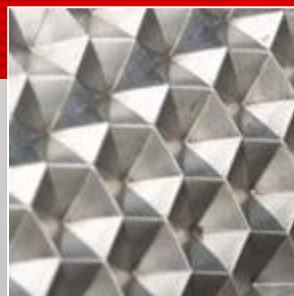


# Second Quarter Fiscal 2017 Conference Call



February 3, 2017



# Safe Harbor Statement

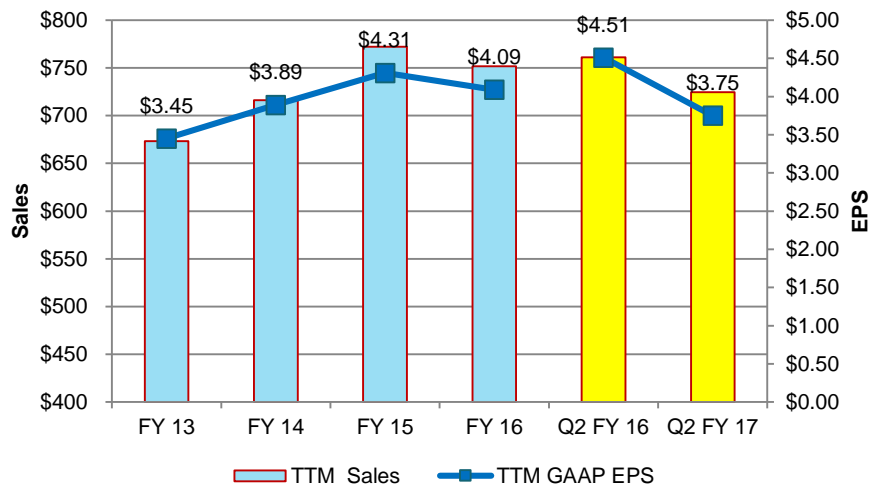
Statements contained in this presentation that are not based on historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as "should," "could," "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 may cause the actual results of operations in future periods to differ materially from those currently expected or desired. These factors include, but are not limited to material adverse or unforeseen 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, general and international recessionary economic conditions, including the impact, length and degree of the current slow growth conditions on the customers and markets we serve and more specifically conditions in the food service equipment, automotive, construction, aerospace, energy, transportation and general industrial markets, lower-cost competition, the relative mix of products which impact margins and operating efficiencies, both domestic and foreign, in certain of our businesses, the impact of higher raw material and component costs, particularly steel, petroleum based products and refrigeration components, an inability to realize the expected cost savings from restructuring activities, effective completion of plant consolidations, cost reduction efforts, restructuring including procurement savings and productivity enhancements, capital management improvements, strategic capital expenditures, and the implementation of lean enterprise manufacturing techniques, the inability to achieve the savings expected from the sourcing of raw materials from and diversification efforts in emerging markets, the inability to attain expected benefits from strategic alliances or acquisitions and the inability to achieve synergies contemplated by the Company. Other factors that could impact the Company include changes to future pension funding requirements and factors discussed in the Annual Report of Standex on Form 10-K for the fiscal year ending June 30, 2016, which is on file with the Securities and Exchange Commission ("SEC") and any subsequent periodic reports filed by Standex with the SEC. 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.

# Second Quarter 2017 Overview

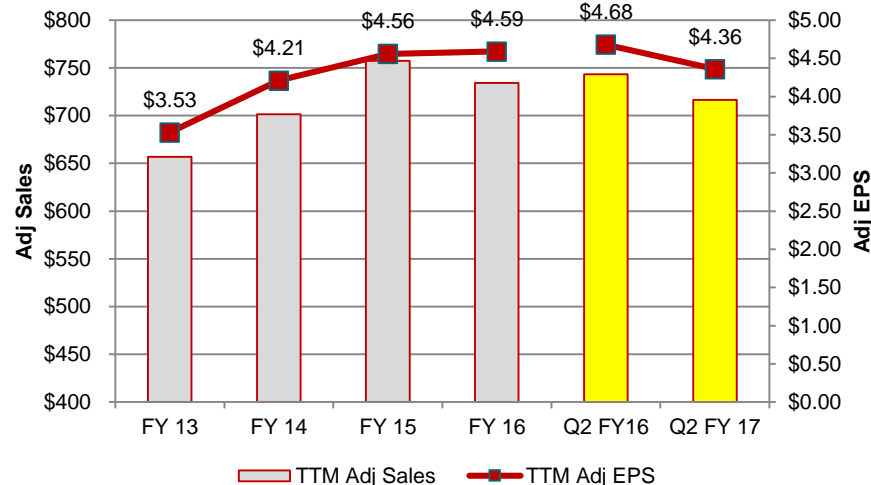
- YOY sales were down 4.4% to \$173.9M
  - Organic sales -4.9%
  - Acquisitions 4.1%
  - Divested Business -2.7%
  - FX impact of -0.9%
- Q2 GAAP operating income down 17.6% and EPS of \$0.80 per share down 17.5%
- Q2 adjusted operating income down 1.5% and Adjusted EPS of \$1.01 flat to last year
- Net debt position of \$3.0M at end of Q2
- Completed acquisition of Horizon Scientific as part of the Refrigeration business
- Entered into a definitive agreement to purchase Japan Reed Switch Manufacturer

