

# Second Quarter Fiscal 2015 Conference Call



February 3, 2015



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# Second Quarter 2015 Overview

- **Strong Sales growth of 13.7%**
  - Organic sales +9.1%
  - Acquisitions +6.5%
  - FX impact of -1.9%
- **Q2 non-GAAP operating income +12.3%** and non-GAAP **EPS of \$0.97/share up 11.5%** from prior year
- **Net debt position of \$43.3M** at end of Q2
- **Our balance sheet remains strong and well positioned** to create shareholder value
- **Operational highlights:**
  - Recent acquisitions in Food Service Equipment Group and Engineering Technologies Group both performing well
  - Continued focus on Cooking Solutions operational improvements

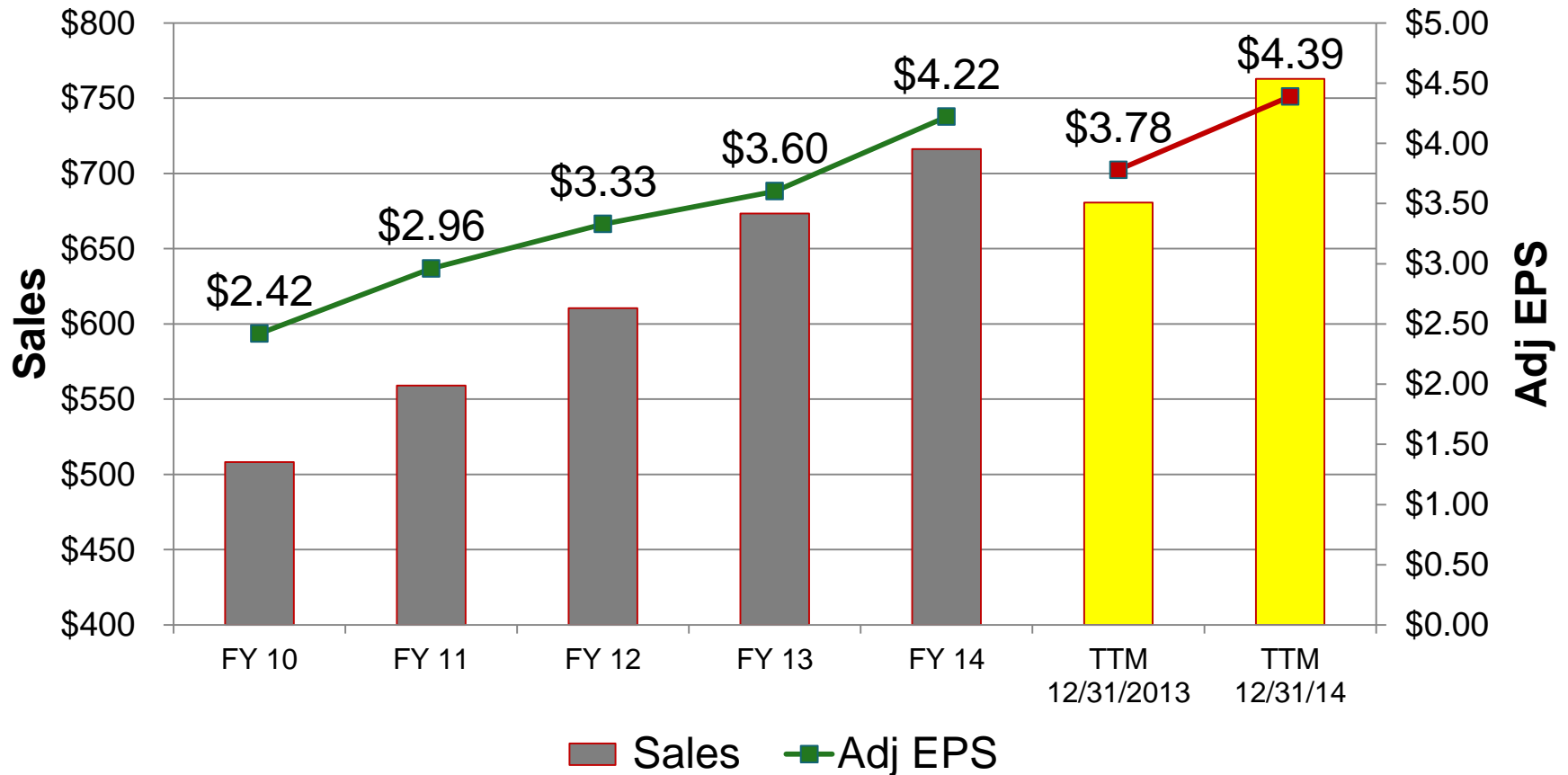
Strong sales and non-GAAP EPS year over year

