



Q2 2017 Supplemental Financial Information

May 4, 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 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 May 4, 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 Maintained

Q2 2017 Financial Results

- Sales of \$509 million, up 3.8% *
 - Organic sales increase \$23 million
- GAAP EPS of \$1.17 (per diluted share)
 - Adjusted EPS of \$1.20 **
- Free cash flow of \$62 million **

Strong Performance in Q2 2017

Q2 2017 Year-over-Year (YOY) Summary

<i>Dollars in millions, except EPS</i>	Q2 2017	Q2 2016	Change
Sales	\$ 509	\$ 490	\$ 19
Gross Margin	\$ 176	\$ 156	\$ 20
- % of sales	34.5%	31.9%	2.6%
Operating Earnings from Continuing Operations	\$ 57	\$ 28	\$ 29
- % of sales	11.2%	5.7%	5.5%
Earnings from Continuing Operations	\$ 35	\$ 17	\$ 18
Earnings Per Diluted Share from Continuing Operations	\$ 1.17	\$ 0.57	\$ 0.60

Q2 2017 Sales Change (YOY)

<i>Dollars in millions</i>	Items	Sales
Q2 2016		\$ 490
	• Foreign currency translation	(6)
	• FX forward contract	2
	• Sales volume	<u>23</u>
Q2 2017		<u>\$ 509</u>

Q2 2017 Segment Sales Change (YOY)

	Total Change	Organic ¹	FX
Avionics & Controls	8%	6%	2%
Sensors & Systems	4%	6%	(2)%
Advanced Materials	(2)%	1%	(3)%
Total	4%	5%	(1)%

¹ Q2 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.

Q2 2017 Gross Margin Change (YOY)

<i>Dollars in millions</i>	Items	Gross Margin
Q2 2016		\$ 156
	• Foreign currency translation	-
	• FX forward contract	2
	• Sales volume / mix	13
	• Other	<u>5</u>
Q2 2017		<u>\$ 176</u>

Q2 2017 Earnings Adjustment

<i>Dollars in millions, except EPS Adjustments are net of tax</i>	Earnings from Continuing Ops	Diluted EPS
GAAP	\$ 35	\$ 1.17
<ul style="list-style-type: none"> Advanced Displays Integration Costs and Compliance Costs 	<u>1</u>	<u>0.03</u>
Adjusted *	<u>\$ 36</u>	<u>\$ 1.20</u>

* See Page 1 regarding non-GAAP financial measures.

YTD Q2 2017 Free Cash Flow Reconciliation

<i>Dollars in millions; GAAP results</i>	YTD Q2 2017	YTD Q2 2016
Net Earnings	\$ 52	\$ 20
• Depreciation and amortization	51	49
• Change in working capital (A/R, Inventory, A/P)	(5)	2
• Other	<u>(7)</u>	<u>8</u>
Cash flow from operations	\$ 91	\$ 79
• Capital expenditures	<u>(29)</u>	<u>(42)</u>
Free cash flow *	<u>\$ 62</u>	<u>\$ 37</u>

Amounts included in Free Cash Flow	YTD Q2 2017	YTD Q2 2016
Adjustments to Net Income (net of tax) *	\$ 4	\$ 19
Loss from Discontinued Operations	\$ (5)	\$ (7)

* See Page 1 regarding non-GAAP financial measures.

Q2 2017 EBITDA

<i>Dollars in millions</i>	Q2 2017	Q2 2016
Operating Earnings from Continuing Operations	\$ 57	\$ 28
• Depreciation and amortization	<u>25</u>	<u>24</u>
EBITDA from Continuing Operations *	<u>\$ 82</u>	<u>\$ 52</u>

* See Page 1 regarding non-GAAP financial measures.

YTD Q2 2017 EBITDA

<i>Dollars in millions</i>	YTD Q2 2017	YTD Q2 2016
Operating Earnings from Continuing Operations	\$ 87	\$ 45
• Depreciation and amortization	<u>51</u>	<u>48</u>
EBITDA from Continuing Operations *	<u>\$ 138</u>	<u>\$ 93</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
Advanced Displays Integration Costs	\$0.02
Adjusted EPS * (diluted, continuing ops)	\$4.50 - \$4.90