# Sales and Earnings Per Share Trend

## As Reported, GAAP



## Adjusted & Restated without US RPM



TTM GAAP Sales down 4.8% and EPS Down 16.9%  
 TTM Adjusted Sales down 3.6% and Non-GAAP EPS down 6.8%

# Revenue Changes

Q2 2017 YOY Change %	Food Service	Engraving	Engineering Technologies	Electronics	Hydraulics	Total
Organic	-6.7%	-1.3%	-8.5%	2.2%	-12.7%	-4.9%
Acquisitions	8.1%	0.0%	0.0%	0.0%	0.0%	4.1%
Divestiture	0.0%	-15.2%	0.0%	0.0%	0.0%	-2.7%
Currency	0.0%	-2.5%	-1.9%	-1.7%	0.0%	-0.9%
Total	1.4%	-19.0%	-10.4%	0.5%	-12.7%	-4.4%

YTD 2017 YOY Change %	Food Service	Engraving	Engineering Technologies	Electronics	Hydraulics	Total
Organic	-10.5%	-3.5%	-3.3%	1.6%	-6.6%	-6.5%
Acquisitions	3.7%	0.0%	0.0%	4.8%	0.0%	2.7%
Divestiture	0.0%	-14.0%	0.0%	0.0%	0.0%	-2.4%
Currency	0.0%	-2.2%	-2.2%	-1.4%	0.0%	-0.8%
Total	-6.7%	-19.7%	-5.5%	5.0%	-6.6%	-7.1%

# Quarter Financials

	Q2 FY17			Q2 FY16			YOY Change	
	GAAP		Non-GAAP	GAAP		Non-GAAP	GAAP	Non-GAAP
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	Reported	Adjusted
Net Revenues	\$ 173.9	\$ -	\$ 173.9	\$ 181.9	\$ (4.9)	\$ 177.1	\$ (8.1)	\$ (3.2)
% Change							-4.4%	-1.8%
Gross Profit	56.9	1.1	58.0	58.2	(0.4)	57.8		
%	32.7%		33.3%	32.0%		32.6%	70 bps	70 bps
Operating Income	13.2	4.3	17.5	16.1	1.7	17.8	-17.6%	-1.5%
%	7.6%		10.1%	8.8%		10.0%	-120 bps	0 bps
Net Interest (Expense)	(0.9)	-	(0.9)	(0.7)	-	(0.7)		
Other Income (Expense)	0.3	-	0.3	0.3	-	0.3		
Pre-Tax Income	12.7	4.3	17.0	15.6	1.7	17.3	-18.6%	-2.0%
Provision for Income Taxes	2.5	1.6	4.0	3.2	1.1	4.3		
Net Income Continuing Operation	\$ 10.3	\$ 2.7	\$ 12.9	\$ 12.4	\$ 0.6	\$ 13.0	\$ (2.2)	\$ (0.1)
%	5.9%		7.4%	6.8%		7.3%	-90 bps	10 bps
Tax Rate	26.2%		26.2%	25.8%		25.8%		
Diluted EPS	\$ 0.80	\$ 0.21	\$ 1.01	\$ 0.97	\$ 0.04	\$ 1.01	-17.5%	0.0%
Weighted Avg Diluted Shares	12.8	12.8	12.8	12.8	12.8	12.8		
EBITDA			\$ 22.5			\$ 22.3		\$ 0.2
%			12.9%			12.6%		0.3%

\* Totals or subtotals may not foot due to rounding

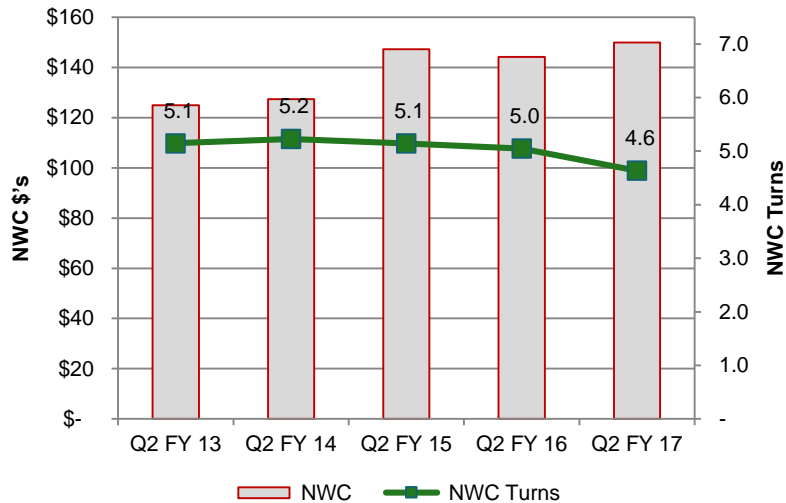
GAAP Operating Margin at 7.6% in FY 17 versus 8.8% in FY 16  
 Non-GAAP Operating Margin at 10.1% in FY 17 versus 10.0 % in FY 16

