



# Transcat<sup>®</sup>

## *Annual Meeting of Stockholders*

*September 15, 2009*



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*Charles P. Hadeed, President, CEO and COO*

*September 15, 2009*

# Safe Harbor Statement

***These slides, and the accompanying oral discussion, contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company’s customers and suppliers, competitor responses to the Company’s products and services, the overall market acceptance of such products and services, the effect of the Company’s strategy and other factors disclosed in the Company’s periodic reports filed with the Securities and Exchange Commission. Consequently, such forward looking statements should be regarded as the Company’s current plans, estimates and beliefs. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.***



## Senior Management Team

**John De Voldre**

*VP of Human Resources*

**Lori Drescher**

*VP of Business Process  
Improvement and Training*

**David Goodhead**

*VP of Wind Energy Sales*

**John Hennessy**

*VP of Sales*

**Rainer Stellrecht**

*VP of Laboratory Operations*

**Jay Woychick**

*VP of Marketing*

**John Zimmer**

*VP of Finance and CFO*





## Agenda

**Products and  
Services Review**

**Fiscal 2009  
Financial Highlights**

**Strategy and  
Outlook**

**Wind Energy  
Opportunity**

**Investment  
Highlights**



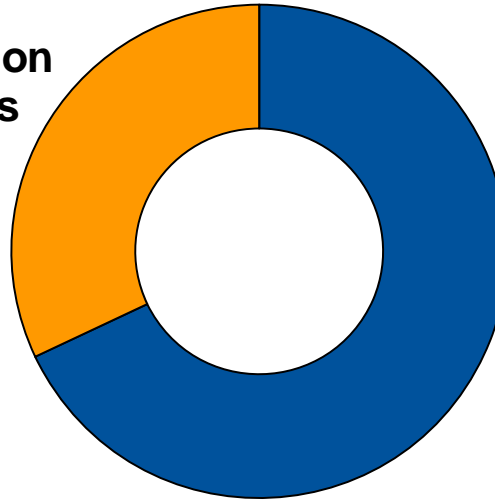
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## Products and Services



Calibration  
Services  
32%



Distribution  
Products  
68%



**FY 2009 Revenue = \$75.4 million**



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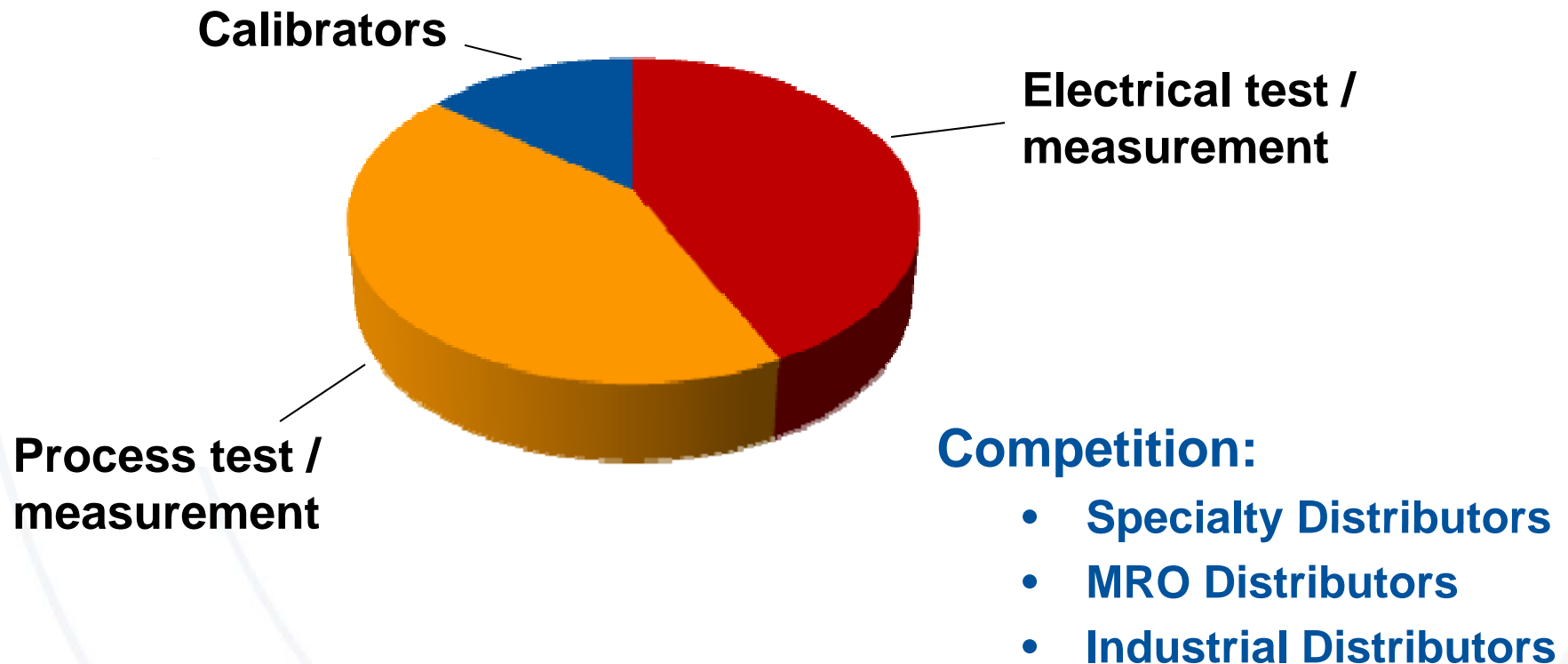


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# PRODUCT SEGMENT

## Handheld Test & Measurement Instrumentation

Market Size: \$0.7 Billion (est.)



### Competition:

- Specialty Distributors
- MRO Distributors
- Industrial Distributors



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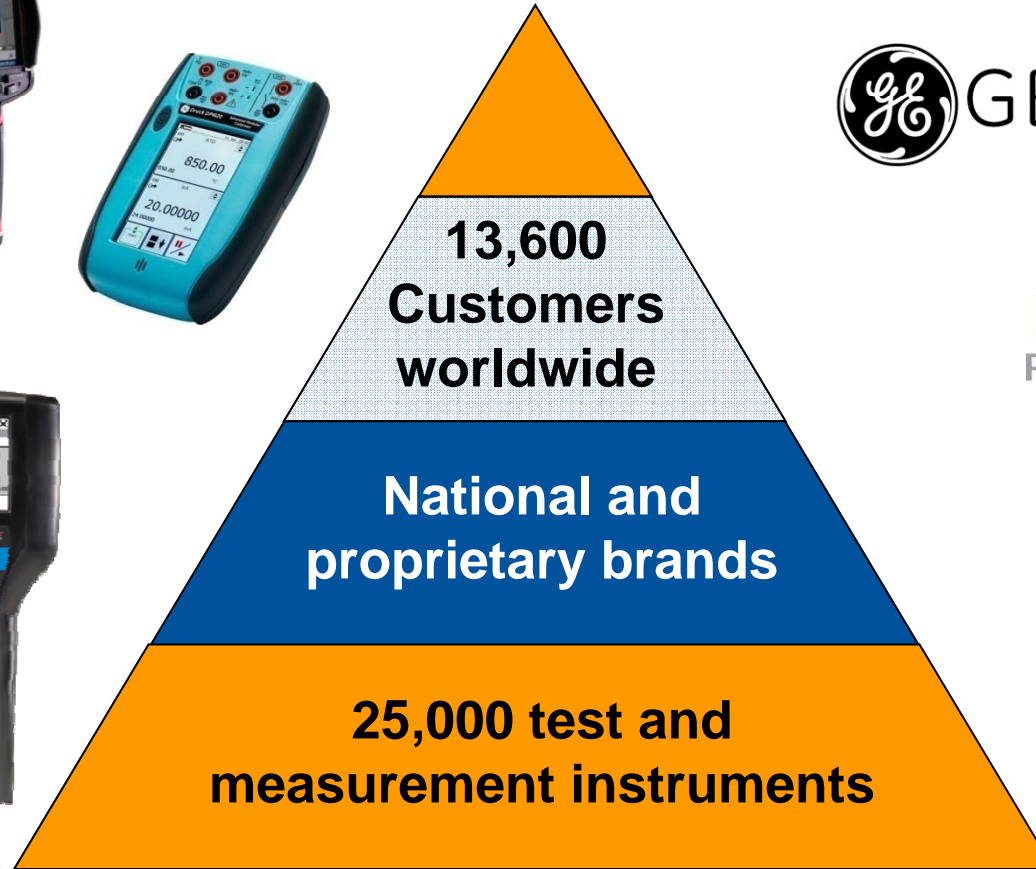


