



World Class – Flexible – Customer Focused

Corporate Presentation
NASDAQ:SMTX

November 17, 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

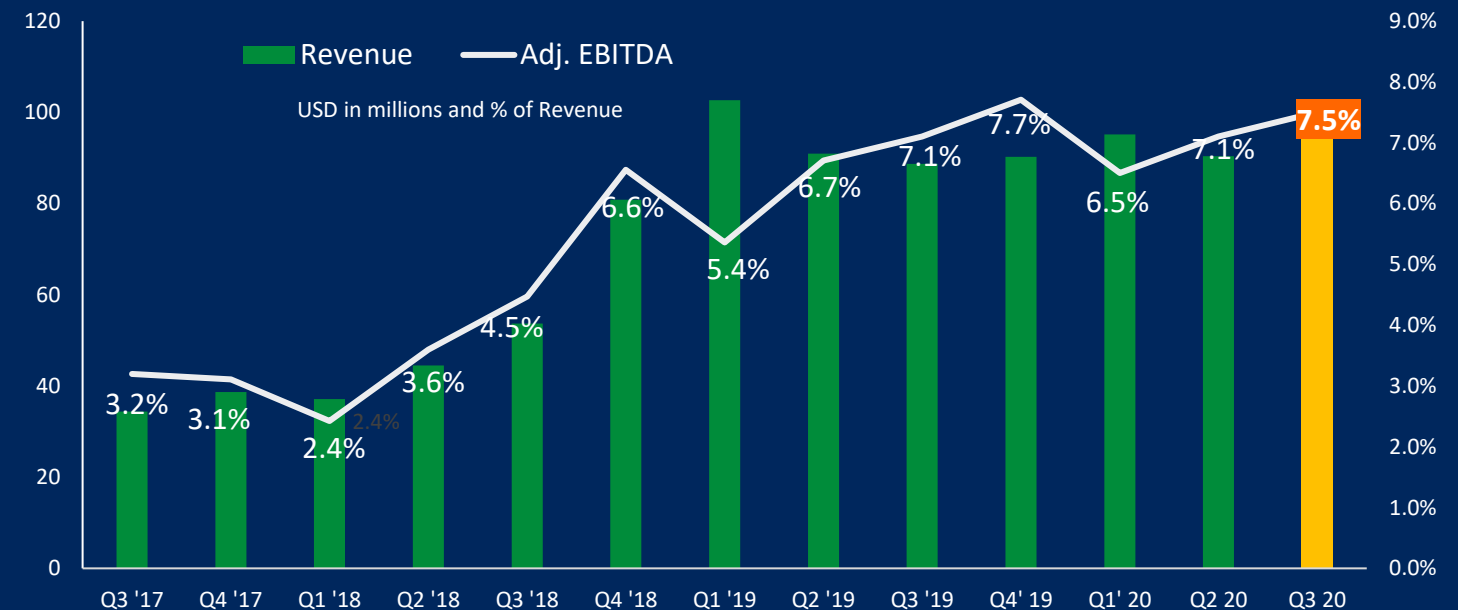
Continuing to Reduce Debt-to-Leverage Ratio

D-L Ratio: Lender debt (excl. Leases)
Q4 '18: 4.67 vs. Q2 '20: 2.66 vs. Q3 '20: 2.55

D-L Ratio: Total Debt (incl. Capital Finance Leases)
Q4 '18: 5.32 vs. Q2 '20: 3.03 vs. Q3 '20: 2.94



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

2021 Guidance: Revenues \$430M - \$450M/Adjusted EBITDA \$33M - \$37M

Guidance is made as of November 4, 2020 and subject to change without notice

INVESTMENT HIGHLIGHTS

What's Changing?

Winning significant new business with \$46 million in new awards and bookings during the third quarter

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.