# Quarter Bridge

	Q2 FY17				Q2 FY16				% Change		
	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Net Income	EPS
<b>Reported - GAAP, Continuing Operations</b>	\$ 12.7	\$ (2.5)	\$ 10.3	\$ 0.80	\$ 15.6	\$ (3.2)	\$ 12.4	\$ 0.97	-18.6%	-17.6%	-17.5%
<b>Add:</b>											
Restructuring Charges	1.7	(0.4)	1.2	0.10	1.5	(0.4)	1.1	0.09			
Purchase Accounting	1.1	(0.3)	0.8	0.06	0.4	(0.1)	0.3	0.02			
Acquisition-related costs	1.5	(0.4)	1.1	0.09	-	-	-	-			
<b>Less:</b>											
Roll, Plate, & Machinery Activity	-	-	-	-	(0.2)	0.1	(0.1)	(0.01)			
Discrete Tax Items	-	(0.5)	(0.5)	(0.04)	-	(0.7)	(0.7)	(0.06)			
<b>Adjusted</b>	\$ 17.0	\$ (4.0)	\$ 12.9	\$ 1.01	\$ 17.3	\$ (4.3)	\$ 13.0	\$ 1.01	-2.0%	-0.6%	0.0%

GAAP Net Income down 17.6%, Adjusted Net Income down by 0.6%  
 EPS down 17.5%, Adjusted EPS flat to prior year

# Net Working Capital



Note: Excludes Richmond LLC

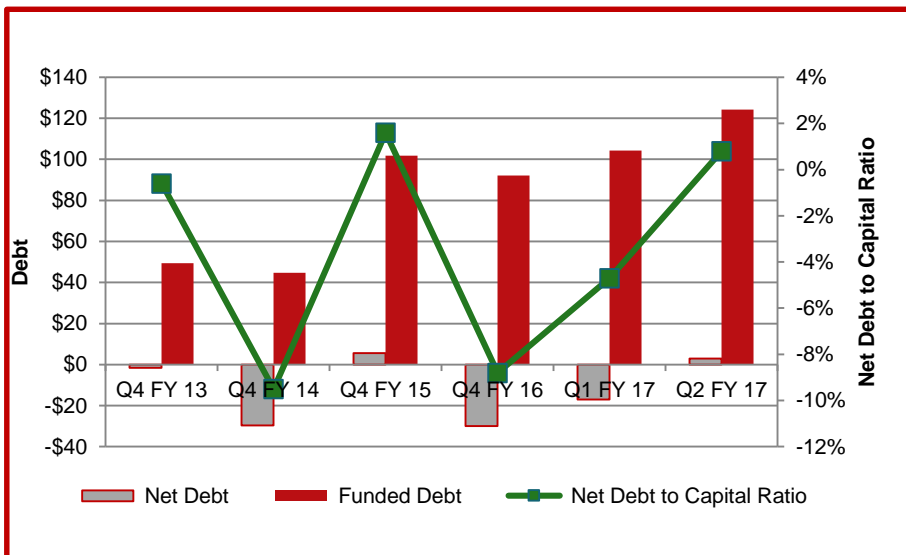
## (Total Consolidated)

	<u>12/31/16</u>	<u>ex-Divest</u> <u>12/31/15</u>	<u>12/31/15</u>
A/R	99,183	88,624	91,977
DSO	51	45	46
Inventory	110,952	107,379	108,987
Inventory Turns	4.3	4.4	4.5
A/P	(60,140)	(55,982)	(56,802)
DPO	38	33	33
Net Working Capital	<u>149,995</u>	<u>140,021</u>	<u>144,162</u>
W/Cap Turns	4.6	5.1	5.0

Working Capital turns down due to lower volume in Refrigeration and Engineering Technologies



