



World Class – Flexible – Customer Focused

Corporate Presentation
NASDAQ:SMTX

Sept. 10, 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 the date of this presentation, unless otherwise noted, 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, our 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

Expanding Customer Base

Continuing to Reduce Debt-to-Leverage Ratio

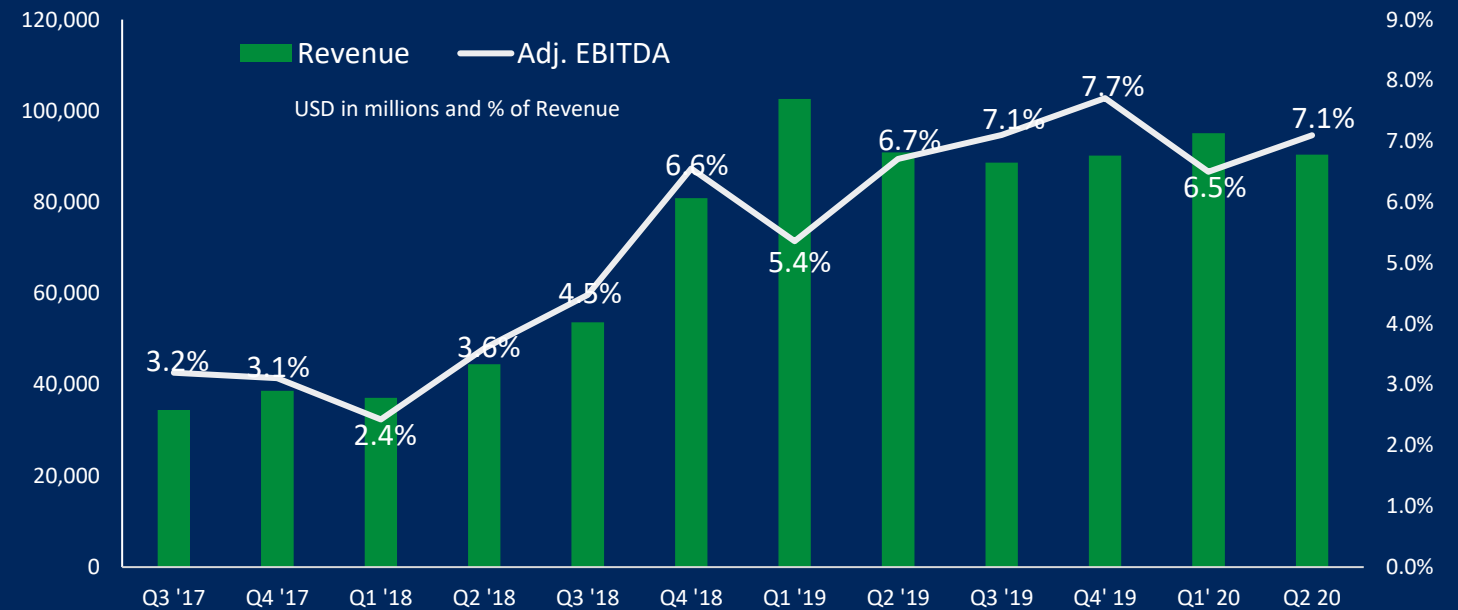
D-L Ratio: Lender debt (excl. Leases)

Q4 2018: 4.67 vs. Q1 2019: 4.02 vs Q2 2020: 2.66

D-L Ratio: Total Debt (incl. Capital Finance Leases)

Q4 2018: 5.32 vs. Q1 2019: 4.57 vs Q2 2020: 3.03

Improving Second Half 2020 Expected Gains in Efficiencies & Scale Leading to EBITDA Growth



New CEO & COO Announced Q2 2017 Restructuring Plan & Strategic Initiatives

Strengthened Mgt. Team: New CFO, SVPs Supply Chain & Sales/Marketing in 2018

MC Assembly Acquisition Announced Q4 2018

Eliminated Term B debt & expanded borrowing capacity in mid-2019

INVESTMENT HIGHLIGHTS

What is Changing?

