

Fourth Quarter Fiscal 2015 Conference Call



August 25, 2015



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Fourth Quarter 2015 Overview

- **YOY sales were up 1.2% to \$199.8M**
 - Organic sales -0.5%
 - Acquisitions +5.4%
 - FX impact of -3.7%
- **Q4 non-GAAP operating income +8.8% and non-GAAP EPS of \$1.31 share up 5.6% from prior year**
- **Net debt position of \$6.9M** at end of Q4
- Strong operating income performance:
 - Food Service Equipment Group delivered 11.8% EBIT.
 - Operating income improvements in all five businesses year over year despite top line challenges
- Positive order and backlog momentum in Engraving, Electronics and Hydraulics should carry through to Q1 in FY 16

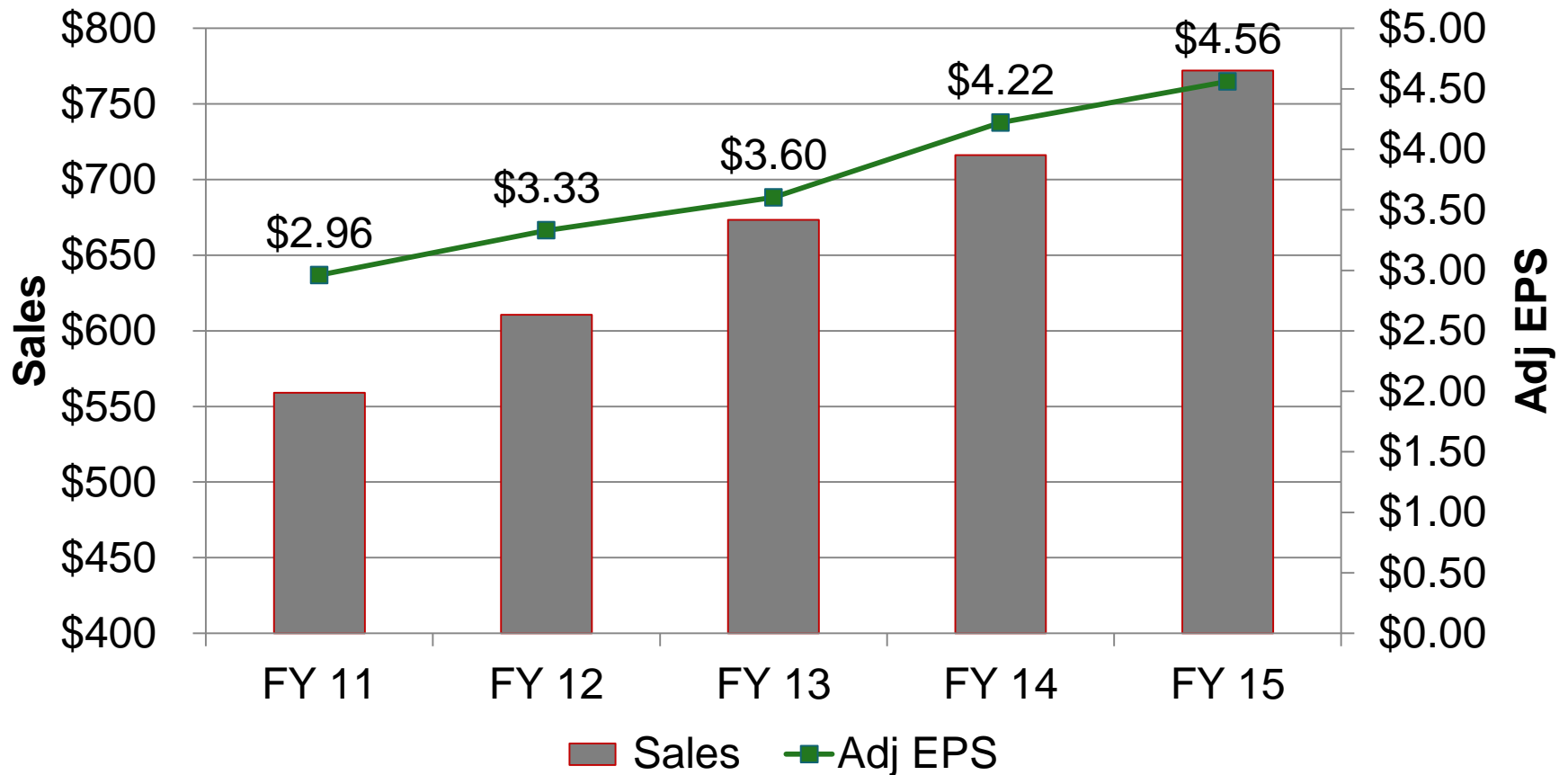
Non-GAAP EPS up year over year despite currency and oil headwinds

