



Corporate Overview

Corporate Presentation
NASDAQ:SMTX

May 22, 2019

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 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.

OVERVIEW

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

- ✓ PCBA production
- ✓ Systems integration
- ✓ Comprehensive testing services
- ✓ Product design
- ✓ Vertical integration
- ✓ Enclosure fabrication
- ✓ Sustaining engineering
- ✓ Supply chain management services

Leadership team making an impact

Q1 2019 revenue up 177% Y/Y
Q1 Proforma revenue up 45.2% Y/Y¹

Industry quality recognition

Global EMS Award for Product Quality²

North American EMS Growth Leadership Award³

Customer Value Leadership Award⁴

Servicing product lifecycle

Support and maintenance from product development to end-of-life transitioning



SMTC ACQUIRES MC ASSEMBLY ON NOV. 9, 2018 IN A TRANSFORMATIVE TRANSACTION

INVESTMENT HIGHLIGHTS

What is Changing?

2019 – priority of focus on acquisition synergies & operating efficiencies

expected to yield significant Adj. EBITDA gains vs. 2018

Targeting to lower debt cost and enhance capital structure flexibility

through proposed equity offerings up to \$15M as filed on 8-K in May, with Use-of-Proceeds to repay and refinance the Company's outstanding debt

Leadership Team with Demonstrated Track Record

focused on delivering above peer market comps and premium shareholder value



Expanding Customer Base with No Significant Concentration



Focusing on the Most Attractive End Markets



Strategically Placed Global Footprint Offers Best-of-Class Options to Customers



Favorable Industry Trends Provide Backdrop for Strong Performance



Free Cash Flow Generation with Attractive Deleveraging Profile



Accretive and transformational MC Assembly acquisition

2019 Guidance*

Revenue: \$393 to \$408M, up from Proforma \$345M in 2018**
Adjusted EBITDA: \$27M to \$29M, up from Proforma \$18M in 2018**

SMTC & MC Assembly Compelling Strategic Rationale

Combination of Two Industry Leaders – Scale Matters!

- Combining SMTC and MC Assembly creates a powerful, diversified Low-to-Medium Volume, High Mix EMS provider with enhanced scale and new growth opportunities

Enhanced End Market Diversification

- The combined company will benefit from an expanded presence in the growing and underpenetrated end-markets (including Aerospace & Defense, Industrial, and Medical)
- The acquisition will also strengthen the combined company's presence in the growing Industrial IoT market

Stronger Customer Base with No Significant Customer Overlap or Customer Concentration

- The combined customer list is populated with a diversified breadth of industry-leading, top tier original equipment manufacturers (OEMs) across desirable end-markets

Combination of Relative Strength

- With strong customer relationships and best-in-market supply chain capabilities, the current SMTC management team has demonstrated the ability to expand its customer base and increase revenue with Q1 2019 proforma year-over-year revenue up 45.2%. The company expects full-year revenue in 2019 to range from \$393 to \$408 million, up 14% to 18% from a proforma combined revenue recorded in 2018 by SMTC and MC Assembly

Complementary Manufacturing Footprint

- Macro-economic trends and Trade/Tariff environment are driving meaningful growth to North American-oriented EMS providers
- The combined company provides customers with more than 50 manufacturing and assembly lines at strategically located facilities in the US and Mexico and existing capacity to support higher levels of revenue

Cost Synergies

- Over \$5 million of annualized synergies from purchasing and operational redundancies have been implemented in Q1 2019. The company is focused on identifying and implementing additional operational efficiencies in its pursuit of achieving best-in-class operating and financial metrics among its EMS peers

SMTc & MC ASSEMBLY ONE PHILOSOPHY

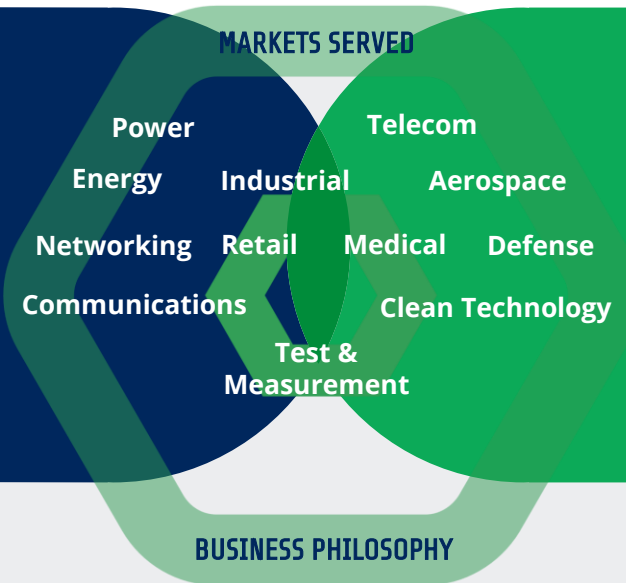
SMTc

Founded in 1985

5 sites approx. 500,000 sq. ft.

