



Baird 2016 Global Industrial Conference

November 8, 2016



Standex International Corporation

David Dunbar, Chief Executive Officer

Thomas DeByle, Chief Financial Officer

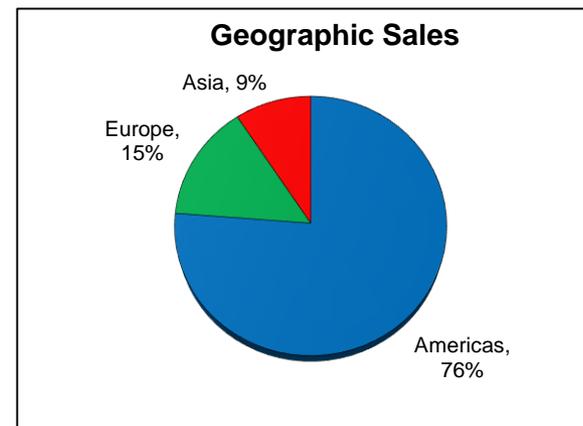
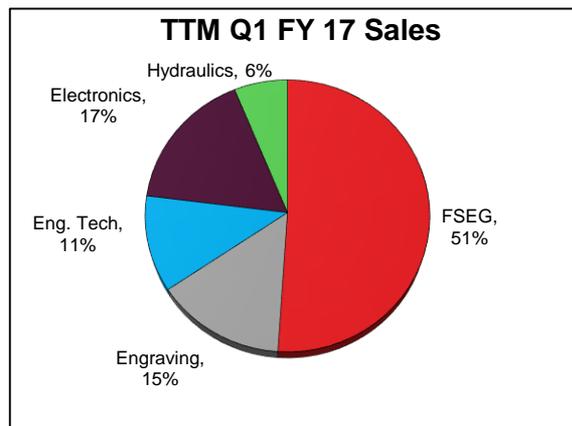
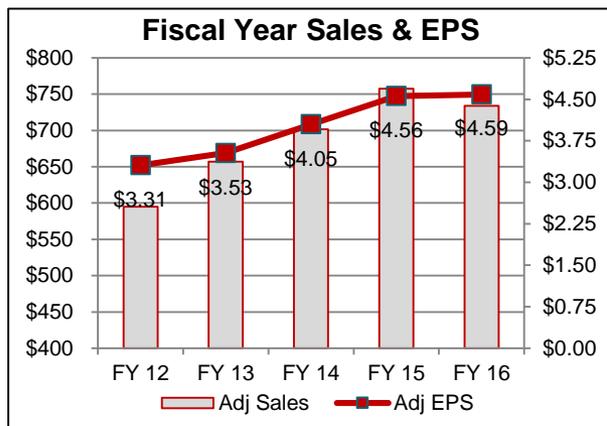
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Investment Highlights

- Strong brands in profitable niches
 - Attractive growth and margin potential in all businesses
 - Clear margin improvement plan in largest segment -- Food Service
- Management team are disciplined operators
 - Sophisticated approach to developing growth laneways
 - Maintaining margins in a difficult environment
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 - Increased dividend 14% in Q1

Multi-Industry Manufacturer in Five Broad Segments



TTM Q1 FY 17	Food Service	Engraving*	Engineering Technologies	Electronics *	Hydraulics	Corporate & Non-Operating	Total TTM Q1 FY 17
Sales	\$367,305	\$104,159	\$82,245	\$120,985	\$44,925		\$719,618
Adj EBIT	\$35,606	\$26,279	\$9,079	\$22,450	\$8,099	(\$23,008)	\$78,505
EBIT %	9.7%	25.2%	11.0%	18.6%	18.0%		10.9%
Adj EBITDA	\$40,479	\$29,090	\$14,569	\$25,830	\$8,773	(\$22,704)	\$96,037
EBITDA %	11.0%	27.9%	17.7%	21.3%	19.5%		13.3%

* Excludes purchase accounting adj. and impact of Roll, Plate, Machinery Divested Business

