

Second Quarter Fiscal 2016 Conference Call



February 2, 2016



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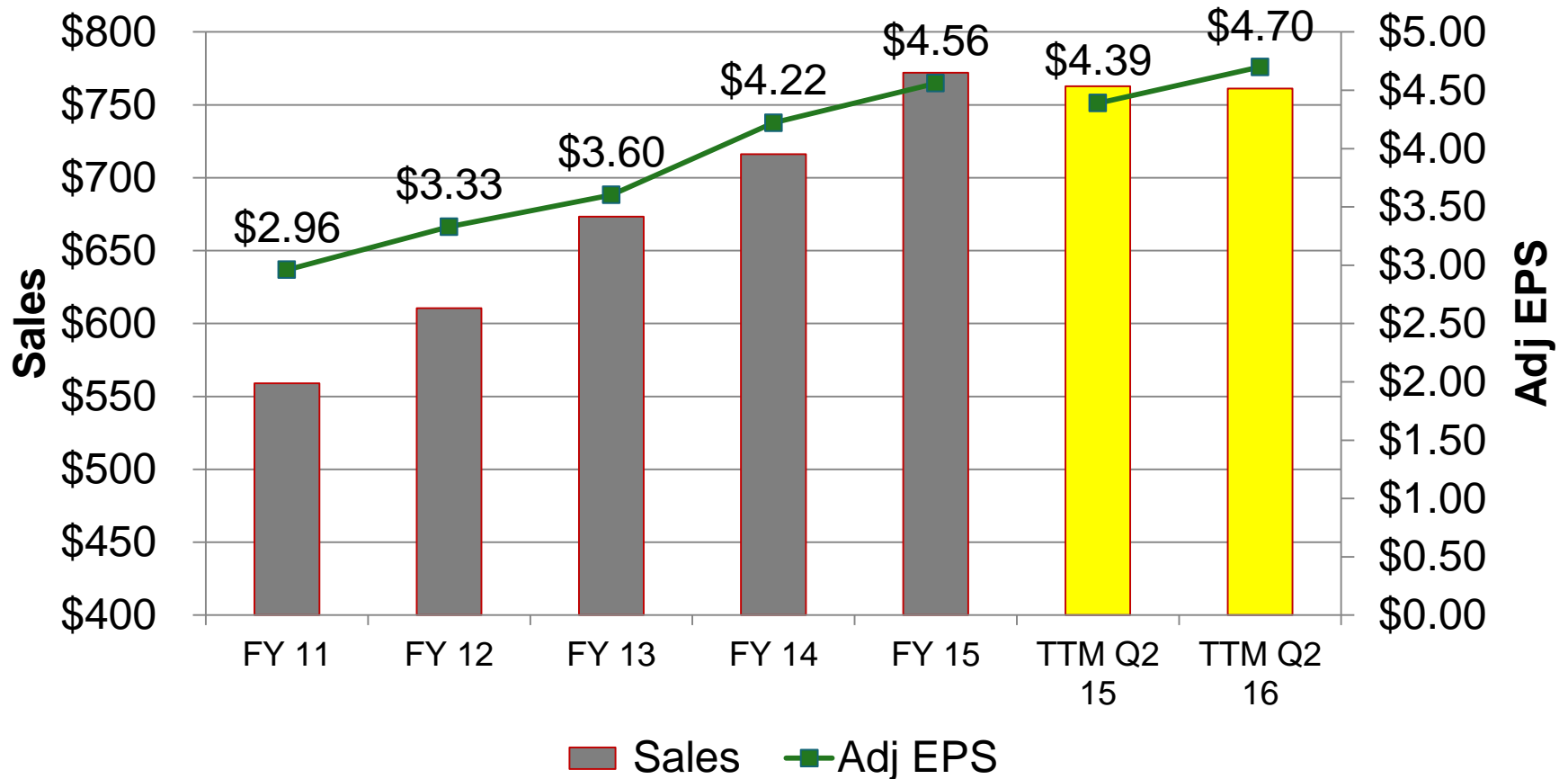
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Second Quarter 2016 Overview

- **YOY sales down 3.9%** to \$181.9M
 - Organic sales -2.4%
 - Acquisitions +1.0%
 - FX impact of -2.5%
- **Q2 non-GAAP operating income +0.6%** and non-GAAP **EPS of \$1.02 share, up 5.2%** from prior year
- **Net debt position of \$4.7M** at end of Q2
- **Northlake acquisition completed during Q2 for \$13.5M**

