

# TTM Technologies, Inc. Q1'24 Earnings Results Presentation

May 1, 2024



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# 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](http://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 Q1 2024 Earnings Report and Call

- Revenue of \$570.1M at high end of guided range of \$530-\$570M
- GAAP EPS of \$0.10
- Non-GAAP EPS of \$0.31 above the guided range of \$0.24-\$0.30
- Cash flow from operations of \$43.9 million
- Repurchased 600,000 shares of common stock for \$9.3 million at an average price of \$15.56 per share
- Cash balance of \$440.4M. Net leverage defined as net debt divided by last twelve months of EBITDA at 1.5x.
- Expect Q2 revenues of \$560 to \$600M and non-GAAP EPS of \$0.32 to \$0.38

# Q1'24 End Market Commentary

End Market (% of Revenues)	Q1'24	Q1'23	Year on Year Growth	Q2'24 Guidance
Aerospace & Defense	46%	43%	14%	44%
Data Center Computing	21%	10%	106%	20%
Medical, Industrial & Instrumentation	14%	19%	(22%)	15%
Automotive	13%	17%	(21%)	14%
Networking <sup>1</sup>	6%	11%	(45%)	7%

<sup>1</sup>Results for Q1'24 do not include Shanghai BPA facility while Q1'23 does include Shanghai BPA

# Q1 2024 Operational Metrics<sup>1</sup>

Operating Metric	Q1'24	Q1'23
Advanced Technology	48%	41%
Asia Pacific PCB Capacity Utilization	52%	52%
North America PCB Capacity Utilization	38%	39%
Top 5 Customers	42%	36%
Backlog	\$592.6 mn	\$482.2 mn
A&D Program Backlog	\$1.38 bn	\$1.38 bn
Book to Bill	1.15	0.82

<sup>1</sup>Results for Q1'24 do not include Shanghai BPA facility while Q1'23 does include Shanghai BPA

# Quarterly Financial Results and Guidance

Financial Metric (Non-GAAP) <sup>1</sup>	Q1'24	Q1'23	Year on Year Change	Q2'24 Guide
Revenues <sup>2</sup>	\$570.1 mn	\$544.4 mn	4.7%	\$560-\$600 mn
Operating Margin	7.1%	6.1%	1.0 pt	N/A
EBITDA Margin	13.1%	10.7%	2.4 pt	N/A
EPS	\$0.31	\$0.18	\$0.13	\$0.32-\$0.38
Cash flow from Ops	\$43.9 mn	\$55.1 mn	(\$11.2 mn)	N/A
Capex	\$49.3 mn	\$30.7 mn	\$18.6 mn	N/A
Free Cash flow	(\$5.4) mn	\$24.4 mn	(\$29.8 mn)	N/A
Net debt/EBITDA	1.5x	1.5x	0	N/A

<sup>1</sup>See Appendix for reconciliation to GAAP

<sup>2</sup>Results for Q1'24 do not include Shanghai BPA facility while Q1'23 does includes ~\$8M revenues from Shanghai BPA; Results for Q1'24 also reflect a revenue decline of ~\$20M from the three PCB plants that were closed

# Additional Financial Guidance for Q2'24

- Non-GAAP
  - SG&A expense of ~9.9%
  - R&D expense of ~1.3%
  - Interest expense of ~\$12.2 million
  - Interest income of ~\$2.0 million
  - Effective tax rate of 12%-16%
  - Diluted share count of 105 million
- GAAP
  - Depreciation expense of ~\$26.5 million
  - Amortization of intangibles of ~\$12.6 million
  - Stock based compensation expense of ~\$5.6 million
  - Non-cash interest expense of ~\$0.5 million



