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FY 2018 Fourth Quarter Earnings Conference Call

November 6, 2018

TRANSDIGM GROUP INC.

Agenda

TRANSDIGM GROUP INC.

■ TransDigm Overview and Highlights	W. Nicholas Howley Executive Chairman
■ Operating Performance, Market Review and Outlook	Kevin Stein President and CEO
■ Financial Results	Michael Lisman CFO
■ Q&A	

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including information regarding our guidance for future periods. These forward-looking statements are based on management's current expectations and beliefs, as well as a number of assumptions concerning future events, many of which are outside of our control. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statement. These risks and uncertainties include but are not limited to: the sensitivity of our business to the number of flight hours that our customers' planes spend aloft and our customers' profitability, both of which are affected by general economic conditions; geopolitical or worldwide events; cyber-security threats and natural disasters; our reliance on certain customers; the U.S. defense budget and risks associated with being a government supplier; failure to maintain government or industry approvals; failure to complete or successfully integrate acquisitions; our substantial indebtedness; potential environmental liabilities; liabilities arising in connection with litigation; increases in raw material costs that cannot be recovered in product pricing; risks associated with our international sales and operations; and other factors. Further information regarding the important factors that could cause actual results to differ materially from projected results can be found in TransDigm Group's Annual Report on Form 10-K and other reports that TransDigm Group or its subsidiaries have filed with the Securities and Exchange Commission.

You are cautioned not to place undue reliance on our forward-looking statements. TransDigm Group Incorporated assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Special Notice Regarding Pro Forma and Non-GAAP Information

This presentation sets forth certain pro forma financial information. This pro forma financial information gives effect to certain recently completed acquisitions. Such pro forma information is based on certain assumptions and adjustments and does not purport to present TransDigm's actual results of operations or financial condition had the transactions reflected in such pro forma financial information occurred at the beginning of the relevant period, in the case of income statement information, or at the end of such period, in the case of balance sheet information, nor is it necessarily indicative of the results of operations that may be achieved in the future.

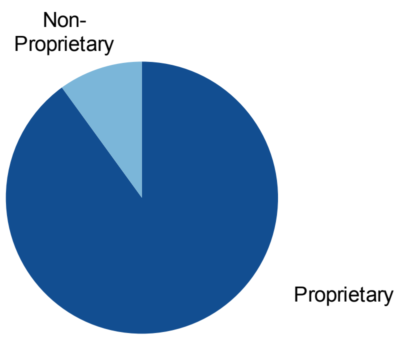
This presentation also sets forth certain non-GAAP financial measures. A presentation of the most directly comparable GAAP measures and a reconciliation to such measures are set forth in the appendix.

TransDigm Overview

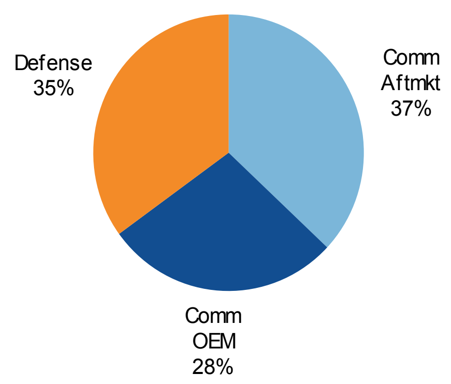
Distinguishing Characteristics

- Highly engineered aerospace components
- Proprietary and sole source products
- Significant aftermarket content
- High free cash flow

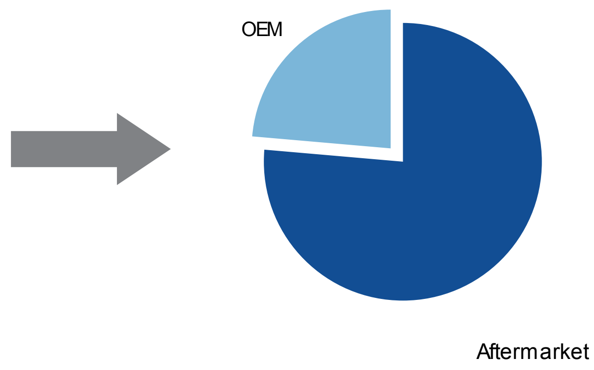
Proprietary Revenues (1)



Pro Forma Revenues (1)



Pro Forma EBITDA As Defined (1)



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(1) Pro forma revenue is for the fiscal year ended 9/30/18. Includes the full year impact of acquisitions Extant and Skandia; excludes Kirkhill. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

2018 Q4 Financial Performance by Markets – Pro Forma

TRANSDIGM GROUP INC.

