Q4 2018 Earnings Call Presentation

November 15, 2018

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Information in this presentation should be read in conjunction with Wesco Aircraft's earnings press release and tables for the fiscal 2018 fourth quarter.

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Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following: general economic and industry conditions; conditions in the credit markets; changes in military spending; risks unique to suppliers of equipment and services to the U.S. government; risks associated with the loss of significant customers, a material reduction in purchase orders by significant customers, or the delay, scaling back or elimination of significant programs on which the Company relies; the Company's ability to effectively compete in its industry; risks associated with the Company's long-term, fixed-price agreements that have no guarantee of future sales volumes; the Company's ability to effectively manage its inventory; the Company's suppliers' ability to provide it with the products the Company sells in a timely manner, in adequate quantities and/or at a reasonable cost, while also meeting customers' quality standards; the Company's ability to maintain effective information technology systems and effectively implement its new warehouse management system; the Company's ability to successfully execute and realize the expected financial benefits from its "Wesco 2020" initiative; the Company's ability to retain key personnel; risks associated with the Company's international operations, including exposure to foreign currency movements; changes in trade policies; risks associated with assumptions the Company makes in connection with its critical accounting estimates (including goodwill, excess and obsolete inventory and valuation allowance of the company's deferred tax assets) and legal proceedings; changes in U.S. income tax law; the Company's dependence on third-party package delivery companies; fuel price risks; fluctuations in the Company's financial results from period-to-period; environmental risks; risks related to the handling, transportation and storage of chemical products; risks related to the aerospace industry and the regulation thereof; risks related to the Company's indebtedness; and other risks and uncertainties.

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The Company utilizes and discusses Adjusted Net Income, Adjusted Basic Earnings Per Share (EPS), Adjusted Diluted EPS, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA Margin and Free Cash Flow, which are non-GAAP measures its management uses to evaluate its business, because the Company believes these measures assist investors and analysts in comparing its performance across reporting periods on a consistent basis by excluding items that management does not believe are indicative of the Company's core operating performance. The Company believes these metrics are used in the financial community, and the Company presents these metrics to enhance understanding of its operating performance. You should not consider Adjusted EBITDA and Adjusted Net Income as alternatives to Net Income (Loss), determined in accordance with GAAP, as an indicator of operating performance. Adjusted Net Income, Adjusted Basic EPS, Adjusted Diluted EPS, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow are not measurements of financial performance under GAAP, and these metrics may not be comparable to similarly titled measures of other companies. See the Appendix for reconciliations of Adjusted Net Income, Adjusted Basic EPS, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Overview

Wesco Aircraft®

Q4 2018 Operating and Financial Results

Strong sales growth; gross profit improvement

Continuing to invest in Wesco 2020 for the long term

Higher sales volumes drove profit improvement

Improved operating and free cash flow in Q4 and full year

Improving operating metrics – continuing to drive change

Deeper execution of Wesco 2020 initiatives

Q4 2018 Results

$407M
Net Sales

10 bps
*Gross Margin Expansion**

$0.07 / $0.18
*Diluted EPS / Adjusted Diluted EPS***

60 bps
*Adjusted EBITDA Margin** Expansion**

$37M
Net Cash Provided by Operating Activities

* Q4 2018 results compared to the same period in fiscal 2017.
** See appendix for reconciliation and information regarding non-GAAP measures.

Business Update

One-time sales benefit of approximately $6 million; solid underlying growth of 11%

Double-digit ad-hoc sales growth – higher customer ordering

Long-term contract increase – new business, higher volumes with existing customers

Robust ad-hoc bookings; solid pipeline of new business opportunities

SG&A as percent of sales lower, excluding Wesco 2020 costs

Progress managing inventory – tighter processes; more effective use of business tools

Wesco 2020 Update

Wesco Aircraft

Wesco 2020 BUILDING THE FUTURE

Deeper Execution of Wesco 2020 Initiatives

Initiated inventory transfers closer to customers; executing footprint optimization

