



INTERNATIONAL CORPORATION



**Food Service
Equipment**



Engraving



**Engineering
Technologies**



Electronics



Hydraulics



**Air
Distribution**

First Quarter Fiscal 2012

Conference Call

October 27, 2011

**SXI
LISTED
NYSE**

Overview

- Roger Fix – President & Chief Executive Officer

Financial Review

- Tom DeByle – Chief Financial Officer

Segment Results and Outlook

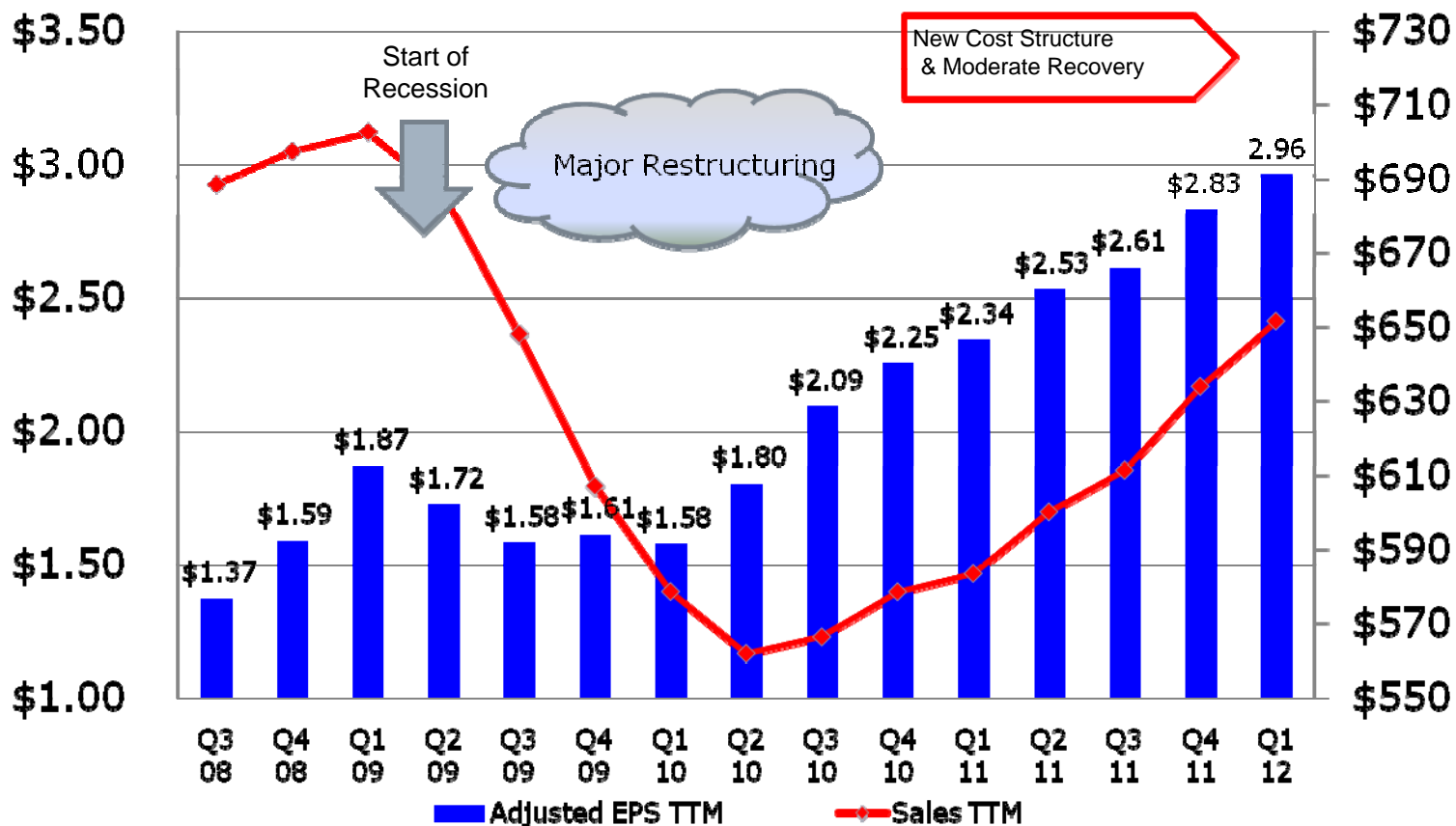
- Roger Fix – President & Chief Executive Officer

