

TTM Technologies, Inc. Q4'23 Earnings Results Presentation

February 7, 2024



Inspiring Innovation

Disclaimers

Forward-Looking Statements

This communication may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements related to the future business outlook, events, and expected performance of TTM Technologies, Inc. (“TTM”, “we” or the “Company”). The words “anticipate,” “believe,” “plan,” “forecast,” “foresee,” “estimate,” “project,” “expect,” “seek,” “target,” “intend,” “goal” and other similar expressions, among others, generally identify “forward-looking statements,” which speak only as of the date the statements were made and are not guarantees of performance. Actual results may differ materially from these forward-looking statements. Such statements relate to a variety of matters, including but not limited to the operations of TTM's businesses. These statements reflect the current beliefs, expectations and assumptions of the management of TTM, and we believe such statements to have a reasonable basis.

It is uncertain whether any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what impact they will have on the results of operations and financial condition of the Company. These forward-looking statements are based on assumptions that may not materialize, and involve certain risks and uncertainties, many of which are beyond our control, that could cause actual events or performance to differ materially from those indicated in such forward-looking statements. Factors, risks, trends, and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied in forward-looking statements include, but are not limited to potential changes in domestic or global economic conditions, demand for our products, market pressures on prices of our products, warranty claims, changes in product mix, contemplated significant capital expenditures and related financing requirements, our dependence upon a small number of customers, and other factors set forth in the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q and in the Company's other filings filed with the Securities and Exchange Commission (the “SEC”), including under the heading “Risk Factors”, and which are available at the SEC's website at www.sec.gov.

TTM does not undertake any obligation to update any of these statements to reflect any new information, subsequent events or circumstances, or otherwise, except as may be required by law, even if experience or future changes make it clear that any projected results expressed in this communication or future communications to stockholders, press releases or Company statements will not be realized. In addition, the inclusion of any statement in this communication does not constitute an admission by us that the events or circumstances described in such statement are material.

Use of Non-GAAP Financial Measures

In addition to the financial statements presented in accordance with U.S. generally accepted accounting principles (“GAAP”), TTM uses certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA, Non-GAAP Operating Income, Non-GAAP Net Income, Non-GAAP Operating Margin, Non-GAAP Gross Margin, Non-GAAP EPS and Adjusted Operating Cash Flow. We present non-GAAP financial information to enable investors to see TTM through the eyes of management and to provide better insight into our ongoing financial performance.

A material limitation associated with the use of the above non-GAAP financial measures is that they have no standardized measurement prescribed by GAAP and may not be comparable to similar non-GAAP financial measures used by other companies. We compensate for these limitations by providing full disclosure of each non-GAAP financial measure and reconciliation to the most directly comparable GAAP financial measure. However, the non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

See Appendix for reconciliations of Adjusted EBITDA and Non-GAAP Operating Income to the most comparable GAAP metric.

Data Used in This Presentation

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Third Party Information

The information contained herein does not purport to be all inclusive. This presentation has been prepared by the Company and includes information from other sources believed by the Company to be reliable. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of any of the opinions and conclusions set forth herein based on such information. This presentation may contain descriptions or summaries of certain documents and agreements, but such descriptions or summaries are qualified in their entirety by reference to the actual documents or agreements. Unless otherwise indicated, the information contained herein speaks only as of the date hereof and is subject to change, completion or amendment without notice.

Key Messages from Q4 2023 Earnings Report and Call

- Revenue of \$569M in line with guided range of \$550-\$590M
- GAAP EPS of \$0.17
- Non-GAAP EPS of \$0.41 above the guided range of \$0.34-\$0.40
- Cash flow from operations of \$47.5 million
- Repurchased 784 thousand shares of common stock for \$9.8 million at an average price of \$12.52 per share
- Cash balance of \$450.2M. Net leverage defined as net debt divided by last twelve months of EBITDA at 1.6x.
- Expect Q1 revenues of \$530 to \$570M and non-GAAP EPS of \$0.24 to \$0.30

Q4'23 End Market Commentary

End Market (% of Revenues)	Q4'23	Q4'22	Year on Year Growth	Q1'24 Guidance
Aerospace & Defense	46%	40%	7%	46%
Data Center Computing	17%	14%	15%	17%
Medical, Industrial & Instrumentation	16%	17%	(19%)	16%
Automotive	15%	16%	(13%)	14%
Networking ¹	6%	13%	(55%)	7%