Full Year Fiscal 2015 Overview

- **Full year sales grew 7.8%**
 - Organic sales +4.8%
 - Acquisitive growth +5.3%
 - FX impact -2.3%
- **Non-GAAP EPS of \$4.56/share up 8.1% YOY**
- **Strong cash generation:** free cash flow per share from continuing operations at \$3.41
- **Year of important milestones**
 - **Began Transformation of Food Service Equipment Group**
 - Structural changes made to streamline P&L silos and redundancies
 - Strong leadership team in place
 - Focus on operational improvement and margin expansion
 - **Repositioning of the Engineering Technologies** business to increase aviation exposure
 - Established the **Standex Value Creation System** to drive steady sales and operational improvements
 - Added **strong experienced leaders** to the management team
 - Food Service Equipment President – Anne de Greef-Safft
 - Standex OpEx Corporate Vice President – Don Clark
 - Corporate VP Business Development – Paul Burns
 - Corporate VP Human Resource – Ross McGovern

Sales growth, margin expansion and improved EPS

Non-GAAP Earnings Per Share Trend



Sales and EPS up YOY 7.8% and 8.1% respectively on a non-GAAP basis
Sales CAGR 8.4% and Adjusted EPS CAGR 11.4%

Revenue Changes

Q4 2015 YOY Change %	Food Service	Engraving	Engineering Technologies	Electronics	Hydraulics	Total
Organic	-3.5%	13.1%	-14.8%	5.8%	6.3%	-0.5%
Acquisitions	3.5%	0.0%	29.8%	0.6%	0.0%	5.4%
Currency	-1.0%	-11.0%	-1.8%	-8.7%	-0.2%	-3.7%
Total	-1.0%	2.1%	13.2%	-2.4%	6.1%	1.2%

YTD 2015 YOY Change %	Food Service	Engraving	Engineering Technologies	Electronics	Hydraulics	Total
Organic	4.9%	8.0%	-5.8%	4.2%	20.2%	4.8%
Acquisitions	3.9%	0.0%	28.3%	0.6%	0.0%	5.3%
Currency	-0.6%	-6.6%	-0.7%	-5.4%	-0.2%	-2.3%
Total	8.2%	1.4%	21.8%	-0.6%	20.0%	7.8%

Quarter Financials

	Q4 FY15	Q4 FY14	Delta
Sales	\$ 199.779	\$ 197.340	1.2%
Operating Income	\$ 23.723	\$ 19.218	23.4%
Operating Income Margin	11.87%	9.74%	213 bps
Operating Income excl Special Items	\$ 24.315	\$ 22.352	8.8%
Operating Income Margin excl Special Items	12.17%	11.33%	84 bps
EBITDA	\$ 27.883	\$ 22.985	21.3%
EBITDA %	13.96%	11.65%	231 bps
EBITDA w/o Special Items	\$ 28.475	\$ 26.119	9.0%
EBITDA % w/o Special Items	14.25%	13.24%	101 bps
EPS Continuing Ops	\$ 1.27	\$ 1.07	18.7%
EPS Continuing Ops w/o Special Items	\$ 1.31	\$ 1.24	5.6%

