

STANDEX INTERNATIONAL

Sidoti Fall 2020 Investor Conference
September 24, 2020



www.standex.com

SXI
LISTED
NYSE

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; 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; and 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 Messages

- 1** Leading global industrial manufacturer in high value markets; providing clients with customized, differentiated solutions supported by deep technical and applications expertise
- 2** Driving portfolio towards higher growth and margin profile; divested Refrigerated Solutions Group, established Scientific as a stand-alone segment and acquired Renco Electronics in fiscal 2020
- 3** Significant funnel of cost savings and operational excellence initiatives strengthening market leadership and cost positions
- 4** Substantial financial flexibility supported by strong balance sheet, significant liquidity, consistent free cash flow generation and continued cash repatriation; 0.8x net debt to adjusted EBITDA
- 5** Disciplined and balanced capital allocation with healthy pipeline of organic and inorganic growth opportunities; >50 consecutive years of dividend payments

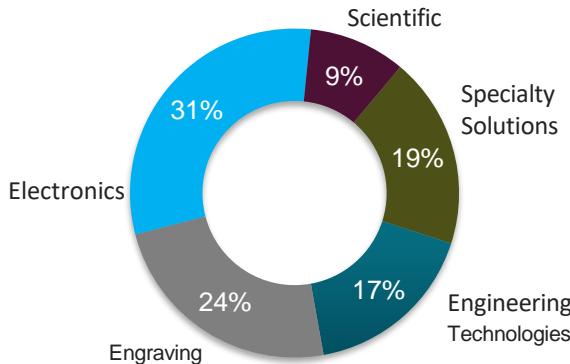
Standex – at a glance

HISTORY	Founded 1955; IPO in 1964
HEADQUARTERS	Salem, NH
EMPLOYEES	~3,900
LOCATIONS	Locations in 28 Countries

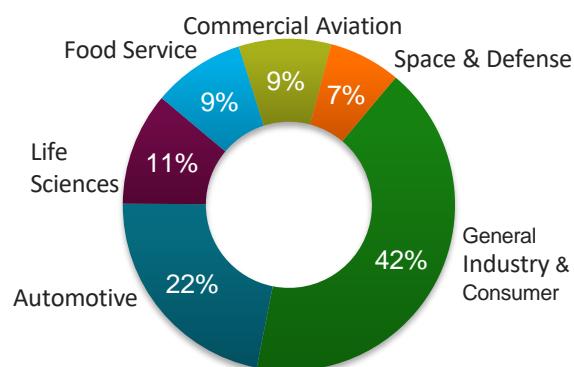


FY 20 Revenue Profile¹

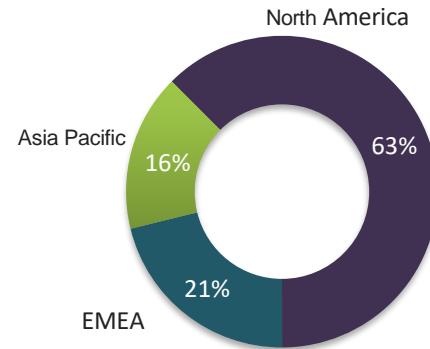
Segment



End Markets



Geography



¹Pro forma for RSG divestiture. ²Based upon price on 9/18/20 and 12.4 million shares outstanding.

Q4 FY20 Key Messages

Q4 FY20 RESULTS & TRENDS

- Continued focus on safety and health of employees, customers and suppliers; high degree of global collaboration
- Q4 FY20 results in line with Company expectations, despite very challenging operating environment
- Since the end of April, end markets have exhibited a gradual increase in the level of customer activity which has continued into Q1 FY21

POSITIONING FOR HIGHER GROWTH & MARGIN

- Completed Refrigerated Solutions Group divestiture; ~200 basis point increase in adj. operating margin
- Acquired Renco Electronics, custom magnetics manufacturer with significant engineering and technical expertise and highly complementary customer base and end markets
- Realigned reporting segments highlighting Scientific's highly attractive business profile and long-term outlook; aligning Hydraulics, Pumps and Merchandising consistent with common leadership structure

IMPLEMENTING ADDITIONAL COST & EFFICIENCY INITIATIVES

- Cost reduction efforts reading out; ~\$4.2M expense savings in Q4 FY20
- Expect ~\$7M in annualized expense savings from cost actions in FY21
- Implementing significant number of productivity and efficiency initiatives to strengthen market leadership and cost position