Building out existing distribution centers; securing new locations

Streamlined organizational structure and reduced administrative functions

Implementing new processes in SIOP*, procurement, pricing; investing in capabilities

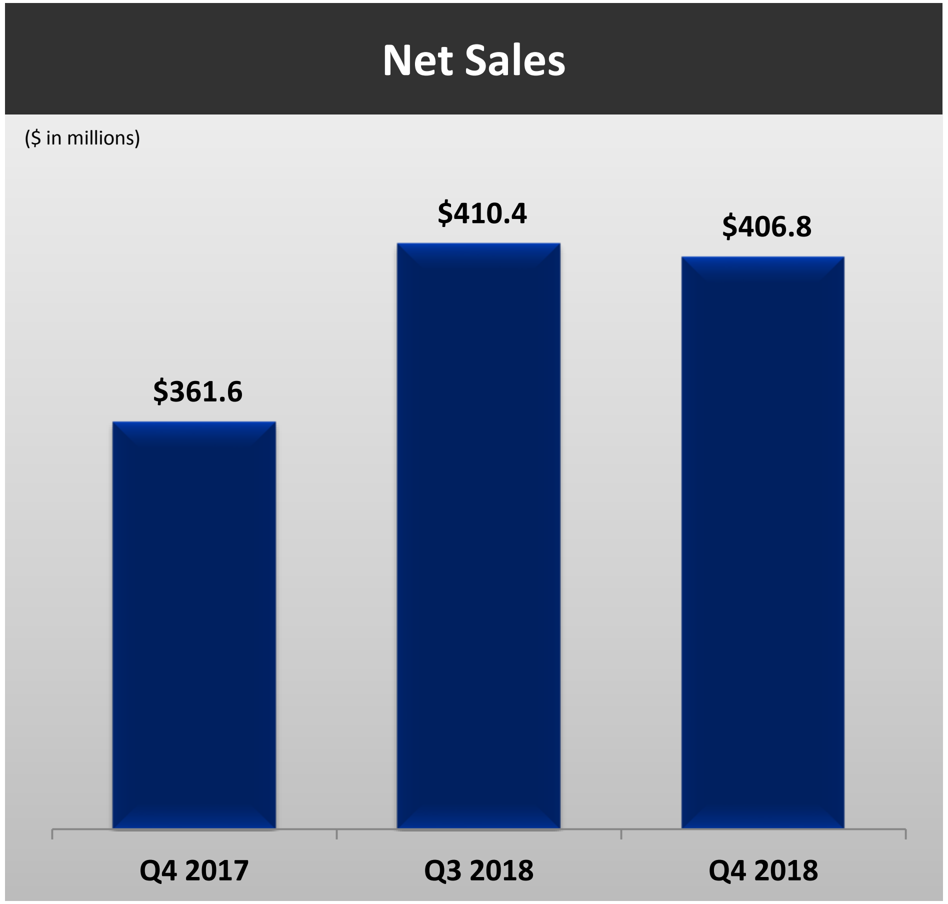
Selected new warehouse management system – deploying in fiscal 2019

Continuing to upgrade tools to manage inventory more effectively

ALIGN	FOOTPRINT OPTIMIZATION
	FACILITY INVESTMENT
REFINE	ORGANIZATIONAL STRUCTURE
	GLOBAL CENTERS OF EXCELLENCE
INVEST	AUTOMATION
	BUSINESS TOOLS

* *SIOP – Sales Inventory and Operations Planning*

Net Sales Summary



Net sales increase of 11% year/year, excluding one-time sales benefit of $6M related to contract claims

- **Long-term contract increase of 7% due to:**
  - **Growth in chemical and hardware volumes**
  - **Ramp-up of new business wins**
- **Ad-hoc increase of 22% – ability to service broad-based increase in orders**

Net sales stable sequentially, excluding one-time items in both periods; higher ad-hoc and chemical offset by seasonally lower hardware

