Standex

Second Quarter Fiscal 2023

Earnings Call Presentation

February 3, 2023

SAFE HARBOR STATEMENT

Statements contained in this presentation that are not based on historical facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as “should,” “could,” “may,” “will,” “expect,” “believe,” “estimate,” “anticipate,” “intends,” “continue,” or similar terms or variations of those terms or the negative of those terms. There are many factors that affect the Company’s business and the results of its operations and that may cause the actual results of operations in future periods to differ materially from those currently expected or anticipated. These factors include, but are not limited to: the impact of pandemics such as the current coronavirus on employees, our supply chain, and the demand for our products and services around the world; materially adverse or unanticipated legal judgments, fines, penalties or settlements; conditions in the financial and banking markets, including fluctuations in exchange rates and the inability to repatriate foreign cash; domestic and international economic conditions, including the impact, length and degree of economic downturns on the customers and markets we serve and more specifically conditions in the automotive, construction, aerospace, transportation, food service equipment, consumer appliance, energy, oil and gas and general industrial markets; lower- cost competition; the relative mix of products which impact margins and operating efficiencies in certain of our businesses; the impact of higher raw material and component costs, particularly steel, certain materials used in electronics parts, petroleum based products, and refrigeration components; the impact of higher transportation and logistics costs, especially with respect to transportation of goods from Asia; an inability to realize the expected cost savings from restructuring activities including effective completion of plant consolidations, cost reduction efforts including procurement savings and productivity enhancements, capital management improvements, strategic capital expenditures, and the implementation of lean enterprise manufacturing techniques; the potential for losses associated with the exit from or divestiture of businesses that are no longer strategic or no longer meet our growth and return expectations; the inability to achieve the savings expected from global sourcing of raw materials and diversification efforts in emerging markets; the impact on cost structure and on economic conditions as a result of actual and threatened increases in trade tariffs; the inability to attain expected benefits from acquisitions and the inability to effectively consummate and integrate such acquisitions and achieve synergies envisioned by the Company; market acceptance of our products; our ability to design, introduce and sell new products and related product components; the ability to redesign certain of our products to continue meeting evolving regulatory requirements; the impact of delays initiated by our customers; our ability to increase manufacturing production to meet demand; and potential changes to future pension funding requirements. 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.

KEY Q2 FY23 MESSAGES

Q2 FY23 RESULTS &TRENDS

- 5.5% YOY (fixed currency) organic growth; Three of five business segments with >10% organic growth
- Seventh consecutive quarter of record adjusted operating margin; 20 bps higher than the previous record
- Solid execution on price realization and productivity actions more than offset inflation and foreign currency headwinds
- Announced agreement to sell Procon business unit for ~$75M; Divestiture supports continued portfolio simplification

GROWTH & MARGIN HIGHLIGHTS

- Fast growth market sales increased ~35% YOY to $19 million in Q2 FY23 and are expected to increase ~40% from ~$57M in FY22 to more than $80M in FY23
- Total company backlog realizable in under one year ~ $269 million, representing ~ 2% increase YOY
- All five segments with >15% operating margin

PRODUCTIVITY & FINANCE INITIATIVES

- Driving cost management through productivity and pricing actions
- Ongoing improvement in return on invested capital metrics, with annualized Q2 FY23 ROIC at ~12.3%
- Repatriated ~ $4M in Q2 FY23; expect to repatriate between $25M to $30M in FY23

STRONG FINANCIAL POSITION

- Strong FCF generation of ~$24M or ~120% of GAAP Net Income
- ~$324M in available liquidity and net debt to adjusted EBITDA ratio of 0.6x
- Repurchased ~50,000 shares for ~$5.1M in Q2 FY23; ~$77.1M remaining on repurchase authorization
- Declared 234th consecutive dividend, ~ 8% increase YOY

OUTLOOK

- In FY23, expect continued improvement in financial metrics; key investments focused on growth initiatives and capacity expansion
- In Q3 FY23, on a sequential basis, expect a slight to moderate revenue decrease, primarily due to Procon divestiture and FX headwinds, and slightly lower to similar adjusted operating margin, as price and productivity actions mostly offset the impact of sales decrease

ELECTRONICS

YOY Comparison

$ in 000's	Q2 FY23	Q2 FY22	% Change
Revenue	72,556	76,626	(5.3%)
Operating Income	16,972	17,157	(1.1%)
OI Margin	23.4%	22.4%	