¹Results for Q4'23 do not include Shanghai BPA facility while Q4'22 does include Shanghai BPA

Q4 2023 Operational Metrics¹

Operating Metric	Q4'23	Q4'22
Advanced Technology	47%	39%
Asia Pacific PCB Capacity Utilization	51%	69%
North America PCB Capacity Utilization	35%	41%
Top 5 Customers	44%	37%
Backlog	\$575.9 mn	\$603.1 mn
A&D Program Backlog	\$1.3 bn	\$1.0 bn
Book to Bill	0.88	0.94

¹Results for Q4'23 do not include Shanghai BPA facility while Q4'22 does include Shanghai BPA

Quarterly Financial Results and Guidance

Financial Metric (Non-GAAP) ^{1,2}	Q4'23	Q4'22	Year on Year Change	Q1'24 Guide
Revenues	\$569.0 mn	\$617.2 mn	(7.8%)	\$530-\$570 mn
Operating Margin	10.7%	9.7%	1.0 pt	N/A
EBITDA Margin	14.2%	13.2%	1.0 pt	N/A
EPS	\$0.41	\$0.41	\$0.0	\$0.24-\$0.30
Cash flow from Ops	\$47.5 mn	\$77.6 mn	(\$30.1 mn)	N/A
Capex	\$46.0 mn	\$20.8 mn	\$25.2 mn	N/A
Free Cash flow	\$1.5 mn	\$56.8 mn	(\$55.3 mn)	N/A
Net debt/EBITDA	1.6x	1.5x	(0.1)	N/A

¹Results for Q4'23 do not include Shanghai BPA facility while Q4'22 does includes ~\$12M revenues from Shanghai BPA; Results for Q4'23 also reflect a decline of ~\$13M from the three PCB plants that were closed

²See Appendix for reconciliation to GAAP

Additional Financial Guidance for Q1'24

- Non-GAAP
 - SG&A expense of ~9.9%
 - R&D expense of ~1.2%
 - Interest expense of ~\$12.3 million
 - Interest income of ~\$2.0 million
 - Effective tax rate of 12%-16%
 - Diluted share count of 104 million
- GAAP
 - Depreciation expense of ~\$25.3 million
 - Amortization of intangibles of ~\$13.8 million
 - Stock based compensation expense of ~\$5.0 million
 - Non-cash interest expense of ~\$0.5 million



Inspiring Innovation

Thank You



Inspiring Innovation

Appendix

Non-GAAP Reconciliations Q4 23

RECONCILIATIONS¹

	Fourth Quarter	
	2023	2022
Non-GAAP gross profit reconciliation ² :		
GAAP gross profit	\$ 115,368	\$ 121,402
Add back item:		
Amortization of definite-lived intangibles	2,335	1,383
Accelerated depreciation associated with plant closures/restructuring	1,950	-
Stock-based compensation	2,084	1,699
Unrealized (gain) loss on commodity hedge	(701)	(2,407)
Purchase accounting related inventory markup	-	79
Non-GAAP gross profit	<u>\$ 121,036</u>	<u>\$ 122,156</u>
Non-GAAP gross margin	21.3%	19.8%
Non-GAAP operating income reconciliation ³ :		
GAAP operating income	\$ 34,578	\$ 97,560
Add back items:		
Amortization of definite-lived intangibles	13,765	11,658
Accelerated depreciation associated with plant closures/restructuring	1,950	-
Stock-based compensation	6,159	5,394
Gain on sale of assets	-	(55,979)
Unrealized (gain) loss on commodity hedge	(701)	(2,407)
Purchase accounting related inventory markup	-	79
Impairment, restructuring, acquisition-related and other charges	5,291	3,261
Non-GAAP operating income	<u>\$ 61,042</u>	<u>\$ 59,566</u>
Non-GAAP operating margin	10.7%	9.7%
Non-GAAP net income and EPS reconciliation ⁴ :		
GAAP net income (loss)	\$ 17,338	\$ 6,017
Add back items:		
Amortization of definite-lived intangibles	13,765	11,658
Accelerated depreciation associated with plant closures/restructuring	1,950	-
Stock-based compensation	6,159	5,394
Non-cash interest expense	478	543
Gain on sale of assets	-	(55,979)
Change in fair value of warrant liabilities	-	-
Loss on extinguishment of debt	-	-
Gain on sale of subsidiary	-	-
Unrealized (gain) loss on commodity hedge	(701)	(2,407)
Purchase accounting related inventory markup	-	79
Impairment, restructuring, acquisition-related and other charges	5,291	3,261
Income taxes ⁵	(1,314)	74,131
Non-GAAP net income	<u>\$ 42,966</u>	<u>\$ 42,697</u>
Non-GAAP earnings per diluted share	\$ 0.41	\$ 0.41