All factories remain open supporting customers as we continue to operate as a COVID-compliant safe workplace

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



Reaffirming the Higher End of Prior Second Half 2020 Guidance*

Revenue \$195M - \$205M, up from \$185M in first half of 2020
Adj. EBITDA \$14.0M - \$15.0M, up from \$12.6M in first half of 2020



Focusing on the most attractive end markets, incl. 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



Supply chain continuity provides innovative solutions working through the COVID-19 pandemic challenges



Establishing 2021 Full Year Guidance*

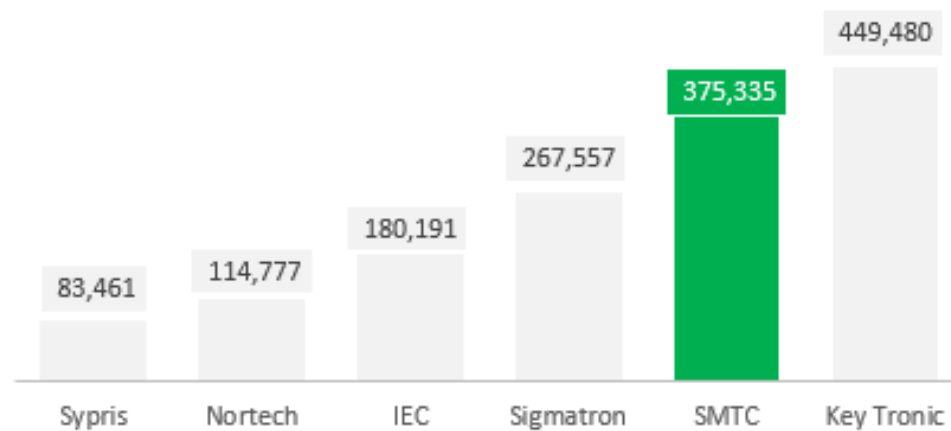
Revenue \$430M - \$450M
Adj. EBITDA \$33M - \$37M, consistent with LT financial model targets

*Guidance made as of November 4, 2020 and subject to change without notice.