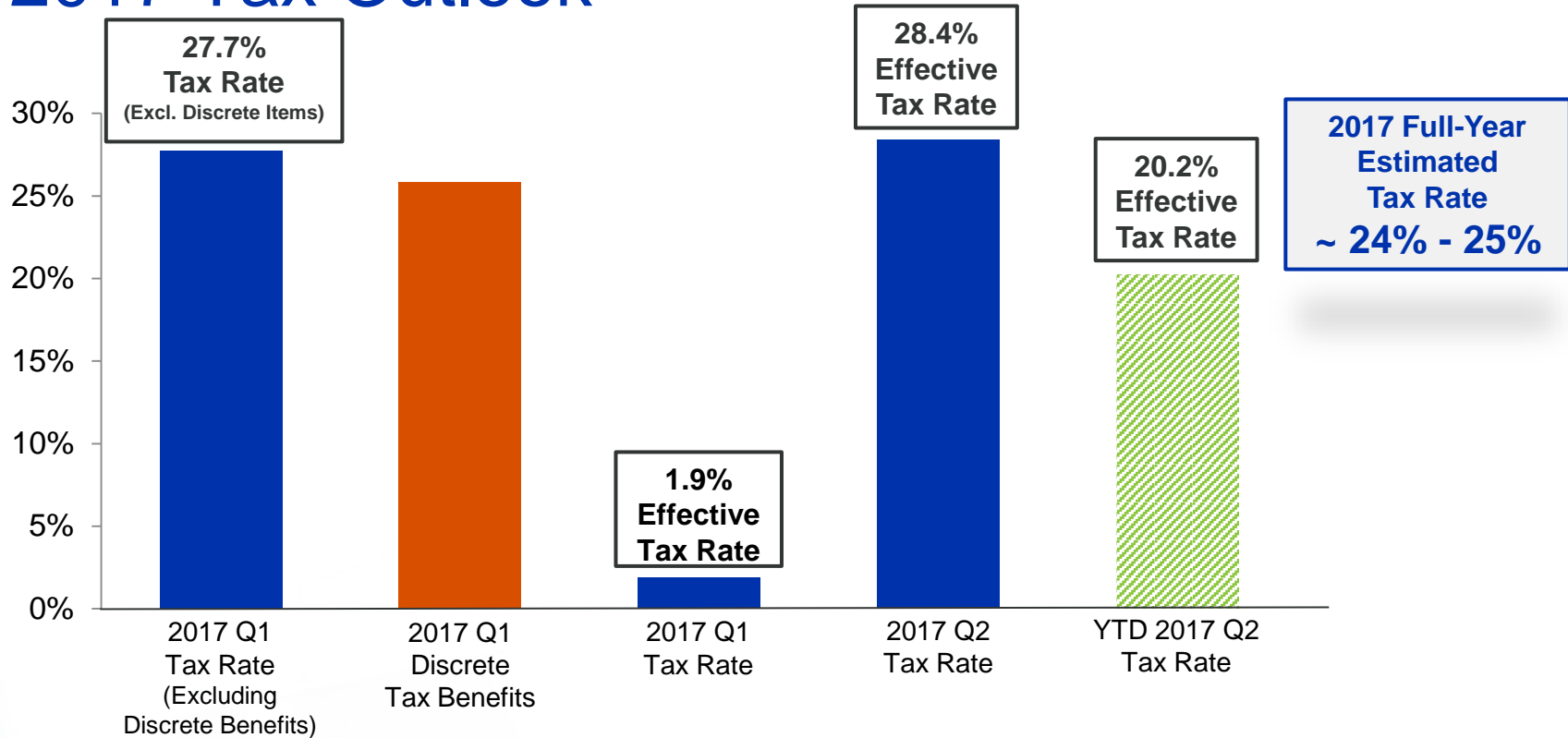
Guidance Unchanged

* See Page 1 regarding non-GAAP financial measures.

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

2017 Tax Outlook



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	
• H1 2017	-	-	
Total since inception *	3,136	\$ 308.5	\$ 91.5

* \$400 million total authorization for share repurchase.