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- **Solid YOY sales growth in Q1**
 - **Q1 total sales up 11.2%**
 - **Organic sales +5.4%**
 - **Acquisition growth +3.9%**
 - **FX effect of +1.9%**
- **Non-GAAP operating income +9% and non-GAAP EPS +16% for Q1 led by Food Service Equipment Group**
- **Focus for FY12**
 - **Fund organic growth and productivity projects with Capex**
 - **Continue to execute on strategic bolt on acquisition strategy**
 - **Implement price increases**
 - **Drive additional cost reductions and productivity improvements**

TTM EPS exceeds pre-recession peak by 58%

- Achieved TTM non-GAAP EPS of \$2.96/share vs. pre-recession TTM EPS of \$1.87/share in Q1 FY09
- Delivered 58% increase in non-GAAP TTM EPS despite 7.3% sales decline from our pre-recession peak in Q1 FY09



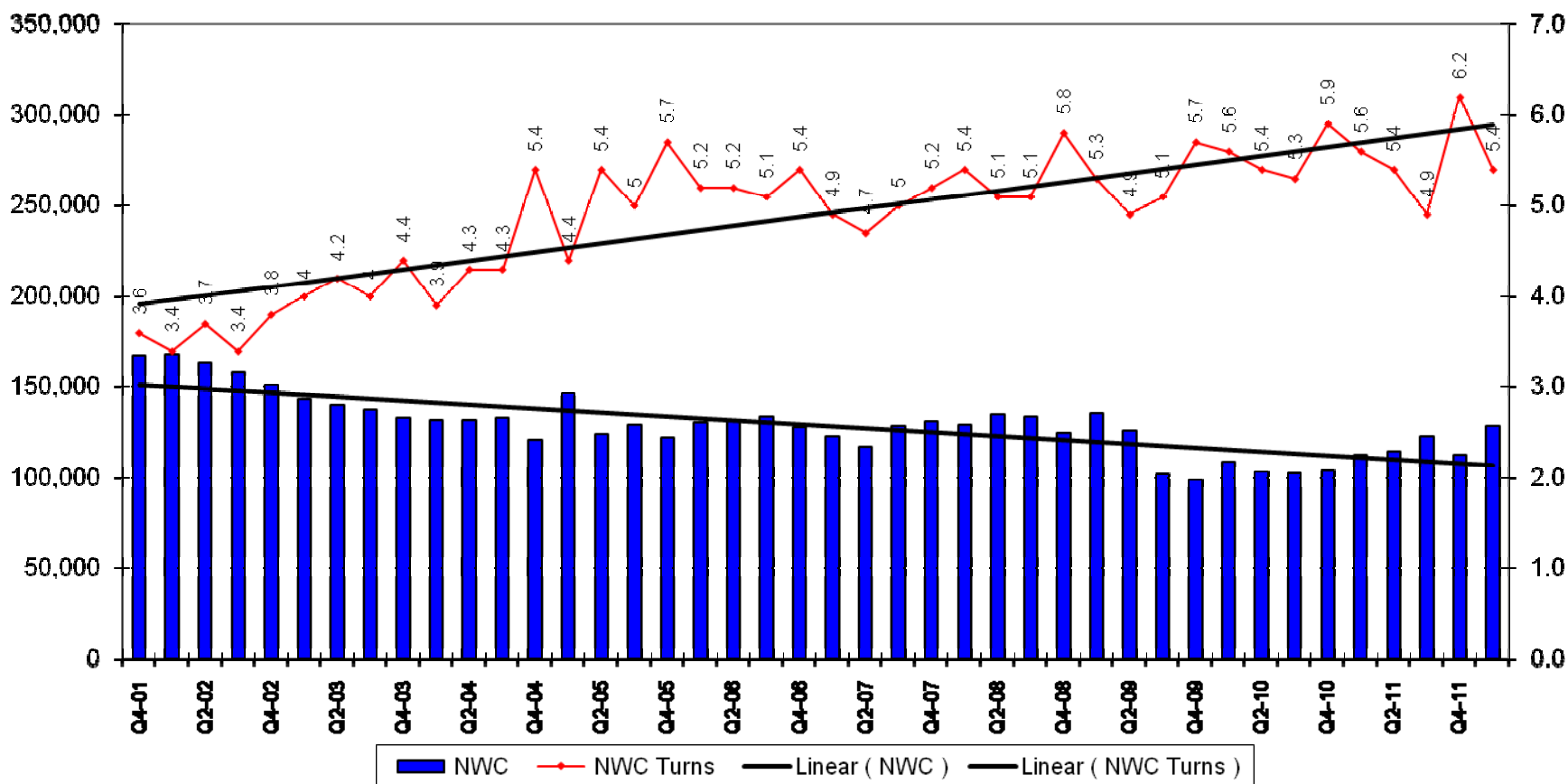
(\$ in millions, except per share data)

