



World Class – Flexible – Customer Focused

**Fiscal Third Quarter 2020 financial results
NASDAQ:SMTX**

November 5, 2020

FORWARD-LOOKING STATEMENT

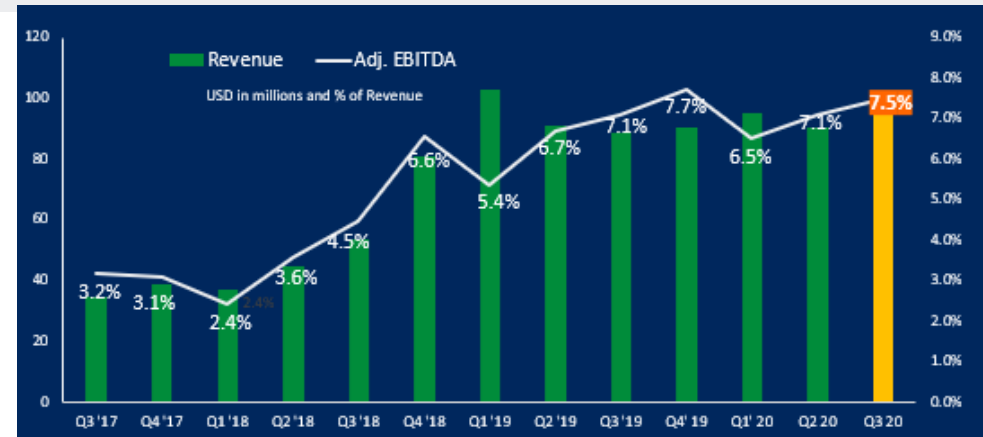
This presentation will include statements about expected future events and financial results that are forward-looking in nature and subject to risks and uncertainties. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance 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. Discussion of the various factors that may affect future results is contained in the Company's annual report on Form 10-K, quarterly reports on form 10-Q, and subsequent reports on Form 8-K and other filings with the Securities and Exchange Commission. 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.

This presentation includes certain non-GAAP measures, including adjusted gross profit, adjusted net income, EBITDA and adjusted EBITDA. Please refer to the press release we issued yesterday for reconciliations between GAAP and adjusted results. Management believes that these Non-GAAP Financial Measures, when used in conjunction with GAAP financial measures, provide useful information to investors about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to the key metrics SMTC uses in its financial and operational decision making. The Company's management believes that adjusting for the additional temporary costs attributable to the COVID-19 pandemic allows for a better comparison of the Company's performance to prior periods, which is consistent with the Company's recent amendments to the financial covenants in its financing agreements. These Non-GAAP Financial Measures are used by management to manage and monitor SMTC's performance, and also frequently used by analysts, investors and other interested parties to evaluate companies in SMTC's industry. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP and should not be construed as an inference that SMTC's future results will be unaffected by any items adjusted for in these Non-GAAP Financial Measures.

CEO Introductory Remarks



Ed Smith
President & CEO



“Revenue for the third quarter was \$99.5 million, up 12.3% from the \$88.7 million reported in the same quarter a year ago, and up 10.1% from the \$90.4 reported in the prior quarter.

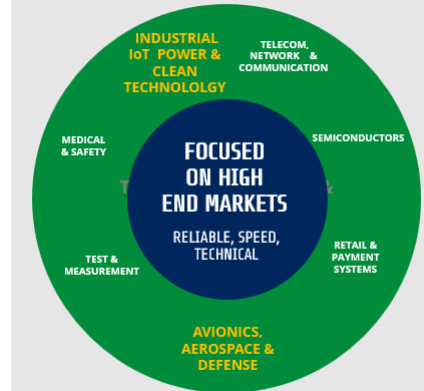
“Customer demand during the third quarter of 2020 continued to track to our internal plans as we expanded our customer base and increased our market share. “

“We’ve been successful with our end-markets diversification, dedication to putting the customer first and adapting our sales and onboarding processes to address the challenges posed by the COVID-19 pandemic.”

CEO Introductory Remarks



Ed Smith
President & CEO



“...by carefully managing our expenses and business operations, we were able to once again generate improving bottom line results, including an adjusted EBITDA of \$7.5 million, or 7.6% of revenues that enable us to report EPS of \$0.04 and an adjusted EPS of \$0.13.”

“I am pleased by the trust our customers have put in us as our business development teams continue to expand SMTC’s market share and expand our sales funnel. We have been successful in securing \$46 million in new awards and bookings during the third quarter, primarily from five new customers and one existing customers in the Aerospace, Defense and Industrial IoT markets.”