Magnetics: Transformers and inductors for Smart Grid - capacitor bank monitoring at utility sub-stations

Q2 FY23 Summary

- **Organic revenue** decreased $0.2M, or 0.2%, reflecting softness in the appliances end market in Europe and the China slowdown
- **Continued positive trends** in industrial applications, power management, renewable energy technologies, and EV-related applications
- **Operating income decreased slightly** with improvement in operating margin, as pricing and cost initiatives mostly offset lower sales, inflation and currency
- **Fast growth markets** continue to drive strong organic growth; key contributors are magnetics components from Mil-Aero and Smart Grid and relays for Electric Vehicles and Solar

Q3 FY23 Outlook

- **Overall sales expected to improve slightly to moderately** on a sequential basis, with strong demand across end markets in NA and increased sales into fast growth markets
- **Slightly lower to similar operating margin**, on a sequential basis, due to unfavorable product mix and plant moves in China and Germany, completed in early January

ENGRAVING

YOY Comparison

$ in 000's	Q2 FY23	Q2 FY22	% Change
Revenue	37,689	36,644	2.8%
Operating Income	6,373	5,204	22.5%
OI Margin	16.9%	14.2%	

Demand for Soft Trim solutions continues to grow

- Our customer intimacy model in Engraving, "Design, Verify, Produce" lead to broad solutions including design services, hard trim and soft trim
- Soft Trim Programs were delivered in China, while other parts were serviced in other regions of the world. Standex global project management assured all were delivered on time to meet customers' schedules

Q2 FY23 Summary

- **Positive YOY organic revenue growth of 12%** mostly offset by 9.2% impact from currency
- **Operating income increased** due to realization of previously announced productivity actions in North America and Europe
- **Positive trends** in soft trim tools, laser engraving, and tool finishing

Q3 FY23 Outlook

- Sequentially, expect **a slight decrease in revenue** and **a moderate decrease in operating margin** due to project mix and impact of Chinese New Year and higher R&D investments
- Expect **more favorable project mix** in the fiscal fourth quarter of 2023
- Continued **growth in soft trim** demand in FY23 and expansion in Asia

SCIENTIFIC

YOY Comparison

$ in 000's	Q2 FY23	Q2 FY22	% Change
Revenue	19,292	24,636	(21.7%)
Operating Income	4,165	5,490	(24.1%)
OI Margin	21.6%	22.3%	

New higher tier product released to extend our flammable and hazardous material storage

- **Compliant with** National Fire Protection Agency standards
- **New digital controls** improve temperature control and thermal performance
- **Hydrocarbon refrigerant** minimizes ozone depletion
- Primarily used in **Academic Research** and **Industrial** settings

Q2 FY23 Summary

- **As expected, revenue decreased** due to lower demand associated with COVID-19 vaccine storage
- **Operating income decreased** due to lower volume, partially offset by price, productivity actions, and lower freight cost
- Increased R&D investment fueling a healthy **new product development pipeline**

Q3 FY23 Outlook

- Sequentially, expect a **slight revenue decrease and similar operating margin** as productivity actions and lower freight cost offset volume decline
- **Active pipeline** of new product development, further **expanding intellectual property portfolio**

ENGINEERING TECHNOLOGIES

YOY Comparison

$ in 000's	Q2 FY23	Q2 FY22	% Change
Revenue	24,193	18,095	33.7%
Operating Income	3,741	2,314	61.7%
OI Margin	15.5%	12.8%	

Supporting Airbus ZEROe aircraft initiative

Early prototype part spinning

- Leveraging our advanced forming capability to support innovative technologies that will enable the world's first commercial zero-emissions aircraft
- Announced a contract to manufacture prototype hardware for the Airbus ZEROe hydrogen-powered aircraft

Q2 FY23 Summary

- **Revenue increased** reflecting strong growth in space and aviation end market demand
- **Operating income increased** due to higher volume and the impact of productivity and efficiency initiatives

Q3 FY23 Outlook

- Sequentially, expect a **significant decrease in revenue** reflecting project timing
- Expect a **slight sequential decrease in operating margin** as productivity actions mostly offset volume decline
- Expect **more favorable timing of projects** in the fiscal fourth quarter of 2023, supported by a healthy backlog

SPECIALTY SOLUTIONS

YOY Comparison

$ in 000's	Q2 FY23	Q2 FY22	% Change
Revenue	34,059	29,708	14.6%
Operating Income	5,716	3,738	52.9%
OI Margin	16.8%	12.6%	

