



Fiscal Fourth Quarter 2021 Conference Call Presentation

August 13, 2021

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Key Q4 FY21 Messages

Q4 FY21 RESULTS & TRENDS

- Electronics revenue increased ~ 63% year on year (YOY) with 42.2% organic growth; continued broad-based geographical recovery with increased demand for relays in solar and electric vehicle applications
- Scientific revenue increased ~ 63% YOY driven by growth in COVID-19 vaccine refrigeration storage sales
- Engraving revenue grew ~ 16% YOY reflecting favorable geographic mix, project timing, and increased soft trim product demand

POSITIONING FOR HIGHER GROWTH & MARGIN

- ~ 19% sequential increase in total company backlog realizable in under one year; strength in Electronics, Specialty Solutions, and Engineering Technologies (ETG)
- Q4 FY21 adjusted operating margin of 13.3%; +460 bps increase YOY and highest quarterly SXI margin ever
- Delivered prototype modules for renewable energy project to leading global electric power supplier which provided R&D funding; potential opportunity to further scale up production
- Promoting Flavio Maschera to new role of Chief Innovation and Technology Officer and Jim Hooven to President of Engraving

PRODUCTIVITY & FINANCE INITIATIVES

- ETG operating margin sequentially increased 880 bps to 15.1%; continued broad-based end market recovery and favorable mix complemented by ongoing productivity initiatives
- Strong working capital management; W/C turns of 5.6x represented a 14% sequential and 30% YOY improvement
- Continued progress mitigating material inflation through changes in reed switch production/material substitution; on track to substantially complete transition by the end of FY22

STRONG FINANCIAL POSITION

- Free cash flow of ~ \$26M in Q4 FY21, a ~36% YOY increase; 118% FCF to GAAP net income conversion ratio in FY21
- ~\$245M in available liquidity and net debt to adjusted EBITDA ratio of 0.57x
- Cash repatriation of ~ \$38M in FY21; ~\$128M has been repatriated between FY19-FY21

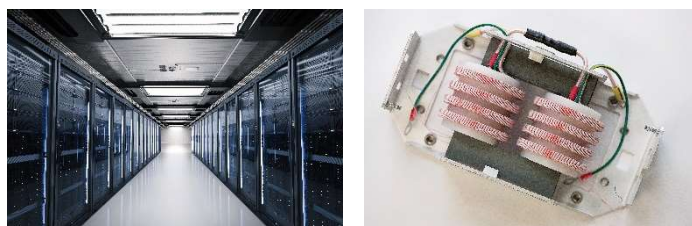
FY22 OUTLOOK

- In FY22 expect stronger financial performance reflecting positive demand trends, further leveraging of productivity initiatives, and significantly strengthened operating profile
- In Q1 FY22, expect a slight decrease in revenue, but similar operating margin compared to Q4 FY21
- Expect revenue and operating margin in Q1 FY22 to increase YOY compared to Q1 FY21

Electronics

\$ in 000's	Q4 FY21	Q4 FY20	% Change
Revenue	\$72,844	\$44,773	62.7%
Operating Income	\$15,739	\$5,856	168.8%
OI Margin	21.6%	13.1%	

Capturing Growth in Renewable Energy and Semi- Conductor Markets



- Strong growth in reed switch-based products and magnetics applications
- Multiple program wins in automated test equipment for relay products

Q4 FY21 Summary

- Organic revenue growth of \$19M, or 42.2% YOY reflected broad-based geographical recovery as well as increased demand for relays in solar and electric vehicle applications; positive trends in transportation, appliance and distribution end markets
- Renco acquisition contributed approximately \$7.3M in revenue; effectively leveraging customer base and end markets
- Operating income increase reflected operating leverage due to revenue growth and productivity initiatives, partially offset by increased raw material cost
- Delivered more than \$15M in NBO sales in FY21; healthy FY22 NBO pipeline
- Backlog realizable under a year increased ~\$22M or approximately 23% sequentially in Q4 FY21

Q1 FY22 Outlook

- Sequentially, expect a slight increase in revenue and a moderate operating margin growth
- Expect continued end market strength in reed switch and relay products, and further growth for magnetics in N.A. market

Engraving

\$ in 000's	Q4 FY21	Q4 FY20	% Change
Revenue	\$36,639	\$31,618	15.9%
Operating Income	\$5,626	\$2,569	119.0%
OI Margin	15.4%	8.1%	

Developing Soft Trim Tools and Hard Trim Texturization for New Automotive Launches



T1 XX truck by GM



Ford Mustang 2023

Q4 FY21 Summary

- Revenue increase reflected favorable geographic mix, timing of projects, and increased soft trim tool demand
- Operating income growth reflected volume growth leveraged over segment productivity and cost initiatives
- Laneway sales at ~\$14.8 million, up ~9% sequentially and >50% increase year on year, including soft trim tools, laser engraving and tool finishing

