



Fiscal Third Quarter 2021 Conference Call Presentation

May 7, 2021

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Key Q3 FY21 Messages

Q3 FY21 RESULTS & TRENDS

- Electronics revenue increased ~ 35% YOY with 17.7% organic growth; solid demand for relays in solar, electric vehicle applications and reed switches for transportation end markets
- Scientific revenue increased 65% YOY; on track for high end of previous \$10M-\$20M range for COVID-19 vaccine storage sales in FY21
- Sequentially, Specialty Solutions, revenue and operating income increased 18.3% and 32.4%; early stages of recovery in food service and refuse end markets

POSITIONING FOR HIGHER GROWTH & MARGIN

- Electronics backlog realizable in under one year increased ~ 26% sequentially; favorable trajectory in end markets as electric vehicle and renewable energy
- Leveraging Renco Electronics' complementary customer base and end markets
- Divestiture of Enginetics Corp. accretive to margin profile; continued ETG focus on core spin forming solutions serving space, commercial aviation, and defense end markets

PRODUCTIVITY & FINANCE INITIATIVES

- Continued progress mitigating material inflation through changes in reed switch production/material substitution; on track to substantially complete transition by the end of FY22
- Hydraulics aftermarket revenue increased 23% YOY in Q3 FY21; focus on allocating production capacity to highest margin opportunities
- Interest expense ~28% lower YOY due to previously announced floating to fixed rate interest swaps

STRONG FINANCIAL POSITION

- ~\$209M in available liquidity and net debt to adjusted EBITDA ratio of 0.8x
- Free cash flow to net income conversion rate ~ 92% through the first nine months of FY21; expect YTD conversion ratio to increase in Q4 FY21
- Cash repatriation on target for at least \$35M in FY21; Expect ~\$125M to have been repatriated between FY19-FY21

Q4 FY21 OUTLOOK

- In Q4, expect a slight to moderate revenue increase sequentially; revenue growth at Electronics, Engraving and Specialty Solutions, partially offset by Enginetics divestiture which contributed ~\$4M in Q3 FY21
- Expect significant operating margin improvement sequentially in Q4 driven primarily by Electronics, Engraving and Engineering Technologies as well as impact of productivity and efficiency actions company-wide

Electronics

\$ in 000's	Q3 FY21	Q3 FY20	% Change
Revenue	\$65,085	\$48,069	35.4%
Operating Income	\$12,364	\$8,017	54.2%
OI Margin	19.0%	16.7%	

Leveraging Manufacturing and Technology Capabilities



- Relays volume 2x compared to last year, growth driven by electric vehicles and solar applications
- New program win: Magnetic motion system for defense elevator application; \$11M+ order over three years

Q3 FY21 Summary

- Organic revenue growth of 17.7% YOY reflecting broad-based geographical recovery; strengthening in demand for relays for solar and electric vehicle applications as well as reed switches for transportation end markets.
- Renco acquisition contributed approximately \$6.4M in revenue; effectively leveraging customer base and end markets
- Operating income increase reflected operating leverage associated with revenue growth, productivity initiatives, and Renco profit contribution partially offset by increased raw material cost
- New business opportunity funnel has increased to \$59M across broad range of markets; expected to deliver \$12.4M of incremental sales in FY21

Q4 FY21 Outlook

- Sequentially, expect a moderate increase in revenue and slight operating margin improvement
- Backlog realizable under a year increased ~\$20M or approximately 26% sequentially in Q3 FY21
- Expect continued end market strength and further growth for relays in solar and electronic vehicle applications

Engraving

\$ in 000's	Q3 FY21	Q3 FY20	% Change
Revenue	\$36,026	\$35,431	1.7%
Operating Income	\$4,510	\$4,472	0.8%
OI Margin	12.5%	12.6%	

Ford F-150 Platform Win; Growing Soft Trim Demand



- Leveraging GS Engineering proprietary technology for production of in-mold grained tools
- Well-positioned to address auto industry focus on interior comfort of vehicles and evolution from leather to more sustainable materials

Q3 FY21 Summary

- Revenue increase reflected favorable foreign exchange impact partially offset by timing of projects
- As expected, operating income was similar year-over-year reflecting a less favorable project mix
- Laneway sales at ~\$13.6M, or up ~ 5% sequentially, including soft trim tools, laser engraving and tool finishing

Q4 FY21 Outlook

- Sequentially, expect slight revenue and more significant operating margin increase
- Q4 FY21 expected to reflect a more favorable geographic mix, project timing, and increased soft trim product demand leveraged over productivity and cost initiatives