Standex International

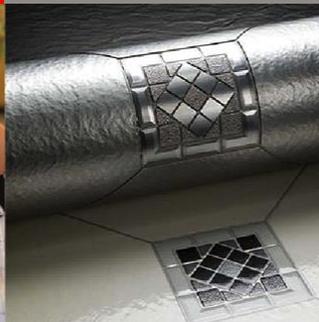
FOOD SERVICE EQUIPMENT

ENGRAVING

ENGINEERING TECH

ELECTRONICS

HYDRAULICS



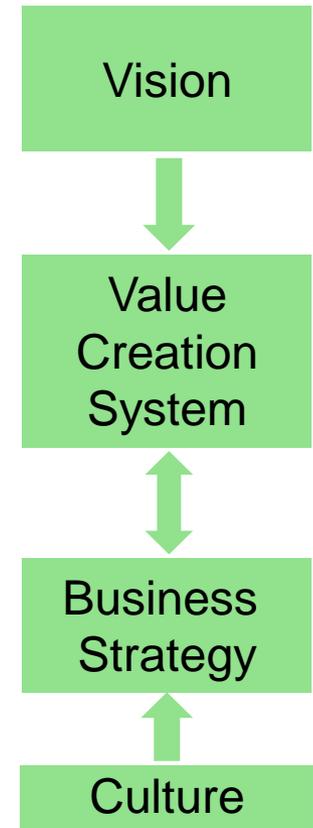
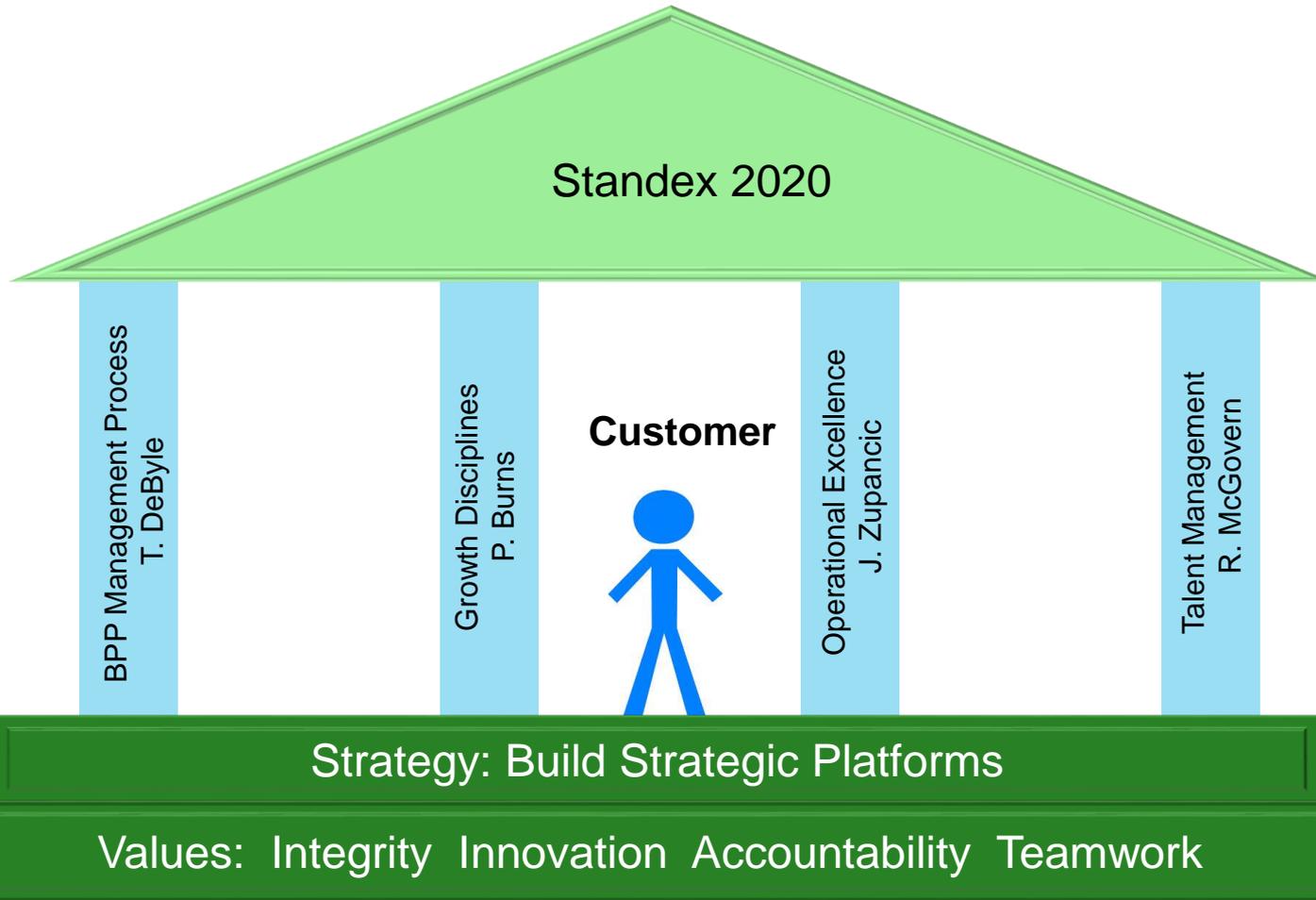
Standex Operating Model