Q4 Market Review – Pro Forma Revenues(1)

	Actual vs. Prior Year	
	Q4	YTD
Commercial OEM:	Up 6%	UP 1%
Commercial Aftermarket:	Up 6%	Up 9%
Defense:	Up 12%	Up 5%

(1) Information is on a pro forma basis versus the prior year period and includes the full year impacts of acquisitions Extant and Skandia; excludes Kirkhill. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

Fiscal 2019 Outlook

TRANSDIGM GROUP INC.

FY 2018 Pro Forma Sales Mix [1]	Market	FY 2019 Expected Growth
28%	Commercial OEM	Up Low to Mid-Single-Digit %
37%	Commercial Aftermarket	Up Mid to High-Single-Digit %
35%	Defense	Up Mid to High-Single-Digit %

Assumptions

- Full year interest expense ≈ $745 million
- Full year effective tax rate ≈ 21% to 23% for GAAP EPS, Adjusted EPS and Cash taxes
- Weighted average shares of 56.25 million

Guidance Summary

($ in millions)	Low	High
Revenues	$ 4,125	$ 4,215
EBITDA As Defined	$ 2,045	$ 2,095
% to sales	*49.6%*	*49.7%*
Net Income	$ 843	$ 881
GAAP EPS	$ 14.56	$ 15.24
Adj. EPS	$ 15.92	$ 16.60

(1) Pro forma revenue is for the fiscal year ended 9/30/18. Includes the full year impact of acquisitions Extant and Skandia; excludes Kirkhill. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.

Fourth Quarter 2018 Results

TRANSDIGM GROUP INC.

($ in millions, except per share amounts)

	Q4 FY 2018	Q4 FY 2017	
Revenue	$1,049.4	$923.9	13.6% Increase
Gross Profit	$597.3	$531.2	0.6% Margin Decrease
Margin %	*56.9%*	*57.5%*	
SG&A	$123.0	$104.9	
% to Sales	*11.7%*	*11.4%*	
Interest Expense- Net	$173.2	$156.6	10.6% Increase
Pre-tax Income from Continuing Operations	$281.9	$247.5	13.9% Increase
% to Sales	*26.9%*	*26.8%*	
Net Income from Continuing Operations	$230.3	$184.1	25.1% Increase
% to Sales	*21.9%*	*19.9%*	
Adjusted EPS	$4.44	$3.48	27.6% Increase

Dilutive impact from higher acquisition costs and dilutive acquisition margin mix ≈ 1.5%

Strength of our proprietary products and productivity improvements

Excluding all acquisition related costs and non-cash stock compensation expense, SG&A was 9.9% in Q4 FY18 vs. 10.3% in Q4 FY17

Full Year 2018 Results

TRANSDIGM GROUP INC.

($ in millions, except per share amounts)

	Full Year FYE 9/30/ 2018	Full Year FYE 9/30/2017	
Revenue	$3,811.1	$3,504.3	8.8% Increase
Gross Profit	$2,177.5	$1,984.6	0.5% Margin Point Increase
Margin %	*57.1%*	*56.6%*	
SG&A	$450.1	$415.6	
% to Sales	*11.8%*	*11.9%*	
Interest Expense- Net	$663.0	$602.6	10.0% Increase
Pre-tax Income from Continuing Operations	$985.6	$837.4	17.7% Increase
% to Sales	*25.9%*	*23.9%*	
Net Income from Continuing Operations	$961.5	$628.5	53.0% Increase
% to Sales	*25.2%*	*17.9%*	
Adjusted EPS	$17.83	$12.38	44.0% Increase

Dilutive impact from higher acquisition costs and dilutive acquisition margin mix ≈ 1%

Strength of our proprietary products and productivity improvements

Excluding all acquisition related costs and non-cash stock compensation expense, SG&A was 10.2% in FY18 vs.10.5% in FY17

Liquidity & Taxes

TRANSDIGM GROUP INC.

Cash

($ in millions)	FY 9/30/18	FY 9/30/17
Net Cash Provided by Operating Activities	**$1,022.2**	**$788.7**
Capital Expenditures	**($73.3)**	**($71.0)**
Free Cash Flow	**$948.9**	**$717.7**
Cash on the Balance Sheet	**$2,073.0**	**$650.6**

Taxes

- FY 18 GAAP ETR: 2.4%
- FY 18 Adjusted ETR: 8.9%

Capitalization

	9/30/18	Net Debt to Pro Forma EBITDA As Defined Multiple	Rate
Cash	$2,073		
$600m revolver	–		L + 3.00%
$350m AR securitization facility	300		L + 0.90%
First lien term loan E due 2025	2,244		L + 2.50%
First lien term loan F due 2023	3,560		L + 2.50%
First lien term loan G due 2024	1,796		L + 2.50%
Total senior secured debt	**$7,900**	**3.1x**	
Senior sub notes due 2020	550		5.50%
Senior sub notes due 2022	1,150		6.00%
Senior sub notes due 2024	1,200		6.50%
Senior sub notes due 2025	750		6.50%
Senior sub notes due 2026	950		6.375%
Senior sub notes due 2026 (UK)	500		6.875%
Total debt	**$13,000**	**5.8x**	

Reconciliation of GAAP to Adjusted EPS - Guidance

TRANSDIGM GROUP INC.

