 2016-09	(0.12)	(0.05)	(0.52)	(0.31)	(0.46)
Adjusted earnings per share	$ 3.02	$ 2.86	$ 5.59	$ 5.12	$ 12.21
Weighted-average shares outstanding	55,894	56,134	56,211	56,475	55,600

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

TRANSDIGM GROUP INC.

($ in thousands)

	Thirteen Week Periods Ended		Twenty-Six Week Periods Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Net income	$ 155,505	$ 141,683	$ 274,376	$ 271,124
Adjustments:				
Depreciation and amortization expense	34,879	29,337	72,927	55,537
Interest expense - net	147,842	111,288	293,846	223,271
Income tax provision	59,508	59,104	79,558	93,722
EBITDA	397,734	341,412	720,707	643,654
Adjustments:				
Acquisition-related expenses and adjustments[1]	8,104	17,623	26,672	24,847
Non-cash stock compensation expense[2]	11,106	11,767	21,126	22,448
Refinancing costs [3]	3,507	-	35,591	-
Other - net [4]	764	(2,197)	2,069	(2,931)
Gross Adjustments to EBITDA	23,481	27,193	85,458	44,364
EBITDA As Defined	$ 421,215	$ 368,605	$ 806,165	$ 688,018
EBITDA As Defined, Margin [5]	48.2%	46.3%	47.8%	45.9%

(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 incentive plans.

(3) For the thirteen week period ended April 1, 2017, represents debt issuance costs expensed in conjunction with the additional 2025 Notes. For the twenty-six week period ended April 1, 2017, represents debt issuance costs expensed in conjunction with the incremental term loan (tranche F), refinancing of the 2021 Notes and the additional 2025 Notes.

(4) Primarily represents foreign currency transaction gain or loss on interompany loans to be settled and gain or loss on sale of fixed assets and payroll withholding taxes related to dividend equivalent payments.

(5) 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

TRANSDIGM GROUP INC.

($ in thousands, except per share amounts)

	Thirteen Week Periods Ended		Twenty-Six Week Periods Ended	
Reported Earnings Per Share	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Net income	$ 155,505	$ 141,683	$ 274,376	$ 271,124
Less: dividends on participating securities	-	-	(95,971)	(3,000)
Net income applicable to common stock - basic and diluted	$ 155,505	$ 141,683	$ 178,405	$ 268,124
Weighted-average shares outstanding under the two-class method:				
Weighted-average common shares outstanding	52,849	53,222	53,108	53,468
Vested options deemed participating securities	3,045	2,912	3,103	3,007
Total shares for basic and diluted earnings per share	55,894	56,134	56,211	56,475
Basic and diluted earnings per share	$ 2.78	$ 2.52	$ 3.17	$ 4.75
Adjusted Earnings Per Share				
Net income	$ 155,505	$ 141,683	$ 274,376	$ 271,124
Gross adjustments to EBITDA	23,481	27,193	85,458	44,364
Purchase accounting backlog amortization	5,393	4,458	14,540	6,998
Tax adjustment	(15,481)	(12,858)	(60,209)	(33,264)
Adjusted net income	$ 168,898	$ 160,476	$ 314,165	$ 289,222
Adjusted diluted earnings per share under the two-class method	$ 3.02	$ 2.86	$ 5.59	$ 5.12

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

TRANSDIGM GROUP INC.

($ in thousands)

	Twenty-Six Week Periods Ended	
	April 1, 2017	April 2, 2016
Net cash provided by operating activities	$ 390,500	$ 286,880
Adjustments:		
Changes in assets and liabilities, net of effects from acquisitions of businesses	24,036	72,517
Interest expense - net (1)	283,676	215,607
Income tax provision - current	79,212	91,098
Non-cash stock compensation expense (2)	(21,126)	(22,448)
Refinancing costs (4)	(35,591)	-
EBITDA	720,707	643,654
Adjustments:		
Acquisition-related expenses and adjustments (3)	26,672	24,847
Non-cash stock compensation expense (2)	21,126	22,448
Refinancing costs (4)	35,591	-
Other, net (5)	2,069	(2,931)
EBITDA As Defined	$ 806,165	$ 688,018

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

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

(4) For the twenty-six week period ended April 1, 2017, represents debt issuance costs expensed in conjunction with the incremental term loan (tranche F), refinancing of the 2021 Notes and the additional 2025 Notes.

(5) Primarily represents foreign currency transaction gain or loss on intercompany loans to be settled and gain or loss on sale of fixed assets and payroll withholding taxes on dividend equivalent payments.

Appendix – Current Fiscal Year 2017 Guidance Versus Prior Fiscal Year 2017 Guidance

TRANSDIGM GROUP INC.

($ in millions, except per share amounts)

	Current Fiscal Year 2017 Guidance Issued May 9, 2017	Prior Fiscal Year 2017 Guidance Issued February 7, 2017	Change at Mid-Point
Sales	$3,530 to $3,570	$3,520 to $3,570	$5
GAAP Net Income	$605 to $619	$609 to $625	($5)
GAAP Earnings Per Share	$9.16 to $9.40	$9.15 to $9.43	($0.01)
EBITDA As Defined	$1,693 to $1,713	$1,686 to $1,710	$5
Adjusted Earnings Per Share	$12.09 to $12.33	$12.02 to $12.30	$0.05
Weighted-Average Shares Outstanding	55.6	56.1	(0.5)