



**Food Service
Equipment**



INTERNATIONAL CORPORATION



Engraving



**Engineering
Technologies**



Electronics



Hydraulics

**Second Quarter Fiscal 2012
Conference Call
February 14, 2012**

**SXI
LISTED
NYSE**

Overview

- Roger Fix – President & Chief Executive Officer

Financial Review

- Tom DeByle – Chief Financial Officer

Segment Results and Outlook

- Roger Fix – President & Chief Executive Officer

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Taking the next step in our Focused Diversity strategy

- **Rationale for divestiture:**
 - **ADP is not aligned with our commitment to value-added, technically-driven businesses that provide superior returns**
 - **Current and near term expected financial performance of ADP is dilutive to overall profit margins and asset returns**
 - **We expect a robust recovery in the US housing market is still some time into the future**
 - **Shareholders are better served by divesting the business and focusing resources on profitable growth of our other business units**
- **Reporting loss of \$1.11/ share in discontinued operations as of 12/31/2011**
 - **Includes non-cash goodwill and real estate impairment charges and other expected transaction costs, including costs anticipated for withdrawal from multi-employer pension plans**
 - **Additional charges of \$0.18 to \$0.23/share possible in Q3 based on current negotiations with a prospective buyer**
- **Expect to complete sale within 12 months**
- **Anticipated proceeds to be invested in profitable growth initiatives**

Proposed divestiture results in improved margins and returns

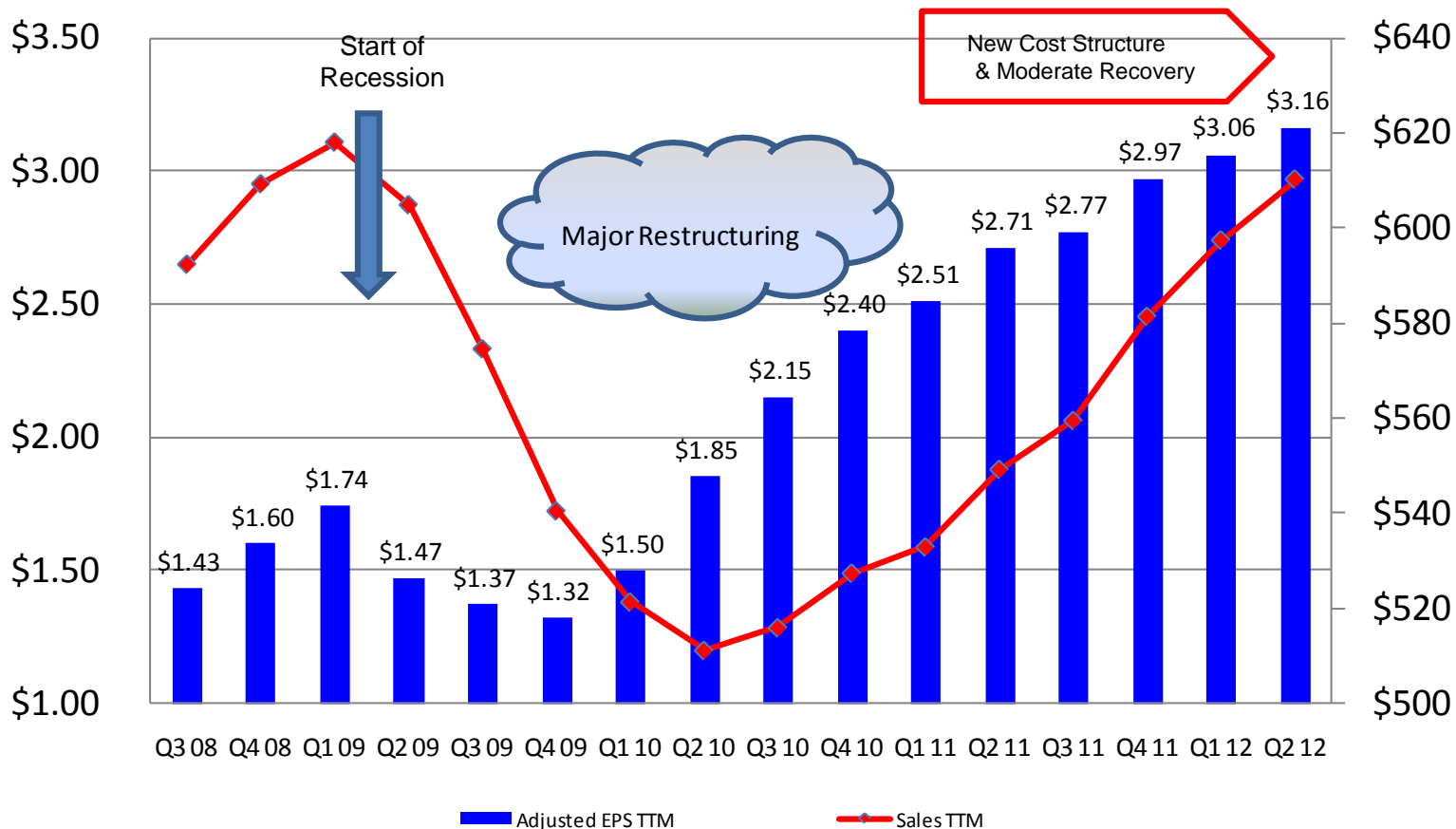
(\$ in millions, except per share data)

