Q2 2018 Earnings Call Presentation

May 3, 2018

Todd Renehan
Chief Executive Officer

Kerry Shiba
Executive Vice President and Chief Financial Officer

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

Disclaimer

This presentation contains forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning Wesco Aircraft Holdings, Inc. (“Wesco Aircraft” or the “Company”). These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of management, as well as assumptions made by, and information currently available to, management. In some cases, you can identify forward-looking statements by the use of forward-looking terms such as “achieve,” “address,” “believe,” “broaden,” “can,” “continue,” “could,” “deliver,” “drive,” “enable,” “enhance,” “estimate,” “expect,” “focus,” “future,” “grow,” “implement,” “improve,” “increase,” “initiative,” “opportunity,” “optimistic,” “plan,” “potential,” “still,” “sustain,” “target,” “timeline,” “trend,” “will” or similar words, phrases or expressions. These forward-looking statements are subject to various risks and uncertainties, many of which are outside the Company’s control. Therefore, you should not place undue reliance on such statements.

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 Company’s long-term, fixed-price agreements that have no guarantee of future sales volumes; 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; 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; the Company’s ability to maintain effective information technology systems; the Company’s ability to retain key personnel; risks associated with the Company’s international operations, including exposure to foreign currency movements; 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. tax law; changes in trade policies; 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.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the Company’s business, including those described in the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed from time to time with the Securities and Exchange Commission. All forward-looking statements included in this presentation (including information included or incorporated by reference herein) are based upon information available to the Company as of the date hereof, and the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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

Another quarter of continued business improvement

Improvement initiatives driving better operating and financial performance

Customers continue to recognize Wesco’s value proposition

Gaps in execution remain; results short of company’s potential

Assessment confirmed opportunities for improvement in profitability and need to invest

Wesco 2020 developed to address performance gaps and opportunities

Business Update

Profitable Growth Improve Margins	Solid growth in Q2 sales – increases in hardware and chemicals Continued awards for new business and contract renewals
Procurement Inventory Management	Greater inventory investment; more work needed on inventory management More SKUs on LTAs; broadening initiative further
Customer Service On-Time Delivery	Maintained on-time delivery and efficiency metrics at high rates Continued to expand commodities at certain sites to serve customers better
Greater Efficiency Reduce Costs	Control of discretionary costs; stable sequential SG&A excluding consultant costs Focus on optimizing cost structure through Wesco 2020 initiatives

Wesco 2020 Initiatives

Wesco 2020
BUILDING THE FUTURE

ALIGN	FOOTPRINT OPTIMIZATION	Establish full-service distribution centers with multiple commodities to enhance service
	FACILITY INVESTMENT	Deploy new technologies; improve efficiency; reduce costs
REFINE	ORGANIZATIONAL STRUCTURE	Increase accountability; eliminate duplication; improve processes; reduce costs
	GLOBAL CENTERS OF EXCELLENCE	Leverage best practices; lead continuous improvement; enhance capabilities
INVEST	AUTOMATION	Enhance WMS[1]; implement data robotics; improve e-commerce, customer portals
	BUSINESS TOOLS	Improve procurement processes, more effectively manage inventory

DRIVE GREATER EFFICIENCIES

1. *Warehouse Management System*

Wesco 2020 Timeline, Expected Benefits and Costs

Execution already underway – current timeline estimated to span 18-24 months

Multifaceted approach; controlling pace of implementation

Enhances customer service; supports ability to provide high levels of on-time delivery