	Q1 FY 2012	Q1 FY 2011	Delta
Sales	\$ 174.693	\$ 157.059	11.2%
Operating Income	\$ 16.521	\$ 17.640	-6.3%
Operating Income Margin	9.46%	11.23%	-177 bps
Operating Income excl Special Items	\$ 17.118	\$ 15.715	8.9%
Operating Income Margin % excl Special Items	9.80%	10.01%	-21 bps
EBITDA	\$ 20.382	\$ 20.975	-2.8%
EBITDA %	11.67%	13.35%	-169 bps
EBITDA w/o Special Items	\$ 20.979	\$ 19.050	10.1%
EBITDA % w/o Special Items	12.01%	12.13%	-12 bps
EPS Continue Ops	\$ 0.95	\$ 0.90	5.6%
EPS Continue Ops w/o Special Items	\$ 0.94	\$ 0.81	16.0%

Proforma net income and EPS at 16% improvement YOY

(\$ in thousands, except per share data)

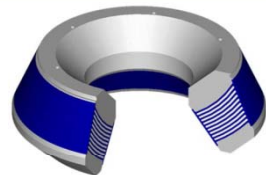
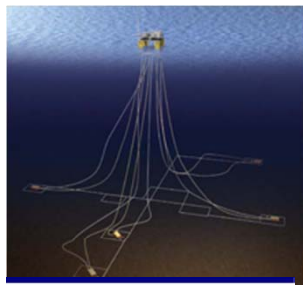
<u>Quarter Comparison Prior Year</u>	Net Income Q1			EPS Q1		
	<u>FY 12</u>	<u>FY 11</u>	<u>% Change</u>	<u>FY 12</u>	<u>FY 11</u>	<u>% Change</u>
Net Income Continuing Operations	\$ 12,116	\$ 11,527	5.1%	\$ 0.95	\$ 0.90	5.6%
<u>Add:</u>						
Restructuring (Tax Effected)	\$ 391	\$ 643		\$ 0.03	\$ 0.05	
Gain on Sale of Real Estate		\$ (1,977)			\$ (0.15)	
Acquisition-related expenses	\$ -	\$ 111		\$ -	\$ 0.01	
<u>Less:</u>						
Non Recurring Tax Items	\$ (530)	\$ -		\$ (0.04)	\$ -	
Proforma Net Income from Continuing Operations	<u>\$ 11,977</u>	<u>\$ 10,304</u>	<u>16.2%</u>	<u>\$ 0.94</u>	<u>\$ 0.81</u>	<u>16.0%</u>



(\$ in thousands)	Q1 FY2012	Q1 FY2011
<i>Free operating cash flow:</i>		
Net cash provided by operating activities, as reported	\$ (5,437)	\$ 8,139
Less: Capital Expenditures	(2,276)	(1,395)
Free operating cash flow	\$ (7,713)	\$ 6,744
Net Income	11,959	10,988
Conversion of free operating cash flow	nm	61.4%

