



World Class – Flexible – Customer Focused

Corporate Presentation
NASDAQ:SMTX

January 2020

FORWARD-LOOKING STATEMENT

This presentation contains forward-looking statements within the meaning of U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions, plans, prospects or strategies regarding the future. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The forward-looking statements contained in this presentation are based on our current expectations and beliefs as of January 13, 2020 concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Building a Stronger Company: World Class – Flexible – Customer Focused

Global mid-size provider
of end-to-end EMS

Proactive Services & Solutions

Significant Growth in Key Markets

9 mos. 2019 vs 9 mos. 2018

Avionics, Aerospace & Defense, \$17M vs \$5.1M
and \$0 in 2017

Industrial, Power & Clean Technology, \$58.4M up 274%

Test & Measurement, \$90.6M up 265%

Medical & Safety, \$34.2M up 55%



Improving Efficiencies & Scale Leading to EBITDA Growth



**Supporting Low-to-Medium Volume, High-Value Mix Customers
with over 50 manufacturing lines**

INVESTMENT HIGHLIGHTS

What is Changing?

Benefiting from MC Assembly integration with access to new markets, increased scale and significant Adjusted EBITDA gains

Renewed focus on growth after completing Rights Offering which lowered debt cost and enhanced capital structure to support growth plans

Optimizing global footprint by ceasing manufacturing in China by year end and evaluating alternative sites in Asia

Delivering on Best-In-Class Financial Metrics among our peers to deliver premium shareholder value



Gaining Share By Deepening Existing Customer Relationships and Adding New Customers



Focusing on the Most Attractive End Markets, incl. IoT, 5G, Aerospace & Defense



Local Experience, Global Reach Offers Best-of-Class Options to Customers



Experienced management team proactively managing through changing market conditions



