



# 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; partnering with customers to solve application needs with customized, differentiated solutions
- 2** Proactively managing our platform toward higher margin, growth businesses; recent Refrigerated Solutions Group divestiture improved margin profile > 200 bps
- 3** Leveraging Standex Value Creation System and deep technical and applications expertise for competitive advantage; significant runway of opportunity
- 4** Substantial financial flexibility supported by strong balance sheet, significant liquidity and consistent free cash flow generation
- 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

2019 REVENUE<sup>1</sup>  
\$640M

2019 ADJ.  
EBITDA<sup>1</sup>  
\$114M

2019 ADJ.  
EBITDA MARGIN<sup>1</sup>  
17.9%

## GLOBAL LEADERSHIP POSITIONS

- REED SWITCH PRODUCTION
- SURFACE TEXTURING SOLUTIONS
- CNC SPIN FORMING

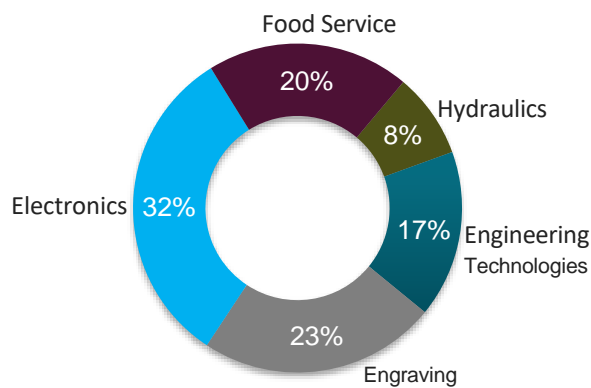
MARKET CAP<sup>2</sup>  
\$686M

DIVIDEND YIELD<sup>2</sup>  
1.6%

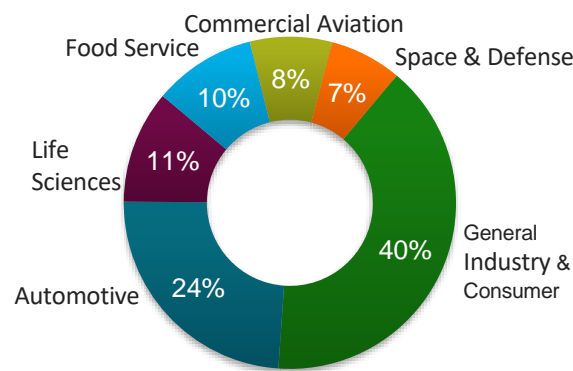
NET DEBT  
TO ADJ. EBITDA  
0.9x

## FY 19 Revenue Profile<sup>1</sup>

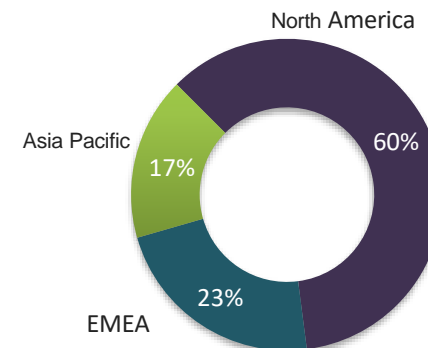
### Segment



### End Markets



### Geography



<sup>1</sup>Pro forma for RSG divestiture. <sup>2</sup>Based upon price on 6/15/20 and 12.4 million shares outstanding.

# 3Q20 Highlights

## RESPONSE TO COVID-19

- Deemed an essential business in most plants and have had limited facility shutdowns
- Focus on safety and health of employees, customers and suppliers
- China plants closed for a portion of 3Q20 and now fully operational; provided actionable playbook
- Actions include working remotely, changing work space configurations and revising shift schedules when appropriate

## STRENGTHENING FINANCIAL FLEXIBILITY

- ~\$220M of available liquidity; 0.95x TTM net debt to adjusted EBITDA
- Generated \$7.3M FCF in 3Q20; 0.1x year-over-year increase in WC turns
- Swapped variable to fixed rate debt, ~\$1M annual interest savings; ~10x interest coverage ratio
- Decreased CAPEX to \$19M-\$21M in FY20; focus on maintenance, safety and high priority growth initiatives
- Repatriated ~\$20M from foreign subsidiaries YTD; expect to repatriate ~\$35M in FY20