- **Back-to-back quarters of double-digit growth and inventory build led to negative free cash flow during the first quarter**
- **\$8 million of inventory build related to:**
 - **Over \$4 million related to product rollouts and anticipated 2Q12 deliveries**
 - **Safety stocks built up during facility consolidations**
 - **Strategic metal purchases**
- **Capital Expenditures are returning to historical levels approximate to depreciation**

Targeting both strategic top-line growth and productivity improvements



Expansion of Metal Spinners:

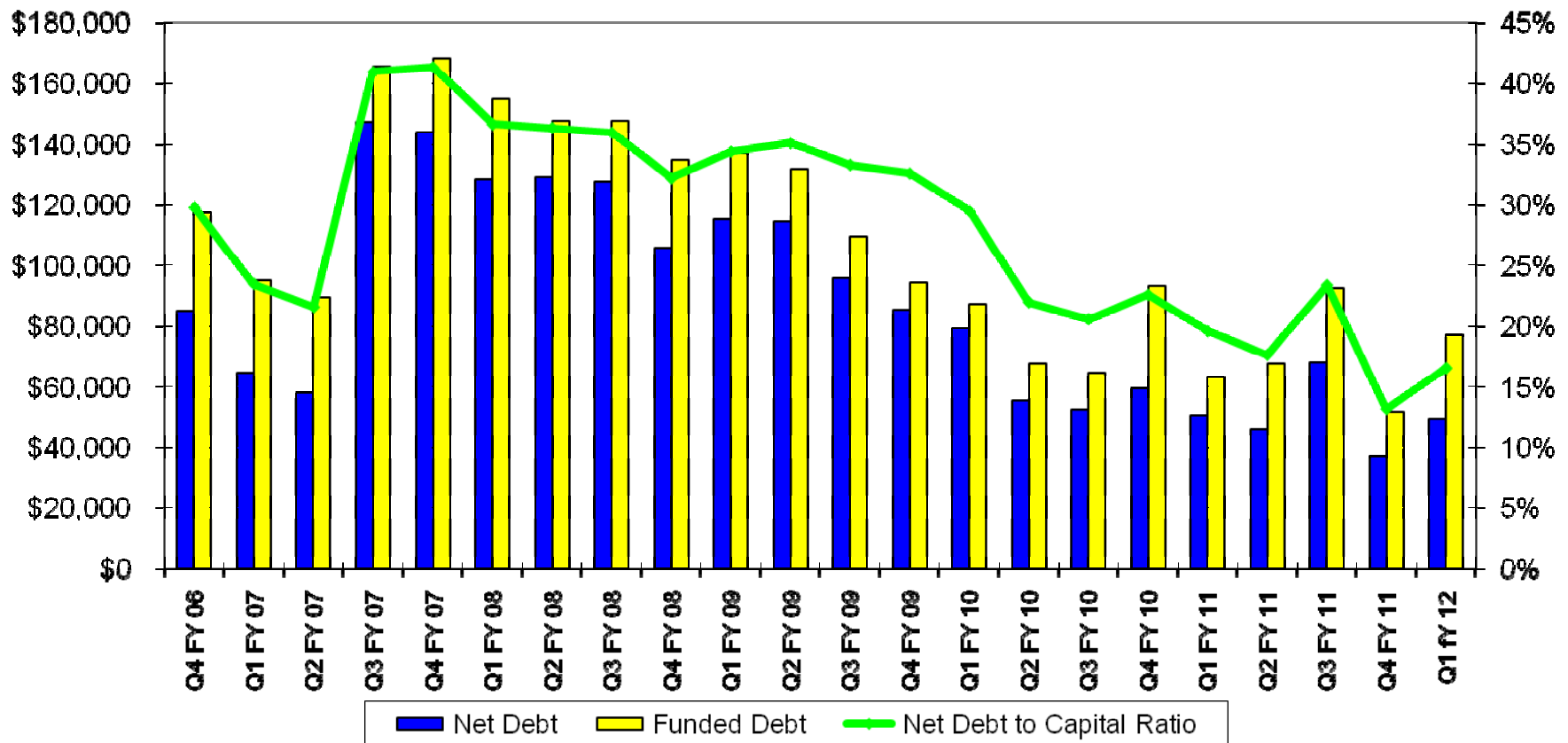
- Purchased March 2011
- Immediately capitalizing on new opportunities in the offshore Oil & Gas platform market
- Spin Lathes – 1 new, 1 retrofitted in 2012

