



# Vishay Precision Group

PERFORMANCE THROUGH PRECISION

Baird's Virtual Global Consumer,  
Technology & Services Conference  
June 4, 2020

# Safe Harbor Statement

From time to time, information provided by us, including but not limited to statements in this report, or other statements made by or on our behalf, may contain "forward-looking" information within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks, uncertainties, and contingencies, many of which are beyond our control, which may cause actual results, performance, or achievements to differ materially from those anticipated. Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, expected, estimated, or projected. Among the factors that could cause actual results to materially differ include: general business and economic conditions; difficulties or delays in identifying, negotiating and completing acquisitions and integrating acquired companies (including Dynamic Systems, Inc.); the inability to realize anticipated synergies and expansion possibilities; difficulties in new product development; changes in competition and technology in the markets that we serve and the mix of our products required to address these changes; changes in foreign currency exchange rates; political, economic, health (including the COVID-19 "coronavirus") and military instability in the countries in which we operate; difficulties in implementing our cost reduction strategies, such as underutilization of production facilities, labor unrest or legal challenges to our lay-off or termination plans, operation of redundant facilities due to difficulties in transferring production to achieve efficiencies; significant developments from the recent and potential changes in tariffs and trade regulation; our efforts and efforts by governmental authorities to mitigate the COVID-19 pandemic, such as travel bans, shelter in place orders and business closures and resource allocations, manufacturing and supply chains; the Company's status as a "critical", "essential" or "life-sustaining" business in light of COVID-19 business closure laws, orders and guidance being challenged by a governmental body or other applicable authority; the Company's ability to execute its business continuity, operational and budget plans in light of the COVID-19 outbreak; and other factors affecting our operations, markets, products, services, and prices that are set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and subsequent Quarterly Reports on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

## Non-GAAP Measures

This presentation includes discussion of adjusted free cash flow, adjusted gross profit, adjusted operating income, and adjusted EBITDA and their corresponding margins, as well as adjusted net earnings and adjusted diluted earnings per share. These are financial measures that were not prepared in accordance with generally accepted accounting principles in the United States (non-GAAP measures). Management believes that these non-GAAP measures are useful to investors because each presents what management views as our core operating performance for the relevant period. The adjustments to the applicable GAAP measures relate to occurrences or events that are outside of our core operations, and management believes that the use of these non-GAAP measures provides a consistent basis to evaluate our operating profitability and performance trends across comparable periods. Reconciliations of these non-GAAP measures to the corresponding GAAP measures are included in our fourth quarter earnings press release and in the appendix to this presentation which will be available on our website at: [www.vpgsensors.com](http://www.vpgsensors.com).

# Investment Highlights

- Addresses the growing sensor market for industrial technology applications
- Serving diversified niches of broad set of markets with organic growth vectors
- Deep competitive moats through differentiated technology and strong brands
- Business model provides operating margin and EPS leverage
- Solid balance sheet and net cash position with ample liquidity

## Proven Financial Performance 2017-2019:

3-Year Sales  
Growth  
(CAGR) **8%**

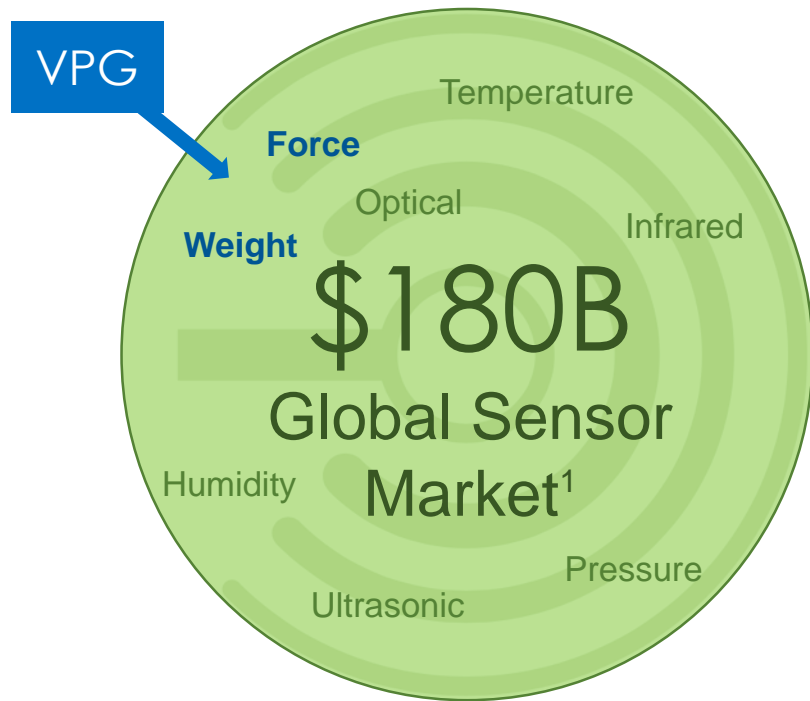
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3-Year Adj. EPS  
Growth  
(CAGR) **32%**

