



Q3 2017 Supplemental Financial Information

August 3, 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 August 3, 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 – Continued Drive for Sales Growth

Q3 2017 Financial Results

- Sales of \$503.8 million, down 2.6% *
 - YoY quarterly comparison impacted by order timing, sales moving from Q3 2017 to Q2 2017, and discrete program softness
- GAAP EPS of \$1.04 (per diluted share)
 - Adjusted EPS of \$1.08 **
- Free cash flow of \$97 million **
 - 119% of net income

Q3 2017 Year-over-Year (YOY) Summary

<i>Dollars in millions, except EPS</i>	Q3 2017	Q3 2016	Change
Sales	\$ 504	\$ 517	(\$ 13)
Gross Margin	\$ 171	\$ 174	(\$ 3)
- % of sales	33.9%	33.6%	0.3%
Operating Earnings from Continuing Operations	\$ 49	\$ 54	(\$ 5)
- % of sales	9.8%	10.5%	(0.7)%
Earnings from Continuing Operations	\$ 31	\$ 38	(\$ 7)
Earnings Per Diluted Share from Continuing Operations	\$ 1.04	\$ 1.28	(\$ 0.24)

Q3 2017 Sales Change (YOY)

<i>Dollars in millions</i>	Items	Sales
Q3 2016		\$ 517
	• Foreign currency translation	(6)
	• Sales volume / mix	(9)
	• Other	<u>2</u>
Q3 2017		<u>\$ 504</u>

Q3 2017 Segment Sales Change (YOY)

	Total ESL	Avionics & Controls	Sensors & Systems	Advanced Materials
Organic Sales¹	(2)%	(6)%	1%	2%
FX	(1)%	<1%	(2)%	(2)%
Other	<1%	(1)%	<1%	2%
Total Change	(3)%	(6)%	(1)%	2%

¹ Q3 2017 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.

Q3 2017 Gross Margin Change (YOY)

<i>Dollars in millions</i>	Items	Gross Margin
Q3 2016		\$ 174
	• Foreign currency translation	(2)
	• Sales volume / mix	4
	• Other	<u>(5)</u>
Q3 2017		<u>\$ 171</u>

Q3 2017 Earnings Adjustment

<i>Dollars in millions, except EPS Adjustments are net of tax</i>	Earnings from Continuing Ops	Diluted EPS
GAAP	\$ 31	\$ 1.04
<ul style="list-style-type: none"> Advanced Displays Integration Costs and Compliance Costs 	<u>1</u>	<u>0.04</u>
Adjusted *	<u>\$ 32</u>	<u>\$ 1.08</u>

* See Page 1 regarding non-GAAP financial measures.

YTD Q3 2017 Free Cash Flow Reconciliation

<i>Dollars in millions; GAAP results</i>	YTD Q3 2017	YTD Q3 2016
Net Earnings	\$ 83	\$ 50
• Depreciation and amortization	77	73
• Change in working capital (A/R, Inventory, A/P)	(5)	(23)
• Other	<u>(16)</u>	<u>19</u>
Cash flow from operations	\$ 139	\$ 119
• Capital expenditures	<u>(42)</u>	<u>(59)</u>
Free cash flow *	<u>\$ 97</u>	<u>\$ 60</u>

Amounts included in Free Cash Flow	YTD Q3 2017	YTD Q3 2016
Adjustments to Net Income (net of tax) *	\$ 5	\$ 22
Loss from Discontinued Operations	\$ (6)	\$ (15)

* See Page 1 regarding non-GAAP financial measures.

Q3 2017 EBITDA

<i>Dollars in millions</i>	Q3 2017	Q3 2016
Operating Earnings from Continuing Operations¹	\$ 49	\$ 54
• Depreciation and amortization ²	<u>26</u>	<u>24</u>
EBITDA from Continuing Operations *	<u>\$ 75</u>	<u>\$ 78</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.

YTD Q3 2017 EBITDA

<i>Dollars in millions</i>	YTD Q3 2017	YTD Q3 2016
Operating Earnings from Continuing Operations¹	\$ 136	\$ 99
• Depreciation and amortization ²	<u>76</u>	<u>72</u>
EBITDA from Continuing Operations *	<u>\$ 212</u>	<u>\$ 171</u>

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

²Excludes amortization of debt issuance costs of \$1 million in each period, which is included in interest expense

* See Page 1 regarding non-GAAP financial measures.