STRONG FINANCIAL POSITION

- Generated \$19.5M free cash flow in Q4; repaid ~\$13M of debt
- ~ \$200M of available liquidity; 0.8x TTM net debt to adjusted EBITDA and ~9x interest coverage ratio
- Repatriated ~\$19M from foreign subsidiaries in Q4 FY20; total repatriation of ~\$39M in FY20
- Utilized cash on hand to purchase Renco, incurring no additional debt

OUTLOOK

- Strong balance sheet and financial flexibility to capitalize on healthy pipeline of internal projects and inorganic growth opportunities with attractive returns
- Significant operational excellence funnel to further drive efficiency and profitable growth
- In Q1 FY21, Standex expects revenue to be flat to slightly above Q4 FY20 and operating margin to improve

Senior Management Team

David Dunbar <i>CEO, President and Chairman of the Board</i>	<ul style="list-style-type: none">■ Joined Company in 2014; over 30 years experience in the industrial sector■ Previous roles include President of Pentair Valves & Controls and Emerson Process Management Europe■ Prior to Emerson Electric, served in numerous industrial automation and control business roles at Honeywell International■ BS and Masters in Electrical Engineering from Stanford University
Ademir Sarcevic <i>VP, CFO and Treasurer</i>	<ul style="list-style-type: none">■ Joined as CFO in 2019■ Over 20 years senior financial experience in the industrial sector■ Previously Chief Accounting Officer at Pentair plc and CFO at Pentair Valves and Controls segment■ BS from Bridgeport University and MBA from Thunderbird School at Arizona State
Paul Burns <i>VP, Strategy and Business Development</i>	<ul style="list-style-type: none">■ Joined Company in 2015; 20 years experience in strategic growth management■ Prior roles include Director, Corporate Development at General Motors and Tyco Flow Control; Senior Manager - McKinsey and Company■ BBA/BA Finance and History at The University of Texas at Austin and MBA from The University of Edinburgh
Jim Hooven <i>VP, Operations and Supply Chain</i>	<ul style="list-style-type: none">■ Joined Company in 2020; over 20 years operational and management experience in the industrial sector■ Prior experience includes Danaher, Hillenbrand and Trane; Certified Six Sigma Blackbelt■ B.S. Johnson & Whales University and MBA from Rider University
Alan Glass <i>VP, Chief Legal Officer and Secretary</i>	<ul style="list-style-type: none">■ Joined Company in 2016; +20 years in publicly-traded global industrial manufacturing companies■ Previously led legal, compliance and risk management functions at CIRCOR International■ BA Cornell University and JD degree from Boston University
Annemarie Bell <i>VP, Human Resources</i>	<ul style="list-style-type: none">■ Joined Standex in 2015; over 30 years experience in human resources leadership and talent management■ Prior roles at Perkin Elmer and Parlex■ BA Merrimack College

Segment Overview

PRODUCTS

<u>ELECTRONICS</u>	<u>ENGRAVING</u>	<u>SCIENTIFIC</u>	<u>ENGINEERING TECHNOLOGIES</u>	<u>SPECIALTY SOLUTIONS</u>
				
2020 REVENUE \$185M	2020 REVENUE \$144M	2020 REVENUE \$57M	2020 REVENUE \$104M	2020 REVENUE \$114M
2020 ADJ. OPERATING MARGIN ¹ 16.1%	2020 ADJ. OPERATING MARGIN ¹ 14.3%	2020 OPERATING MARGIN 23.9%	2020 OPERATING MARGIN 13.5%	2020 OPERATING MARGIN 16.3%

