



Q2 2019 EARNINGS CALL PRESENTATION

May 2, 2019

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 2019 second quarter.

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 “ability,” “accelerate,” “address,” “anticipate,” “assumption,” “begin,” “believe,” “continue,” “deliver,” “drive,” “enhance,” “establish,” “execute,” “expand,” “expect,” “forecast,” “future,” “grow,” “implement,” “improve,” “increase,” “initiative,” “lead,” “maintain,” “on track,” “opportunity,” “outlook,” “still,” “target,” “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 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.

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 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.

Q2 2019 Operating and Financial Results

Robust sales growth driven by solid performance in all product categories

Q2 2019 Results

\$426M
Net Sales

Wesco 2020 initiatives accelerated; addressing EMEA challenges

25.5%
Gross Margin

Reported net income lower primarily due to temporary costs and EMEA

\$0.12 / \$0.23
*Diluted EPS /
Adjusted Diluted EPS**

Key initiatives in EMEA expected to drive stronger performance

10.9%
*Adjusted EBITDA
Margin**

Adjusted EBITDA higher, primarily due to continued improvement in Americas

Strengthening inventory management, resulting in significant cash generation

\$26M
*Net Cash Provided by
Operating Activities*

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

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

Long-term contracts increased at solid pace – higher volumes and new business

Robust pace of new and expanded business and long-term contract renewals

Temporary costs and investments partially offset by Wesco 2020 cost savings and expense control

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

Greater efficiency in inventory management while still supporting customers

Strong performance in Americas – top-line growth achieved in all major products

Operating income in Americas stable; higher gross profit offset by \$5.4 million in temporary costs

Adjusted EBITDA and adjusted EBITDA margin in Americas gained momentum

EMEA business underperformed – lower sales and operating income

Implementing key initiatives to drive better performance in EMEA

Confident in ability to improve EMEA operations based on success in Americas

Aggressive Pace of Execution; More Cost Savings Realized

Deeper into facility consolidations; inventory transfers accelerating

Opening previously announced multi-commodity distribution centers

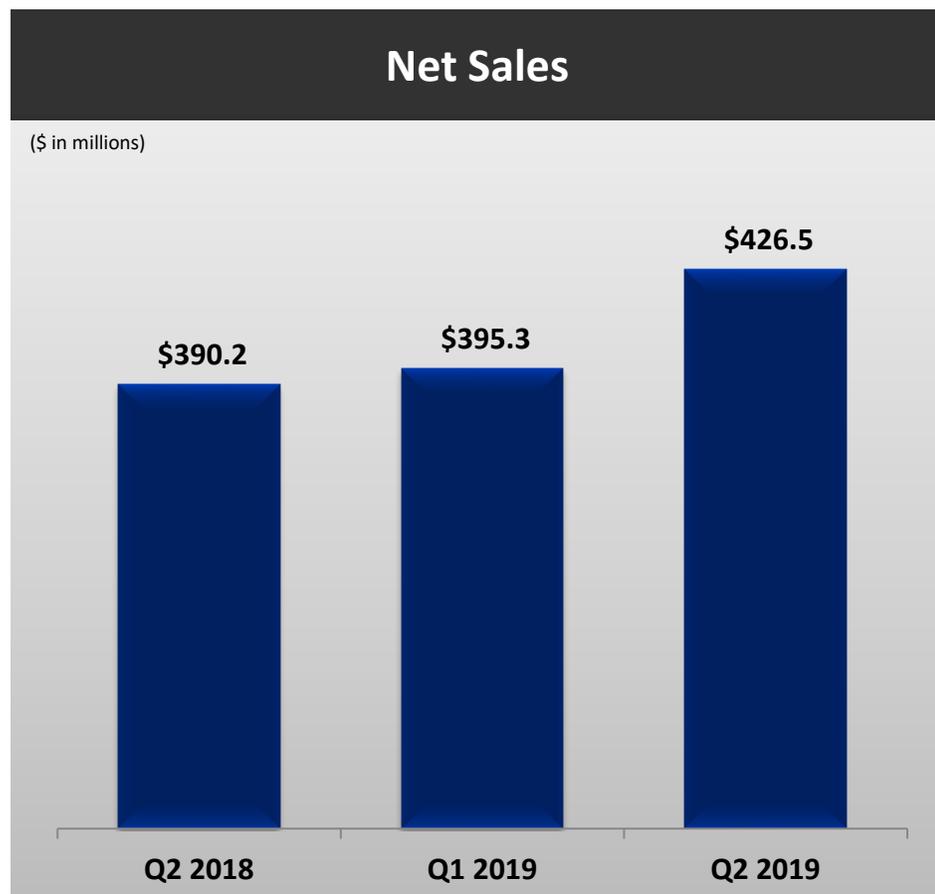
Completed consolidation of sales offices in Americas and EMEA

Continued focus on sales performance initiatives; expanding supplier LTAs

New warehouse management system initiative remains on track

Implementing new demand-planning system, supporting SLOP improvements





Net sales increase of 9% year/year – solid performance across the board, particularly in chemicals and ad-hoc hardware in Americas

Sales under long-term contracts increase of 7% due to:

- **Chemical products/services +9%; hardware +4%**
- **Chemicals primarily reflect pass-through revenue**
- **Participation in military and business jet demand**

Ad-hoc sales 14% higher – particularly strong increase in Americas benefiting from top customer relationships