	Trailing Twelve Months		
	W/O ADP 12/31/2011	W/ADP 12/31/2011	Delta
Sales	\$ 610.189	\$ 665.574	\$ (55.385)
Gross Profit Margin %	32.4%	31.2%	120 bps ✓
Operating Income ex. Special Items	\$ 57.408	\$ 56.520	\$ 0.888 ✓
Operating Income Margin % ex. Special Items	9.4%	8.5%	90 bps ✓
EBITDA ex. Special Items	\$ 71.172	\$ 71.050	\$ 0.122 ✓
EBITDA % ex. Special Items	11.7%	10.7%	100 bps ✓
EPS Continue Ops ex. Special Items	\$ 3.16	\$ 3.09	\$ 0.07 ✓
Net Assets	\$ 228.826	\$ 258.574	\$ (29.748) ✓
RONA = Net Income/ FA + WC	23.1%	20.1%	300 bps ✓
ROIC = Net Income - Dividends / Total Capital	13.0%	12.6%	40 bps ✓

- **Good quarter for our remaining businesses**
- **Strong YOY sales growth in Q2**
 - **Q2 total sales up 9.0%**
 - **Organic sales +5.6%**
 - **Acquisition growth +3.3%**
 - **FX impact was nominal**
- **Non-GAAP operating income +10% and non-GAAP EPS +14% for Q2**
All four operating groups reported year-over-year growth
 - **Three in double digits**
- **Top-line growth continues to outpace economic growth rates for our end-user markets**
- **Results in 1H FY2012 demonstrates success of organic initiatives and acquisitions**

TTM EPS exceeds pre-recession peak by 82%

- Achieved TTM non-GAAP EPS of \$3.16/share vs. pre-recession TTM EPS of \$1.74/share in Q1 FY 09
- Delivered 82% increase in non-GAAP TTM EPS despite sales still being below our pre-recession peak in 1Q09



	Q2 FY 2012	Q2 FY 2011	Delta
(\$ in millions, except per share data)			
Sales	\$ 154.868	\$ 142.078	9.0%
Operating Income	\$ 14.376	\$ 13.379	7.5%
Operating Income Margin	9.28%	9.42%	-13 bps
Operating Income excl Special Items	\$ 15.077	\$ 13.721	9.9%
Operating Income Margin % excl Special Items	9.74%	9.66%	8 bps
EBITDA	\$ 17.702	\$ 16.585	6.7%
EBITDA %	11.43%	11.67%	-24 bps
EBITDA w/o Special Items	\$ 18.403	\$ 16.927	8.7%
EBITDA % w/o Special Items	11.88%	11.91%	-3 bps
EPS Continue Ops	\$ 0.79	\$ 0.73	8.2%
EPS Continue Ops w/o Special Items	\$ 0.83	\$ 0.73	13.7%

Proforma net income and EPS at +13% improvement YOY

(\$ in thousands, except per share data)

