Third Quarter Fiscal 2023

Earnings Call Presentation

May 5, 2023

Standex

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KEY Q3 FY23 MESSAGES

GROWTH PROFILE

- Organic growth of ~ 1.5%; fast growth market sales increased ~40% YOY to $23 million in Q3 FY23
- Fast growth market sales expected to increase ~50% from ~$57M in FY22 to ~$85M in FY23
- Expect organic revenue growth in FY23 from four of five business segments

OPERATING PERFORMANCE

- Adjusted operating margin 15.2%; 8th consecutive quarterly record
- Ongoing focus on return on invested capital with annualized Q3 FY23 ROIC ~12.0%
- FCF generation of ~$17.6M in Q3 FY23; more than doubled versus Q3 FY22
- ~$344M in available liquidity and net debt to adjusted EBITDA ratio of 0.0x

OUTLOOK

- In Q4 FY23, on a sequential basis, expect similar sales with organic growth offset by Procon divestiture and similar to slightly higher adjusted operating margin
- In Q4 FY23, on a YOY basis, expect mid to high single digit organic growth offset by Procon divestiture and significant adjusted operating margin improvement
- Reaffirm long term financial outlook (by FY28) of high-single-digits organic growth, adj. operating margin of >19%, ROIC >15%, and FCF conversion at ~100% of GAAP net income

HOW WE PARTICIPATE IN FAST GROWTH END MARKETS

Renewable Energy

- Isolation relays play a critical role in solar inverters to enable safe and efficient switching
- Standex relays have unique characteristics and optimal packaging to withstand high voltages in inverter applications

Electric Vehicles

- 3X to 5X more electronics applications in EV vs ICE
- Physical properties of reed relays designed to withstand high voltage batteries in safety circuits
- Content gains with level and proximity applications in EV for traditional sensors
- New development activity in Hybrid and Electric High Voltage Off Road vehicles

Soft Trim

- Highly efficient soft trim tool improves manufacturing productivity and reduces maintenance costs
- Supports customers energy efficiency and CO2 reduction goals

Commercialization of Space

- Standex is a leading solutions supplier of turnkey components for launch vehicles' fuel tank domes
- Applying our differentiated spin forming capability to next generation prototype zero-emission aircraft

Defense

- New defense equipment power management needs drives demand for our custom magnetics solutions
- Standex delivers critical hardware for new hypersonic, interceptor, and tactical missile programs

New product development funnel focused on fast growth applications

Q3 FY23 SUMMARY

Standex International Corporation ($ in millions)	Third Quarter Ended March 31 Q3/23	Q3/22	Y/Y Δ%	Comments
Net sales	**184.3**	**189.3**	**-2.6%**	Organic growth: 1.5% Acquisitions/Divestitures: -1.6% F/X: -2.5%
Adjusted operating income	**27.9**	**26.1**	**7.0%**	
Interest expense	1.4	1.2	14.3%	
Provision for income taxes	5.8	5.5	5.5%	
Adjusted net income from continuing operations	**19.6**	**18.7**	**5.2%**	
Adjusted EPS	**1.65**	**1.54**	**7.1%**	
Diluted average shares	11.9	12.1	-1.6%	Repurchased ~42,500 shares in Q3 FY23
Percent of Revenues:	**Q3/23**	**Q3/22**	**Y/Y Δ%**	
Adjusted operating income	**15.2%**	**13.8%**	**140 bps**	Realization of price and productivity actions
Adjusted net income from continuing operations	10.7%	9.9%	80 bps	
Free Cash Flow Data:				
Cash provided by continuing operations	**23.3**	**11.9**	**95.3%**	
Capital expenditures	5.6	3.4	64.5%	
Free cash flow	**17.6**	**8.5**	**107.3%**	Solid cash conversion; More than doubled vs. Q3/22

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

ELECTRONICS

YOY Comparison

$ in millions	Q3 FY23	Q3 FY22	% Change
Revenue	78.2	79.9	-2.1%
GAAP Operating Income	17.0	19.2	-11.2%
GAAP OI Margin %	21.8	24.0	
Adjusted Operating Income*	17.0	19.2	-11.3%
Adjusted OI Margin %*	21.8	24.1	

*Q3 FY22 excludes less than $0.1M of purchase accounting expenses associated with Sensor Solutions

