



Esterline Acquisition of Barco's Defense, Aerospace & Training Business

February 2015

Acquisition Timeline Overview

- In Sept. 2014, Esterline announced that the company would acquire strategic portions of Belgium-based Barco NV, a leading worldwide visual display provider
- Acquisition includes Barco's defense, aerospace and training visualization capabilities
- The transaction closed Jan. 31, 2015

Key Investment Highlights

- Strategic bolt-on acquisition with complementary technology to several Esterline businesses
- Similar market balance and key capabilities including human-machine interface and harsh-environment standards
- Strong integration opportunity – many synergies
- Effective use of cash – transaction fits well with our capital allocation strategy

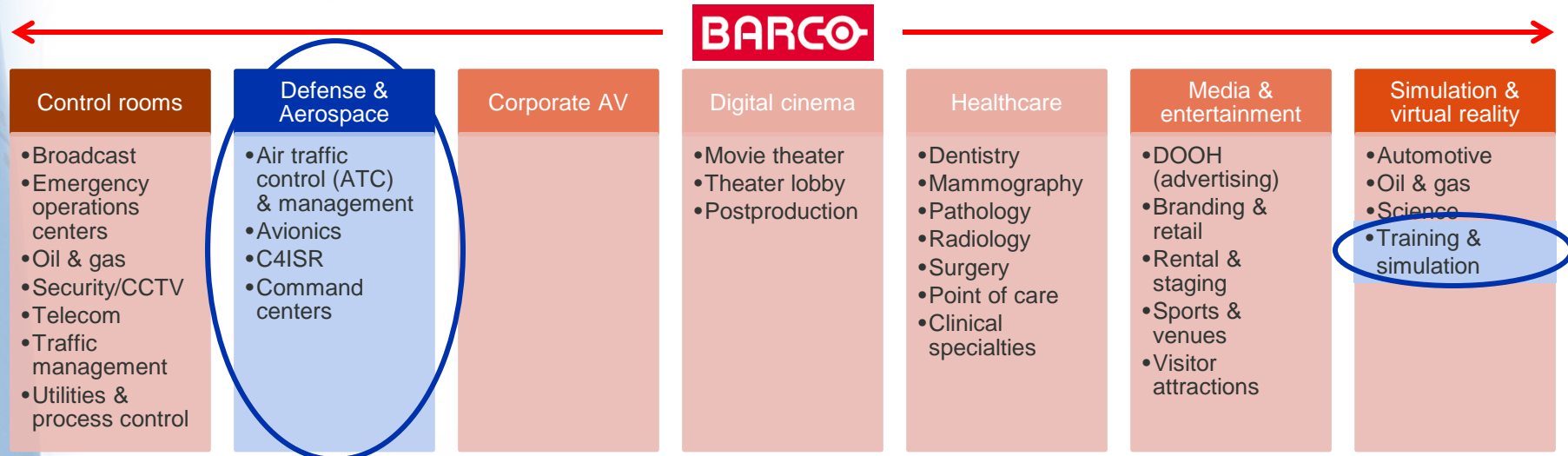
Acquisition Rationale

- Esterline & Barco have a long-standing relationship as both partners and competitors and hold a strong mutual respect for each other
- Adding Barco's Defense, Aerospace & Training capabilities to Esterline offers customers a greater range of solutions and offers the combined business a wider global customer reach and new program opportunities

Combined business strength creates a strong, world-leading displays company.

Acquired Pieces of Barco NV

- Defense and Aerospace Division
- Training & Simulation portion of Simulation Division



* Equity Market Capitalization plus Long-Term Debt less Cash

Products and Technologies

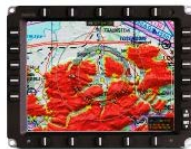
Avionics Displays



Control display units



Flight critical displays



Mission displays



CHDD 2000 family



FDU-2000 family



MFD family

Rugged Displays & Consoles



TL-248



TL-358/2



TL-361



Rugged computers & smart displays



Rugged consoles & workstations



Rugged displays

ATC Displays & Training & Simulation



Air traffic management display servers



Auxiliary displays



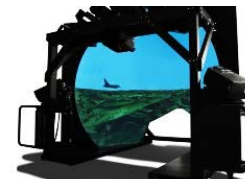
High-resolution displays



LTSD



RP-360 dome

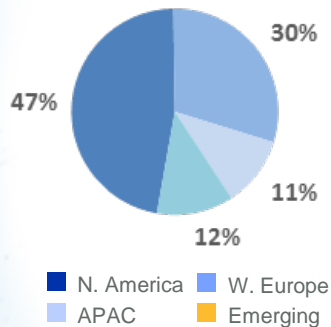


SEER

Defense, Aerospace & Training Key Stats.