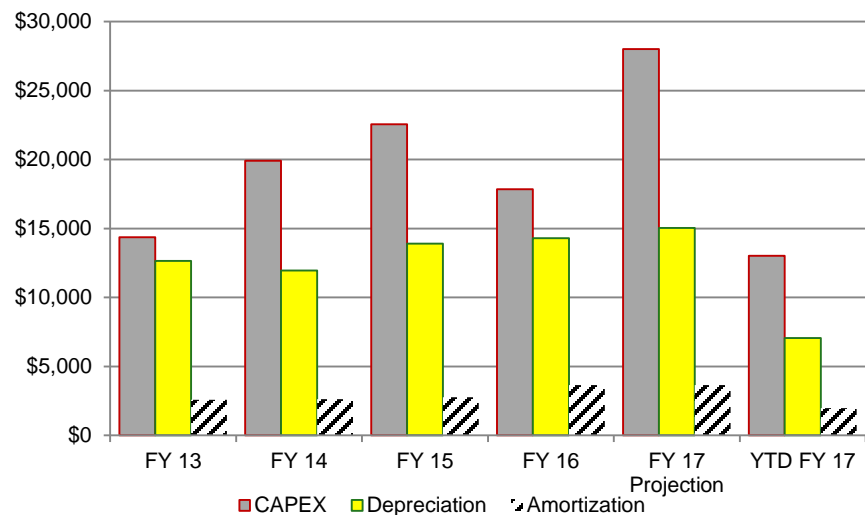
# Debt Management



	<u>12/31/2016</u>
Funded Debt	125,012
Debt Issuance Costs	(717)
Long Term Debt	124,295
Cash	121,301
Net Debt	<u>2,994</u>
Shareholders Equity	<u>378,698</u>
Letters of Credit	8,369
EBITDA per Credit Agreement	99,601
Net Debt to Capital Ratio	0.8%
Funded Debt to Capital	24.7%
EBITDA to Funded Debt (Includes Letters of Credit)	1.33
Maximum Leverage Per Agreement	3.5

Net debt to capital at 0.8% as of December, 2016  
 Net debt position of \$3M

# Capital Spending



## Capital Spending

(In thousands, except percentages)

	Q2 FY17	YTD
Food Service Equipment	\$ 949	\$ 2,140
Engraving	\$ 2,661	\$ 3,738
Engineering Technologies	\$ 935	\$ 4,190
Electronics	\$ 1,124	\$ 1,958
Hydraulics	\$ 39	\$ 738
HQ	\$ 201	\$ 265
<b>Total CAPEX</b>	<b>\$ 5,909</b>	<b>\$ 13,029</b>
Sales	\$ 173,854	\$ 353,454
Cash CAPEX % of Sales	3.4%	3.7%
<b>CAPEX in AP</b>	<b>\$ 412</b>	

FY 17 capital spending is estimated to be between \$26-28M  
 Depreciation and Amortization approximately \$15M and \$3.7M respectively

# Non-GAAP Conversion Chart

<i>Free operating cash flow (continuing ops):</i>	<b>Q2 FY 2017</b>	<b>Q2 FY 2016</b>	<b>FY 17 YTD</b>	<b>FY 16 YTD</b>
<b>Net cash provided by operating activities, as reported</b>	\$ 19,210	\$ 22,994	\$ 20,266	\$ 30,867
Less: Capital Expenditures	(5,908)	(3,387)	(13,029)	(8,724)
<b>Free operating cash flow</b>	<b>\$ 13,302</b>	<b>\$ 19,607</b>	<b>\$ 7,237</b>	<b>\$ 22,143</b>
Net Income	10,258	12,446	24,209	28,587
<b>Conversion of free operating cash flow</b>	<b>129.7%</b>	<b>157.5%</b>	<b>29.9%</b>	<b>77.5%</b>

- Year to Date Free Cash Flow Conversion lower year over year due to:
  - Lower operating income primarily due to overall sales volume
  - Higher Capital Spending

# Second Quarter FY 2017

Operational Segment Review

# Food Service Equipment Group

Q2 FY 2017 ('000s)	\$	Delta YOY
Revenues	\$92,200	1.4%
Operating Income	\$7,206	7.5%
Operating Income excl Purchase Accounting (PA)	\$8,292	23.7%
OI Margin	7.8%	
OI Margin excluding PA	9.0%	



North American Association of Food Equipment Manufacturers Show (NAFEM) - come visit our booth in Orlando Feb 9-11th

## Q2 Summary

- Sales increased 1.4%
- Refrigeration:
  - Sales were down 6.7% excluding Horizon acquisition
  - Q2 was low point for Dollar Store sales and lower chain volumes
  - Expect national customer volumes to increase in second half
  - Margin rate improved on operating improvements and cost management
- Cooking:
  - Down 9.7% from product rationalization and prior year grocery store roll-outs
  - Margin rate improved on continued operating improvements and rationalization
- Specialty Solutions:
  - Up 5.2% related to beverage, espresso and merchandising

## Current Focus

- Sales growth with large chain key programs
- Continue roll out and ramp of new oven products
- Pump deliveries for Nitro Beverages

# Engraving

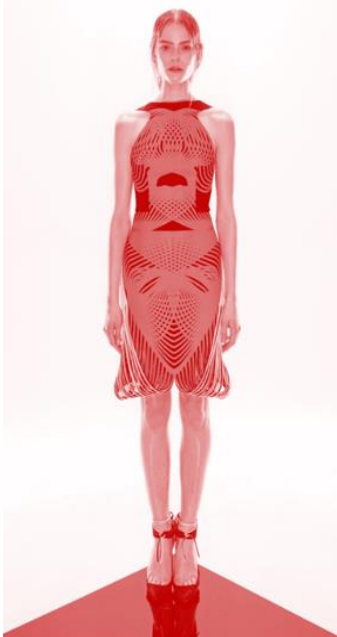
Q2 FY 2017 ( <sup>'000s</sup> )	Q2 FY 17	Q2 FY 16	Delta YOY
Revenues	\$25,861	\$31,934	-19.0%
Adj Revenues w/o RPM	\$25,861	\$27,068	-4.5%
Operating Income	\$6,510	\$7,443	-12.5%
Adj Operating Income w/o RPM	\$6,510	\$7,241	-10.1%
OI Margin	25.2%		

