



Q1 2017 Supplemental Financial Information

February 2, 2017

This presentation may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "should" or "will," or the negative of such terms, or other comparable terminology. These forward-looking statements are only predictions based on the current intent and expectations of the management of Esterline, are not guarantees of future performance or actions, and involve risks and uncertainties that are difficult to predict and may cause Esterline's or its industry's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Esterline's actual results and the timing and outcome of events may differ materially from those expressed in or implied by the forward-looking statements due to risks detailed in Esterline's public filings with the Securities and Exchange Commission including its most recent Transition Report on Form 10-K.

This presentation also contains references to non-GAAP financial information subject to Regulation G. The reconciliations of each non-GAAP financial measure to its comparable GAAP measure as well as further information on management's use of non-GAAP financial measures are included in Esterline's press release dated February 2, 2017, included as Exhibit 99.1 to Form 8-K filed with the SEC on the same date, as well as in this presentation, including the Appendix.

Strategic Direction



Key Focus Areas

Q1 2017 Financial Results

- Sales of \$458 million, up 3.7%*
 - Organic sales increase \$22 million
- GAAP EPS of \$0.72 (per diluted share)
 - Adjusted EPS of \$0.82**
- Free cash flow of \$30 million**

Solid Start to Fiscal 2017

Q1 2017 Year-over-Year (YOY) Summary

<i>Dollars in millions, except EPS</i>	Q1 2017	Q1 2016	Change
Sales	\$ 458	\$ 441	\$ 17
Gross Margin	\$ 144	\$ 138	\$ 6
- % of sales	31.5%	31.2%	0.3%
Operating Earnings from Continuing Operations	\$ 30	\$ 17	\$ 13
- % of sales	6.5%	3.9%	2.6%
Earnings from Continuing Operations	\$ 21	\$ 10	\$ 11
Earnings Per Diluted Share from Continuing Operations	\$ 0.72	\$ 0.33	\$ 0.39

Q1 2017 Sales Change (YOY)

<i>Dollars in millions</i>	Items	Sales
Q1 2016		\$ 441
	• Foreign currency translation	(8)
	• FX forward contract gain	3
	• Sales volume	<u>22</u>
Q1 2017		<u>\$ 458</u>

Q1 2017 Segment Sales Change (YOY)

	Total Change	Organic ¹	FX
Avionics & Controls	3%	3%	<1%
Sensors & Systems	10%	11%	(1)%
Advanced Materials	(5)%	(1)%	(4)%
Total	4%	5%	(1)%

¹ Q1 2017 organic sales growth represents the total reported increase within the company's continuing operations less the impact of all foreign currency translation and hedging activities.

Q1 2017 Gross Margin Change (YOY)

<i>Dollars in millions</i>	Items	Gross Margin
Q1 2016		\$ 138
	• Foreign currency translation	(2)
	• FX forward contract gain	3
	• Sales volume / mix	4
	• Other	<u>1</u>
Q1 2017		<u>\$ 144</u>

Q1 2017 Earnings Adjustment

<i>Dollars in millions, except EPS</i> <i>Adjustments are net of tax</i>	Earnings from Continuing Ops	EPS
GAAP	\$ 21	\$ 0.72
• Compliance costs	2	0.08
• DAT integration costs	<u>1</u>	<u>0.02</u>
Adjusted *	<u>\$ 24</u>	<u>\$ 0.82</u>

* See Page 1 regarding non-GAAP financial measures.

Q1 2017 Free Cash Flow Reconciliation

<i>Dollars in millions; GAAP results</i>	Q1 2017	Q1 2016
Net Earnings	\$ 16	\$ 5
• Depreciation and amortization (Depreciation of \$14M and \$12M in Q1 2017 and Q1 2016, respectively)	26	24
• Change in working capital (A/R, Inventory, A/P)	23	23
• Other	<u>(20)</u>	<u>(11)</u>
Cash flow from operations	\$ 45	\$ 41
• Capital expenditures	<u>(15)</u>	<u>(15)</u>
Free cash flow*	<u>\$ 30</u>	<u>\$ 26</u>

* See Page 1 regarding non-GAAP financial measures.

