



Q3 2016 Supplemental Financial Information

August 4, 2016

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 August 4, 2016, 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.

Q3 2016 Financial Results

- Sales of \$517 million, up 6.7%*
 - Organic sales up \$27 million
 - Positive FX impact of \$6 million
- Book to Bill = 1.1 (both in Q3 and for YTD 2016)
- GAAP EPS of \$1.28
 - Adjusted EPS of \$1.38** (excludes certain discrete items)
- YTD free cash flow of \$60 million**

* Comparison is to the recast three-month period ended June 26, 2015.

** See Page 1 regarding non-GAAP financial measures.

Q3 2016 Year-over-Year (YOY) Summary*

<i>Dollars in millions, except EPS</i>	Q3 2016	Q3 2015*	Change
Sales	\$ 517	\$ 485	\$ 32
Gross Margin	\$ 174	\$ 165	\$ 9
- % of sales	33.6%	34.1%	(0.5%)
Net Earnings from Continuing Operations	\$ 38	\$ 28	\$ 10
Net Earnings Per Diluted Share	\$ 1.28	\$ 0.90	\$ 0.38

* Comparison is to the recast three-month period ended June 26, 2015.

Q3 2016 Earnings Adjustment

<i>Dollars in millions, except EPS</i>	Earnings from Continuing Ops	EPS
GAAP	\$ 38.0	\$ 1.28
• Accelerated integration costs	1.2	0.04
• Compliance costs	2.1	0.08
• DAT integration costs	2.1	0.07
• Long-term contract adjustments	<u>(2.5)</u>	<u>(0.09)</u>
Adjusted *	<u>\$ 40.9</u>	<u>\$ 1.38</u>

* See Page 1 regarding non-GAAP financial measures.

Q3 2016 Sales Change (YOY)*

<i>Dollars in millions</i>	Items	Sales
Q3 2015*		\$ 485
	• Foreign currency translation	1
	• FX forward contract gain	4
	• Sales volume	<u>27</u>
Q3 2016		<u>\$ 517</u>

* Comparison is to the recast three-month period ended June 26, 2015.

Q3 2016 Segment Sales Change (YOY)*

	Total Change	Organic ¹	FX
Avionics & Controls	11%	9%	2%
Sensors & Systems	6%	4%	2%
Advanced Materials	(1)%	1%	(1)%
Total	7%	5%	1%

¹ Q3 2016 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.

* Comparison is to the recast three-month period ended June 26, 2015.

Q3 2016 Gross Margin Change (YOY)*

<i>Dollars in millions</i>	Items	Gross Margin
Q3 2015*		\$ 165
	• Foreign currency translation	2
	• FX forward contract gain	4
	• Sales volume / mix	5
	• Other	<u>(2)</u>
Q3 2016		<u>\$ 174</u>

* Comparison is to the recast three-month period ended June 26, 2015.

YTD Q3 2016 Free Cash Flow Reconciliation

<i>Dollars in millions; GAAP results</i>	YTD Q3 2016	YTD Q3 2015*
Net Earnings	\$ 50	\$ 67
• Depreciation and amortization (Depreciation of \$37M in both years)	73	76
• Change in working capital (A/R, Inventory, A/P)	(23)	(19)
• Other	<u>19</u>	<u>(7)</u>
Cash flow from operations	\$ 119	\$ 117
• Capital expenditures	<u>(59)</u>	<u>(36)</u>
Free cash flow**	<u>\$ 60</u>	<u>\$ 81</u>

Amounts included in Free Cash Flow - GAAP	YTD Q3 2016	YTD Q3 2015*
Adjustments to Net Income (after-tax) **	\$ 22	\$ 26
Loss from Discontinued Operations	\$ (15)	\$ (21)

* Comparison is to the recast nine-month period ended June 26, 2015.

** See Page 1 regarding non-GAAP financial measures.

YTD Q3 2016 EBITDA

<i>Dollars in millions</i>	YTD Q3 2016	YTD Q3 2015*
Operating Earnings from Continuing Operations	\$ 99	\$ 136
• Depreciation and amortization	<u>72</u>	<u>74</u>
EBITDA from Continuing Operations **	<u>\$ 171</u>	<u>\$ 210</u>

* Comparison is to the recast nine-month period ended June 26, 2015.