Solid performance for the quarter despite top-line challenges

Non-GAAP Earnings Per Share Trend



TTM Sales were down -0.2% and Adj. EPS was 7.1% YOY on a non-GAAP basis

Revenue Changes

Q2 FY 2016 YOY Change %	Food Service	Engraving	Engineering Technologies	Electronics	Hydraulics	Total
Organic	-7.1%	29.8%	-21.7%	-0.1%	3.0%	-2.4%
Acquisitions	0.0%	0.0%	0.0%	7.2%	0.0%	1.0%
Currency	-0.6%	-9.9%	-0.5%	-5.2%	-0.3%	-2.5%
Total	-7.7%	19.9%	-22.2%	1.9%	2.7%	-3.9%

YTD FY 2016 YOY Change %	Food Service	Engraving	Engineering Technologies	Electronics	Hydraulics	Total
Organic	-6.1%	30.3%	-23.8%	0.7%	3.7%	-1.6%
Acquisitions	0.0%	0.0%	8.9%	3.5%	0.0%	1.6%
Currency	-0.6%	-10.7%	-0.7%	-5.9%	-0.2%	-2.8%
Total	-6.7%	19.6%	-15.6%	-1.7%	3.5%	-2.8%

Quarter Financials

(In thousands, except percentages, per share data and bps)

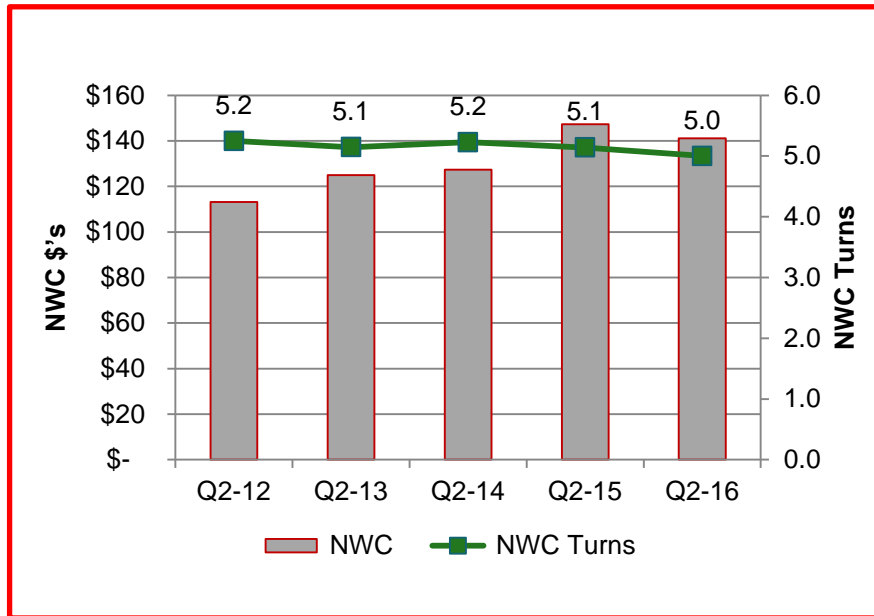
	Q2 FY16	Q2 FY15	Delta
Sales	\$ 181.948	\$ 189.337	-3.9%
Operating Income	\$ 16.062	\$ 15.852	1.3%
Operating Income Margin	8.83%	8.37%	46 bps
Operating Income excl Special Items	\$ 17.962	\$ 17.857	0.6%
Operating Income Margin excl Special Items	9.87%	9.43%	44 bps
EBITDA	\$ 20.746	\$ 20.334	2.0%
EBITDA %	11.40%	10.74%	66 bps
EBITDA w/o Special Items	\$ 22.646	\$ 22.339	1.4%
EBITDA % w/o Special Items	12.45%	11.80%	65 bps
EPS Continuing Ops	\$ 0.97	\$ 0.88	10.2%
EPS Continuing Ops w/o Special Items	\$ 1.02	\$ 0.97	5.2%

