



Q1 2018 Supplemental Financial Information

February 1, 2018

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 Annual 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 1, 2018, included as Exhibit 99.1 to Form 8-K filed with the SEC on the same date, as well as in this presentation.

Strategic Direction



Q1 2018 Financial Results

- Sales of \$482 million, up 5.4% over prior-year period
 - Some timing considerations as customers accelerated deliveries into the first quarter from Q2
 - Better Advanced Materials results on higher defense margins and return to full production in Arkansas business following plant shutdown
- GAAP EPS¹ of \$(1.13) per diluted share
 - Includes \$48.6 million, or \$1.62 per share, of discrete tax expenses from the U.S. Tax Cuts and Jobs Act of 2017 (TCJA)
 - EPS of \$0.49 per share excluding the one-time tax expenses
- Book-to-bill of 1.17x
- Free cash flow of \$49 million*

* See Page 1 regarding non-GAAP financial measures.

Q1 2018 Summary

<i>Dollars in millions, except EPS</i>	Q1 2018
Sales	\$ 482
Gross Margin	\$ 150
- % of sales	31.2%
Operating Earnings from Continuing Operations	\$ 27
- % of sales	5.7%
Earnings (Loss) from Continuing Operations	\$ (34)
Earnings (Loss) Per Diluted Share from Continuing Operations	\$ (1.13)

U.S. Tax Cuts and Jobs Act of 2017 discrete expenses – \$48.6 million

U.S. Tax Cuts and Jobs Act of 2017 discrete EPS impact – \$(1.62)

Q1 2018 Sales Change (YOY)

<i>Dollars in millions</i>	Items	Sales
Q1 2017		\$ 458
	• Foreign currency translation	11
	• FX forward contract gain	6
	• Sales volume	<u>7</u>
Q1 2018		<u>\$ 482</u>

Q1 2018 Segment Sales Change (YOY)

	Total ESL	Avionics & Controls	Sensors & Systems	Advanced Materials
Organic Sales ¹	1.7%	1.9%	(0.2)%	4.5%
FX	3.7%	3.3%	5.4%	1.5%
YOY Change	5.4%	5.2%	5.2%	6.0%

¹ Organic sales change represents the total reported increase/(decrease) within the company's continuing operations less the impact of all foreign currency translation and hedging activities.

Q1 2018 Earnings Summary

Q1 2018 <i>Dollars in millions, except EPS</i>	Earnings from Continuing Ops	EPS
Q1 2018 GAAP	\$ (34)	\$ (1.13)
<ul style="list-style-type: none"> Provisional Tax Expenses Due to TCJA 	<u>49</u>	<u>1.62</u>
Q1 2018 Excluding Tax Impact *	<u>\$ 15</u>	<u>\$ 0.49</u>

* See Page 1 regarding non-GAAP financial measures.

Q1 2018 Free Cash Flow Reconciliation

<i>Dollars in millions; GAAP results</i>	Q1 2018
Net Earnings	\$ (34)
• Depreciation and amortization (Depreciation of \$14M in Q1 2018)	26
• Change in working capital (A/R, Inventory, A/P) and Other	<u>70</u>
Cash flow from operations	\$ 62
• Capital expenditures	<u>(13)</u>
Free cash flow *	<u>\$ 49</u>

Amounts included in Free Cash Flow	Q1 2018
Adjustments to Net Income (net of tax) *	\$ -
Loss from Discontinued Operations	\$ -

* See Page 1 regarding non-GAAP financial measures.

Q1 2018 EBITDA

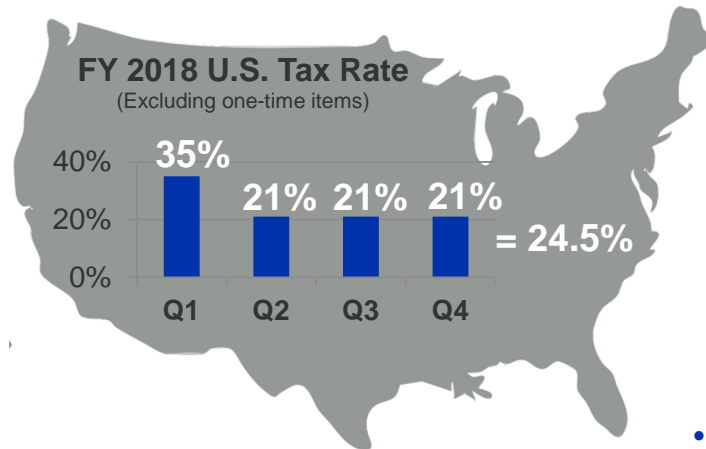
<i>Dollars in millions</i>	Q1 2018
Operating Earnings from Continuing Operations¹	\$ 27
• Depreciation and amortization ²	<u>26</u>
EBITDA from Continuing Operations *	<u>\$ 53</u>

¹Operating earnings from continuing operations is earnings before interest and income taxes

²Excludes amortization of debt issuance costs, which is included in interest expense

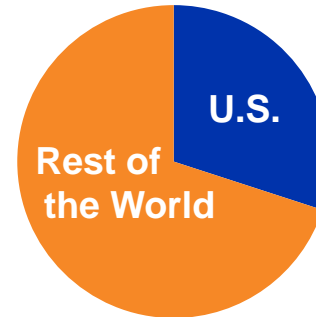
* See Page 1 regarding non-GAAP financial measures.

2018 Tax Outlook



- Full-year estimated U.S. statutory tax rate is a blended rate across all quarters

Taxable Income FY 2017



**FY 2018 Full-Year ESL
Estimated Tax Rate**
(Excluding one-time items)
~ 25% - 27%

- Effective tax rate influenced by geographic mix of earnings
 - Esterline is truly international, with large, profitable operations across the globe
 - In FY 2017, the U.S. made up ~30% of the company's total taxable income

2018 Guidance Reiterated

FY 2018 Guidance	
Sales	\$2.025B - \$2.075B
EPS* (diluted, continuing ops, excluding one-time tax expenses of \$48.6M, or \$1.62 per share)	\$3.65 - \$4.05
EBITDA*	\$290M - \$310M
Free Cash Flow *	\$105M - \$130M

* See Page 1 regarding non-GAAP financial measures.

2018 Guidance Assumptions

- Interest expense ~\$30 million
- Tax rate ~25% – 27%
 - Assumes no significant changes to tax laws
 - Excludes one-time U.S. tax reform TCJA expenses in Q1 2018
- Average diluted shares outstanding ~30 million
- Noncontrolling interest of approximately \$1.5 million
- Depreciation / Amortization expense ~\$105 – \$110 million
- Cap Ex \$80 – \$85 million
- R&D spend of approximately 5% of sales
- Total SG&A expected to be approximately 19% of sales

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	
• FY 2017	-	-	
• Q1 2018	287	20.4	
Total since inception *	3,423	\$ 328.9	\$ 71

* \$400 million total authorization for share repurchase.