Q3 FY23 Summary

- Positive YOY organic revenue growth of 1.3%, driven by strength of our fast growth end markets, offset by continued softness in the appliances end market
- 3.4% negative impact from foreign exchange
- Continued positive trends in industrial applications, power management, renewable energy technologies, and EV-related applications
- Adjusted operating income decreased due to lower sales and product mix, partially offset by pricing and productivity initiatives

Q4 FY23 Outlook

- Similar revenue on a sequential basis from higher sales into fast growth markets, offset by slower recovery in China and Europe
- Similar operating margin reflecting similar product mix as the third quarter

ENGRAVING

YOY Comparison

$ in millions	Q3 FY23	Q3 FY22	% Change
Revenue	36.9	37.2	-0.8%
Operating Income	5.4	5.7	-6.5%
OI Margin %	14.5	15.4	

Q3 FY23 Summary

- Positive YOY organic revenue growth of 3.9%, driven by strong performance in North America and Europe, more than offset by foreign exchange
- Operating income decreased due to unfavorable regional mix
- Positive trends in soft trim tools, laser engraving, and tool finishing

Q4 FY23 Outlook

- Sequentially, expect similar to slightly higher revenue and operating margin

SCIENTIFIC

YOY Comparison

$ in millions	Q3 FY23	Q3 FY22	% Change
Revenue	18.9	18.9	-0.1%
Operating Income	4.6	4.2	9.8%
OI Margin %	24.1	22.0	

Q3 FY23 Summary

- Revenue remained flat as higher sales into research and academic end markets were offset by lower demand for COVID vaccine storage units
- Operating income increased due to price and productivity actions and lower freight cost
- Increased R&D investment fueling a healthy new product development pipeline

Q4 FY23 Outlook

- Sequentially, expect similar revenue and slightly higher operating margin

ENGINEERING TECHNOLOGIES

YOY Comparison

$ in millions	Q3 FY23	Q3 FY22	% Change
Revenue	18.1	20.9	-13.6%
Operating Income	2.4	2.3	1.0%
OI Margin %	13.0	11.1	

Q3 FY23 Summary

- Revenue decreased reflecting lower volume due to the timing of projects, partially offset by higher revenue from new product development
- Operating income remained flat reflecting the impact of productivity and efficiency initiatives offsetting lower volume

Q4 FY23 Outlook

- Sequentially, expect a moderate increase in revenue and operating margin

SPECIALTY SOLUTIONS

YOY Comparison

$ in millions	Q3 FY23	Q3 FY22	% Change
Revenue	32.3	32.4	-0.3%
Operating Income	7.2	3.6	96.9%
OI Margin %	22.2	11.2	

Q3 FY23 Summary

- Revenue remained flat as robust organic growth in Display Merchandising was offset by organic decline in Hydraulics and the impact of the Procon divestiture
- Operating income increased due to higher sales in Display Merchandising and realization of productivity initiatives in Hydraulics

Q4 FY23 Outlook

- Sequentially, expect moderate to significant decline in revenue, primarily due to the Procon divestiture and lower sales in Display Merchandising, and slightly lower operating margin

Q3 FY23 CAPITALIZATION

Standex International Corporation ($ in millions)	**3/31/2023**	**12/31/2022**
Debt including issuance costs	**$173.3**	**$187.5**
Cash	175.3	113.5
Net (Cash) Debt	**($2.0)**	**$74.0**
Net Debt to Capital Ratio	**-0.3%**	**12.3%**
Funded Debt to Capital	22.3%	26.2%
Leverage Ration per Bank Credit Agreement	0.89	1.02
TTM Adjusted EBITDA	$135.8	$134.2
Net Debt to Adjusted EBITDA	**0.0x**	**0.55x**

STRONG BALANCE SHEET AND SIGNIFICANT FINANCIAL FLEXIBILITY

CAPITAL SPENDING AND D&A

- $5.6M of CAPEX in Q3 FY23 compared to $3.4M in Q3 FY22
- CAPEX expected to be between $25M to $30M in FY23
- Expect depreciation between $20.0M and $21.0M in FY23
- Expect amortization between $7.0M and $9.0M in FY23

FAVORABLE LIQUIDITY PROFILE

- Net debt to adj. EBITDA of 0.0x
- Net debt to total capital of -0.3%
- ~$344M of available liquidity

KEY TAKEAWAYS

- **Record level adjusted operating margin for the eighth consecutive quarter**
  - Organic growth of 1.5%
  - Fast Growth market sales grew by ~40%
  - Adjusted operating margin of 15.2% increased 140 bps year-on-year
  - Adjusted EPS growth of 7.1%
- **Expect continued organic growth across majority of business units**
- **Sustainable secular global trends are an increasing source of growth as measured in our "fast growth markets"**
- **Regional presence, strong customer relationships and disciplined approach to pricing and productivity provide protection from supply chain challenges and inflation**
- **We have ample liquidity to pursue an active pipeline of organic and inorganic growth opportunities**

APPENDIX

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.