1,100+ employees

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



MC ASSEMBLY

Founded in 1984

3 sites 277,000 sq. ft.

1,100+ employees

World-class PCBA and box build
manufacturing and test capabilities

1 Focus on strategic customer
fit in our targeted markets
& on customer requirements

2 Focus on quality, superior
customer service, and
customer flexibility

3 Focus on “smart” investments, lean
manufacturing, capital equipment and
systems that lowers our customers “Cost
Of Quality” and provides operational
excellence in manufacturing and supply
chain management

**World-class EMS – Tier 1 supply chain, manufacturing, and test capabilities,
but with Tier 3 level flexibility and customer service / touch**

SMTC PILLARS OF SUCCESS

One Vision, One Mission, One SMTC.

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**

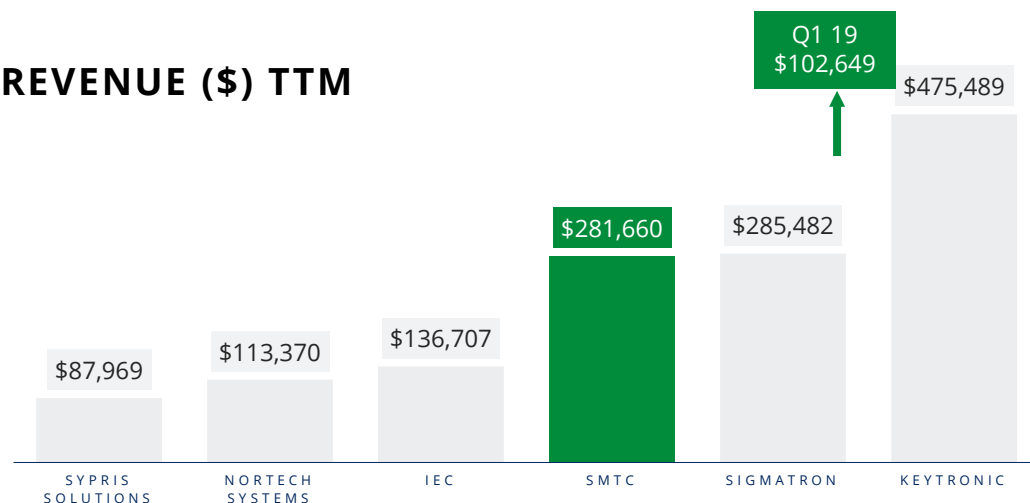
Become Provider of Choice And Win New Customers to **Accelerate Growth**