Income Statement Summary

Wesco Aircraft®

(Dollars in Millions, Except Per Share Data)	Q4 2017	Q3 2018	Q4 2018
Net sales	$361.6	$410.4	$406.8
Income from operations	$20.0	$29.3	$22.4
Operating margin	5.5%	7.1%	5.5%
Net (loss) income	$(38.3)	$10.8	$7.3
Diluted (loss) earnings per share	$(0.39)	$0.11	$0.07
Adjusted net income*	$8.4	$20.1	$18.2
Adjusted diluted earnings per share*	$0.08	$0.20	$0.18
Adjusted EBITDA*	$30.4	$44.5	$36.7
Adjusted EBITDA margin*	8.4%	10.8%	9.0%

* See appendix for reconciliation and information regarding non-GAAP measures

Fourth Quarter Commentary

Income from operations improved year/year due to increase in gross profit offset by higher SG&A

Gross profit/margin higher year/year, reflecting higher sales volume

Gross profit/margin lower sequentially primarily due to decline in chemical margins

SG&A increase primarily due to consulting fees and other Wesco 2020 costs, as well as higher incentive compensation

Interest expense year/year increase reflects higher interest rates

Lower income tax expense primarily reflects $38M non-cash charge on accumulated foreign earnings in Q4 2017

Effective tax rate for fiscal 2019 estimated to be 30-35%

Balance Sheet Summary

At Period End	Sept 30, 2017	Dec 31, 2017	March 31, 2018	June 30, 2018	Sept 30, 2018
($ in millions)					
Cash and cash equivalents	$61.6	$41.9	$35.9	$45.6	$46.2
Accounts receivable, net	256.3	253.6	287.1	302.1	283.8
Inventories	827.9	856.3	889.3	893.5	884.2
Accounts payable	184.3	161.7	194.1	192.9	180.5
Total debt	863.8	877.7	880.7	877.2	845.8
Stockholders' equity	649.7	652.4	672.1	682.3	692.5

Cash Flow Summary

Wesco Aircraft

Quarter Ended	Sept 30, 2017	Dec 31, 2017	March 31, 2018	June 30, 2018	Sept 30, 2018
($ in millions)					
Net (loss) income	$(38.3)	$(0.4)	$15.0	$10.8	$7.3
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities	56.3	15.7	11.8	16.3	25.9
Changes in assets and liabilities	(12.1)	(45.2)	(32.8)	(10.3)	3.7
Net cash provided by (used in) operating activities	5.9	(29.9)	(6.0)	16.8	36.9
Purchase of property and equipment	(2.1)	(1.3)	(1.6)	(1.1)	(1.6)
Free cash flow	3.8	(31.2)	(7.6)	15.7	35.3

Closing Remarks

Improved performance in fiscal 2018 – above-market growth, increased profitability

Wesco 2020 focused on remaining performance gaps and driving long-term improvement

Accelerating pace of Wesco 2020 execution in fiscal 2019

Wesco 2020 expected to generate at least $30M in annualized pre-tax benefits

Fiscal 2019 benefit realization expected to be partially offset by implementation costs

Full benefit realization anticipated in fiscal 2020

Fiscal 2019 Outlook

Fiscal 2019 Financial Outlook
Net sales – mid-single-digit growth*
Adjusted EBITDA – high-single-digit growth*

Outlook Assumptions
New business and growth in existing long-term contracts
Ad-hoc sales benefit from strong customer relationships and inventory position
Higher sales volume, Wesco 2020 benefits and expense leverage drive improved profitability
Continued healthy market environment

** Percentage change compared to fiscal 2018*

APPENDIX

Non-GAAP Financial Information

''Adjusted Net Income'' represents Net Income (Loss) before: (i) amortization of intangible assets, (ii) amortization or write-off of deferred issuance costs, (iii) special items and (iv) the tax effect of items (i) through (iii) above calculated using an estimated effective tax rate.

"Adjusted Basic EPS" represents Basic EPS calculated using Adjusted Net Income as opposed to Net Income (Loss).

"Adjusted Diluted EPS" represents Diluted EPS calculated using Adjusted Net Income as opposed to Net Income (Loss).