FEDERAL INDUSTRIES: *New and redesigned products driving growth*

- Heated Merchandiser – Introduced in late 2019 and redesigned as part of the Vision Series
- Milk Merchandisers – Introduced in late 2019 as a new way for Schools to serve breakfast and lunch products including milk
- Vision Series – High Profile Merchandiser redesigned and introduced to market in late 2021

Q2 FY23 Summary

- **Revenue increased due to healthy organic growth** in Hydraulics and Display Merchandising businesses
- **Operating income increase** reflected price and volume increases and realization of productivity actions

Q3 FY23 Outlook

- Sequentially, **expect revenue to decrease moderately to significantly** due to the Procon divestiture
- Expect **operating margin to increase slightly to moderately**, on a sequential basis, due to ongoing price and productivity actions in the remaining businesses
- Ongoing focus on **operational excellence** and **price realization** initiatives in FY23

Q2 FY23 SUMMARY

Standex International Corporation (In millions)	Second Quarter Ended December 31 Q2/23	Q2/22	Y/Y Δ%	Comments
Net Sales	**$187.8**	**$185.7**	**1.1%**	Organic growth in ETG, Specialty, and Engraving Organic growth: 5.5% Acquisitions: 0.4% F/X: -4.8%
Adjusted Operating Income	**28.6**	**25.2**	**13.3%**	
Interest expense	1.6	1.5	2.6%	
Tax rate	23.7%	24.7%		
Adjusted Net Income from continuing operations	**20.7**	**17.6**	**17.3%**	
Adjusted EPS	**$1.74**	**$1.45**	**20.0%**	EPS growth despite inflation & F/X headwinds
Diluted Average Shares	11.9	12.1	-1.8%	Repurchased ~50,000 shares in Q2 FY23
Percent of Revenues:	**Q2/23**	**Q2/22**	**Y/Y Δ%**	
Adjusted Operating Income	**15.2%**	**13.6%**	**160 bps**	Realization of price and productivity actions
Adjusted Net Income from continuing operations	**11.0%**	**9.5%**	**150 bps**	
Other Financial Data:				
EBITDA	34.8	29.0	20.2%	
Adjusted EBITDA	**35.6**	**32.5**	**9.8%**	
Margin	19.0%	17.5%	150 bps	
Free Cash Flow Data:				
Cash Provided by Continuing Operations	**29.8**	**23.6**	**26.3%**	
Capital expenditures	5.8	4.7	23.4%	
Free Cash Flow	**24.0**	**18.9**	**27.1%**	Solid cash conversion of ~120% of GAAP Net Income

Q2 FY23 SEGMENT SNAPSHOT

Segment Breakdown *(in millions)*	Q2/23	Q2/22	Y/Y Δ%	Comments
Net Sales by Segment				
Electronics	$72.6	$76.6	-5.3%	Organic growth: -0.3%; Acquisitions: 1.0%; F/X: -6.1%
Engraving	37.7	36.6	2.8%	Organic growth: 12.0%; F/X: -9.2%
Scientific	19.3	24.6	-21.7%	Lower demand for COVID vaccine storage
Engineering Technologies	24.2	18.1	33.7%	Organic growth: 36.2%; F/X: -2.5%
Specialty Solutions	34.1	29.7	14.6%	Organic growth: 15.9%; F/X: -1.3%
Total	**187.8**	**185.7**	**1.1%**	
Adjusted Income from Operations by Segment				
Electronics	17.0	17.2	-1.1%	Lower sales, inflation, and F/X, mostly offset by pricing and productivity initiatives
Engraving	6.4	5.2	22.5%	Productivity actions, partially offset by F/X
Scientific	4.2	5.5	-24.1%	Lower volume, partially offset by price, productivity actions, and lower freight cost
Engineering Technologies	3.7	2.3	61.6%	Higher volume and impact of productivity and efficiency initiatives
Specialty Solutions	5.7	3.7	52.9%	Price and volume increases and productivity actions
Corporate	(8.4)	(8.7)	-3.5%	
Total Adjusted Income from Operations	**28.6**	**25.2**	**13.3%**	
Adjusted Operating Income Margin by Segment				
Electronics	23.4%	22.4%	100 bps	
Engraving	16.9%	14.2%	270 bps	
Scientific	21.6%	22.3%	-70 bps	
Engineering Technologies	15.5%	12.8%	270 bps	
Specialty Solutions	16.8%	12.6%	420 bps	
Total Adjusted Operating Income Margin	**15.2%**	**13.6%**	**160 bps**	