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## Products



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## Transcat's Competitive Advantage

Wide variety  
of  
proprietary  
brands

Consultative  
selling  
approach

Large  
scale  
distributor

Immediate  
availability of  
high-demand  
products

Latest and  
most-  
advanced  
technology

More than  
25 years of catalog  
distribution  
experience

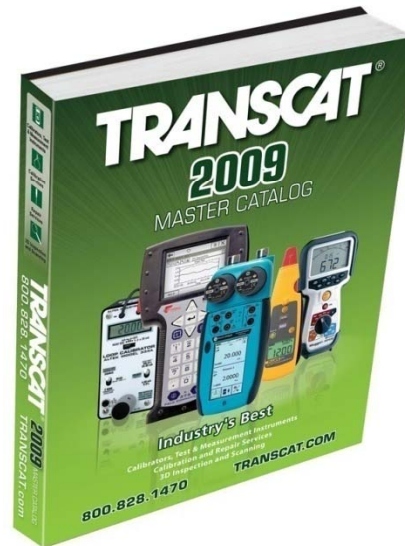


## Three-Pronged Marketing Approach

www.transcat.com

Direct Sales

Direct Mail



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## Growth Opportunities

- ✓ Presence in growth industries
- ✓ Wind energy
- ✓ Increasing online presence
- ✓ New strategic vendor partnerships
- ✓ New product introductions







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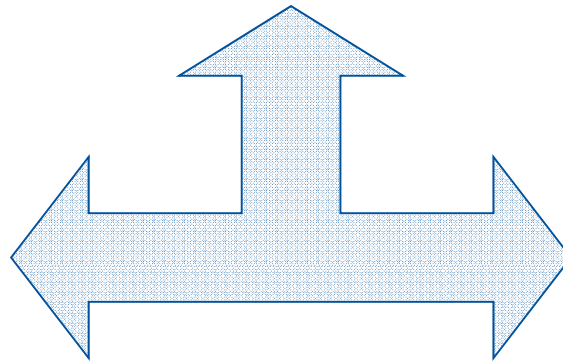
# SERVICE SEGMENT

## Importance of Calibration

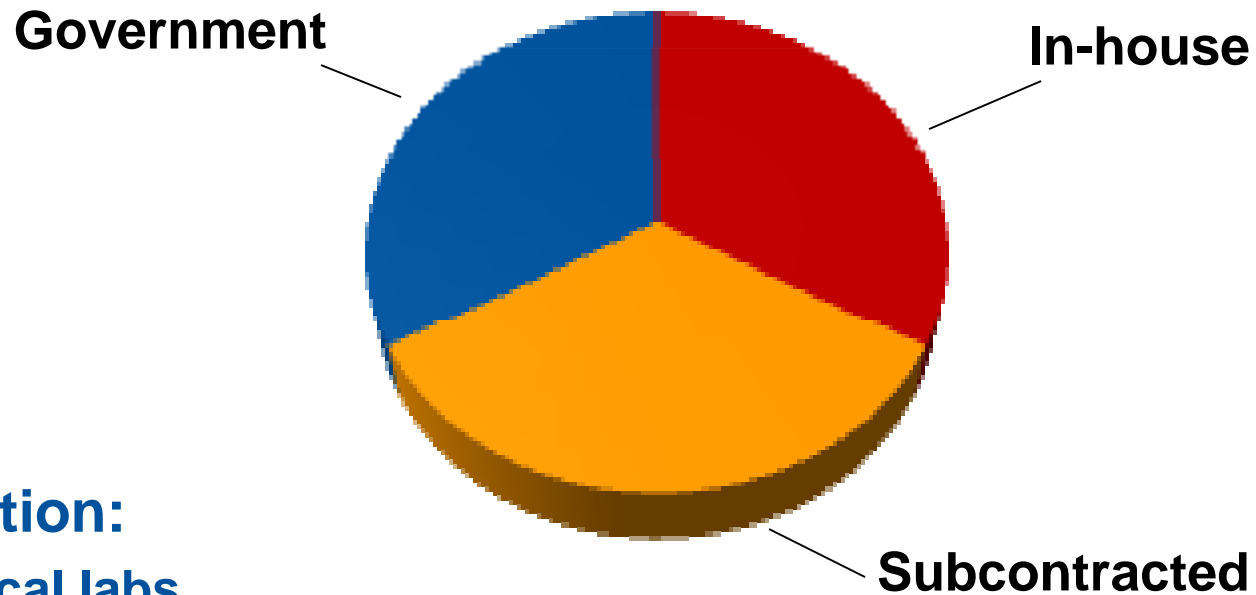
**Meet  
increasing  
regulatory  
requirements**