Quarter Bridge

	Net Income Q4			EPS Q4		
	FY 15	FY 14	% Change	FY 15	FY 14	% Change
Net Income Continuing Operations	\$ 16,288	\$ 13,643	19.4%	\$ 1.27	\$ 1.07	18.7%
Add:						
Restructuring Charges	\$ 791	\$ 3,028		\$ 0.07	\$ 0.24	
Management Transition	\$ -	\$ 234		\$ -	\$ 0.02	
Acquisition-related costs	\$ -	\$ 43		\$ -	\$ -	
Less:						
Insurance Proceeds	\$ (361)	\$ (1,070)		\$ (0.03)	\$ (0.08)	
Discrete Tax Items	\$ -	\$ (139)		\$ -	\$ (0.01)	
Adjusted Net Income from Continuing Operations	\$ 16,718	\$ 15,739	6.2%	\$ 1.31	\$ 1.24	5.6%

GAAP Net Income from Continuing Operations increases 19.4% and EPS 18.7%
Adjusted Net Income from Continuing Operations increases 6.2% and EPS 5.6%

Full Year Fiscal 2015 Financials

	YTD 6/30/2015	YTD 6/30/2014	Delta
Sales	\$ 772.142	\$ 716.180	7.8%
Operating Income	\$ 78.644	\$ 65.868	19.4%
Operating Income Margin	10.19%	9.20%	99 bps
Operating Income excl Special Items	\$ 83.286	\$ 76.461	8.9%
Operating Income Margin % excl Special Items	10.79%	10.68%	11 bps
EBITDA	\$ 95.962	\$ 84.643	13.4%
EBITDA %	12.43%	11.82%	61 bps
EBITDA w/o Special Items	\$ 100.604	\$ 91.883	9.5%
EBITDA % w/o Special Items	13.03%	12.83%	20 bps
EPS Continue Ops	\$ 4.31	\$ 3.89	10.8%
EPS Continue Ops w/o Special Items	\$ 4.56	\$ 4.22	8.1%

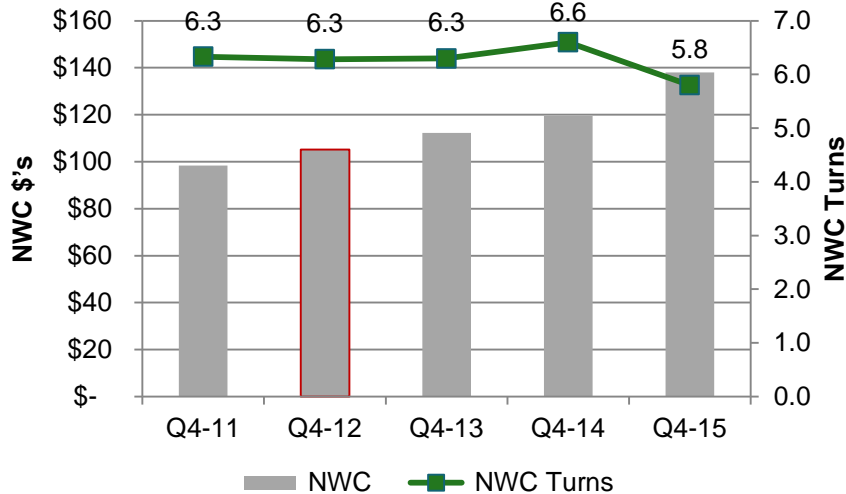
Full Year FY 15 Bridge

	YTD Net Income			YTD EPS		
	6/30/2015	6/30/2014	% Change	6/30/2015	6/30/2014	% Change
Net Income Continuing Operations	\$ 55,243	\$ 49,749	11.0%	\$ 4.31	\$ 3.89	10.8%
Add:						
Restructuring Charges	\$ 2,501	\$ 7,185		\$ 0.20	\$ 0.56	
Management Transition - Non cash stock comp	\$ -	\$ 1,206		\$ -	\$ 0.09	
Management Transition	\$ -	\$ 1,588		\$ -	\$ 0.12	
Acquisition-related costs	\$ 1,232	\$ 43		\$ 0.10	\$ 0.00	
Discrete Tax Items	\$ -	\$ 16		\$ -	\$ 0.00	
Less:						
Life Insurance Benefit	\$ -	\$ (3,353)		\$ -	\$ (0.26)	
Non Monetary Conversion	\$ (361)	\$ (2,468)		\$ (0.03)	\$ (0.19)	
Discrete Tax Items	\$ (239)	\$ -		\$ (0.02)	\$ -	
Proforma Net Income from Continuing Operations	\$ 58,376	\$ 53,965	8.2%	\$ 4.56	\$ 4.22	8.1%