Founded in the 1980s, the Defense, Aerospace & Training business is now the largest independent Tier 3 display provider with 'best in class' positions within its core markets

By Geography



DEFENSE, AEROSPACE & TRAINING FY'13 Revenue - €149.7M

Defense



Global provider of rugged displays, computers and consoles for the naval, shelter, UAV and ground army segments

No.1 in market

Avionics



Global, independent leader in cockpit displays, middleware and computers for the Civil and Military aircraft

No.3 in market

Air Traffic Control



Leader in main radar, auxiliary and tower displays for the Air Traffic Control segment

No.1 in market

Training & Simulation



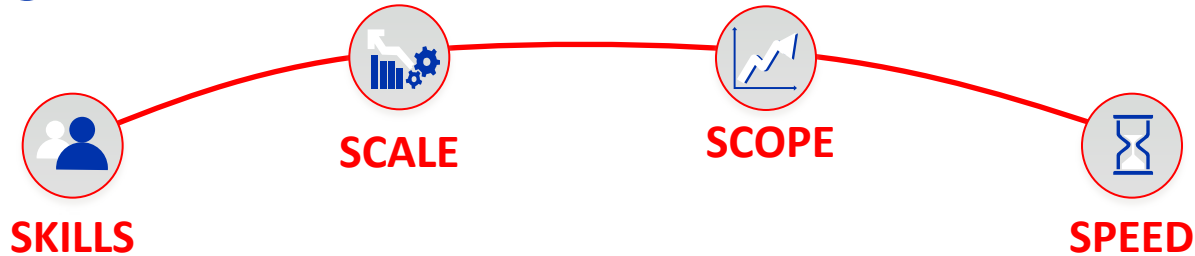
Global, independent leader in Training and Simulation systems providing to Tier 1 simulator integrators

No.2 in market

Defense, Aerospace & Training Key Stats.

- Approx. 600 employees at production facilities in Belgium, Israel, France, Singapore and U.S.
- Worldwide sales presence in strategic hubs
- Senior management with an average of 20 years of experience
- Access to senior management at key system integrators through global network

Strategic Fit



SKILLS - Experienced management team and strong display technology talent to fill resource gaps