Computerized Laser Cutting Systems:

- Improved part-cutting with more accuracy and reduced scrap
- Automation of manual processes, reduction of labor costs, and expansion of current capacity
- 1 in Nogales, 1 in Mississippi

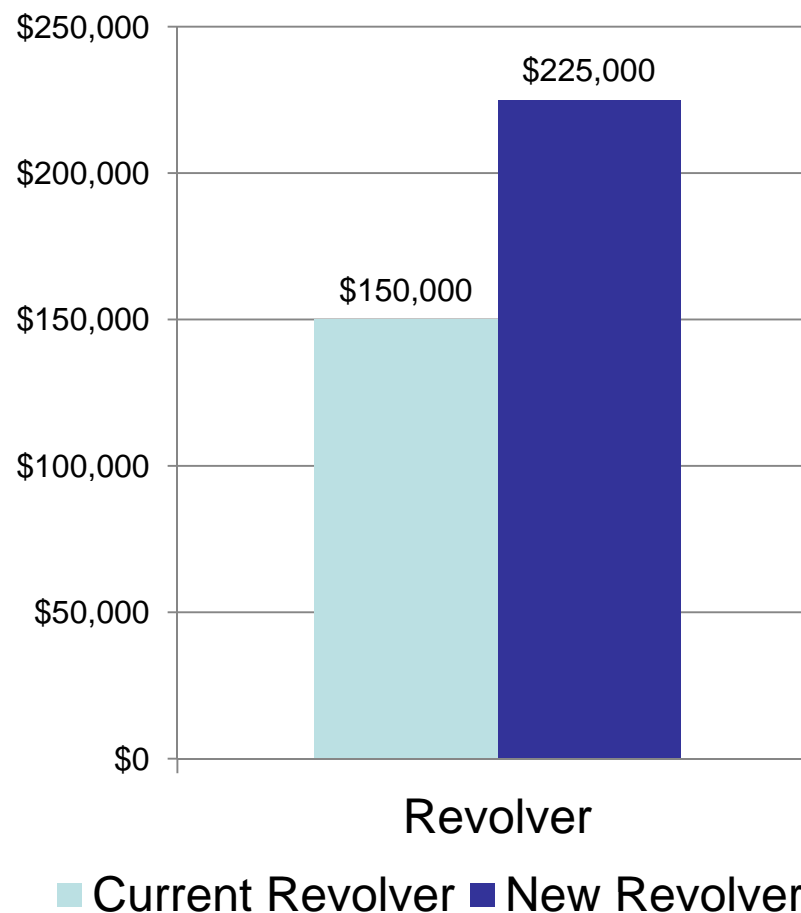


Net Debt to Capital at 16.6% as of September 30, 2011



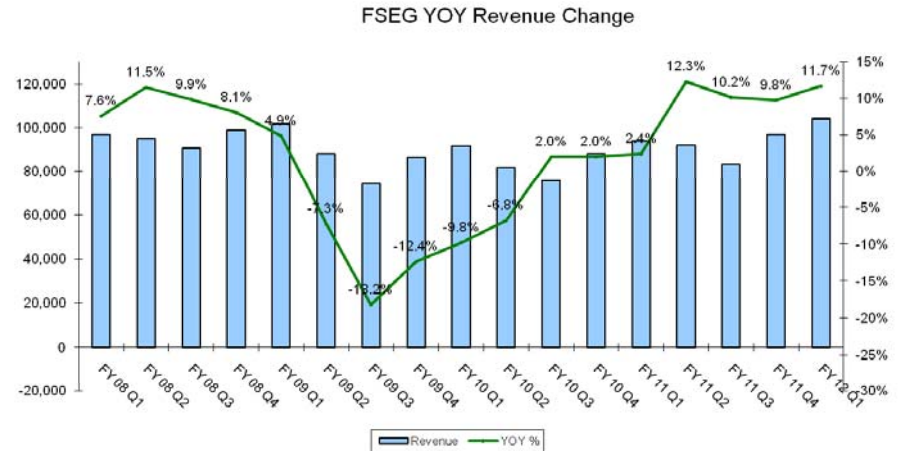
Increased facility adds to our financial flexibility

