



Third Quarter Fiscal 2014  
Conference Call  
May 2, 2014



SXI  
LISTED  
NYSE

# Safe Harbor Statement

*Statements in this presentation include, or may be based upon, management's current expectations, estimates and/or projections about Standex's markets and industries. These statements are forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may materially differ from those indicated by such forward-looking statements as a result of certain risks, uncertainties and assumptions that are difficult to predict. Among the factors that could cause actual results 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 the exchange rates and the inability to repatriate foreign cash;*
- general and international recessionary economic conditions, including the impact, length and degree of the current recessionary 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, the inability to achieve synergies contemplated by the Company;*
- other factors discussed in the Annual Report of Standex on Form 10-K for the fiscal year ending June 30, 2013, which is on file with the Securities and Exchange Commission, and any subsequent periodic reports filed by the company with the Securities and Exchange Commission.*

*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.*

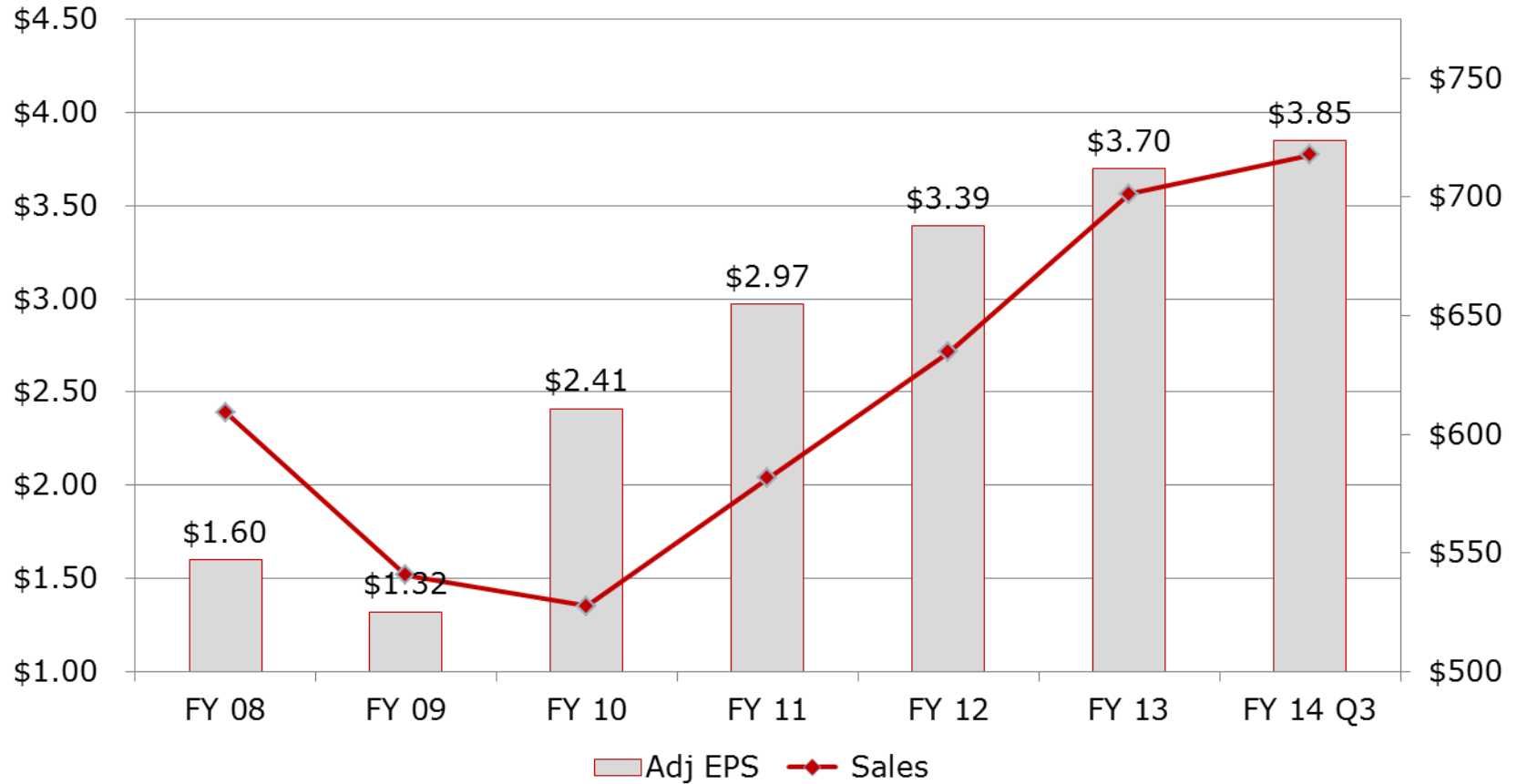
# Third Quarter 2014 Overview

## *Strong Sales and Non-GAAP EPS Year over Year*

- YOY sales were up 7.7% with four segments showing double digit sales growth;
  - Organic sales +7.2%
  - FX impact of +0.5%
- Q3 non-GAAP operating income +27.5% and non-GAAP EPS of \$0.93/share up 25.7% from prior year
- Net cash position of \$12.4M at end of Q3
- Strong balance sheet gives us flexibility to create shareholder value