Quarter Bridge

(In thousands, except percentages and per share data)	Net Income Q2			EPS Q2		
	FY16	FY15	% Change	FY16	FY15	% Change
Net Income Continuing Operations	\$ 12,446	\$ 11,263	10.5%	\$ 0.97	\$ 0.88	10.2%
Restructuring charges	\$ 1,096	\$ 808		\$ 0.09	\$ 0.06	
Acquisition-related costs	\$ 314	\$ 672		\$ 0.02	\$ 0.05	
Discrete and other tax items	\$ (721)	\$ (239)		\$ (0.06)	\$ (0.02)	
Proforma Net Income from Continuing Operations	<u>\$ 13,135</u>	<u>\$ 12,504</u>	<u>5.0%</u>	<u>\$ 1.02</u>	<u>\$ 0.97</u>	<u>5.2%</u>

GAAP Net Income Continuing Operations increased by 10.5% and EPS by 10.2%
 Non-GAAP Net Income from Continuing Operations increases by 5.0% and EPS by 5.2%

Net Working Capital



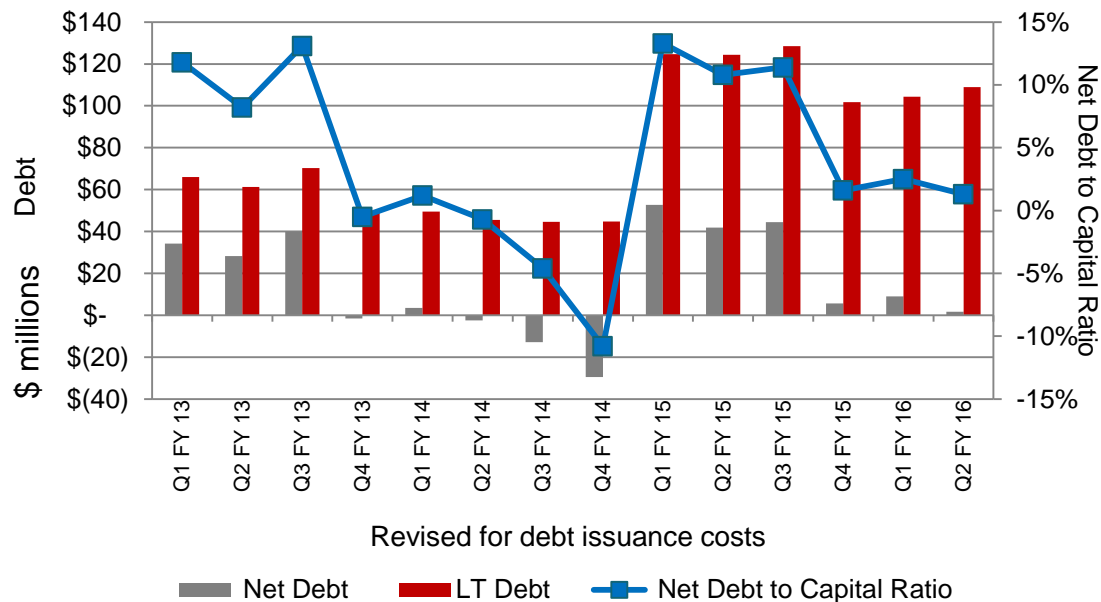
(In thousands, except DSO, turns and DPO)

	12/31/15	12/31/14
A/R	91,977	101,868
DSO	46	47
Inventory	108,987	113,221
Inventory Turns	4.5	4.6
A/P	(56,802)	(67,849)
DPO	33	38
Net Working Capital	144,161	147,240
W/Cap Turns	5.0	5.1

Working Capital decreased due to:

- ✓ Seasonality - Lower overall sales volume
- ✓ Working Capital turns decreased to 5.0

Debt Management



(In thousands, except percentages and ratios)

