

# **CORRECTING AND REPLACING STANDEX ANNOUNCES SALE OF MINORITY INTEREST IN COMBI OVEN COOKING BUSINESS; PROVIDES UPDATE ON COOKING SOLUTIONS DIVESTITURE; ISSUES UPDATED PROFORMA HISTORICAL FINANCIAL RESULTS...**

SALEM, N.H.--([BUSINESS WIRE](#))--Please replace the release with the following corrected version due to multiple revisions in the table titled "Reconciliation of Fiscal Q3 and Q4 2018 Financial Results to Reflect Planned Divestiture of Cooking Solutions Group."

The corrected release reads:

CORRECTING AND REPLACING STANDEX ANNOUNCES SALE OF MINORITY INTEREST IN COMBI OVEN COOKING BUSINESS;

PROVIDES UPDATE ON COOKING SOLUTIONS DIVESTITURE;

ISSUES UPDATED PROFORMA HISTORICAL FINANCIAL RESULTS TO SHOW IMPACT ON SALES, MARGINS, AND GAAP AND NON-GAAP EPS MEASURES

[Standex International Corporation](#) (**NYSE:SXI**) announced today that it has sold its minority interest investment in Giorik, SpA ("Giorik") to that business's majority owner. It was necessary to have the Company's partner repurchase the minority interest in Giorik to allow the eventual buyer of Cooking Solutions maximum flexibility and to have a supply contract with the partner in place.

Standex continues to make progress on the Cooking Solutions divestiture from the Food Service Equipment Group segment in line with its plan. Standex has provided an updated table, attached to this release, to show the pro-forma historical impact of the divestitures of both Cooking Solutions and the Giorik minority interest on sales, margins and earnings per share both on a GAAP and non-GAAP basis.

## **About Standex**

[Standex International Corporation](#) is a multi-industry manufacturer in five broad business segments: Food Service Equipment Group, Engineering Technologies Group, Engraving Group, Electronics Products Group, and Hydraulics Products Group with operations in the United States, Europe, Japan, Canada, Australia, Singapore, Mexico, Brazil, Argentina, Turkey, South Africa, India and China. For additional information, visit the Company's website at <http://standex.com/>.

## **Use of Non-GAAP Financial Measures**

In addition to the financial measures prepared in accordance with generally accepted accounting principles ("GAAP"), the Company uses certain non-GAAP financial measures, including non-GAAP income from operations, non-GAAP net income from continuing operations, free operating cash flow, EBITDA (earnings before interest, taxes, depreciation and amortization) and adjusted earnings per share. The attached financial tables reconcile non-GAAP measures used in this press release to the most directly comparable GAAP measures. The Company believes that the use of non-GAAP measures including the impact of restructuring charges, purchase accounting, discrete tax events, and acquisition costs help investors to obtain a better understanding of our operating results and prospects, consistent with how management measures and forecasts the Company's performance, especially when comparing such results to previous periods. An understanding of the impact in a particular quarter of specific restructuring costs, acquisition expenses, or other gains and losses, on net income (absolute as well as on a per-share basis), operating income or EBITDA can give management and investors additional insight into core financial performance,

especially when compared to quarters in which such items had a greater or lesser effect, or no effect. Non-GAAP measures should be considered in addition to, and not as a replacement for, the corresponding GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

### **<sup>1</sup> Safe Harbor Language**

Statements in this news release include, or may be based upon, management's current expectations, estimates and/or projections about Standex's markets and industries. These statements are forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may materially differ from those indicated by such forward-looking statements as a result of certain risks, uncertainties and assumptions that are difficult to predict. Among the factors that could cause actual results to differ are the impact of implementation of government regulations and programs affecting our businesses, unforeseen legal judgments, fines or settlements, uncertainty in conditions in the financial and banking markets, general domestic and international economy including more specifically increases in raw material costs, the ability to substitute less expensive alternative raw materials, the heavy construction vehicle market, the ability to continue to successfully implement productivity improvements, increase market share, access new markets, introduce new products, enhance our presence in strategic channels, the successful expansion and automation of manufacturing capabilities and diversification efforts in emerging markets, the ability to continue to achieve cost savings through lean manufacturing, cost reduction activities, and low cost sourcing, effective completion of plant consolidations, successful completion and integration of acquisitions and the other factors discussed in the Annual Report of Standex on Form 10-K for the fiscal year ending June 30, 2018, which is on file with the Securities and Exchange Commission, and any subsequent periodic reports filed by the Company with the Securities and Exchange Commission. In addition, any forward-looking statements represent management's estimates only as of the day made and should not be relied upon as representing management's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company and management specifically disclaim any obligation to do so, even if management's estimates change.

