

October 30, 2018



# TTM Technologies, Inc. Reports Fiscal Third Quarter 2018 Results

COSTA MESA, Calif., Oct. 30, 2018 (GLOBE NEWSWIRE) -- TTM Technologies, Inc. (NASDAQ:TTMI), a leading global printed circuit board ("PCB") and radio frequency ("RF") components manufacturer, today reported results for the third quarter of fiscal 2018, which ended October 1, 2018. The financial results provided below for the third quarter include a full quarter contribution from the acquisition of Anaren, Inc. ("Anaren"), which was completed on April 18, 2018.

## Third Quarter 2018 Highlights

- Net sales were \$755.8 million
- GAAP net income was \$27.0 million, or \$0.22 per diluted share
- Non-GAAP net income was \$55.1 million, or \$0.50 per diluted share
- Cash flow from operations of \$80.0 million

## Third Quarter 2018 Financial Results

Net sales for the third quarter of 2018 were \$755.8 million, compared to \$666.8 million in the third quarter of 2017 and \$716.9 million in the second quarter of 2018.

GAAP operating income for the third quarter of 2018 was \$54.6 million, compared to \$44.1 million in the third quarter of 2017 and \$31.7 million in the second quarter of 2018.

GAAP net income for the third quarter of 2018 was \$27.0 million, or \$0.22 per diluted share. This compares to \$21.5 million, or \$0.19 per diluted share, in the third quarter of 2017 and \$84.0 million, or \$0.65 per diluted share, in the second quarter of 2018.

On a non-GAAP basis, net income for the third quarter of 2018 was \$55.1 million, or \$0.50 per diluted share. This compares to non-GAAP net income of \$33.4 million, or \$0.32 per diluted share, for the third quarter of 2017 and \$52.3 million, or \$0.48 per diluted share, in the second quarter of 2018.

Adjusted EBITDA for the third quarter of 2018 was \$122.3 million, or 16.2 percent of net sales, compared to adjusted EBITDA of \$85.7 million, or 12.9 percent of net sales, for the third quarter of 2017 and \$115.9 million, or 16.2 percent of net sales, for the second quarter of 2018.

"TTM delivered record revenues and earnings for a third quarter," said Tom Edman, CEO of TTM. "We were pleased to see solid year over year growth from the aerospace and defense, cellular, computing and medical/industrial/instrumentation end markets that more than offset weakness in our automotive end market. Following record third quarter revenues in the cellular end market, we're anticipating weaker sales and profits in the fourth quarter."

## Business Outlook

For the fourth quarter of 2018 TTM estimates that revenue will be in the range of \$720 million to \$760 million, and non-GAAP net income will be in the range of \$0.44 to \$0.50 per diluted share.

### **To Access the Live Webcast/Conference Call**

TTM will host a conference call and webcast to discuss third quarter 2018 results and fourth quarter 2018 outlook on Tuesday, October 30, 2018, at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time). The conference call will include forward-looking statements.

Telephone access is available by dialing domestic 800-667-5617 or international 334-323-0509 (ID 9367022). The conference call also will be webcast on TTM's website at [www.ttm.com](http://www.ttm.com).

### **To Access a Replay of the Webcast**

The replay of the webcast will remain accessible for one week following the live event on TTM's website at [www.ttm.com](http://www.ttm.com).

### **About TTM**

TTM Technologies, Inc. is a leading global printed circuit board manufacturer, focusing on quick-turn and volume production of technologically advanced PCBs, backplane assemblies and electro-mechanical solutions as well as a global designer and manufacturer of RF and microwave components and assemblies. TTM stands for time-to-market, representing how TTM's time-critical, one-stop manufacturing services enable customers to shorten the time required to develop new products and bring them to market. Additional information can be found at [www.ttm.com](http://www.ttm.com).

### **Forward-Looking Statements**

This release contains forward-looking statements that relate to future events or performance. TTM cautions you that such statements are simply predictions and actual events or results may differ materially. These statements reflect TTM's current expectations, and TTM does not undertake to update or revise these forward looking statements, even if experience or future changes make it clear that any projected results expressed or implied in this or other TTM statements will not be realized. Further, these statements involve risks and uncertainties, many of which are beyond TTM's control, which could cause actual results to differ materially from the forward-looking statements. These risks and uncertainties include, but are not limited to, general market and economic conditions, including interest rates, currency exchange rates and consumer spending, demand for TTM's products, market pressures on prices of TTM's products, warranty claims, changes in product mix, contemplated significant capital expenditures and related financing requirements, TTM's dependence upon a small number of customers and other factors set forth in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's public reports filed with the SEC.