Winning significant new business with over \$130 million of new orders received over the past 3 quarters

Managing through COVID-19 environment all factories remain open supporting customers deemed essential; cost controls: targeted headcount reductions, a freeze on all non-essential new hiring, curtailed new programs and reduced capital expenditures

Increasing North American capacity Installed equipment from former Chinese manufacturing facility avoids capital expenses otherwise needed

Delivering on best-in-class financial metrics across our Tier III EMS peers to deliver premium shareholder value



Improving second half 2020 financial performance outlook*

Revenue \$190M - \$205M, up from \$185M in first half of 2020
Adj. EBITDA \$13.7M - \$15.0M, up from \$12.6M in first half of 2020



Focusing on the most attractive end markets, incl. Avionics, Aerospace & Defense, IoT, 5G, Medical & Safety



Gaining market share by deepening existing customer relationships and adding new customers



Experienced management team managing through challenging market conditions



Local experience, global reach offers best-in-class options to customers



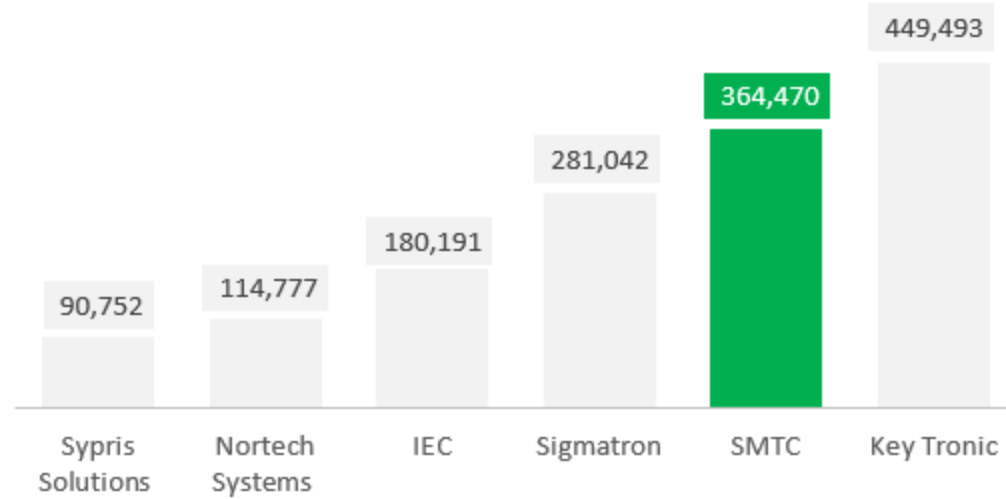
Committed to further deleveraging the balance sheet, generated \$2.6 million positive cash flow from operations in the first half of 2020

*Guidance made as of Aug. 5, 2020 and subject to change without notice.