Reconciliation of Q2 and Fiscal Year to Date 2018 Financial Results to Reflect Planned Divestiture of Cooking Solutions Group													
Second Quarter FY 2018		Q2 FY18 Reported		Cooking Divestiture		Pension Exp. Reclassification		Q2 GAAP Adjusted		Pro Forma Non-GAAP Adjs.		Q2 FY18 Pro Forma	
Net Sales		209,751		24,057		-		185,694		-		185,694	
Cost of Goods Sold		138,225		15,710		(139)		122,376		-		122,376	
Gross Profit		71,526		8,347		139		63,318		-		63,318	
%		34.1%		34.7%				34.1%				34.1%	
SG&A		50,679		6,464		(421)		43,794		-		43,794	
Acquisition Related Costs		703		-		-		703		(703)		-	
Restructuring		1,966		192		-		1,774		(1,774)		-	
Operating Income		18,178		1,691		560		17,047		2,477		19,524	
%		8.7%		7.0%				9.2%				10.5%	
Interest Expense		1,793		-		-		1,793		-		1,793	
Non-Operating Exp./ (Income)		(453)		(135)		560		242		-		242	

Profit Before Tax			16,838			1,826			-			15,012			2,477		17,489
Income Tax			19,642			283			-			19,359			(14,338)		5,021
Net Income Continuing Ops			(2,804)			1,543			-			(4,347)			16,815		12,468
Second Quarter YTD FY 2018			Q2 YTD FY18 Reported			Cooking Divestiture			Pension Exp. Reclassification			Q2 GAAP Adjusted			Pro Forma Non-GAAP Adjs.		Q2 YTD FY18 Pro Forma
Net Sales			424,130			49,295			-			374,835			-		374,835
Cost of Goods Sold			278,423			32,345			(231)			245,847			(205)		245,642
Gross Profit			145,707			16,950			231			128,988			205		129,193
%			34.4%			34.4%						34.4%					34.5%
SG&A			100,705			12,968			(886)			86,851			-		86,851
Acquisition Related Costs			1,708			-			-			1,708			(1,708)		-
Restructuring			4,970			238			-			4,732			(4,732)		-
Operating Income			38,324			3,744			1,117			35,697			6,645		42,342
%			9.0%			7.6%						9.5%					11.3%
Interest Expense			3,514			-			-			3,514			-		3,514
Non-Operating Exp./ (Income)			(1,057)			(276)			1,117			336			-		336
Profit Before Tax			35,867			4,020			-			31,847			6,645		38,492
Income Tax			24,672			1,050			-			23,622			(13,268)		10,354
Net Income Continuing Ops			11,195			2,970			-			8,225			19,913		28,138
Reconciliation of Fiscal Q3 and Q4 2018 Financial Results to Reflect Planned Divestiture of Cooking Solutions Group																	
Third Quarter FY 2018			Q3 FY18 Reported			Cooking Divestiture			Pension Exp. Reclassification			Q3 GAAP Adjusted			Pro Forma Non-GAAP Adjs.		Q3 FY18 Pro Forma
Net Sales			216,743			24,596			-			192,147			-		192,147
Cost of Goods Sold			142,971			16,796			(139)			126,036			-		126,036
Gross Profit			73,772			7,800			139			66,111			-		66,111
%			34.0%			31.7%						34.4%					34.4%
SG&A			51,854			6,552			(430)			44,872			-		44,872
Acquisition Related Costs			1,254			-			-			1,254			(1,254)		-
Restructuring			1,337			276			-			1,061			(1,061)		-

