

Sept 7
2016

Annual Meeting of Shareholders

TRANSCAT[®]
Trust in every measure



Good afternoon, welcome to our annual shareholder meeting. I am Lee Rudow, President and CEO of Transcat and I will provide an overview of the current state of Transcat and our direction for FY17 and beyond.

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact and thus are subject to risks, uncertainties and assumptions that often are identified by words such as "expects," "estimates," "projects," "anticipates," "believes," "could," and other similar words. All statements addressing operating performance, events, or developments that Transcat, Inc. expects or anticipates will occur in the future, including but not limited to statements relating to anticipated revenue, profit margins, sales operations, capital expenditures, growth strategy, potential acquisitions, customer preferences and changes in market conditions in the industries in which Transcat operates are forward-looking statements. Forward-looking statements should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Transcat's Annual and Quarterly Reports filed with the Securities and Exchange Commission, including under the heading entitled "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of the Company's underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. In addition, undue reliance should not be placed on the Company's forward-looking statements. Except as required by law, the Company disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained in this presentation.

3

You should know that the presentation you are about to hear contains forward looking statements. As you will note on this slide, these statements are made based on management's knowledge and understanding of our business and the industries we serve. However, there are risks, uncertainties and other factors that could cause our actual results to differ materially from what we discuss here today.

Senior Management Team

Lee D. Rudow	<i>President and Chief Executive Officer</i>
Michael J. Tschiderer	<i>Chief Financial Officer</i>
Robert A. Flack	<i>Vice President of Operations</i>
Jennifer J. Nelson	<i>Vice President of Human Resources</i>
Scott D. Sutter	<i>Vice President of Business Development</i>
Mike W. West	<i>Vice President of Inside Sales and Marketing</i>

Before I get started I would like to take this opportunity to thank and acknowledge the members of our senior leadership team – they dedicate themselves every day to making Transcat a great company.

Please stand as I call your name

Mike Tschiderer – Chief Financial Officer

Rob Flack – Vice President of Operations

Jennifer Nelson – Vice President of Human Resources

Scott Sutter – Vice President of Business Development

Mike West – Vice President of Marketing and Inside Sales

FY 2016 Performance

Record Service segment revenue

- Service revenue up 14%
- Milestone: exceeded Distribution in revenue (53% of Q4)

Distribution headwinds continued

- Segment revenue down 12%
- Approx. half the decline related to weakness in the oil & gas market

Strong cash generation and balance sheet support growth strategy

- Generated \$11.0 million cash from operations in FY16; up from \$4.4 million
- Completed strategic acquisitions for \$13.9 million in FY16; closed another in early FY17

5

Results for the past fiscal year which ended March 26th, 2016 were mixed as strong Service segment results were muted by softness in the Distribution segment. Throughout this presentation the data on our graphs will also detail the trailing twelve months which include the last 9 months from fiscal 2016 and the first quarter of fiscal 2017.

Our Service segment continues to be the primary growth engine from both a revenue and earnings perspective. Service revenue for the year was up 14%, and for the first time, Service revenue exceeded Distribution as Q4 Service revenue was 53% of the total.

This past year was challenging for Distribution. Distribution segment revenue was down 12% for the year as we faced headwinds from low industrial output and weakness in oil and gas (which represented about half the decline)

We are executing an aggressive plan to drive improved performance in our Distribution segment in 2017.

In Fiscal 2016 we generated strong cash from operations, \$11 million versus \$4.4 million in the prior year. And we identified and closed a number of strategic acquisitions that support both segments.

Outstanding Year for Acquisitions

	<i>Geographic Expansion</i>	<i>Increased Capabilities</i>	<i>Leveraged Infrastructure</i>
Excalibur Engineering		✓	✓
Dispersion Laboratory		✓	✓
Spectrum Technologies	✓	✓	
Anmar Metrology	✓		
Calibration Technologies		✓	

**Spectrum & Excalibur:
Largest acquisitions in recent years**

6

While the past year was tough for our industry we believe we more than held our own. Our goal was and is to generate cash flow and accomplish this through a blend of sustainable organic growth, strong operating performance and a stable platform for acquisitions.