** See Page 1 regarding non-GAAP financial measures.

2016 Guidance

	Guidance
Sales	\$1.950B - \$1.975B
GAAP EPS (diluted, continuing ops)	\$3.48 - \$3.68
Adjusted EPS* (diluted, continuing ops)	\$4.40 - \$4.60
EBITDA*	\$230M - \$250M
Free Cash Flow*	\$110M - \$130M

Guidance	2016 Adjusted EPS
GAAP EPS (diluted, continuing ops)	\$3.48 - \$3.68
Accelerated Integration Costs	\$0.20
Compliance Costs	\$0.31
DAT Integration Costs	\$0.35
Long-Term Contract Adjustments	\$0.06
Adjusted EPS* (diluted, continuing ops)	\$4.40 - \$4.60

Tightened Ranges For Sales and EPS

EPS range reflects estimated FY bottom-line impact from Defense Technologies incident


* See Page 1 regarding non-GAAP financial measures.

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	
• Q1 2016	0	0	
• Q2 2016	203	12.0	
• Q3 2016	102	6.7	
Total since inception*	3,136	\$ 308.5	\$ 91.5

* \$400 million total authorization for share repurchase.

Global Coverage

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- Strong global footprint for sales and manufacturing
 - Nearly 20% of operations in low-cost countries
 - Focused on competitive cost structure
 - Ability to leverage technologies across the world

Foreign Exchange Information

Country / Region	% Total Sales*
United States	49%
Canada	10%
UK	14%
France	21%
All Other	6%

Currency	Estimated % Total Sales
US Dollar (USD)	70 - 75%
Euro	15 - 20%
British Pound	5 - 6%
Canadian Dollar	1 - 3%

Key Considerations

- A stronger USD impacts translation of non-USD sales and expenses – Lower sales and expenses in USD
- Mark-to-market of certain FX items creates P&L volatility
 - Net monetary assets (non-functional currency)
 - Embedded derivatives in backlog (non-functional currency)
- Most ESL cash flow hedges receive hedge accounting treatment
 - Cash flow hedges that do not receive hedge accounting treatment have P&L impact

* Based on data in Esterline's 2015 10K

Appendix

2015 Recast Income Statement*

In thousands, except per share amounts

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY 2015</u>
Net Sales	\$ 504,611	\$ 468,210	\$ 484,723	\$ 545,249	\$ 2,002,793
Cost of Sales	<u>326,370</u>	<u>318,193</u>	<u>319,433</u>	<u>359,409</u>	<u>1,323,405</u>
	178,241	150,017	165,290	185,840	679,388
Expenses					
Selling, general & administrative	98,089	99,432	92,028	94,607	384,156
Research, development and engineering	23,531	25,143	26,401	25,351	100,426
Restructuring charges	<u>3,293</u>	<u>1,634</u>	<u>1,135</u>	<u>2,081</u>	<u>8,143</u>
Total Expenses	<u>124,913</u>	<u>126,209</u>	<u>119,564</u>	<u>122,039</u>	<u>492,725</u>
Operating Earnings from Continuing Operations	53,328	23,808	45,726	63,801	186,663
Other Expense (Income)	-	(12,744)	-	241	(12,503)
Interest Expense, Net	7,898	5,799	10,306	8,479	32,482
Loss on Extinguishment of Debt	-	-	329	11,122	11,451
Earnings from Continuing Operations Before Income Taxes	<u>45,430</u>	<u>30,753</u>	<u>35,091</u>	<u>43,959</u>	<u>155,233</u>
Income Tax Expense	<u>10,972</u>	<u>5,714</u>	<u>6,744</u>	<u>3,481</u>	<u>26,911</u>
Earnings from Continuing Operations Including Noncontrolling Interests	<u>34,458</u>	<u>25,039</u>	<u>28,347</u>	<u>40,478</u>	<u>128,322</u>
Loss (Earnings) Attributable to Noncontrolling Interests	<u>17</u>	<u>(108)</u>	<u>(125)</u>	<u>(211)</u>	<u>(427)</u>
Earnings from Continuing Operations Attributable to Esterline, Net of Tax	<u>34,475</u>	<u>24,931</u>	<u>28,222</u>	<u>40,267</u>	<u>127,895</u>
Loss from Discontinued Operations Attributable to Esterline, Net of Tax	<u>(5,876)</u>	<u>(14,600)</u>	<u>(558)</u>	<u>(19,285)</u>	<u>(40,319)</u>
Net Earnings Attributable to Esterline	<u>\$ 28,599</u>	<u>\$ 10,331</u>	<u>\$ 27,664</u>	<u>\$ 20,982</u>	<u>\$ 87,576</u>
Adjustments to Continuing Operations, Net of Tax	<u>13,188</u>	<u>4,494</u>	<u>7,784</u>	<u>25,720</u>	<u>51,186</u>
Adjusted Earnings from Continuing Operations Attributable to Esterline, Net of Tax	<u>\$ 47,663</u>	<u>\$ 29,425</u>	<u>\$ 36,006</u>	<u>\$ 65,987</u>	<u>\$ 179,081</u>
Diluted Shares Outstanding	<u>32,364</u>	<u>31,687</u>	<u>31,322</u>	<u>29,901</u>	<u>31,215</u>
EPS from Continuing Operations - Diluted	<u>\$ 1.06</u>	<u>\$ 0.79</u>	<u>\$ 0.90</u>	<u>\$ 1.34</u>	<u>\$ 4.10</u>
Adjusted EPS from Continuing Operations - Diluted	<u>\$ 1.48</u>	<u>\$ 0.92</u>	<u>\$ 1.15</u>	<u>\$ 2.20</u>	<u>\$ 5.74</u>