Operating Income %		19,327 8.9%		972 4.0%		569		18,924 9.8%		2,315		21,239 11.1%
Interest Expense		2,286		-		-		2,286		-		2,286
Non-Operating Exp./(Income)		293		(139)		569		1,001		-		1,001
Profit Before Tax		16,748		1,111		-		15,637		2,315		17,952
Income Tax		3,928		231		-		3,697		1,132		4,829
Net Income Continuing Ops		12,820		880		-		11,940		1,183		13,123
Fourth Quarter FY 2018		Q4 FY18 Reported		Cooking Divestiture		Pension Exp. Reclassification		Q4 GAAP Adjusted		Pro Forma Non- GAAP Adjs.		Q4 FY18 Pro Forma
Net Sales		227,508		24,039		-		203,469		-		203,469
Cost of Goods Sold		145,188		16,082		(139)		128,967		-		128,967
Gross Profit		82,320		7,957		139		74,502		-		74,502
%		36.2%		33.1%				36.6%				36.6%
SG&A		53,898		6,456		(356)		47,086		-		47,086
Acquisition Related Costs		749		-		-		749		(749)		-
Restructuring		1,287		115		-		1,172		(1,172)		-
Operating Income		26,386		1,386		495		25,495		1,921		27,416
%		11.6%		5.8%				12.5%				13.5%
Interest Expense		2,230		-		-		2,230		-		2,230
Non-Operating Exp./(Income)		(481)		(211)		495		225		-		225
Profit Before Tax		24,637		1,597		-		23,040		1,921		24,961
Income Tax		12,020		420		-		11,600		(5,782)		5,818
Net Income Continuing Ops		12,617		1,177		-		11,440		7,703		19,143

#### Impact of Food Service Equipment Group Sales and Operating Income on Cooking Solutions Group Divestiture

		Q1 FY17		Q2 FY17		Q3 FY17		Q4 FY17		Q1 FY18		Q2 FY18		Q3 FY18		Q4 FY18
FSEG Reported Operating Income		9,488		7,206		7,418		9,324		10,424		7,841		6,785		9,803
Reclassify Cooking as Disc Ops		(3,199)		(2,149)		(2,593)		(2,495)		(2,070)		(1,691)		(972)		(1,386)
FSEG GAAP Operating Income		6,289		5,057		4,825		6,829		8,354		6,150		5,813		8,417

Add: Horizon Purchase Accounting	-	1,086	-	-	-	-	-	-
Cooking Restructuring Expense	(53)	(3)	(7)	-	(47)	(192)	(276)	(115)
Cooking Gain on Sale of Real Estate Above	-	-	-	652	-	-	-	-
Restated FSEG Operating Income	6,236	6,140	4,818	7,481	8,307	5,958	5,537	8,302
Sales as Reported	92,651	92,200	92,730	103,388	103,064	97,222	95,482	101,121
Reclassify Cooking as Disc Ops	(27,653)	(24,370)	(26,591)	(28,759)	(25,237)	(24,058)	(24,596)	(24,039)
Restated FSEG Sales	64,998	67,830	66,139	74,629	77,827	73,164	70,886	77,082
Adjusted Op Income % of Adjusted Sales	9.6%	9.1%	7.3%	10.0%	10.7%	8.1%	7.8%	10.8%
Reported Op Income % of Reported Sales	10.2%	7.8%	8.0%	9.0%	10.1%	8.1%	7.1%	9.7%

Reconciliation of GAAP to non-GAAP measures  
Adjusted Earnings per Share

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
Reported EPS	1.12	0.82	0.60	1.11	1.10	(0.22)	1.00	0.99
Reclassify Cooking as Disc Ops	(0.18)	(0.13)	(0.13)	(0.14)	(0.12)	(0.13)	(0.08)	(0.11)
Restated EPS from Continuing Ops	0.94	0.69	0.47	0.97	0.98	(0.35)	0.92	0.88
Adjustments:								
Restructuring as Reported	0.02	0.10	0.06	0.16	0.18	0.12	0.08	0.08
Cooking Restructuring in Above	-	-	-	-	-	(0.01)	(0.02)	(0.01)
Acquisition Related Costs	-	0.09	0.32	0.05	0.06	0.04	0.07	0.04
Purchase Accounting	-	0.06	-	0.12	0.01	-	-	-
Stock Comp Tax Accounting Change	0.03	0.02	-	(0.05)	-	-	-	-
Discrete Tax Items	-	(0.04)	-	-	-	1.18	(0.04)	0.49
Loss / (Gain) on Real Estate Sale	-	-	-	(0.04)	-	-	-	-