In particular the challenging economic environment of Fiscal 2016 provided a number of unique acquisition opportunities. Here is a snapshot of our acquisitions and the drivers behind each one.

Calibration Technologies fortifies our laboratory instrument services in pharma and life science markets,

Anmar Metrology expanded our geographic reach into Southern California with a general purpose lab in San Diego, a market rich in life science and aerospace business.

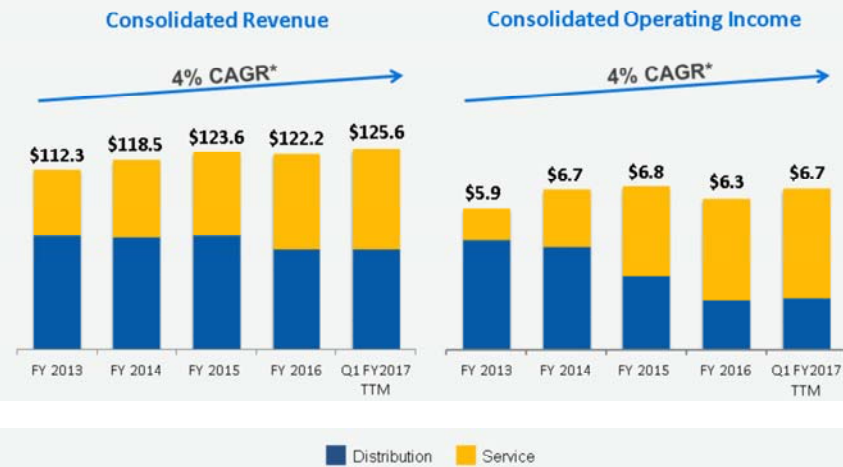
At the end of our third quarter we acquired **Spectrum Technologies**, which added nearly \$6 Million in annual Sales and increased our geographic footprint and capabilities as we now offer a full suite of Biomedical Services throughout North America.

In January 2016 we increased our life science capability and expertise in Montreal, Canada with the acquisition of **Dispersion Laboratories**. Of note, we added the only laboratory in Canada performing robotic mass and automated multichannel pipette calibrations. We are talking State-of-the-Art capabilities.

We closed **Excalibur Engineering** at the very start of Fiscal 2017. The deal added \$8 million in annual sales through a combination of calibration and rental services as well as a used equipment business. Excalibur and Spectrum were two of our largest acquisitions in recent years and we look forward to growing them organically in the years ahead.

Consolidated Results

(\$ in millions)



*FY 2013 - Q1 FY 2017 TTM

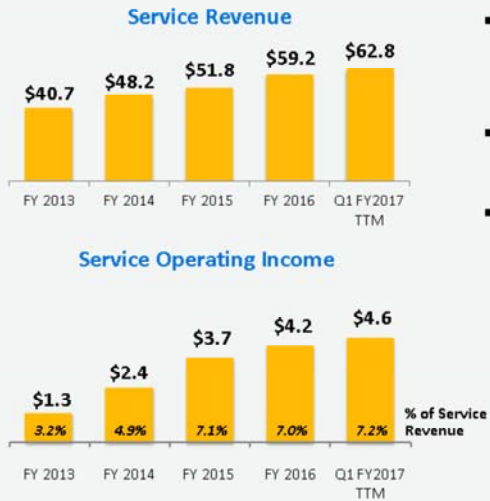
7

Consolidated revenue and operating income both saw a dip in 2016 as strong growth from the Service segment was offset from lower Distribution segment sales. We are pleased, however, that we did start fiscal 2017 with a strong first quarter as we executed our strategic plan effectively despite continued macro challenges.

In the first quarter, the Service segment achieved significant operating leverage, further reinforcing its importance to driving our growth. In addition, the start of Fiscal 2017 saw stronger Distribution segment performance as well.

Record Service Segment Performance

(\$ in millions)



- Revenue increase driven by organic growth and acquisitions
- 29 consecutive quarters of YOY revenue growth
- Strong operating leverage:
Revenue: +27%
Operating Income: +62%
(Q1 FY17 vs Q1 FY16)

8

As I mentioned, our Service segment continues to be our primary growth engine. Higher segment revenue was driven from the continued execution of our acquisition and organic growth strategy with revenue increasing more than 18% on a trailing twelve month basis.