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3-Year Cumulative Cash  
From Operations  
**\$89 Million**

# VPG Focuses on Key Niches of the Global Sensor Market



VPG's proprietary resistive technology is an excellent platform for additional sensor and systems technologies

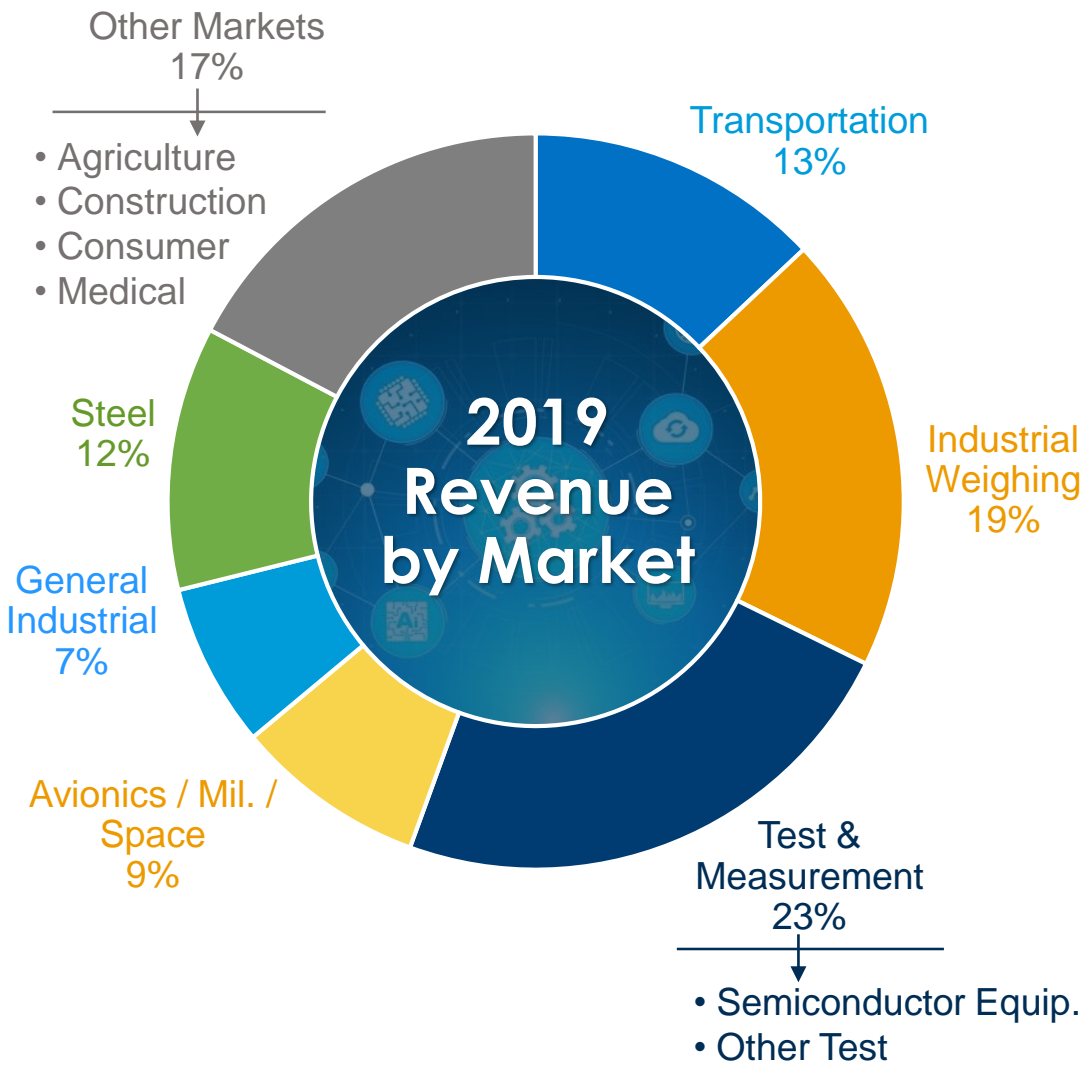
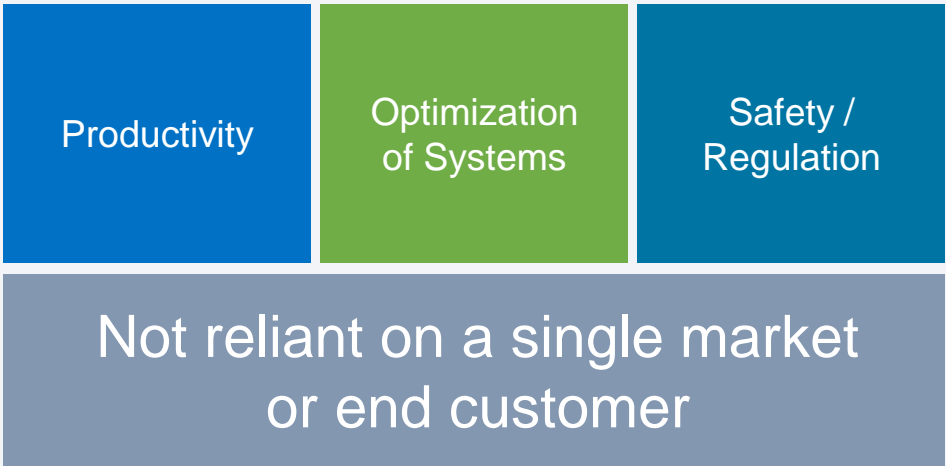
## Applications for VPG products and systems are increasing due to:

- Increasing regulation – requiring more automated monitoring and data collection
- New functionality – enabled by advancements in sensor technology

1. Source: BCC Research

# Serving a Diversified and Broadening Set of Markets

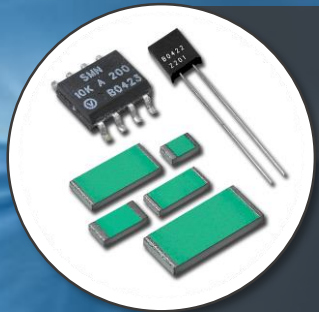
## VPG Value to Customers:



# Productivity

## **Semiconductor Test:**

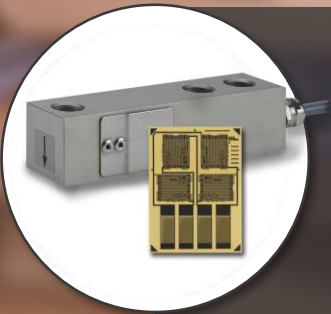
Helping to maximize the productivity of Automatic Test Equipment (ATE) for Semiconductor products



VPG's high-precision foil resistors help deliver the highest signal accuracy required for effective semiconductor chip testing, providing better precision and stability of test results

# Safety and Monitoring

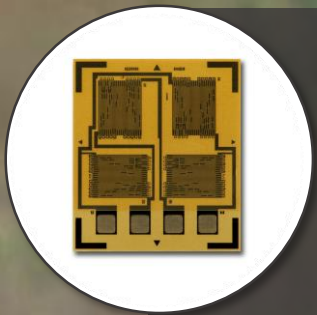
**Medical:**  
Helping to improve  
patient monitoring



By precisely monitoring a patient's weight on hospital beds, VPG's load cell sensors help nursing staff regulate medication dosage as well as reduce potential falls which are among the highest patient risks during hospital stays

# Optimization/Precision

**Consumer:**  
VPG's solutions provide performance in consumer applications



VPG's advanced sensors are used to precisely measure torque in real-time to enable professional and recreational bike riders to track their training progress in all kinds of weather and road conditions

# Why VPG Wins



## Technology Innovation

- A pioneer in foil technology since 1962
- Numerous first-to-market innovations



## Applications Knowledge

- Engineer-to-engineer solutions
- Design-in wins
- Many solutions are customized



## Operational Excellence

- Focus on quality, delivery, and cost
- Key investments in manufacturing capability