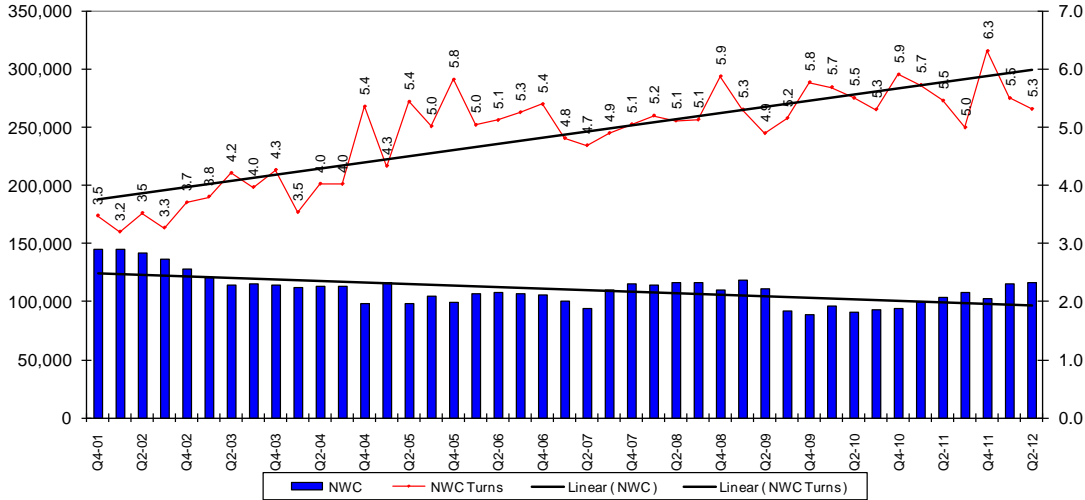
<u>Quarter Comparison Prior Year</u>	Net Income Q2			EPS Q2		
	<u>FY 12</u>	<u>FY 11</u>	<u>% Change</u>	<u>FY 12</u>	<u>FY 11</u>	<u>% Change</u>
Net Income Continuing Operations	\$ 10,077	\$ 9,328	8.0%	\$ 0.79	\$ 0.73	8.2%
<u>Add:</u>						
Restructuring (Tax Effected)	\$ 459	\$ 265		\$ 0.04	\$ 0.02	
Gain on Sale of Real Estate		\$ (191)			\$ (0.01)	
Acquisition-related expenses	\$ -	\$ 151		\$ -	\$ 0.01	
<u>Less:</u>						
Non Recurring Tax Items	\$ -	\$ (258)		\$ -	\$ (0.02)	
Proforma Net Income from Continuing Operations	<u>\$ 10,536</u>	<u>\$ 9,294</u>	<u>13.4%</u>	<u>\$ 0.83</u>	<u>\$ 0.73</u>	<u>13.7%</u>

(\$ in millions, except per share data)	YTD		Delta
	FY 2012	FY 2011	
Sales	\$ 314.174	\$ 285.354	10.1%
Operating Income	\$ 30.490	\$ 31.556	-3.4%
Operating Income Margin	9.70%	11.06%	-135 bps
Operating Income excl Special Items	\$ 31.713	\$ 29.890	6.1%
Operating Income Margin % excl Special Items	10.09%	10.47%	-38 bps
EBITDA	\$ 37.506	\$ 37.865	-0.9%
EBITDA %	11.94%	13.27%	-133 bps
EBITDA w/o Special Items	\$ 38.729	\$ 36.199	7.0%
EBITDA % w/o Special Items	12.33%	12.69%	-36 bps
EPS Continue Ops	\$ 1.72	\$ 1.66	3.6%
EPS Continue Ops w/o Special Items	\$ 1.74	\$ 1.57	10.8%