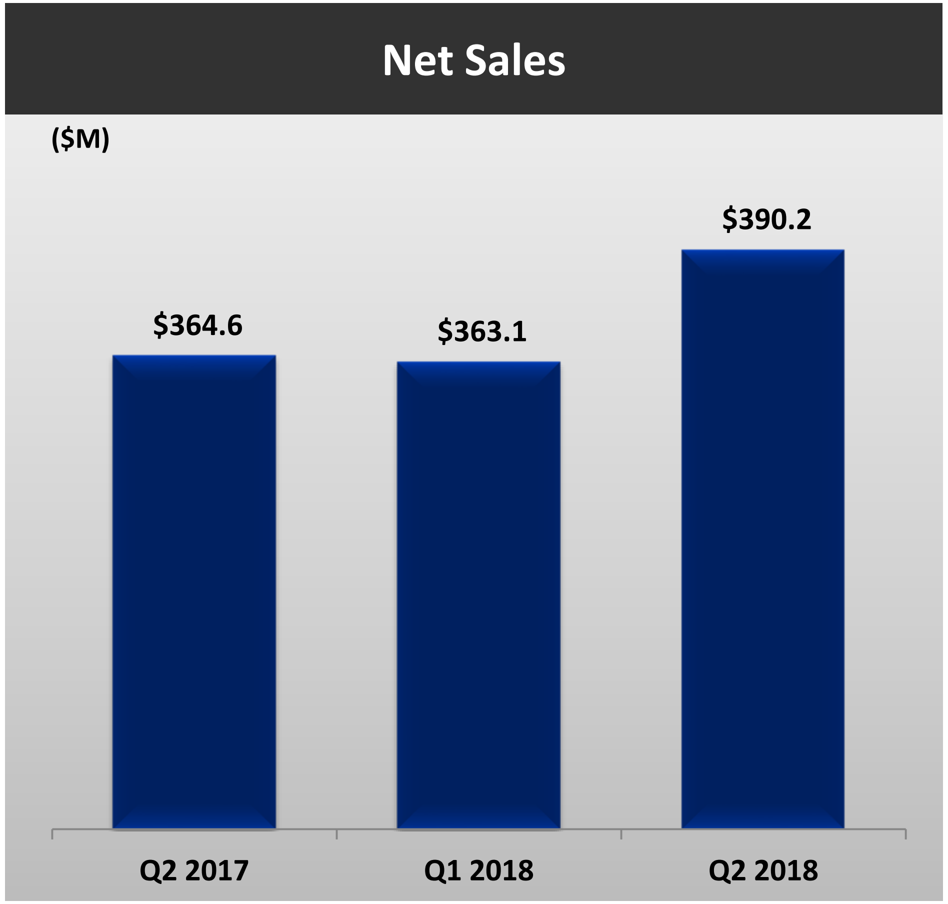
Enables more effective inventory management; achieves productivity gains, stronger profitability

Annualized pre-tax benefits of at least $30M through cost savings, margin enhancements

Benefits realization to start in Q1 2019, with run-rate improving steadily as year progresses

Non-recurring costs approximately equal to run-rate benefit over implementation period

Net Sales Summary



Net sales increase of $26M (+7%) year/year

Long-term contract increase of $14M (+5%) due to:

- **Growth in chemical and hardware volumes**
- **Ramp-up of new business wins**

Ad-hoc increase of $12M (+14%) due to:

- **Growth at key customers driving higher ordering**

Income Statement Summary

Wesco Aircraft®

(Dollars in Millions, Except Per Share Data)	Q2 2017	Q1 2018	Q2 2018
Net sales	$364.6	$363.1	$390.2
Income from operations	$32.2	$24.6	$33.2
Operating margin	8.8%	6.8%	8.5%
Net income (loss)	$17.4	$(0.4)	$15.0
Diluted earnings (loss) per share	$0.18	$(0.00)	$0.15
Adjusted net income*	$21.1	$14.5	$22.2
Adjusted diluted earnings per share*	$0.21	$0.15	$0.22
Adjusted EBITDA*	$39.0	$35.0	$45.0
Adjusted EBITDA margin*	10.7%	9.6%	11.5%

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

Second Quarter Commentary

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

Gross profit reflects higher sales volume and less impact from inventory E&O provision and adjustments; product margins essentially stable

Gross margin stable sequentially excluding provision and adjustments

SG&A reflects additions to staff in 2H 2017 and consulting costs in fiscal 2018 associated with Wesco 2020

SG&A stable sequentially excluding consulting costs

Increase in interest expense primarily reflects higher LIBOR rates

Income tax expense in Q1 2018 includes estimated unfavorable impact of $9.1M from Tax Cuts and Jobs Act

Effective tax rate for fiscal 2018 estimated to be 28-29% (excluding $9.1M impact in Q1 2018)