## Global Footprint

- 2,400 employees in 12 countries
- 2019 sales by region:
  - N. America -- 48%
  - Europe -- 31%
  - Asia -- 21%
- 8 main manufacturing sites around the globe

# Multi-Year Strategic Initiatives Are Underway



## Organic Growth

- Advanced sensors for high-volume opportunities
  - TruckWeigh & VanWeigh overload protection
  - Force Sensors for OEMs
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## Operational Excellence

- Manufacturing transition of Force Sensors to Asia
  - New FTP manufacturing facility and consolidation
  - Expansion of cost reduction and efficiency culture
  - Yield improvement and process automation initiatives
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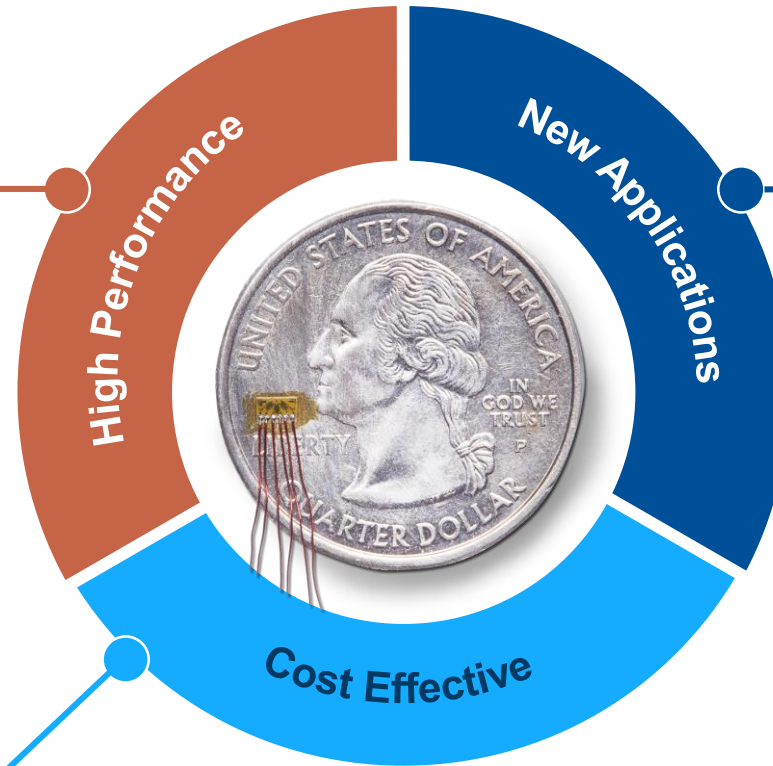
## Value-Added M&A

- Completed acquisition of Dynamic Systems, Inc.
- Looking for additional M&A opportunities

# Advanced Sensor Technology; The World's Smallest, Most Reliable Strain Gage



VPG's Advanced Sensors feature smaller size, more complex design, higher resistance, lower energy consumption, and multi-axis measurement capability.



Potential new applications for advanced sensor technology include:

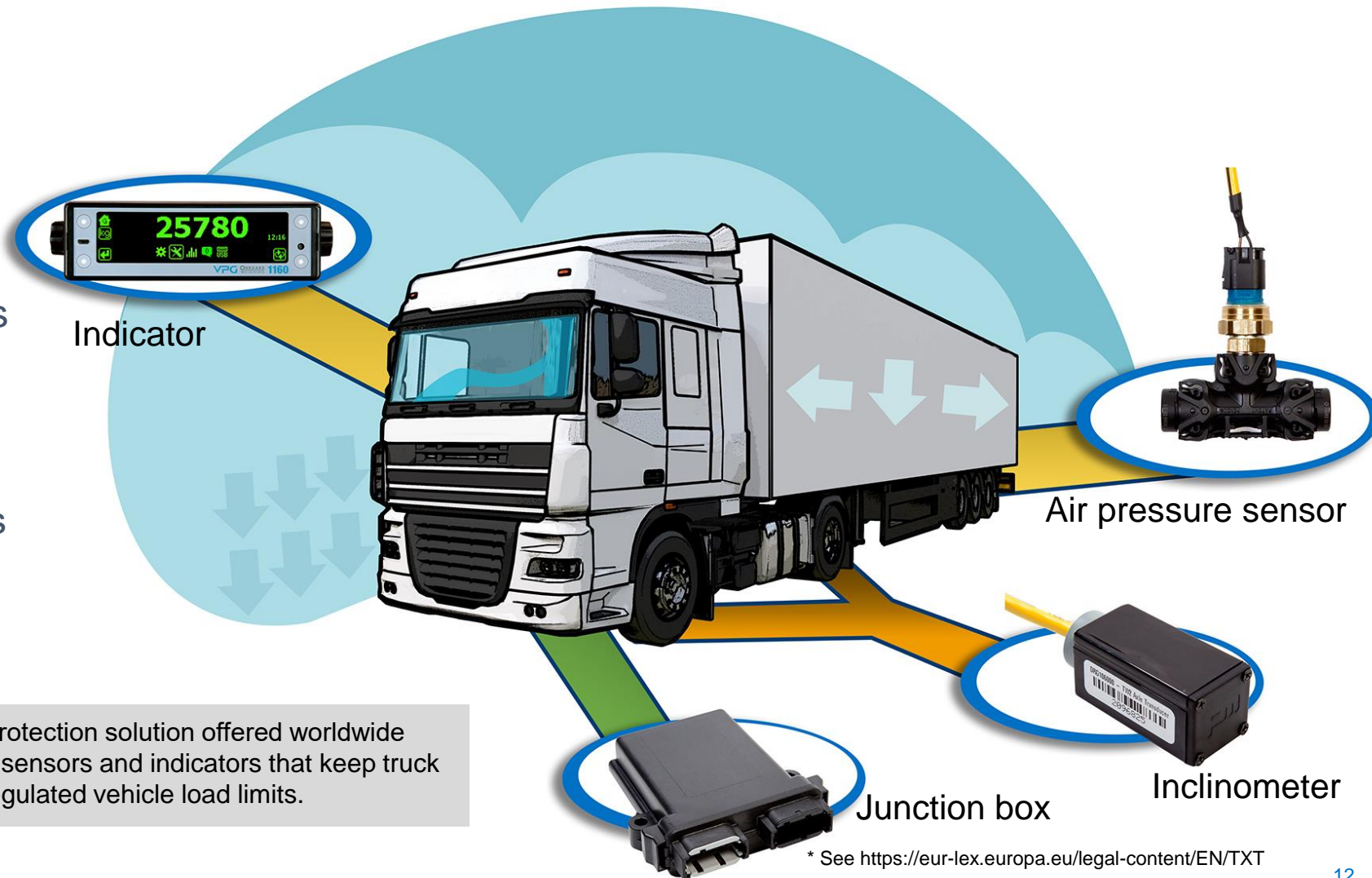
- Consumer
- Medical
- Industrial
- Cobots
- Pressure sensing



VPG's state-of-the-art, scalable manufacturing and R&D center is expected to be on-line in early 2021

# New Regulations in Europe Are Expected to Drive Demand for Truck Overload Protection

- EU reg-driven opportunity adds to VPG's current aftermarket sales of these products; EU regulations expected to go into effect in 2021\*
- All Class 3 & 4 Trucks and Vans will be required to have this capability\*
- VPG's solution successfully tested by most truck/van OEM's and is patented in major territories



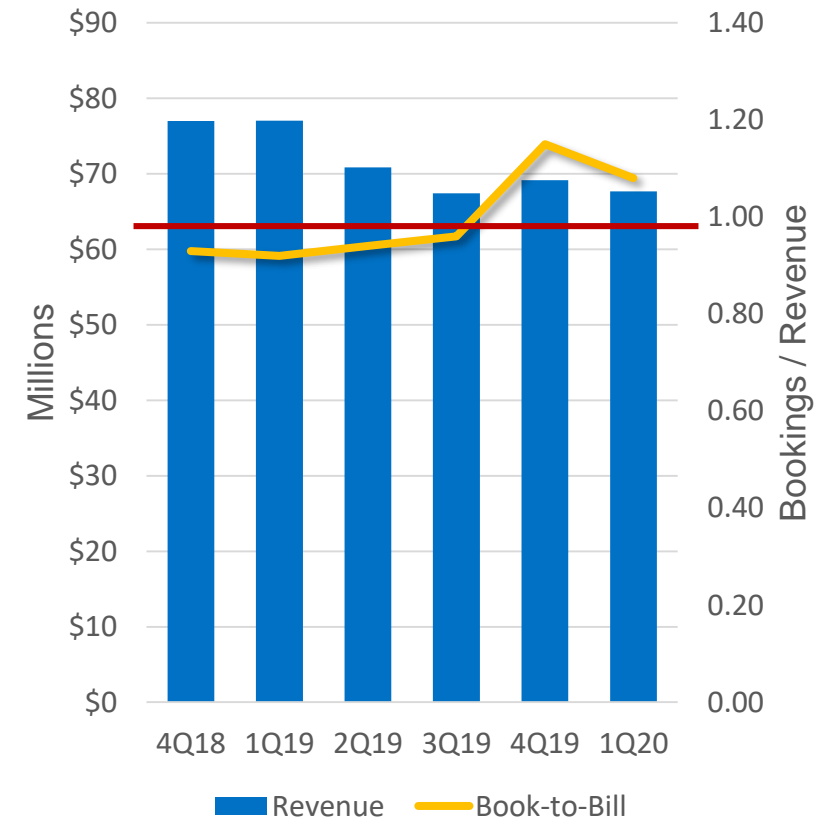
VPG's Overload Protection solution offered worldwide provides real-time sensors and indicators that keep truck operators within regulated vehicle load limits.