Proforma net income and EPS at 11% improvement YOY

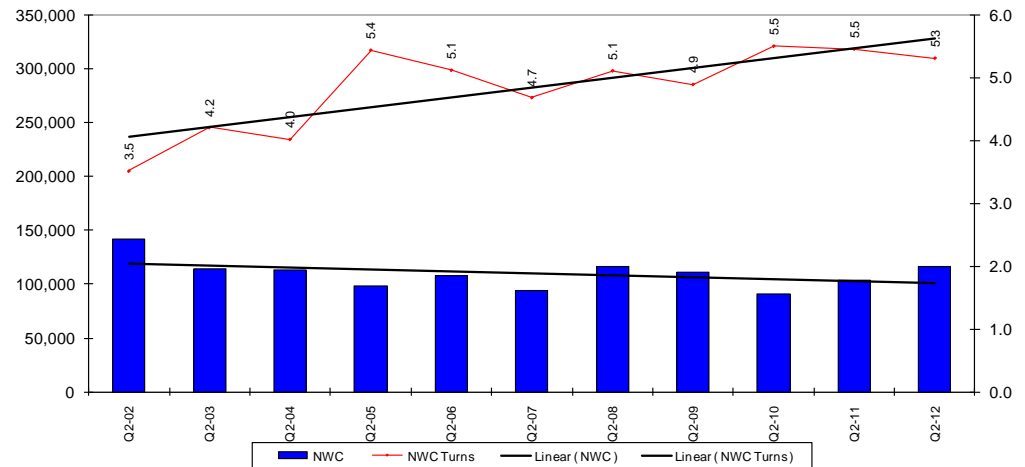
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<u>YTD Comparison</u>	YTD			EPS YTD		
	<u>FY 12</u>	<u>FY 11</u>	<u>% Change</u>	<u>FY 12</u>	<u>FY 11</u>	<u>% Change</u>
Net Income Continuing Operations	\$ 21,896	\$ 21,207	3.3%	\$ 1.72	\$ 1.66	3.6%
<u>Add:</u>						
Restructuring (Tax Affected)	\$ 801	\$ 853		\$ 0.06	\$ 0.07	
Acquisition-related expenses		\$ 262			\$ 0.02	
<u>Less:</u>						
Building Sales	\$ -	\$ (2,168)		\$ -	\$ (0.16)	
Non Recurring Tax Items	\$ (530)	\$ (258)		\$ (0.04)	\$ (0.02)	
Proforma Net Income from Continuing Operations	<u>\$ 22,167</u>	<u>\$ 19,896</u>	<u>11.4%</u>	<u>\$ 1.74</u>	<u>\$ 1.57</u>	<u>10.8%</u>



• Continued focus on managing working capital

• YOY 2nd quarter WC turns trends remain above 5.0 level

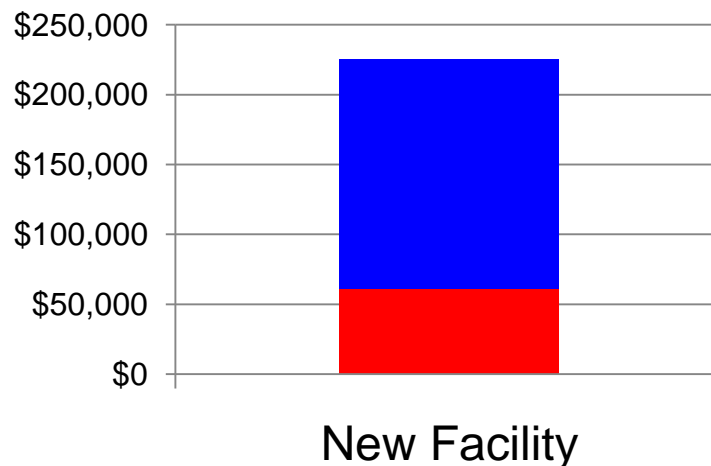


Continuing Operations:

	Q2	Q2
<u>Free operating cash flow:</u>	<u>FY2012</u>	<u>FY2011</u>
Net cash provided by operating activities, as reported	\$ 11,688	\$ 12,098
Less: Capital Expenditures	(2,806)	(1,896)
Free operating cash flow	\$ 8,882	\$ 10,202
Net Income	10,077	9,328
Conversion of free operating cash flow	88.1%	109.4%

- **FY12 target capital expenditures of \$10-12 million**
 - ✓ **increased geographical coverage**
 - ✓ **new product development**
 - ✓ **improved manufacturing and back office efficiencies**