### **About Our Non-GAAP Financial Measures**

This release includes information about TTM's adjusted EBITDA, non-GAAP net income and non-GAAP earnings per share, all of which are non-GAAP financial measures. TTM presents non-GAAP financial information to enable investors to see TTM through the eyes of management and to provide better insight into TTM's 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. TTM compensates 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.

With respect to the Company's outlook for non-GAAP net income per diluted share, we are unable to predict with reasonable certainty or without unreasonable effort certain items that may affect such measure calculated and presented in accordance with GAAP. Our expected non-GAAP net income per diluted share excludes primarily the future impact of restructuring actions, impairment charges, unusual gains and losses, and tax adjustments. These reconciling items are highly variable and difficult to predict due to various factors outside of management's control and could have a material impact on our future period net income per diluted share calculated and presented in accordance with GAAP. Accordingly, a reconciliation of non-GAAP net income per diluted share to such measure calculated and presented in accordance with GAAP is not available without unreasonable effort and has not been provided.

- Tables Follow -

**TTM TECHNOLOGIES, INC.**  
**Selected Unaudited Financial Information**  
(In thousands, except per share data)

|                                                            | Third Quarter |            | Second Quarter | F        |
|------------------------------------------------------------|---------------|------------|----------------|----------|
|                                                            | 2018          | 2017       | 2018           | 2017     |
| <b>CONSOLIDATED CONDENSED<br/>STATEMENTS OF OPERATIONS</b> |               |            |                |          |
| Net sales                                                  | \$ 755,837    | \$ 666,814 | \$ 716,887     | \$ 2,136 |
| Cost of goods sold                                         | 626,253       | 569,980    | 600,747        | 1,801    |
| Gross profit                                               | 129,584       | 96,834     | 116,140        | 334      |
| Operating expenses:                                        |               |            |                |          |
| Selling and marketing                                      | 18,533        | 16,269     | 18,619         | 54       |
| General and administrative                                 | 39,974        | 30,018     | 45,721         | 119      |
| Amortization of definite-lived intangibles                 | 16,609        | 5,905      | 19,489         | 41       |
| Restructuring charges                                      | (82 )         | 100        | 577            | 1        |
| (Gain)/loss on sale of assets                              | -             | 452        | -              |          |

|                                                                                                                            |                  |                  |                  |               |
|----------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|---------------|
| Total operating expenses                                                                                                   | <u>75,034</u>    | <u>52,744</u>    | <u>84,406</u>    | <u>218</u>    |
| Operating income                                                                                                           | 54,550           | 44,090           | 31,734           | 116           |
| Interest expense                                                                                                           | (22,225 )        | (13,598 )        | (20,453 )        | (56           |
| Loss on extinguishment of debt                                                                                             | -                | (768 )           | -                |               |
| Other, net                                                                                                                 | <u>2,213</u>     | <u>(6,984 )</u>  | <u>6,178</u>     | <u>7</u>      |
| Income before income taxes                                                                                                 | 34,538           | 22,740           | 17,459           | 67            |
| Income tax (provision) / benefit                                                                                           | <u>(7,537 )</u>  | <u>(1,205 )</u>  | <u>66,545</u>    | <u>53</u>     |
| Net income                                                                                                                 | <u>\$ 27,001</u> | <u>\$ 21,535</u> | <u>\$ 84,004</u> | <u>\$ 121</u> |
| Net income attributable to noncontrolling interest                                                                         | <u>-</u>         | <u>(82 )</u>     | <u>-</u>         |               |
| Net income attributable to stockholders                                                                                    | <u>\$ 27,001</u> | <u>\$ 21,453</u> | <u>\$ 84,004</u> | <u>\$ 121</u> |
| Earnings per share attributable to stockholders:                                                                           |                  |                  |                  |               |
| Basic                                                                                                                      | \$ 0.26          | \$ 0.21          | \$ 0.81          | \$            |
| Diluted                                                                                                                    | \$ 0.22          | \$ 0.19          | \$ 0.65          | \$            |
| Weighted-average shares used in computing per share amounts:                                                               |                  |                  |                  |               |
| Basic                                                                                                                      | 103,676          | 101,814          | 103,553          | 103           |
| Diluted                                                                                                                    | 136,435          | 131,596          | 134,721          | 134           |
| Reconciliation of the numerator and denominator used to calculate basic earnings per share and diluted earnings per share: |                  |                  |                  |               |
| Net income attributable to stockholders                                                                                    | \$ 27,001        | \$ 21,453        | \$ 84,004        | \$ 121        |
| Add back items: interest expense, net of tax                                                                               | <u>3,628</u>     | <u>3,469</u>     | <u>3,587</u>     | <u>10</u>     |
| Adjusted net income attributable to stockholders                                                                           | <u>\$ 30,629</u> | <u>\$ 24,922</u> | <u>\$ 87,591</u> | <u>\$ 131</u> |
| Weighted-average shares outstanding                                                                                        | 103,676          | 101,814          | 103,553          | 103           |
| Dilutive effect of convertible debt                                                                                        | 25,938           | 25,939           | 25,938           | 25            |
| Dilutive effect of warrants                                                                                                | 5,226            | 2,151            | 3,854            | 4             |