Including the most recent quarter, the segment has delivered 29 consecutive quarters of year-over-year revenue growth.

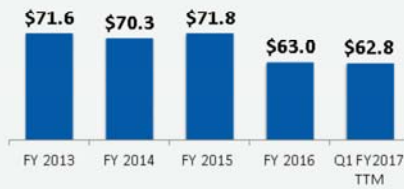
Service operating income growth in fiscal 2016 was not as robust as in recent years largely due to costs associated with last year's high level of acquisition activity. It's important to note that we record acquisition costs all at once as they occur in the year.

Historically our Service segment has delivered very strong operating leverage and we saw that return in the recent first quarter of fiscal 2017 as our Service operating income grew 62% on 27% in revenue.

Focus: Stabilizing Distribution

(\$ in millions)

Distribution Sales



Distribution Operating Income



- Sales impacted by:
 - Soft oil and gas market
 - More on-line distributors
- Opportunities
 - Instrument rental growth
 - Used equipment sales growth
 - Expanding SKUs to grow and diversify

The profitability of our Distribution segment has declined in recent years, most notably with last year’s drop in revenue as sales were challenged by softness in the industrial and energy markets and increased competition from online competitors. Compounding the challenge was the strength of the U.S. dollar and the derivative effect that a strong dollar has on exports of our industrial customers.

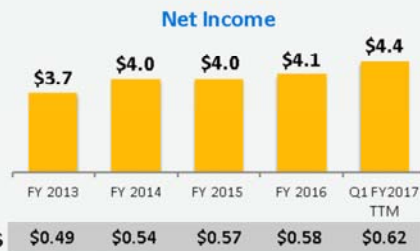
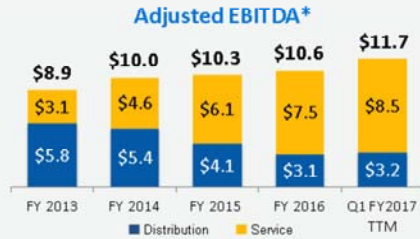
In fiscal 2017 we are focused on a number of opportunities to improve the performance of our Distribution business. We’ve had early success with our entry into the rental equipment business which carries very attractive margins. With the Excalibur acquisition, we are now operating a new “used” equipment business. The **Excalibur platform** will support both of these initiatives with its established operations in both areas.

We are also adapting our distribution business for the changes we are seeing in the industry as the competitive landscape is continuing to evolve and we are operating in a more dynamic market. The trends are real, they are evolving quickly and they are shaping how our customers want to do business.

The strategic management of inventory has become more important than ever and adding differentiated, value-added options are critically important. These changes will likely continue beyond short term economic cycles. An ever-increasing number of customers want to do business online and we will continue to work our technology platforms to offer the best products and services and to deliver them where and when our customers want them.

Strong Cash Generation and Bottom-Line

(\$ in millions)



- Service segment Adjusted EBITDA
 - +71% in Q1 FY17
 - +36% CAGR
- Distribution segment generates significant cash
- Consolidated Adjusted EBITDA margin up 70 bps to 9.3% (on TTM basis)
- Net income: +5% CAGR

* See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Adjusted EBITDA.
CAGR calculated FY 2013 – Q1 FY 2017 TTM
All figures are rounded to the nearest million; therefore, totals shown in graphs may not equal the sum of the segments.

10

We use Adjusted EBITDA as one of our internal measurements.

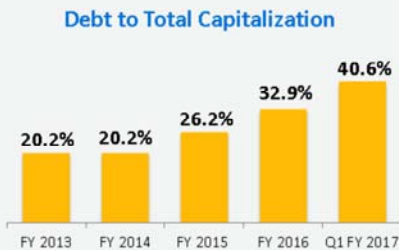
Since fiscal 2013, consolidated adjusted EBITDA has grown at a 9% compound annual growth rate, while the Service segment over the same period of time has achieved a 36% compound annual growth rate.

While margins from Distribution are lower than Service, the Distribution business continues to be a strong generator of cash which we allocate to fund organic and acquired growth.

As highlighted in the Trailing Twelve Month period, our net income increased on the strength of our first quarter as both sales growth and disciplined cost control drove net income 39% higher quarter-over-quarter.