Scientific

\$ in 000's	Q3 FY21	Q3 FY20	% Change
Revenue	\$24,221	\$14,670	65.1%
Operating Income	\$5,803	\$3,204	81.1%
OI Margin	24.0%	21.8%	

Comprehensive Refrigeration Storage Solutions



- Clinical setting with vaccine storage refrigerators and freezers for both short and long-term storage

Q3 FY21 Summary

- Revenue increase reflected continued positive trends primarily attributable to COVID-19 vaccine storage demand
- Growth in key end markets including pharmaceutical channels, clinical laboratories, and academic institutions
- Operating income increased due to higher volume balanced with investments to support future growth opportunities

Q4 FY21 Outlook

- Sequentially, expect moderate decrease in revenue and margin reflecting lower demand for COVID-19 vaccine storage and higher freight costs; operating margin expected to be above 20%
- Expect to achieve high end of our initial guidance of \$10M to \$20M for COVID-19 related sales
- Executing a healthy pipeline of new product development projects

Engineering Technologies

\$ in 000's	Q3 FY21	Q3 FY20	% Change
Revenue	\$19,951	\$26,730	-25.4%
Operating Income	\$1,245	\$3,098	-59.8%
OI Margin	6.2%	11.6%	

Well Positioned to Serve Growing Missile Market

- Supporting critical development of new growth platforms and next-generation hypersonic programs
- Recently signed several multi-year agreements with leading aerospace and defense manufacturers



Q3 FY21 Summary

- Revenue decrease reflected the economic impact of COVID-19 on the commercial aviation markets and project timing in space and energy segments partially offset by growth in defense end markets
- Operating margin decrease due to lower volume partially offset by productivity and cost initiatives

Q4 FY21 Outlook

- Expect revenue to be sequentially similar to Q3 FY21
- Expect growth in commercial aviation, defense and space offset by the absence of Enginetics sales due to its divestiture at the end of Q3 FY21
- In Q4 FY21, expect significant sequential increase in operating margin due to continued broad-based end market recovery and favorable mix, complemented by ongoing productivity initiatives

Specialty Solutions

\$ in 000's	Q3 FY21	Q3 FY20	% Change
Revenue	\$26,933	\$30,574	-11.9%
Operating Income	\$4,251	\$4,879	-12.9%
OI Margin	15.8%	16.0%	

New School Food Merchandiser



- Provides easy access to milk and other healthy food choices for all ages of children
- Developed in collaboration with school consultants to provide space for milk, other drinks, and cold foods in a smaller footprint
- Demand favorably impacted by school and restaurant re-openings

Q3 FY21 Summary

- Revenue and operating income decrease primarily reflected the economic impact of the COVID-19 pandemic on the segment's end markets particularly in food service equipment
- Hydraulics aftermarket revenue increased 23% YOY in Q3 FY21 reflecting focus on allocating production capacity to highest margin opportunities

Q4 FY21 Outlook

- Sequentially, expect a slight increase in revenue as end markets continue to recover, particularly in food service and refuse
- Expect operating margin to slightly decrease sequentially reflecting material inflation, which the Company is seeking to recover through pricing actions

Q3 FY21 Income Statement Summary

(\$ in M's)	Q3 FY21	Q3 FY20	YOY	Comments
Revenue	\$172.2	\$155.5	10.8%	Reflects organic growth, Renco contribution and F/X partially offset by COVID-19 economic impact Organic revenue: +3.9% YOY Acquisition-related impact: +4.1% F/X impact: +2.8%
Adj. Operating Income	\$21.0	\$17.6	19.2%	Operating leverage associated with increased sales and productivity initiatives
<i>Margin %</i>	12.2%	11.3%	+90 bps	
Adj. EBITDA	\$29.0	\$26.1	11.2%	
<i>Margin %</i>	16.9%	16.8%	+10 bps	
Net, Interest Expense	\$1.3	\$1.8	-27.8%	Lower borrowings and interest rate
<i>Tax Rate %</i>	24.9%	26.2%	-130 bps	
Adj. Net Income	\$14.6	\$11.9	22.5%	
<i>Margin %</i>	8.5%	7.6%	+90 bps	
Adj. EPS	\$1.19	\$0.96	24.0%	
Shares Outstanding	12.3	12.4	-1.2%	94,000 shares repurchased in Q3 FY21

Q3 FY21 Free Cash Flow

AS REPORTED (\$M)

Net cash provided by operating activities, as reported

Less: Capital Expenditures

Free operating cash flow

	Q3 FY 21	Q3 FY 20
	<u> </u>	<u> </u>
	\$ 17.8	\$ 12.8
	(5.4)	(5.5)
	<u> </u>	<u> </u>
	\$ 12.4	\$ 7.3