Q1 2017 EBITDA

<i>Dollars in millions</i>	Q1 2017	Q1 2016
Operating Earnings from Continuing Operations	\$ 30	\$ 17
• Depreciation and amortization	<u>25</u>	<u>24</u>
EBITDA from Continuing Operations *	<u>\$ 55</u>	<u>\$ 41</u>

* See Page 1 regarding non-GAAP financial measures.

2017 Guidance

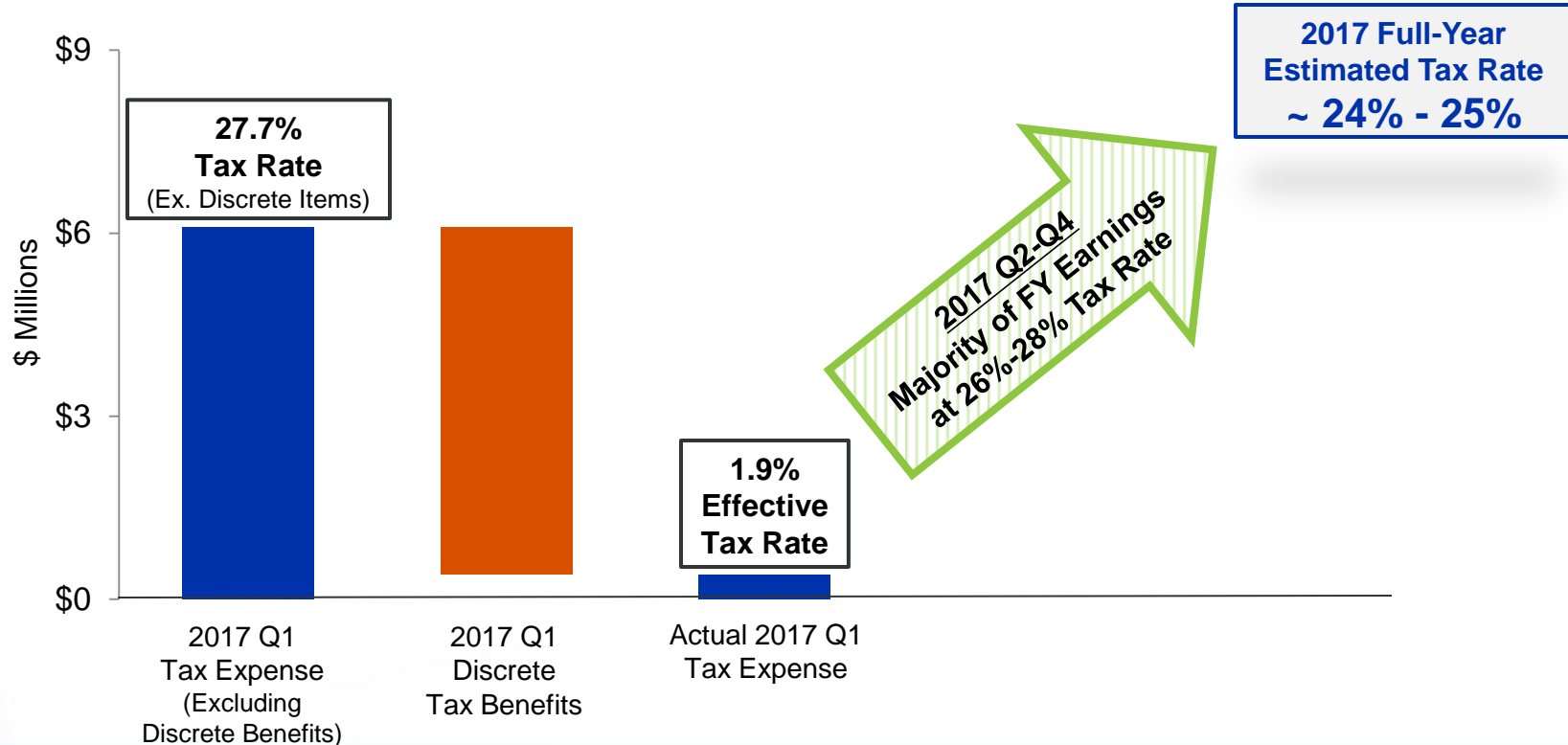
	Guidance
Sales	\$2.0B - \$2.05B
GAAP EPS (diluted, continuing ops)	\$4.30 - \$4.70
Adjusted EPS* (diluted, continuing ops)	\$4.50 - \$4.90
EBITDA*	\$295M - \$315M
Free Cash Flow*	\$165M - \$185M

