Fiscal First Quarter 2021 Conference Call Presentation

October 30, 2020

SXI LISTED NYSE

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Key Q1 FY21 Messages

Q1 FY21 RESULTS &TRENDS

- Sequential revenue growth of 8.5%; strength in Electronics, Engraving, and Scientific
- Electronics increased revenue 18.6% YOY on strength in magnetics and contribution from Renco acquisition
- Engraving increased operating margin 800 basis points sequentially to 16.1% on cost and productivity actions
- Scientific reported its highest quarterly revenue ever of $16.7M

POSITIONING FOR HIGHER GROWTH & MARGIN

- Scientific - expect continued sequential growth through FY21 fueled by COVID-19 vaccine storage needs
- Electronics – new opportunity funnel of $56M will deliver incremental sales in variety of markets including industrial applications, electric vehicles, safety systems and military.
- Engraving - opportunities in tool finishing and soft trim tools in all regions

IMPLEMENTING ADDITIONAL PRODUCTIVITY & FINANCE INITIATIVES

- Productivity actions on track to deliver over $7M of cost savings in FY21
- Tax initiatives expected to deliver cash savings of $2M-$3M in FY21 and approximately 500 bps reduction in tax rate YOY to 22% in FY21
- Expect to realize $1.5M in savings from previously announced floating to fixed rate interest swaps

STRONG FINANCIAL POSITION

- ~ $206M of available liquidity; 1.1x TTM net debt to adjusted EBITDA
- Consistent free cash flow generation; $4.4M in Q1 FY21
- Repatriated ~$8M from foreign subsidiaries in Q1 FY21; expect $35M in repatriation in FY21

OUTLOOK

- FY21 off to a solid start and expect continued growth and margin improvement through FY21
- Continue to strengthen financial flexibility with FCF generation, cash repatriation, and new tax initiatives
- In Q2 FY21, expect consolidated revenue to be flat to slightly above Q1 FY21 and a slight to moderate increase in segment operating margin

Electronics

$ in 000's	Q1 FY21	Q1 FY20	% Change
Revenue	$55,271	$46,617	18.6%
Adj. Operating Income*	$9,127	$8,099	12.7%
Adj. OI Margin*	16.5%	17.4%	

*Excludes $0.6M of purchase accounting expenses associated with Renco Electronics.

Acquisition Integration Creates Synergies

High Power
Hi-Reliability
Mil spec
North American Ops

Low Power Applications
Lower Cost Option
Asia Ship-To

Combination of two sales channels has added >$1M of cross selling opportunities to our NBO funnel in first three months

Q1 FY21 Summary

- Revenue increase reflected 3.9% of organic growth on strength in magnetics, 12.6% from the recent Renco acquisition, and the balance from foreign exchange
- Adjusted operating income increase reflected operating leverage on revenue growth, productivity initiatives, and Renco contribution, partially offset by inflationary material cost increases
- New business opportunities funnel has increased to $56M across broad range of markets and is expected to deliver $11M of incremental sales in FY21

Q2 FY21 Outlook

- Sequentially, expect revenue to be slightly higher and operating margin to be similar to Q1 FY21
- Outlook reflects improvement in European and North America markets with Asia results expected to be slightly below Q1 FY21

Engraving

$ in 000's	Q1 FY21	Q1 FY20	% Change
Revenue	$36,401	$38,431	-5.3%
Operating Income	$5,873	$6,537	-10.2%
OI Margin	16.1%	17.0%	

Operating Disciplines Improving North American Profitability

** Q1 FY20 to Q1 FY21 comparison*

Labor as % of sales decreased ~250 bps

EBIT increased ~300 bps

- Corporate OpEx team collaborating with operations to drive labor efficiencies and margin improvement through standard work and capacity planning
- Common ERP platform now in place globally allows consistent analysis and performance management across all major global sites

Q1 FY21 Summary

- Revenue and operating margin decrease reflected the impact of COVID-19 on our end markets, partially mitigated by productivity and cost actions
- Sequentially, revenue increased over 15% and operating margin improved 800 basis points due to higher level of customer activity combined with cost efficiency and productivity initiatives
- Laneway sales rebounding from Q4 with 27% growth to $11.7M, including soft trim tools, laser engraving and tool finishing

Q2 FY21 Outlook

- Sequentially, expect a slight revenue increase due to new automotive launches along with continued growth of soft trim tools and tool finishing laneways
- Expect sequential increase in operating margin due to higher revenue, combined with continued execution of productivity and cost actions

Scientific

$ in 000s	Q1 FY21	Q1 FY20	% Change
Revenue	$16,663	$14,750	13.0%
Operating Income	$4,076	$3,705	10.0%
OI Margin	24.5%	25.1%	

Standex Scientific is well-positioned with strong distribution channels to support national COVID-19 vaccine rollout