# Revenue Changes

Q2 2015 YOY Change %	Food Service	Engraving	Engineering Technologies	Electronics	Hydraulics	Total
Organic	9.1%	-1.6%	14.5%	8.9%	39.7%	9.1%
Acquisitions	4.3%	0.0%	39.6%	0.6%	0.0%	6.5%
Currency	-0.6%	-4.6%	-0.4%	-4.4%	-0.4%	-1.9%
Total	12.8%	-6.2%	53.6%	5.1%	39.3%	13.7%

YTD 2015 YOY Change %	Food Service	Engraving	Engineering Technologies	Electronics	Hydraulics	Total
Organic	9.6%	5.1%	8.0%	6.3%	37.3%	9.4%
Acquisitions	4.0%	0.0%	26.4%	0.7%	0.0%	4.9%
Currency	-0.2%	-2.7%	0.7%	-2.1%	-0.3%	-0.8%
Total	13.4%	2.4%	35.1%	4.9%	37.0%	13.5%

# Non-GAAP Earnings Per Share Trend



Sales and Adjusted EPS continue to grow

# Quarter Financials

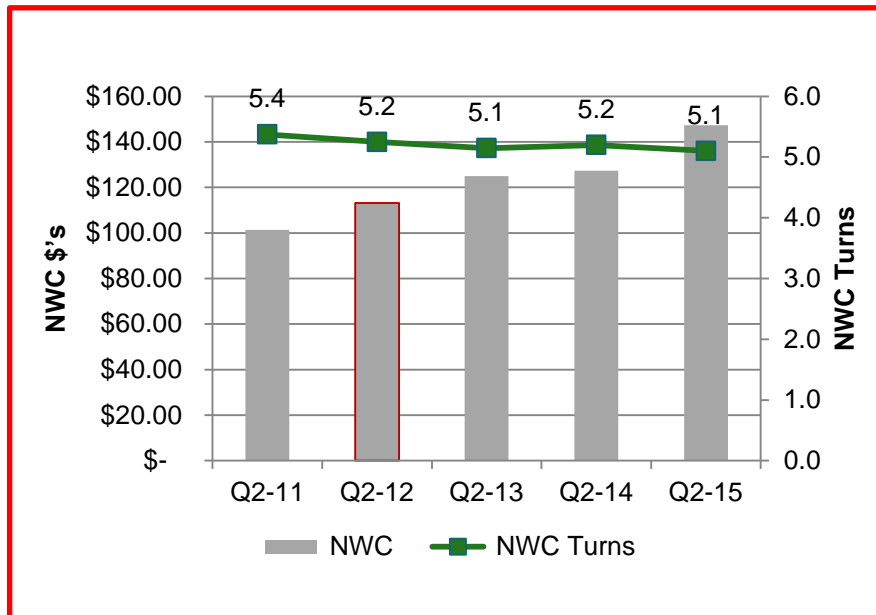
	Q2 FY15	Q2 FY14	Delta
Sales	\$ 189.337	\$ 166.540	13.7%
Operating Income	\$ 15.852	\$ 15.138	4.7%
Operating Income Margin	8.37%	9.09%	-72 bps
Operating Income excl Special Items	\$ 17.857	\$ 15.903	12.3%
Operating Income Margin % excl Special Items	9.43%	9.55%	-12 bps
EBITDA	\$ 20.334	\$ 18.903	7.6%
EBITDA %	10.74%	11.35%	-61 bps
EBITDA w/o Special Items	\$ 22.339	\$ 19.668	13.6%
EBITDA % w/o Special Items	11.80%	11.81%	-1 bps
EPS Continue Ops	\$ 0.88	\$ 0.82	7.3%
EPS Continue Ops w/o Special Items	\$ 0.97	\$ 0.87	11.5%