## IMPLEMENTING ADDITIONAL EFFICIENCY INITIATIVES

- Initiated additional cost reduction efforts; ~\$4M expense savings in 4Q20
- Announced closing of a Procon plant in Ireland in 3Q20; ~\$1M annualized savings
- Addressing Electronics materials inflation; changes in reed switch production and material substitution
- Hired VP of Ops in February; early innings to further improve processes and productivity

## POSITIONING FOR HIGHER GROWTH & MARGIN

- Divested Refrigerated Solutions Group; ~200 basis point pro forma increase in adj. operating margin on a YTD basis
- Healthy funnel of new product organic growth opportunities including adjacent end markets and new technologies
- Active acquisition pipeline with disciplined capital allocation

## OUTLOOK

- Sequential decline in revenue with continued COVID-19 economic impact, moderate decrease in operating margin
- Building higher growth and margin businesses into more significant platforms
- Competing on customer intimacy and leveraging competitive advantages including deep technical/application expertise
- Financial flexibility to opportunistically pursue internal projects and inorganic growth opportunities with attractive returns

# Senior Management Team

**David Dunbar**  
CEO, President and  
Chairman of the Board

- 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**  
VP, CFO and Treasurer

- 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**  
VP, Strategy and  
Business Development

- 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**  
VP, Operations  
and  
Supply Chain

- 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**  
VP, Chief Legal Officer  
and Secretary

- 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**  
VP, Human Resources

- 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

## ENGRAVING



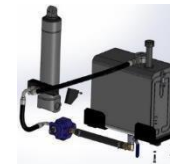
## ELECTRONICS



## ENGINEERING TECHNOLOGIES



## HYDRAULICS



## FOODSERVICE EQUIPMENT<sup>2</sup>



2019 REVENUE	\$150M	2019 REVENUE	\$204M	2019 REVENUE	\$105M	2019 REVENUE	\$54M	2019 REVENUE	\$126M
2019 ADJ. OPERATING MARGIN <sup>1</sup>	16.3%	2019 ADJ. OPERATING MARGIN <sup>1</sup>	20.4%	2019 OPERATING MARGIN	10.6%	2019 OPERATING MARGIN	16.5%	2019 OPERATING MARGIN	18.8%

### PRODUCTS

- Laser engraving
- Chemical engraving
- Architecture design studio
- Tool enhancement
- Tool finishing
- Nickel shell molds

- Reed switches
- Reed relays
- Reed sensors
- Fluid level sensors
- Magnetics
- Planar transformers and inductors

- 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

- Single acting telescopic
- Double acting telescopic
- Wet line kits and pumps
- Custom single piston rods

- Cold storage equipment for use in the life sciences
- Merchandise displays
- Pump systems

### END MARKETS

- Transportation
- Consumer
- Industrial

- Industrial
- Transportation
- Appliances
- Distribution
- Instrumentation & Meters
- Utility & Smart Grid

- Aviation
- Space
- Defense
- Medical
- Energy/Oil & Gas

- Construction
- Refuse Trucks
- Oil/Gas
- Dump Trucks
- Airline Service

- Clinical/Reference labs, physicians' offices
- Convenience stores and supermarkets
- Carbonation/beverage systems
- Drug stores
- Hotels

<sup>1</sup>Adjusted operating margin excludes impact of purchase accounting expenses of \$0.4M in Engraving and \$0.3M in Electronics.

<sup>2</sup>Pro forma for Refrigerated Solutions Group divestiture.