CFO Review of Q3 2020



Steve Waszak
CFO & SVP M&A

KEY STATISTICS:
(FOR THE RESPECTIVE QUARTER)

	Sept. 27, 2020	June 28, 2020
Cash-to-Cash Cycle	81 days	82 days
DSO	59 days	64 days
DPO	75 days	73 days
Inventory		
DIO	97 days	91 days
Inv Turns	3.8x	4.0x
Net Debt (at quarter end)		
Term Loans A/B and ABL Revolver	\$69.1M	\$68.7M
Finance & operating lease obligations	<u>\$17.0M²</u>	<u>16.2M²</u>
	\$85.9 M	\$84.6 M

\$s millions (except EPS)	Q3 2020	Q2 2020	Change	Q3 2019	Change
Revenue	\$99.5	\$90.4	10.1%	\$88.7	12.3%
GAAP					
Gross Profit	\$11.1	\$10.7	3.9%	\$8.9	24.7%
Gross Profit Percentage	11.2%	11.8%		10.0%	
Net Income (Loss)	\$1.2	\$1.0	30.2%	(\$5.7)	121.7%
EPS	\$0.04	\$0.03	0.0%	(\$0.20)	120.5%
Non-GAAP					
Adjusted Gross Profit	\$12.5	\$11.7	6.8%	\$10.8	16.7%
Adjusted Gross Profit Percentage	12.6%	13.0%		12.1%	
Adjusted Net Income	\$3.8	\$2.4	57.4%	\$2.1	80.8%
Adjusted EPS	\$0.13	\$0.08	56.6%	\$0.08	71.2%
Adjusted EBITDA	\$7.5	\$6.4	17.5%	\$6.3	20.2%
Adjusted EBITDA Percentage	7.6%	7.1%		7.1%	
Net Debt	\$85.9	\$84.6	1.5%	84.4	

¹Excludes \$0.2 million in cash. Effective January 1, 2019, with the adoption of the new lease standard (ASC 842 – Leases), the Company recorded \$17.0 million of finance and operating lease obligations (as of Sept. 27, 2020) which includes \$3.6 million of new operating lease for extension of the Company’s Fremont, CA facility lease effective Q1 2020.

²Net debt excludes \$0.2 million in cash as of Sept 27, 2020 and \$0.3 million as of June 28, 2020.

Note: Adjusted Gross Profit, Adjusted Gross Profit Percentage, Adjusted Net Income, Adjusted Earnings Per Common Share (Adjusted EPS), EBITDA, Adjusted EBITDA, Adjusted EBITDA Percentage, and Net Debt (each as defined below) are non-GAAP measures. Please refer to the section below labeled “Non-GAAP Information” and the various reconciliations to the applicable most directly comparable GAAP measures included in the press release dated November 4, 2020.

CFO Discusses Outlook



Steve Waszak
CFO & SVP M&A

In \$1,000s except EPS	Long Term Target Model
Revenues	15-20% growth
Adj. Gross Margin ³ Gross Margin	12%-14%
Adj. EBITDA Margin	7%-9%

“Based on our current demand and supply chain visibility, and assuming our facilities continue to operate at currently planned levels, we are reaffirming at the higher end of our prior guidance issued on August 5, 2020.”

“We now expect revenues to range between \$195 million and \$205 million and adjusted EBITDA to range between \$14 million and \$15 million for the second half of 2020.”

“With continued sales momentum and planned operational efficiencies, we currently expect 2021 revenue to range between \$430 million and \$450 million with adjusted EBITDA to range between \$33.0 million and \$37.0 million, consistent with our long-term financial model.”

CEO Concluding Remarks before Q&A



Ed Smith
President & CEO



“I am pleased that we are starting to see an acceleration of customer programs moving through the customer certification process, into new product introduction phase and entering production that will continue to ramp in 2021.”

“Q3 was a strong quarter. Our operations and supply chain teams continued to perform exceptionally well working around the challenges presented by the COVID-19 outbreak. Our business development and sales team continued to expand our business with both existing and new customers.”

“Over the last two quarters our engineering and production staff in Boston and Fremont successfully launched 11 new product introductions, or NPI, programs.”

CFO Concluding Remarks before Q&A



Ed Smith
President & CEO

“We remain focused on growing our market share in key markets that play to our strengths, including Industrial IoT, the regulated medical markets, and markets of customers supporting the defense and aerospace industry.

During the third quarter, continued to see robust strength with some defense and space programs, which offset softness in commercial avionics.”

<i>Revenue by Industry Sectors</i>	<i>Q3 2020</i>		<i>Q3 2019</i>		<i>Change</i>	
	<i>\$ millions</i>	<i>Dollars</i> <i>Percent</i>	<i>Dollars</i>	<i>Percent</i>	<i>Dollars</i>	<i>Percent</i>
Industrial IoT, Power & Clean Technology*	\$37.0	37.2%	\$36.7	41.4%	\$0.3	0.8%
Semiconductors	\$16.0	16.1%	\$7.3	8.2%	\$8.7	119.2%
Avionics, Aerospace & Defense	\$12.0	12.1%	\$5.2	5.9%	\$6.8	130.8%
Medical and Safety	\$11.3	11.4%	\$10.5	11.8%	\$0.8	7.6%
Retail and Payment Systems	\$10.3	10.4%	\$10.6	12.0%	(\$0.3)	(2.8%)
Test and Measurement	\$8.1	8.1%	\$8.8	9.9%	(\$0.7)	(8.0%)
Telecom, Networking & Communications*	\$4.8	4.8%	\$9.6	10.8%	(\$4.8)	(50.0%)
Total	\$99.5	100.0%	\$88.7	100.0%	\$10.8	12.3%