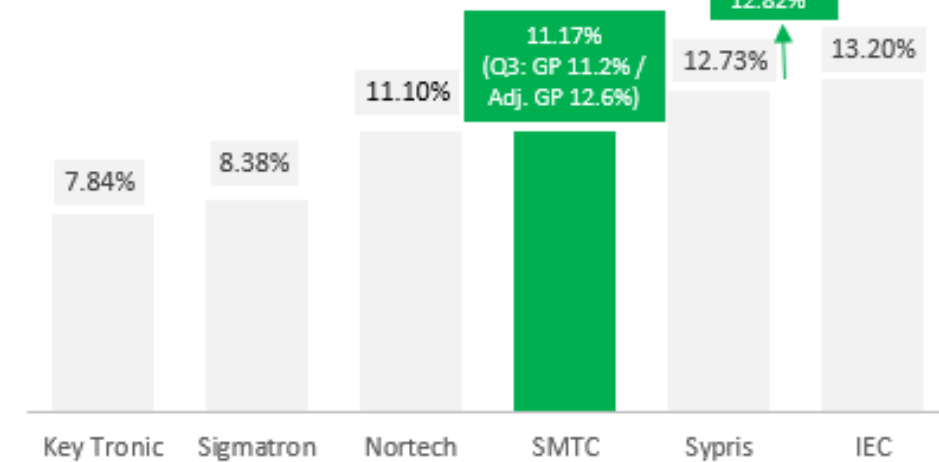
PROGRESSION TO BE BEST-IN-CLASS

TIER 3 PEER METRICS

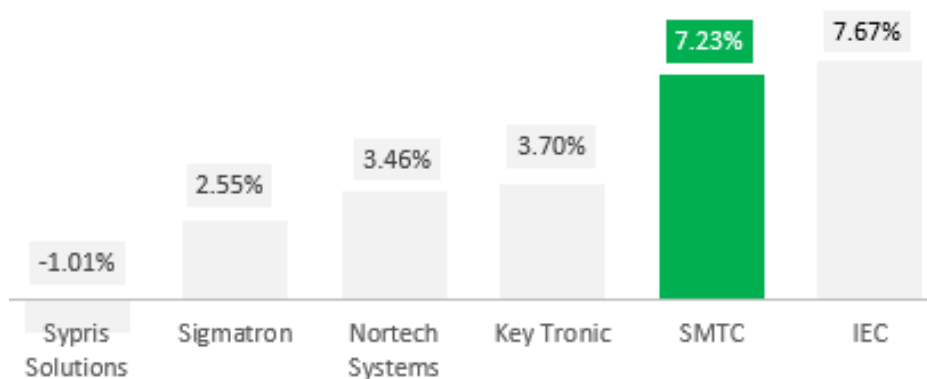
REVENUE (\$)-TTM



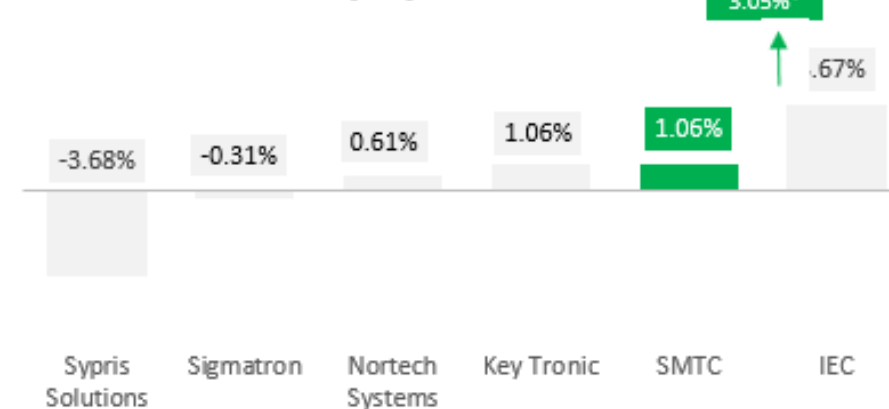
GROSS PROFIT (%)-TTM



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

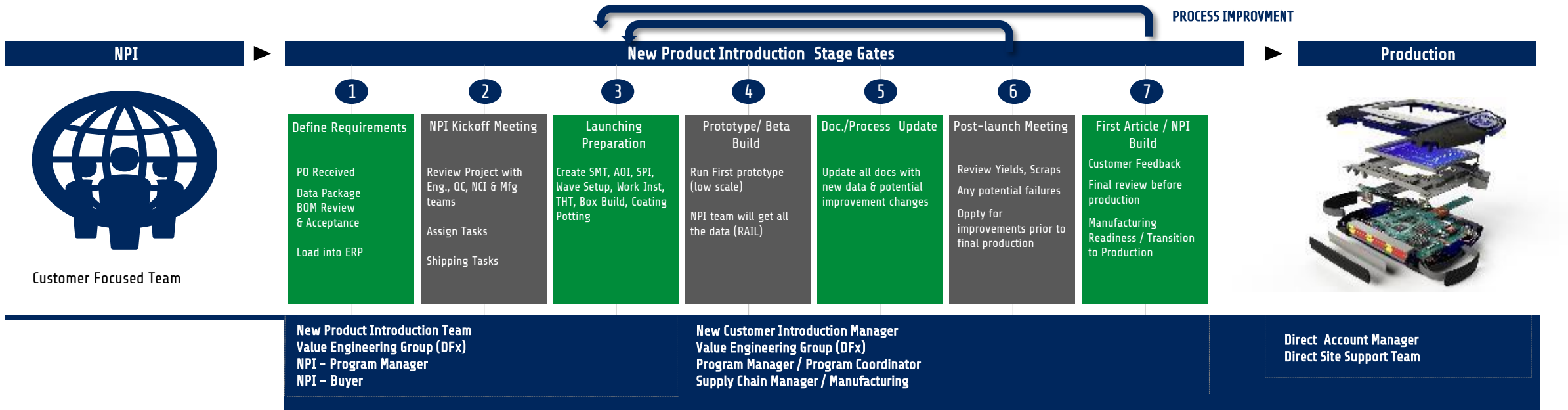
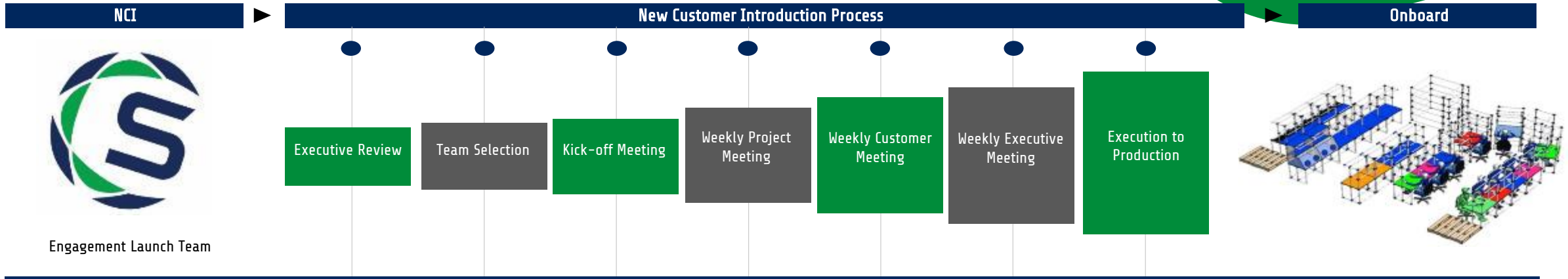