# Customers by Segment

## Engraving



## Electronics



## Engineering Technologies



## Hydraulics



## Food Service





# Transforming Our Portfolio

## Laying the Foundation

## Executing on Strategic Priorities

## FY20 and Beyond

### **Scaling Higher Growth & Margin Businesses**

- Growth laneways, 61% YOY increase in FY19
- New Business Opportunity Funnel, 51% YOY increase in FY19 Electronics
- Acquired GS Engineering, Agile and Tenibac
- Divested Cooking and Refrigerated Solutions

### **Significant Financial Flexibility**

- Net debt to Adj. EBITDA of 0.9x; ~\$220M of liquidity
- Increased FCF conversion YOY in FY19
- Expect to repatriate ~\$86M FY19-FY20
- ~10x interest coverage ratio

### **Executing on Productivity Initiatives**

- Cost restructuring; \$7M in annual savings in FY21
- Additional opportunities including set up time reduction in ETG to expand capacity and leveraging global SAP in Engraving
- Addressing Electronics materials inflation; changes in reed switch production and material substitution

- Transform portfolio and extend competitive advantages to accelerate profitable growth

- Drive growth laneways and NBO funnel

- Leverage Standex Value Creation System





- 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

<p>Market Leadership With Recognized Brands</p>	   
<p>Deep Technical and Applications Expertise</p>	<p><b>Engineer to Engineer sales process focused on knowledge and performance</b></p> <ul style="list-style-type: none"> <li>■ Electronics - design expertise for mission critical applications high reliability magnetics and magnetic sensing</li> <li>■ Engraving - design capabilities; mastered processes and technologies</li> <li>■ Scientific- deep knowledge of life science refrigeration regulatory compliance</li> </ul>
<p>Strong Customer Value Proposition</p>	<ul style="list-style-type: none"> <li>■ ARCHITECTURE In-house design consultancy</li> <li>■ Customer intimacy approach: Partner-Solve-Deliver</li> <li>■ Global Electronics and Engraving presence</li> </ul>
<p>Standex Value Creation System</p>	<p><b>Comprehensive system to improve the predictability and consistency of performance</b></p> <ul style="list-style-type: none"> <li>■ BPP Management Process</li> <li>■ Growth Disciplines</li> <li>■ Operational Excellence</li> <li>■ Talent Management</li> </ul>
<p>Manufacturing Know-How</p>	<ul style="list-style-type: none"> <li>■ High-precision nickel shell molds for advanced texturized skin production needs</li> <li>■ Highly engineered custom hydraulic cylinders to fit a variety of applications</li> <li>■ Spin forming single piece domes and lipskins for space and aviation applications</li> </ul>

# 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



## Hydraulics

- Addressing underserved aftermarket
- Reallocating capacity and building high-runner Kanban to serve quick lead time aftermarket orders

