Q1 2019 Earnings Call Presentation

January 31, 2019

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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 2019 first 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 the Company's 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 (Loss) Income, 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

Q1 2019 Operating and Financial Results

Sales growth outpaced market – solid execution and demand for services

Americas business performed well – strong sales growth, improved leverage

Challenges in EMEA – lower sales, decline in operating income

Increasing focus on EMEA, using successful initiatives in Americas

Aggressive Wesco 2020 execution – benefits expected to increase during fiscal 2019

Increase in operating and free cash flow expected in fiscal 2019

Q1 2019 Results

$395M
Net Sales

110 bps
*Gross Margin Decline**

$0.06 / $0.17
*Diluted EPS / Adjusted Diluted EPS***

10 bps
*Adjusted EBITDA Margin** Decline**

$32M
Net Cash Used in Operating Activities

* Q1 2019 results compared to the same period in fiscal 2018
** See appendix for reconciliation and information regarding non-GAAP measures

Business Update

Double-digit ad-hoc sales growth – capturing more business with existing customers

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

Continuing to book new business and renew long-term contracts

Higher expenses reflect Wesco 2020; investment in capabilities and sales growth

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

Continuing to improve inventory management processes, reducing future investment

Aggressive Pace of Wesco 2020 Execution

Executing footprint optimization – consolidating single-commodity facilities

Establishing new multi-commodity distribution centers in Americas and EMEA

Streamlined administrative functions; consolidating sales offices

Continuing to implement new processes; investing in capabilities

New warehouse management system deployment on track

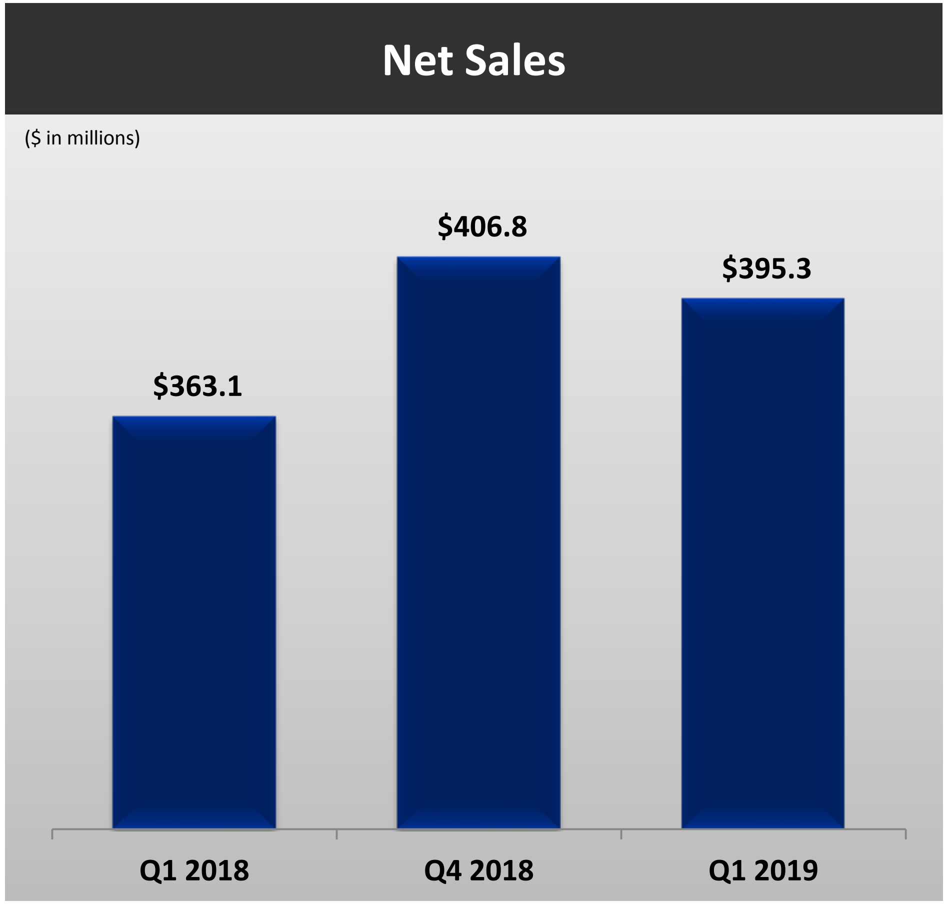
Upgrading inventory management systems

Wesco 2020 BUILDING THE FUTURE

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

Net Sales Summary

Wesco Aircraft®



Net sales increase of 9% year/year

Long-term contract increase of 7% due to:

- **Chemical volumes +10%; hardware +4%**
- **Chemicals primarily reflect pass-through revenue**
- **Participation in military and business jet demand**

Ad-hoc increase of 16% – ability to service broad-based demand in healthy market

Net sales 1% lower sequentially, excluding $6M in one-time sales in Q4 2018, reflecting seasonally lower demand

Income Statement Summary

Wesco Aircraft®

(Dollars in Millions, Except Per Share Data)	Q1 2018	Q4 2018	Q1 2019
Net sales	$363.1	$406.8	$395.3
Income from operations	$24.6	$22.4	$22.1
Operating margin	6.8%	5.5%	5.6%
Net (loss) income	$(0.4)	$7.3	$6.3
Diluted (loss) earnings per share	$(0.00)	$0.07	$0.06
Adjusted net income*	$14.5	$18.2	$16.6
Adjusted diluted earnings per share*	$0.15	$0.18	$0.17
Adjusted EBITDA*	$35.0	$36.7	$37.4
Adjusted EBITDA margin*	9.6%	9.0%	9.5%