## Q2 Summary

- Sales were down 1.3% organically excluding RPM in Q2 17 due to the following:
  - North America down 17.5% as auto launches pushed from Q2 into the 2<sup>nd</sup> half of fiscal year
  - Asia grew 5.8% due to OEM demand
  - Europe was up modestly versus prior year
- Growth laneways delivered \$3 million in new sales

## Current Focus

- 2<sup>nd</sup> half volume growth related to planned new automotive launches
- Continued growth of Architexture, Nickel Shell, Laser growth in 2<sup>nd</sup> half of fiscal year
- Participate in the growing Chinese electric vehicle market

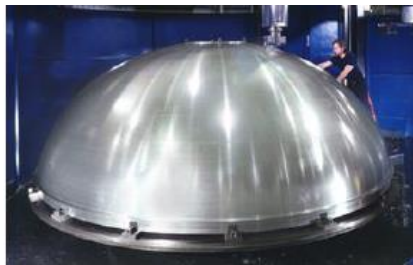


Texture | INTERLACING

- Movement*
- Flow*
- Engineered*

# Engineering Technologies

Q2 FY 2017 ('000s)	\$	Delta YOY
Revenues	\$18,549	-10.4%
Operating Income	\$1,877	-10.4%
OI Margin	10.1%	



Domes



Capsules



Tanks

## Q2 Summary

- Sales down 10.4% versus prior year
  - Driven by aviation engine push outs of \$1.6M
  - Space was lower by \$1.4M as prior year had higher volume from satellite domes
  - Medical was down \$0.9M though we received a multi year commitment for a new European MRI machine
  - Energy was up \$1.7M with one off replacement orders
- Maintained margin rate on sales downturn

## Current Focus

- Deliver on new long term agreement aviation wins with 2017 ramp up
- Continued focus on winning new business opportunities in aviation
- Complete manufacturing layout redesign to improve efficiencies

# Electronics

Q2 FY 2017 ('000s)	\$	Delta YOY
Revenues	\$28,497	+0.5%
Operating Income	\$6,091	+34.6%
OI Margin	21.4%	



Due to a government mandated move, successfully moved our China facility 10 kilometers into a highly efficient facility in Shanghai

## Q2 Summary

- Sale increased during the quarter led by Europe +6.3% and Asia +4.4%
- North America sales were down 2.9% as large power grid customer burned off inventory – anticipate normal levels going forward
- Margin improvement from operating efficiencies and continues increase in mix of sensor sales
- Sensor and switch business showed good growth in the quarter partially offset by lower magnetic and reed relay sales
- China team successfully executed plant move

## Current Focus

- Execute Partner Solve Deliver sales model to continue momentum in winning new sensor applications
- Close and successfully integrate the OKI device acquisition



# Hydraulics

Q2 FY 2017 ('000s)	\$	Delta YOY
Revenues	\$8,747	-12.7%
Operating Income	\$979	-35.5%
OI Margin	11.2%	



**HEAVY DUTY TELESCOPIC HYDRAULICS  
CYLINDERS FOR UNLOADING SHIPPING  
CONTAINERS**

## Q2 Summary

- Overall, sales decreased by approximately 13%
- During the quarter we saw softening in the dump truck and dump trailer markets
- Refuse market was flat compared to prior year
- Both Aftermarket and Export sales increased by double digits

## Current Focus

- Anticipate a pickup in the Dump Truck and Dump Trailer market as we enter the Spring construction season and projected increase of infrastructure spending
- Complete field tests and prototyping activities with key refuse customers
- Launch new complete hydraulic systems solutions to customers as a growth laneway

# Summary

- Mixed market conditions impacted top-line in Q2
- Profitability in Q2 was strong despite lower sales volume
- 2<sup>nd</sup> half of the fiscal year focus:
  - Refrigeration backlog has increased and we anticipate a rebound in second half of the fiscal year.
  - Execute Horizon Scientific sales synergies and build on its momentum
  - Support increasing Auto OEM new-model roll outs in Engraving
  - Ramp up aviation build to support long term agreements
  - Continue electronics ramp up of new sensor applications
- Continue to drive performance improvement and growth opportunities with the value creation system
- Continue to manage the M&A funnel and pursue strategic, accretive acquisitions