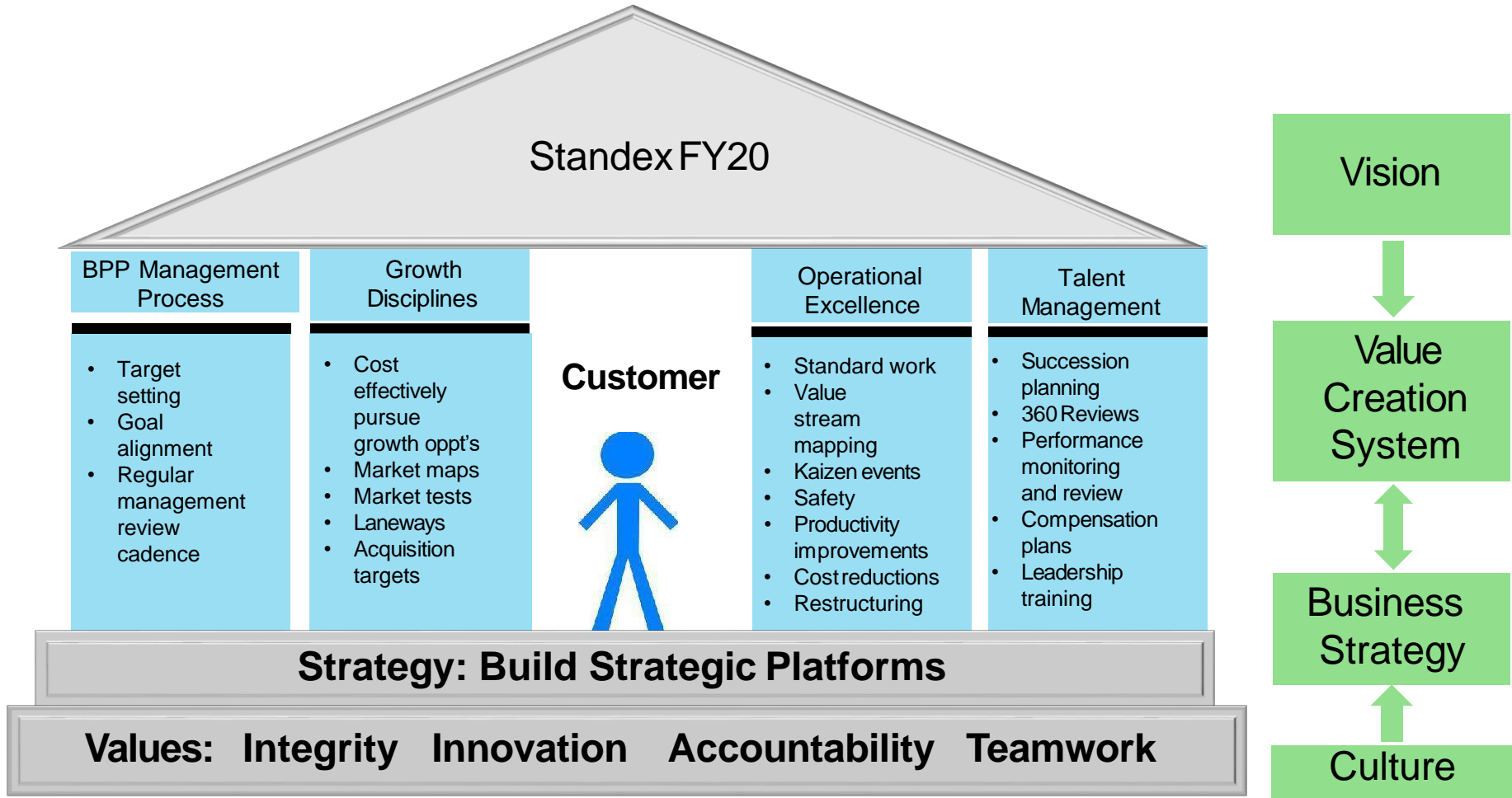


## Food Service Equipment

- 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*



# Our Value Creation System is Delivering

## Growth Discipline Process: Tool Finishing

- Began market test in welding and polishing in 2016 in France, Portugal and Germany
- Acquired Piazza Rosa in July 2017
- Broadened definition to tool finishing
- Leveraged standard work, technology and training center in Romania to support global rollout
- Grew to \$22.5M in revenue in FY19

## BPP Process: Cash Management

- Identified opportunity to improve cash flows
- Implemented consistent processes to manage collections
- Improved net working capital turns from 5.6x to 5.8x in FY19
- Increased FCF conversion by 570 bps year-over-year in FY19

## Talent : Internal Talent Development

- Established goal to increase rate of internal placements for key roles
- Adopted formal goal setting, development and succession planning in FY15
- Internal placement of key positions increased from 36% in FY15 to 60% in FY19
- Strengthened internal career development and culture

← **SHAREHOLDER VALUE ACROSS THE PLATFORM** →

# 3Q20 Capitalization

## Favorable Liquidity Profile

- Net debt to adj. EBITDA of 0.95x
- Net debt to total capital of 17.9%
- ~10x interest coverage ratio
- ~\$220M of available liquidity

## Capital Spending

- \$5.5M of CAPEX in 3Q20 compared to \$3.1M in 3Q19
- Reduced estimated FY20 CAPEX to \$19M - \$21M from \$30M - \$32M
- Depreciation of \$23M - \$24M in FY20
- Amortization expected to be \$8.5M - \$9.5M