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

|       |       |       |   |
|-------|-------|-------|---|
| 1,595 | 1,692 | 1,376 | 1 |
|-------|-------|-------|---|

Diluted shares

|         |         |         |     |
|---------|---------|---------|-----|
| 136,435 | 131,596 | 134,721 | 134 |
|---------|---------|---------|-----|

Earnings per share attributable to stockholders:

|         |         |         |         |    |
|---------|---------|---------|---------|----|
| Basic   | \$ 0.26 | \$ 0.21 | \$ 0.81 | \$ |
| Diluted | \$ 0.22 | \$ 0.19 | \$ 0.65 | \$ |

## SELECTED BALANCE SHEET DATA

|                                                              | October 1,<br>2018 | January 1,<br>2018 |
|--------------------------------------------------------------|--------------------|--------------------|
| Cash and cash equivalents, including restricted cash         | \$ 207,952         | \$ 409,326         |
| Accounts and notes receivable, net                           | 569,215            | 483,903            |
| Contract assets                                              | 296,836            | -                  |
| Inventories                                                  | 122,232            | 294,588            |
| Total current assets                                         | 1,233,008          | 1,221,307          |
| Property, plant and equipment, net                           | 1,059,246          | 1,056,845          |
| Other non-current assets                                     | 1,196,972          | 503,730            |
| Total assets                                                 | 3,489,226          | 2,781,882          |
| Short-term debt, including current portion of long-term debt | \$ 40,000          | \$ 4,578           |
| Accounts payable                                             | 451,645            | 497,455            |
| Total current liabilities                                    | 695,276            | 720,356            |
| Debt, net of discount                                        | 1,518,315          | 975,479            |
| Total long-term liabilities                                  | 1,619,039          | 1,050,146          |
| Total equity                                                 | 1,174,911          | 1,011,380          |
| Total liabilities and equity                                 | 3,489,226          | 2,781,882          |

## SUPPLEMENTAL DATA

|                  | Third Quarter | Second Quarter | F      |
|------------------|---------------|----------------|--------|
|                  | 2018          | 2017           | 2018   |
| Gross margin     | 17.1 %        | 14.5 %         | 16.2 % |
| Operating margin | 7.2 %         | 6.6 %          | 4.4 %  |

End Market Breakdown:

|                                    | Third Quarter |      | Second Quarter |
|------------------------------------|---------------|------|----------------|
|                                    | 2018          | 2017 | 2018           |
| Aerospace/Defense                  | 23 %          | 16 % | 24 %           |
| Automotive                         | 15 %          | 20 % | 19 %           |
| Cellular Phone                     | 17 %          | 17 % | 8 %            |
| Computing/Storage/Peripherals      | 14 %          | 14 % | 15 %           |
| Medical/Industrial/Instrumentation | 13 %          | 14 % | 14 %           |
| Networking/Communications          | 17 %          | 17 % | 17 %           |
| Other                              | 1 %           | 2 %  | 3 %            |

Stock-based Compensation:

|                                        | Third Quarter   |                 | Second Quarter  |
|----------------------------------------|-----------------|-----------------|-----------------|
|                                        | 2018            | 2017            | 2018            |
| Amount included in:                    |                 |                 |                 |
| Cost of goods sold                     | \$ 774          | \$ 606          | \$ 829          |
| Selling and marketing                  | 520             | 369             | 545             |
| General and administrative             | 4,165           | 3,703           | 4,493           |
| Total stock-based compensation expense | <u>\$ 5,459</u> | <u>\$ 4,678</u> | <u>\$ 5,867</u> |