# Acquisition of OKI Sensor Device Corporation

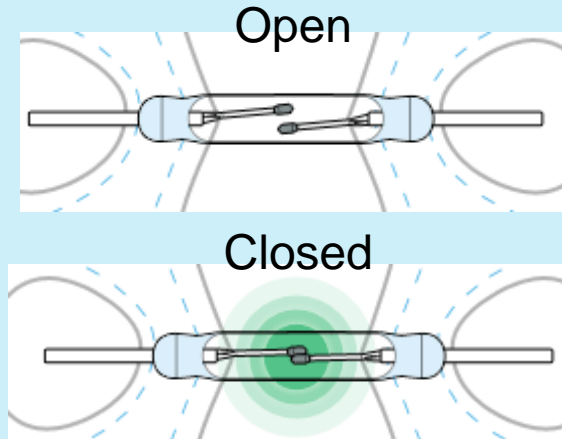
3 February 2017

# Standex expands Electronics in Asia with planned Acquisition of OKI Sensor Devices

- OKI Sensor Electronics financial performance
  - Sales 6.8 billion yen or \$56 million USD
  - Includes sales of \$12.9 million USD to Standex Electronics
  - EBITDA > 25%
- Combined business proforma financials
  - Sales ≈ \$161M
  - EBITDA ≈ \$36M
- Anticipated accretion
  - FY17 \$0.08-\$0.11/share excludes purchase accounting
  - FY18 \$0.40-\$0.44/share
- Deal financing
  - Purchase price of Yen 15.4 Billion (≈ \$135 million)
  - Standex will use cash overseas to fund over 50% of the acquisition with the remainder financed through our revolver
  - Our leverage post deal will be between 1.5 and 2.0 debt to EBITDA
- OKI Sensor Electronics and Standex Electronics are highly complementary in terms of product offering, geographic sales channel and served end markets
  - Allows for further geographic expansion in to China and Japan
  - Combined business has critical mass and global reach
- We have worked together for over 20 years with Standex supplying switches and switch based sensors to our European customers.

# What is a reed switch? *A switch that opens or closes in the presence of a magnetic field*

## Bare Reed Switch:

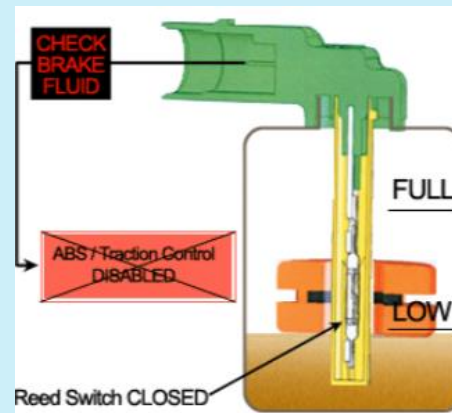
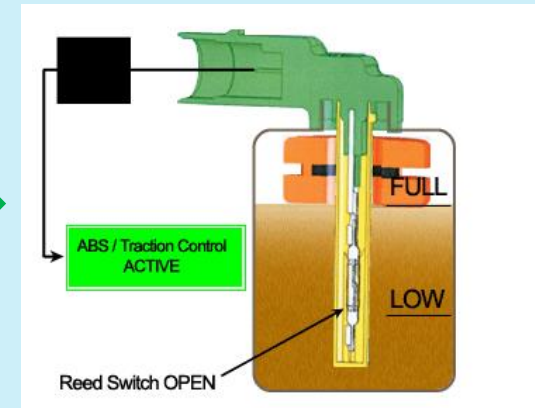


## Key Advantages

- Hermetically sealed
- No power required
- Long life expectancy
- Small size
- High temperature applications
- Low contact resistance

## Typical Application: Brake fluid level

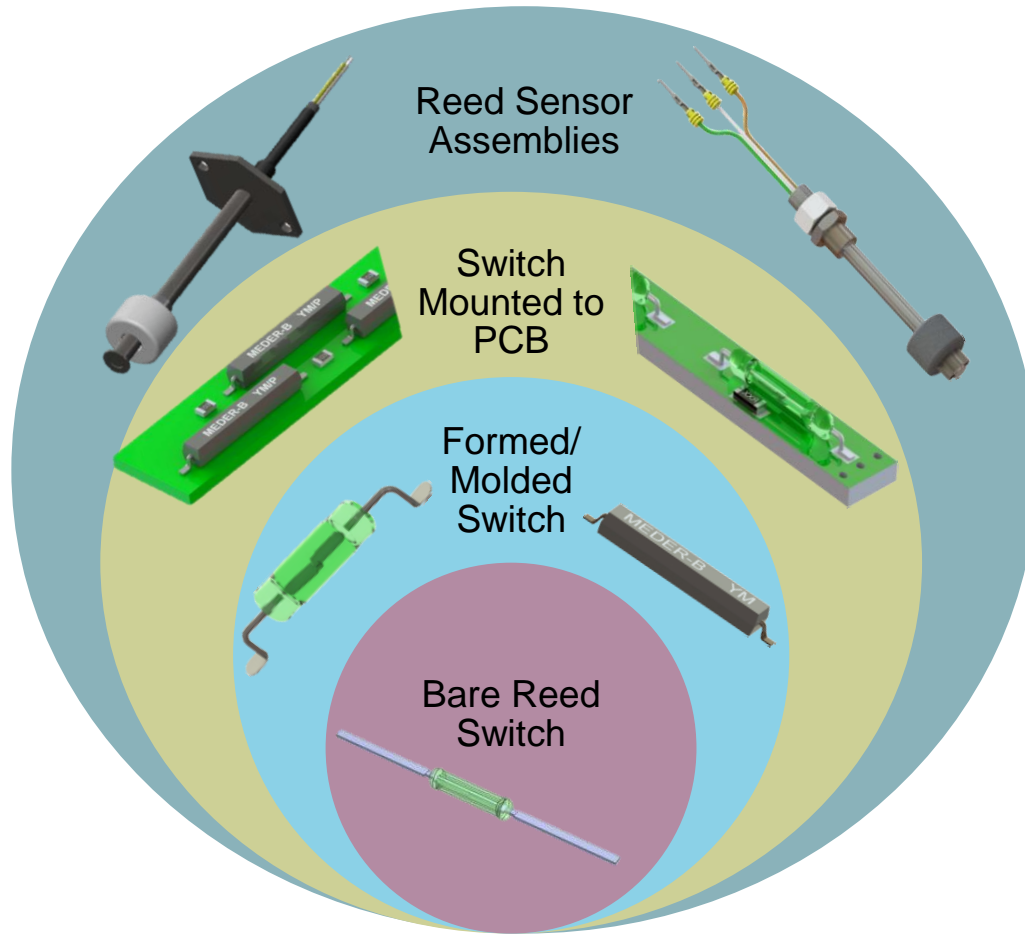
High liquid level  
lifts magnetic float:  
*Switch opens*