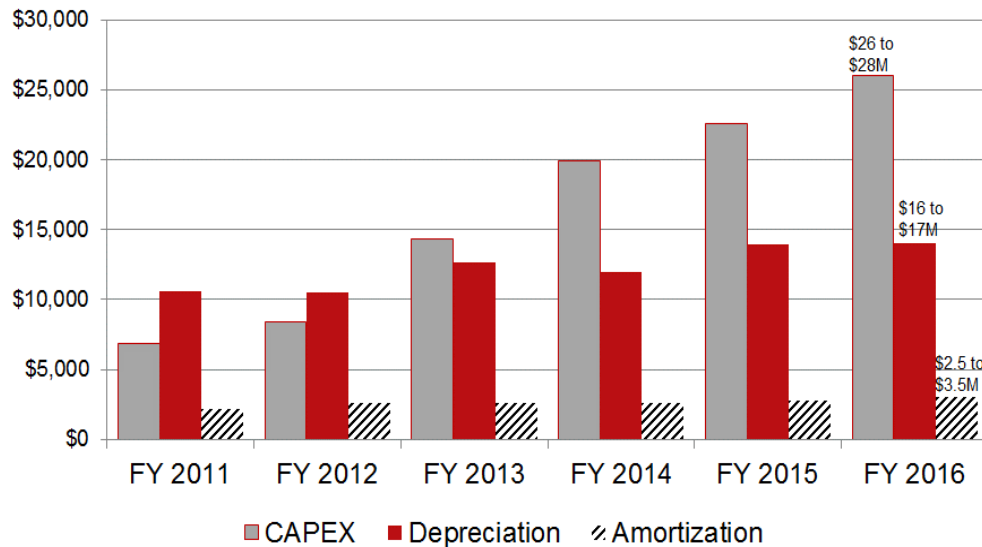
	<u>12/31/2015</u>
Funded Debt	110,024
Issuance Costs	(1,091)
Long Term Debt	108,933
Cash	104,214
Net Debt	4,719
Shareholders Equity	366,094
Letters of Credit	7,683
EBITDA per Credit Agreement	104,260
Net Debt to Capital Ratio	1.3%
Long Term Debt to Capital	22.9%
EBITDA to Funded Debt (Includes Letters of Credit)	1.13
Maximum Leverage Per Agreement	3.5

As of December 31, 2015

- *Net debt to capital at 1.3%*
- *Net debt position of \$4,719*
- *Completed Q2 acquisition of Northlake for \$13.5M*

Strong Balance Sheet with ability to make strategic capital expenditures and bolt-on acquisitions

Capital Spending



(In millions , except percentages) Q2 FY16 YTD FY16

Food Service Equipment	\$ 1.7	\$ 3.0
Engraving	\$ 0.6	\$ 1.2
Engineering Technologies	\$ 0.4	\$ 2.5
Electronics	\$ 0.5	\$ 1.2
Hydraulics	\$ 0.2	\$ 0.7
HQ	\$ -	\$ 0.1
Total CAPEX	\$ 3.4	\$ 8.7

Sales	181.9	380.3
CAPEX as % Sales	1.9%	2.3%

- FY 16 capital spending is estimated to be between \$26–\$28M
- Capital spending includes +\$6.0M of capital dedicated to a new facility to support aviation for Engineering Technologies

Non-GAAP FCF Per Share Trend

(In thousands, except percentages and per share data)

Free operating cash flow (continuing ops):

	<u>Q2 FY 2016</u>	<u>Q2 FY 2015</u>	<u>YTD FY 2016</u>	<u>YTD FY 2015</u>
Net cash provided by operating activities, as reported	\$ 22,994	\$ 22,757	\$ 30,867	\$ 11,798
Less: Capital Expenditures	<u>(3,387)</u>	<u>(6,762)</u>	<u>(8,724)</u>	<u>(13,961)</u>
Free operating cash flow	\$ 19,607	\$ 15,995	\$ 22,143	\$ (2,163)
Net Income	<u>12,446</u>	<u>11,263</u>	<u>28,587</u>	<u>26,190</u>
Conversion of free operating cash flow	157.5%	142.0%	77.5%	-8.3%
Shares	<u>12,791</u>	<u>12,802</u>	<u>12,777</u>	<u>12,818</u>
FCF Per Share	\$ 1.53	\$ 1.25	\$ 1.73	\$ (0.17)

Second Quarter FY 2016

Operational Segment Review

Food Service Equipment Group

Q2 FY 2016 ('000s)	\$	Delta YOY
Revenues	\$90,936	-7.7%
Operating Income	\$6,704	-3.0%
OI Margin	7.4%	



High Volume
Chicken
Production with
BKI Combi-King

Ultrafryer
Systems



Q2 Summary

- Margin improved year over year from 7.0% to 7.4%
- Lower sales with select major chains, dollar stores and product rationalization
- Foreign Exchange had a -0.6 % impact on sales
- Group level improvement in materials, pricing and productivity
- Continued improvement in on-time delivery and reductions in past due backlog in Cooking Solutions Group