# Quarter Bridge

	Net Income Q2			EPS Q2		
	FY 15	FY 14	% Change	FY 15	FY 14	% Change
<b>Net Income Continuing Operations</b>	<b>\$ 11,263</b>	<b>\$ 10,492</b>	<b>7.3%</b>	<b>\$ 0.88</b>	<b>\$ 0.82</b>	<b>7.3%</b>
<b><u>Add:</u></b>						
Restructuring Charges	\$ 808	\$ 462		\$ 0.06	\$ 0.04	
Management Transition - Non cash stock comp	\$ -	\$ 603		\$ -	\$ 0.05	
Management Transition	\$ -	\$ 891		\$ -	\$ 0.07	
Acquisition-related costs	\$ 672	\$ -		\$ 0.05	\$ -	
<b><u>Less:</u></b>						
Insurance Proceeds	\$ -	\$ (1,407)		\$ -	\$ (0.11)	
Discrete Tax Items	\$ (239)	\$ -		\$ (0.02)	\$ -	
<b>Proforma Net Income from Continuing Operations</b>	<b>\$ 12,504</b>	<b>\$ 11,041</b>	<b>13.3%</b>	<b>\$ 0.97</b>	<b>\$ 0.87</b>	<b>11.5%</b>

GAAP Net Income Continuing Operations and EPS increased by 7.3%  
 Proforma Net Income from Continuing Operations increased by 13.3% and EPS by 11.5%

# Net Working Capital



(Total Consolidated)

	12/31/14	12/31/13
A/R	101,868	87,529
DSO	47	47
Inventory	113,221	94,649
Inventory Turns	4.6	4.9
A/P	(67,849)	(54,767)
DPO	38	39
Net Working Capital	147,240	127,411
W/Cap Turns	5.1	5.2

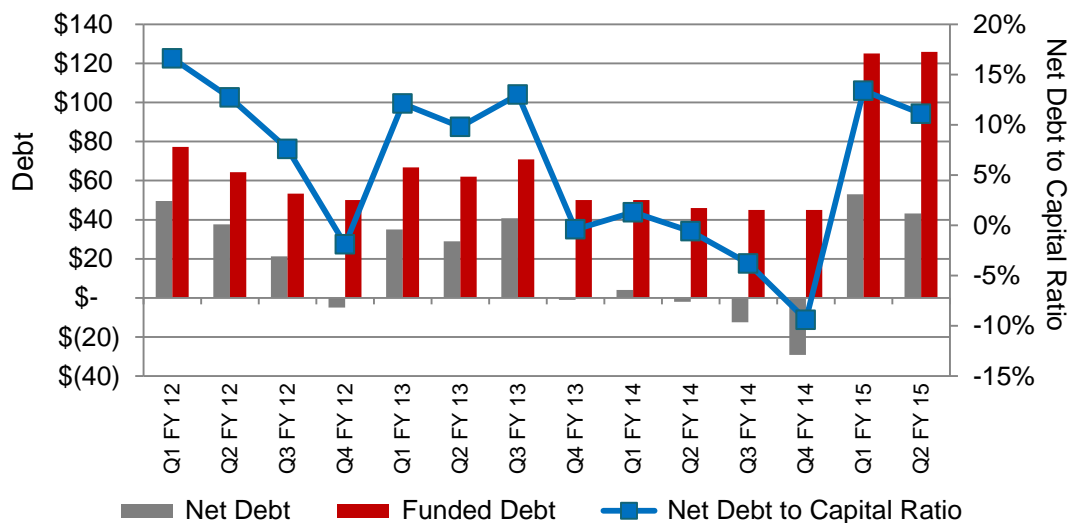
Working Capital increase due to

- ✓ recent acquisitions of Ultrafryer, Enginetics,
- ✓ volume increase and
- ✓ temporary inventory build to support consolidation into Mexico