GAAP Net Income Continuing Operations increases 11.0% and EPS 10.8%

Non-GAAP Net Income from Continuing Operations increases 8.2% and Non-GAAP EPS 8.1%

Net Working Capital



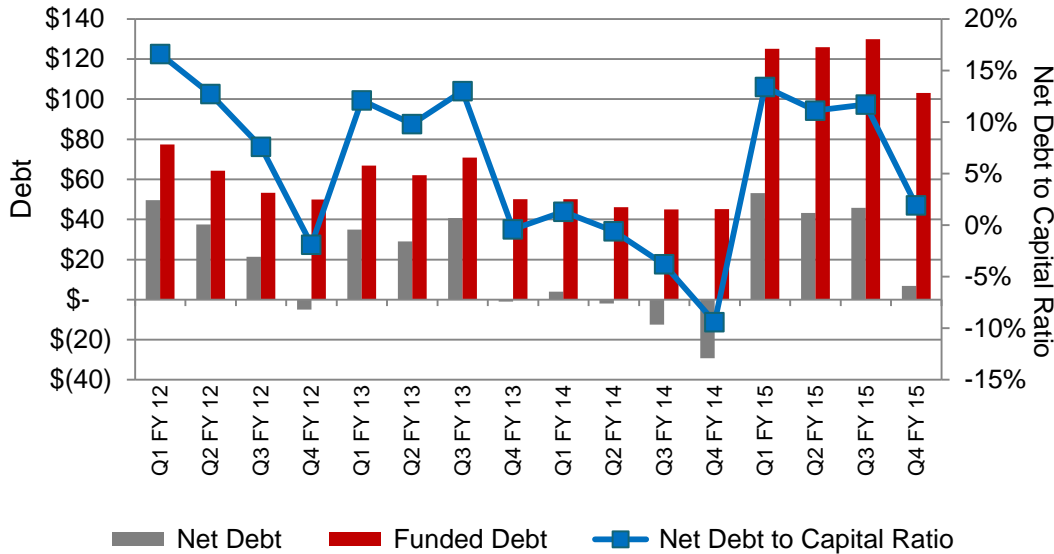
(Total Consolidated)

	6/30/15	6/30/14
A/R	110,478	107,675
DSO	49	48
Inventory	108,305	97,065
Inventory Turns	4.7	5.6
A/P	(80,764)	(85,205)
DPO	46	50
Net Working Capital	138,019	119,535
W/Cap Turns	5.8	6.6

- Working capital turns were 5.8 in fiscal 2015, slightly short of our goal of 6.0.
- In the prior fiscal year, working capital turns were 6.6 primarily due to increased payables for capital projects.