''Adjusted EBITDA'' represents Net Income (Loss) before: (i) income tax provision, (ii) net interest expense, (iii) depreciation and amortization and (iv) special items; "Adjusted EBITDA Margin" represents Adjusted EBITDA divided by Net Sales.

"Free Cash Flow" represents net cash provided by (used in) operating activities less purchases of property and equipment.

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Non-GAAP Financial Information

Wesco Aircraft Holdings, Inc.
Non-GAAP Financial Information - Adjusted Net Income and Adjusted Earnings Per Share (UNAUDITED)
(Dollars in thousands, except share data)

	Three Months Ended		
	September 30, 2017	June 30, 2018	September 30, 2018
Adjusted Net Income			
Net (loss) income	$ (38,287)	$ 10,754	$ 7,274
Amortization of intangible assets	3,753	3,714	3,714
Amortization of deferred debt issuance costs	1,007	1,389	1,388
Special items (1)	2,788	7,574	7,362
Adjustments for tax effect (2)	39,128	(3,283)	(1,578)
Adjusted net income	$ 8,389	$ 20,148	$ 18,160
Adjusted Basic Earnings Per Share			
Weight-average number of basic shares outstanding	98,906,379	99,180,632	99,214,233
Adjusted net incomer per basic share	$ 0.08	$ 0.20	$ 0.18
Adjusted Diluted Earnings Per Share			
Weight-average number of diluted shares outstanding	98,906,379	99,739,217	99,922,457
Adjusted net income per diluted share	$ 0.08	$ 0.20	$ 0.18

(1) Special items in the fourth quarter of fiscal 2017 consisted of business realignment and other expenses of $2.8 million. Special items in the third quarter of fiscal 2018 consisted primarily of consulting fees of $5.6 million and other costs of $1.9 million associated with the company's Wesco 2020 initiative. Special items in the fourth quarter of fiscal 2018 consisted primarily of consulting fees of $4.7 million and other costs of $2.3 million associated with the company's Wesco 2020 initiative.

(2) The adjustment for tax effect in the fourth quarter of fiscal 2017 included a $37.5 million tax provision for accumulated foreign earnings and a $4.3 million tax provision for other discrete tax items. The adjustment for tax effect in the fourth quarter of fiscal 2018 included a $1.9 million tax provision related to the adjustment of deferred tax assets and liabilities to reflect the reduction of the U.S. federal tax rate, a $0.8 million tax provision on foreign earnings as a transition tax and a $0.9 million tax benefit related to the release of a previously recorded deferred tax liability on unremitted foreign earnings, all of which were related to the Tax Cuts and Jobs Act.

Non-GAAP Financial Information

Wesco Aircraft Holdings, Inc.
Non-GAAP Financial Information - EBITDA and Adjusted EBITDA (UNAUDITED)
(Dollars In thousands)

	Three Months Ended		
	September 30, 2017	**June 30, 2018**	**September 30, 2018**
Net Sales	$ 361,552	$ 410,359	$ 406,817
EBITDA and Adjusted EBITDA			
Net (loss) income	$ (38,287)	$ 10,754	$ 7,274
Provision for income taxes	48,045	6,096	2,371
Interest expense, net	10,292	12,717	12,360
Depreciation and amortization	7,540	7,368	7,347
EBITDA	27,590	36,935	29,352
Special items (1)	2,788	7,574	7,362
Adjusted EBITDA	$ 30,378	$ 44,509	$ 36,714
Adjusted EBITDA margin	8.4%	10.8%	9.0%

(1) Special items in the fourth quarter of fiscal 2017 consisted of business realignment and other expenses of $2.8 million. Special items in the third quarter of fiscal 2018 consisted primarily of consulting fees of $5.6 million and other costs of $1.9 million associated with the company's Wesco 2020 initiative. Special items in the fourth quarter of fiscal 2018 consisted primarily of consulting fees of $4.7 million and other costs of $2.3 million associated with the company's Wesco 2020 initiative.

Thank you for your interest in Wesco Aircraft

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