	Thirteen Week Periods Ended		Fiscal Years Ended		Full Year Guidance Mid-Point
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2019
Earnings per share from continuing operations	$ 4.14	$ 2.21	$ 16.28	$ 8.45	$ 14.90
Adjustments to earnings per share:					
Dividend equivalent payment	-	1.15	1.01	2.87	0.43
Non-cash stock compensation expense	0.31	0.16	0.96	0.57	0.97
Acquisition-related expenses / other	0.18	0.03	0.54	0.67	0.23
Refinancing costs	0.01	0.05	0.10	0.50	-
Reduction in income tax provision due to excess tax benefits on stock compensation	(0.21)	(0.21)	(1.14)	(0.84)	(0.27)
Other, net	0.01	0.09	0.08	0.16	-
Adjusted earnings per share	$ 4.44	$ 3.48	$ 17.83	$ 12.38	$ 16.26
Weighted-average shares outstanding	55,595	54,796	55,597	55,530	56,250

Appendix – Interest Rate Sensitivity

TRANSDIGM GROUP INC

$ in millions

	Current FY 19 Guidance		
LIBOR % - FY Weighted Average (1)	**~ 2.75%**	**3.0%**	**4.0%**
Interest Expense - Pre-Tax (2)	**$745**	**$754**	**$787**
Interest Rate - Pre-Tax	**5.7%**	**5.8%**	**6.1%**

(1) FY Weighted Average Libor % is the average Libor for TDG's 2019 fiscal year based on current consensus forward estimates
(2) Interest expense shown includes $27M amortization of debt issuance costs and fees

Appendix - Reconciliation of Net Income to EBITDA and EBITDA As Defined

TRANSDIGM GROUP INC.

($ in thousands)

	Thirteen Week Periods Ended		Fiscal Years Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income	$ 228,763	$ 153,458	$ 957,062	$ 596,887
Less: Loss from Discontinued Operations, net of tax [(1)]	(1,531)	(30,689)	(4,474)	(31,654)
Income from Continuing Operations	230,294	184,147	961,536	628,541
Adjustments:				
Depreciation and amortization expense	34,310	31,949	129,844	141,025
Interest expense - net	173,232	156,603	663,008	602,589
Income tax provision	51,571	63,316	24,021	208,889
EBITDA	489,407	436,015	1,778,409	1,581,044
Adjustments:				
Acquisition-related expenses and adjustments [(2)]	11,510	387	28,450	31,191
Non-cash stock compensation expense [(3)]	22,070	12,817	58,481	45,524
Refinancing costs [(4)]	486	3,871	6,396	39,807
Other - net [(5)]	1,288	7,015	4,822	12,997
Gross Adjustments to EBITDA	35,354	24,090	98,149	129,519
EBITDA As Defined	$ 524,761	$ 460,105	$ 1,876,558	$ 1,710,563
EBITDA As Defined, Margin [(6)]	50.0%	49.8%	49.2%	48.8%

[(1)] During the fourth quarter of 2017, the Company committed to disposing of Schroth in connection with the settlement of a Department of Justice investigation into the competitive effects of the acquisition. Therefore, Schroth was classified as a held-for-sale and as discontinued operations beginning September 30, 2017 for all periods presented. The Company acquired Schroth in February 2017. On January 26, 2018, the Company completed the sale of Schroth in a management buyout to a private equity fund and certain members of Schroth management for approximately $61.4 million in cash, which includes a working capital adjustment of $0.3 million that was settled in July 2018.

[(2)] Represents accounting adjustments to inventory, associated with acquisitions of businesses and product lines that were charged to cost of sales when the inventory was sold: costs incurred to integrate acquired businesses and product lines into TD Group's operations, facility relocation costs and other acquisition-related costs; transaction-related costs comprising deal fees; legal, financial and tax due diligence expenses; and valuation costs that are required to be expensed as incurred.

[(3)] Represents the compensation expense recognized by TD Group under our stock incentive plans.

[(4)] Represents cost expensed related to debt financing activities, including new issuances, extinguishments, refinancings and amendments to existing agreements.