- Current revolver moved to current liabilities in the first quarter and expires September 2012
- Have commitments for new five-year \$225 million revolving credit facility
- Unsecured
- \$100 million accordion feature
- Anticipated closing in 2nd quarter of fiscal 2012
- Additional capacity leaves us well-positioned for future acquisitions and organic growth initiatives



First Quarter FY12 Operational Segment Review

Q1'12 ('000s)	\$	Δ% (yoy)
Revenues	\$104,207	11.7%
Operating Income	\$12,406	10.9%



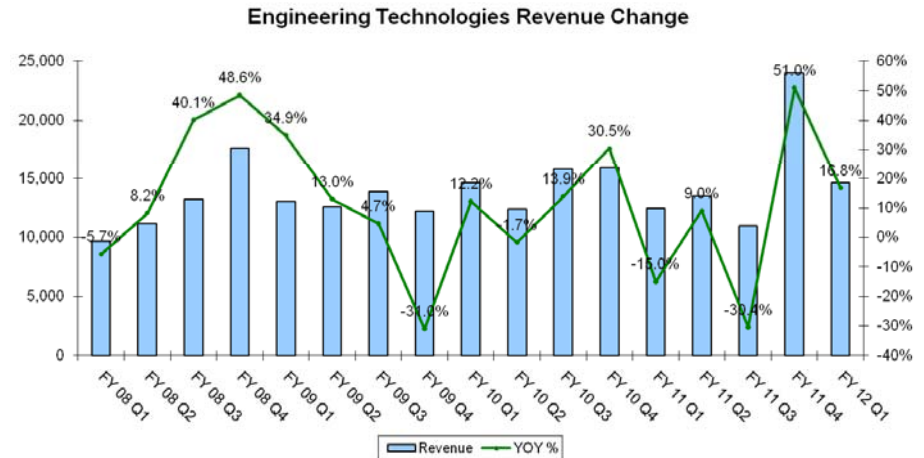
- Double-digit sales growth and improvement in operating income
- Sequential improvement in product pricing and management of commodity costs
- Moderate sales growth in Refrigeration
- Strong sales in Cooking Solutions and Custom Solutions
- Refrigeration and Cooking factory consolidations successfully concluded during the quarter
 - Expect full \$1.5 million of annual cost reduction to be in place by end of fiscal year

Q1'12 ('000s)	\$	Δ% (yoy)
Revenues	\$21,698	5.1%
Operating Income	\$3,877	-1.5%



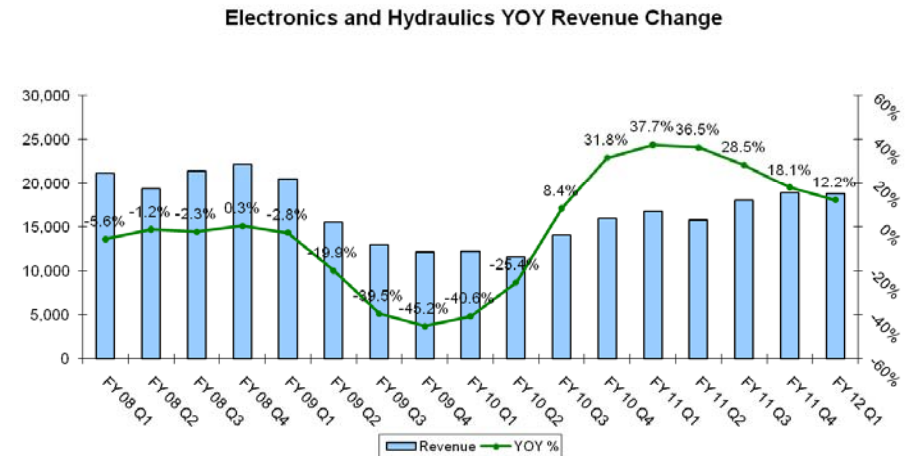
- Strong sales and profitability growth in Europe, China and India
- Unfavorable mold texturizing sales comparison with strong Q1 FY 11 in North America
- Gaining market share across the board
- Positive response to new facility in Brazil
- Committed to 4th Chinese facility to be located in Fujian and focused on non-automotive business
- Booked first orders related to new cigarette package labeling