Operating Segment Data:

|                           | Third Quarter |            | Second Quarter |
|---------------------------|---------------|------------|----------------|
|                           | 2018          | 2017       | 2018           |
| Net sales:                |               |            |                |
| PCB                       | \$ 698,983    | \$ 609,742 | \$ 657,601     |
| E-M Solutions             | 59,481        | 60,620     | 61,842         |
| Corporate                 | -             | -          | -              |
| Total sales               | 758,464       | 670,362    | 719,443        |
| Inter-segment sales       | (2,627 )      | (3,548 )   | (2,556 )       |
| Total net sales           | \$ 755,837    | \$ 666,814 | \$ 716,887     |
| Operating segment income: |               |            |                |
| PCB                       | \$ 98,039     | \$ 70,443  | \$ 80,964      |
| E-M Solutions             | 2,205         | 2,870      | 2,496          |
| Corporate                 | (26,920 )     | (23,318 )  | (32,237 )      |

|                                            |           |           |           |
|--------------------------------------------|-----------|-----------|-----------|
| Total operating segment income             | 73,324    | 49,995    | 51,223    |
| Amortization of definite-lived intangibles | (18,774 ) | (5,905 )  | (19,489 ) |
| Total operating income                     | 54,550    | 44,090    | 31,734    |
|                                            |           |           | (14,275 ) |
| Total other expense                        | (20,012 ) | (21,350 ) |           |
| Income before income taxes                 | \$ 34,538 | \$ 22,740 | \$ 17,459 |

## RECONCILIATIONS<sup>1</sup>

|                                                     | Third Quarter     |                  | Second Quarter    | F             |
|-----------------------------------------------------|-------------------|------------------|-------------------|---------------|
|                                                     | 2018              | 2017             | 2018              | 2017          |
| Non-GAAP gross profit reconciliation <sup>2</sup> : |                   |                  |                   |               |
| GAAP gross profit                                   | \$ 129,584        | \$ 96,834        | \$ 116,140        | \$ 334        |
| Add back item:                                      |                   |                  |                   |               |
| Inventory markup                                    | -                 | -                | 4,900             | 4             |
| Amortization of definite-lived intangibles          | 2,165             | -                | -                 | 2             |
| Stock-based compensation                            | 774               | 606              | 829               | 2             |
| Non-GAAP gross profit                               | <u>\$ 132,523</u> | <u>\$ 97,440</u> | <u>\$ 121,869</u> | <u>\$ 343</u> |
| Non-GAAP gross margin                               | 17.5 %            | 14.6 %           | 17.0 %            |               |

|                                                                    |                  |                  |                  |               |
|--------------------------------------------------------------------|------------------|------------------|------------------|---------------|
| Non-GAAP operating income reconciliation <sup>3</sup> :            |                  |                  |                  |               |
| GAAP operating income                                              | \$ 54,550        | \$ 44,090        | \$ 31,734        | \$ 116        |
| Add back items:                                                    |                  |                  |                  |               |
| Amortization of definite-lived intangibles                         | 18,774           | 5,905            | 19,489           | 44            |
| Stock-based compensation                                           | 5,459            | 4,678            | 5,867            | 14            |
| (Gain)/loss on sale of assets                                      | -                | 452              | -                |               |
| Inventory markup                                                   | -                | -                | 4,900            | 4             |
| Impairments, restructuring, acquisition-related, and other charges | 230              | 100              | 7,429            | 12            |
| Non-GAAP operating income                                          | <u>\$ 79,013</u> | <u>\$ 55,225</u> | <u>\$ 69,419</u> | <u>\$ 192</u> |
| Non-GAAP operating margin                                          | 10.5 %           | 8.3 %            | 9.7 %            |               |

Non-GAAP net income and EPS attributable to stockholders reconciliation<sup>4</sup>:

|                                                                    |                  |                  |                  |               |
|--------------------------------------------------------------------|------------------|------------------|------------------|---------------|
| GAAP net income attributable to stockholders                       | \$ 27,001        | \$ 21,453        | \$ 84,004        | \$ 121        |
| Add back items:                                                    |                  |                  |                  |               |
| Amortization of definite-lived intangibles                         | 18,774           | 5,905            | 19,489           | 44            |
| Stock-based compensation                                           | 5,459            | 4,678            | 5,867            | 14            |
| Non-cash interest expense                                          | 3,992            | 2,699            | 3,353            | 10            |
| (Gain)/loss on sale of assets                                      | -                | 452              | -                |               |
| Inventory markup                                                   | -                | -                | 4,900            | 4             |
| Loss on extinguishment of debt                                     | -                | 768              | -                |               |
| Impairments, restructuring, acquisition-related, and other charges | 230              | 100              | 7,742            | 13            |
| Income taxes <sup>5</sup>                                          | (337 )           | (2,643 )         | (73,073 )        | (73           |
| Non-GAAP net income attributable to stockholders                   | <u>\$ 55,119</u> | <u>\$ 33,412</u> | <u>\$ 52,282</u> | <u>\$ 135</u> |
| Non-GAAP earnings per diluted share attributable to stockholders   | \$ 0.50          | \$ 0.32          | \$ 0.48          | \$            |