2017 Guidance

	Guidance
Sales	~\$2.0B
GAAP EPS (diluted, continuing ops)	\$4.30 - \$4.50
Adjusted EPS * (diluted, continuing ops)	\$4.50 - \$4.70
EBITDA*	\$300M - \$310M
Free Cash Flow *	\$130M - \$150M

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

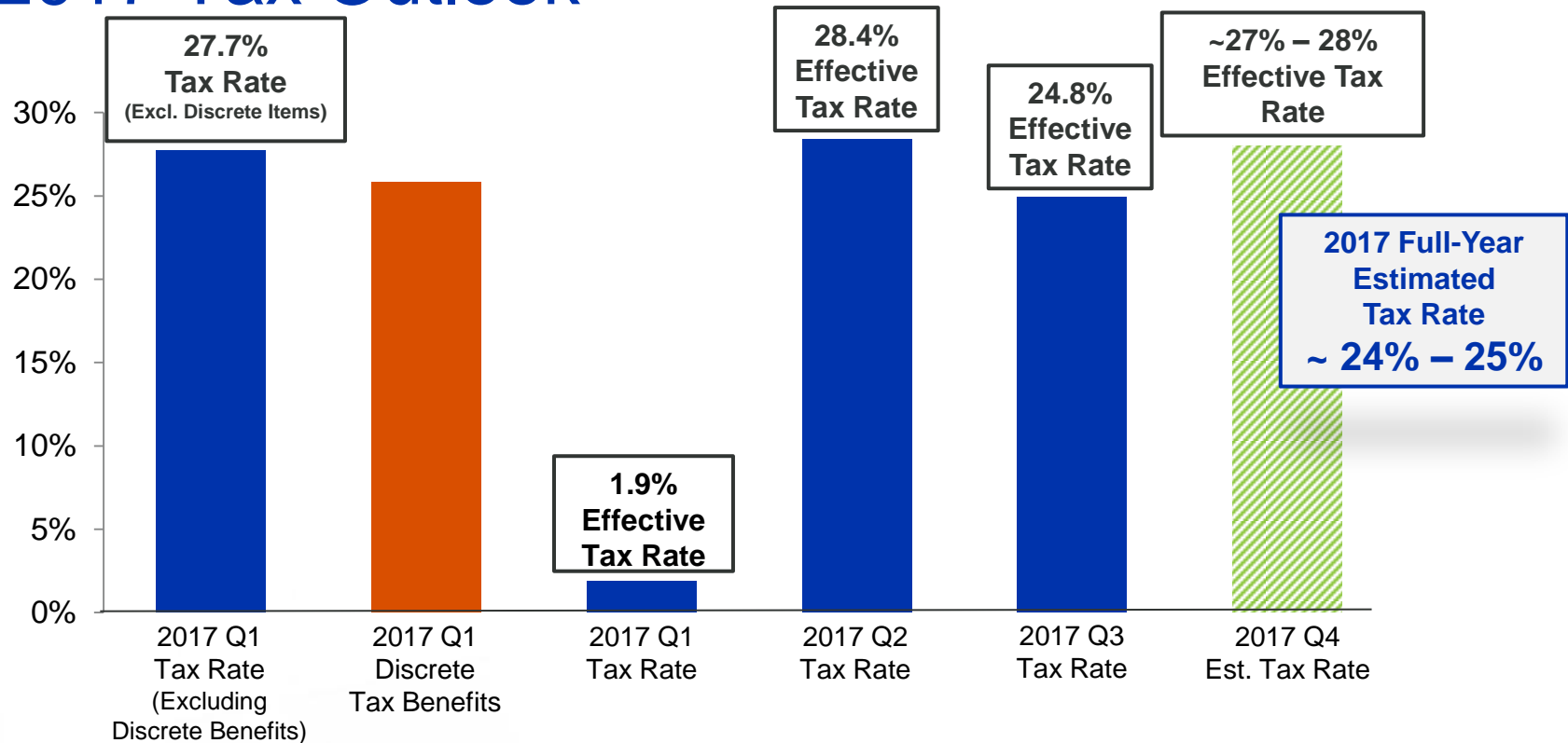
Full-Year Guidance Updated

* See Page 1 regarding non-GAAP financial measures.

2017 Guidance Assumptions

- Interest expense ~\$29 million
- Tax rate ~24%-25%
- Average diluted shares outstanding 30.020 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	
• YTD 2017	-	-	
Total since inception *	3,136	\$ 308.5	\$ 91.5

* \$400 million total authorization for share repurchase.