Net sales 8% higher sequentially, reflecting strong increase in ad-hoc sales

(Dollars in Millions, Except Per Share Data)	Q2 2018	Q1 2019	Q2 2019
Net sales	\$390.2	\$395.3	\$426.5
Income from operations	\$33.2	\$22.1	\$29.8
Operating margin	8.5%	5.6%	7.0%
Net income	\$15.0	\$6.3	\$12.0
Diluted earnings per share	\$0.15	\$0.06	\$0.12
Adjusted net income*	\$22.2	\$16.6	\$23.2
Adjusted diluted earnings per share*	\$0.22	\$0.17	\$0.23
Adjusted EBITDA*	\$45.0	\$37.4	\$46.3
Adjusted EBITDA margin*	11.5%	9.5%	10.9%

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

Second Quarter Commentary

Gross profit increase year-over-year – higher sales volume, partially offset by lower gross margin

Significantly lower EMEA gross margin driven by the same issues in the first quarter of fiscal 2019

Smaller decline in Americas gross margin – ad-hoc margins and dilutive effect of significant chemical pass-through revenue growth

Higher SG&A – increase in Wesco 2020 temporary costs and investment in growth, partially offset by Wesco 2020 benefits

Sequential increase in operating and net income – higher sales volume and gross margin, partially offset by SG&A increase

Adjusted EBITDA sequential increase of 24%

Sequential expansion in adjusted EBITDA margin of 140 bps

At Period End	March 31, 2018	June 30, 2018	Sept 30, 2018	Dec 31, 2018	March 31, 2019
(\$ in millions)					
Cash and cash equivalents	\$35.9	\$45.6	\$46.2	\$25.2	\$32.7
Accounts receivable, net	287.1	302.1	283.8	296.8	316.7
Inventories	889.3	893.5	884.2	912.7	890.1
Accounts payable	194.1	192.9	180.5	184.9	180.7
Total debt	880.7	877.2	845.8	861.8	850.7
Stockholders' equity	672.1	682.3	692.5	698.3	711.2

Quarter Ended	March 31, 2018	June 30, 2018	Sept 30, 2018	Dec 31, 2018	March 31, 2019
(\$ in millions)					
Net income	\$15.0	\$10.8	\$7.3	\$6.3	\$12.0
Adjustments to reconcile net income to net cash (used in) provided by operating activities	11.8	16.3	25.9	16.1	8.7
Changes in assets and liabilities	(32.8)	(10.3)	3.7	(54.8)	5.3
Net cash (used in) provided by operating activities	(6.0)	16.8	36.9	(32.4)	26.0
Purchase of property and equipment	(1.6)	(1.1)	(1.6)	(2.3)	(5.7)
Free cash flow	(7.6)	15.7	35.3	(34.7)	20.3

Robust top-line growth; winning new business and renewing contracts at solid rate

Americas business gaining momentum; addressing challenges in EMEA

Wesco 2020 benefits expected to increase in second half of fiscal 2019 and into fiscal 2020

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

Fiscal 2019 sales outlook increased to mid-to-high single-digit percentage growth

Fiscal 2019 adjusted EBITDA growth target of high-single-digit percentage growth unchanged

Expect significant increase in net cash provided by operating activities in fiscal 2019



APPENDIX

“Adjusted Net Income” represents Net Income before: (i) amortization of intangible assets, (ii) amortization or write-off of deferred debt 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 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 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.

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, 2018	December 31, 2018	March 31, 2019
Adjusted Net Income			
Net income	\$ 15,000	\$ 6,293	\$ 12,010
Amortization of intangible assets	3,713	3,733	3,732
Amortization of deferred debt issuance costs	1,403	1,304	1,305
Special items ⁽¹⁾	4,591	8,485	9,730
Adjustments for tax effect	(2,495)	(3,264)	(3,554)
Adjusted net income	<u>\$ 22,212</u>	<u>\$ 16,551</u>	<u>\$ 23,223</u>
Adjusted Basic Earnings Per Share			
Weight-average number of basic shares outstanding	99,136,015	99,485,989	99,626,736
Adjusted net income per basic share	\$ 0.22	\$ 0.17	\$ 0.23
Adjusted Diluted Earnings Per Share			
Weight-average number of diluted shares outstanding	99,519,925	99,904,111	99,950,811
Adjusted net income per diluted share	\$ 0.22	\$ 0.17	\$ 0.23

(1) 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. 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. Special items in the second quarter of fiscal 2019 consisted primarily of consulting fees of \$3.3 million and other costs of \$6.3 million associated with the company's Wesco 2020 initiative.

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

	Three Months Ended		
	March 31, 2018	December 31, 2018	March 31, 2019
Net Sales	\$ 390,183	\$ 395,311	\$ 426,474
EBITDA and Adjusted EBITDA			
Net income	\$ 15,000	\$ 6,293	\$ 12,010
Provision for income taxes	6,123	2,655	5,127
Interest expense, net	11,965	12,914	12,388
Depreciation and amortization	7,285	7,098	7,067
EBITDA	40,373	28,960	36,592
Special items ⁽¹⁾	4,591	8,485	9,730
Adjusted EBITDA	\$ 44,964	\$ 37,445	\$ 46,322
Adjusted EBITDA margin	11.5%	9.5%	10.9%

(1) 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. 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. Special items in the second quarter of fiscal 2019 consisted primarily of consulting fees of \$3.3 million and other costs of \$6.3 million associated with the company's Wesco 2020 initiative.



THANK YOU FOR YOUR INTEREST IN WESCO AIRCRAFT

For more information, please visit www.wescoair.com