<ul style="list-style-type: none"> • Reed switches • Reed relays • Reed sensors • Fluid level sensors • Magnetics • Planar transformers and inductors 	<ul style="list-style-type: none"> • Laser engraving • Chemical engraving • Architecture design studio • Tool enhancement • Tool finishing • Nickel shell molds 	<ul style="list-style-type: none"> • Laboratory and medical grade refrigerators, freezers and accessories • Cryogenic storage tanks and accessories • Environmental stability chambers and incubators 	<ul style="list-style-type: none"> • Fuel tanks, tank domes, combustion liners, nozzles, and crew vehicle structures • Seals, heat shields, and combustor element aerostructures • MRI scanner vessel ends, shields, and centrifuge bowls 	<ul style="list-style-type: none"> • Single acting telescopic • Double acting telescopic • Wet line kits and pumps • Custom single piston rods • Merchandise displays • Pump systems
<ul style="list-style-type: none"> • Industrial • Transportation • Appliances • Distribution • Instrumentation & Meters • Utility & Smart Grid 	<ul style="list-style-type: none"> • Transportation • Consumer • Industrial 	<ul style="list-style-type: none"> • Medical • Pharmaceutical • Scientific • Biotech • Industrial 	<ul style="list-style-type: none"> • Aviation • Space • Defense • Medical • Energy/Oil & Gas 	<ul style="list-style-type: none"> • Construction • Refuse Trucks • Dump Trucks • Airline Service • Convenience stores and supermarkets • Carbonation/beverage systems • Hotels

¹Adjusted operating margin excludes impact of Pro forma for Refrigerated Solutions Group divestiture.

Customers by Segment

Engraving



Mercedes-Benz



GEELY



CHERY



TOYOTA

Electronics



EATON



UTC Aerospace Systems



EMERSON JOHN DEERE



Engineering Technologies



ULA™

United Launch Alliance



LOCKHEED MARTIN

Scientific

HENRY SCHEIN®

cme
CORP



CVS

MCKESSON

Specialty Solutions

WASTEQUIP

GIBREATH



DUNKIN'

Transforming Our Portfolio

Strengthening the Foundation

Executing on Strategic Priorities

FY21 and Beyond

Scaling Higher Growth & Margin Businesses

- New Business Opportunity Funnel >\$40M
- Diverse New Product Offerings; smart grid, electric vehicles, refrigeration controls
- Created stand-alone Scientific segment
- Electronics and Engraving M&A enhancing scale and leadership positions
- Divested Cooking and Refrigerated Solutions

Significant Financial Flexibility

- Net debt to Adj. EBITDA of 0.8x; ~ \$200M of liquidity
- Consistent FCF generation
- Repatriated ~\$90M FY19-FY20
- ~9x interest coverage ratio

Executing on Productivity Initiatives

- \$7M in cost efficiency savings in FY21
- Significant funnel of operational excellence initiatives
- Addressing Electronics materials inflation; changes in reed switch production and material substitution

- Further transform portfolio and extend competitive advantages to accelerate profitable growth

- Drive growth laneways and NBO funnel
- Leverage Standex Value Creation System; deepen continuous improvement culture
- Maintain disciplined and balanced capital allocation approach

- More focused industrial company with significant runway for higher growth and profitability

- Strengthened customer value proposition supported by growth laneways and acquisitions

- Financial flexibility for attractive return internal projects and inorganic growth opportunities

Strengths & Competitive Advantages

Market Leadership With Recognized Brands



Deep Technical and Applications Expertise

Engineer to Engineer sales process focused on knowledge and performance

- Electronics - design expertise for mission critical applications high reliability magnetics and magnetic sensing
- Engraving - design capabilities; mastered processes and technologies
- Scientific - deep knowledge of life science refrigeration regulatory compliance

Strong Customer Value Proposition

- ARCHITEXTURE In-house design consultancy
- Customer intimacy approach: Partner-Solve-Deliver
- Global Electronics and Engraving presence

Standex Value Creation System

Comprehensive system to improve the predictability and consistency of performance

- BPP Management Process
- Growth Disciplines
- Operational Excellence
- Talent Management

Manufacturing Know-How

- High-precision nickel shell molds for advanced texturized skin production needs
- Highly engineered custom hydraulic cylinders to fit a variety of applications
- Spin forming single piece domes and lipskins for space and aviation applications

Embedded With Our Customers



Electronics

- Traditional reed switch technology could not solve a level measurement application
- Collaborated with customer to develop a new capacitive level sensor, applying technology from high-performance race cars
- Successful development led to other new applications opportunities with the same customer

Engraving

- Unique global presence/supply chain
- Architecture design studio developed new textures
- Nickel shell soft trim tool
- Laser engraving and traditional etching
- Project managed execution in UK, Portugal, China, France, Germany, Bohemia and Italy