Q1'12 ('000s)	\$	Δ% (yoy)
Revenues	\$14,638	16.8%
Operating Income	\$2,579	-13.5%



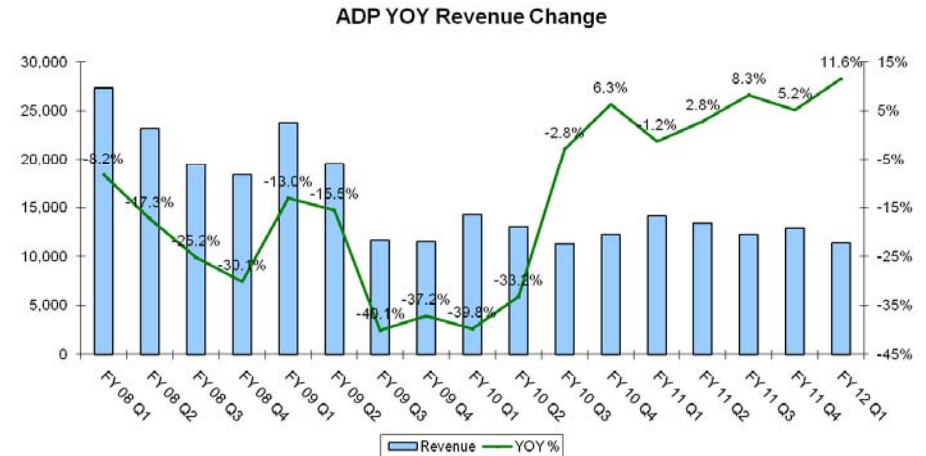
- Metal Spinners business fuels double-digit sales growth
- Soft quarter for energy business due to inventory correction at land-based turbine customer
- Legacy aerospace markets affected by quarterly lumpiness
- Solid new business pipeline in oil & gas, aviation and aerospace
- Well-positioned for unmanned and manned space flight opportunities

Q1'12 ('000s)	\$	Δ% (yoy)
Revenues	\$18,763	11.8%
Operating Income	\$2,773	13.2%



- Electronics business top line growth interrupted by market softening in China and Asia Pacific
- Electronics delivered bottom line growth due to price increases and additional cost reductions
- Very solid new business opportunities at Electronics to benefit second half of fiscal year
- North American dump trailer hydraulic market continues to strengthen
- Hydraulics continued sales expansion into Latin America and Asia Pacific markets and success in US refuse market added to top line growth
- Action taken to improve Hydraulics profit leverage

Q1'12 ('000s)	\$	Δ% (yoy)
Revenues	\$15,387	11.6%
Operating Income	\$482	N/A



- ADP delivers third consecutive quarter of sales growth amid ongoing weakness in housing sector
- Stronger top line reflects pricing and positive reception for new products
- Market implemented price increase during Q4
- Cost reductions and stable commodity prices result in first quarterly profit in two years
- Business is positioned to realize top- and bottom-line benefits from modest recovery in housing market

Continuing to execute on Focused Diversity strategy

- **Organic growth and pricing initiatives continues to drive top-line momentum**
- **Restructuring and productivity initiatives have improved operating leverage and agility**
- **Well-prepared for challenges of near-term economic conditions**
- **Recent acquisitions performing well**
- **Balance sheet strength and liquidity to capitalize on future opportunities**

Q & A Session