<u>Q1 FY21 Summary</u>

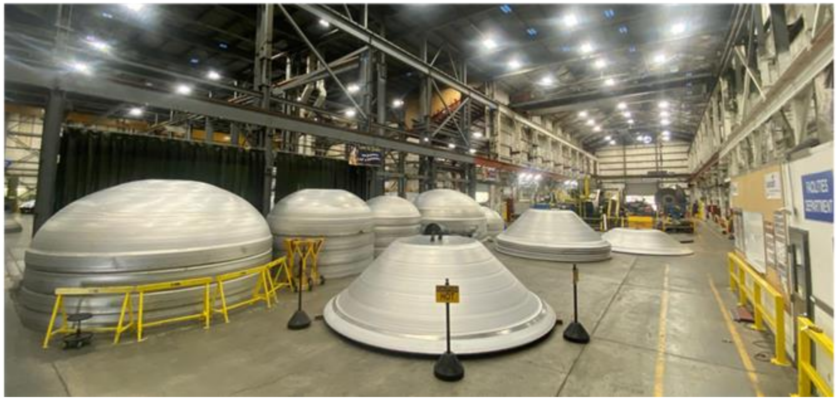
- Revenue growth reflected strength in retail pharmaceutical chains, delivering highest quarterly revenue ever
- Increased demand to support flu vaccine storage as well as initial sales related to a potential COVID-19 vaccine roll-out
- Operating income increased due to revenue growth partially offset by reinvestment for future growth opportunities

<u>Q2 FY21 Outlook</u>

- Sequentially, expect revenue increase driven primarily by continued positive trends in retail pharmaceutical chains and clinical end markets as well as COVID-19 vaccine storage needs
- Operating margin is expected to slightly improve reflecting volume increase balanced with reinvestment for future growth
- Expect revenue growth sequentially and YOY in FY21

Engineering Technologies

$ in 000s	Q1 FY21	Q1 FY20	% Change
Revenue	$17,633	$24,644	-28.4%
Operating Income	$469	$3,359	-86.0%
OI Margin	2.7%	13.6%	



- Factory Optimization to Support Launch Vehicle Market through set up time reduction and LEAN process improvements
- Throughput increase YOY of 20+%

Q1 FY21 Summary

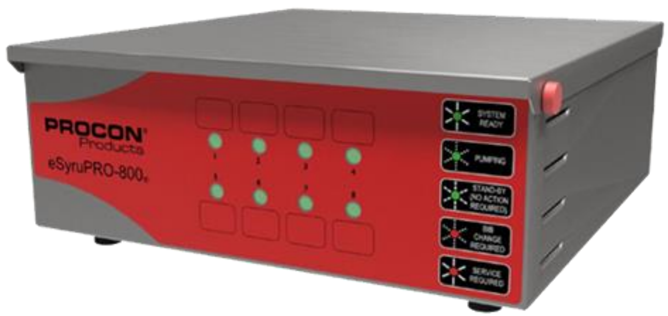
- Revenue and operating income decrease primarily due to economic impact of COVID-19 on the commercial aviation market, especially engine parts manufacturing
- Aviation market declines partially offset by trends in unmanned segment of the space industry and defense sales

Q2 FY21 Outlook

- Expect revenue to be sequentially similar as a result of continued aviation end market weakness
- Sequentially, operating margin is expected to slightly increase, reflecting productivity initiatives and cost reduction activities
- Productivity improvement and cost reduction efforts to continue throughout FY21

Specialty Solutions

$ in 000s	Q1 FY21	Q1 FY20	% Change
Revenue	$25,318	$31,536	-19.7%
Operating Income	$3,906	$5,648	-30.8%
OI Margin	15.4%	17.9%	



Integrated Pumps and Controls

- Used our growth discipline processes to explore innovations in conjunction with key accounts
- Brings advanced diagnostics, footprint reduction and more precise dosing capability for next generation high volume, multi-flavor beverage stations

<u>Q1 FY21 Summary</u>

- As expected, revenue decreased due to the economic impact of COVID-19 on several end-markets including beverage, food service, and OEM equipment markets
- Operating income decrease reflects lower volume partially mitigated by cost reduction efforts
- Current margin initiatives :
  - Continue allocating Hydraulics capacity to high value aftermarket sales
  - Complete execution of strategic outsourcing program in the pump business

<u>Q2 FY21 Outlook</u>

- Sequentially, expect revenue and operating margin to decline slightly due to seasonality and a lower number of shipping days in the quarter