Engineering Technologies

- Intensely collaborative co-development projects to support new platforms
- Standex proprietary spin forming process reduces material inputs and machining processes for fuel tank domes and nose cones

Specialty Solutions

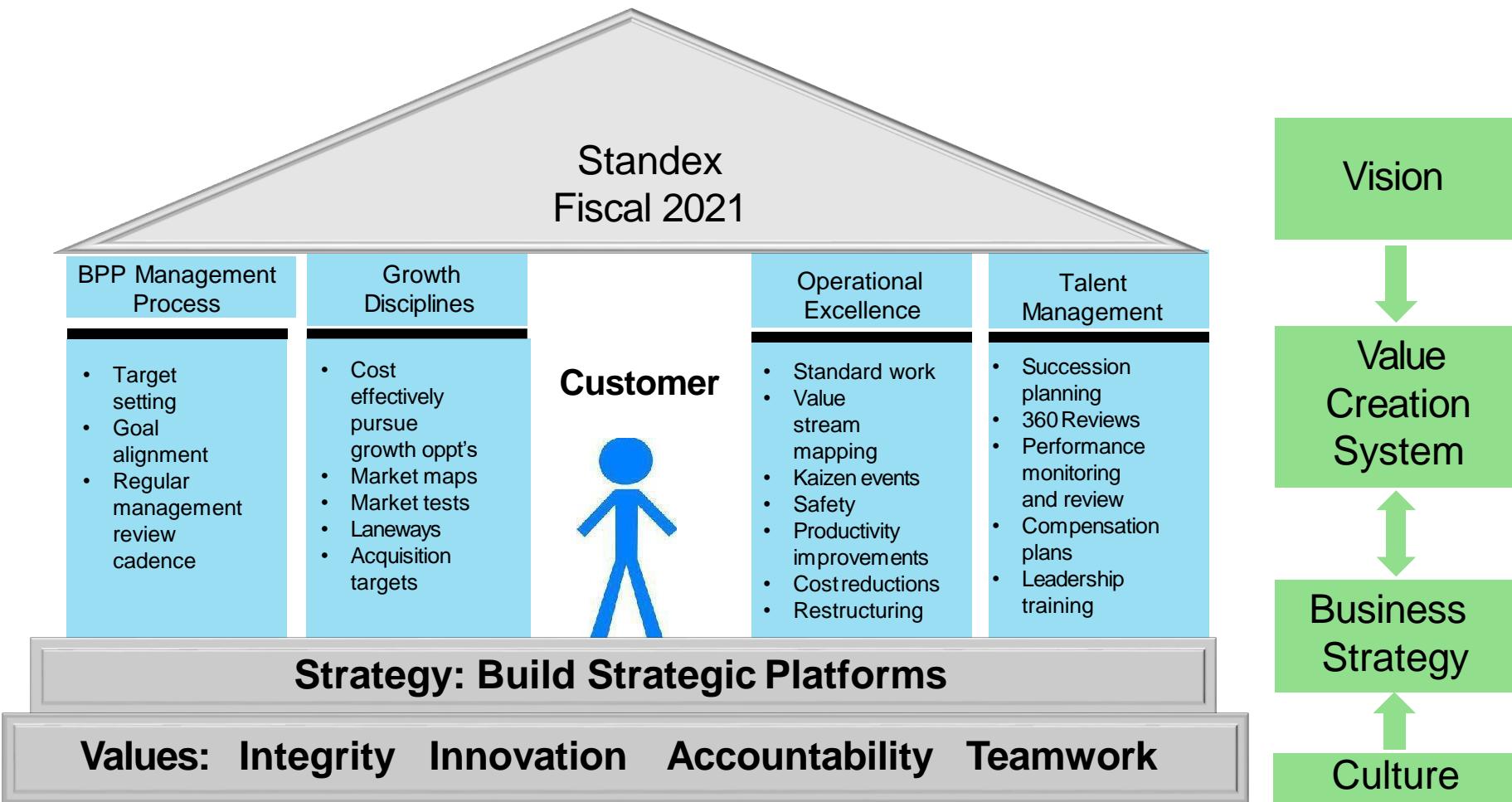
- Federal brand milk merchandiser
- Flexibility to merchandise wide assortment of products
- Reduces labor by not removing milk every night
- Innovative condenser cleaning alarm with Standex Electronics sensor