# TTM EPS

*Sales and EPS up on a TTM basis versus prior fiscal year end*



# Quarter Financials

	Q3 FY 2014	Q3 FY 2013	Delta
Sales	\$ 178.802	\$ 165.970	7.7%
Operating Income	\$ 14.247	\$ 11.722	21.5%
Operating Income Margin	7.97%	7.06%	91 bps
Operating Income excl Special Items	\$ 16.999	\$ 13.328	27.5%
Operating Income Margin % excl Special Items	9.51%	8.03%	148 bps
EBITDA	\$ 21.437	\$ 15.374	39.4%
EBITDA %	11.99%	9.26%	273 bps
EBITDA w/o Special Items	\$ 20.836	\$ 16.980	22.7%
EBITDA % w/o Special Items	11.65%	10.23%	142 bps
EPS Continue Ops	\$ 1.04	\$ 0.76	36.8%
EPS Continue Ops w/o Special Items	\$ 0.93	\$ 0.74	25.7%

# Quarterly Bridge

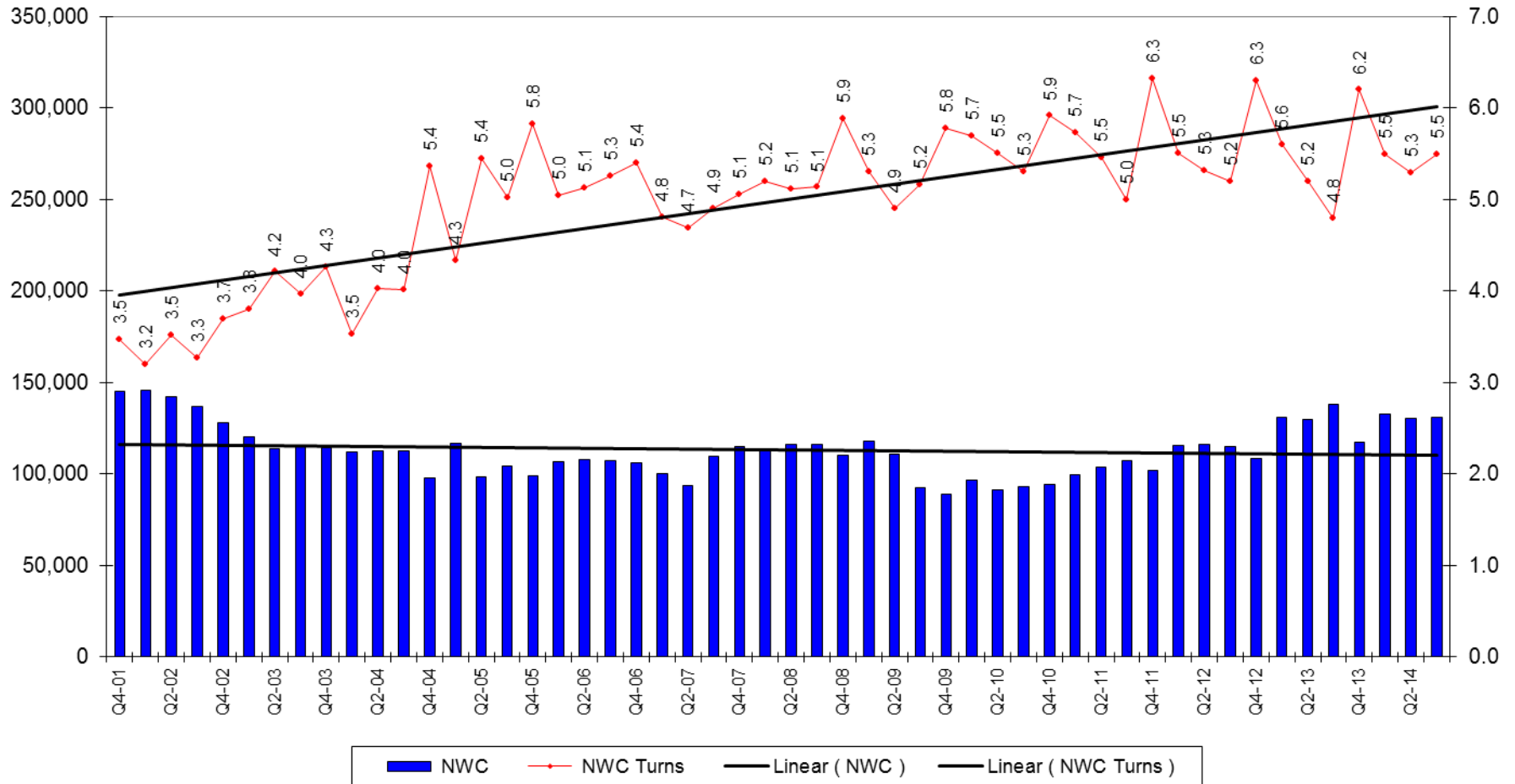
	Net Income Q3			EPS Q3		
	FY 14	FY 13	% Change	FY 14	FY 13	% Change
<b>Net Income Continuing Operations</b>	<b>\$ 13,209</b>	<b>\$ 9,671</b>	<b>36.6%</b>	<b>\$ 1.04</b>	<b>\$ 0.76</b>	<b>36.8%</b>
<b>Add:</b>						
Restructuring Charges *	\$ 983	\$ 760		\$ 0.08	\$ 0.06	
Management Transition - Stock comp *	\$ 605	\$ -		\$ 0.04	\$ -	
Management Transition - all other *	\$ 371	\$ -		\$ 0.03	\$ -	
Legal Settlement *	\$ -	\$ 1,987		\$ -	\$ 0.16	
<b>Less:</b>						
Life Insurance Benefit	\$ (3,353)	\$ -		\$ (0.26)	\$ -	
Retiree Life Insurance *	\$ -	\$ (1,611)		\$ -	\$ (0.13)	
Discrete Tax Items	\$ -	\$ (1,366)		\$ -	\$ (0.11)	
<b>Proforma Net Income from Continuing Operations</b>	<b>\$ 11,815</b>	<b>\$ 9,441</b>	<b>25.1%</b>	<b>\$ 0.93</b>	<b>\$ 0.74</b>	<b>25.7%</b>