How We Compete in the Marketplace

Common Thread Driving Growth at Standex is
“Customer Intimacy”

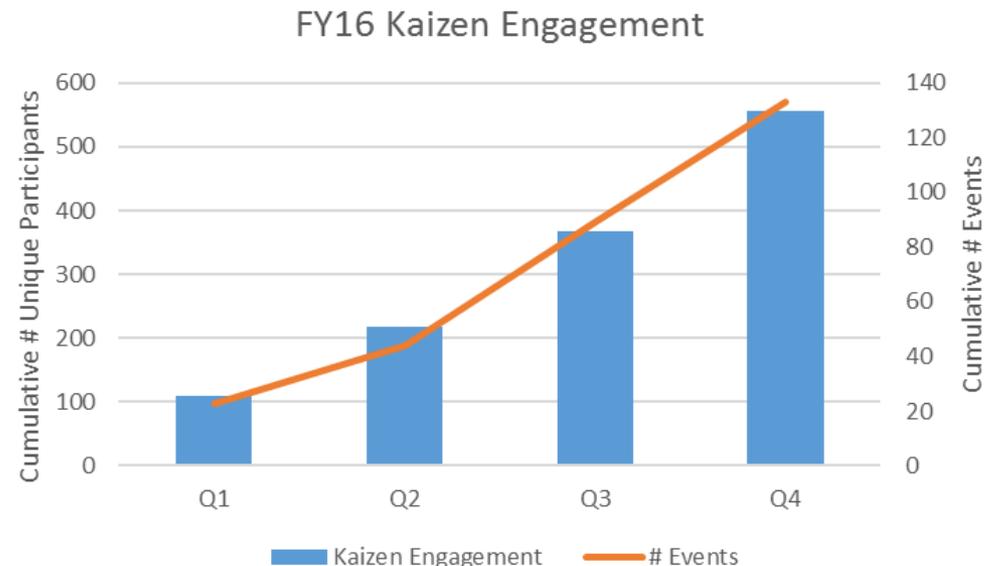


Achieving our Vision with the Value Creation System

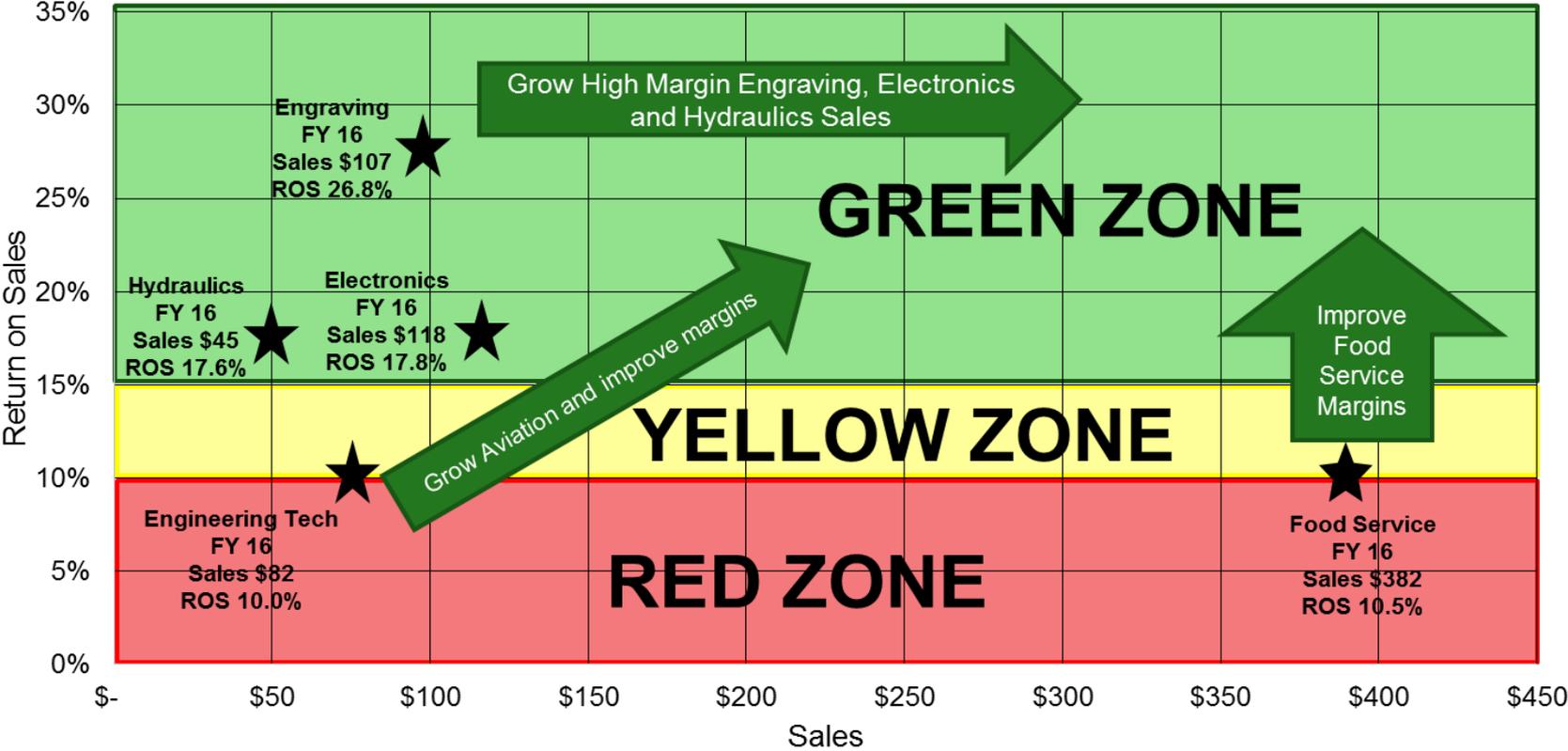


FY16 Operational Excellence Engagement

- First full year of Standex OpEx
- Units began with Value Stream Map in each plant to identify improvement priorities
- Engineering Technologies, Electronics & Hydraulics
 - 32 events
 - 404 participants
 - 190 unique participants
- Food Service Equipment
 - 101 events
 - 779 participants
 - 366 unique participants



Balance Performance Plan (BPP) Incentives



Implemented the GDP+ Process, Resulting in Increasingly Robust Growth Initiatives

GDP+ Process Implementation

-  Businesses examine their served markets and identify potential adjacencies
-  Adjacencies explored with market research / market tests
- Market tests are fast, inexpensive ways to verify key assumptions*
-  Once opportunity is confirmed, a growth laneway is launched to win sales
- ✓ 12-36 months
- ✓ Delivered \$16M in sales in 2016
- Managed with a disciplined corporate approval process and strategic fund

Growth Initiative in Process

Tool	Function
Market Maps	Identify attractive adjacencies
	
Market Research	Explore adjacencies quickly
	
Market Test	3 month inexpensive test of key assumptions Learn Fast
	
Growth Laneway	Structured growth initiative
	
Volume Sales	Becomes “core”

