



# Corporate Overview

Corporate Presentation  
NASDAQ:SMTX

JUNE 5, 2018

# 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



## New leadership team making an impact

Q1 2018 up 12% over Q1 2017  
Targeting double digit revenue growth in 2018



## Industry quality recognition

Global EMS Award for Product Quality<sup>1</sup>

North American EMS Growth Leadership Award<sup>2</sup>

Customer Value Leadership Award<sup>3</sup>



## Servicing product lifecycle

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



# SMTC PILLARS OF SUCCESS

## One Vision, One Mission, One SMTC.

Achieving Top-Quartile Operating Metrics Among Peer EMS Companies  
Targeting \$200+M Revenues in 2 Years

**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**

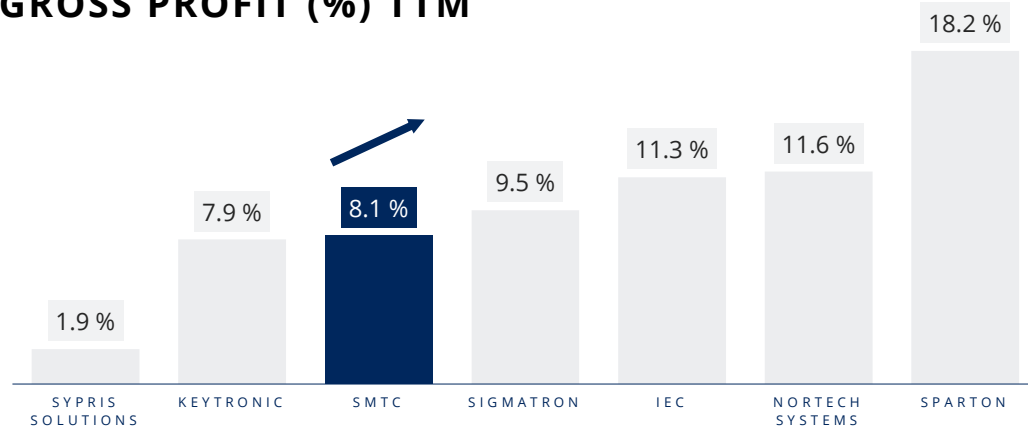
**Increase Business** with Existing Customers Through **World Class Service**

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

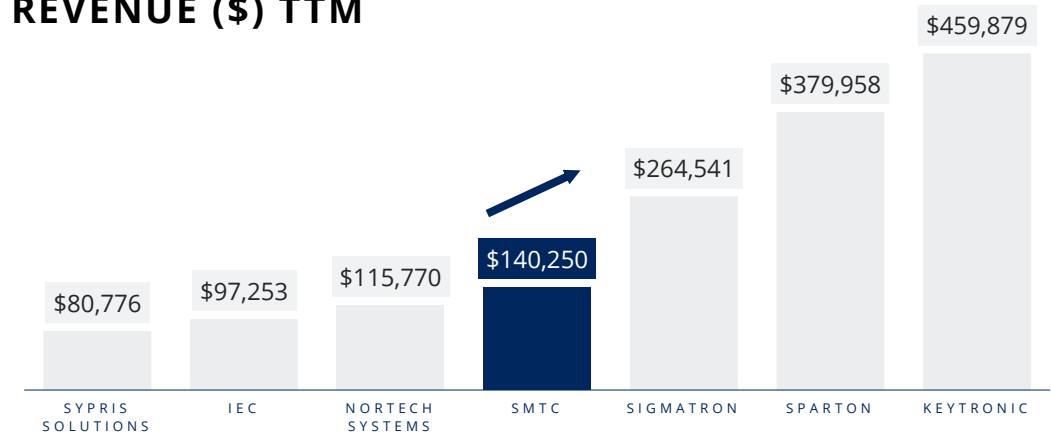
**Drive Value** via **M&A, Expand Mix** of Lines of Business and **Increase TAM** with Supply Chain Synergies to **Gain Scale**