Free Cash Flow Generation with Attractive Deleveraging Profile

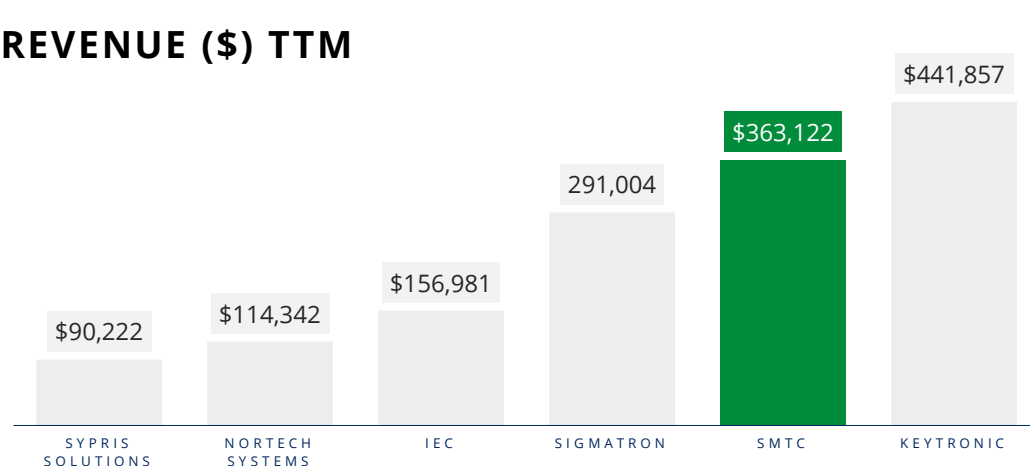


Transformational MC Assembly acquisition now fully integrated

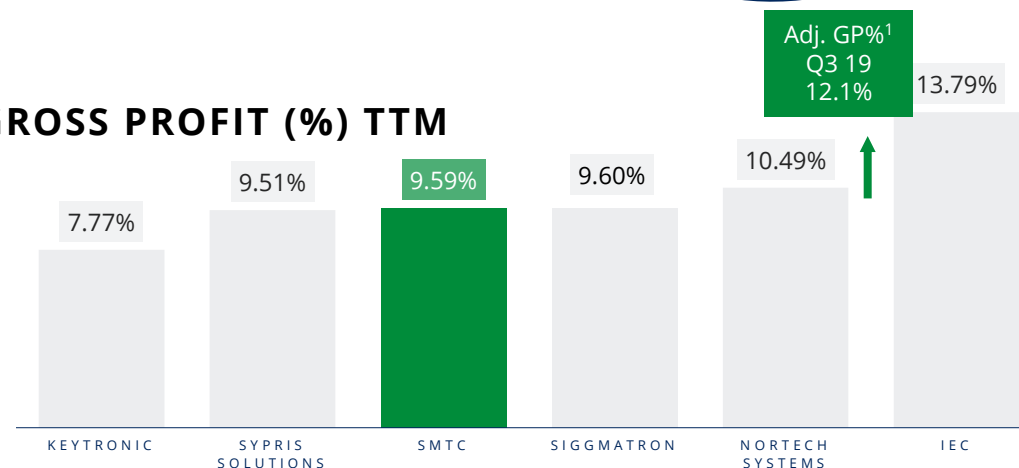
PROGRESSION TO BE BEST-IN-CLASS

PEER METRICS: SMTC TTM includes MC since acquisition on Nov. 9, 2018

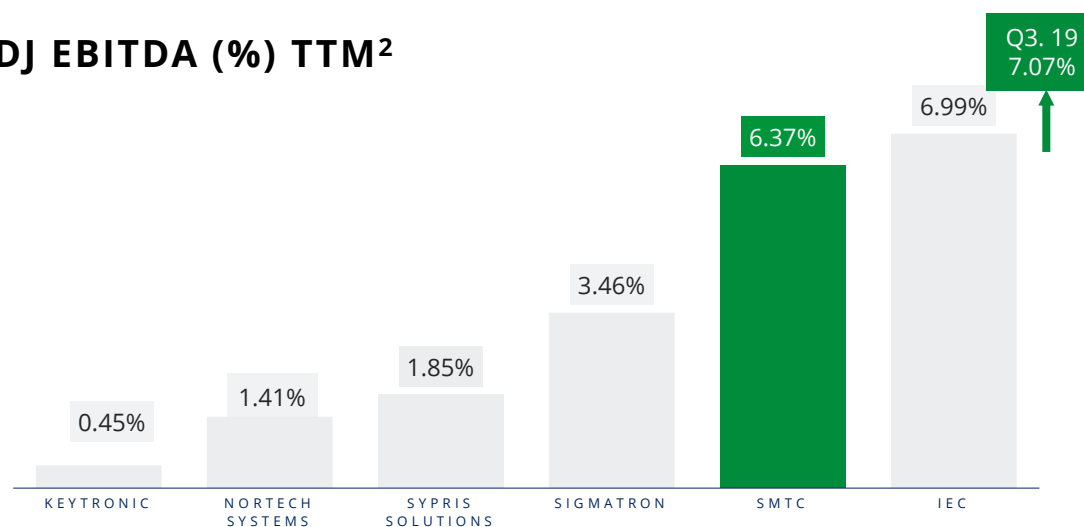
REVENUE (\$) TTM



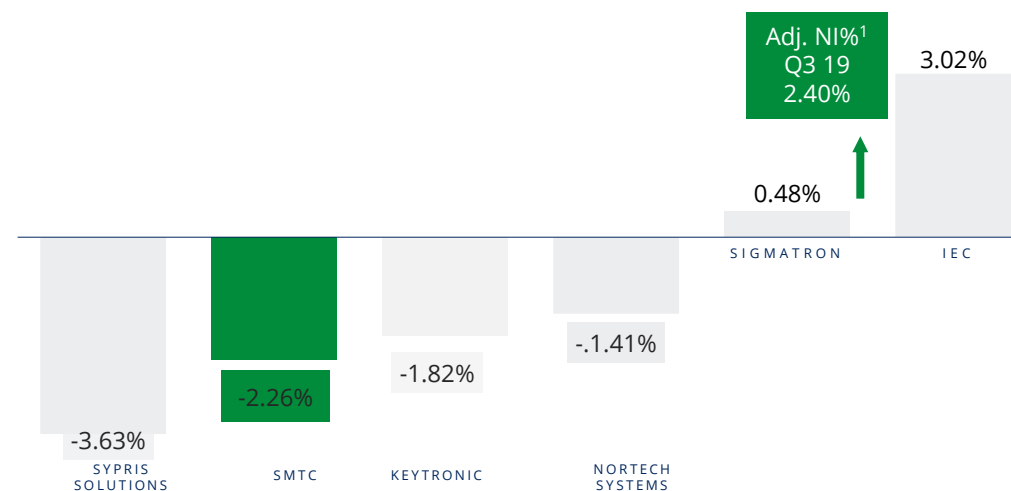
GROSS PROFIT (%) TTM



ADJ EBITDA (%) TTM²



NET INCOME (%) TTM



¹SMTC Q3 earnings announcement at <https://www.smtc.com/investors/news-events/press-releases/detail/206/smtc-corporation-reports-third-quarter-results>

²See appendix.