**Avoid  
risks of  
substandard  
quality**

**Prevent  
operational  
failure  
costs**



## Calibration: \$1.5 Billion Market



### Competition:

- Local labs
- Regional labs (2-5 labs)
- National labs



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## Industries and Customers

Pharmaceutical  
& FDA regulated

Johnson & Johnson

Wyeth  
Pharmaceuticals

Industrial  
manufacturing

United  
Technologies

CORNING

Chemical  
process

DUPONT<sup>®</sup>  
*The miracles of science™*

DOW<sup>®</sup>

Energy &  
utilities

Vestas<sup>®</sup>  
No.1 in Modern Energy

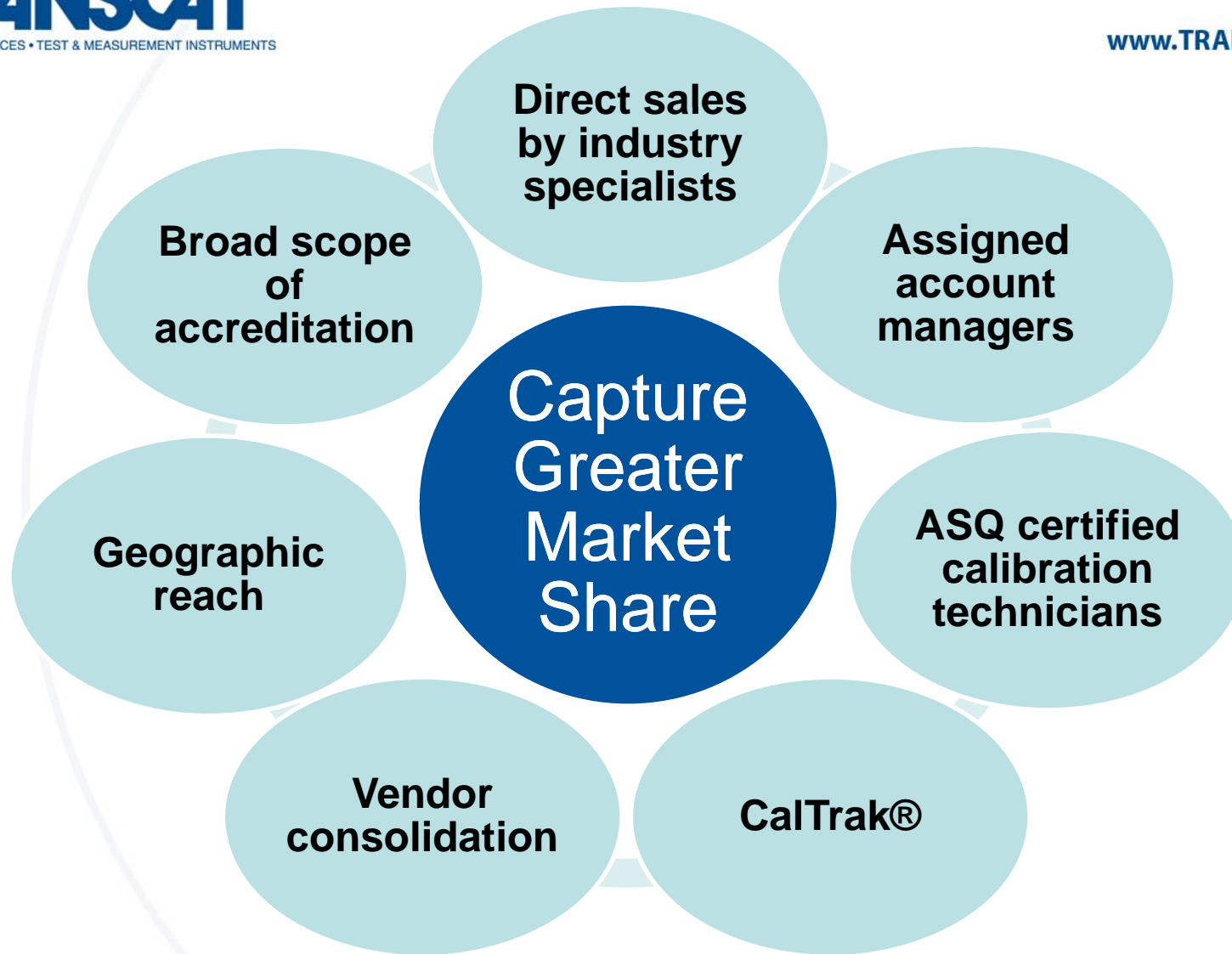
EXXON



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## Transcat Meets Calibration Needs



**Fully accredited, experienced  
calibration provider**



NVLAP Lab Code 200668

**12 Centers of excellence**

**High-demand disciplines:**

- ✓ **Electrical**
- ✓ **Temperature**
- ✓ **Pressure**
- ✓ **Dimensional**



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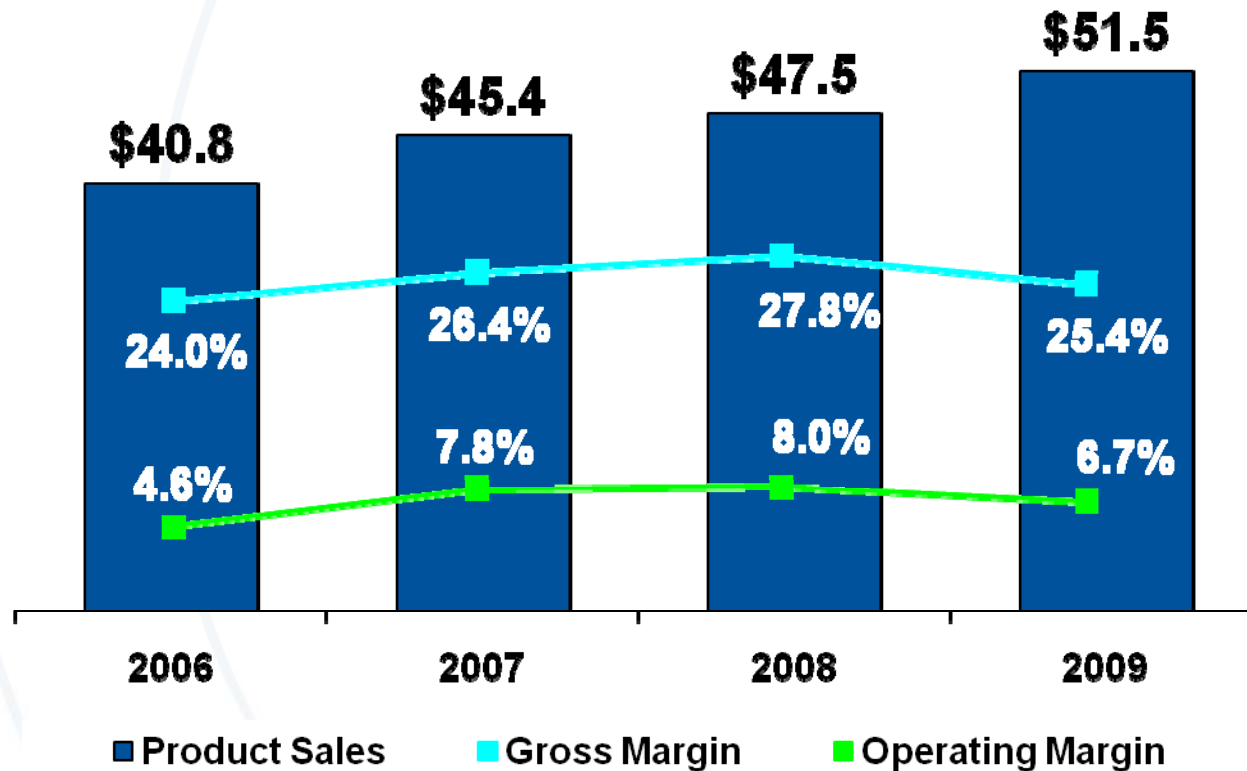




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# FINANCIAL HIGHLIGHTS

## Product Segment Profitability



### Margin Factors:

- ✓ Direct vs. resellers
- ✓ Customer discounts
- ✓ Product mix
- ✓ Domestic vs. international
- ✓ Rebates