Q1 FY22 Outlook

- Sequentially, expect a slight to moderate revenue and operating margin decrease
- Q1 FY22 outlook reflects timing of projects and less favorable regional mix
- Expect increase in soft trim demand to continue throughout FY22

Scientific

\$ in 000's	Q4 FY21	Q4 FY20	% Change
Revenue	\$20,645	\$12,689	62.7%
Operating Income	\$4,127	\$2,775	48.7%
OI Margin	20.0%	21.9%	

Innovative New Product Development



- Recently patent-approved controlled auto defrost (CAD) refrigerated medication storage equipment maximizing efficiencies within pharmacies, clinics and labs
- First product in the marketplace which enables auto defrost while guaranteeing vaccines remain below critical temperatures eliminating the need to manually defrost freezer; strengthening our intellectual property portfolio

Q4 FY21 Summary

- Revenue increase primarily attributable to demand for COVID-19 vaccine refrigeration storage
- Sales remained strong across all end markets: clinical, academic, pharma, biotech, and industrial
- Operating income increase reflected volume growth balanced with investments to support future growth opportunities and impact of higher freight costs

Q1 FY22 Outlook

- Sequentially, expect moderate decrease in revenue and a slight decrease in operating margin reflecting lower demand for COVID-19 vaccine storage and increased freight cost impact, partially offset by price and productivity actions
- Active pipeline of new product development projects

Engineering Technologies

\$ in 000's	Q4 FY21	Q4 FY20	% Change
Revenue	\$20,471	\$26,178	-21.8%
Operating Income	\$3,088	\$4,149	-25.6%
OI Margin	15.1%	15.8%	

Critical Forming Partner to Strengthening Aerospace Market

Commercial Aviation

- Airbus A320neo family
- Airbus A220
- Airbus A350
- Comac C919
- Bombardier Global 7500



Government and Commercial Space Launch

- ULA Vulcan, Delta and Atlas
- Boeing SLS and Starliner
- Lockheed Orion
- Others (confidential)



Q4 FY21 Summary

- Revenue and operating income decrease reflected the absence of the recently divested Enginetics business and the economic impact of COVID-19 on segment end markets
- Sequentially, operating margin increased to 15.1% from 6.2% reflecting continued broad-based end market recovery and favorable mix and divestiture of Enginetics complemented by ongoing productivity initiatives

Q1 FY22 Outlook

- Sequentially, expect a slight to moderate decrease in revenue and operating margin reflecting timing of projects and mix
- In FY22 active new business opportunity pipeline in space and aviation sectors

Specialty Solutions

\$ in 000's	Q4 FY21	Q4 FY20	% Change
Revenue	\$25,836	\$24,128	7.1%
Operating Income	\$2,990	\$3,678	-18.7%
OI Margin	11.6%	15.2%	

PROCON designed next generation (Helical) Gear Pump technology for better performance and longer life



- Up to 20% more efficient than current (Spur) Gear Pump technology and 3X service life
- Approved for Food & Beverage applications such as Coffee/Espresso/Milk Foaming, Syrup and Reverse Osmosis

Q4 FY21 Summary

- Revenue increase reflected end markets recovery particularly in food service markets
- Operating income decrease reflected the impact of work stoppages in the segment's plants and material inflation which the Company is seeking to recover through pricing actions

Q1 FY22 Outlook

- Sequentially, expect a slight sequential increase in revenue and operating margin
- Q1 FY22 outlook reflects growth in Merchandising and Pumps businesses, partially offset by the impact of a prior strike at one of the plants

Q4 FY21 Income Statement Summary

(\$ in M's)	Q4 FY21	Q4 FY20	YOY	Comments
Revenue	\$176.4	\$139.4	26.6%	Reflects organic growth, Renco contribution and F/X partially offset by COVID-19 economic impact Organic revenue: 20.5% YOY Acquisition-related: 5.2% Divestiture-related: -2.6% F/X impact: 3.5%
Adj. Operating Income	\$23.5	\$12.1	94.0%	Operating leverage associated with sales growth and productivity initiatives partially offset by strike at Specialty Solutions plants
<i>Margin %</i>	13.3%	8.7%	+460 bps	
Adj. EBITDA	\$31.5	\$20.6	53.2%	
<i>Margin %</i>	17.9%	14.8%	+310 bps	
Net, Interest Expense	\$1.6	\$1.7	-4.0%	Lower borrowings
<i>Tax Rate %</i>	20.7%	26.7%	-600 bps	
Adj. Net Income	\$17.1	\$8.0	113.3%	
<i>Margin %</i>	9.7%	5.7%	+400 bps	
Adj. EPS	\$1.40	\$0.65	115.4%	
Shares Outstanding	12.2	12.3	-0.6%	Repurchased 50,000 shares in Q4 FY21