\* Tax Effected

# Net Working Capital

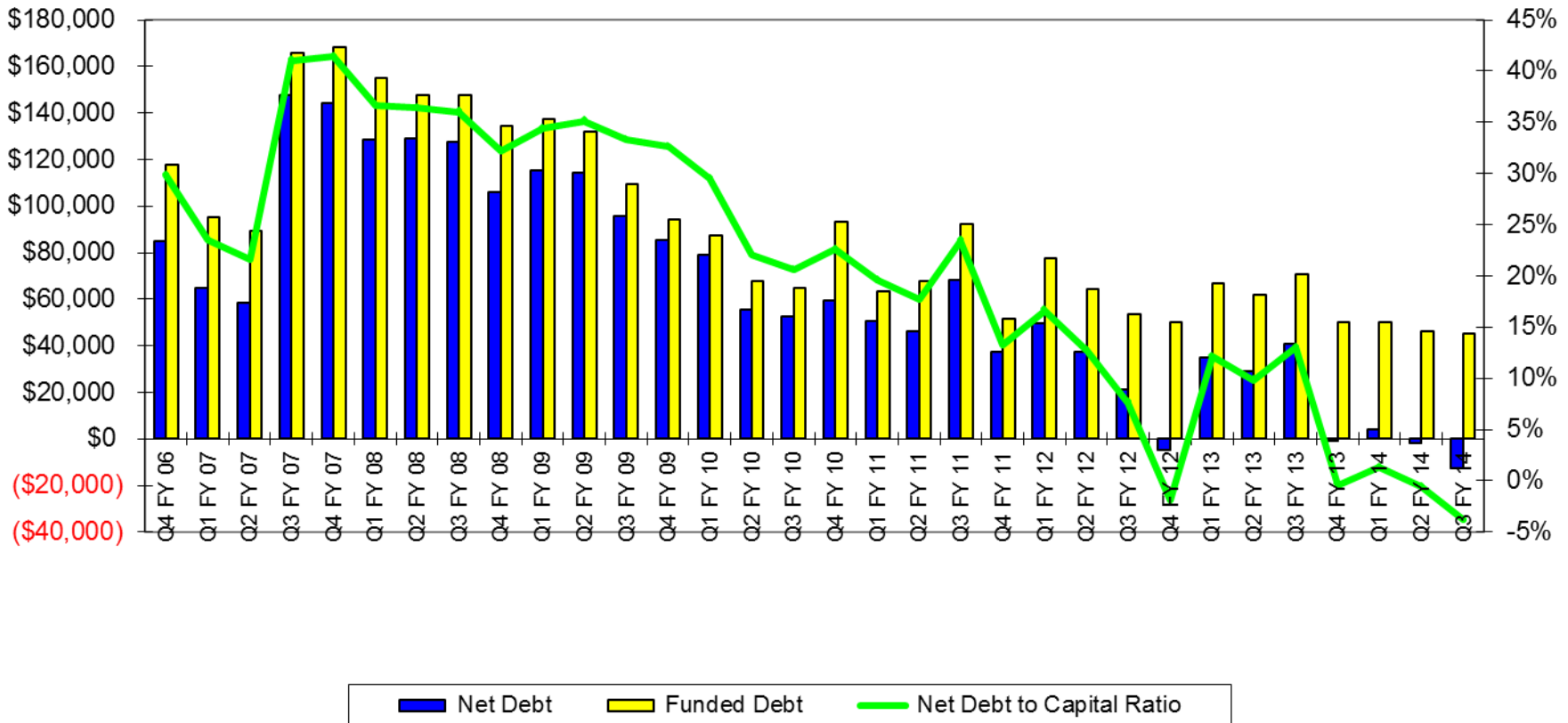
*Working Capital turns show improvement over time*