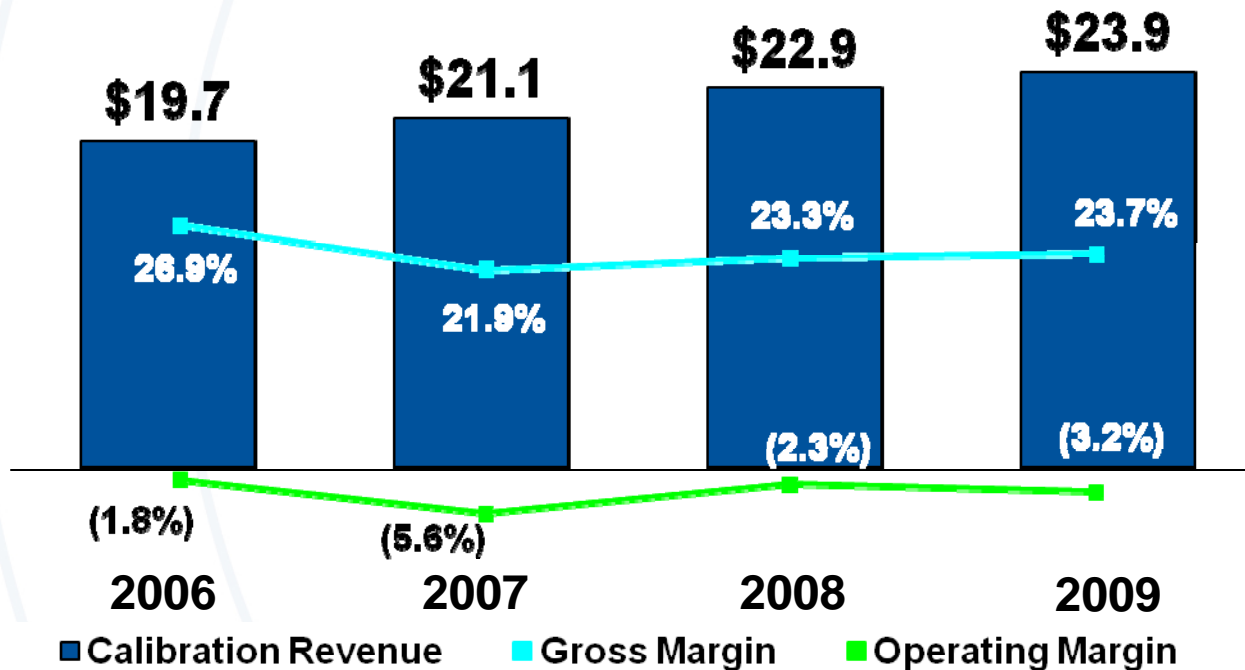


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## Service Segment Profitability



### Margin Factors:

- ✓ Sales and marketing investments
- ✓ In-house vs. subcontracted
- ✓ High operating leverage
- ✓ Order mix by discipline
- ✓ Investment in capital and quality



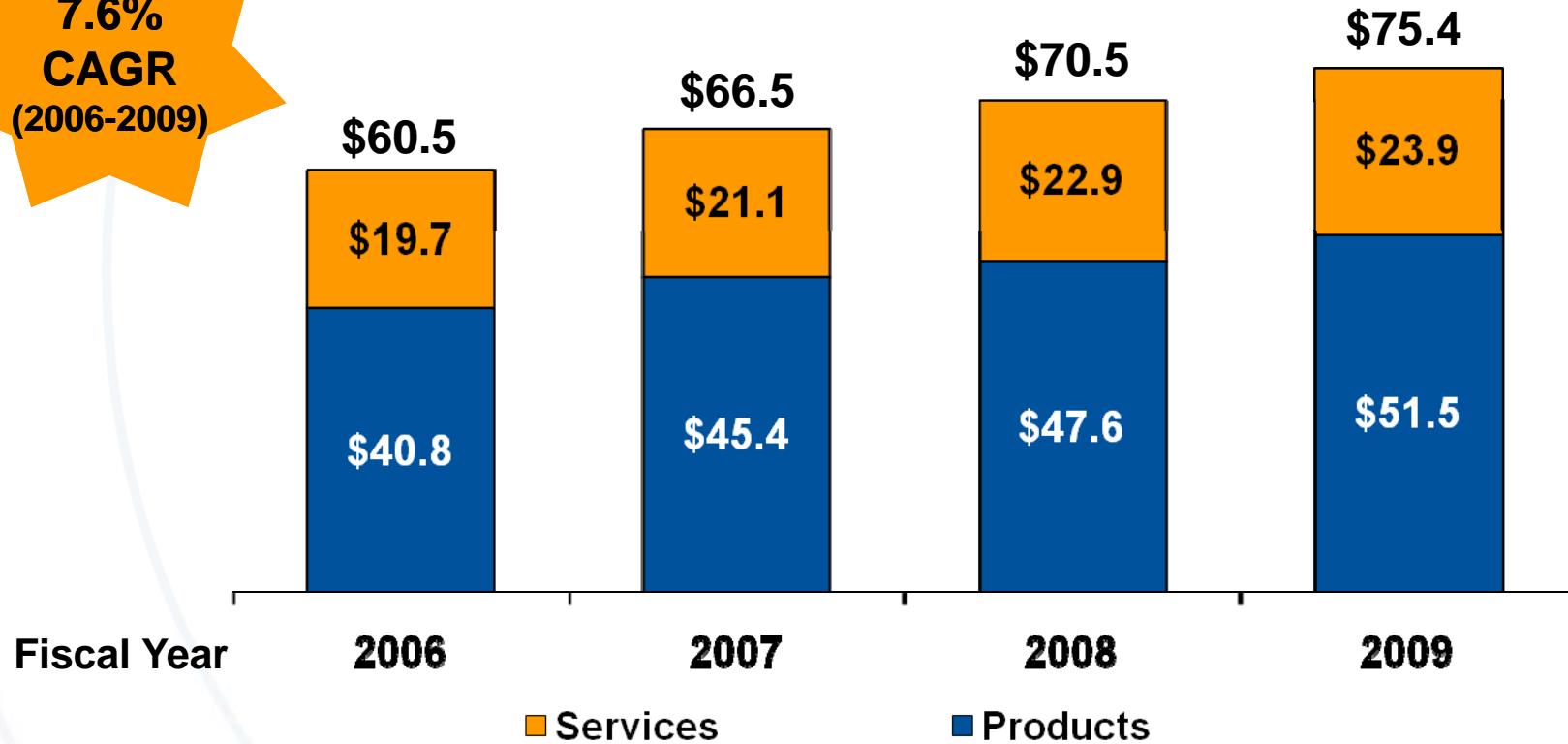
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## Expanding Revenue

(\$ in millions)