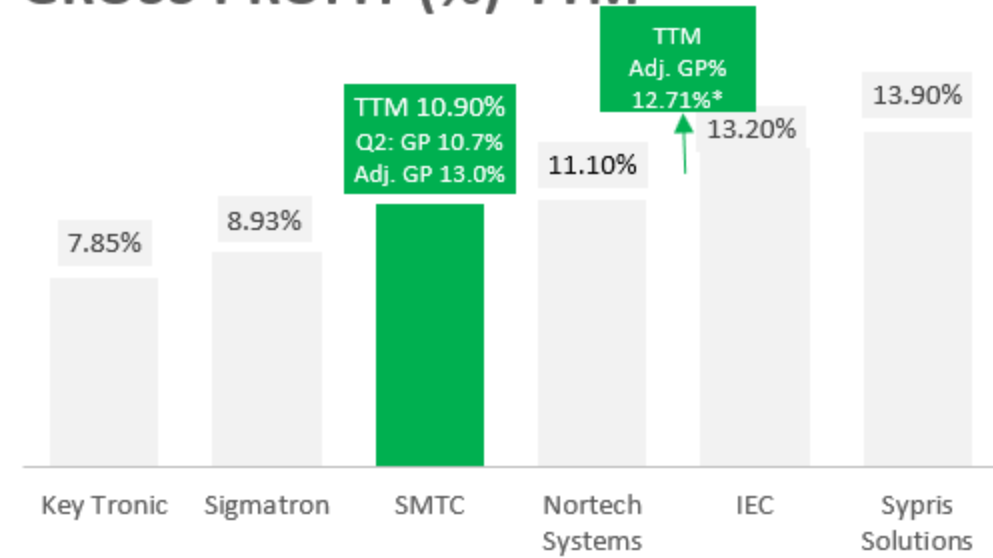
PROGRESSION TO BE BEST-IN-CLASS

TIER 3 PEER METRICS

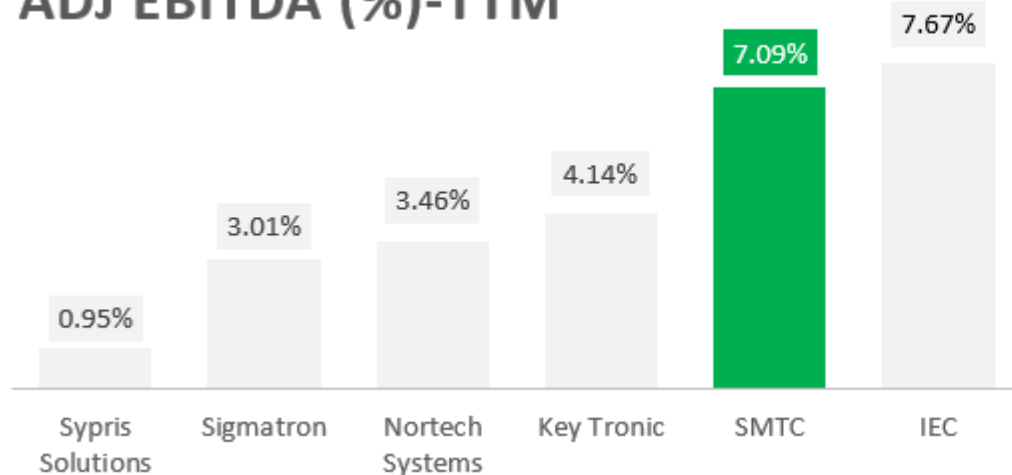
REVENUE (\$) -TTM



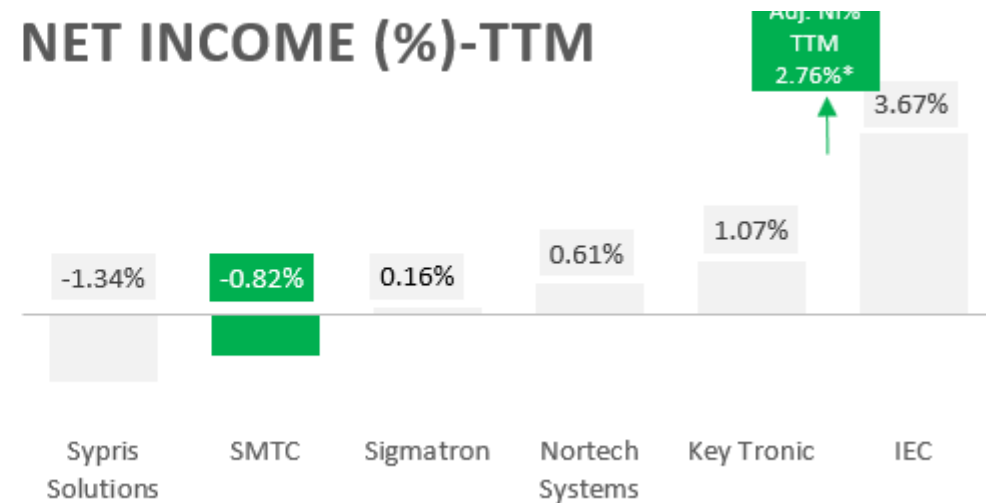
GROSS PROFIT (%) -TTM



ADJ EBITDA (%) -TTM



NET INCOME (%) -TTM



*Reconciliation and data is included in the appendix of this presentation.

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 increased 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