(in thousands)



# Debt Management

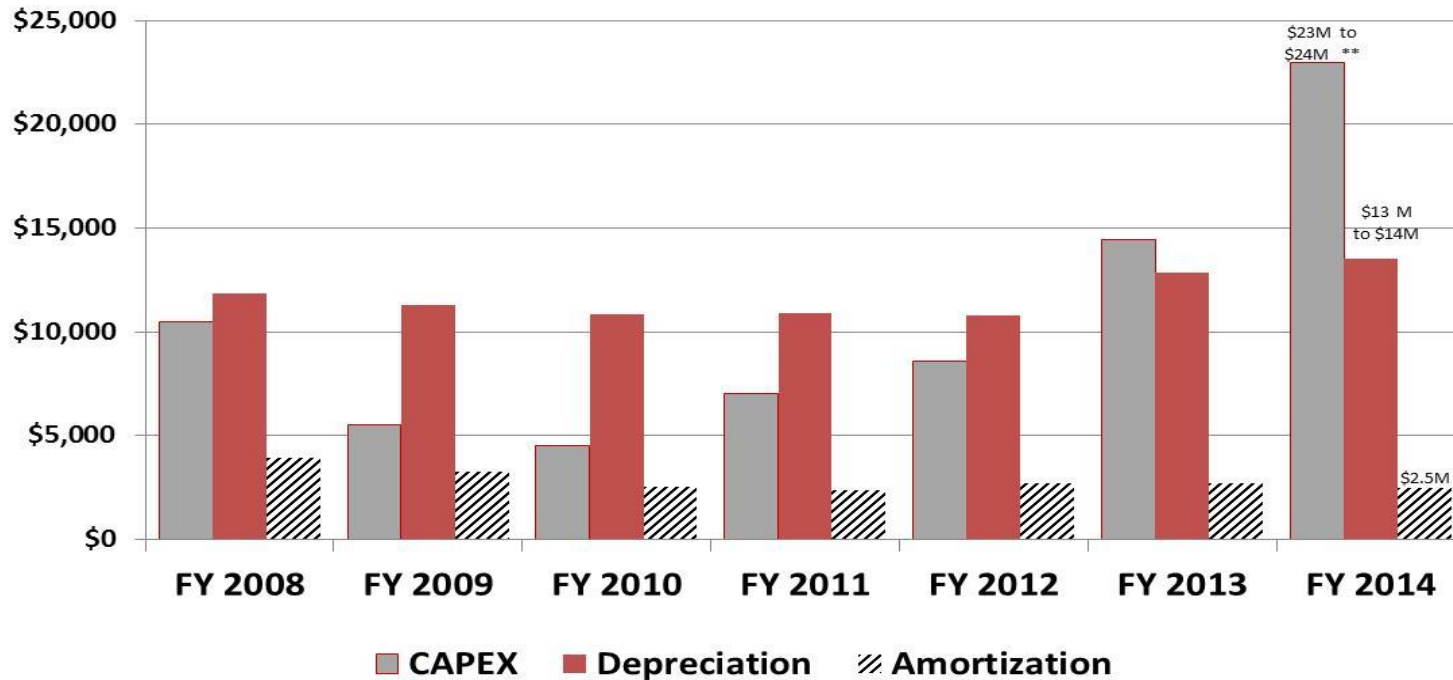
(in thousands)



- Net debt to capital at -3.9% as of March 31, 2014
- Net debt (cash) position of (\$12,427)



# Capital Spending



\*\* FY2014 CAPEX projections are before \$6MM of insurance reimbursements

## Key FY 14 CAPEX Projects:

- Food Service – Complete facility closure. Further investment in metal forming and automation.
- Engraving – Purchase direct laser engraving machines.
- Electronics – Complete manufacturing facility in Mexico.
- Engineering Technologies – PNC spin lathes and control upgrades.
- Hydraulics – Complete China facility capacity.