* See Page 1 regarding non-GAAP financial measures.

2015 Recast Income Statement

In Thousands

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY 2015</u>
Avionics & Controls	\$ 206,617	\$ 187,330	\$ 200,078	\$ 232,019	\$ 826,044
Sensors & Systems	182,894	171,538	175,544	184,989	714,965
Advanced Materials	115,100	109,342	109,101	128,241	461,784
Net Sales	<u>\$ 504,611</u>	<u>\$ 468,210</u>	<u>\$ 484,723</u>	<u>\$ 545,249</u>	<u>\$2,002,793</u>
Avionics & Controls	\$ 37,326	\$ 7,934	\$ 16,836	\$ 31,129	\$ 93,225
Sensors & Systems	17,458	16,256	22,968	27,553	84,235
Advanced Materials	21,555	19,469	24,514	25,796	91,334
Segment Earnings	<u>76,339</u>	<u>43,659</u>	<u>64,318</u>	<u>84,478</u>	<u>268,794</u>
Corporate Expense	23,011	19,851	18,592	20,677	82,131
Other (Income) Expense	-	(12,744)	-	241	(12,503)
Interest Income	(184)	(135)	(87)	(226)	(632)
Interest Expense	8,082	5,934	10,393	8,705	33,114
Loss on Extinguishment of Debt	-	-	329	11,122	11,451
Earnings from Continuing Operations Before Income Taxes	<u>\$ 45,430</u>	<u>\$ 30,753</u>	<u>\$ 35,091</u>	<u>\$ 43,959</u>	<u>\$ 155,233</u>

2015 Recast EPS - Adjustments*

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY2015</u>
EPS from Continuing Operations - Diluted	\$ 1.06	\$ 0.79	\$ 0.90	\$ 1.34	\$ 4.10
Accelerated Integration Costs	0.14	0.09	0.07	0.09	0.38
Compliance Costs	0.08	0.09	0.10	0.23	0.50
DAT Closing Expenses, Integration and Purchase Acctg. Adjustments	0.02	0.25	0.08	0.23	0.58
Long-Term Contract Adjustments	0.11	0.13	-	-	0.24
Pension Expense	0.07	-	-	-	0.07
Non-Income Tax Gain	-	(0.43)	-	-	(0.43)
Bond Redemption Costs	-	-	-	0.31	0.30
Adjusted EPS from Continuing Operations - Diluted	<u>\$ 1.48</u>	<u>\$ 0.92</u>	<u>\$ 1.15</u>	<u>\$ 2.20</u>	<u>\$ 5.74</u>

* See Page 1 regarding non-GAAP financial measures.