Q3 FY23 SEGMENT SNAPSHOT

Segment Breakdown ($ in millions)	**Q3/23**	**Q3/22**	**Y/Y △%**	**Comments**
Net Sales by Segment				
Electronics	78.2	79.9	-2.1%	Organic growth: 1.3%; F/X: -3.4%
Engraving	36.9	37.2	-0.8%	Organic growth: 3.9%; F/X: -4.7%
Scientific	18.9	18.9	-0.1%	Higher sales in research & academics offset by lower COVID storage
Engineering Technologies	18.1	20.9	-13.6%	Organic growth: -12.1%; F/X: -1.5%
Specialty Solutions	32.3	32.4	-0.3%	Organic growth: 9.3%; Divestiture: -9.6%
Total	**184.3**	**189.3**	**-2.6%**	
Adjusted Income from Operations by Segment				
Electronics	17.0	19.2	-11.3%	Lower sales and unfavorable mix partially offset by pricing and productivity
Engraving	5.4	5.7	-6.5%	Unfavorable mix
Scientific	4.6	4.2	9.8%	Price and productivity actions and lower freight cost
Engineering Technologies	2.4	2.3	1.0%	Productivity and efficiency initiatives offsetting lower volume
Specialty Solutions	7.2	3.6	96.9%	Higher sales in Display Merchandising and productivity initiatives in Hydraulics
Corporate	(8.5)	(9.0)	-4.9%	
Total Adjusted Income from Operations	**27.9**	**26.1**	**7.0%**	
Adjusted Operating Income Margin by Segment				
Electronics	21.8%	24.1%	-230 bps	
Engraving	14.5%	15.4%	-90 bps	
Scientific	24.1%	22.0%	220 bps	
Engineering Technologies	13.0%	11.1%	190 bps	
Specialty Solutions	22.2%	11.2%	1090 bps	
Total Adjusted Operating Income Margin	**15.2%**	**13.8%**	**140 bps**	

Q3 FY23 REVENUE DRIVERS

Q3 FY23 YOY Change %	Electronics	Engraving	Scientific	Engineering Technologies	Specialty Solutions	Total
Organic	1.3%	3.9%	(0.1%)	(12.1%)	9.3%	1.5%
Divestiture	0.0%	0.0%	0.0%	0.0%	(9.6%)	(1.6%)
Acquisitions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Currency	(3.4%)	(4.7%)	0.0%	(1.5%)	0.0%	(2.5%)
Total	(2.1%)	(0.8%)	(0.1%)	(13.6%)	(0.3%)	(2.6%)

Q3 FY23 GAAP TO NON-GAAP INCOME BRIDGE

Standex International Corporation	Q3 FY23				Q3 FY22				% Change		
	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Net Income	EPS
Reported - GAAP	**$86.4**	**$(5.8)**	**$80.6**	**$6.77**	**$22.9**	**$(5.5)**	**$17.4**	**$1.44**	**277.2**	**362.8**	**370.1**
Add:											
Restructuring charges	2.2	(0.5)	1.7	0.14	1.2	(0.3)	0.9	0.07			
Acquisition-related costs	-	-	-	-	0.4	(0.1)	0.3	0.03			
Gain on Procon sale	(62.1)	-	(62.1)	(5.22)	-	-	-	-			
Environmental remediation	0.3	(0.1)	0.2	0.02	-	-	-	-			
Litigation (settlement refund) charge	(1.0)	0.2	(0.8)	(0.06)	-	-	-	-			
Less:											
Discrete tax items	-	-	-	-	-	-	-	-			
Adjusted	**$25.8**	**$(6.2)**	**$19.6**	**$1.65**	**$24.5**	**$(5.9)**	**$18.7**	**$1.54**	**5.1**	**5.2**	**7.1**
Diluted Shares				11,895				12,089			

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