Non-GAAP Reconciliations Q4 23

Non-GAAP diluted number of shares:

GAAP diluted number of shares	104,302	104,220
Dilutive effect of performance-based stock units, restricted stock units & stock options	-	-
Non-GAAP diluted number of shares	<u>104,302</u>	<u>104,220</u>

Adjusted EBITDA reconciliation⁶:

GAAP net income (loss)	\$ 17,338	\$ 6,017
Add back items:		
Income tax provision	546	77,077
Interest expense	13,373	12,506
Amortization of definite-lived intangibles	13,765	11,658
Depreciation expense	25,095	23,970
Stock-based compensation	6,159	5,394
Gain on sale of assets	-	(55,979)
Change in fair value of warrant liabilities	-	-
Loss on extinguishment of debt	-	-
Gain on sale of subsidiary	-	-
Unrealized (gain) loss on commodity hedge	(701)	(2,407)
Purchase accounting related inventory markup	-	79
Impairment, restructuring, acquisition-related and other charges	5,291	3,261
Adjusted EBITDA	<u>\$ 80,866</u>	<u>\$ 81,576</u>
Adjusted EBITDA margin	14.2%	13.2%

Free cash flow reconciliation:

Operating cash flow	\$ 47,470	\$ 77,559
Capital expenditures, net	(45,954)	(20,779)
Free cash flow	<u>\$ 1,516</u>	<u>\$ 56,780</u>

Non-GAAP Reconciliations Q4 23

¹ This information provides a reconciliation of non-GAAP gross profit, non-GAAP operating income, non-GAAP net income, non-GAAP EPS, and adjusted EBITDA to the financial information in our consolidated condensed statements of operations.

² Non-GAAP gross profit and gross margin measures exclude amortization of intangibles, accelerated depreciation associated with plant closures/restructuring, stock-based compensation expense, unrealized (gain) loss on commodity hedge, and purchase accounting related inventory markup.

³ Non-GAAP operating income and operating margin measures exclude amortization of intangibles, accelerated depreciation associated with plant closures/restructuring, stock-based compensation expense, gain on sale of assets, unrealized (gain) loss on commodity hedge, purchase accounting related inventory markup, impairment of goodwill, restructuring, acquisition-related costs, and other charges.

⁴ This information provides non-GAAP net income and non-GAAP EPS, which are non-GAAP financial measures. Management believes that both measures -- which add back amortization of intangibles, accelerated depreciation associated with plant closures/restructuring, stock-based compensation expense, non-cash interest expense on debt (before consideration of capitalized interest), gain on sale of assets, change in fair value of warrant liabilities, loss on extinguishment of debt, gain on sale of subsidiary, unrealized (gain) loss on commodity hedge, purchase accounting related inventory markup, impairment of goodwill, restructuring, acquisition-related costs, and other charges as well as the associated tax impact of these charges and discrete tax items -- provide additional useful information to investors regarding the Company's ongoing financial condition and results of operations.

⁵ Income tax adjustments reflect the difference between income taxes based on a non-GAAP tax rate and a forecasted annual GAAP tax rate.

⁶ Adjusted EBITDA is defined as earnings before income taxes, interest expense, amortization of intangibles, depreciation, stock-based compensation expense, gain on sale of assets, change in fair value of warrant liabilities, loss on extinguishment of debt, gain on sale of subsidiary, unrealized (gain) loss on commodity hedge, purchase accounting related inventory markup, impairment of goodwill, restructuring, acquisition-related costs, and other charges. We present adjusted EBITDA to enhance the understanding of our operating results, and it is a key measure we use to evaluate our operations. In addition, we provide our adjusted EBITDA because we believe that investors and securities analysts will find adjusted EBITDA to be a useful measure for evaluating our operating performance and comparing our operating performance with that of similar companies that have different capital structures and for evaluating our ability to meet our future debt service, capital expenditures, and working capital requirements. However, adjusted EBITDA should not be considered as an alternative to cash flows from operating activities as a measure of liquidity or as an alternative to net income as a measure of operating results in accordance with accounting principles generally accepted in the United States of America.