Josh Chien
SVP Global Head of Sales, Marketing & Customer Experience

20+ years EMS sales and operations experience



SANMINA



Phil Wehrli
SVP Global Planning & Supply Chain

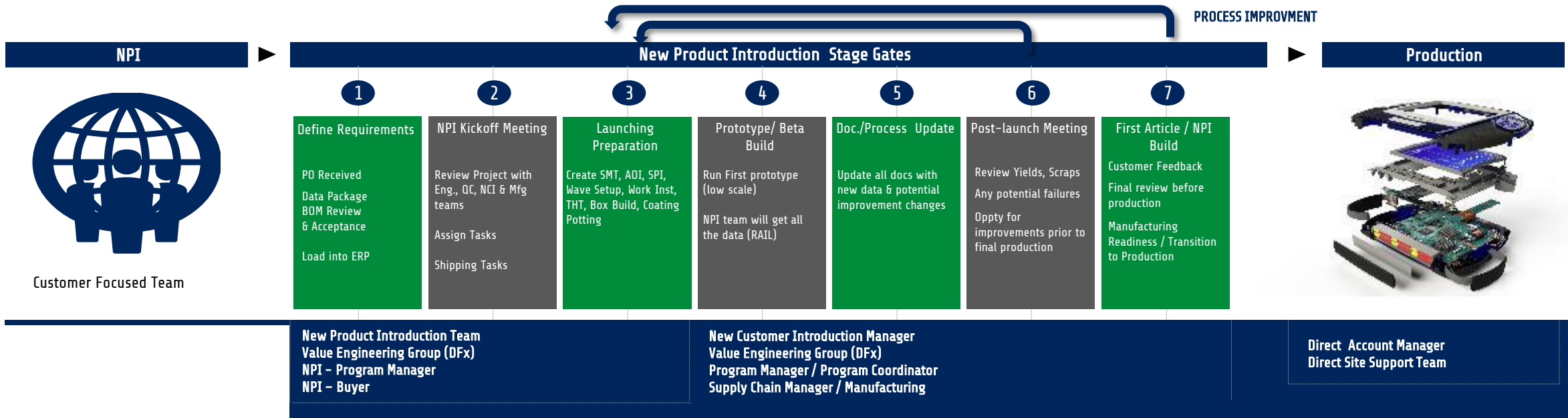
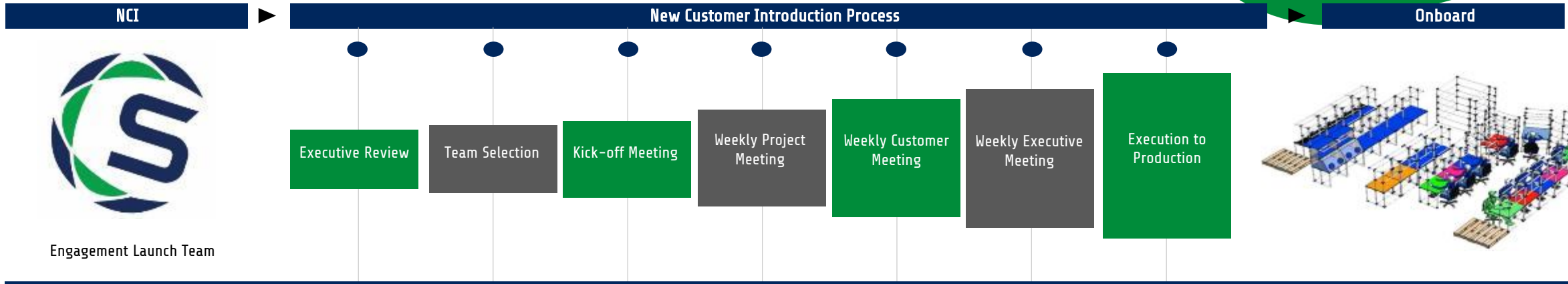
35+ supply chain management experience



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
- 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>Revenue by Industry Sectors</i>	<i>Q2 2020</i>		<i>Q2 2019</i>		<i>Change</i>	
	\$ millions	Dollars Percent	Dollars Percent	Dollars Percent	Dollars Percent	
Industrial IoT, Power & Clean Technology	\$38.3	42.4%	\$36.9	40.6%	\$1.4	3.8%
Test & Measurement	\$13.9	15.4%	\$12.1	13.3%	\$1.8	14.9%
Medical & Safety	\$10.2	11.3%	\$11.2	12.3%	(\$1.0)	(8.9%)
Avionics, Aerospace & Defense	\$9.2	10.2%	\$4.8	5.3%	\$4.4	91.7%
Semiconductors	\$7.1	7.9%	\$5.8	6.4%	\$1.3	22.4%
Retail & Payment Systems	\$6.7	7.4%	\$12.1	13.3%	(\$5.4)	(44.6%)
Telecom, Networking & Communications	\$5.0	5.5%	\$8.0	8.8%	(\$3.0)	(37.5%)
Total	\$90.4	100.0%	\$90.9	100.0%	(\$0.5)	(0.6%)

*Several customers were reclassified between Test & Measurement to Industrial IoT, Power & Clean Technology for all periods

GENERAL CERTIFICATIONS / STANDARDS

All sites:
ISO 9001:2015
ISO 134885

ISO 14001
FDA Registration

Fremont:
AS9100 Rev D
ITAR Registration



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 9/1/20	\$3.33
Market Cap as of 9/1/20	\$93.9M
Ticker / Exchange	SMTX / Nasdaq

SMTC CAPITALIZATION

Basic Shares as of 6/28/20	28.2 M
Diluted Shares as of 6/28/20	29.5 M
Net Debt as of 6/28/20 ¹	
Term Loans A/B and ABL Revolver	\$ 68.7 M
Finance and operating lease obligations	\$ 16.2 M
	\$ 84.6 M ¹