SCALE - Excellent fit with complementary products

SCOPE - Helps grow strategic displays business

SPEED - Accelerates technology roadmap progress

Strong Portfolio of Complementary Products

Avionics Displays

Rugged Displays & Consoles

ATC Displays & Training & Simulation



ESL Synergistic Products

ESL Complementary Cockpit Solutions

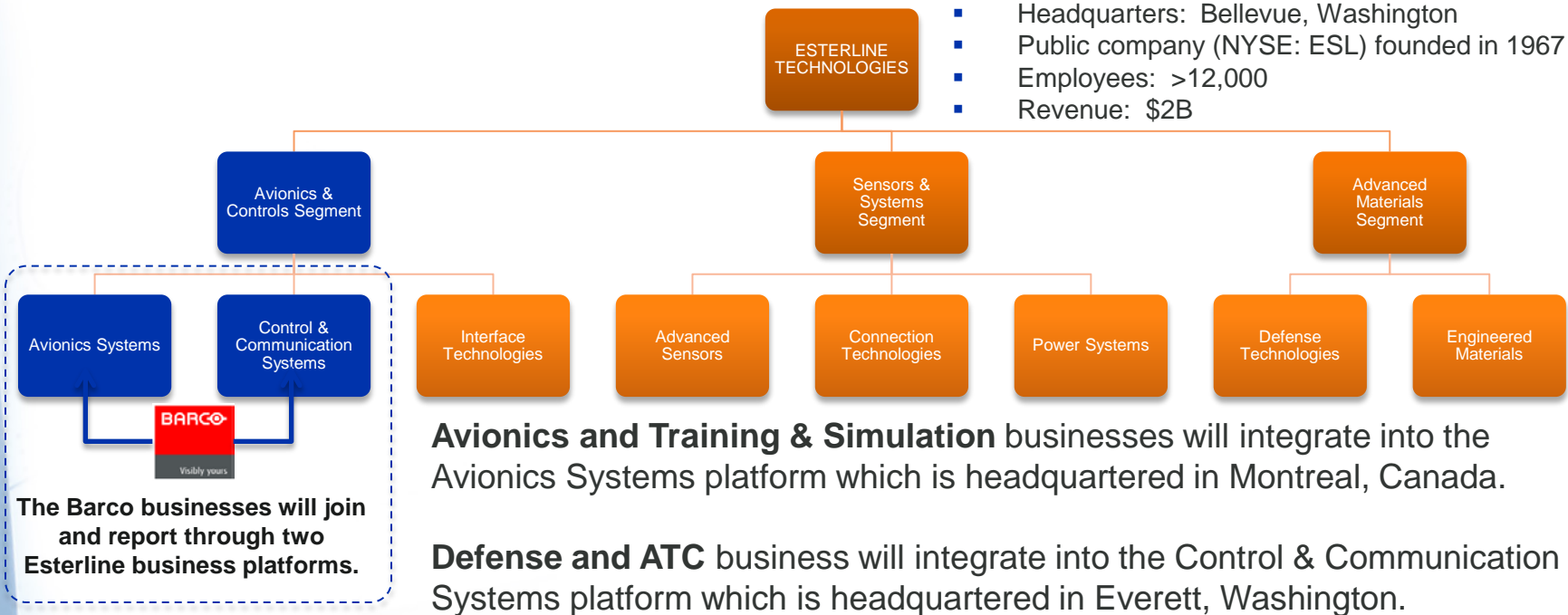


Combined Markets, Global Customer Reach

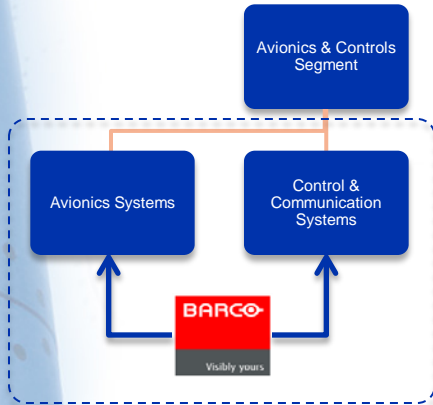
								
	Civil Fixed Wing	Business & Regional	Military Fixed Wing	Military Ground	Helicopters	Unmanned Systems	Air Traffic Control	Training & Simulation
Esterline A&C Segment	✓	✓	✓	✓	✓	✓		
Newly Acquired Products	✓	✓	✓	✓	✓	✓	✓	✓

Highly complementary markets served by the combined product families of Esterline and the new Defense, Aerospace & Training products. Provides new opportunities to reach existing customers and generate additional business growth.

Business Integration



Business Integration



Esterline Avionics Systems Platform

- Specializes in avionics displays and cockpit systems integration
- Highly complementary product and customer portfolio with the Avionics group
- Training & Simulation provides some read across to cockpit systems integration work

Esterline Control & Communication Systems Platform

- Specializes in ruggedized displays and human-machine interface control systems
- Well suited for the defense and air traffic control product applications
- Wider military presence with key U.S. defense contractors

Continued integration of the newly acquired products and the two Esterline platforms will continue once the acquisition has been fully absorbed with cross-segment interaction ongoing for key activities such as R&D, Sales & Marketing, and Procurement.

Business Potential

- **Stable “base” revenue supported by attractive foundational market presence**
 - Defense: Displays for naval C4ISR / combat systems, Unmanned Aircraft Systems ground control
 - Avionics: Displays for popular business jets and military aircraft in full rate production
 - ATC: High market share grounded in major US FAA display modernization program
 - Training & Simulation: Long-term relationships with leading simulator OEMs (e.g., CAE, L-3, etc.)

- **Growth driven by both specific programmatic positions and overall market uplift**
 - Defense: Annual armored vehicle sales growth due to six well-supported programs (Saudi Royal Guard, UK Scout, German PUMA and Boxer, Singaporean Terrex / Bionix and U.S. JLTV)
 - Avionics: High-end business jets and new model introductions (e.g., PC-24, C919) drive growth in out years
 - ATC: ISIS-4 with new screen creates differentiation during period of sustained ~6% CAGR global ATM growth
 - Training & Simulation: Growth stems from non-US growth in tactical military aircraft sales

- **Portfolio and product positions include potentially significant upside**
 - Training & Simulation: US T-X trainer program beginning to ramp in 2019+
Opportunity where company has strong relationships with simulator providers (i.e., CAE, L-3, Saab/Boeing, LMT)
 - Defense: U.S. JLTV program; U.S. GCV program (or alternative); General Atomics UAS GCS networking upgrade

Business Potential

Integration into Esterline's Avionics & Controls Segment will sharpen the focus on this business, allowing stronger performance and greater returns

A large, solid black arrow points upwards from the bottom of the slide towards the "Strengths" section, indicating a causal link between the integration and the strengths listed.

Strengths

Superior brand recognition – considered the highest standard of display & projector solutions

High barrier to entry with relatively low competitive base

Solid relationships with key Avionics Integrators (i.e. Honeywell)

Extensive presence in Europe and Asia

Creating a Better Combined Business