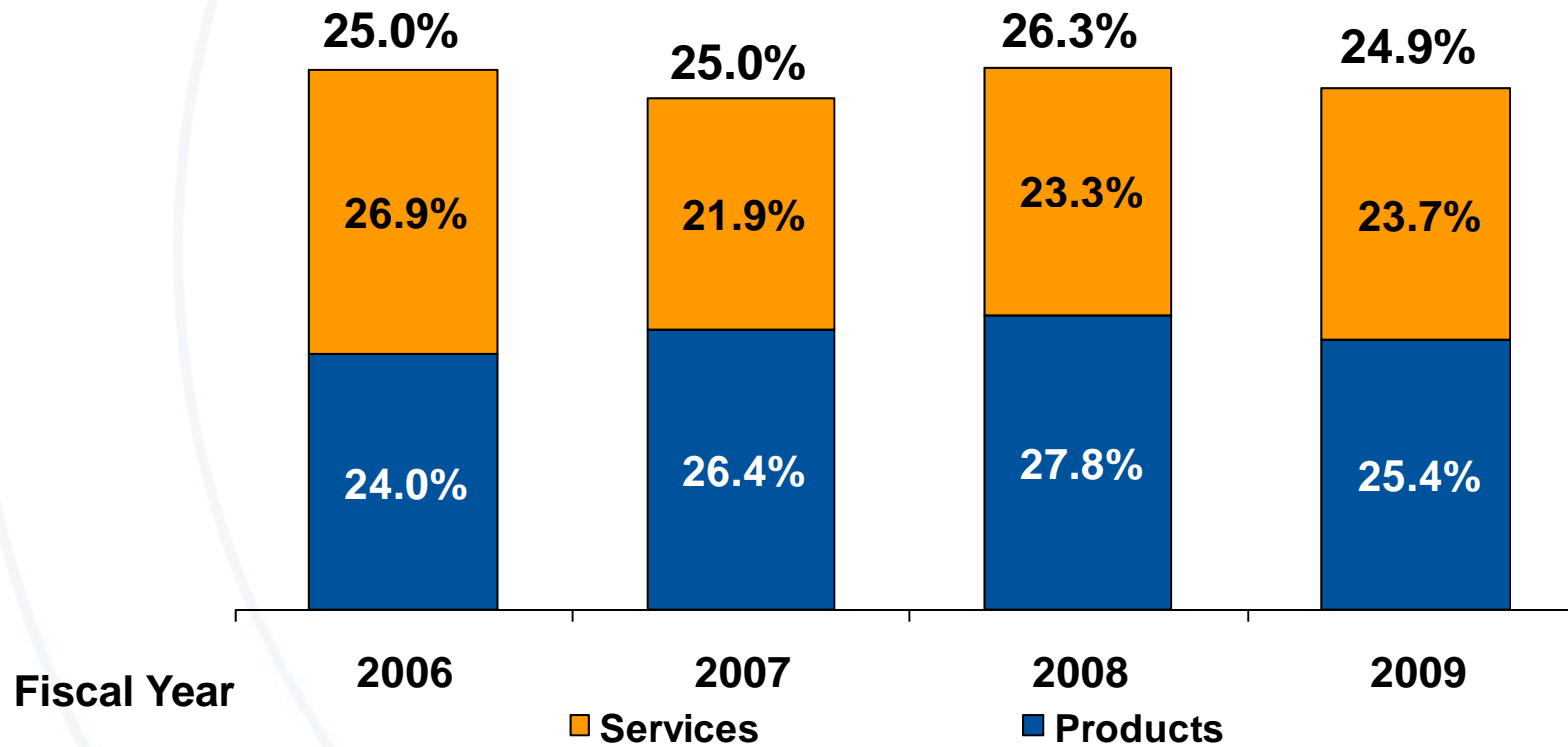
**7.6%  
CAGR  
(2006-2009)**



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## Gross Margin Opportunity

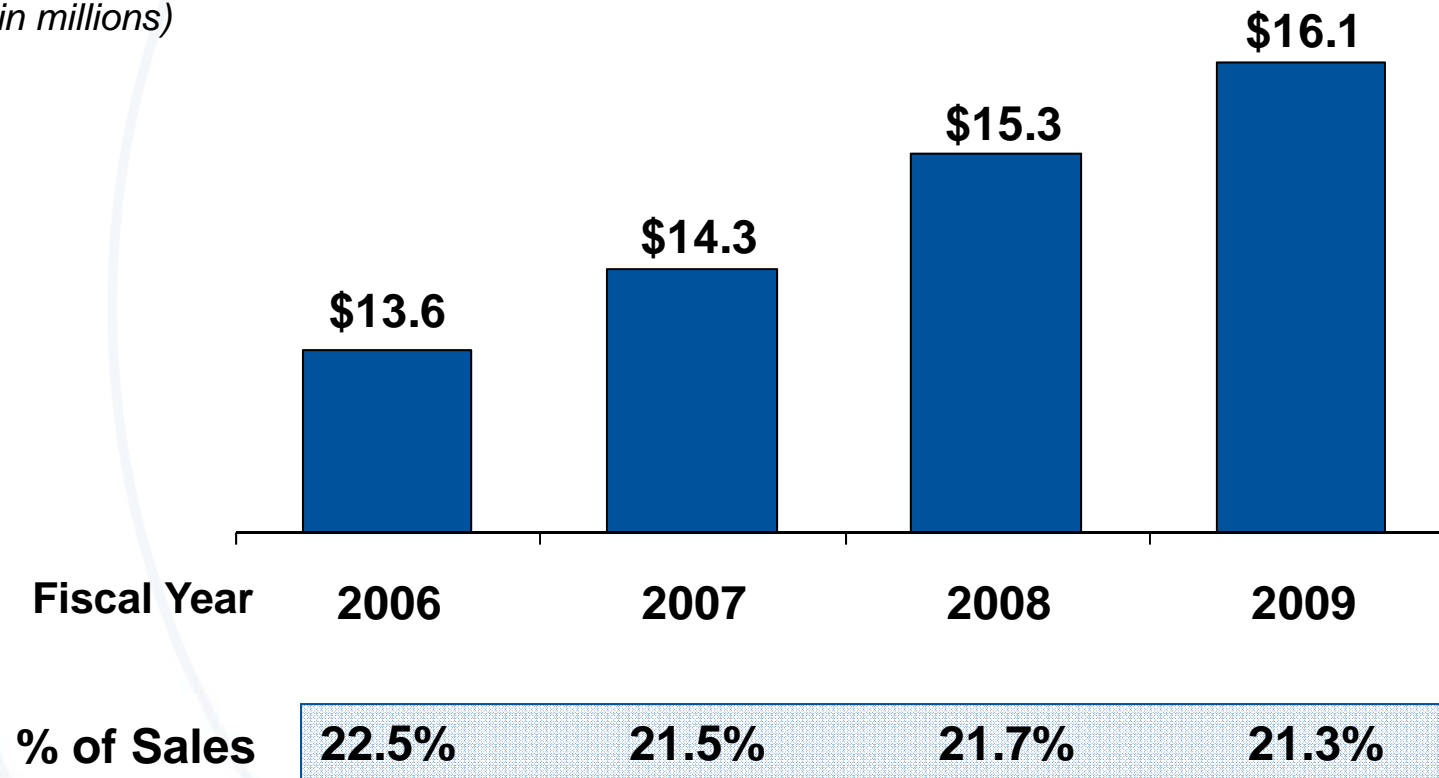


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## Operating Expenses

(\$ in millions)

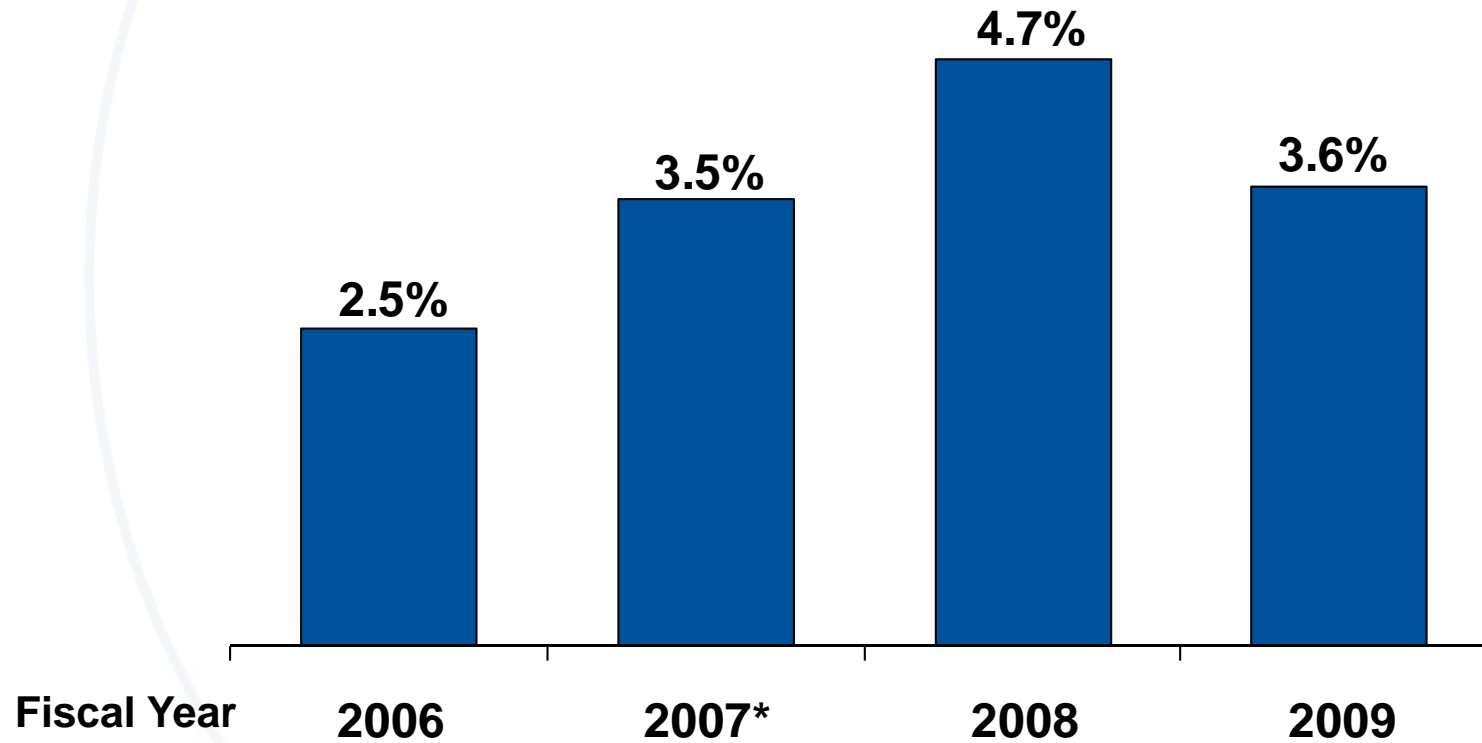


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## Operating Margin



\* Excludes \$1.5 million gain on divestiture of TPG.