Balance Sheet Supports Acquisition Strategy

(\$ in millions)

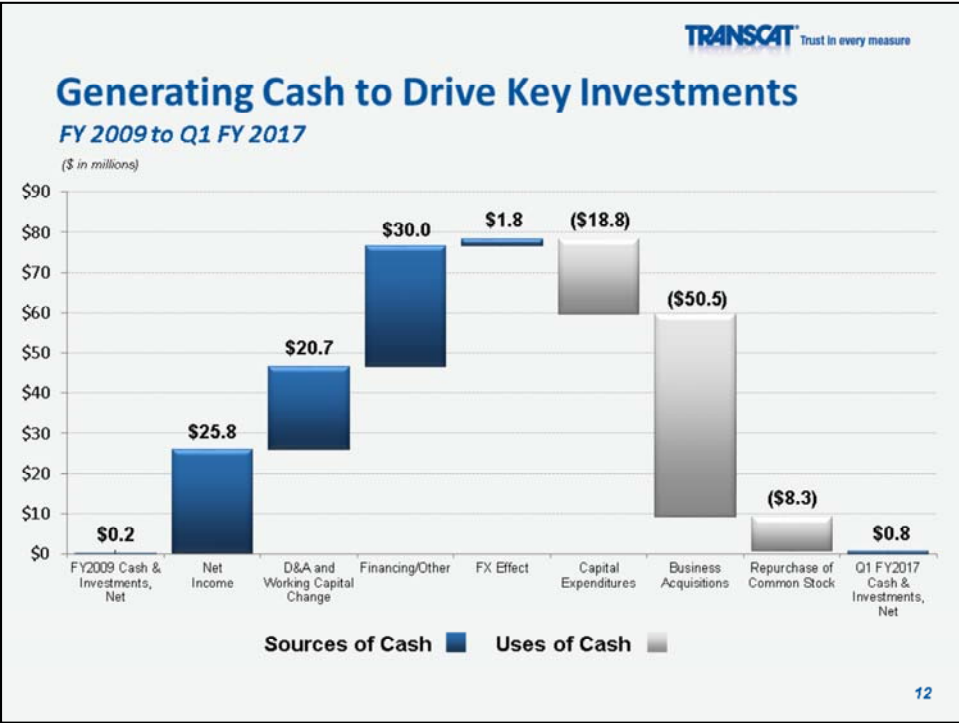


- Acquisitions
 - FY16: \$13.9M paid plus deal holdbacks of \$2.4M
 - Q1 FY17: \$7.6M including deal holdback of \$0.7M
- Financial flexibility
 - Strong cash generation from operations and expanded credit facility
 - Added \$10.0 million term note in Q1 FY17
 - Funded Excalibur acquisition with term note
 - \$11.4 million available from credit facility at end of Q1 FY17

11

We continue to maintain a strong balance sheet that offers the financial flexibility to facilitate our acquisition strategy, satisfy our working capital requirements, and meet our capital expenditure needs. In fiscal 2016, we made a number of acquisitions totaling about \$16.3 million and invested an additional \$7.6 million in the recent first quarter.

Early in fiscal 2017, we acquired **Excalibur Engineering** and concurrent with that we expanded our borrowing capacity by adding a \$10 million term note to our bank credit facility. After funding the Excalibur transaction we had approximately \$27 million in outstanding borrowings under the now \$40 million bank credit facility. At the present time, we believe we have sufficient liquidity for current operations and dry powder to execute our strategic growth plan.



This waterfall chart looks at our cash generation since fiscal 2009, around the time we started our acquisition strategy. We have consistently generated significant cash to drive key growth investments.

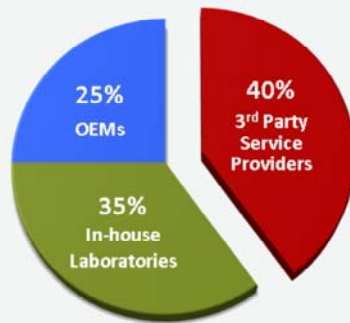
Over the period, we generated a total of about \$78 million in cash from net income and other cash flow items such as depreciation, working capital and financing. The 3 grey bars represent our uses of cash over the period, the majority of which are tied to growth investments, Capex and acquisitions. Though not a top use of cash, we did opportunistically repurchase about \$8 million in shares over the period most notably in fiscal 2014.