# Recap of 1Q20 Highlights

- Revenues of \$67.7 million were in-line with guidance
- Gross profit margin was 37.0% and adjusted gross profit margin\* was 37.8%
- Diluted earnings per share was \$0.24 and adjusted diluted earnings per share\* was \$0.29
- Cash from operating activities was \$6.3 million with adjusted free cash flow\* of \$3.0 million
- Book-to-bill ratio in the first quarter was 1.08 and total orders were \$73.3 million
- New credit facility put in place with lower interest rates and more favorable covenants

\* See financial statements and GAAP-to-Adjusted reconciliation tables.

## Revenue & Book-to-Bill



# Quarterly Financial Model Reflects Operating Leverage

	High Qtr (1Q19)*	1Q20 Actual*	Quarterly Financial Model			
Revenue	\$76.5M	\$67.7M	\$65M - \$70M	\$70M - \$75M	\$75M - \$80M	\$80M - \$85M
Adj. GM%	43.2%	37.8%	37% - 39%	39% - 40%	40% - 42%	42% - 45%
Adj. Op. Margin	16.5%	7.8%	4.4% - 8.1%	8.1% - 10.7%	10.7% - 14.5%	14.5% - 19.1%
Adj. EBITDA (\$)	\$14.6M	\$9.2M	\$5.8M - \$8.7M	\$8.7M - \$11.0M	\$11.0M - \$14.6M	\$14.6M - \$19.2M
Adj. Diluted EPS	\$0.61	\$0.29	\$0.14 - \$0.29	\$0.29 - \$0.42	\$0.42 - \$0.62	\$0.62 - \$0.87

