



**World Class – Flexible – Customer Focused**

Corporate Presentation  
NASDAQ:SMTX

**March 17, 2021**

# 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 Aug. 5, 2020 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

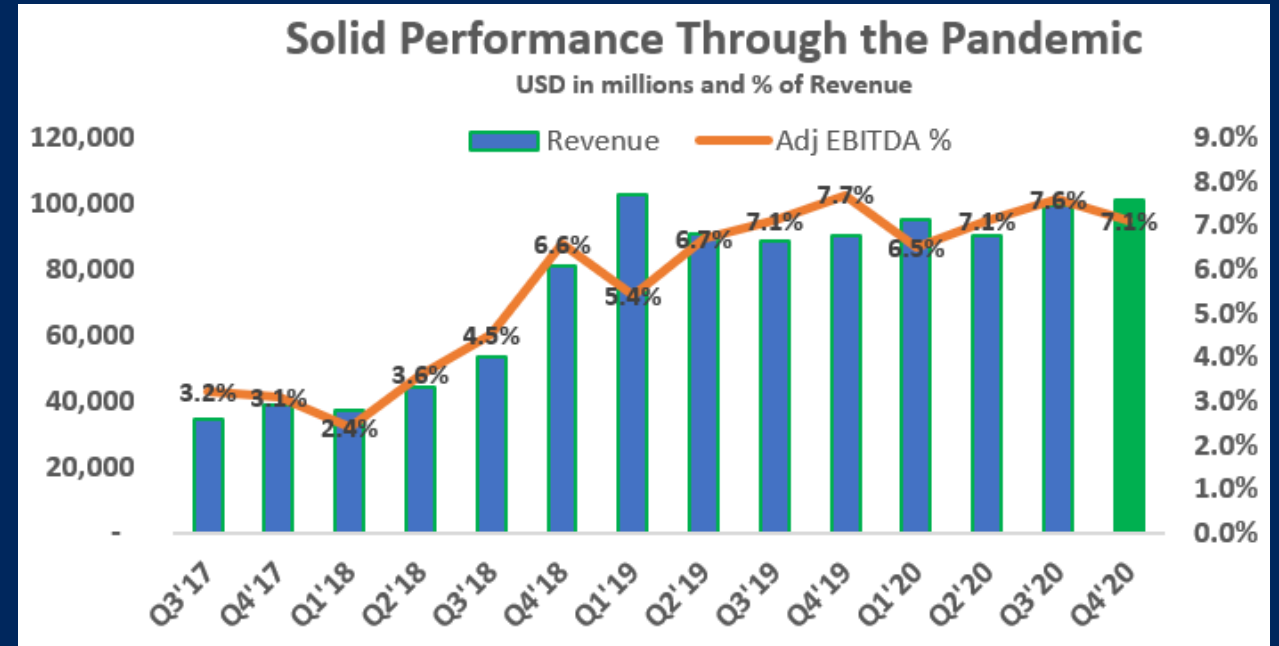
Expanding Customer Base

As of January 3, 2021

Over 560,000 sq. ft. of global production space

Debt-to-Adjusted EBITDA ratio to 2.62 (excluding leases)

\$28.4 million borrowing availability, subject to borrowing base conditions



New CEO & COO  
Announced Strategic  
Initiatives

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

MC Assembly  
Acquisition  
Announced

Eliminated Term B  
debt & expanded  
borrowing capacity

# INVESTMENT HIGHLIGHTS

## What is Changing?

**Winning significant new business** with \$100M+ in new awards and bookings during 2020

**Starting to see an acceleration of customer programs** moving through the customer certification process, into new product introduction phase and entering production that is expected 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