Scientific

- Only freezer in its class with controlled auto defrost
- Patent pending innovation from Standex Scientific; product of our Growth Discipline Processes
- Ideal for storage of frozen vaccines

Standex Value Creation System

Our approach to building a high performance industrial company



Q4 FY20 Capitalization

Favorable Liquidity Profile

- Net debt to adj. EBITDA of 0.81x
- Net debt to total capital of 14.8%
- ~9x interest coverage ratio
- ~\$200M of available liquidity

Capital Spending

- \$5.7M of CAPEX in Q4 FY20 compared to \$15.6M in Q4 FY19
- FY21 CAPEX will be \$28M - \$30M from \$19M in FY20
- Expect depreciation of \$20M - \$22M in FY21
- Amortization expected to be \$11M - \$12M in FY21

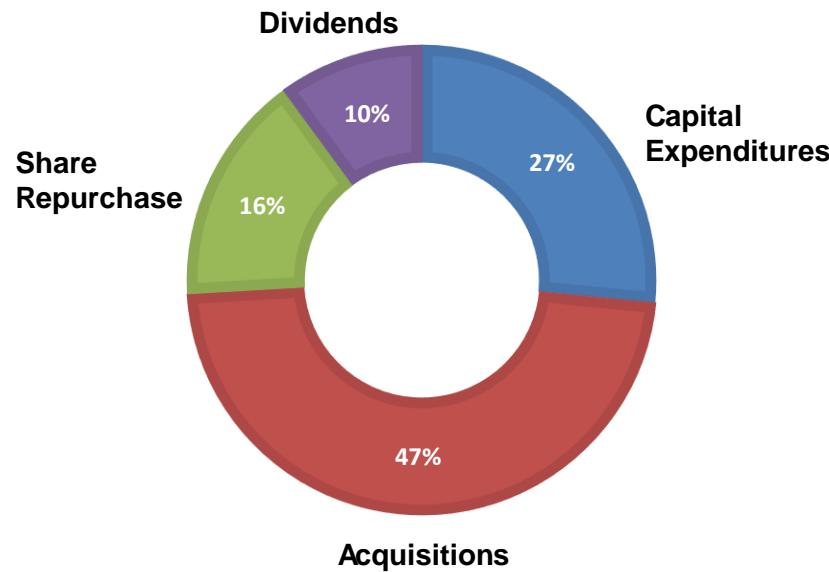
(in \$M)	Q4 FY20	Q3 FY20
Debt (with-issuance costs)	199.1	212.1
Cash	118.8	109.3
Net Debt	80.3	102.8
Net Debt to Capital Ratio	14.8%	18.0%
Funded Debt to Capital	30.1%	31.3%
Leverage Ratio per Bank Credit Agreement	1.47 x	1.49 x
TTM Adjusted EBITDA as Reported	98.9	108.6
Adjusted EBITDA to Net Debt	0.81 x	0.95 x

- Net debt to capital at 14.8% vs 18.0% in Q3 FY20
- Repatriated \$19M in Q4 FY20 and \$39M in FY20; expect to repatriate ~\$35M in FY21
- Q4 FY20 capital spending focused on safety, maintenance, & highest priority growth activities