# Free Cash Flow

	<u>YTD FY 2014</u>	<u>YTD FY 2013</u>
<i><u>Free operating cash flow (continuing ops):</u></i>		
<b>Net cash provided by operating activities, as reported</b>	\$ 35,789	\$ 19,440
Less: Capital Expenditures	(16,284)	(12,389)
Add: Voluntary Pension Contribution	-	3,250
<b>Free operating cash flow</b>	<u>\$ 19,505</u>	<u>\$ 10,301</u>
Net Income	<u>33,965</u>	<u>32,622</u>
<b>Conversion of free operating cash flow</b>	57.4%	31.6%
<b>Shares</b>	<u>12,758</u>	<u>12,788</u>
<b>FCF Per Share</b>	<u>\$ 1.53</u>	<u>\$ 0.81</u>

# Third Quarter FY 2014 Operational Segment Review

# Food Service Equipment Group



	Q3'14 ( '000s)	\$	Δ% YOY
Revenues		\$ 88,873	2.6%
Operating Income		\$ 7,168	35.6%
OI Margin		8.1%	

- Refrigeration: Strong sales in dollar store chains and dealer channel, partially offset by soft drug retail and QSR chain business
- Cooking: Strong sales in the dealer, US grocery store retail and convenience store segments
- Custom Solutions affected by project delays
- Plant consolidation on track to be completed by June 30, 2014
- Visit our new booth at the National Restaurant Association meeting in May 2014

# Engraving Group



Q3'14 ( '000s)	\$	Δ% YOY
Revenues	\$ 27,278	14.5%
Operating Income	\$ 5,957	77.0%
OI Margin	21.8%	

- Record performance by Mold-Tech driven by new automotive model launches in North America, Europe and Asia
- Softness in Roll, Plate and Machinery due to slow recovery of the construction market
- Plan to open fifth manufacturing facility in China in Q1 FY2015
- Continued strong model launches anticipated to have positive effect in Q4

# Engineering Technologies Group



Q3'14 ( '000s)	\$	Δ% YOY
Revenues	\$ 22,347	14.1%
Operating Income	\$ 4,296	25.9%
OI Margin	19.2%	

- Sales and operating growth due to strong Aerospace, Energy, Oil & Gas sales, partially offset by lower sales to Medical segment
- Two new large contracts during Q3:
  - Produce exhaust plug and nozzle components for nacelle on Airbus A320 NEO, one of the largest-selling commercial aircrafts in the world
  - Produce one-piece fuel and oxygen tank domes for ULA's Atlas V and Delta IV launch vehicle programs

# Electronics Group



Q3'14 ( '000s)	\$	Δ% YOY
Revenues	\$ 30,672	10.4%
Operating Income	\$ 5,283	10.5%
OI Margin	17.2%	

- Record sales and operating profit due to new sensor program launches in North America from both legacy and Meder businesses
- Strong order intake with increasing backlog, especially in Europe and North America
- Strong pipeline of customer programs expected to launch in Q4 and into FY 2015
- Completion of new Mexico facility is on schedule with relocation from the existing facility to be fully operational in Q4 FY 2014

# Hydraulics Group



	Q3'14 ( '000s)	\$	Δ% YOY
Revenues		\$ 9,632	17.8%
Operating Income		\$ 1,477	2.8%
OI Margin		15.3%	

- Strong sales driven by greater penetration into the refuse market
- Operating income moderated by product mix due to competitive pressure in new markets and investments to win new business and continued recovery in dump truck market
- Market share gains in the South American dump trailer and truck market contributed to top-line growth



# Summary

- Strong third-quarter performance with YOY sales and operating income growth in all businesses
- Backlog up in the 3<sup>rd</sup> quarter YOY in all businesses
- Our markets are sound, bookings are good, and customer activity is strong
- Actively pursuing multiple avenues to increase shareholder value
- We look forward to meeting many of you at upcoming trade shows, investor conferences and our Standex investor day

# Q&A Session