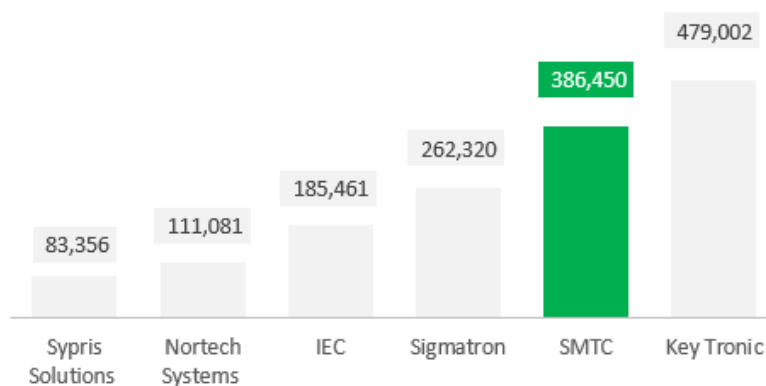
- ✓ **H.I.G. investing in SMTC;** post transaction SMTC to operate as an independent private company with the backing of new equity investor H.I.G. Capital, a global investment firm with \$43B in capital
- ✓ **Focusing on the most attractive end markets,** incl. Aerospace & Defense, IoT, 5G, Medical & 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
- ✓ **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.