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

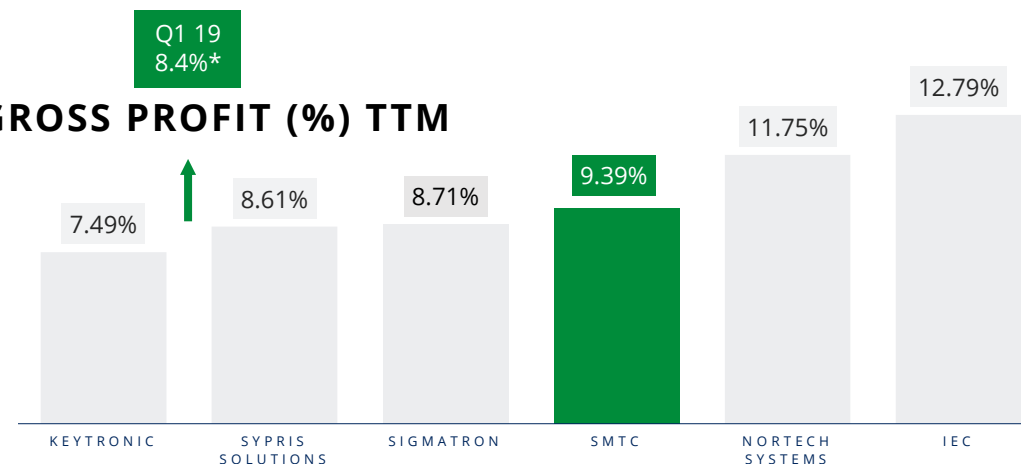
PROGRESSION TO BE BEST-IN-CLASS

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

REVENUE (\$) TTM

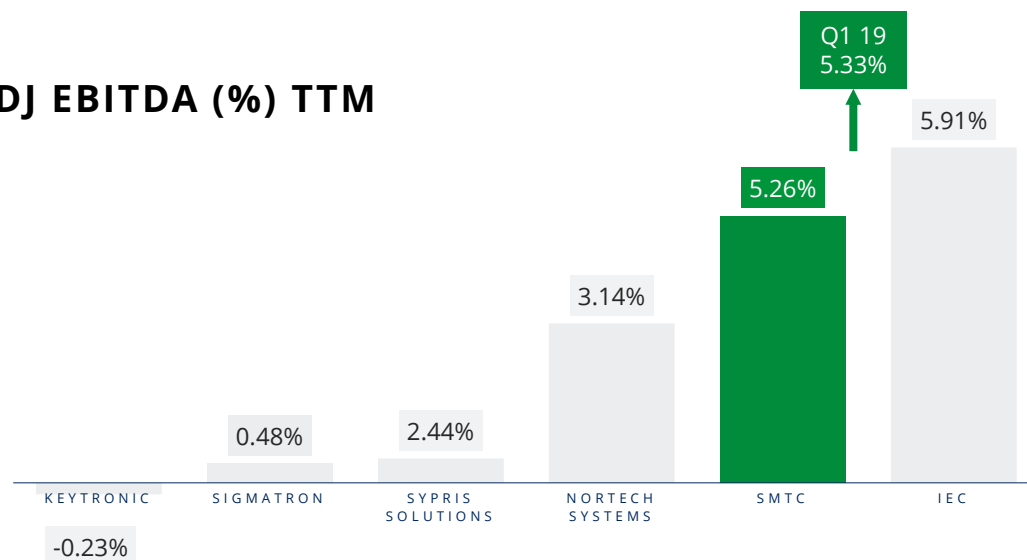


GROSS PROFIT (%) TTM

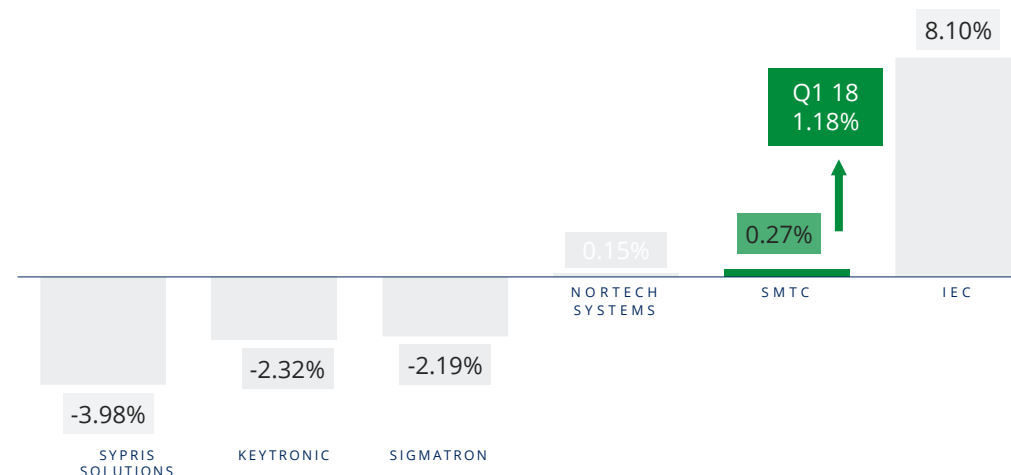


*Q1 2019 SMTC Gross Profit % excluding intangible amortization was 10.2% of revenues