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**Thank You**





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## **Appendix**

# Non-GAAP Reconciliations Q1 24

## RECONCILIATIONS<sup>1</sup>

	First Quarter	
	2024	2023
Non-GAAP gross profit reconciliation <sup>2</sup> :		
GAAP gross profit	\$ 103,719	\$ 86,123
Add back item:		
Amortization of definite-lived intangibles	2,336	5,808
Stock-based compensation	2,029	1,662
Unrealized gain on commodity hedge	(752)	(2,128)
Purchase accounting related inventory markup	-	163
Other charges	(162)	1,233
Non-GAAP gross profit	<u>\$ 107,170</u>	<u>\$ 92,861</u>
Non-GAAP gross margin	18.8%	17.1%
Non-GAAP operating income reconciliation <sup>3</sup> :		
GAAP operating income (loss)	\$ 17,067	\$ (3,468)
Add back items:		
Amortization of definite-lived intangibles	13,765	27,772
Stock-based compensation	6,787	5,240
Gain on sale of assets	-	(173)
Unrealized gain on commodity hedge	(752)	(2,128)
Purchase accounting related inventory markup	-	163
Restructuring, acquisition-related and other charges	3,826	5,944
Non-GAAP operating income	<u>\$ 40,693</u>	<u>\$ 33,350</u>
Non-GAAP operating margin	7.1%	6.1%
Non-GAAP net income and EPS reconciliation <sup>4</sup> :		
GAAP net income (loss)	\$ 10,466	\$ (5,814)
Add back items:		
Amortization of definite-lived intangibles	13,765	27,772
Stock-based compensation	6,787	5,240
Non-cash interest expense	518	727
Gain on sale of assets	-	(173)
Gain on sale of subsidiary	-	(1,339)
Unrealized gain on commodity hedge	(752)	(2,128)
Purchase accounting related inventory markup	-	163
Restructuring, acquisition-related and other charges	3,738	5,944
Income taxes <sup>5</sup>	(1,735)	(11,744)
Non-GAAP net income	<u>\$ 32,787</u>	<u>\$ 18,648</u>
Non-GAAP earnings per diluted share	\$ 0.31	\$ 0.18

# Non-GAAP Reconciliations Q1 24

## RECONCILIATIONS<sup>1</sup>

Non-GAAP diluted number of shares:

GAAP diluted number of shares

Dilutive effect of performance-based stock units, restricted stock units and stock options

Non-GAAP diluted number of shares

Adjusted EBITDA reconciliation<sup>6</sup>:

GAAP net income (loss)

Add back items:

Income tax provision (benefit)

Interest expense

Amortization of definite-lived intangibles

Depreciation expense

Stock-based compensation

Gain on sale of assets

Gain on sale of subsidiary

Unrealized gain on commodity hedge

Purchase accounting related inventory markup

Restructuring, acquisition-related and other charges

Adjusted EBITDA

Adjusted EBITDA margin

Free cash flow reconciliation:

Operating cash flow

Capital expenditures, net

Free cash flow

	First Quarter	
	2024	2023
GAAP diluted number of shares	104,098	102,381
Dilutive effect of performance-based stock units, restricted stock units and stock options	-	1,949
Non-GAAP diluted number of shares	<u>104,098</u>	<u>104,330</u>
GAAP net income (loss)	\$ 10,466	\$ (5,814)
Add back items:		
Income tax provision (benefit)	3,603	(7,924)
Interest expense	12,324	12,807
Amortization of definite-lived intangibles	13,765	27,772
Depreciation expense	24,696	25,253
Stock-based compensation	6,787	5,240
Gain on sale of assets	-	(173)
Gain on sale of subsidiary	-	(1,339)
Unrealized gain on commodity hedge	(752)	(2,128)
Purchase accounting related inventory markup	-	163
Restructuring, acquisition-related and other charges	3,900	4,668
Adjusted EBITDA	<u>\$ 74,789</u>	<u>\$ 58,525</u>
Adjusted EBITDA margin	13.1%	10.7%
Operating cash flow	\$ 43,895	\$ 55,078
Capital expenditures, net	<u>(49,296)</u>	<u>(30,707)</u>
Free cash flow	<u>\$ (5,401)</u>	<u>\$ 24,371</u>

# Non-GAAP Reconciliations Q1 24

<sup>1</sup> 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.

<sup>2</sup> Non-GAAP gross profit and gross margin measures exclude amortization of intangibles, stock-based compensation expense, unrealized gain on commodity hedge, purchase accounting related inventory markup, and other charges.

<sup>3</sup> Non-GAAP operating income and operating margin measures exclude amortization of intangibles, stock-based compensation expense, gain on sale of assets, unrealized gain on commodity hedge, purchase accounting related inventory markup, restructuring, acquisition-related costs, and other charges.

<sup>4</sup> 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, stock-based compensation expense, non-cash interest expense on debt (before consideration of capitalized interest), gain on sale of assets, gain on sale of subsidiary, unrealized gain on commodity hedge, purchase accounting related inventory markup, 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.

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

<sup>6</sup> Adjusted EBITDA is defined as earnings before income taxes, interest expense, amortization of intangibles, depreciation, stock-based compensation expense, gain on sale of assets, gain on sale of subsidiary, unrealized gain on commodity hedge, purchase accounting related inventory markup, 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.