# PROGRESSION TO BE BEST-IN-CLASS PEER METRICS

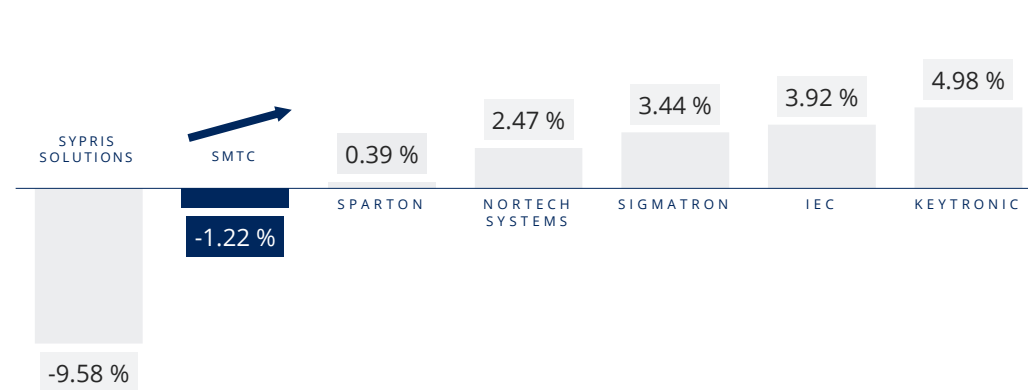
## GROSS PROFIT (%) TTM



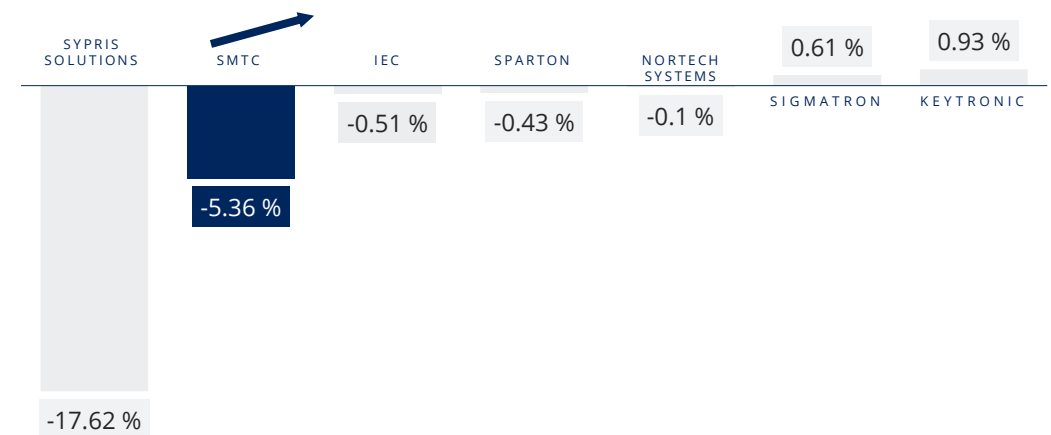
## REVENUE (\$) TTM



## ADJ EBITDA (%) TTM



## NET INCOME (%) TTM



# WORLD CLASS 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

Led Americas component operations growing from \$ 1.2 to \$4.0 billion; Started a global embedded business and grew to \$2.2 billion 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



**Phil Wehrli**  
SVP Global Planning & Supply Chain

35+ years EMS and OEM experience



**Bob Miller**  
VP Customer Acquisition

28+ years EMS, aerospace, defense, industrial, medical markets



# NEW LEADERSHIP TEAM MAKING AN IMPACT

## IMPROVING STOCK PERFORMANCE



Source: Yahoo! Finance

- 
**Q2 2017 – Initiated a restructuring plan to address customer needs, financial sustainability and operational excellence**
- 
**Stabilized long-term customer-base**
- 
**Expanded addressable market**
- 
**Strengthened the organization with key executives to focus on growth**
- 
**Q1 2018 – Improving results and outlook up 12% from Q1 2017**



# GLOBAL FOOTPRINT

## Customer Options for Operational Excellence

Approx. 500,000 square feet of manufacturing capabilities globally for best-in-class cost opportunities. More than 40 manufacturing and assembly lines

**El Paso, USA**  
Procurement & Logistics Center



**Toronto, Canada**  
Design & Engineering Center  
Technical Services Group (TSG)

**Fremont, USA HQ**  
NPI Tech Center  
connected to global production sites for quick-turn prototyping and new production launches



**Chihuahua, Mexico**  
Manufacturing & Repair Facilities

334,000 square foot facility, 17.5 acre campus offers customers, in-house metal fabrication, cable & harness assembly for high quality services in an efficient, cost effective site