Working Capital Turns trending at historical norms



# Debt Management

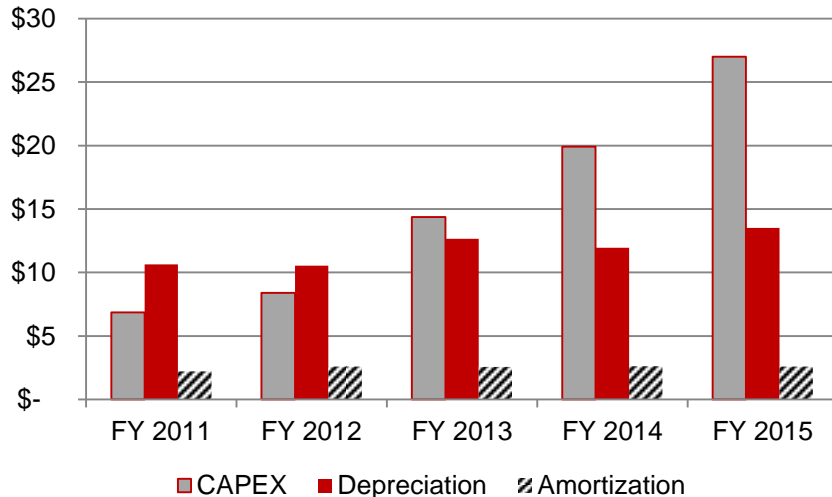


	12/31/2014
Short Term Debt	-
Long Term Debt	125,840
Funded Debt	125,840
Cash	82,571
Net Debt	43,269
Shareholders Equity	346,412
Letters of Credit	8,356
EBITDA per Credit Agreement	104,544
Net Debt to Capital Ratio	11.1%
Funded Debt to Capital	26.6%
EBITDA to Funded Debt (Includes Letters of Cred	1.28 x
Maximum Leverage Per Agreement	3.5 x

- *Strong Balance Sheet with ability to make strategic capital expenditures and bolt-on acquisitions*
- *Five year credit facility increased from \$225M to \$400M*
- *Net debt to capital at 11.1% as of December 31, 2014*
- *Net debt position of \$43.3M*

Balance Sheet well positioned for growth

# Capital Spending Overview



- Capital spending in FY 15 dedicated to automation and key growth programs
- FY 15 capital spending is estimated to be between \$25-27M including recent acquisitions
- Summary of Q2 Capital Spending:
  - Food Service – new laser and completion of panel bender both to improve plant performance following consolidation
  - Engraving – leasehold improvements to new facilities in Asia & Europe
  - Engineering Technologies – vertical machining center and initial capital for new lipskin business
  - Electronics – vision and inspection improvements
  - Hydraulics – welding automation.

Capital Spending	Q2 FY15		YTD
Food Service Equipment	\$ 1.6	\$ 3.0	
Engraving	\$ 1.7	\$ 3.5	
Engineering Technologies	\$ 2.9	\$ 5.3	
Electronics	\$ 0.3	\$ 0.8	
Hydraulics	\$ 0.2	\$ 0.7	
Other	\$ 0.0	\$ -	
<b>Total CAPEX</b>	<b>\$ 6.7</b>	<b>\$ 13.3</b>	
Sales	\$ 189.3	\$ 391.4	
CAPEX as % Sales	3.6%	3.4%	

# Non-GAAP FCF Per Share Trend

<i>Free operating cash flow (continuing ops):</i>	<b>Q2 FY 2015</b>	<b>Q2 FY 2014</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>Net cash provided by operating activities, as reported</b>	\$ 22,757	\$ 18,475	\$ 11,798	\$ 19,769
Less: Capital Expenditures	(6,762)	(3,663)	(13,961)	(7,393)
<b>Free operating cash flow</b>	\$ 15,995	\$ 14,812	\$ (2,163)	\$ 12,376
Net Income	11,263	10,492	26,190	22,840
<b>Conversion of free operating cash flow</b>	142.0%	141.2%	-8.3%	54.2%
<b>Shares</b>	12,802	12,768	12,818	12,763
<b>FCF Per Share</b>	\$ 1.25	\$ 1.16	\$ (0.17)	\$ 0.97

- Strong Free Cash Flow for the 2<sup>nd</sup> quarter
- Year to Date Free Cash Flow impacted by:
  - Increases to working capital associated with increased organic sales volume, inventory build to support increased backlog and consolidation/factory moves
  - Capital spending increased year over year to support sales growth programs and factory automation

# Second Quarter FY 2015

Operational Segment Review

# Food Service Equipment Group

Q2 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$98,533	12.8%
Operating Income *	\$7,040	-3.5%
OI Margin *	7.1%	