Q4 FY21 Free Cash Flow

<u>AS REPORTED (\$M)</u>	<u>Q4 FY 21</u>	<u>Q4 FY 20</u>
Net cash provided by operating activities, as reported	\$ 32.5	\$ 25.2
Less: Capital Expenditures	(6.1)	(5.7)
Free operating cash flow	\$ 26.4	\$ 19.5

- Solid working capital execution and performance
- Net debt decreased sequentially by \$19M in Q4 FY21

~118% Free Cash Flow to GAAP Net Income Conversion Rate In FY21

Q4 FY21 Capitalization

Favorable Liquidity Profile

- Net debt to adj. EBITDA of 0.57x
- Net debt to total capital of 11.1%
- ~13.1x interest coverage ratio
- ~\$245M of available liquidity
- Repatriated \$6.8M in Q4 FY21 and \$37.6M in FY21; expect to repatriate \$35M in FY22

Capital Spending and D&A

- \$6.1M of CAPEX in Q4 FY21 compared to \$5.7M in Q4 FY20
- CAPEX expected to be between \$25M and \$30M in FY22
- Expect depreciation of ~ \$21M in FY22
- Amortization expected to be ~ \$12M in FY22

(\$ in M)	6/30/2021	3/31/2021
Debt including issuance costs	\$199.5	\$200.1
Cash	136.4	118.0
Net Debt	\$63.1	\$82.1
Net Debt to Capital Ratio	11.1%	14.5%
Funded Debt to Capital	28.3%	29.3%
Leverage Ratio per Bank Credit Agreement	1.31x	1.44x
TTM Adjusted EBITDA	\$111.6	\$100.6
Net Debt to Adjusted EBITDA	0.57x	0.82x

Strong Balance Sheet and Significant Liquidity

Key Takeaways

1

The transformation of our portfolio around businesses with attractive growth and margin profiles, as well as strong customer value propositions is contributing to our solid performance

2

We are investing our resources in end markets with healthy growth prospects and are favorably aligned with global trends which leverage our technical and applications expertise

3

We have an active funnel of productivity and efficiency initiatives focused on strengthening our market leadership and cost positions

4

Our financial strength and consistent free cash flow generation support a disciplined and opportunistic approach to capital allocation

5

In FY22, we expect stronger financial performance reflecting positive demand trends, further leveraging of our productivity initiatives and significantly strengthened operating profile

Q&A

APPENDIX

Q4 FY21 Revenue Drivers

Q4 FY21 YOY Change %	Electronics	Engraving	Scientific	Engineering Technologies	Specialty Solutions	Total
Organic	42.2%	8.0%	62.7%	(9.2%)	6.6%	20.5%
Divestiture	0.0%	0.0%	0.0%	(13.9%)	0.0%	(2.6%)
Acquisitions	16.3%	0.0%	0.0%	0.0%	0.0%	5.2%
Currency	4.2%	7.9%	0.0%	1.3%	0.5%	3.5%
Total	62.7%	15.9%	62.7%	(21.8%)	7.1%	26.6%

Total Year FY21 Revenue Drivers

FY21 YOY Change %	Electronics	Engraving	Scientific	Engineering Technologies	Specialty Solutions	Total
Organic	19.4%	(2.3%)	38.1%	(24.6%)	(11.9%)	2.5%
Divestiture	0.0%	0.0%	0.0%	(3.5%)	0.0%	(0.6%)
Acquisitions	13.8%	0.0%	0.0%	0.0%	0.0%	4.2%
Currency	3.6%	4.6%	0.0%	0.7%	0.5%	2.4%
Total	36.7%	2.3%	38.1%	(27.4%)	(11.4%)	8.5%

* Restated to exclude RSG in FY20

Q4 FY21 GAAP to Non-GAAP Income Bridge

	Q4 FY21				Q4 FY20				% Change		
	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Net Income	EPS
Reported - GAAP	\$ 20.4	\$ (6.0)	\$ 14.4	\$ 1.18	\$ 8.9	\$ (2.8)	\$ 6.1	\$ 0.50	128.8%	136.7%	136.0%
Add:											
Acquisition-Related Costs	0.1	(0.0)	0.1	0.01	0.1	(0.0)	0.1	0.01			
Restructuring Charges	1.0	(0.2)	0.8	0.06	1.9	(0.4)	1.5	0.12			
Discrete Tax Items (*)		1.8	1.8	0.15		0.3	0.3	0.02			
Less:											
Adjusted	\$ 21.5	\$ (4.5)	\$ 17.1	\$ 1.40	\$ 10.9	\$ (3.0)	\$ 8.0	\$ 0.65	96.7%	114.3%	115.4%
Diluted Shares				12,213				12,281			

Note : Some totals will not foot due to rounding

(*) Adjustments to exclude discrete income tax items primarily related to divestitures

Q4 FY21 Non-GAAP Net Income of \$17.1M versus Prior Year at \$8.0M

*Non-GAAP EPS grew 115.4% YOY