Current Focus

- OPEX initiatives to shorten lead times, improve efficiencies and continued to improve on time delivery
- Commercial strategy and growth laneways to increase topline

Engraving

Q2 FY 2016 ('000s)	\$	Delta YOY
Revenues	\$31,935	19.9%
Operating Income	\$7,443	25.2%
OI Margin	23.3%	



Textures on the “Black Swan Dress” presented at the Standex Booth at the Detroit Auto Show



Q2 Summary

- Record sales and operating income for the quarter
- Strong demand in Mold Tech in all regions of the world – Americas, Europe and Asia
- Roll, Plate and Machinery sales increased due to large plate orders
- Innovent sales up in the quarter from diaper drum sales

Current Focus

- Ramp up production of Laser Engraving capacity and Nickel Shell Molds over the next twelve months to meet demand
- Demand for automotive molds remains strong
- Increase penetration in Non-Automotive Mold Tech sales

Engineering Technologies

Q2 FY 2016 ('000s)	\$	Delta YOY
Revenues	\$20,711	-22.2%
Operating Income	\$2,093	-35.0%
OI Margin	10.1%	



Atlas V 4 Domes



Delta IV 16 Domes



SLS 8 Domes

Q2 Summary

- Segment sales impacted by lower oil and gas sales (-78%) partially offset by increased aviation sales (+21%)
- Cost reductions in place to offset lower demand in oil and gas markets
- OpEx efforts increasing capacity at Enigenetics, which grew 11% in the quarter

Current Focus

- Continue construction on new Wisconsin aviation plant
- Expect to exit Q4 at mid-teen OI Margins as increased aviation sales should more than offset lower oil and gas sales
- Pursue long-term agreements on additional aviation and space programs



Launch Vehicle Fuel Tank Dome

Electronics

Q2 FY 2016 ('000s)	\$	Delta YOY
Revenues	\$28,350	1.9%
Operating Income*	\$4,948	4.4%
OI Margin*	17.5%	

* Excludes \$423k purchase accounting related to the acquisition of Northlake



Capacitive Level Sensor Market Test

- Solid state reliability, continuous liquid level sensing over a wide temperature range in a variety of rugged packaging.
- Compatible with fuel, oil, water, ethanol blends, diesel, urea and other liquids

Q2 Summary

- Sales increased primarily due to acquisition of Northlake in the beginning of Q2
- North America sales were down as we experienced softness and continued customer inventory adjustments
- Europe sales grew 9% as new programs were launched during the quarter
- OpEx initiatives drove margin improvement

Current Focus

- New business opportunities, strategic laneways and market tests in sensors and high reliability magnetics
- New sensor programs should drive growth over the next twelve months
- Consolidation of operations into our Northlake facility

Hydraulics

Q2 FY 2016 ('000s)	\$	Delta YOY
Revenues	\$10,016	2.7%
Operating Income	\$1,519	4.6%
OI Margin	15.2%	