\* Excludes \$128k related to purchase accounting



Endless case and rack refrigeration solution



## Q2 Summary

- Refrigeration Solutions – growth in general dealer sales, drug retail and dollar stores
- Cooking Solutions – sales up double digits excluding Ultrafryer acquisition
- Ultrafryer sales and integration on plan and performing well
- Specialty Solutions – high single digit sales growth aided by delicatessen and display case sales to convenience stores and QSR chains

## Current Focus

- Onboard new food service equipment group president
- Expand performance improvement efforts to reduce costs from operating efficiencies, freight and price concessions in Cooking Solutions
- Support new channel partner in UK
- Come see us at the North American Food Equipment (NAFEM) trade show in Anaheim CA

# Engraving

Q2 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$26,625	-6.2%
Operating Income	\$5,947	2.2%
OI Margin	22.3%	



Standex texture for the door panel of the Lincoln MKX

## Q2 Summary

- Global automotive roll-outs plateaued year over year
- China Mold-Tech sales grew at a mid double digit rate during the quarter
- Europe grew sales despite currency impact by increasing UK design hub billings
- Profitability remained strong in the group despite FX headwinds
- Roll Plate and Machinery business remained soft

## Current Focus

- Continue to promote new technologies world wide: design hub services, slush molding, nickel shell tooling and laser engraving
- Ramp up new sites in Eastern Europe and Asia
- Manage high order backlog and delivery schedule in Roll, Plate and Machinery

# Engineering Technologies

Q2 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$26,605	53.6%
Operating Income *	\$4,001	62.9%
OI Margin *	15.0%	

\* Excludes \$783k related to purchase accounting



Domes for fuel tanks satellite launches

## Q2 Summary

- Double digit organic sales growth in space and aviation partially offset by softness in medical and oil and gas
- Delivery of both production and developmental domes were the primary drives of the sales increase in space
- Enginetics aviation business continues to be on track

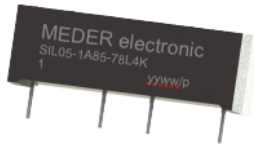
## Current Focus

- Continue capacity ramp up to support aviation wins
- Start up vertical machining center in Massachusetts
- Adjust for lower levels of energy and oil and gas related business



# Electronics

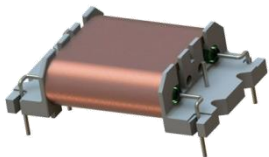
Q2 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$27,823	5.1%
Operating Income	\$4,738	7.9%
OI Margin	17.0%	



## PART

Reed Switch,  
SIL HV,  
High Voltage/Isolation

Value add  
solution



## PRODUCT

Value add Component  
Includes Reed Switch,  
Circuit Board and Potting  
Power inverter circuits

## Q2 Summary

- Sales grew in North America and Europe excluding foreign exchange
- Sensor sales continue to increase
- Broad market growth during the quarter in auto, appliance, metering, Mil-Aero, medical, security and HVAC
- Lower costs were achieved with the consolidation of our China facilities

## Current Focus

- New product focus on planar transformers, stainless steel sensors, relays and alternative technologies
- Successful introduction of the new 10mm reed switch
- Pursue new business opportunities with complete value added solutions



# Hydraulics

Q2 FY 2015 ('000s)	\$	Delta YOY
Revenues	\$9,751	39.3%
Operating Income	\$1,452	37.1%
OI Margin	14.9%	



Scissor Lift for Airport Catering

## Q2 Summary

- Broad robust gains in all end markets due to recovery in housing, aging equipment and general economy
- Double digit growth in dump truck, dump trailer, refuse and aftermarket during the quarter
- China plant continues to ship and book orders at record level

## Current Focus

- Continue to expand new business opportunities
- Complete installation and operation of new capital equipment

# Summary

- Solid performance in Q2 on both top and bottom lines
- Overall business is well positioned with some caution due to macro-economic environment in Oil and Gas, the Euro Zone and Foreign exchange
- Organic growth initiatives across all segments contributed to sales and operating income
- Recent acquisitions, Enginetics and Ultrafryer continue to perform well
- Balance sheet well positioned to support capex and future bolt-on acquisitions