Non-GAAP diluted number of shares<sup>6</sup>:

|                                     |                |                |                |            |
|-------------------------------------|----------------|----------------|----------------|------------|
| Diluted shares                      | 136,435        | 131,596        | 134,721        | 134        |
| Dilutive effect of convertible debt | (25,938 )      | (25,939 )      | (25,938 )      | (25        |
| Non-GAAP diluted number of shares   | <u>110,497</u> | <u>105,657</u> | <u>108,783</u> | <u>108</u> |

Adjusted EBITDA reconciliation<sup>7</sup>:

|                                                                    |           |           |           |        |
|--------------------------------------------------------------------|-----------|-----------|-----------|--------|
| GAAP net income                                                    | \$ 27,001 | \$ 21,535 | \$ 84,004 | \$ 121 |
| Add back items:                                                    |           |           |           |        |
| Income tax provision (benefit)                                     | 7,537     | 1,205     | (66,545 ) | (53    |
| Interest expense                                                   | 22,225    | 13,598    | 20,453    | 56     |
| Amortization of definite-lived intangibles                         | 18,774    | 5,905     | 19,489    | 44     |
| Depreciation expense                                               | 41,092    | 37,496    | 40,298    | 121    |
| Stock-based compensation                                           | 5,459     | 4,678     | 5,867     | 14     |
| (Gain)/loss on sale of assets                                      | -         | 452       | -         |        |
| Inventory markup                                                   | -         | -         | 4,900     | 4      |
| Loss on extinguishment of debt                                     | -         | 768       | -         |        |
| Impairments, restructuring, acquisition-related, and other charges | 230       | 100       | 7,429     | 12     |

|                                |                   |                  |                   |               |
|--------------------------------|-------------------|------------------|-------------------|---------------|
| Adjusted EBITDA                | <u>\$ 122,318</u> | <u>\$ 85,737</u> | <u>\$ 115,895</u> | <u>\$ 321</u> |
| Adjusted EBITDA margin         | 16.2 %            | 12.9 %           | 16.2 %            |               |
| Free cash flow reconciliation: |                   |                  |                   |               |
| Operating cash flow            | 79,992            | 71,366           | 55,639            | 121           |
| Capital expenditures, net      | <u>(35,038 )</u>  | <u>(22,877 )</u> | <u>(38,948 )</u>  | <u>(116</u>   |
| Free cash flow                 | <u>\$ 44,954</u>  | <u>\$ 48,489</u> | <u>\$ 16,691</u>  | <u>\$ 5</u>   |

<sup>1</sup> This information provides a reconciliation of non-GAAP gross profit, non-GAAP operating income attributable to stockholders, non-GAAP EPS attributable to stockholders, and adjusted EBITDA to GAAP 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 and inventory markup.

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

<sup>4</sup> This information provides non-GAAP net income attributable to stockholders and non-GAAP EPS attributable to stockholders, which are non-GAAP financial measures. Management believes that both measures exclude amortization of intangibles, stock-based compensation expense, non-cash interest expense on debt (including capitalized interest), gain on sale of assets, inventory markup, acquisition-related costs, asset impairment charges and other charges as well as the associated tax impact of these charges and discrete tax items -- providing 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 the annual GAAP tax rate.

<sup>6</sup> Non-GAAP diluted number of shares used in computing non-GAAP earnings per share attributable to common stockholders excludes the dilutive effect of convertible debt.

<sup>7</sup> Adjusted EBITDA is defined as earnings before interest expense, income taxes, depreciation, amortization, stock-based compensation expense, gain on sale of assets, inventory markup, acquisition-related costs, asset impairment charges, restructuring 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 of our operating performance and comparing our operating performance with that of similar companies with different corporate 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 flow activities as a measure of liquidity or as an alternative to net income as a measure of operating results. Adjusted EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States of America.

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