Stabilizer cylinders on a gooseneck trailer



Underbody application on small dump trailers

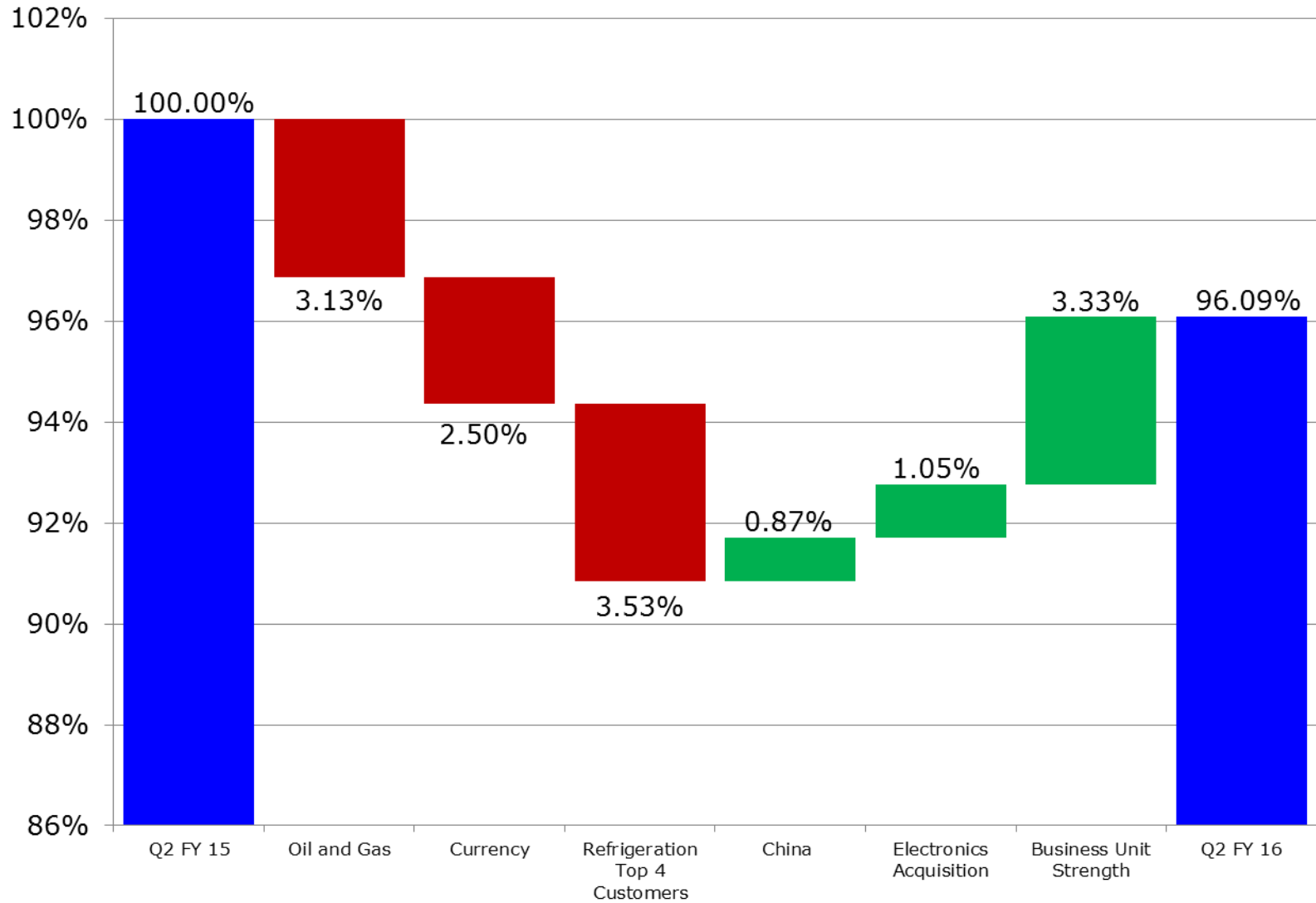
Q2 Summary

- Continued strength in North America dump truck and dump trailer markets
- Market share gains in mobile hydraulic cylinders by quick turnaround in custom quotations and short delivery times
- Backlog and order intake increased during the quarter

Current Focus

- Continue new business opportunity pursuits for custom engineered cylinders
- Leverage the global production footprint in North America and China
- Drive Operational Excellence plan

Standex Q2 FY 16 Sales Waterfall



Business Unit Strength

- Food Service – Despite top four refrigeration customer sales decline, other dealer based business remains solid
- Engraving – Exceptional performance in Q1 and Q2, should remain strong for the remainder of the year
- Engineering Technologies - Aviation Q2 Sales up \$1.8M and should continue to grow in Q3 and Q4. Continued Oil and Gas headwinds in 3rd and 4th quarter
- Electronics – Top line in North America continued to be weak in Q2, however should recover in second half. European growth continues.
- Hydraulics – Solid performance in Q2, Book to Bill and order intake continue to build. End markets remain strong

O&G and FX comps are easing, while end markets are mixed

Q2 Summary

- Margin expansion in four businesses
- Adjusted EPS expanded 5.2% from the prior year
- Food Service EBIT margin at 7.4%
- Repositioning Engineering Technologies into aviation
- Record quarter in Engraving as Mold Tech, Roll Plate and Machinery and Innovent all showed gains
- Continued momentum in Electronics and Hydraulics
- Continue be cautious about currency expectations, oil and gas markets and regional economic conditions
- Drive value though the application of the Standex Value Creation System as we continue the evolution to become more of an operating company