[(5)] Primarily represents foreign currency transaction gain or loss, payroll withholding taxes related to dividend equivalent payments and gain or loss on sale of fixed assets.

[(6)] The EBITDA As Defined margin represents the amount of EBITDA As Defined as a percentage of sales.

Appendix - Reconciliation of Reported EPS to Adjusted EPS

TRANSDIGM GROUP INC.

($ in thousands, except per share amounts)

	Thirteen Week Periods Ended		Fiscal Years Ended	
Reported Earnings Per Share	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Net income from continuing operations	$ 230,294	$ 184,147	$ 961,536	$ 628,541
Less: dividends on participating securities	-	(63,286)	(56,148)	(159,257)
Net income applicable to common stock - basic and diluted	230,294	120,861	905,388	469,284
Net loss from discontinued operations	(1,531)	(30,689)	(4,474)	(31,654)
Net income applicable to common stock - basic and diluted	$ 228,763	$ 90,172	$ 900,914	$ 437,630
Weighted-average shares outstanding under the two-class method:				
Weighted-average common shares outstanding	52,654	51,913	52,345	52,517
Vested options deemed participating securities	2,941	2,883	3,252	3,013
Total shares for basic and diluted earnings per share	55,595	54,796	55,597	55,530
Net earnings per share from continuing operations -- basic and diluted	$ 4.14	$ 2.21	$ 16.28	$ 8.45
Net loss per share from discontinued operations -- basic and diluted	(0.03)	(0.56)	(0.08)	(0.57)
Basic and diluted earnings per share	$ 4.11	$ 1.65	$ 16.20	$ 7.88
Adjusted Earnings Per Share				
Net income from continuing operations	$ 230,294	$ 184,147	$ 961,536	$ 628,541
Gross adjustments to EBITDA	35,354	24,090	98,149	129,519
Purchase accounting backlog amortization	1,133	1,602	4,241	22,764
Tax adjustment	(19,740)	(19,177)	(72,738)	(93,369)
Adjusted net income	$ 247,041	$ 190,662	$ 991,188	$ 687,455
Adjusted diluted earnings per share under the two-class method	$ 4.44	$ 3.48	$ 17.83	$ 12.38

Appendix - Reconciliation of Net Cash Provided by Operating Activities to EBITDA and EBITDA As Defined

TRANSDIGM GROUP INC.

($ in thousands)

	Fiscal Years Ended	
	September 30, 2018	September 30, 2017
Net cash provided by operating activities	$ 1,022,173	$ 788,733
Adjustments:		
Changes in assets and liabilities, net of effects from acquisitions of businesses	2,875	83,753
Interest expense - net [1]	640,880	581,483
Income tax provision - current	177,722	215,385
Non-cash stock compensation expense [2]	(58,481)	(45,524)
Refinancing costs [4]	(6,396)	(39,807)
EBITDA from discontinued operations [6]	(364)	(2,979)
EBITDA	1,778,409	1,581,044
Adjustments:		
Acquisition-related expenses and adjustments [3]	28,450	31,191
Non-cash stock compensation expense [2]	58,481	45,524
Refinancing costs [4]	6,396	39,807
Other, net [5]	4,822	12,997
EBITDA As Defined	$ 1,876,558	$ 1,710,563

(1) Represents interest expense excluding the amortization of debt issue costs and premium and discount on debt.

(2) Represents the compensation expense recognized by TD Group under our stock incentive plans.

(3) Represents accounting adjustments to inventory associated with acquisitions of businesses and product lines that were charged to cost of sales when the inventory was sold; costs incurred to integrate acquired businesses and product lines into TD Group's operations, facility relocation costs and other acquisition-related costs; transaction-related costs comprising deal fees; legal, financial and tax due diligence expenses and valuation costs that are required to be expensed as incurred.

(4) Represents costs expenses related to debt financing activities, including new issuances, extinguishments, refinancings and amendments to existing agreements.

(5) Primarily represents foreign currency transaction gain or loss, payroll withholding taxes related to dividend equivalent payments and gain or loss on sale of fixed assets.

(6) During the fourth quarter of 2017, the Company committed to disposing of Schroth in connection with the settlement of a Department of Justice investigation into the competitive effects of the acquisition. Therefore, Schroth was classified as a held-for-sale and as discontinued operations beginning September 30, 2017 for all periods presented. The Company acquired Schroth in February 2017. On January 26, 2018, the Company completed the sale of Schroth in a management buyout to a private equity fund and certain members of Schroth management for approximately $61.4 million in cash, which includes a working capital adjustment of $0.3 million that was settled in July 2018.