DIFFERENTIATING LEADERSHIP TEAM with Shared History of EMS Success



Ed Smith
President & CEO

25+ years EMS, electronic components distribution industry experience

SMTEK increased from \$0.35 to \$15.23 at takeout under his stewardship

At AVNET led Americas component operations growing from \$ 1.2 to \$4.0B
Started a global embedded business and grew to \$2.2B in 7 years



Rich Fitzgerald
COO

18+ years: electronics industry experience



Steve Waszak
CFO & SVP M&A

20+ years finance, strategic M&A development experience



Terry Wegman
SVP Sales & Marketing

30+ years sales and marketing experience



Phil Wehrli
SVP Global Planning & Supply Chain

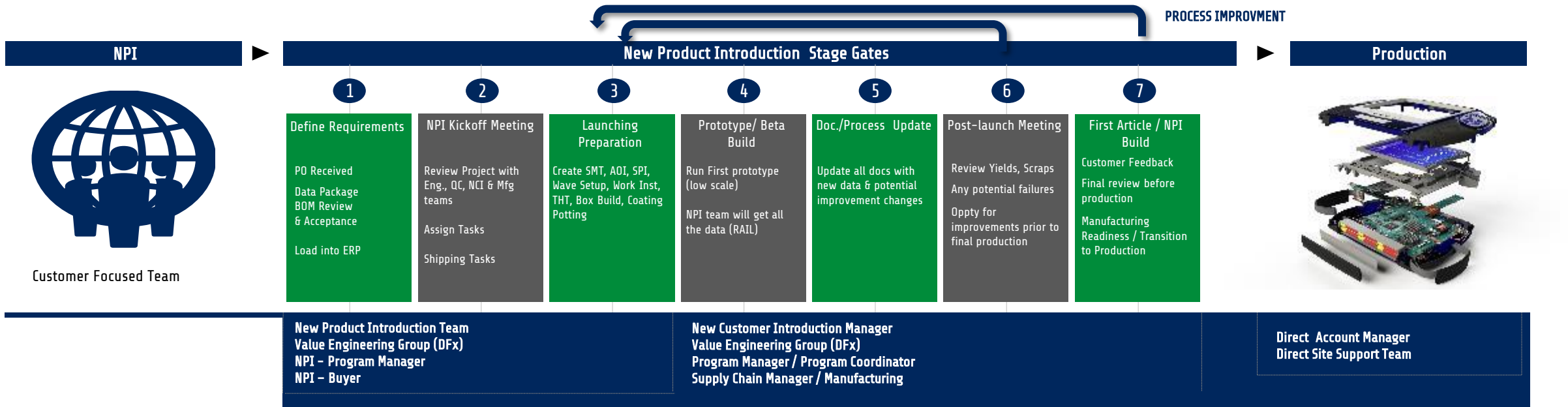
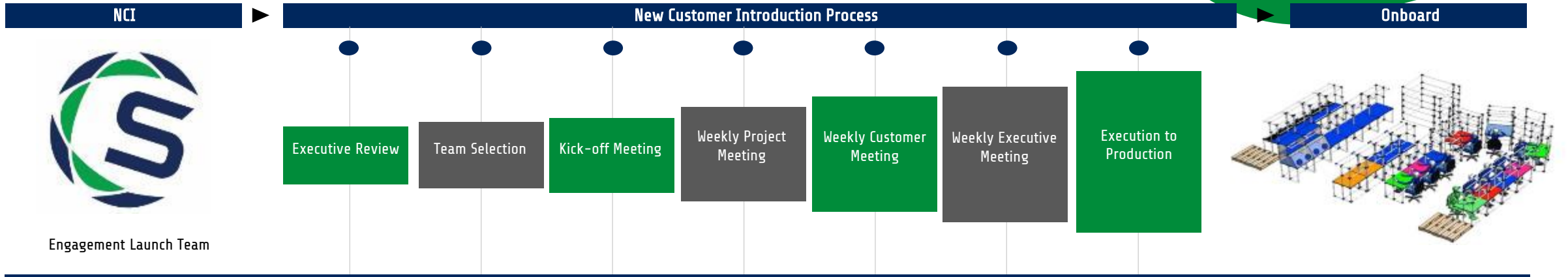
35+ supply chain management experience