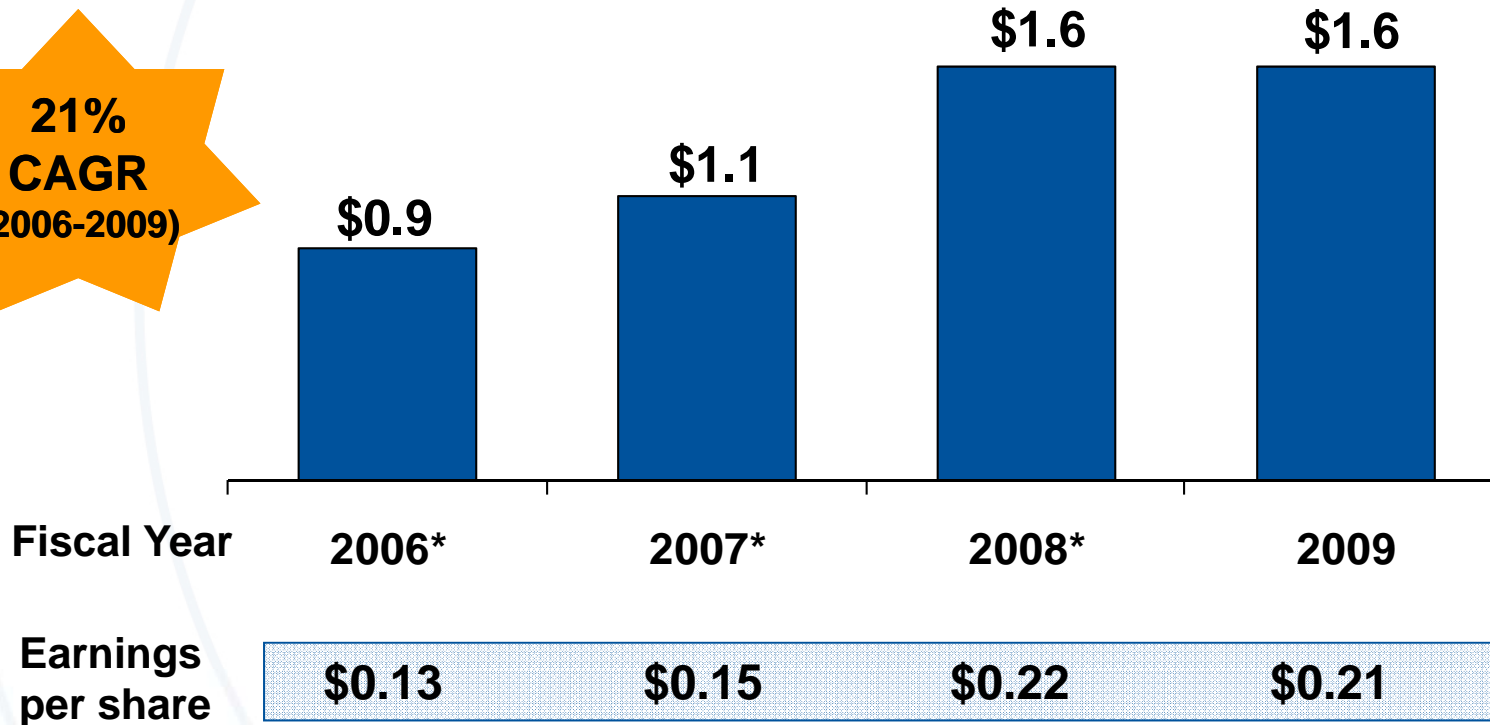
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# Net Income

(\$ in millions)

**21%  
CAGR  
(2006-2009)**



\* Excludes reversal of deferred tax asset valuation allowances of \$2.6M in FY2006 and \$0.8M in FY2008 and \$0.9M gain on divestiture of TPG, net of tax in FY2007.

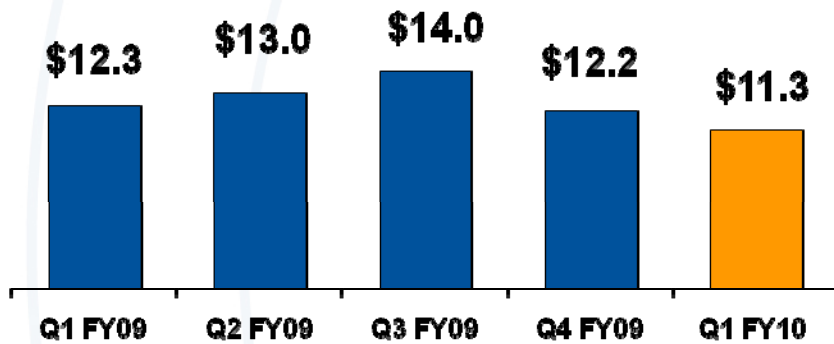


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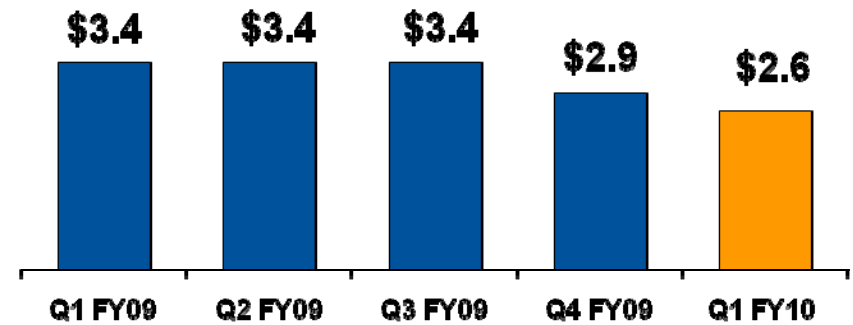


## Product Segment Results Quarterly Trend

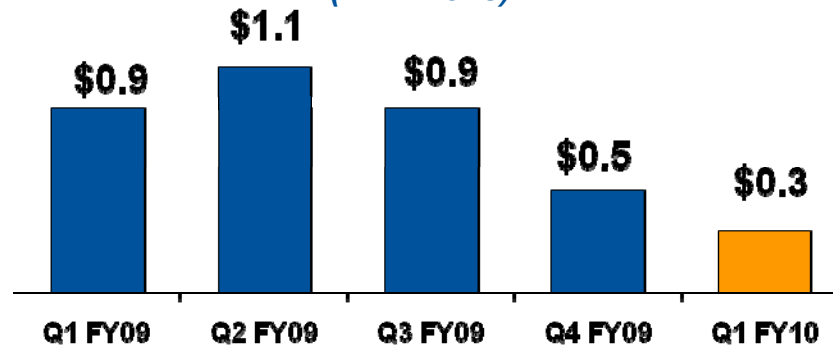
### Revenue (in millions)