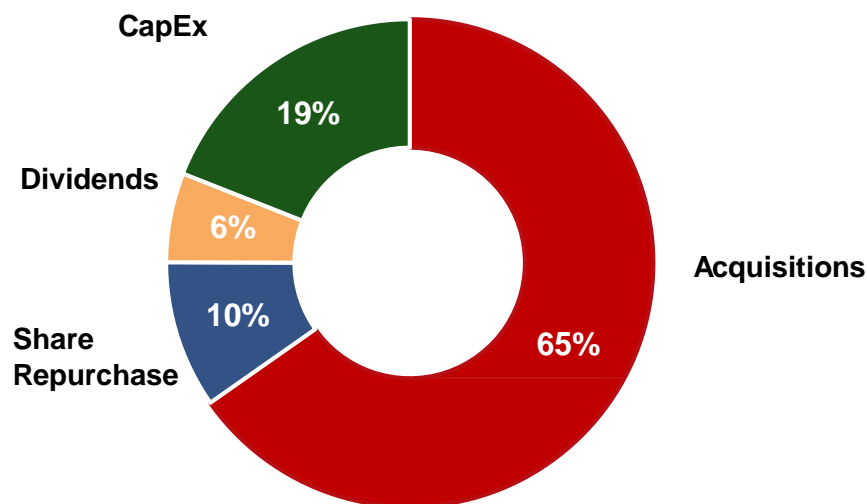
(in \$M)	Q3 20 3/31/2020	Q2 20 12/31/2019
Funded Debt	212,065	186,980
Cash	109,297	98,919
Net Debt	102,768	88,061
Net Debt to Capital Ratio	17.9%	15.1%
Funded Debt to Capital	31.3%	27.6%
EBITDA to Funded Debt (Includes Letters of Credit)	1.49 x	1.22 x
Net Debt	102,768	87,041
Adjusted EBITDA to Net Debt	0.95 x	0.80 x

- Net debt to capital at 17.9% vs prior quarter of 15.1%
- Repatriated \$8.4M in 3Q20 and \$20.3M FY20 YTD; expect to repatriate \$35M in FY20
- Capital spending focus on safety, maintenance, & highest priority growth activities

**Strong Balance Sheet with Significant Liquidity**

# Disciplined Capital Allocation Process

FY17 – FY19 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

Complementary products, services or markets

Clearly defined synergies

Strong cultural and strategic fit

Disciplined valuation model

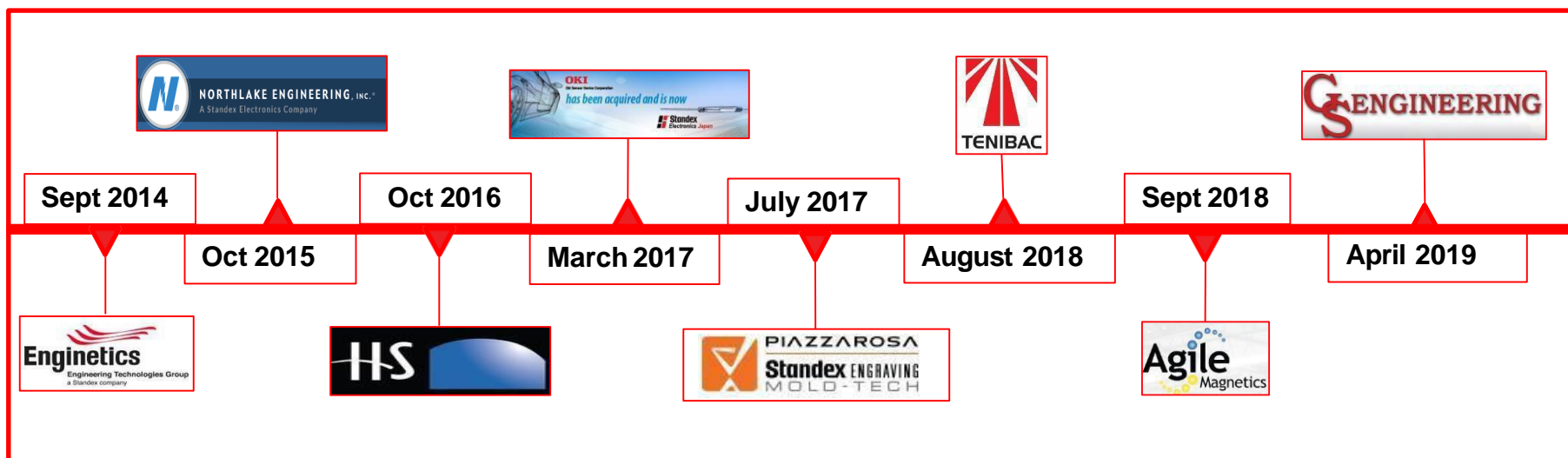
Internally-led process



## FINANCIAL CRITERIA

- ✓ Revenue and Cost Synergies
- ✓ Accretive to EPS in First Full Year
- ✓ Accretive to EBITDA margin
- ✓ IRR  $\geq 15\%$