**Hong Kong**  
Global Procurement



**Dongguan, China**  
Manufacturing & Repair Center

### GENERAL CERTIFICATIONS/STANDARDS

ISO 9001:2008  
ISO 13485:2003  
ISO 14001:2004

IPC-A 610 Class I, II, III  
FDA Registered

### Frost & Sullivan Award Winners

Product Quality, Growth Leadership & Customer Value Leadership Awards



COMMUNICATIONS  
& INSTRUMENTATION



SMART POWER  
& ENERGY



**FOCUSED  
ON ATTRACTIVE  
END MARKETS**

LARGE, GROWING,  
MEANINGFUL

PAYMENT  
SYSTEMS



MEDICAL  
& LIFE SCIENCE



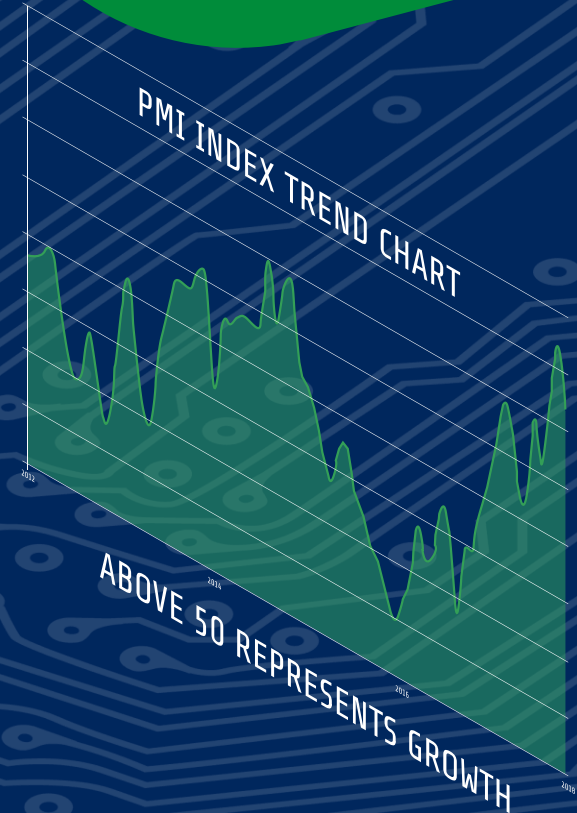
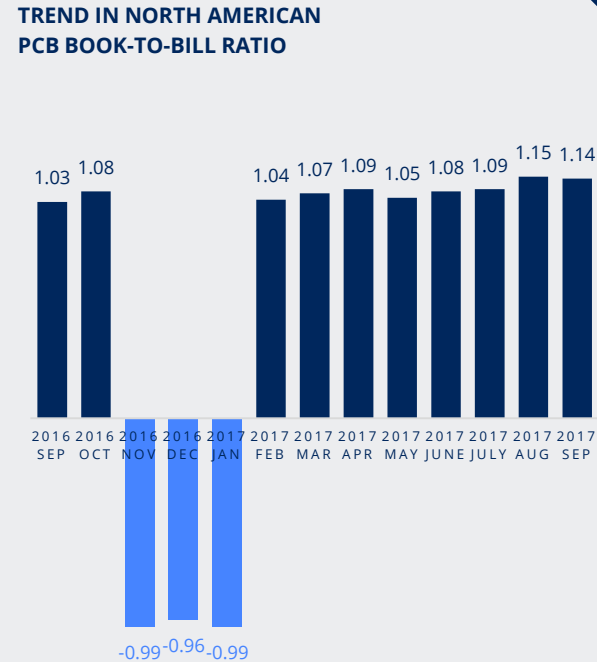
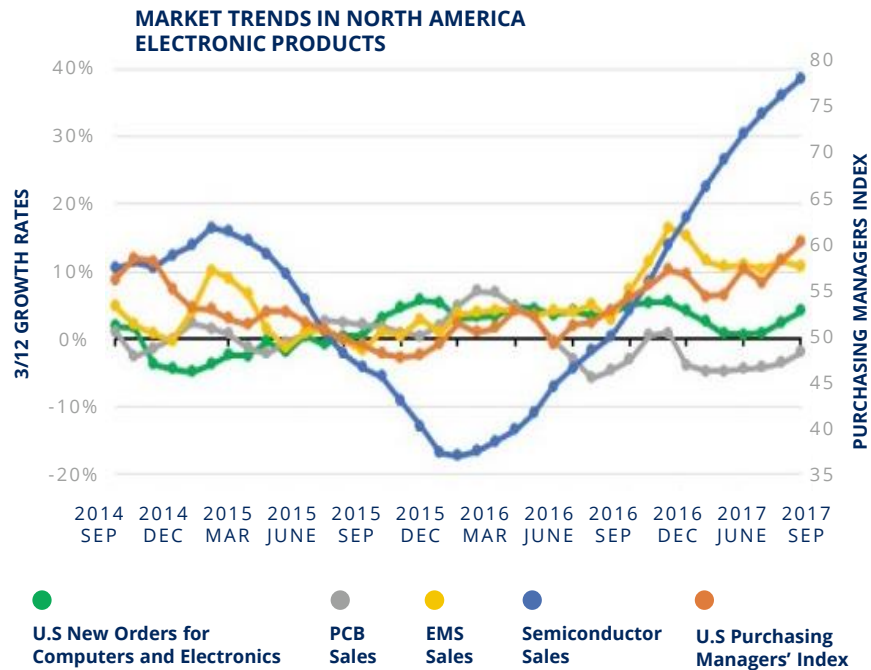
CONSUMER  
& HIGH-END  
TECHNOLOGY