ADJ EBITDA (%) TTM



NET INCOME (%) TTM



DIFFERENTIATING LEADERSHIP TEAM



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



GLOBAL FOOTPRINT

Common Copy, Exact Solutions



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

SMTC



MEDICAL
& SAFETY

SEMICONDUCTOR
EQUIPMENT

RETAIL &
PAYMENT SYSTEMS

TEST &
MEASUREMENT

INDUSTRIAL, POWER &
CLEAN TECHNOLOGY

TELECOM, NETWORK
& COMMUNICATION

DEFENSE &
AEROSPACE

MC ASSEMBLY



MARKETS WE SERVE

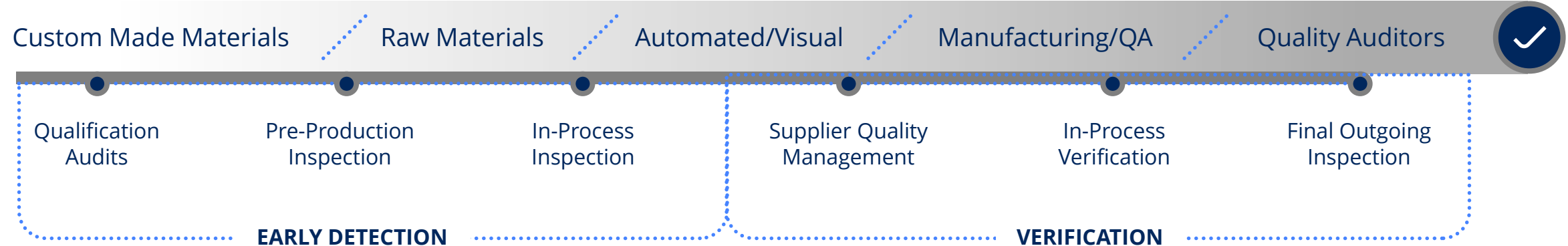
<i>Industry Sectors</i>	<i>Q1 2019</i>		<i>2018</i>		<i>2017</i>	
\$ in millions	Dollars	Percent	Dollars	Percent	Dollars	Percent
Medical & Safety	\$12.5	12.2%	\$31.4	14.5%	\$18.8	13.5%
Semiconductor Equipment	\$7.3	7.1%	\$26.5	12.3%	\$21.5	15.4%
Retail & Payment Systems	\$12.9	12.6%	\$41.6	19.3%	\$33.7	24.2%
Test & Measurement	\$32.5	31.7%	\$45.8	21.2%	\$26.3	18.9%
Industrial, Power & Clean Technology	\$19.6	19.1%	\$28.3	13.1%	\$13.7	9.9%
Telecom, Network & Communications	\$10.8	10.5%	\$37.4	17.3%	\$25.2	18.1%
Aerospace & Defense	\$7.0	6.8%	\$5.1	2.3%	NM	NM
Total	\$102.6	100.0%	\$216.1	100.0%	\$139.2	100.0%

SHARED MANUFACTURING DISCIPLINE

Both Companies Committed to Operational Excellence



STANDARD APPROACH TO ZERO DEFECTS



Frost & Sullivan Awards Winners Product Quality, Growth Leadership & Customer Value Leadership Awards

GENERAL CERTIFICATIONS / STANDARDS

All sites:		Fremont:
ISO 9001:2015	ISO 14001	AS9100
ISO 134885	FDA Registration	ITAR Registration

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 5/6/19	\$3.81
Market Cap as of 3/31/19	\$93.2 M
Ticker / Exchange	SMTX / Nasdaq

SMTC CAPITALIZATION

Basic Shares as of 3/31/19	23.2 M
Diluted Shares as of 3/31/19	24.5 M
Net Debt as of 3/31/19 ¹	
Term Loans A/B and ABL Revolver	\$ 79.4 M
Finance and operating lease obligations	\$16.5 M
	\$95.9 M

In \$1,000s except EPS	Long Term Target Model	Q1 2019	As Reported Q1 2018	Proforma ² Q1 2018	FY 2018	FY 2017
Revenues	15-20% growth ³	102.6	37.2	70.7	216.1	139.2
Gross Margin	12%-14%	8.4%	10.3%	10.9%	10.0%	7.8%
Adj EBITDA		5.5	0.9	2.5	10.3	(1.5)
Adj EBITDA Margin	5%-10%	5.3%	2.4%	3.6%	4.7%	NM
EPS		0.05	0.00	0.14	(0.02)	(0.48)

¹Net of \$1.6 M of cash

²Proforma assuming MC Assembly had been part of SMTC in the first quarter of 2018

³Target 50%+ of incremental Manufacturing Value Add dollars contributes to Gross Profit

INCOME STATEMENT (unaudited)

Expressed in thousands of USD, except number of shares and per share (amounts)

	-----Three Months Ended-----		
	March 31, 2019	April 1, 2018	Dec. 30, 2018
Revenue	\$102,649	\$37,120	\$ 80,855
Cost of Sales	94,025	33,270	72,564
Gross Profit	8,624	3,850	8,291
Selling, general and administrative expenses	6,698	3,509	7,335 ¹
Gain on Contingent Consideration	(3,050)	-	
(Gain) loss on sale of property, plant and equipment			(33)
Restructuring charges	624	-	18
Operating earnings (loss)	4,352	341	971
Interest expense	2,870	307	1,922
Earnings (loss) before income taxes	1,482	34	(951)
Income tax expense (recovery)			
Current	279	110	156
Deferred	(8)	(84)	116
	271	26	272
Net income (loss) and comprehensive income (loss)	1,211	8	\$ (1,223)
Basic earnings (loss) per share	0.05	0.00	(0.05)
Diluted earnings (loss) per share	0.05	0.00	(0.05)
Weighted average number of shares outstanding			
Basic	23,248,918	17,041,504	23,105,597
Diluted	24,465,435	17,523,890	23,105,597

¹\$7,335 includes \$1,676 of Merger & Acquisition costs.