Strong Balance Sheet With Significant Liquidity

Disciplined Capital Allocation Process

FY18 – FY20 Capital Allocation



Standex cash prioritization

*Goal: Stay investment grade
1.5x to 3.0x leverage*

1: Maintenance Capital



2: Growth Capital: $IRR \geq 15\%$



3: Pay down debt if highly levered



4: Acquisitions: $IRR \geq 15\%$

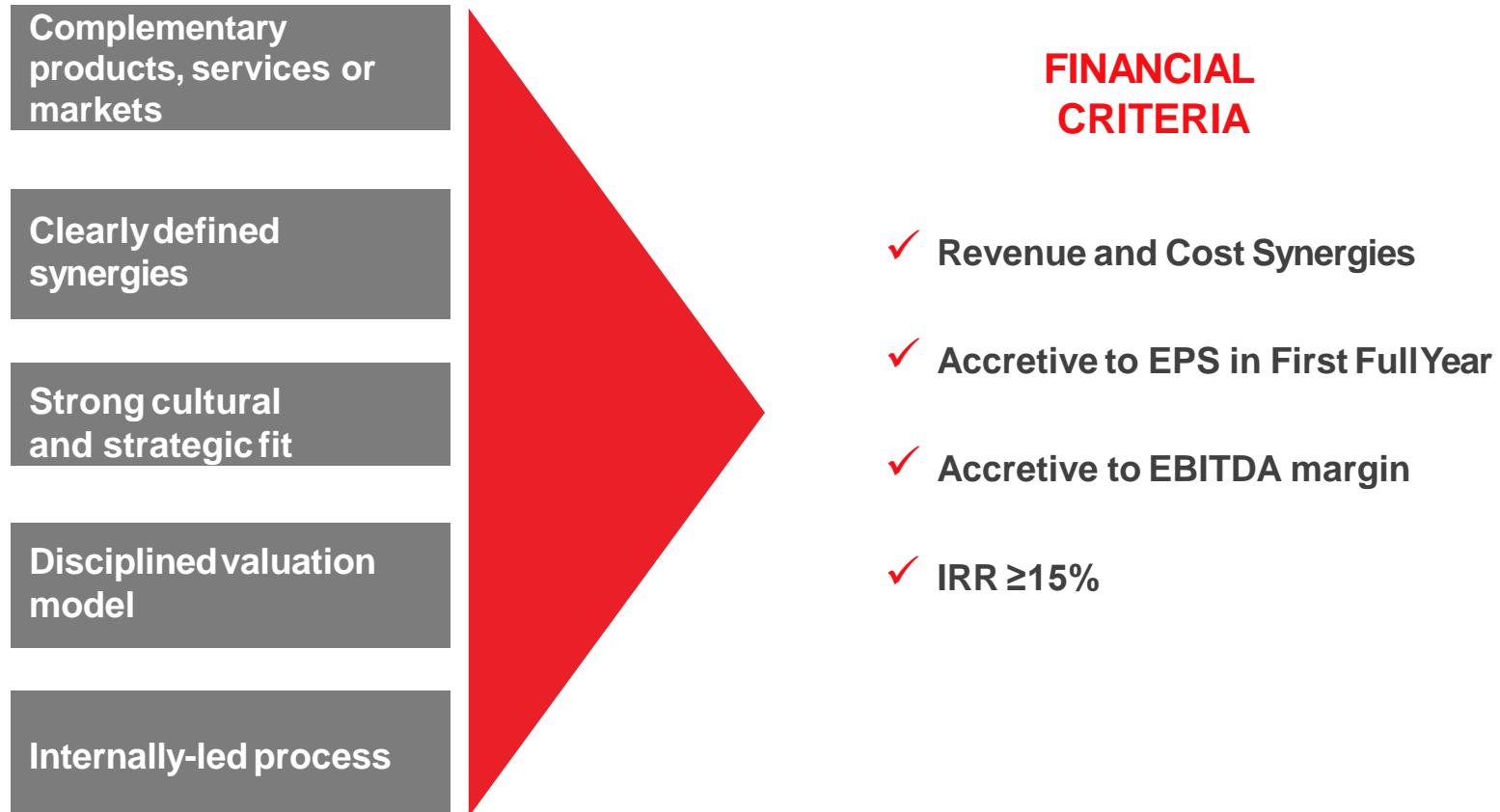


5: Return cash to shareholders in the form of increased dividend or share buyback

Disciplined use of Capital as all decisions pass through a “returns filter”

Targeting High Return Opportunities Including Growth Laneways and Acquisitions

Focused Acquisition Approach



Key Takeaways

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APPENDIX

Q4 FY20 Income Statement Summary

(\$ in M's)	Q4 FY20	Q4 FY19	YOY	Comments
Revenue	\$139.4	\$168.7	-17.4%	Components of revenue decline: Organic -16.4% Acquisitions +0.1% F/X impact of -1.1%
Gross Margin	33.7%	35.7%	-200 bps	Contribution margin decline due to volume loss, partially offset by productivity actions
Adj. Operating Income	\$12.1	\$21.3	-43.1%	
<i>Margin %</i>	8.7%	12.6%	-390 bps	
Adj. EBITDA	\$20.6	\$28.9	-28.9%	
<i>Margin %</i>	14.8%	17.1%	-230 bps	
Net, Interest Expense	\$1.7	\$2.2		Lower effective interest rate
<i>Tax Rate %</i>	26.7%	24.6%	-210 bps	Primarily due to domestic/foreign earnings mix
Net Income	\$6.1	\$12.4		
<i>Margin %</i>	4.4%	7.3%		
Adj. Net Income	\$8.0	\$13.8	-41.9%	
<i>Margin %</i>	5.7%	8.2%	-250 bps	
Adj. EPS	\$0.65	\$1.10	-40.9%	Repurchased 30,000 shares during the quarter
Diluted Shares	12,281	12,483		