Sales from Continuing Ops		151,947		149,484		158,124		188,330		189,142		185,693		192,147		203,469
Adjusted EBIT % of Adjusted Sales		11.3%		10.4%		9.6%		12.6%		12.0%		10.3%		10.4%		13.3%

Reconciliation of GAAP to non-GAAP measures															
Adjusted EBITDA															
FULL YEAR															
				FY13		FY14		FY15		FY16		FY17		FY18	
Net Income, as Reported				44,054		49,749		55,243		52,230		46,577		36,632	
Provision for Income Taxes				15,244		18,054		20,874		16,295		15,355		40,620	
Interest Expense				2,469		2,249		3,161		2,871		4,043		8,030	
Depreciation & Amortization				15,236		14,591		16,683		17,954		20,315		29,163	
EBITDA				77,003		84,643		95,961		89,350		86,290		114,445	
Adjustments:															
Restructuring				2,666		10,077		3,443		4,232		5,825		7,594	
CSG Restructuring in Above				(157)		(9,155)		(2,574)		(2,168)		(63)		(630)	
Acquisition Related Costs				-		-		-		-		7,843		3,749	
Purchase Accounting				1,549		60		1,696		423		3,084		205	
CSG Purchase Accounting in Above						(60)		(587)							
Legal Settlement				2,809		-		-		-		-		-	
Management Transition Costs				-		3,918		-		-		-		-	
Loss on Disposed Business				-		-		-		7,267		-		-	
DA of Disposed Business (RPM)				(1,090)		(668)		(506)		(508)					
DA of Disposed Business (CSG)				(2,328)		(2,108)		(2,977)		(2,954)		(2,502)		(2,457)	
Profit by Disposed Business (RPM)				(1,436)		(174)		(90)		(860)		-		-	
Profit by Disposed Business (CSG)				(7,185)		(5,436)		(2,878)		(12,483)		(11,036)		(7,373)	
Life Insurance Benefit				(2,278)		(3,353)		-		-		-		-	
Net Gain on Insurance Proceeds				-		(3,462)		(497)		-		-		-	
Loss / (Gain) on Real Estate Sale				-		-		-		191		(652)		-	
CSG Real Estate Gain in Above				-		-		-		-		652		-	
Adjusted EBITDA				69,553		74,282		90,991		82,490		89,441		115,533	
Sales as Reported				673,390		716,180		772,142		751,586		755,258		868,382	
Sales of Disposed Business (RPM)				(16,468)		(14,645)		(14,654)		(17,445)		-		-	
Sales of Disposed Business (CSG)				(100,092)		(97,050)		(118,621)		(119,161)		(107,373)		(97,930)	

Adjusted Sales			556,830			604,485			638,867			614,980			647,885			770,452
Adjusted EBITDA % of Adjusted Sales			12.5%			12.3%			14.2%			13.4%			13.8%			15.0%
CSG Operating Statistics by Quarter																		
		Q1 FY17		Q2 FY17		Q3 FY17		Q4 FY17		Q1 FY18		Q2 FY18		Q3 FY18		Q4 FY18		
CAPEX		37		339		375		240		528		432		223		81		
Depreciation & Amortization		638		628		610		625		598		611		623		635		
Accounts Receivable		13,035		10,923		10,913		12,820		13,303		11,723		12,180		14,445		
Inventory		23,957		23,559		25,131		23,316		23,723		24,922		24,451		22,923		
Accounts Payable		(9,045)		(8,814)		(11,462)		(12,910)		(9,525)		(9,896)		(9,936)		(10,759)		
Net Working Capital		27,947		25,668		24,582		23,226		27,501		26,749		26,695		26,609		

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<https://ir.standex.com/2019-01-16-CORRECTING-and-REPLACING-Standex-Announces-Sale-of-Minority-Interest-in-Combi-Oven-Cooking-Business-Provides-Update-on-Cooking-Solutions-Divestiture-Issues-Updated-Proforma-Historical-Financial-Results>