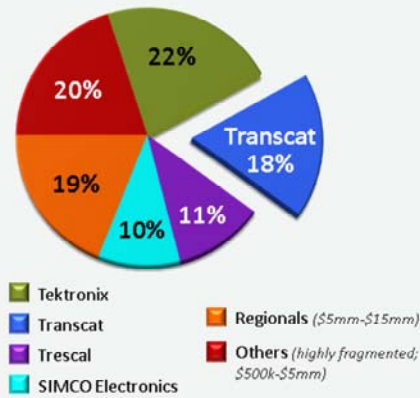
Let me walk you through our market, strategy and outlook

Taking Market Share

\$1.0 Billion Addressable Market¹



#2 in Market Share by Revenue for 3rd Party Service Providers²

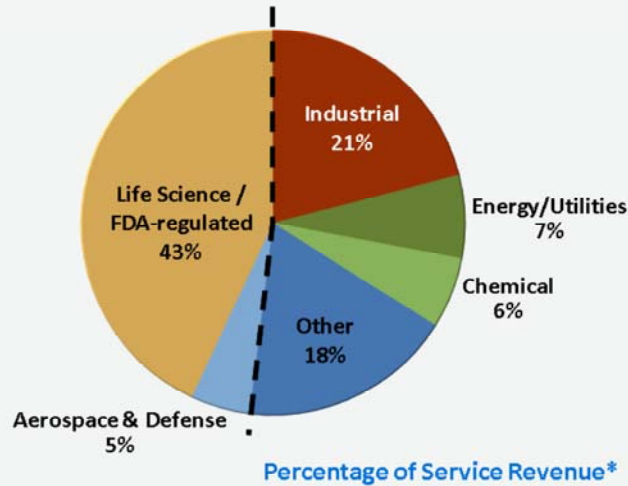


¹ Estimated Addressable North American Calibration Market
² Percentage of Revenue (North America), Company estimates

The North American calibration services market is estimated at \$1 billion and is comprised of the 3 main components as shown in the pie chart on the left. Transcat is part of the 3rd party service providers in red and represents 40% of the market. Our target customers reside in all three of the components including OEMs and In-House Labs.

If you look to the pie chart on the right you see an estimated breakout of the 3rd party calibration providers market which continues to be fragmented. We estimate that Transcat owns the second largest market share within this space. We continue to take market share from our competitors and have consolidated the smaller, owner-operators with our acquisition initiatives. In addition to our high level of acquisition activity, our strong value proposition enables us to continue to take market share as we leverage the significant investments made in our sales model, our business development team and our expanded suite of services.