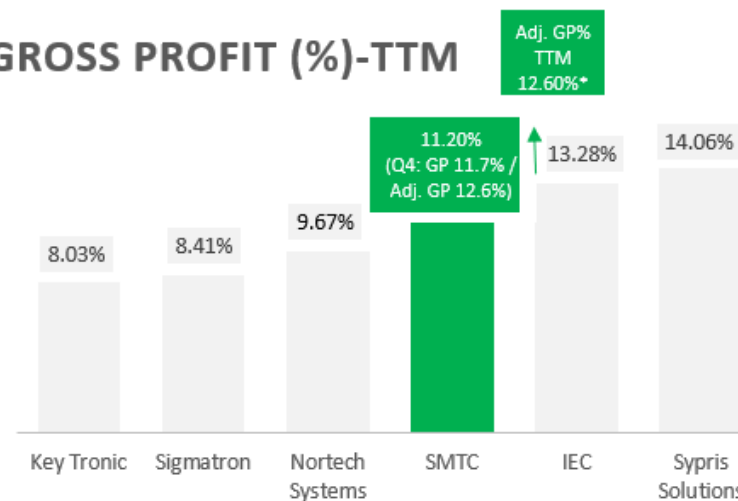
# PROGRESSION TO BE BEST-IN-CLASS

## TIER 3 PEER METRICS

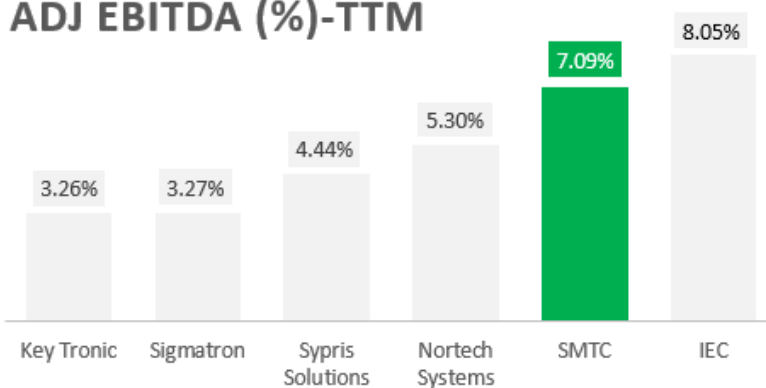
### REVENUE (\$)-TTM



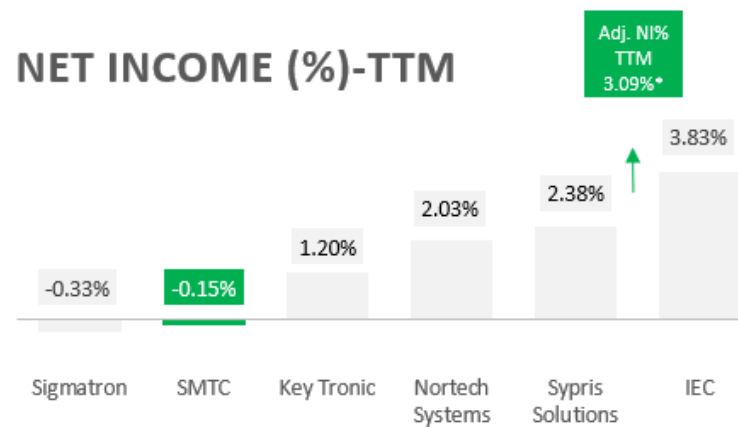
### GROSS PROFIT (%)-TTM



### 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



**Steve Waszak**

**CFO & SVP M&A**

20+ years finance, strategic M&A development experience

**Deloitte.**



**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**

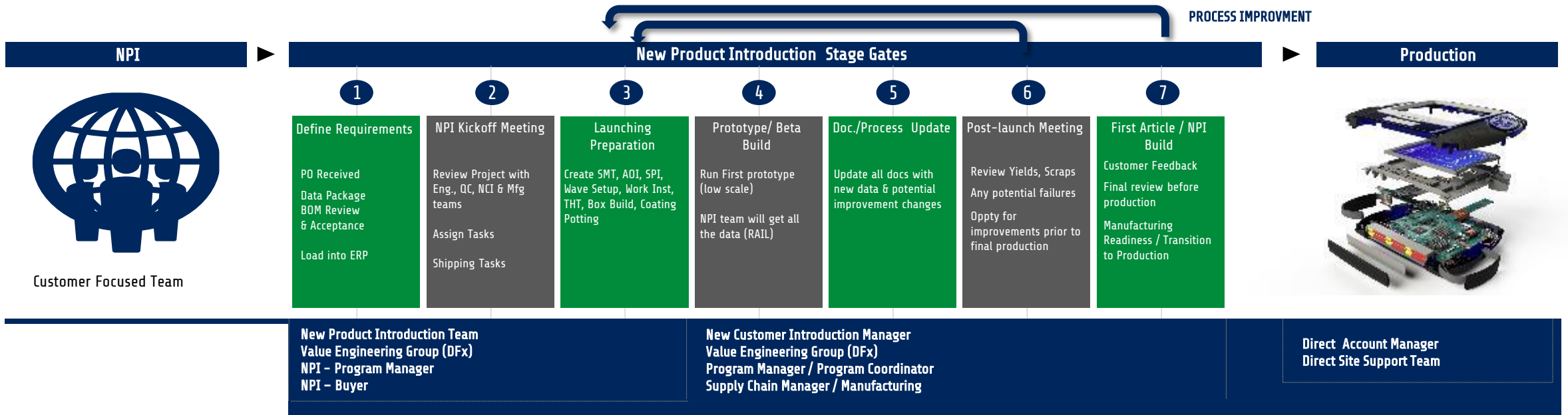
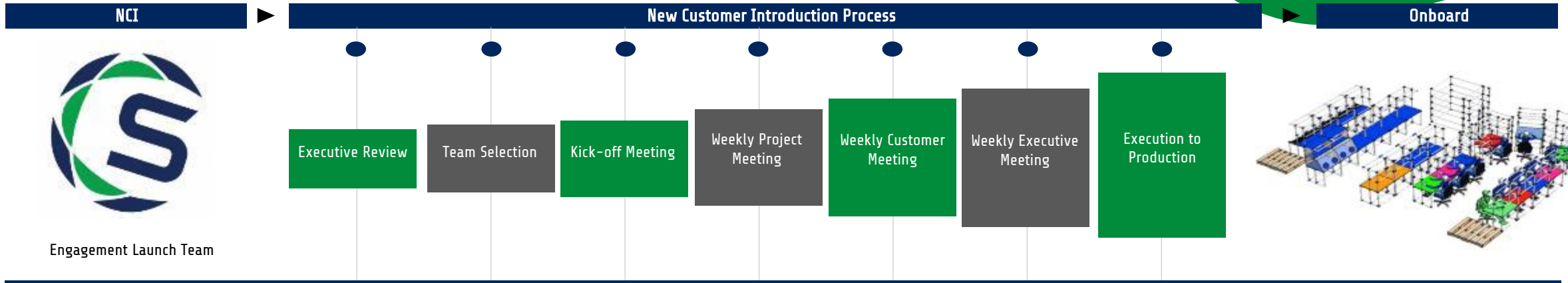
35+ supply chain management experience