Appendix

Q2 2017 Adjusted Gross Margin and EBIT *

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>	
GAAP Sales	\$ 213,593	\$ 182,478	\$ 113,111	\$ 509,182	
GAAP Gross Margin	\$ 70,943	\$ 66,857	\$ 38,119	\$ 175,919	
Advanced Displays Integration Costs	29	-	-	29	
Adjusted Gross Margin	\$ 70,972	\$ 66,857	\$ 38,119	\$ 175,948	
	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
GAAP EBIT	\$ 21,761	\$ 27,156	\$ 28,322	\$ (20,022)	\$ 57,217
Advanced Displays Integration Costs	336	-	-	-	336
Compliance Costs	-	-	-	1,468	1,468
Adjusted EBIT	\$ 22,097	\$ 27,156	\$ 28,322	\$ (18,554)	\$ 59,021
Adjusted Gross Margin as a % of Sales	33.2%	36.6%	33.7%	-	34.6%
Adjusted EBIT as a % of Sales	10.3%	14.9%	25.0%	-	11.6%

* See Page 1 regarding non-GAAP financial measures

Q2 2016 Adjusted Gross Margin and EBIT *

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>	
GAAP Sales	\$ 198,665	\$ 176,069	\$ 115,576	\$ 490,310	
GAAP Gross Margin	\$ 56,520	\$ 61,275	\$ 38,378	\$ 156,173	
Advanced Displays Integration Costs	1,027	-	-	1,027	
Accelerated Integration Costs	57	568	335	960	
Long-Term Contract Adjustments	4,704	-	-	4,704	
Adjusted Gross Margin	\$ 62,308	\$ 61,843	\$ 38,713	\$ 162,864	
	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
GAAP EBIT	\$ 2,649	\$ 20,944	\$ 23,208	\$ (18,965)	\$ 27,836
Advanced Displays Integration Costs	4,008	-	-	-	4,008
Compliance Costs	-	-	-	2,005	2,005
Accelerated Integration Costs	57	755	663	425	1,900
Long-Term Contract Adjustments	4,704	-	-	-	4,704
Adjusted EBIT	\$ 11,418	\$ 21,699	\$ 23,871	\$ (16,535)	\$ 40,453
Adjusted Gross Margin as a % of Sales	31.4%	35.1%	33.5%	-	33.2%
Adjusted EBIT as a % of Sales	5.7%	12.3%	20.7%	-	8.3%

* See Page 1 regarding non-GAAP financial measures

YTD 2017 Adjusted Gross Margin and EBIT *

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>	
GAAP Sales	\$ 406,275	\$ 349,551	\$ 211,089	\$ 966,915	
GAAP Gross Margin	\$ 131,431	\$ 125,963	\$ 62,572	\$ 319,966	
Advanced Displays Integration Costs	330	-	-	330	
Adjusted Gross Margin	\$ 131,761	\$ 125,963	\$ 62,572	\$ 320,296	
	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
GAAP EBIT	\$ 39,678	\$ 47,102	\$ 38,202	\$ (37,789)	\$ 87,193
Advanced Displays Integration Costs	973	-	-	-	973
Compliance Costs	-	-	-	3,719	3,719
Adjusted EBIT	\$ 40,651	\$ 47,102	\$ 38,202	\$ (34,070)	\$ 91,885
Adjusted Gross Margin as a % of Sales	32.4%	36.0%	29.6%	-	33.1%
Adjusted EBIT as a % of Sales	10.0%	13.5%	18.1%	-	9.5%

* See Page 1 regarding non-GAAP financial measures

YTD 2016 Adjusted Gross Margin and EBIT *

In thousands

GAAP Sales

<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>
\$ 384,910	\$ 328,499	\$ 218,378	\$ 931,787

GAAP Gross Margin

\$ 116,187	\$ 111,510	\$ 66,195	\$ 293,892
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Advanced Displays Integration Costs

2,129	-	-	2,129
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Accelerated Integration Costs

57	899	491	1,447
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Long-Term Contract Adjustments

4,704	-	-	4,704
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Adjusted Gross Margin

\$ 123,077	\$ 112,409	\$ 66,686	\$ 302,172
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GAAP EBIT

<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
\$ 12,062	\$ 33,728	\$ 36,198	\$ (37,030)	\$ 44,958

Advanced Displays Integration Costs

7,656	-	-	-	7,656
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Compliance Costs

-	-	-	5,489	5,489
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Accelerated Integration Costs

391	1,275	944	708	3,318
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Long-Term Contract Adjustments

4,704	-	-	-	4,704
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Adjusted EBIT

\$ 24,813	\$ 35,003	\$ 37,142	\$ (30,833)	\$ 66,125
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Adjusted Gross Margin as a % of Sales

32.0%	34.2%	30.5%	-	32.4%
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Adjusted EBIT as a % of Sales

6.4%	10.7%	17.0%	-	7.1%
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* See Page 1 regarding non-GAAP financial measures