Guidance	2017 Adjusted EPS
GAAP EPS (diluted, continuing ops)	\$4.30 - \$4.70
Compliance Costs	\$0.18
DAT Integration Costs	\$0.02
Adjusted EPS* (diluted, continuing ops)	\$4.50 - \$4.90

Guidance Unchanged

* See Page 1 regarding non-GAAP financial measures.

2017 Tax Outlook



2017 Guidance Assumptions

- Interest expense ~\$29 million
- Tax rate ~24%-25%
- Average diluted shares outstanding 29.830 million
- Depreciation / Amortization expense ~\$100 million
- Cap Ex \$55 - \$60 million

Share Repurchase Update

	# Shares <i>In thousands</i>	\$ Value <i>In millions</i>	\$ Authorization Remaining <i>In millions</i>
• FY 2014	269	\$ 30.3	
• FY 2015	2,562	259.5	
• FY 2016	305	18.7	
• Q1 2017	-	-	
Total since inception*	3,136	\$ 308.5	\$ 91.5

* \$400 million total authorization for share repurchase.

Appendix

Q1 2017 Adjusted Gross Margin and EBIT*

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>	
GAAP Sales	\$ 192,682	\$ 167,073	\$ 97,978	\$ 457,733	
GAAP Gross Margin	\$ 60,488	\$ 59,106	\$ 24,453	\$ 144,047	
DAT Integration Costs	301	-	-	301	
Adjusted Gross Margin	\$ 60,789	\$ 59,106	\$ 24,453	\$ 144,348	
	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
GAAP EBIT	\$ 17,917	\$ 19,946	\$ 9,880	\$ (17,767)	\$ 29,976
Compliance Costs	-	-	-	2,251	2,251
DAT Integration Costs	637	-	-	-	637
Adjusted EBIT	\$ 18,554	\$ 19,946	\$ 9,880	\$ (15,516)	\$ 32,864
Adjusted Gross Margin as a % of Sales	31.5%	35.4%	25.0%	-	31.5%
Adjusted EBIT as a % of Sales	9.6%	11.9%	10.1%	-	7.2%

* See Page 1 regarding non-GAAP financial measures

Q1 2016 Adjusted Gross Margin and EBIT*

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>
GAAP Sales	\$ 186,245	\$ 152,430	\$ 102,802	\$ 441,477
GAAP Gross Margin	\$ 59,667	\$ 50,235	\$ 27,817	\$ 137,719
Accelerated Integration	-	331	156	487
DAT Integration	1,102	-	-	1,102
Adjusted Gross Margin	\$ 60,769	\$ 50,566	\$ 27,973	\$ 139,308

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
GAAP EBIT	\$ 9,413	\$ 12,784	\$ 12,990	\$ (18,065)	\$ 17,122
Accelerated Integration	334	520	281	283	1,418
Compliance Costs	-	-	-	3,484	3,484
DAT Integration	3,648	-	-	-	3,648
Adjusted EBIT	\$ 13,395	\$ 13,304	\$ 13,271	\$ (14,298)	\$ 25,672

Adjusted Gross Margin as a % of Sales	32.6%	33.2%	27.2%	-	31.6%
Adjusted EBIT as a % of Sales	7.2%	8.7%	12.9%	-	5.8%

* See Page 1 regarding non-GAAP financial measures