Track Record of Successful Acquisitions

Strategy

- Bolt-ons to expand strategic platforms with complementary products, services or market coverage
- Clearly defined synergy opportunities
- Strong cultural and strategic fit between businesses
- Disciplined valuation modeling
- Internally led processes

June 2014



Sept 2014



Oct 2015

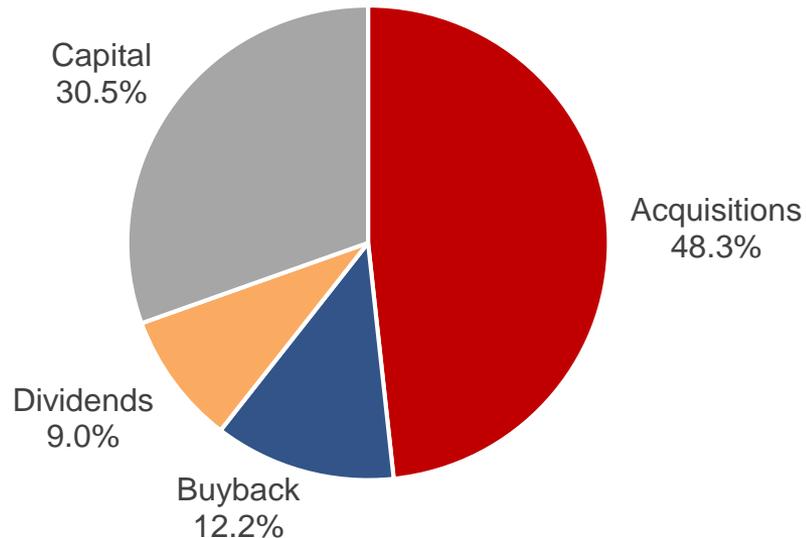


Oct 2016



Capital Allocation History

FY14 - FY16



SXI's prioritization of cash

*Goal: Stay investment grade
1.5x to 3.0x leverage*

- 1: Maintenance Capital – keep lights on
↓ *If cash remains...*
- 2: Growth Capital – IRR $\geq 15\%$, target < 2 year payback
↓ *If cash remains...*
- 3: Pay down debt if highly levered
↓ *If cash remains, apply to best remaining use...*
- 4: Acquisitions – EPS accretive in 1st year, IRR $\geq 15\%$
↓ *If cash remains...*
- 5: Return cash to shareholders in the form of increasing dividend or share buyback

*Prioritization based on current
market and business conditions*

Key Financial Objectives

***Four long-term
financial objectives
3-5 Years***

1. Top-line performance:
 - Organic growth at GDP +2-3% per year
 - Acquisition-driven growth of 3-4% per year
2. Exceed 15% overall company EBITDA
3. Free cash flow conversion of 100% or more
 - Working capital turns average 6.0 or better
4. Increasing returns on invested capital

SXI Results Versus Key Financial Targets

	Target	One Yr <u>FY 16</u>	Three Yr <u>FY 14-16</u>	Five Yr <u>FY 12-16</u>
<u>CAGR</u>				
Organic Sales Growth	GDP + 2-3%	-2.7%	2.3%	3.4%
Acquisitions Sales Growth	3-4%	1.5%	2.4%	3.9%
Business Held for Sale		0.4%	0.4%	0.05%
FX Impact on Sales		-1.9%	-1.4%	-1.3%
Sales CAGR	GDP +5-7%	-2.7%	3.8%	6.3%
EPS Continue Ops ex. Special Items CAGR*	8-12%	0.7%	9.1%	9.6%
		ANNUAL FIGURES		
<u>Weighted Average</u>		<u>FY 16</u>	<u>FY 15</u>	<u>FY 14</u>
EBITDA % ex. Special Items*	15.0%	13.6%	13.2%	13.0%
FCF % of NI	100.0%	121.3%	78.9%	106.9%
WC Turns (Adj for Acquisition Impact)	+6.0	5.9	5.8	6.6
ROIC ex Special Items	+ 15.0%	14.4%	16.1%	16.9%

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