### Gross Profit (in millions)

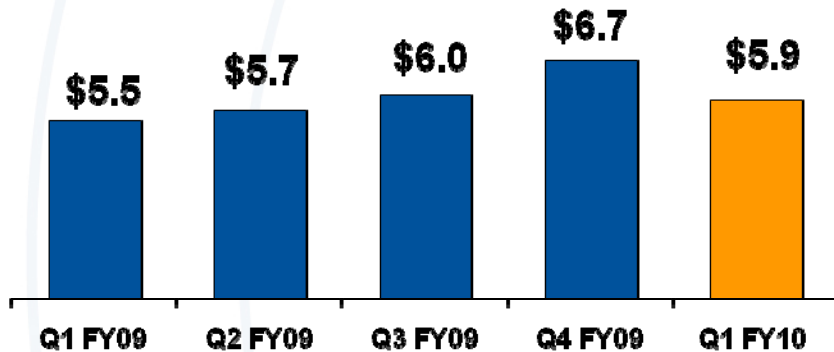


### Operating Income (in millions)

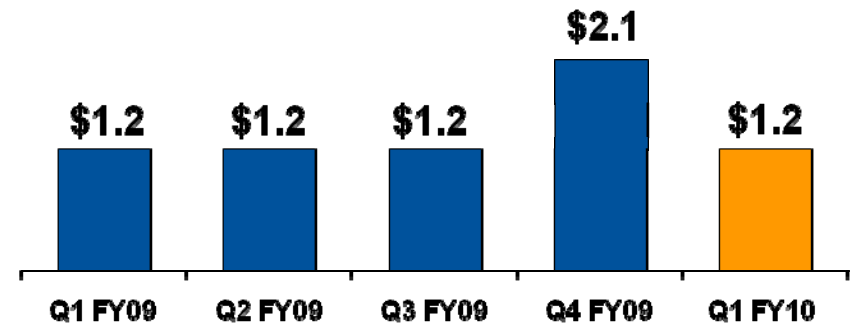


## Service Segment Results Quarterly Trends

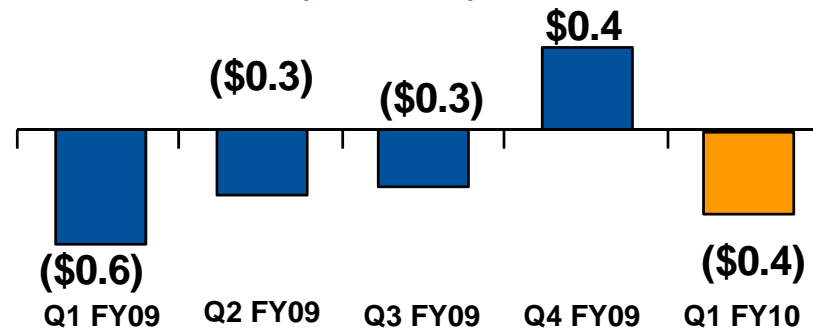
### Revenue (in millions)



### Gross Profit (in millions)



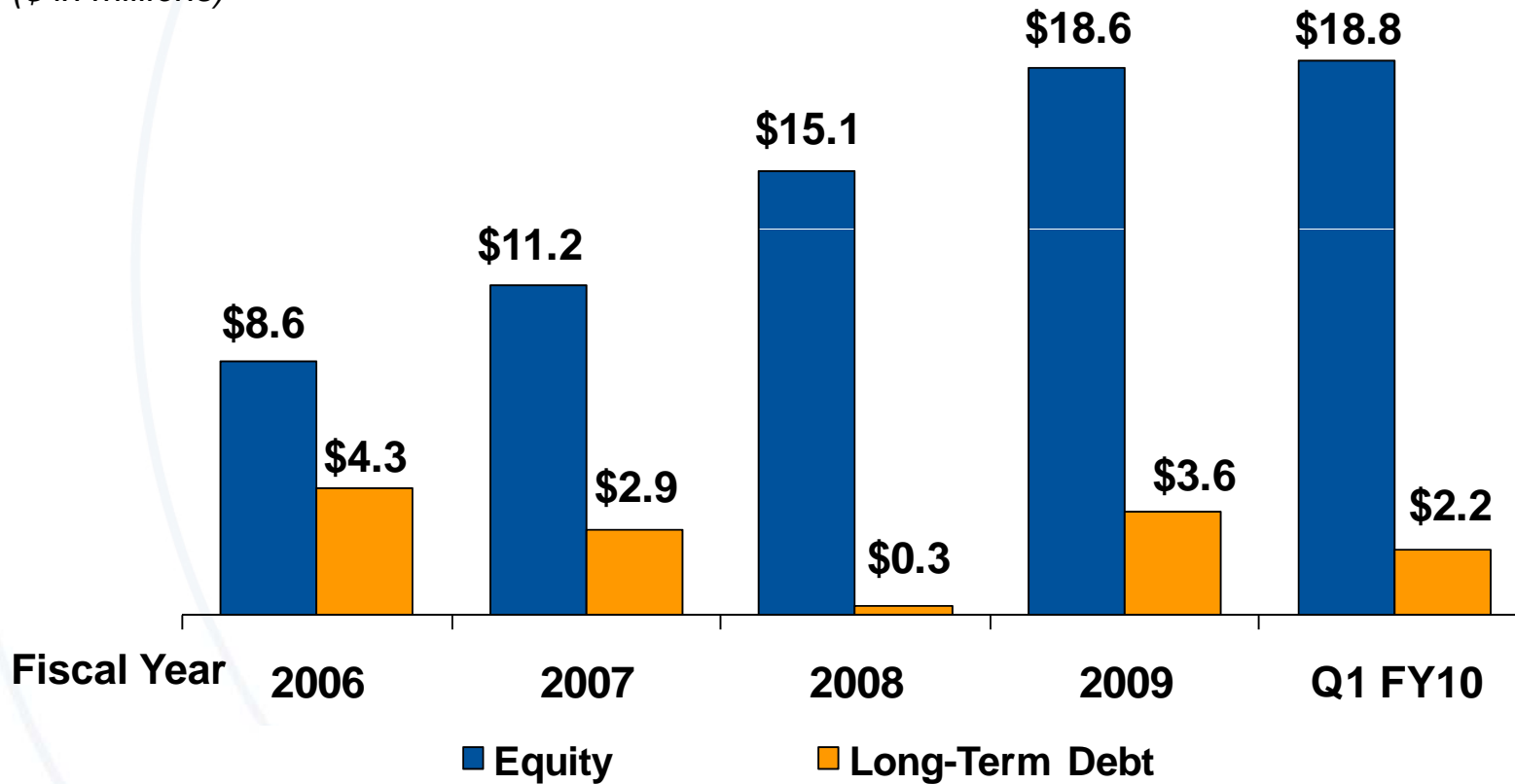
### Operating Income (Loss) (in millions)





## Strong Balance Sheet

(\$ in millions)