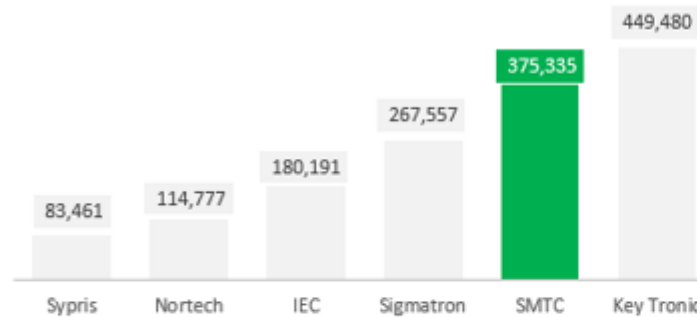
*Several customers were reclassified between Test & Measurement to Industrial IoT, Power & Clean Technology for all periods

CFO Concluding Remarks before Q&A

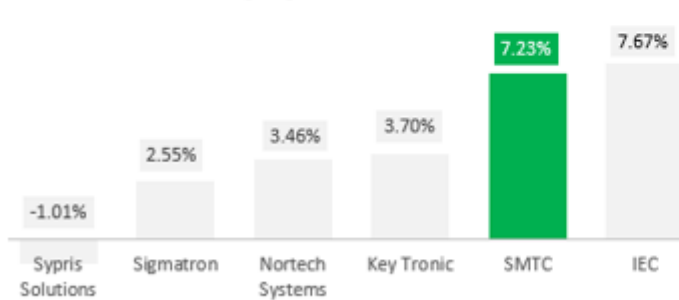


Ed Smith
President & CEO

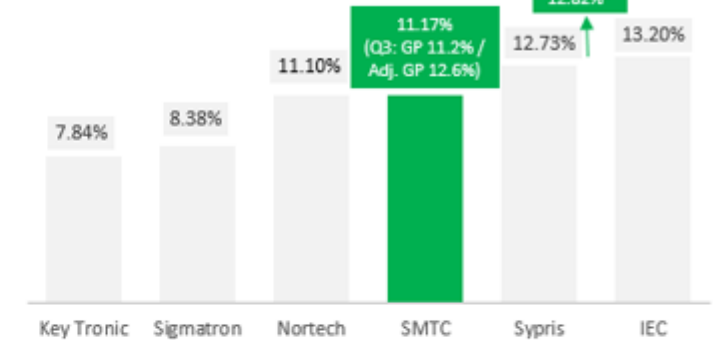
REVENUE (\$) - TTM



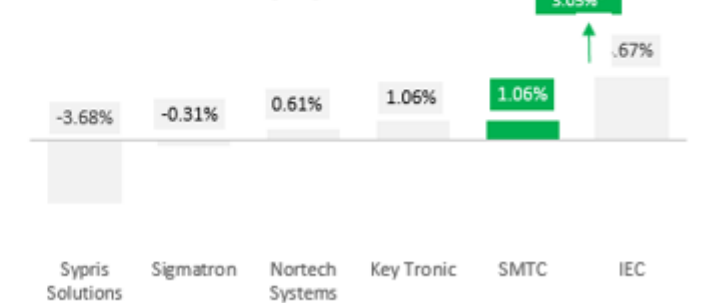
ADJ EBITDA (%) - TTM



GROSS PROFIT (%) - TTM



NET INCOME (%) - TTM



“We are making progress and remained focused on achieving and maintaining a leadership position in terms of operational performance among our Tier III EMS peers, including revenue growth, gross margin, EBITDA margin and net margin percentage.”

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

Appendix

TTM Adjusted EBITDA

	SMTC	IEC	Key Tronic	Nortech Systems	Sigmatron	Sypris Solutions
Revenue	375,335	180,191	449,480	114,777	267,557	83,461
Net income	3,986	6,620	4,758	701	(819)	(3,069)
Restructuring	(144)	-	-	-	-	432
Other	3,242	-	-	-	-	-
Stock based comp	713	678	266	29	105	414
Adj net income	11,434					
Gross profit	41,938	23,778	35,249	12,736	22,417	10,628
SG&A	28,168	13,869	21,030	10,759	21,525	12,675
Depreciation/Amortization	10,770	3,227	5,621	1,961	5,779	2,523
Unrealized FX (gain)/loss	(720)		3,926	10		(2,037)
Interest	8,234	1,596	2,509	919	1,586	874
Tax	1,039	1,693	(439)	357	182	16
Adj EBITDA	27,120	13,814	16,641	3,977	6,833	(847)

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

November 5, 2020