Focus on Highly Regulated Industries

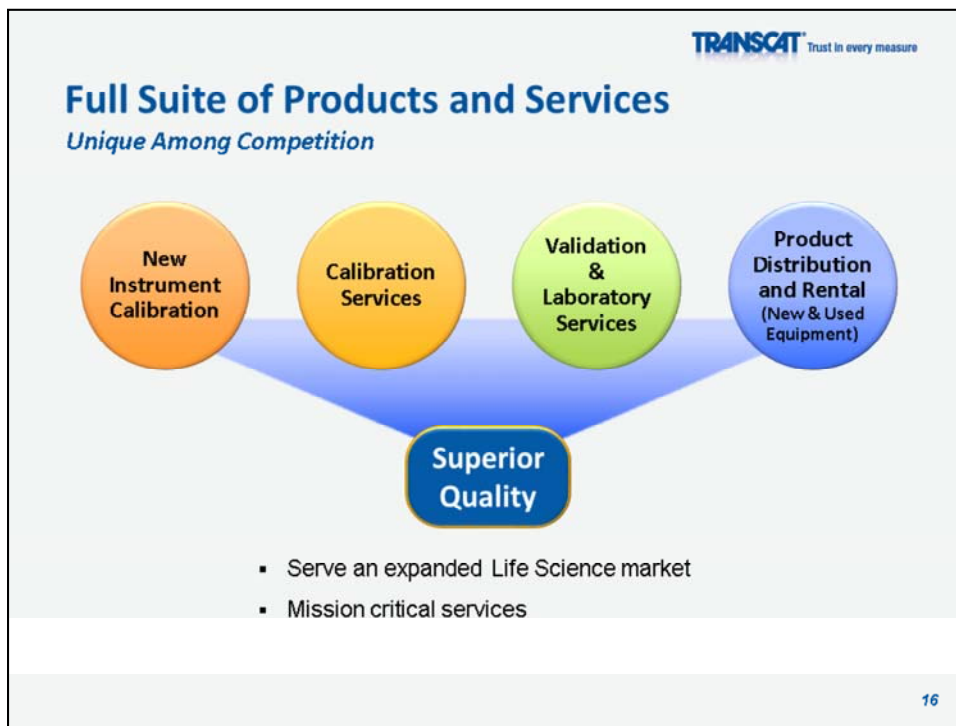


* Company estimates

15

We sell to a broad base of customers including most Fortune 500 companies. We continue to see the greatest opportunities and have achieved the most significant growth in highly regulated industries. This is particularly true in life science which includes pharmaceutical manufacturing, biomedical services and medical device manufacturing.

In the last 24 months we have also made significant gain in the regulated aerospace and defense markets. Regulated markets continue to focus on quality and that's where our value proposition resonates the most.



Transcat offer a diverse suite of services and a very unique value proposition. Historically, Transcat has offered standard calibration services and product distribution. In recent years, we have expanded our addressable service markets by offering a full suite of services that, in particular, targets the life science industry. These services include our Validation and Laboratory equipment services. Most recently, we have expanded our value proposition to include higher-end electronic calibration targeted at the Aerospace and Defense industries.

When you combine these relatively new services with our new Rental and Used Equipment business, Transcat's position in the market place is unique and offers a greater growth opportunity than we've had in the recent past.

Distribution Strategy Pivot



Why the pivot in strategy?

- Great synergies between accounts
- Leverage of current infrastructure
- Higher gross margins on used and rental equipment
- Faster ramp up in new business from well indexed web domain
- Value add in a more competitive, commoditized industry

17

The Service and Distribution segments continue to complement one another, even more so with the new platforms of rental and used equipment. We expect to leverage the higher margin businesses and to capitalize on the increasing strength of our expanded Distribution offerings. Organic growth in both segments is supported by our enhanced web platform and strong focus on SEO integration and higher conversion rates on web traffic. We believe the enhanced platform positions us with a strong digital presence which is particularly important in Distribution as the industry's dynamics evolve.

Service Organic Growth Strategy



- Taking market share from 3rd party providers and OEMs
- Capture outsourcing of internal labs
- Upgraded sales talent and integrated sales model
- Leveraging Distribution segment
- Expanding addressable market through capabilities and geographic expansion
- Continually enhancing our C3 Asset Management software

18

Strategically, we look to continue to drive double-digit Service segment revenue growth. As I mentioned earlier, we expect to grow organically and through acquisition. Organically, we will leverage our compelling value proposition and grow our business by taking market share from other 3rd party providers, OEMs and by outsourcing of in-house calibration labs.

We have a talented sales team, but we will continue to look for ways to be more effective and to drive more **organic** growth. And we will continue to cross-sell and leverage the relationships between our two segments.

Our proprietary C3 Asset Management software provides our customers with much more than a typical database and control program. It allows our customers 24x7, 365 access to all their equipment, tracking of instrument compliance and control and ultimately drive down their cost of managing calibration programs. Most of our large customers are using the software and it has played a major role in the winning of new Service business. C3 embeds Transcat with our customers and drives long term customer intimacy and retention.