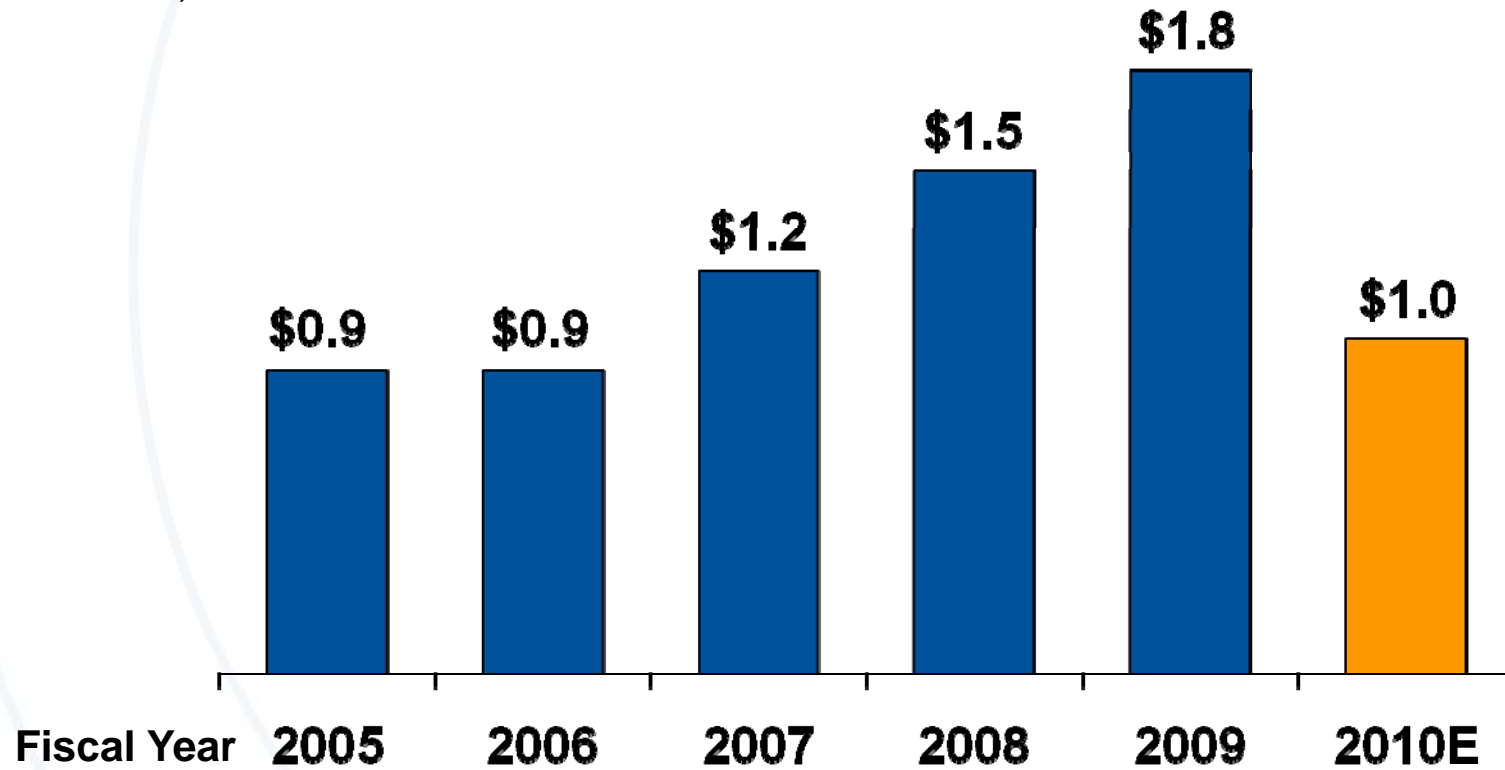


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## Investments for the Future Capital Expenditures

(\$ in millions)



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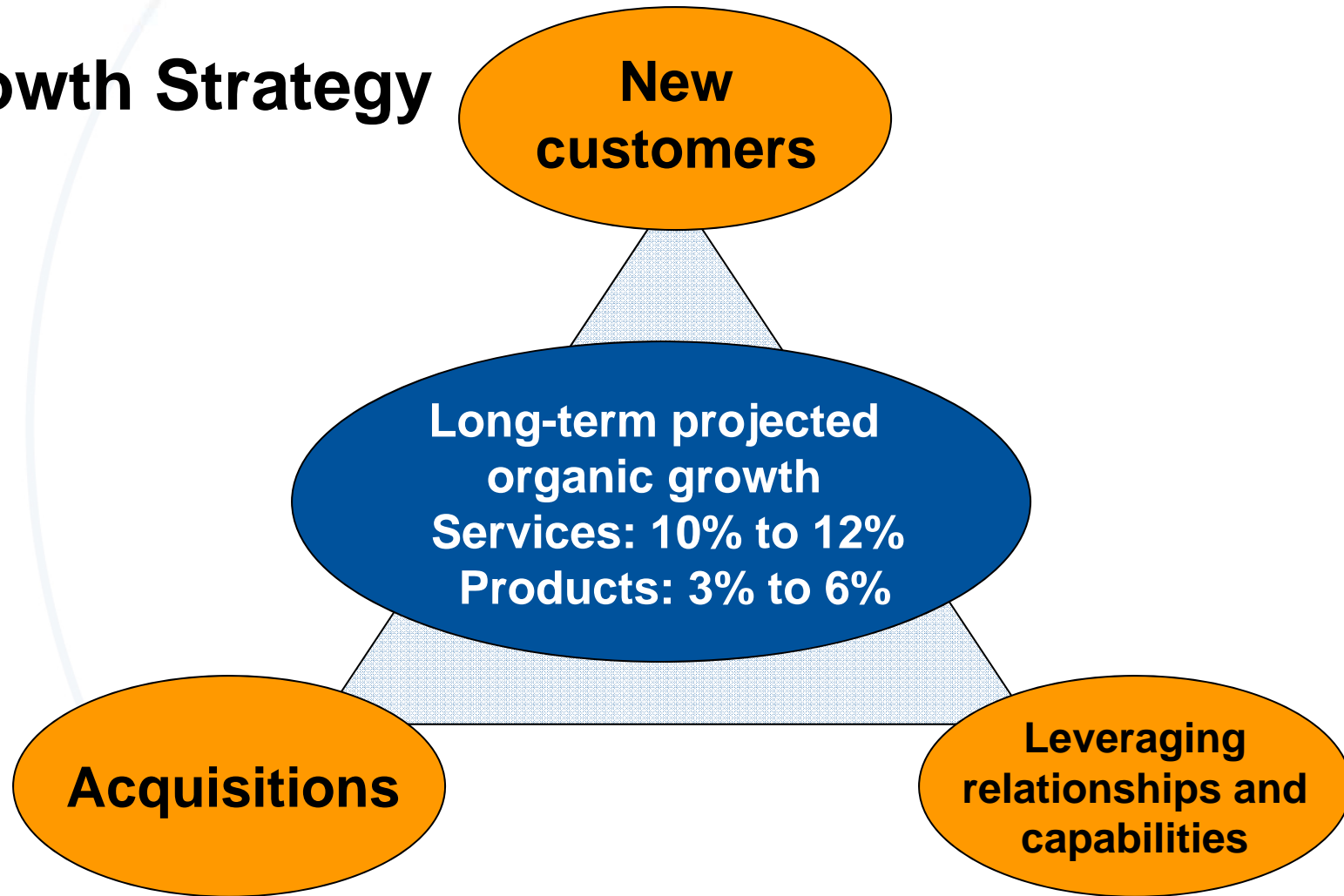




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# STRATEGY AND OUTLOOK

## Growth Strategy





# Strategic Opportunity Wind Energy

## ✓ Relationships

- Vestas
- General Electric
- NextEra

## ✓ American Recovery and Reinvestment Act of 2009

- Over \$40 billion allocated to renewable energy



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## The Transcat Advantage

**Leader in the Test and Measurement Instruments  
and Calibration Services Markets**

**Scalable  
business**

**Leverage portfolio  
of products and services**

**Top-line growth and  
expanding margins**

**Strong balance sheet and financial flexibility**



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