Q2 FY23 CAPITALIZATION

FAVORABLE LIQUIDITY PROFILE

- Net debt to adj. EBITDA of 0.6x
- Net debt to total capital of 12.3%
- ~$324M of available liquidity
- $4.3M repatriated in Q2 FY23; expect to repatriate between $25M to $30M in FY23

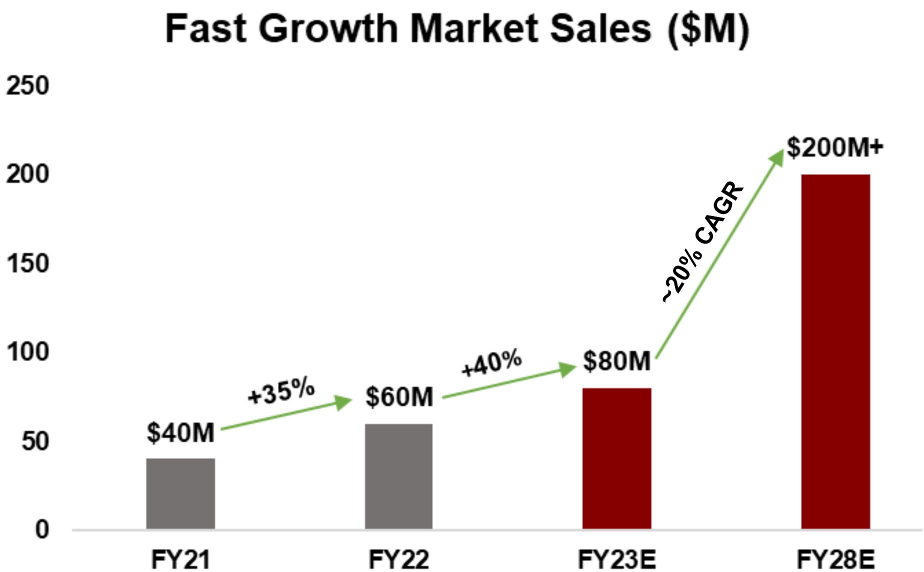
CAPITAL SPENDING AND D&A

- $5.8M of CAPEX in Q2 FY23 compared to $4.7M in Q2 FY22
- CAPEX expected to be between $30M to $35M in FY23
- Expect depreciation between $20.0M and $21.0M in FY23
- Expect amortization between $7.0M and $9.0M in FY23

Standex International Corporation (In millions)	**12/31/2022**	**9/30/2022**
Debt including issuance costs	**$187.5**	**$198.9**
Cash	113.5	103.4
Net Debt	**$74.0**	**$95.5**
Net Debt to Capital Ratio	**12.3%**	**16.3%**
Funded Debt to Capital	26.2%	28.8%
Leverage Ratio per Bank Credit Agreement	1.02	1.16
TTM Adjusted EBITDA	$134.2	$131.0
Net Debt to Adjusted EBITDA	**0.55x**	**0.73x**

STRONG BALANCE SHEET AND SIGNIFICANT FINANCIAL FLEXIBILITY

ACCELERATING SALES INTO FAST GROWTH MARKETS



Renewable Energy
Solar market to remain strong with long term growth supported by government investments

Electric Vehicles
3X - 5X higher content in EV than ICE for the Electronics segment. Strong competitive position in safety isolation circuits.

Soft Trim
Auto OEM increasing focus on improving quality of textures in interiors. Opportunity for market share gains

Commercialization of Space
Long term trend of increased number of annual launches. Strong relationships with major players.

Defense
Well positioned for new programs in development and healthy long term defense spending plans

TARGET SALES INTO FAST GROWTH MARKETS TO GROW TO 20% OR MORE OF OVERALL SALES

STANDEX FINANCIAL FRAMEWORK

	UPDATED LONGER-TERM TARGETS (by FY28)
Sales	>$1B (High-single-digit organic growth)
Adj. Operating Margin	>19%
FCF Conversion	~100% GAAP Net Income
ROIC	>15%