Service Acquisition Strategy



- Drivers:
 - Geographic expansion
 - Increased capabilities /expertise
 - Bolt-on / leverage infrastructure
- Majority of opportunities:
Revenue range of \$500K – \$5MM
- Criteria: 4-6x EBITDA
Minimum IRR of 15%

19

The other component to our Service growth strategy is acquisitions. There are 3 main drivers of our acquisition strategy

- 1. Expansion of our geographic footprint.** Geographic expansion provides opportunities to expand relationships with customers who operate manufacturing facilities in multiple locations throughout North America
- 2. Expansion of our capabilities and or expertise** – Additional capabilities and expertise positions Transcat to be more competitive and to reduce outsource spending and associated delays in turn-around-time to the customer.
- 3. Leveraging our current infrastructure with local, bolt-on acquisitions**

The majority of our opportunities are in the \$500 thousand to \$5 million range and we typically pay in the 4 to 6 times EBITDA range. Reflecting our disciplined approach to acquisitions our minimum IRR requirement is 15%.

FY 2017 Outlook*

- Double-digit Service segment revenue growth
 - Incremental sales from recent acquisitions
 - Expect strong organic growth
 - Achieve sales and cost synergies to drive operating leverage and margin expansion
- Stabilization of Distribution segment
 - Core Distribution still faces headwinds but high margin rental business and used equipment sales to grow organically and through acquisition
- Remain selective and disciplined in acquisition approach

Long-term Objectives *(within 4-5 years)*

- \$175 million to \$200 million revenue
- Continued improvement in margin leverage as revenue grows

* Outlook provided as of August 30, 2016

20

In closing we want you to know how optimistic we are about the future.

Driven by a full year of sales from our most recent acquisitions and strong organic growth, we expect continued double digit growth for our Service segment.

And, while acquisitions remain an important element of our growth strategy, in fiscal 2017, the focus will be on maximizing leverage of our larger base of business, and executing both sales and cost synergies from all of our recent acquisitions to drive operating leverage and margins.

While our Distribution business is still facing challenging macros, we are seeing headwinds moderate and we are in a better positioned to offset headwinds with our expanded Rental and Used Equipment business.

We expect the Distribution business to continue to generate significant cash and to continue to play a role in the growth of our Service segment.

Looking further out, our strategic plan is structured to enable growth to \$175 million to \$200 million in revenue within the next 4 to 5 years, and we believe we can improve upon our margins at that revenue level.

All in all, we are confident in our direction and believe Transcat is in a strong position to capitalize on future growth opportunities.

We have a strong leadership team with a proven track record and we believe that the long view of Transcat continues to be quite compelling.

On behalf of Transcat's leadership team we are all very proud to be associated with this great company. Thank you all for being part Transcat.

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SUPPLEMENTAL INFORMATION

TRANSCAT Trust in every measure

Adjusted EBITDA Reconciliation

(\$ in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016	Q1 FY2017 TTM
Service Operating Income(loss)	\$ 1,311	\$ 2,379	\$ 3,693	\$ 4,155	\$ 4,553
+Depreciation & Amortization	1,740	2,144	2,362	3,216	3,783
+Other (Expense)/Income	(84)	(141)	(138)	(64)	(52)
+Noncash Stock Comp	150	230	224	171	166
Service Adjusted EBITDA	\$ 3,117	\$ 4,612	\$ 6,141	\$ 7,478	\$ 8,450
Distribution Operating Income	\$ 4,635	\$ 4,326	\$ 3,075	\$ 2,147	\$ 2,160
+Depreciation & Amortization	962	801	728	730	872
+Other (Expense)/Income	(27)	12	27	16	17
+Noncash Stock Comp	193	297	203	188	171
Distribution Adjusted EBITDA	\$ 5,763	\$ 5,436	\$ 4,113	\$ 3,081	\$ 3,220
Service	\$ 3,117	\$ 4,612	\$ 6,141	\$ 7,478	\$ 8,450
Distribution	\$ 5,763	\$ 5,436	\$ 4,113	\$ 3,081	\$ 3,220
Total Adjusted EBITDA	\$ 8,880	\$ 10,048	\$ 10,254	\$ 10,559	\$ 11,670

The Company believes that when used in conjunction with GAAP measures, Adjusted EBITDA, or earnings before interest, income taxes, depreciation and amortization, other income and expenses, and noncash stock compensation expense, which is a non-GAAP measure, allows investors to view its performance in a manner similar to the methods used by management and provides additional insight into its operating results. Adjusted EBITDA is not calculated through the application of GAAP and is not the required form of disclosure by the Securities and Exchange Commission. As such, it should not be considered as a substitute for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.