Q4 FY20 GAAP to Non-GAAP Bridge

Reported - GAAP

Add:

Restructuring Charges
Purchase Accounting
Acquisition-Related Costs
Property Insurance Deductible
Discrete Tax Items

Adjusted

	Q4 FY20				Q4 FY19				% Change		
	Pre-tax <u>Income</u>	Tax <u>Income</u>	Net <u>Income</u>	EPS	Pre-tax <u>Income</u>	Tax <u>Income</u>	Net <u>Income</u>	EPS	Pre-tax <u>Income</u>	Net <u>Income</u>	EPS
	\$ 8.9	\$ (2.8)	\$ 6.1	\$ 0.50	\$ 17.2	\$ (4.9)	\$ 12.4	\$ 0.99	\$ -48%	\$ -51%	\$ -50%
Restructuring Charges	1.9	(0.4)	1.5	0.12	0.5	(0.1)	0.3	0.03			
Purchase Accounting	-	-	-	-	0.2	(0.0)	0.1	0.01			
Acquisition-Related Costs	0.1	-	0.1	0.01	0.7	(0.2)	0.5	0.04			
Property Insurance Deductible	-	-	-	-	0.5	(0.1)	0.4	0.03			
Discrete Tax Items	-	0.3	0.3	0.02	-	-	-	-			
	\$ 10.9	\$ (2.9)	\$ 8.0	\$ 0.65	\$ 19.1	\$ (5.3)	\$ 13.8	\$ 1.10	-43%	-42%	-41%

Diluted Shares

12,281

12,483

GAAP 4th Quarter Net Income \$6.1M versus Prior Year at \$12.4M
 Non-GAAP Net Income \$8.0M versus Prior Year at \$13.8M
 GAAP EPS decreased 50%; Non-GAAP EPS down 41%

Note : Totals will not foot due to rounding

Q4 FY20 Free Cash Flow

<u>AS REPORTED (\$M)</u>	Q4 FY 20	Q4 FY 19
Net cash provided by operating activities, as reported	\$ 25.2	\$ 43.4
Less: Capital Expenditures	<u>(5.7)</u>	<u>(15.6)</u>
Free operating cash flow	\$ 19.5	\$ 27.8

- Net cash provided by operating activities decrease primarily reflects lower net income year-over-year
- Lower capital spending reflected focus on maintenance, safety and highest priority growth initiatives given COVID-19 related slowdown

Consistent Free Cash Flow Generation

Fiscal 2020 Quarterly Results Under New Reporting Structure

	<u>1Q20A</u>	<u>2Q20A</u>	<u>3Q20A</u>	<u>4Q20A</u>	<u>FY20A</u>
<u>Revenue (\$ in 000's)</u>					
Electronics	\$46,617	\$45,834	\$48,069	\$44,773	\$185,294
Engraving	38,431	38,256	35,431	31,618	143,736
Scientific	14,750	15,414	14,670	12,689	57,523
Engineering Technologies	24,644	26,495	26,730	26,178	104,047
Specialty Solutions	31,536	27,699	30,573	24,128	113,935
Total Revenue	\$155,978	\$153,697	\$155,474	\$139,386	\$604,535
<u>Operating Income (\$ in 000's)</u>					
Electronics	\$8,099	\$7,776	\$8,017	\$5,856	\$29,749
Engraving	6,537	6,916	4,472	2,569	20,493
Scientific	3,705	4,056	3,204	2,775	13,740
Engineering Technologies	3,359	3,422	3,098	4,149	14,027
Specialty Solutions	5,648	4,341	4,879	3,678	18,546
Total Segment Operating Income	\$27,348	\$26,512	\$23,669	\$19,027	\$96,556
Fiscal first and second quarter 2020 results have been adjusted to reflect the divestiture of Refrigerated Solutions Group on April 16, 2020.					