<u>Capital Structure</u>	<u>12/31/2011</u>
Revolver	\$ 61,000
Industrial Revenue Bond	\$ 3,300
Cash	\$ (26,745)
Net Debt	\$ 37,555
Shareholder's Equity	\$ 244,510
Total Capitalization	\$ 282,065
Net Debt / Capitalization	13.3%
Net Debt / Pro forma EBITDA	0.5 x

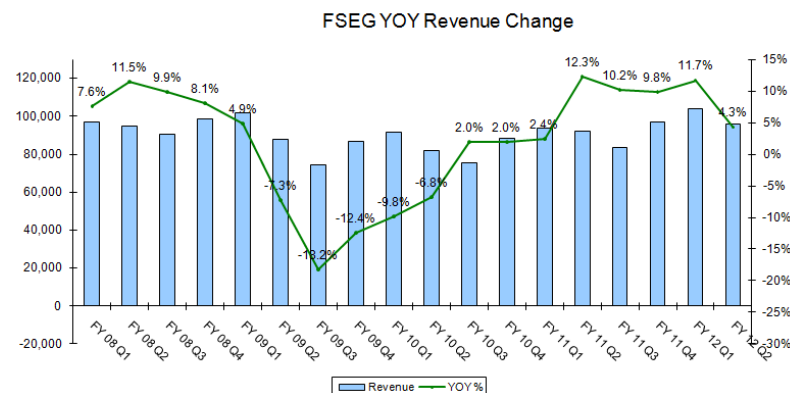


■ Current Draw ■ Dry Powder

- New Revolver signed on January 5th
- 5 year, \$225 million unsecured facility
- Primary covenants:
 - *Leverage* - Funded Debt : EBITDA \leq 3.5:1
 - *Interest Coverage* - EBIT : Interest Expense \geq 3:1
- Pricing: LIBOR + 100-225 bps based on Leverage Ratio
- Flexible terms to allow for acquisitions and divestitures

Second Quarter FY12 Operational Segment Review

Q2'12 ('000s)	\$	Δ% (yoy)
Revenues	\$95,962	4.3%
Operating Income	\$9,678	(2.7)%



Refrigerated Solutions

- Strong demand from quick serve restaurant segment
- Reported first substantial orders from dollar store segment
- Growth offset by softer drug retail and scientific sales
- Margins negatively affected by product mix, pricing pressure in walk-in business, and labor inefficiencies as a result of New Albany consolidation

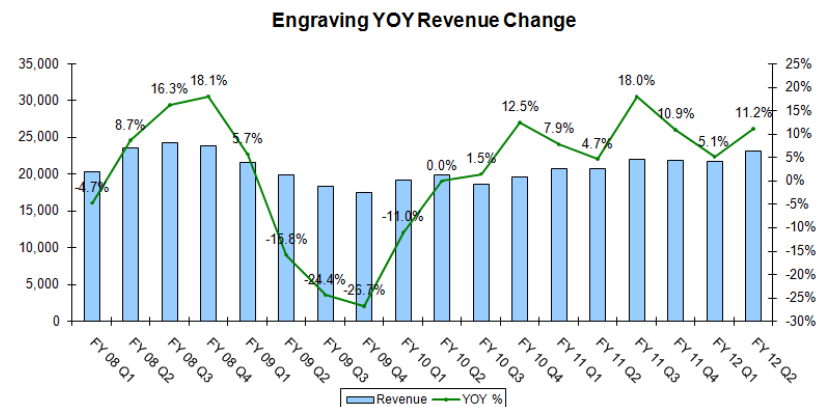
Cooking Solutions

- Growth moderated by lower-than-expected griddle sales to quick serve customer and soft European grocery segment sales
- Cooking margins affected by product mix and pricing pressure in certain segments of cooking line