MOTOROLA



DIFFERENTIATING BY HOW WE ENGAGE AND ONBOARD



GLOBAL FOOTPRINT: Common Copy, Exact Solutions



Map Legend

- Manufacturing Facilities
- Procurement & Logistics Centers
- RMA, Refurbish & Repair Centers
- Design & Engineering Centers
- Metal Fabrication Center
- Global Headquarters

More than 50 manufacturing and assembly lines at strategically located facilities providing local support and expanded manufacturing capabilities globally for best-in-class cost opportunities



MARKETS WE SERVE



<i>Industry Sectors</i>	<i>9 Mos. 2019</i>		<i>2018</i>		<i>2017</i>	
\$ in millions	Dollars	Percent	Dollars	Percent	Dollars	Percent
Test & Measurement	\$90.6	32.1%	\$45.8	21.2%	\$26.3	18.9%
Industrial, Power & Clean Technology	\$58.4	20.7%	\$28.3	13.1%	\$13.7	9.9%
Retail & Payment Systems	\$35.5	12.6%	\$41.6	19.3%	\$33.7	24.2%
Medical & Safety	\$34.2	12.1%	\$31.4	14.5%	\$18.8	13.5%
Telecom, Network & Communications	\$28.4	10.1%	\$37.4	17.3%	\$25.2	18.1%
Semiconductor Equipment	\$18.2	6.4%	\$26.5	12.3%	\$21.5	15.4%
Avionics, Aerospace & Defense	\$17.0	6.0%	\$5.1	2.3%	NM	NM
Total	\$282.3	100.0%	\$216.1	100.0%	\$139.2	100.0%

GENERAL CERTIFICATIONS / STANDARDS

All sites:
ISO 9001:2015
ISO 134885

ISO 14001
FDA Registration

Fremont:
AS9100 Rev D
ITAR Registration

FROST & SULLIVAN

2019 BEST PRACTICES AWARD

GLOBAL ELECTRONICS MANUFACTURING SERVICES
CUSTOMER VALUE LEADERSHIP AWARD

ISO 9001
ISO 13485
AS9100

IATF 16949 (MX Facility Q1 2018)
FAA: PMA Certified
cGMP Compliant
IPC 610 Class 2 & 3 soldering
ITAR Registration

FDA Registration
TRAC: 4144-7785-7736
Cage Code: 4X3Y1
Apple ® Authorized
Mfi Manufacturing License 6.0

FINANCIAL SUMMARY

SMTC KEY STATISTICS

Stock Price as of 1/10/20	\$3.55
Market Cap as of 1/10/20	\$99.8M
Ticker / Exchange	SMTX / Nasdaq

SMTC CAPITALIZATION

Basic Shares as of 9/29/19	28.1 M
Diluted Shares as of 9/29/19	28.9 M
Net Debt as of 9/29/19 ¹	
Term Loans A/B and ABL Revolver	\$ 70.2 M
Finance and operating lease obligations	\$ 14.7 M
	\$ 84.4 M ¹

In \$1,000s except EPS	Long Term Target Model	Q3 2019 ²	As Reported Q3 2018	Proforma ³ Q3 2018	FY 2018	FY 2017
Revenues	15-20% growth ⁴	88.7	53.7	93.7	216.1	139.2
Gross Margin	12%-14%	12.1% ⁵ 10.0%	9.8%	11.0%	10.0%	7.8%
Adj. EBITDA		6.3	2.4	5.5	10.2	(1.5)
Adj. EBITDA Margin	5%-10%	7.1%	4.5%	5.9%	4.7%	NM
EPS		(0.20)	0.04	NM ⁶	(0.02)	(0.48)

¹Net debt excludes \$0.6 million in cash

²SMTC Q3 earnings announcement at <https://www.smtc.com/investors/news-events/press-releases/detail/206/smtc-corporation-reports-third-quarter-results>

³Proforma assuming MC Assembly had been part of SMTC in the second quarter of 2018

⁴Target 50%+ of incremental Manufacturing Value Add dollars contributes to Gross Profit