Q1 FY21 Income Statement Summary

($ in M's)		Q1 FY21	Q1 FY20	YOY	Comments
Revenue		$151.3	$156.0	-3.0%	**Decrease reflects economic impact of COVID-19** Organic revenue: -8.2% YOY Acquisition-related impact :+3.8% F/X impact : +1.4%
Gross Margin		36.6%	37.3%	-70 bps	
Adj. EBIT		$16.6	$17.7	-6.2%	Impact of COVID-19 on sales & material inflation, offset by cost & productivity actions
	Margin %	11.0%	11.3%	-30 bps	
Adj. EBITDA		$24.8	$25.7	-3.3%	
	Margin %	16.4%	16.5%	-10 bps	
Net, Interest Expense		$1.5	$2.1	-29.9%	Lower fixed interest rate due to swaps executed in FY20
	Tax Rate %	22.0%	27.8%	-580 bps	Lower tax rate due to implementation of new tax strategies, including foreign tax credit optimization
Adj. Net Income		$11.8	$11.2	5.3%	
	Margin %	7.8%	7.2%	+60 bps	
Adj. EPS		$0.96	$0.91	5.5%	
Shares Outstanding		12.3	12.4	-1.0%	87,000 shares repurchased in Q1 FY21

Standex

Q1 FY21 Free Cash Flow

AS REPORTED ($M)	Q1 FY 21	Q1 FY 20
Net cash provided by operating activities, as reported	$ 9.2	$ 9.4
Less: Capital Expenditures	(4.8)	(6.7)
Free operating cash flow	$ 4.4	$ 2.8

- Year-over-year FCF primarily a result of lower cash outlays for capital expenditures
- Investments were focused on maintenance, safety and highest priority growth initiatives

Consistent Free Cash Flow Generation

Q1 FY21 Capitalization

Favorable Liquidity Profile

- Net debt to adj. EBITDA of 1.1x
- Net debt to total capital of 18.2%
- ~9.9x interest coverage ratio
- ~$206M of available liquidity

Capital Spending

- $4.8M of CAPEX in Q1 FY21 compared to $6.7M in Q1 FY20
- CAPEX between $25M - $28M in FY21
- Expect depreciation of $20M - $22M in FY21
- Amortization expected to be $12M - $13M in FY21

(in $M)	Q1 FY21 9/30/2020		Q4 FY20 6/30/2020	
Debt (with-issuance costs)	199.9		199.1	
Cash	93.7		118.8	
Net Debt	106.2		80.3	
Net Debt to Capital Ratio	18.2%		14.8%	
Funded Debt to Capital	29.6%		30.1%	
Leverage Ratio per Bank Credit Agreement	1.45	x	1.47	x
TTM Adjusted EBITDA as Reportei	98.1		98.9	
Adjusted EBITDA to Net Debt	1.08	x	0.81	x

- Net debt to capital at 18.2% vs 14.8% in Q4 FY20
- Repatriated $8M in Q1 FY21 and expect to repatriate ~$35M in FY21
- Q1 FY21 capital spending focused on maintenance, safety & highest priority growth activities

Strong Balance Sheet With Significant Liquidity

Key Takeaways

1. In Q2 FY21 expect consolidated revenue to be flat to slightly above Q1 FY21 and a slight to moderate increase in operating margin; expect continued growth and margin improvement as we move through FY21

2. Attractive growth opportunities across the businesses, including COVID-19 vaccine storage in Scientific and the Electronics new business opportunity funnel

3. Cost actions on track to deliver over $7 million of savings in FY21; continued execution on operational excellence initiatives

4. Strengthening financial flexibility with strong free cash flow generation, continued cash repatriation, and new tax initiatives

5. Building our higher-margin business segments into more significant platforms with customized, differentiated solutions supported by deep technical and applications expertise

Q&A

APPENDIX

Q1 FY21 GAAP to Non-GAAP Income Bridge

	Q1 FY21				Q1 FY20			
	Pre-tax Income	Tax	Net Income	EPS	Pre-tax Income	Tax	Net Income	EPS
Reported - GAAP	**$ 13.0**	**$ (2.7)**	**$ 10.3**	**$ 0.84**	**$ 14.7**	**$ (4.1)**	**$ 10.6**	**$ 0.85**
Add:								
Restructuring Charges	1.5	(0.3)	1.2	0.10	1.5	(0.2)	1.3	0.11
Purchase Accounting	0.6	(0.1)	0.5	0.04	-	-	-	-
Acquisition-related costs	0.0	(0.0)	0.0	-	0.7	(0.1)	0.6	0.05
Less:								
Discrete Tax Items	-	(0.2)	(0.2)	(0.02)	-	-	-	-
Life Insurance Benefit	-	-	-	-	(1.3)	-	(1.3)	(0.10)
Adjusted	**$ 15.1**	**$ (3.3)**	**$ 11.8**	**$ 0.96**	**$ 15.6**	**$ (4.3)**	**$ 11.2**	**$ 0.91**
Diluted Shares				12,281				12,403

GAAP 1st Quarter Net Income $10.3M versus Prior Year at $10.6
Non-GAAP Net Income $11.8M versus Prior Year at $11.2M
GAAP EPS decreased 1.2%; Non-GAAP EPS grew 5.5%

Note : Some totals will not foot due to rounding