Balance Sheet Summary

Wesco Aircraft

At Period End	March 31, 2017	June 30, 2017	Sept 30, 2017	Dec 31, 2017	March 31, 2018
($ in millions)					
Cash and cash equivalents	$54.0	$57.1	$61.6	$41.9	$35.9
Accounts receivable, net	266.7	264.0	256.3	253.6	287.1
Net inventory	774.4	802.7	827.9	856.3	889.3
Accounts payable	181.2	175.8	184.3	161.7	194.1
Total debt	855.3	861.1	863.8	877.7	880.7
Stockholders' equity	916.0	687.8	649.7	652.4	672.1

Cash Flow Summary

Wesco Aircraft®

Quarter Ended	March 31, 2017	June 30, 2017	Sept 30, 2017	Dec 31, 2017	March 31, 2018
($ in millions)					
Net income (loss)	$17.4	$(229.6)	$(38.3)	$(0.4)	$15.0
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities	13.8	261.8	56.3	15.7	11.8
Changes in assets and liabilities	(36.9)	(31.3)	(12.1)	(45.2)	(32.8)
Net cash (used in) provided by operating activities	(5.7)	0.9	5.9	(29.9)	(6.0)
Purchase of property and equipment	(2.9)	(2.6)	(2.1)	(1.3)	(1.6)
Free cash flow	(8.6)	(1.7)	3.8	(31.2)	(7.6)

Closing Remarks

Continued focus on execution across most areas of the business

Better fiscal 2018 first-half performance; early progress through improvement initiatives

More work to do; cautiously optimistic about second half of fiscal 2018

Wesco 2020 expected to drive step-change in performance – significant improvement opportunities

Investing in the future – better positioned to meet evolving customer needs

Wesco 2020 expected to deliver long-term value to shareholders

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 Income.

“Adjusted Diluted EPS” represents Diluted EPS calculated using Adjusted Net Income as opposed to Net 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

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		
	March 31, 2017	December 31, 2017	March 31, 2018
Net Sales	$ 364,599	$ 363,091	$ 390,183
Adjusted Net Income			
Net income (loss)	17,442	$ (374)	$ 15,000
Amortization of intangible assets	3,719	3,714	3,713
Amortization of deferred financing costs	921	1,508	1,403
Special items (1)	294	2,914	4,591
Adjustments for tax effect (2)	(1,316)	6,696	(2,495)
Adjusted net income	$ 21,060	$ 14,458	$ 22,212
Adjusted Basic Earnings Per Share			
Weight-average number of basic share outstanding	98,709,557	99,096,914	99,136,015
Adjusted net incomer per basic share	$ 0.21	$ 0.15	$ 0.22
Adjusted Diluted Earnings Per Share			
Weight-average number of diluted shares outstanding	99,017,986	99,096,914	99,519,925
Adjusted net income per diluted shares	$ 0.21	$ 0.15	$ 0.22

(1) Special items in the second quarter of fiscal 2017 consisted of business realignment and other expenses of $0.3 million. 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 second quarter of fiscal 2018 consisted of consulting fees associated with the company's improvement activities of $4.2 million, settlement of litigation and related fees of $0.1 million and other expenses of $0.3 million.

(2) The adjustments for tax effect in the first quarter of fiscal 2018 included an estimated $9.1 million tax provision on foreign earnings as a transition tax under the U.S. 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		
	March 31, 2017	December 31, 2017	March 31, 2018
EBITDA & Adjusted EBITDA			
Net income (loss)	$ 17,442	$ (374)	$ 15,000
Provision for Income taxes	5,659	13,368	6,123
Interest expense, net	8,842	11,838	11,965
Depreciation and amortization	6,743	7,256	7,285
EBITDA	38,686	32,088	40,373
Special items (1)	294	2,914	4,591
Adjusted EBITDA	$ 38,980	$ 35,002	$ 44,964
Adjusted EBITDA margin	10.7%	9.6%	11.5%

(1) Special items in the second quarter of fiscal 2017 consisted of business realignment and other expenses of $0.3 million. 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 second quarter of fiscal 2018 consisted of consulting fees associated with the company's improvement activities of $4.2 million, settlement of litigation and related fees of $0.1 million and other expenses of $0.3 million.

Thank you for your interest in Wesco Aircraft

For more information, please visit www.wescoair.com.