- Solid working capital execution and performance
- Q3 FY21 Free Cash Flow inclusive of ~ \$3 million pension payment

~92% Free Cash Flow Conversion Rate Through Nine Months Ended FY21

Q3 FY21 Capitalization

Favorable Liquidity Profile

- Net debt to adj. EBITDA of 0.8x
- Net debt to total capital of 14.5%
- ~11.4x interest coverage ratio
- ~\$209M of available liquidity
- Repatriated ~ \$6M in Q3 FY21 and expect to repatriate at least \$35M in FY21

Capital Spending

- \$5.4M of CAPEX in Q3 FY21 compared to \$5.5M in Q3 FY20
- CAPEX expected between \$22M - \$25M in FY21
- Expect depreciation of ~ \$20M in FY21
- Amortization expected to be ~ \$12M in FY21

(\$ in M)	<u>Q3 FY21</u>	<u>Q2 FY21</u>
	<u>3/31/2021</u>	<u>12/31/2020</u>
Debt including issuance costs	\$200.1	\$200.0
Cash	118.0	109.1
Net Debt	\$82.1	\$90.9
Net Debt to Capital Ratio	14.5%	15.4%
Funded Debt to Capital	29.3%	28.7%
Leverage Ratio per Bank Credit Agreement	1.44x	1.47x
TTM Adjusted EBITDA	\$100.6	\$97.7
Net Debt to Adjusted EBITDA	0.82x	0.93x

Strong Balance Sheet with Significant Liquidity

Key Takeaways

1

We expect a slight to moderate revenue increase in Q4 FY21 as compared to Q3 FY21. Organic growth more than offsets the absence of Enginetics in Q4 FY21 which contributed approximately \$4M in revenue in Q3 FY21

2

Expect more significant sequential operating margin increase in Q4 FY21; strength at Electronics, Engraving and Engineering Technologies complemented by company-wide productivity and efficiency actions

3

Active funnel of productivity and efficiency initiatives strengthening market leadership and cost positions complemented by consistent cash generation

4

Significant financial flexibility to opportunistically pursue an active pipeline of organic and inorganic growth opportunities

5

Portfolio focused on high-quality businesses with attractive growth and margin profiles; further leveraging our technical and applications expertise, customer value proposition and financial strength

Q&A

APPENDIX

Q3 FY21 Revenue Drivers

Q3 FY21 YOY Change %	Electronics	Engraving	Scientific	Engineering Technologies	Specialty Solutions	Total
Organic	17.7%	(3.5%)	65.1%	(26.3%)	(12.1%)	3.9%
Acquisitions	13.2%	0.0%	0.0%	0.0%	0.0%	4.1%
Currency	4.5%	5.2%	0.0%	0.9%	0.2%	2.8%
Total	35.4%	1.7%	65.1%	(25.4%)	(11.9%)	10.8%

* Restated to exclude RSG in FY20

Q3 FY21 GAAP to Non-GAAP Income Bridge

	Q3 FY21				Q3 FY20				% Change		
	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Net Income	EPS
Reported - GAAP	\$ 4.0	\$ (2.3)	\$ 1.8	\$ 0.14	\$ 15.4	\$ (3.3)	\$ 12.1	\$ 0.97	-73.8%	-85.4%	-85.6%
Add:											
Acquisition-Related Costs	0.3	(0.1)	0.1	0.01	0.1	(0.0)	0.1	0.01			
Restructuring Charges	0.5	(0.2)	0.3	0.02	0.6	(0.2)	0.4	0.04			
Loss on Enginetics Sale	14.6	(2.2)	12.4	1.02	-	-	-	-			
Less:											
Other Foreign Tax Adjs.	-	-	-	-	-	(0.7)	(0.7)	(0.06)			
Adjusted	\$ 19.4	\$ (4.8)	\$ 14.6	\$ 1.19	\$ 16.1	\$ (4.2)	\$ 11.9	\$ 0.96	20.5%	22.6%	24.0%
Diluted Shares				12,253				12,397			

Note : Some totals will not foot due to rounding

*Q3 FY21 Non-GAAP Net Income \$14.6M versus Prior Year at \$11.9M

*Non-GAAP EPS grew 24% YOY

*Non-GAAP Net Income and EPS exclude pre-tax charges of \$14.6 million (\$13.7 million at Segment level and \$0.9 million at Corporate) with approximately \$13 million non-cash charges attributable to goodwill and other intangible assets associated with the divestiture of Enginetics Corporation.