Working Capital Turns goal is 6.0

Debt Management

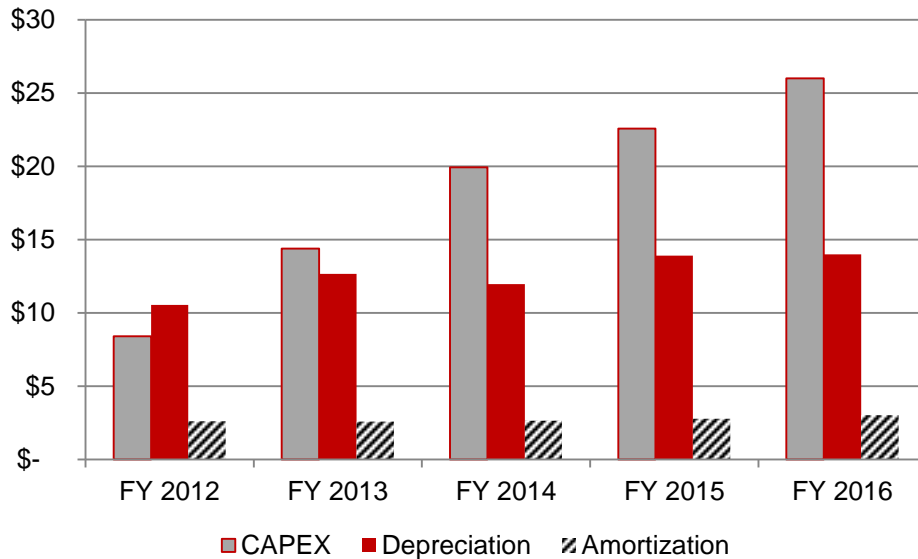


	6/30/2015
Short Term Debt	-
Long Term Debt	103,031
Funded Debt	103,031
Cash	96,128
Net Debt	6,903
Shareholders Equity	348,570
Letters of Credit	7,177
EBITDA per Credit Agreement	101,084
Net Debt to Capital Ratio	1.9%
Funded Debt to Capital	22.8%
EBITDA to Funded Debt (Includes Letters of Credit)	1.08 x
Maximum Leverage Per Agreement	3.5 x

- *Strong Balance Sheet with ability to make strategic capital expenditures and bolt-on acquisitions*
- *Net debt to capital at 1.9% as of June 30, 2015*
- *Net debt position of \$6.9M*

Balance Sheet well positioned for growth

Capital Spending Overview



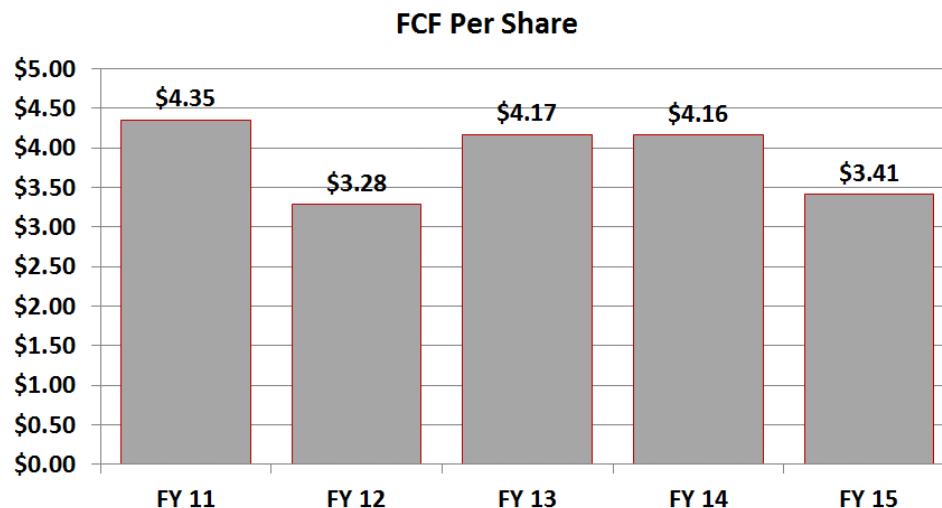
- FY 16 capital spending is estimated to be between \$24-\$26M of which \$6M to build facility dedicated to Aviation wins
- Capital spending in FY 16 supports Standex Growth Disciplines and Operational Excellence programs

		<u>YTD FY 15</u>
Capital Spending		
Food Service Equipment Group	\$	4,791
Engraving	\$	5,856
Engineering Technologies	\$	8,025
Electronics	\$	2,298
Hydraulics	\$	784
Other	\$	268
Total	\$	22,022
Sales	\$	772,142
% of Sales		2.9%



New aviation facility in 2016

Non-GAAP FCF Per Share Trend



	Q4 FY 2015	Q4 FY 2014	FY 2015	FY 2014
<i>Free operating cash flow (continuing ops):</i>				
Net cash provided by operating activities, as reported	\$ 43,074	\$ 36,392	\$ 66,167	\$ 71,992
Less: Capital Expenditures	(3,714)	(3,135)	(22,561)	(18,832)
Add: Voluntary Pension Contribution	-	-	-	-
Free operating cash flow	<u>\$ 39,360</u>	<u>\$ 33,257</u>	<u>\$ 43,606</u>	<u>\$ 53,160</u>
Net Income	<u>16,288</u>	<u>13,643</u>	<u>55,243</u>	<u>49,749</u>
Conversion of free operating cash flow	241.7%	243.8%	78.9%	106.9%
Shares	<u>12,792</u>	<u>12,810</u>	<u>12,805</u>	<u>12,778</u>
FCF Per Share	<u>\$ 3.08</u>	<u>\$ 2.60</u>	<u>\$ 3.41</u>	<u>\$ 4.16</u>