Low liquid level drops  
magnetic float:  
*Switch closes*



# The Reed Switch Value Chain

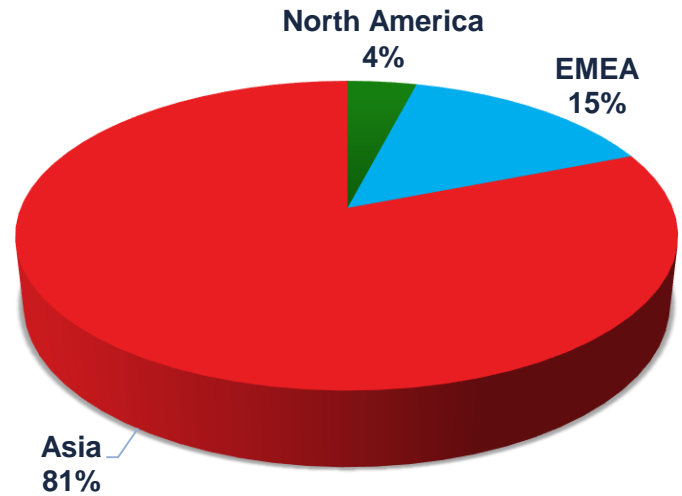
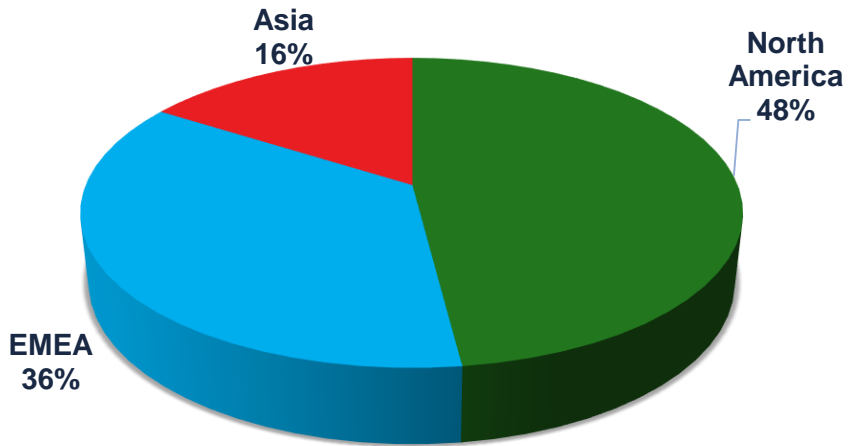


**Avg. Prices**  
 ~\$1.50-\$50.00  
 Depending volume,  
 complexity,  
 application and  
 number of switch  
 points

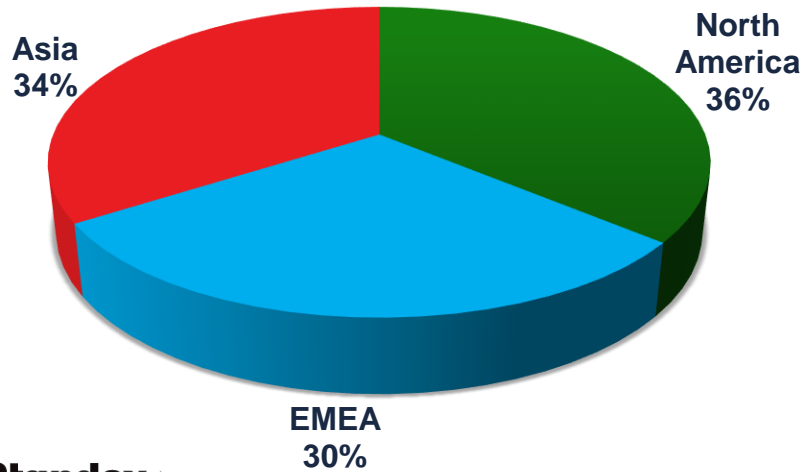
↑  
 ~\$0.45-\$1.50  
 ↑  
 ~\$0.22-\$0.40  
 ↑  
 ~\$0.07-\$0.20