In \$1,000s except EPS	Long Term Target Model	Q2 2020	Q1 2020	Q2 2019	FY 2019	FY 2018
Revenues	15-20% growth ²	\$90.4	\$95.1	\$90.9	\$372.5	\$216.1
Adj. Gross Margin ³	12%-14%	13.0%	12.3%	11.9%	11.9%	10.4%
Gross Margin		11.8%	10.1%	9.9%	9.9%	10.0%
Adj. EBITDA		\$6.4	\$6.2	\$6.1	\$24.8	\$10.2
Adj. EBITDA Margin	7%-9%	7.1%	6.5%	6.7%	6.7%	4.7%
EPS		\$0.03	\$0.03	\$0.10	(\$0.23)	(\$0.02)

¹Net debt excludes \$0.3 million in cash. Effective January 1, 2019, with the adoption of the new lease standard (ASC 842 – Leases), the Company recorded \$16.2 million of finance and operating lease obligations (as of June 28, 2020) which includes \$3.6 million for extension of the Company's Fremont, CA facility lease in Q1 2020.

²Target 50%+ of incremental Manufacturing Value Add dollars contributes to Gross Profit

³Adjusted Gross Margin excludes non-cash amortization of intangibles associated with the acquisition of MC Assembly, COVID-19 related expenses and unrealized foreign exchange gain on unsettled forward exchange contracts,

BALANCE SHEET HIGHLIGHTS

(in thousands)	June 28, 2020	Mar. 29, 2020
Current Assets	\$ 161,586	\$ 150,620
Property Plant & Equipment, net	23,495	24,410
Other Long Term	36189	37,311
Total Assets	\$ 221,270	\$ 212,341
Current Liabilities ¹	\$131,606	\$122,960
Long term Debt	32,903	33,365
Other Long term liabilities ¹	13,617	13,892
Stockholders' equity	43,144	42,034
Liabilities and stockholders' equity	\$ 221,270	\$212,341

¹Effective January 1, 2019, with the adoption of the new lease standard (ASC 842 – Leases), the Company recorded \$16.2 million of finance and operating lease obligations (as of June 28, 2020) which includes \$3.6 million of new operating lease for extension of the Company's Fremont, CA facility lease in Q1 2020.

²Increase in DIO-Inv Turns in Q2 2020 was attributable to shifting customer forecasts within the quarter that resulted in higher than anticipated inventory levels exiting Q2 2020.

KEY STATISTICS: (FOR THE RESPECTIVE QUARTER)

	June 28, 2020	Mar. 29, 2020
Cash-to-Cash Cycle	82 days	73 days
DSO	64 days	60 days
DPO	73 days	68 days
Inventory ²		
DIO	91 days	80 days
Inv Turns	4.0x	4.5x
Net Debt (at quarter end)		
Term Loans A/B and ABL Revolver	\$68.7 M	\$68.3 M
Finance & operating lease obligations	<u>\$16.2M¹</u>	<u>\$16.7M¹</u>
	\$84.6 M	\$83.6 M

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



Achieving Top-Quartile Operating Metrics Among Peer EMS Companies 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 Customers 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

Increase TAM with Supply Chain Synergies to **Gain Scale**

Appendix

TTM Adjusted EBITDA

	SMTC	IEC	Key Tronic	Nortech Systems	Sigmatron	Sypris Solutions
Revenue	364,470	180,191	449,493	114,777	281,042	90,752
Net income	(2,991)	6,620	4,803	701	443	(1,218)
Restructuring	5,439	-	-	-	-	502
Other	971	-	-	-	-	-
Stock based comp	908	678	282	29	90	452
Adj net income	10,061					
Gross profit	39,742	23,778	35,266	12,736	25,105	12,614
SG&A	28,007	13,869	21,085	10,759	22,292	13,449
Depreciation/Amortization	12,364	3,227	5,774	1,961	5,430	2,600
Unrealized FX (gain)/loss	(459)		4,629	10		(2,375)
Interest expense	8,972	1,596	2,665	919	1,839	913
Tax	651	1,693	442	357	650	(8)
Adj EBITDA	25,855	13,814	18,595	3,977	8,452	866

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.



Thank you

Investor Contact:

Peter Seltzberg
Managing Director, Darrow
Associates, Inc.
516-419-9915
pseltzberg@darrowir.com

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