Generated Free Cash Flow over \$3.00 per share in the past 5 years

Fourth Quarter FY 2015

Operational Segment Review

Food Service Equipment Group

Q4 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$105,276	-1.0%
Operating Income	\$12,467	+7.7%
OI Margin	11.8%	



Our Food Service Equipment Group touches each area of food distribution

Q4 Summary

- Focus on operating performance raised group margins to 11.8%
- Refrigeration: Sales declined driven by softness in QSR's. Dollar Store sales were also lower partially offset by strong growth in drug retail sales
- Cooking:
 - Double digit sales growth driven by retail grocery stores and Ultrafryer acquisition
 - Continued operational improvements in delivery, warranty and productivity
 - Divested Bevles product line
- Specialty Solutions: Sales flat year over year. Deli and Specialty case sales growth in airport concessions and convenience stores offset by slower pump business in carbonated beverage

Current Focus

- Continue transformation of the business with focus on deploying Operational Excellence toolkit
- New business opportunities with key customers

Engraving

Q4 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$29,172	+2.1%
Operating Income	\$5,603	+0.1%
OI Margin	19.2%	



Providing designs and solutions to the high end luxury markets



Q4 Summary

- Double digit organic growth in orders and backlog for the quarter
- Strong organic growth in Europe and Asia offset by currency headwinds
- In North America some Q4 work shifted to Q1 due to customer requests
- “Architexture” design hub sales continue to differentiate our service
- New site in Sweden and expansion in Spain
- Roll, Plate and Machinery volume up in Q4, however margins were hampered by production inefficiencies

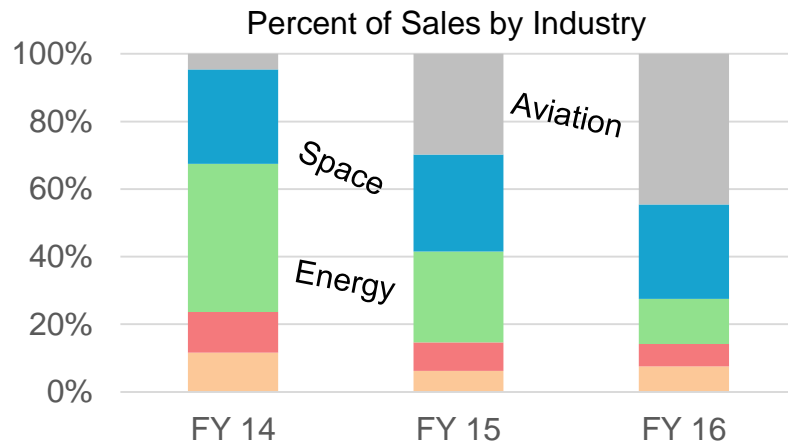
Current Focus

- Anticipate a positive first half of FY 16 with Europe, Asia and North America all contributing to the growth
- Foreign exchange will impact Engraving primarily in the first half of FY 16
- Capitalize on new nickel shell and laser technologies with existing and new customers

Engineering Technologies

Q4 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$25,704	+13.2%
Operating Income	\$4,004	+4.2%
OI Margin	15.6%	

Providing complex designs to solve customer problems



Q4 Summary

- Sales increases year over year were driven by the Enginetics acquisition
- Legacy business sales declined 13.8% due to lower Oil, Gas and Medical sales
- Cost containment and workforce reductions were made to adjust to market environment
- Aviation volume was up during the quarter due to slow ramp up of recent awards

Current Focus

- Continue repositioning of business to support aviation wins and pursuits
- Prepare new aviation site for aviation volume that will come online over the next 18 months
- Deploy Operational Excellence toolkit throughout operations
- First half 16 sales will continue to be impacted by lower Oil & Gas and Medical sales