EXPECT SALES TO EXCEED $1 BILLION WITHIN 5 YEARS

- *Prior longer-term targets (January 2021) were mid-single-digit organic sales growth, adjusted EBITDA margin >20%, FCF conversion of ~100% of GAAP net income and ROIC >12%*
- *Expect to reach our previous targets of >20% adjusted EBITDA margin and ROIC >12% within the next fiscal year*
- *R&D expected to represent over 3% of total sales by FY28*
- *Projections exclude potential investments, revenue, and profits related to our solar energy project with ENEL*
- *Long-term target for ROIC applies to our current portfolio of businesses and excludes the impact of potential acquisitions*
- *Adjusted figures exclude the impact of restructuring charges, purchase accounting, insurance recoveries, discrete tax events, gain or loss on sale of a business unit, acquisition costs, and litigation costs.*

KEY TAKEAWAYS

- Record adjusted operating margin in Q2 FY23 driven by continued strong execution
  - Organic growth of 5.5%
  - Adjusted operating margin of 15.2% increased 20 bps over previous Q1 FY23 record
  - Adjusted EPS growth of 20.0%
- Continued simplification of portfolio enables greater focus on larger businesses and fast growth end market opportunities
- Expect continued organic growth across majority of business units
- Long-term organic growth remains intact despite regional pressures in Europe and China
- Emerging, sustainable and secular global trends continue to drive growth in fast growth markets
- Strong pricing disciplines & OpEx actions driving record margin for the seventh consecutive quarter
- Active pipeline of organic and inorganic growth opportunities that serve attractive end markets

APPENDIX

Q2 FY23 REVENUE DRIVERS

Q2 FY23 YOY Change %	Electronics	Engraving	Scientific	Engineering Technologies	Specialty Solutions	Total
Organic	-0.2%	12.0%	(21.7%)	36.2%	15.9%	5.5%
Divestiture	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Acquisitions	1.0%	0.0%	0.0%	0.0%	0.0%	0.4%
Currency	(6.1%)	(9.2%)	0.0%	(2.5%)	(1.3%)	(4.8%)
Total	(5.3%)	2.8%	(21.7%)	33.7%	14.6%	1.1%

Q2 FY23 GAAP TO NON-GAAP EBIT & EBITDA BRIDGE

(In thousands, except percentages)	Three Months Ended December 31, 2022		Three Months Ended December 31, 2021		% Change
Adjusted income from operations and adjusted net income from continuing operations:					
Net Sales	$	187,789	$	185,709	1.1%
Income from operations, as reported	$	27,806	$	21,773	27.7%
Income from operations margin		14.8%		11.7%	
Adjustments:					
Restructuring charges		511		843	
Acquisition-related costs		174		925	
Litigation charge		116		1,700	
Adjusted income from operations	$	28,607	$	25,241	13.3%
EBITDA and Adjusted EBITDA:					
Net income (loss) from continuing operations, as reported	$	20,084	$	15,030	33.6%
Net income from continuing operations margin		10.7%		8.1%	
Add back:					
Provision for income taxes		6,226		4,929	
Interest expense		1,566		1,526	
Depreciation and amortization		6,958		7,497	
EBITDA	$	34,834	$	28,982	20.2%
EBITDA Margin		18.5%		15.6%	
Adjustments:					
Restructuring charges		511		843	
Acquisition-related costs		174		925	
Litigation charge		116		1,700	
Adjusted EBITDA	$	35,635	$	32,450	9.8%
Adjusted EBITDA Margin		19.0%		17.5%	

Q2 FY23 GAAP TO NON-GAAP INCOME BRIDGE

	Q2 FY23				Q2 FY22				% Change		
	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Net Income	EPS
Reported - GAAP	**$ 26.3**	**$ (6.2)**	**$ 20.1**	**$ 1.69**	**$ 20.0**	**$ (4.9)**	**$ 15.0**	**$ 1.24**	**31.8%**	**33.6%**	**36.3%**
Add:											
Restructuring charges	0.5	(0.1)	0.4	0.03	0.8	(0.2)	0.6	0.05			
Acquisition-related costs	0.2	(0.0)	0.1	0.01	0.9	(0.2)	0.7	0.06			
Lititgation charge	0.1	(0.0)	0.1	0.01	1.7	(0.4)	1.3	0.10			
Less:											
Discrete tax Items	-	-	-	-	-	-	-	-			
Adjusted	**$ 27.1**	**$ (6.4)**	**$ 20.7**	**$ 1.74**	**$ 23.4**	**$ (5.8)**	**$ 17.6**	**$ 1.45**	**15.7%**	**17.3%**	**20.0%**
Diluted Shares				11,917				12,138			

Note : In millions, except percentages and EPS; Some totals will not foot due to rounding