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

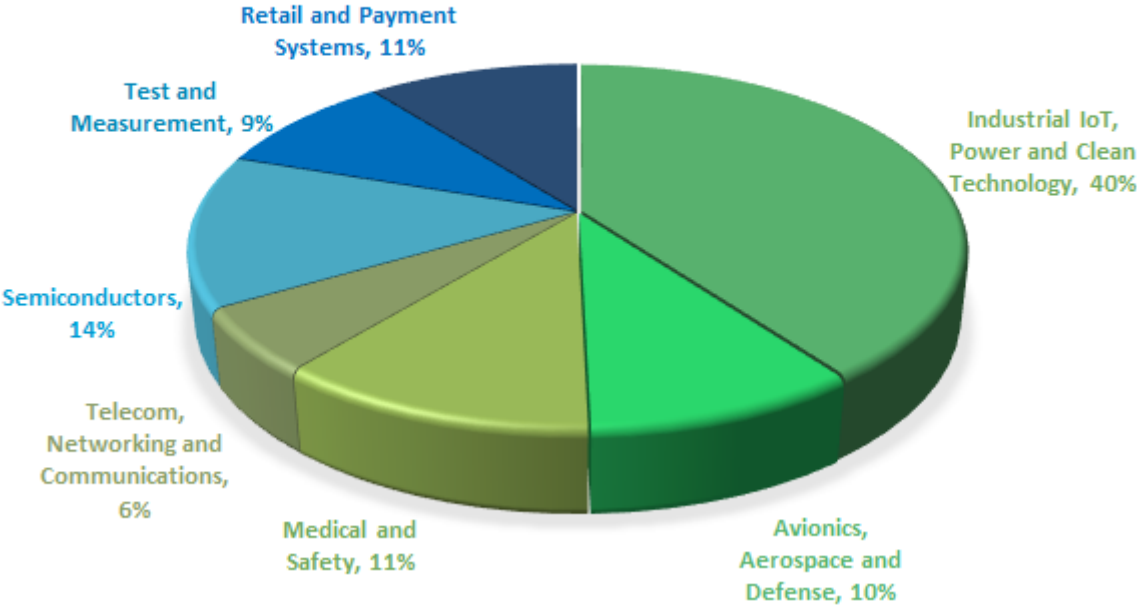




# MARKETS WE SERVE



FOCUSED ON THE MOST ATTRACTIVE END MARKETS  
REVENUE PERCENTAGES BY INDUSTRY SECTORS IN 2020



Industry Sector	Twelve months ended January 03, 2021		Twelve months ended December 29, 2019		Change	
	\$	%	\$	%	\$	%
Industrial, Power and Clean Technology	154.2	39.9	147.3	39.5	6.9	4.7
Semiconductors	52.6	13.6	23.0	6.2	29.6	128.7
Medical and Safety	44.2	11.4	45.5	12.2	(1.3)	(2.9)
Retail and Payment Systems	41.1	10.6	46.1	12.4	(5.0)	(10.8)
Avionics, Aerospace and Defense	37.3	9.7	24.7	6.6	12.6	51.0
Test and Measurement	35.4	9.2	48.7	13.1	(13.3)	(27.3)
Telecom, Networking and Communications	21.7	5.6	37.2	10.0	(15.5)	(41.7)
Total	386.5	100.0	372.5	100.0	14.0	3.8%

\*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

BEST  
2019 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

# FINANCIAL SUMMARY

## SMTC KEY STATISTICS

Stock Price as of 3/17/20	\$5.98
Market Cap as of 3/17/20	\$170.5M
Ticker / Exchange	SMTX / Nasdaq