## Quarterly Financial Assumptions:

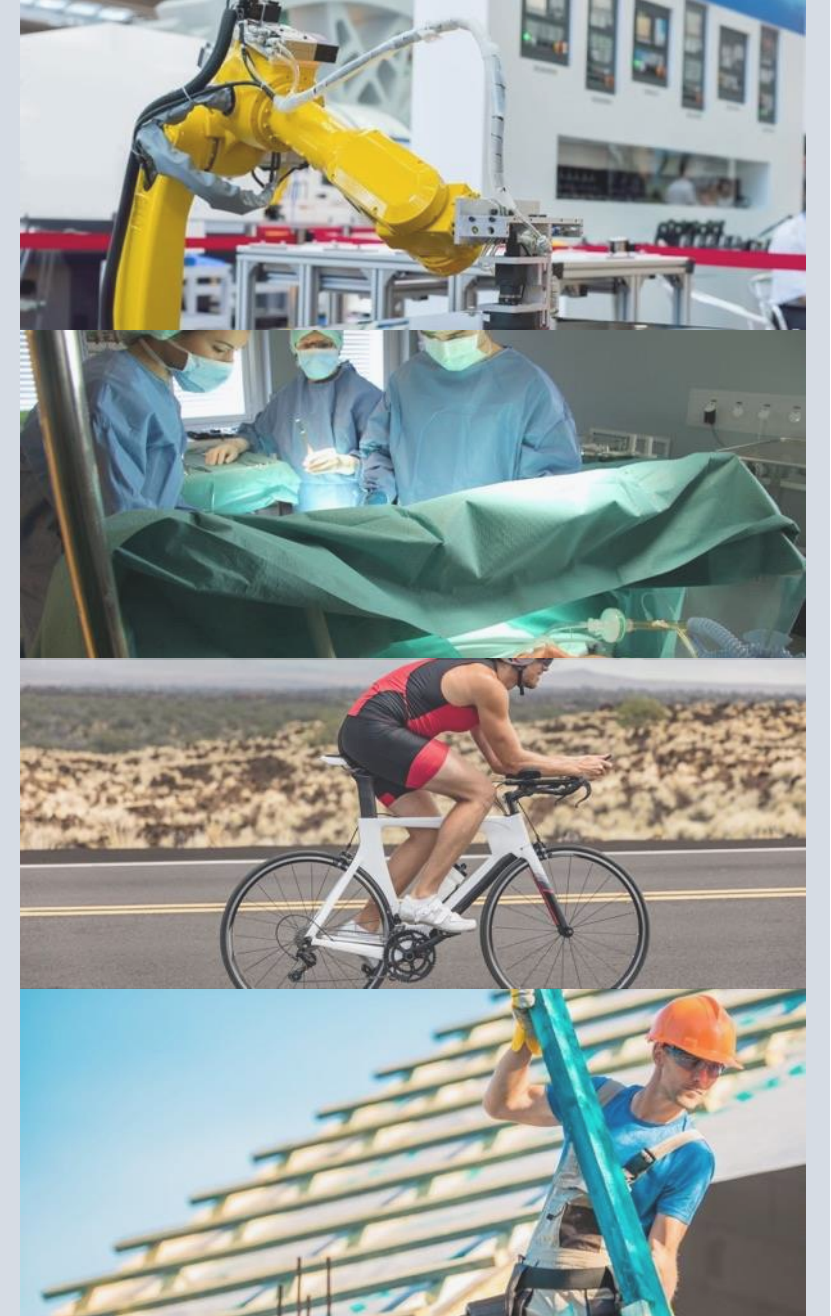
- Organic results
- Does not include potential impact of F/X
- Assumes tax rate of 25%
- Model reflects the acquisition of Dynamic Systems, Inc. in November 2019

## Note:

- Our Quarterly Financial Model illustrates management's expectations of results at different hypothetical levels of quarterly revenues, assuming a normalized business and operating environment with no negative impact of the COVID-19 pandemic. There are no assurances that any of the results in the Model will be achieved.
- Our 2Q20 revenue guidance of \$56 million to \$62 million provided on May 5, 2020 included an anticipated negative impact on revenues of \$5 million to \$7 million and an anticipated negative impact of approximately \$3.5 million on operating profit due to COVID-19-related government stay-at-home restrictions on VPG's India facility.
- See financial statements and GAAP-to-Adjusted reconciliation tables regarding financial results for 1Q19 and 1Q20.

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# Appendix

# Reconciliation of Adjusted Gross Margin, Operating Income, Net Earnings and Diluted Earnings Per Share - Quarter

Three fiscal months ended	Gross Profit		Operating Income		Net Earnings Attributable to VPG Stockholders		Diluted Earnings Per share	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
As reported - GAAP	25,065	33,051	4,644	12,603	\$ 3,312	\$ 8,243	\$ 0.24	\$ 0.61
As reported - GAAP Margins	37.0%	43.2%	6.9%	16.5%				
Acquisition purchase accounting adjustments (a)	515	—	515	—	515	—	0.04	—
Restructuring costs		—	130	—	130	—	0.01	—
Less: Tax effect of reconciling items and discrete tax items		—		—	\$ 7	\$ —	\$ —	\$ —
As Adjusted - Non GAAP	\$ 25,580	\$ 33,051	\$ 5,289	\$ 12,603	\$ 3,950	\$ 8,243	\$ 0.29	\$ 0.61
As Adjusted - Non GAAP Margins	37.8%	43.2%	7.8%	16.5%				

# Sales by End-Market

(\$ in Millions)

Fiscal Quarter Ended

	March 28, 2020	March 30, 2019	December 31, 2019
Test & Measurement	\$14.3	\$17.6	\$13.2
Avionics, Military, Space	6.2	8.1	6.3
Transportation	8.2	9.6	8.2
Industrial Weighing	12.5	14.4	12.8
General Industrial	4.0	5.6	4.9
Steel	9.3	8.2	11.5
Other Markets	13.1	12.9	12.2
Total	\$67.7	\$76.5	\$69.1