Appendix

Q3 2017 Adjusted Gross Margin and EBIT *

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>	
GAAP Sales	\$ 209,168	\$ 184,450	\$ 110,135	\$ 503,753	
GAAP Gross Margin	\$ 71,187	\$ 66,427	\$ 33,015	\$ 170,629	
Advanced Displays Integration Costs	(17)	-	-	(17)	
Adjusted Gross Margin	\$ 71,170	\$ 66,427	\$ 33,015	\$ 170,612	
	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
GAAP EBIT	\$ 22,495	\$ 24,842	\$ 17,780	\$ (15,969)	\$ 49,148
Advanced Displays Integration Costs	195	-	-	-	195
Compliance Costs	-	-	-	1,503	1,503
Adjusted EBIT	\$ 22,690	\$ 24,842	\$ 17,780	\$ (14,466)	\$ 50,846
Adjusted Gross Margin as a % of Sales	34.0%	36.0%	30.0%	-	33.9%
Adjusted EBIT as a % of Sales	10.8%	13.5%	16.1%	-	10.1%

* See Page 1 regarding non-GAAP financial measures

Q3 2016 Adjusted Gross Margin and EBIT *

In thousands

GAAP Sales

<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>
\$ 222,583	\$ 186,337	\$ 108,172	\$ 517,092

GAAP Gross Margin

\$ 74,535	\$ 67,933	\$ 31,116	\$ 173,584
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Accelerated Integration Costs

-	434	554	988
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Advanced Displays Integration Costs

1,291	-	-	1,291
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Long-Term Contract Adjustments

(2,853)	-	-	(2,853)
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Adjusted Gross Margin

\$ 72,973	\$ 68,367	\$ 31,670	\$ 173,010
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GAAP EBIT

<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
\$ 28,517	\$ 27,942	\$ 15,512	\$ (17,926)	\$ 54,045

Accelerated Integration Costs

-	523	768	256	1,547
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Compliance Costs

-	-	-	2,711	2,711
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Advanced Displays Integration Costs

2,819	-	-	-	2,819
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Long-Term Contract Adjustments

(2,853)	-	-	-	(2,853)
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Adjusted EBIT

\$ 28,483	\$ 28,465	\$ 16,280	\$ (14,959)	\$ 58,269
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Adjusted Gross Margin as a % of Sales

32.8%	36.7%	29.3%	-	33.5%
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Adjusted EBIT as a % of Sales

12.8%	15.3%	15.1%	-	11.3%
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* See Page 1 regarding non-GAAP financial measures

YTD 2017 Adjusted Gross Margin and EBIT *

In thousands

GAAP Sales

<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>
\$ 615,443	\$ 534,001	\$ 321,224	\$ 1,470,668

GAAP Gross Margin

\$ 202,618	\$ 192,390	\$ 95,587	\$ 490,595
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Advanced Displays Integration Costs

313	-	-	313
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Adjusted Gross Margin

\$ 202,931	\$ 192,390	\$ 95,587	\$ 490,908
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GAAP EBIT

<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
\$ 62,173	\$ 71,944	\$ 55,982	\$ (53,758)	\$ 136,341

Advanced Displays Integration Costs

1,168	-	-	-	1,168
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Compliance Costs

-	-	-	5,222	5,222
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Adjusted EBIT

\$ 63,341	\$ 71,944	\$ 55,982	\$ (48,536)	\$ 142,731
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Adjusted Gross Margin as a % of Sales

33.0%	36.0%	29.8%	-	33.4%
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Adjusted EBIT as a % of Sales

10.3%	13.5%	17.4%	-	9.7%
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* See Page 1 regarding non-GAAP financial measures

YTD 2016 Adjusted Gross Margin and EBIT *

In thousands

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>ESL</u>
GAAP Sales	\$ 607,493	\$ 514,836	\$ 326,550	\$ 1,448,879
GAAP Gross Margin	\$ 190,722	\$ 179,443	\$ 97,311	\$ 467,476
Accelerated Integration Costs	57	1,333	1,045	2,435
Advanced Displays Integration Costs	3,420	-	-	3,420
Long-Term Contract Adjustments	1,851	-	-	1,851
Adjusted Gross Margin	\$ 196,050	\$ 180,776	\$ 98,356	\$ 475,182

	<u>Avionics</u>	<u>Sensors</u>	<u>AM</u>	<u>Corporate</u>	<u>ESL</u>
GAAP EBIT	\$ 40,579	\$ 61,670	\$ 51,710	\$ (54,956)	\$ 99,003
Accelerated Integration Costs	391	1,798	1,712	964	4,865
Compliance Costs	-	-	-	8,200	8,200
Advanced Displays Integration Costs	10,475	-	-	-	10,475
Long-Term Contract Adjustments	1,851	-	-	-	1,851
Adjusted EBIT	\$ 53,296	\$ 63,468	\$ 53,422	\$ (45,792)	\$ 124,394

Adjusted Gross Margin as a % of Sales	32.3%	35.1%	30.1%	-	32.8%
Adjusted EBIT as a % of Sales	8.8%	12.3%	16.4%	-	8.6%

* See Page 1 regarding non-GAAP financial measures