Custom Solutions

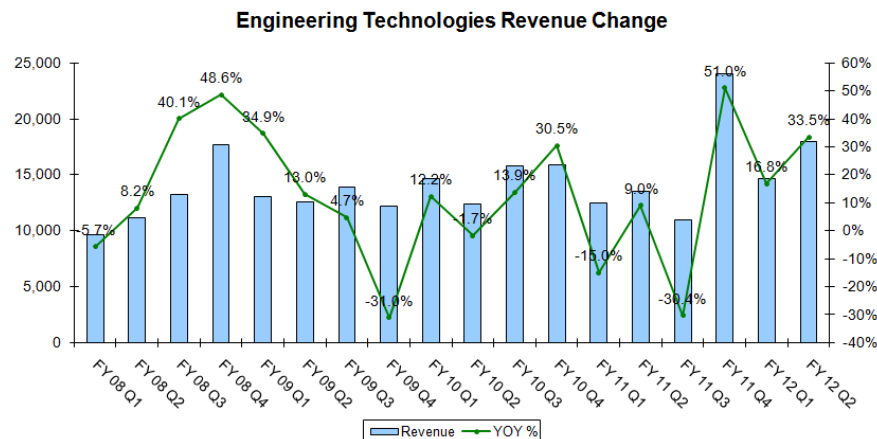
- Good sales growth in chains and dealer business

Q2'12 ('000s)	\$	Δ% (yoy)
Revenues	\$23,133	11.2%
Operating Income	\$4,411	30.4%



- **Excellent performance driven by strong Mold Tech sales**
 - **Strength in North America and China, with solid sales in Europe as well**
- **Opened fourth China facility (Fujian province) on schedule**
- **Actively engaged in plans to grow infrastructure in Asia Pacific and South America**
- **Expect Engraving to be slower in fiscal third quarter due to project timing and seasonality**
- **Excited about long-term prospects for the group**

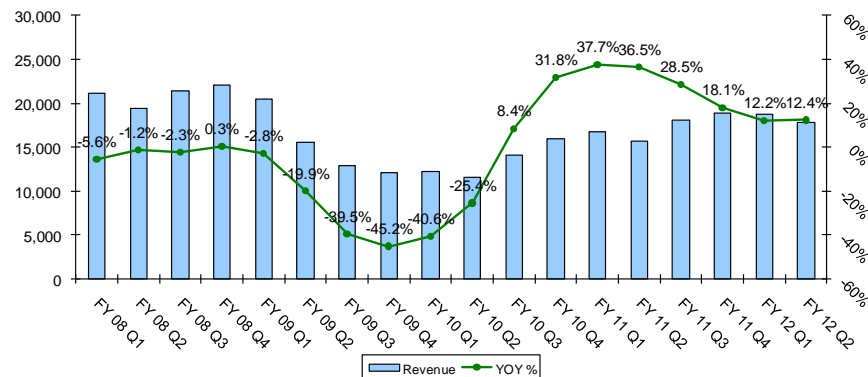
Q2'12 ('000s)	\$	Δ% (yoy)
Revenues	\$18,012	33.5%
Operating Income	\$3,679	13.7%



- **Metal Spinners acquisition drove top-line growth**
 - **Strong demand from oil & gas market**
- **Legacy Spincraft business continues to be affected by inventory correction at a major land based gas turbine OEM customer**
 - **Some improvement expected in second half of fiscal year**
- **Significant opportunities in manned and unmanned segments of space market**
 - **Long-term orders for unmanned segment exceeds historical run rate**

Q2'12 ('000s)	\$	Δ% (yoy)
Revenues	\$17,761	12.4%
Operating Income	\$2,560	14.8%

Electronics and Hydraulics YOY Revenue Change



- Double digit sales growth at Hydraulics drives group performance
- Strong recovery in dump trailer systems market
- Capitalizing on new OEM accounts in the US and international growth initiatives
- Positive reaction to China export of telescopic and rod cylinders
- Slight sales growth at Electronics
- Reed switch sales still soft to customers selling into Asia Pacific market
- Excellent Electronics new product and new customer pipeline

Continuing to execute on Focused Diversity strategy

- **Uncertain macro-economic environment, but better prepared for potential downturn than ever before**
- **Expected divestiture of ADP will allow us to focus resources on strategic opportunities**
- **Operational objectives for fiscal 2012:**
 - **Driving organic growth through new product development, penetrating new geographic regions, and increasing market share**
 - **Building a pipeline of acquisition targets**
 - **Implementing price increases to offset commodity cost inflation**
 - **Maintaining focus on improving operations and controlling expenses**

Q & A Session