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# Complementary Regional Presence

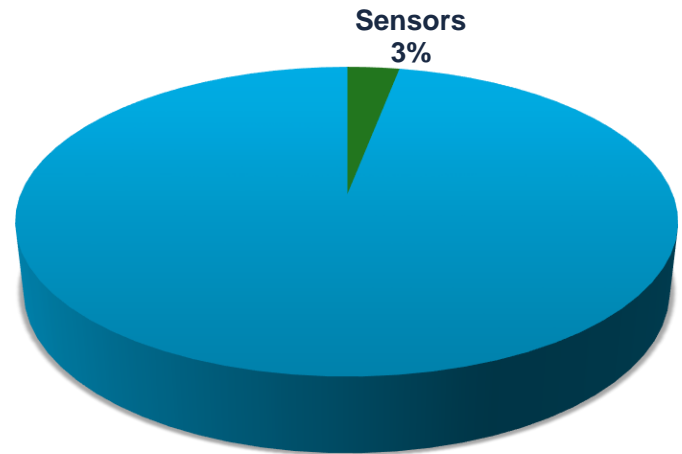
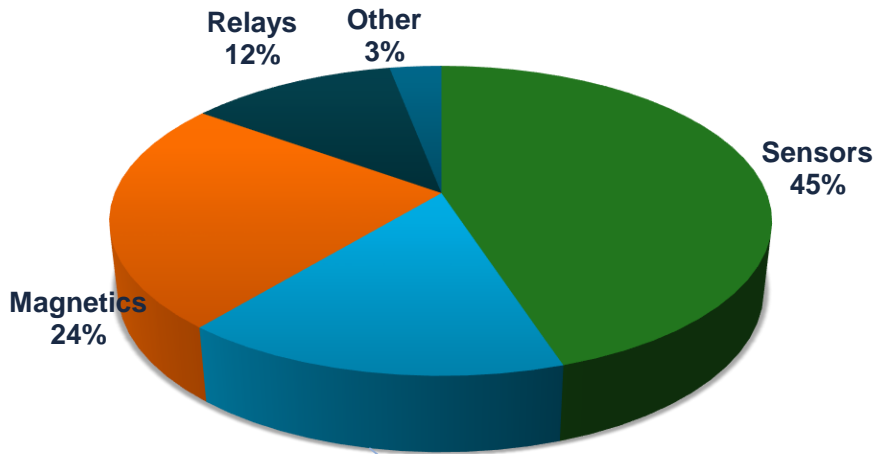


**OKI Sensor**

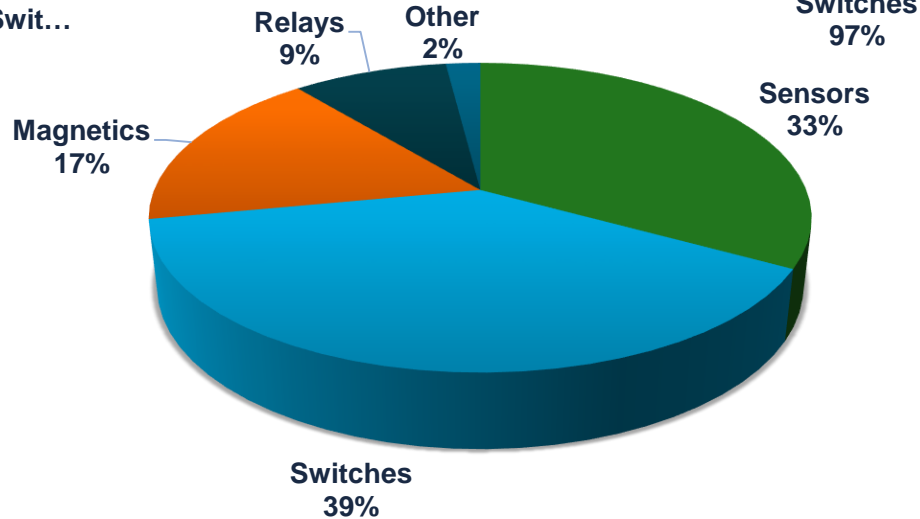


**+ OKI Sensor**

# Combined Sales of Switches and Sensors



Swit...



**OKI Sensor**



+

**OKI Sensor**



# Summary of OKI Sensor Device Acquisition

- The acquisition will create a combined entity with
  - Balanced global revenues
  - A broad line of high quality reed switches
  - A proven ability to deliver customized sensors
  - Sales of  $\approx$  \$160 million and EBITDA of  $\approx$  \$36 million
- The Yen 15.4 billion ( $\approx$  \$135 million) purchase will be financed over 50% by the use of foreign cash and the remainder from our revolver
- The transaction is scheduled to close March 31, 2017

# Q&A