Proforma 2018 vs. 2019 Guidance

INCOME STATEMENT

Unaudited historical financial information
(\$s in thousands)

	12 months ended December 30, 2018		12 months ended	Midpoint of Guidance* 12 months ended
	MC Assembly	SMTC	December 30, 2018	December 29, 2019
Revenue	\$ 150,227	\$ 194,967	\$ 345,194	\$ 400,500
Net income (loss)	\$ (2,856)	\$ (8,188)	\$ (11,044)	\$ 317
Add (deduct):				
Depreciation of property, plant and equipment	3,879	3,305	7,184	7,344
Amortization of Intangible assets	-	7,375	7,375	7,376
Interest	7,164	2,994	10,158	10,597
Income tax expense	312	619	931	1,179
EBITDA	8,499	6,105	\$ 14,604	\$ 26,813
Add (deduct):				
Stock compensation expense	-	407	407	500
Stock compensation expense - warrant revaluation	-	111	111	-
Restructuring charges	253	172	425	624
Impairment charges	-	-	0	-
Management fees other professional services	1,258	-	1,258	-
Merger and acquisitions related expenses	-	1,676	1,676	91
Unrealized foreign exchange loss (gain) on unsettled forward exchange contracts	- 38	(353)	(391)	-
Adjusted EBITDA	9,972	8,118	18,090	28,028

NOTE: Information to the left relating to SMTC and MC Assembly Holdings, Inc. has been extracted without material adjustment from the underlying schedules used in preparing SMTC's and MC Assembly Holdings, Inc.'s financial statements, excluding the impact, if any, of any purchase price accounting adjustments, for the twelve months ended December 30, 2018.

EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP; accordingly, EBITDA may not be comparable to similar measures presented by other companies. 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. EBITDA is not a completely representative measure of either the historical performance or, necessarily, the future potential of the combined entities. These 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. Additionally, the company's non-GAAP financial information may not be comparable to similarly titled measures reported by other companies.

*Midpoint of guidance issued as of May 8, 2019 and subject to change without notice.

BALANCE SHEET HIGHLIGHTS

(in thousands)	March 31, 2019	Dec. 30, 2018
Current Assets	\$ 155,432	\$153,918
Property Plant & Equipment, net	27,213	28,160
Other Long Term	42,182	39,148
Total Assets	\$ \$224,827	\$221,226
Current Liabilities ¹	\$ 122,334	\$122,939
Long term Debt	55,963	56,039
Other Long term liabilities ¹	132,930	9,947
Stockholders' equity	33,600	32,301
Liabilities and stockholders' equity	\$ \$224,827	\$221,226

¹Effective January 1, 2019, with the adoption of the new lease standard (ASC 842 – Leases), the Company recorded \$5.4 million of operating lease obligations of which \$2.1 million is included in current liabilities and \$3.3 million is included in other long-term liabilities as at March 31, 2019.

KEY STATISTICS:

	Mar. 31, 2019	Dec. 30, 2018
Cash-to-Cash Cycle	66 days	67 days
DSO	58 days	65 days
DPO	73 days	79 days
Inv Turns	4.5x	4.4x
Net Debt		
Term Loans A/B and ABL Revolver	\$79.4 M	\$80.8 M
Finance & operating lease obligations	\$16.5 M	\$11.5 M
	\$95.9M	\$92.3M

CREATING A STRONGER COMPANY

SMTC x MC Assembly® – World Class – Flexible – Customer Focused



Two customer-driven, full-service, leading turnkey EMS companies

Together MC Assembly and SMTC can provide greater scales, flexibility, and additional cost-effective capacity for customers in an industry where that matters



Both firms dedicated to operational and supply chain excellence

Multiple complementary facilities and a global reach that will stay in operation with existing capacity to support higher levels of customer demand



Shared vision forms one strong customer-driven management team

Two experienced electronics leadership teams leading an innovative and lean manufacturing culture that is dedicated to operational excellence



Thank you

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