INDUSTRIAL  
& COMMERCIAL



# FAVORABLE INDUSTRY TRENDS



- North American PMI, SEMI, PCB Indices all show growth through 2018
- Manufacturing and PCB showing projected growth of 5.8% in 2018
- SEMI Book to Bill Ratio currently at 1.06
- PCB Book to Bill Ratio currently at 1.14

# FINANCIAL SUMMARY

## KEY STATISTICS

Stock Price (5/31/18)	\$3.00 /share
Market Cap (5/15/18)	\$51.0 M
Total Ent. Value (5/15/18)	\$65.4 M
Ticker / Exchange	SMTX/Nasdaq

## CAPITALIZATION

Basic Shares (3/31/18)	17.0 M
Diluted Shares (3/31/18)	17.5 M
NET Debt (3/31/18)	\$ 14.4 M

In \$1,000, except EPS	Long Term Target Model	Q1 2018	Q1 2017	FY 2017	FY 2016	FY 2015
Revenues	20% growth*	37.1	33.2	139.2	167.9	220.6
Gross Margin	12%-14%	10.4%	10.7%	7.8%	10.6%	8.0%
Adj EBITDA		0.9	(0.3)	(1.5)	(4.7)	5.7
Adj EBITDA Margin	6%-10%	2.5%	NM	NM	2.8%	2.6%
EPS		0.00	(0.02)	(0.47)	(0.01)	(0.00)

\*50%+ of incremental Manufacturing Value Add dollars contributes to Gross Profit

# INCOME STATEMENT

(Unaudited)

THREE MONTHS ENDED

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

APRIL 1, 2018

APRIL 2, 2017

Revenue	\$ 37,120	\$ 33,178
Cost of Sales	33,270	29,621
Gross Profit	3,850	3,557
Selling, general and administrative expenses	3,509	3,762
Operating income (loss)	341	(205)
Interest expense	307	179
Income (loss) before income taxes	34	(384)
Income tax expense (recovery)		
Current	110	127
Deferred	(84)	(377)
	26	(7)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 8</b>	<b>\$ (377)</b>
Basic earnings (loss) per share	0.00	(0.02)
Diluted earnings (loss) per share	0.00	(0.02)
Weighted average number of shares outstanding		
Basic	17,041,504	16,660,900
Diluted	17,523,890	16,660,900

# BALANCE SHEET HIGHLIGHTS

(in thousands)	APRIL 1, 2018	DECEMBER 31, 2017
Current Assets	\$62,127	\$59,188
Property Plant & Equipment	9,952	10,269
Other Long Term	507	399
<b>Total Assets</b>	<b>\$72,226</b>	<b>\$69,856</b>
Current Liabilities	\$47,156	\$44,693
Long term Debt	5,500	6,000
Other Long term liabilities	42	89
Stockholders' equity	19,528	19,074
<b>Liabilities and stockholders' equity</b>	<b>\$72,226</b>	<b>\$69,856</b>

## KEY STATISTICS:

APRIL 1,  
2018

Cash-to-Cash Cycle	63 days
DSO	64 days
DPO	70 days
Inv Turns	5.3x
Net Debt	\$14.4M

# INVESTMENT HIGHLIGHTS

## What is Changing?

**New Leadership Team with Demonstrated Track Record**

**Pursuing operational excellence** and focused at SMTC on achieving top-quartile operating metrics among peer EMS companies

**Expanding Customer Base and Top-Line Growth**

Working Together as a Team to **Deliver Premium Shareholder Value**



Diversified 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



Accelerating Year-over-Year Revenue Growth

Targeting **\$200+ million** in Revenues in **2 Years** with **Double Digit Gross Margins**





# THANK YOU

## Contact

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# Appendix

## Reconciliation of Adjusted EBITDA

	Three months ended	
	April 1, 2018	April 2, 2017
Net income (loss)	8	(377)
Add:		
Stock based compensation	126	203
Interest	307	179
Unrealized foreign exchange gains on unsettled forward exchange contracts	(319)	(1,272)
Income taxes	26	(7)
Depreciation	774	979
<b>Adjusted EBITDA</b>	<b>922</b>	<b>(295)</b>