Electronics

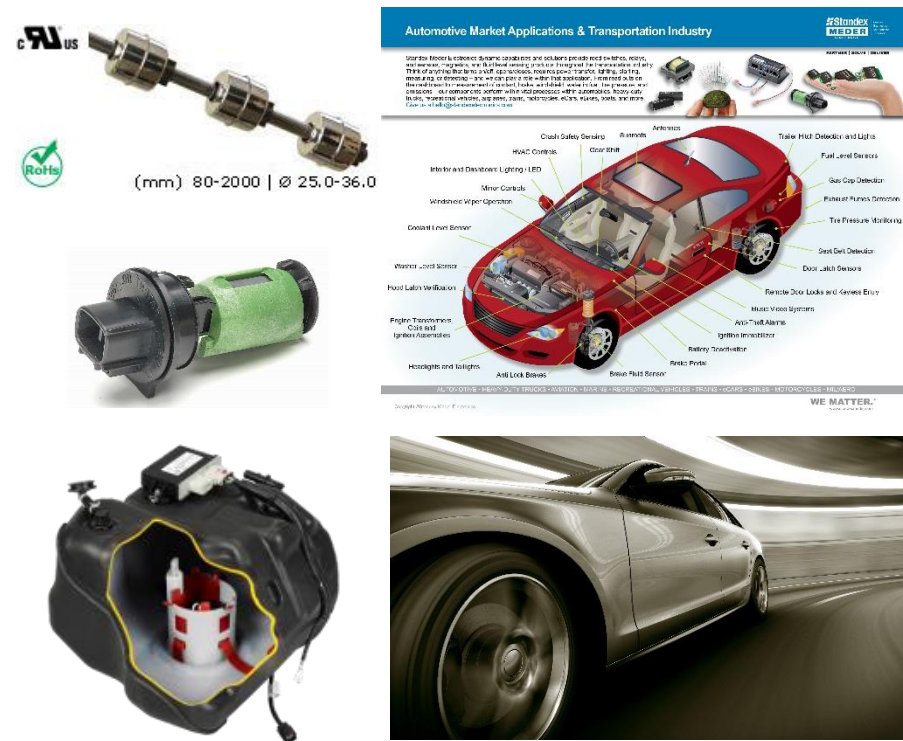
Q4 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$28,897	-2.4%
Operating Income	\$5,302	+7.8%
OI Margin	18.3%	

Q4 Summary

- Orders and backlog were up due to growth in industrial, automotive and security markets
- Europe and Asia showed double digit organic sales growth offset by foreign exchange headwinds
- Margins expanded due to cost savings activities from manufacturing moves (China and Mexico) and improving efficiencies
- Sensors, reed relays and planar volume continue to grow

Current Focus

- New business opportunities in sensor technologies in industrial, automotive and security markets
- Continue to improve efficiency by driving lean events in North America, Europe and Asia focusing on material, labor and logistics



Sensors and Floats for Automotive Marketplace

Hydraulics

Q4 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$10,730	+6.1%
Operating Income	\$2,116	+2.2%
OI Margin	19.7%	

Custom Hoist at Waste Expo Las Vegas



Q4 Summary

- Strong sales into the construction for dump truck and dump trailer markets
- Continued to capture refuse business through product line expansion

Current Focus

- Expand production capacity in China plant to meet increased demand
- Fully operationalize new CNC and robotic welder
- Deploy Operational Excellence toolkit throughout operations and operationalize recent capital investments in CNC and robotic welding

Summary

- Q4 showed operating income improvements in all five businesses
- Adjusted EPS expanded 5.6%
- Balance sheet is well positioned to fund growth, CAPEX, and acquisitions
- Will continue to develop the Standex Value Creation System to drive **organic growth initiatives and cost reduction efforts** across the portfolio
 - Continue the transformation of Food Service Equipment Group
 - Continue the repositioning of Engineering Technologies
- Continue to manage an active acquisition pipeline
- Closely monitor regional economic growth, currency movements and commodity prices for the effects on our end markets
- Standex will host an investor day at our Electronics Cincinnati Headquarters on Thursday, September 17th.
 - Please contact Investorrelations@standex.com for more details