# Expanding Strategic Platforms Through M&A



## Investing in Growth

*Since FY15:*

- 3x Engraving deals
- 3x Electronics deals
- 1x FSEG (Scientific)
- 1X ETG (Aviation)

## Total Cumulative Dollars

*Since FY15:*

- \$363M paid
- Average Multiple: 7.9x
- FY19 Sales: \$199M
- FY19 EBITDA: \$45M

# Key Messages

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# APPENDIX

# 3Q20 Financial Summary

(\$ in M's)	3Q20	3Q19	YOY	Comments
Revenue	\$155.5	\$160.5	-3.1%	<b>Decrease reflects economic impact of COVID-19</b> Organic revenue: -3.2% YOY Acquisition-related impact :+0.9% F/X impact of -0.8%
Gross Margin	33.8%	34.3%	-50 bps	Reflects volume decline, material costs at Electronics
Adj. Operating Income	\$17.6	\$18.2	-3.2%	Impact of COVID-19 on sales offset by cost containment actions
Margin %	11.3%	11.3%		
Adj. EBITDA	\$26.1	\$25.1	4.0%	
Margin %	16.8%	15.6%	+120 bps	
Net, Interest Expense	\$1.8	\$3.2	-45.0%	Lower borrowings and interest rate
Tax Rate %	26.1%	30.8%	-470 bps	
Adj. Net Income	\$11.9	\$9.6	23.9%	
Margin %	7.6%	6.0%	+160 bps	
Adj. EPS	\$0.96	\$0.76	26.3%	
Shares Outstanding	12.4	12.6	-1.4%	129,000 shares repurchased in 3Q20

# 3Q20 GAAP to Non-GAAP Bridge

	Q3 FY20				Q3 FY19				% Change		
	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Net Income	EPS
<b>Reported - GAAP</b>	\$ 15.4	\$ (3.3)	\$ 12.1	\$ 0.97	\$ 12.9	\$ (4.3)	\$ 8.7	\$ 0.69	18.8%	39.2%	40.6%
<b>Add:</b>											
Restructuring Charges	0.6	(0.2)	0.4	0.04	0.5	(0.2)	0.4	0.03			
Acquisition-related costs	0.1	(0.0)	0.1	0.01	0.8	(0.2)	0.6	0.04			
<b>Less:</b>											
Discrete Tax Items	-	(0.7)	(0.7)	(0.06)	-	-	-	-			
<b>Adjusted</b>	<b>\$ 16.1</b>	<b>\$ (4.2)</b>	<b>\$ 11.9</b>	<b>\$ 0.96</b>	<b>\$ 14.3</b>	<b>\$ (4.7)</b>	<b>\$ 9.6</b>	<b>\$ 0.76</b>	<b>12.5%</b>	<b>23.9%</b>	<b>26.3%</b>
Diluted Shares	12,397				12,574						

GAAP 3rd Quarter Net Income \$12.1M versus Prior Year at \$8.7M  
Non-GAAP Net Income \$11.9M versus Prior Year at \$9.6M  
GAAP EPS increased 40.6%; Non-GAAP EPS up 26.3%

# 3Q20 Free Cash Flow

<u>AS REPORTED (\$M)</u>	<u>Q3 FY 2020</u>	<u>Q3 FY 2019</u>
<b>Net cash provided by operating activities, as reported</b>	\$ 12.8	\$ 14.4
Less: Capital Expenditures	(5.5)	(3.1)
<b>Free operating cash flow</b>	\$ 7.3	\$ 11.3

Free cash flow reflects:

- Increased tax payments in 3Q20, pension contribution payments and higher capital expenditures
- Working capital turns improved to 4.7x, which is a 0.1 improvement YOY
- Continued focus on collections and accounts payable management

Consistent Free Cash Flow Generation