Phil Wehrli
SVP Global Planning & Supply Chain

35+ supply chain management experience



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>Q3 2020</i>		<i>Q3 2019</i>		<i>Change</i>	
\$ millions	Dollars	Percent	Dollars	Percent	Dollars	Percent
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

GENERAL CERTIFICATIONS / STANDARDS

All sites:
ISO 9001:2015
ISO 134885

ISO 14001
FDA Registration

Fremont:
AS9100 Rev D
ITAR Registration

FROST & SULLIVAN

2019 BEST PRACTICES AWARD

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 11/3/20	\$3.52
Market Cap as of 11/3//20	\$99.3M
Ticker / Exchange	SMTX / Nasdaq

SMTC CAPITALIZATION

Basic Shares as 9/27/20	28.2M
Diluted Shares as of 9/27/20	29.6M
Net Debt as of 9/27/20 ¹	
Term Loans A and ABL Revolver	\$ 69.1M
Finance and operating lease obligations	<u>\$ 17.0M</u>
	\$ 85.9M ¹

In \$1,000s except EPS	Long Term Target Model	Q3 2020	Q2 2020	Q1 2020	FY 2019	FY 2018
Revenues	15-20% growth ²	\$99.5	\$90.4	\$95.1	\$372.5	\$216.1
Adj. Gross Margin ³	12%-14%	12.6%	13.0%	12.3%	11.9%	10.4%
Gross Margin		11.2%	11.8%	10.1%	9.9%	10.0%
Adj. EBITDA		\$7.5	\$6.4	\$6.2	\$24.8	\$10.2
Adj. EBITDA Margin	7%-9%	7.6%	7.1%	6.5%	6.7%	4.7%
EPS		\$0.04	\$0.03	\$0.03	(\$0.23)	(\$0.02)
Adj. EPS ⁴		\$0.13	\$0.08	\$0.08	\$0.27	\$0.06

¹Net debt excludes \$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 for extension of the Company's Fremont, CA facility lease effective 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,

⁴Please see the relevant earnings press releases for determinations of Adjusted EPS at <https://www.smtc.com/investors/news-events/press-releases>.

BALANCE SHEET HIGHLIGHTS

(in thousands)	Sept 27, 2020	June 28, 2020
Current Assets	\$ 175,292	\$ 161,586
Property Plant & Equipment, net	23,397	23,495
Other Long Term	35,388	36,189
Total Assets	\$ 234,077	\$ 221,270
Current Liabilities ¹	\$143,281	\$131,606
Long term Debt	32,513	32,903
Other Long term liabilities ¹	13,738	13,617
Stockholders' equity	44,545	43,144
Liabilities and stockholders' equity	\$ 234,077	\$ 221,270

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.

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

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 **Expand Mix** of Lines of Business and **M&A**

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

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

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