## SMTC CAPITALIZATION

Basic Shares as 1/3/21	28.4 M
Diluted Shares as of 1/3/21	28.4 M
Net Debt as of 1/3/21 <sup>1</sup>	\$87.4 M
Asset base credit lending facility availability, subject to borrowing base conditions	\$28.4 M

\$s in millions except EPS	Long Term Target Model	Q4 2020	Q3 2020	Q2 2020	Q1 2020	FY 2019	FY 2018
Revenues	15-20% growth <sup>2</sup>	\$101.4	\$99.5	\$90.4	\$95.1	\$372.5	\$216.1
Adj. Gross Margin <sup>3</sup>	12%-14%	12.6%	12.5%	13.0%	12.3%	11.9%	10.4%
Gross Margin		11.7%	12.6%	11.8%	10.1%	9.9%	10.0%
Adj. EBITDA		\$7.2	\$7.5	\$6.4	\$6.2	\$24.8	\$10.2
Adj. EBITDA Margin	7%-9%	7.1%	7.6%	7.1%	6.5%	6.7%	4.7%
EPS		(0.13)	\$0.04	\$0.03	\$0.03	(\$0.23)	(\$0.02)

<sup>1</sup>See press release dated March 17, 2021

<sup>2</sup>Target 50%+ of incremental Manufacturing Value Add dollars contributes to Gross Profit

<sup>3</sup>Adjusted 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)	Jan. 3, 2021	Dec. 29, 2019
Current Assets	\$ 168,596	\$ 152,428
Property Plant & Equipment, net	24,3055	25,310
Other Long Term	37,038	35,641
<b>Total Assets</b>	<b>\$ 229,939</b>	<b>\$ 213,379</b>
Current Liabilities <sup>1</sup>	\$142,737	\$127,079
Long term Debt	30,930	33,750
Other Long term liabilities <sup>1</sup>	15,082	11,453
Stockholders' equity	41,190	41,097
<b>Liabilities and stockholders' equity</b>	<b>\$ 229,939</b>	<b>\$213,379</b>

## KEY STATISTICS: (FOR THE RESPECTIVE QUARTER)

	Jan. 3, 2021	Dec. 29, 2019
Cash-to-Cash Cycle	81 days	80 days
DSO	61 days	63 days
DPO	74 days	74 days
Inventory	\$84.4 M	\$71.6 M
DIO	94 days	91 days
Inv Turns	3.9x	4.0x

## Net Debt (at quarter end)\*

Term Debt & ABL Revolver	\$71.9 M	\$73.5 M
Finance & operating lease obligations	\$19.9 M	\$13.8 M
	\$87.4 M	\$82.1 M

\*Net Debt excludes Discount on Long-term debt and cash. See press release dated March 17, 2021.

# 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

	<b>SMTC</b>	<b>IEC</b>	<b>Key Tronic</b>	<b>Nortech Systems</b>	<b>Sigmatron</b>	<b>Sypris Solutions</b>
Revenue	386,450	185,461	479,002	111,081	262,320	83,356
Net income	108	7,101	5,725	2,259	(853)	1,983
Restructuring	4,125	-	-	-	-	242
Other	4,960	-	-	-	-	-
Stock based comp	761	829	255	70	105	415
Adj net income	11,434					
Gross profit	43,273	24,621	38,471	10,747	22,048	11,723
SG&A	28,253	14,206	20,930	10,595	21,247	12,104
Depreciation/Amortization	9,214	3,683	5,769	1,981	7,591	2,448
Unrealized FX (gain)/loss	(1,055)		1,711	(142)		1,003
Interest	8,049	1,480	2,480	789	1,432	863
Tax	1,226	1,834	(320)	925	309	(3,255)
Adj EBITDA	27,388	14,927	15,620	5,882	8,584	3,699

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**

**March 17, 2021**