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

First Quarter Commentary

Income from operations lower year/year; higher gross profit more than offset by increase in SG&A

Gross profit increase due to higher sales volume, partially offset by lower gross margin

Gross margin decline reflects an increase in pass-through revenue, as well as higher volume discounts earned, E&O inventory related charges and freight costs

SG&A primarily reflects Wesco 2020 one-time costs of $8M

Interest expense year/year increase reflects higher interest rates

Lower income tax expense primarily reflects $9M of additional tax expense associated with Tax Cuts and Jobs Act in Q1 2018

Effective tax rate for fiscal 2019 estimated to be 29-31%

Adjusted EBITDA increase of 7% year/year

Balance Sheet Summary

At Period End	Dec 31, 2017	March 31, 2018	June 30, 2018	Sept 30, 2018	Dec 31, 2018
($ in millions)					
Cash and cash equivalents	$41.9	$35.9	$45.6	$46.2	$25.2
Accounts receivable, net	253.6	287.1	302.1	283.8	296.8
Inventories	856.3	889.3	893.5	884.2	912.7
Accounts payable	161.7	194.1	192.9	180.5	184.9
Total debt	877.7	880.7	877.2	845.8	861.8
Stockholders' equity	652.4	672.1	682.3	692.5	698.3

Cash Flow Summary

Wesco Aircraft

Quarter Ended	Dec 31, 2017	March 31, 2018	June 30, 2018	Sept 30, 2018	Dec 31, 2018
($ in millions)					
Net (loss) income	$(0.4)	$15.0	$10.8	$7.3	$6.3
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities	15.7	11.8	16.3	25.9	16.1
Changes in assets and liabilities	(45.2)	(32.8)	(10.3)	3.7	(54.8)
Net cash (used in) provided by operating activities	(29.9)	(6.0)	16.8	36.9	(32.4)
Purchase of property and equipment	(1.3)	(1.6)	(1.1)	(1.6)	(2.3)
Free cash flow	(31.2)	(7.6)	15.7	35.3	(34.7)

Closing Remarks

Strong performance in Americas; addressing challenges in EMEA

Executing Wesco 2020 at accelerated pace – increased activity and investment

Realized benefits expected to increase progressively in fiscal 2019; one-time costs lower by year-end

Expecting Wesco 2020 run-rate benefits of at least $30M, with full realization during fiscal 2020

Fiscal 2019 sales and adjusted EBITDA growth targets unchanged

APPENDIX

Non-GAAP Financial Information

‘‘Adjusted Net Income’’ represents Net (Loss) Income 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 (Loss) Income.

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

‘‘Adjusted EBITDA’’ represents Net (Loss) Income 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 (used in) provided by operating activities less purchases of property and equipment.

The Company utilizes and discusses Adjusted Net Income, Adjusted Basic EPS, Adjusted Diluted EPS, Adjusted 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 (Loss) Income, 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 following slides 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.

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		
	December 31, 2017	**September 30, 2018**	**December 31, 2018**
Adjusted Net Income			
Net (loss) income	$ (374)	$ 7,274	$ 6,293
Amortization of intangible assets	3,714	3,714	3,733
Amortization of deferred debt issuance costs	1,508	1,388	1,304
Special items (1)	2,914	7,362	8,485
Adjustments for tax effect (2)	6,696	(1,578)	(3,264)
Adjusted net income	$ 14,458	$ 18,160	$ 16,551
Adjusted Basic Earnings Per Share			
Weight-average number of basic shares outstanding	99,096,914	99,214,233	99,485,989
Adjusted net income per basic share	$ 0.15	$ 0.18	$ 0.17
Adjusted Diluted Earnings Per Share			
Weight-average number of diluted shares outstanding	99,096,914	99,922,457	99,904,111
Adjusted net income per diluted share	$ 0.15	$ 0.18	$ 0.17

(1) Special items in the first quarter of fiscal 2018 consisted of consulting fees associated with the company's improvement activities of $1.6 million, settlement of litigation and related fees of $1.1 million and other expenses of $0.2 million. 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. Special items in the first quarter of fiscal 2019 consisted primarily of consulting fees of $4.4 million and other costs of $3.9 million associated with the company's Wesco 2020 initiative.

(2) The adjustment for tax effect in the first quarter of fiscal 2018 included an estimated $9.1 million tax provision on foreign earnings as transition tax under the Tax Cuts and Jobs Act. 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

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

	Three Months Ended		
	December 31, 2017	September 30, 2018	December 31, 2018
Net Sales	$ 363,091	$ 406,817	$ 395,311
EBITDA and Adjusted EBITDA			
Net (loss) income	$ (374)	$ 7,274	$ 6,293
Provision for income taxes	13,368	2,371	2,655
Interest expense, net	11,838	12,360	12,914
Depreciation and amortization	7,256	7,347	7,098
EBITDA	32,088	29,352	28,960
Special items (1)	2,914	7,362	8,485
Adjusted EBITDA	$ 35,002	$ 36,714	$ 37,445
Adjusted EBITDA margin	9.6%	9.0%	9.5%

(1) Special items in the first quarter of fiscal 2018 consisted of consulting fees associated with the company's improvement activities of $1.6 million, settlement of litigation and related fees of $1.1 million and other expenses of $0.2 million. 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. Special items in the first quarter of fiscal 2019 consisted primarily of consulting fees of $4.4 million and other costs of $3.9 million associated with the company's Wesco 2020 initiative.

Thank You For Your Interest in Wesco Aircraft

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