⁵Adjusted Gross Margin excludes non-cash amortization of intangibles associated in connection with the acquisition of MC Assembly

⁶MC Assembly was a private company and Proforma share count is not meaningful to calculate an EPS

BALANCE SHEET HIGHLIGHTS

(in thousands)	Sept. 29, 2019	Dec. 30, 2018
Current Assets	\$145,150	\$153,918
Property Plant & Equipment, net	26,348	28,160
Other Long Term	37,720	39,148
Total Assets	\$209,218	\$221,226
Current Liabilities ¹	\$ 123,728	\$122,939
Long term Debt	34,154	56,039
Other Long term liabilities ¹	11,923	9,947
Stockholders' equity	39,863	32,301
Liabilities and stockholders' equity	\$209,218	\$221,226

¹Effective January 1, 2019, with the adoption of the new lease standard (ASC 842 – Leases), the Company recorded \$14.7 million of finance and operating lease obligations of which \$2.8 million is included in current liabilities and \$11.9 million is included in other long-term liabilities as at Sept. 29, 2019.

²Net Debt excludes cash of \$0.6 million as of Sept 29, 2019 and \$1.6 million as of Dec. 30, 2018; numbers are rounded

KEY STATISTICS: (FOR THE RESPECTIVE QUARTER)

	Sept .29, 2019	Dec. 30, 2018
Cash-to-Cash Cycle	78 days	67 days
DSO	60 days	65 days
DPO	69 days	81 days
Inv Turns	4.2x	4.4x
Net Debt (at quarter end)		
Term Loans A/B and ABL Revolver	\$70.2 M	\$82.4M
Finance & operating lease obligations	<u>\$14.7M¹</u>	<u>\$11.5 M</u>
	\$84.4 M ²	\$92.3M ²

Building a Stronger Company: World Class – Flexible – Customer Focused



Achieving Top-Quartile Operating Metrics Among Peer EMS Companies Acquisition of MC Assembly Creates Powerful Low-to-Medium Volume, High Mix EMS Provider

Relentless Pursuit
of **Profitable Growth**
through **Customer** and
Employee Excellence

Above Market Returns
for our Investors

Achieve Double Digit Growth With Existing Through **New Programs**

Increase Business with Existing Customers Through **World Class Service**

Become Provider of Choice And Win New Customers to **Accelerate Growth**

Drive Value via **M&A, Expand Mix** of Lines of Business and
Increase TAM with Supply Chain Synergies to **Gain Scale**



Thank you

Investor Contact

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January 2019

Appendix

TTM Adjusted EBITDA

	SMTC	IEC	Key Tronic	Nortech Systems	Sigmatron	Sypris Solutions
Revenue	363,122	156,981	441,857	114,342	291,004	90,222
Net income	(8,214)	4,747	(8,023)	(1,617)	1,408	(3,278)
Restructuring	8,642	-	-	-	-	697
Other	(2,061)	-	-	-	-	-
Stock based comp	778	567	342	272	51	533
Gross profit	34,818	21,644	34,341	12,000	27,949	8,580
SG&A	27,243	14,076	21,342	12,614	23,040	11,419
Depreciation/Amortization	12,864	2,832	6,994	1,870	4,948	2,766
Unrealized FX (gain)/loss	(15)		601			271
Int	10,271	1,645	2,815	986	2,311	861
Tax	878	1,176	(756)	98	1,365	(178)
Adj EBITDA	23,143	10,967	1,973	1,609	10,083	1,672
Adj EBITDA%	6.37%	6.99%	0.45%	1.41%	3.46%	1.85%

Adjusted EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. SMTC believes that the presentation of non-GAAP measures when shown in conjunction with the corresponding GAAP measures, can provide useful information to investors and management regarding financial and business trends relating to its financial condition and its historical and projected results of operations. The comparison here is done on a consistent basis across these companies and is used by SMTC.

Adjusted EBITDA should be considered in addition to, and not as a substitute for, or superior to, operating income, cash flows, revenue, or other measures of financial performance prepared in accordance with GAAP. Adjusted EBITDA is not a completely representative measure of either the historical performance or, necessarily, the future potential of the combined entities. Non-GAAP financial measures should not be considered in isolation and should be viewed in addition to, and not as an alternative for, the company's reported results prepared in accordance with GAAP