Q3 2016 Adjusted Gross Margin and EBIT*

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>	
GAAP Sales	\$ 222,583	\$ 186,337	\$ 108,172	\$ 517,092	
GAAP Gross Margin	\$ 74,535	\$ 67,933	\$ 31,116	\$ 173,584	
Accelerated Integration Costs	-	434	554	988	
DAT Integration Costs	1,291	-	-	1,291	
Long-Term Contract Adjustments	(2,853)	-	-	(2,853)	
Adjusted Gross Margin	\$ 72,973	\$ 68,367	\$ 31,670	\$ 173,010	
	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
GAAP EBIT	\$ 28,517	\$ 27,942	\$ 15,512	\$ (17,926)	\$ 54,045
Accelerated Integration Costs	-	523	768	256	1,547
Compliance Costs	-	-	-	2,711	2,711
DAT Integration Costs	2,819	-	-	-	2,819
Long-Term Contract Adjustments	(2,853)	-	-	-	(2,853)
Adjusted EBIT	\$ 28,483	\$ 28,465	\$ 16,280	\$ (14,959)	\$ 58,269
Adjusted Gross Margin as a % of Sales	32.8%	36.7%	29.3%	-	33.5%
Adjusted EBIT as a % of Sales	12.8%	15.3%	15.1%	-	11.3%

* See Page 1 regarding non-GAAP financial measures

Q3 2015* Adjusted Gross Margin and EBIT**

In thousands

GAAP Sales

<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>
\$ 200,078	\$ 175,544	\$ 109,101	\$ 484,723

GAAP Gross Margin

\$ 65,154	\$ 64,310	\$ 35,826	\$ 165,290
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Accelerated Integration Costs

-	1,100	218	1,318
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DAT Purchase Acctg Adj. and Integration Costs

2,721	-	-	2,721
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Adjusted Gross Margin

\$ 67,875	\$ 65,410	\$ 36,044	\$ 169,329
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GAAP EBIT

<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
\$ 16,836	\$ 22,968	\$ 24,514	\$ (18,592)	\$ 45,726

Accelerated Integration Costs

117	1,527	505	304	2,453
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Compliance Costs

-	-	-	4,077	4,077
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DAT Purchase Acctg Adj. and Integration Costs

3,347	-	-	-	3,347
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Adjusted EBIT

\$ 20,300	\$ 24,495	\$ 25,019	\$ (14,211)	\$ 55,603
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Adjusted Gross Margin as a % of Sales

33.9%	37.3%	33.0%	-	34.9%
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Adjusted EBIT as a % of Sales

10.1%	14.0%	22.9%	-	11.5%
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* Q3 2015 is the recast three-month period ended June 26, 2015.

** See Page 1 regarding non-GAAP financial measures.

Q4 2015* Adjusted Gross Margin and EBIT**

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>		
GAAP Sales	\$ 232,019	\$ 184,989	\$ 128,241	\$ 545,249		
GAAP Gross Margin	\$ 79,247	\$ 63,765	\$ 42,828	\$ 185,840		
Accelerated Integration Costs	-	577	182	759		
DAT Purchase Acctg Adj. and Integration Costs	2,484	-	-	2,484		
Adjusted Gross Margin	\$ 81,731	\$ 64,342	\$ 43,010	\$ 189,083		
	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>Other Exp.</u>	<u>ESL</u>
GAAP EBIT	\$ 31,129	\$ 27,553	\$ 25,796	\$ (20,677)	\$ (241)	\$ 63,560
Accelerated Integration Costs	123	1,632	711	374	-	2,840
Compliance Costs	-	-	-	7,657	-	7,657
DAT Purchase Acctg Adj. and Integration Costs	8,195	-	-	-	-	8,195
Adjusted EBIT	\$ 39,447	\$ 29,185	\$ 26,507	\$ (12,646)	\$ (241)	\$ 82,252
Adjusted Gross Margin as a % of Sales	35.2%	34.8%	33.5%	-	-	34.7%
Adjusted EBIT as a % of Sales	17.0%	15.8%	20.7%	-	-	15.1%

* Q4 2015 is the recast three-month period ended October 2, 2015.

** See Page 1 regarding non-GAAP financial measures.