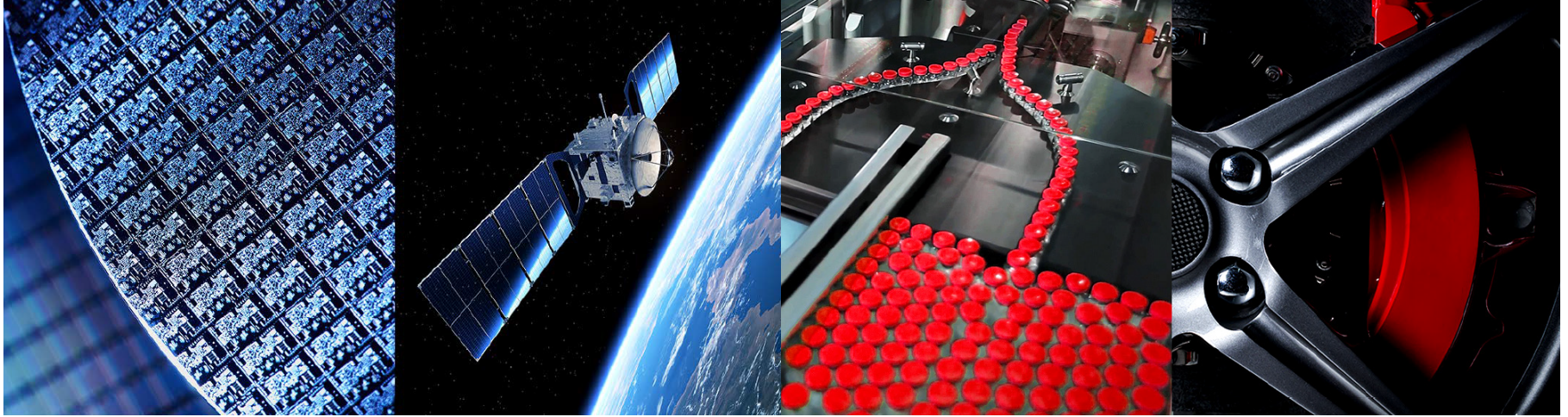


# inTEST Corporation



**We're Not Just Semi...We Make Things  
HOT & COLD Where It Matters**

Investor Relations  
Q3 2018  
July 1– September 30, 2018

James Pelrin  
President & CEO  
Hugh T. Regan  
Treasurer & CFO

# Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based upon management's current expectations, and are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by these forward-looking statements.



# Non-GAAP Results

In addition to disclosing results that are determined in accordance with GAAP, we also disclose non-GAAP performance measures. These non-GAAP performance measures include adjusted net earnings, adjusted net earnings per diluted share and adjusted EBITDA. Adjusted net earnings is derived by adding acquired intangible amortization, adjusted for the related income tax expense, to net earnings and removing any change in the fair value of our contingent consideration liability from net earnings. Adjusted net earnings per diluted share is derived by dividing adjusted net earnings by diluted weighted average shares outstanding. Adjusted EBITDA is derived by adding interest expense, income tax expense, depreciation and acquired intangible amortization, adjusted for the related income tax expense, to net earnings and removing any change in the fair value of our contingent consideration liability from net earnings. These results are provided as a complement to results provided in accordance with GAAP. Adjusted net earnings, adjusted net earnings per diluted share and adjusted EBITDA are non-GAAP performance measures presented to provide investors with meaningful supplemental information regarding our baseline performance before acquired intangible amortization charges and changes in the estimate of future consideration that may be paid out related to prior acquisitions as these expenses or income items may not be indicative of our current core business or future outlook. These non-GAAP performance measures are used by management to make operational decisions, to forecast future operational results, and for comparison with our business plan, historical operating results and the operating results of our peers. A reconciliation from net earnings and net earnings per diluted share to adjusted net earnings and adjusted net earnings per diluted share and from net earnings to adjusted EBITDA, which are discussed in this earnings release, is contained in the tables below. The non-GAAP performance measures discussed in this earnings release may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.



# Investment Thesis

***inTEST is broader in reach and depth, with richer product offering and technology***

- Deliver high-margin engineered products for test and process applications in Semi, Auto, Consumer Electronics, Defense/Aerospace, Telecom, and Industrial markets
- Deliver profits and generate cash even during cyclical/seasonal ATE downturns
  - *Profits for 8 consecutive years*
  - *Annual cash flow from operations of \$7.4M TTM*
- *Positioned for growth* with **\$12.7M\*** in cash available to *finance acquisition opportunities* (\*Cash as of Earnings Release Call on 8/2/18)
- *No debt with borrowing capacity of \$25M+ to finance growth*
- Successfully acquired Ambrell Corporation, realizing goal of 50% revenue diversification outside ATE market



# inTEST Transformed

***New fortified multidisciplined executive team  
focused on growth***

- Seasoned CEO with extensive industry experience and operational experience taking the helm
- Proven ability to optimize revenue and generate cash
- Extensive M&A experience with different technologies and industries
- Successful risk managers with a carefully structured acquisition strategy  
Case Study: Ambrell (May 2017) – growing at 10% and generating significant cash

***Enabling inTEST to get to next acquisition...Goal >\$100 million  
on way to \$150 million.***



# Executive Team

- Led by highly qualified team of executives with extensive industry experience and a track record of managing profitable businesses to optimize operations.
- All businesses showed revenue growth in 2017 and have been optimized.  
**Generating cash...on average 15% return.**



**Jim Pelrin – President & CEO**



**Hugh Regan – Secretary, Treasurer and CFO**



**Mark Bradford – General Manager, EMS**



**Greg Martel – General Manager, ITS**



**Tony Mazzullo – General Manager, Ambrell**

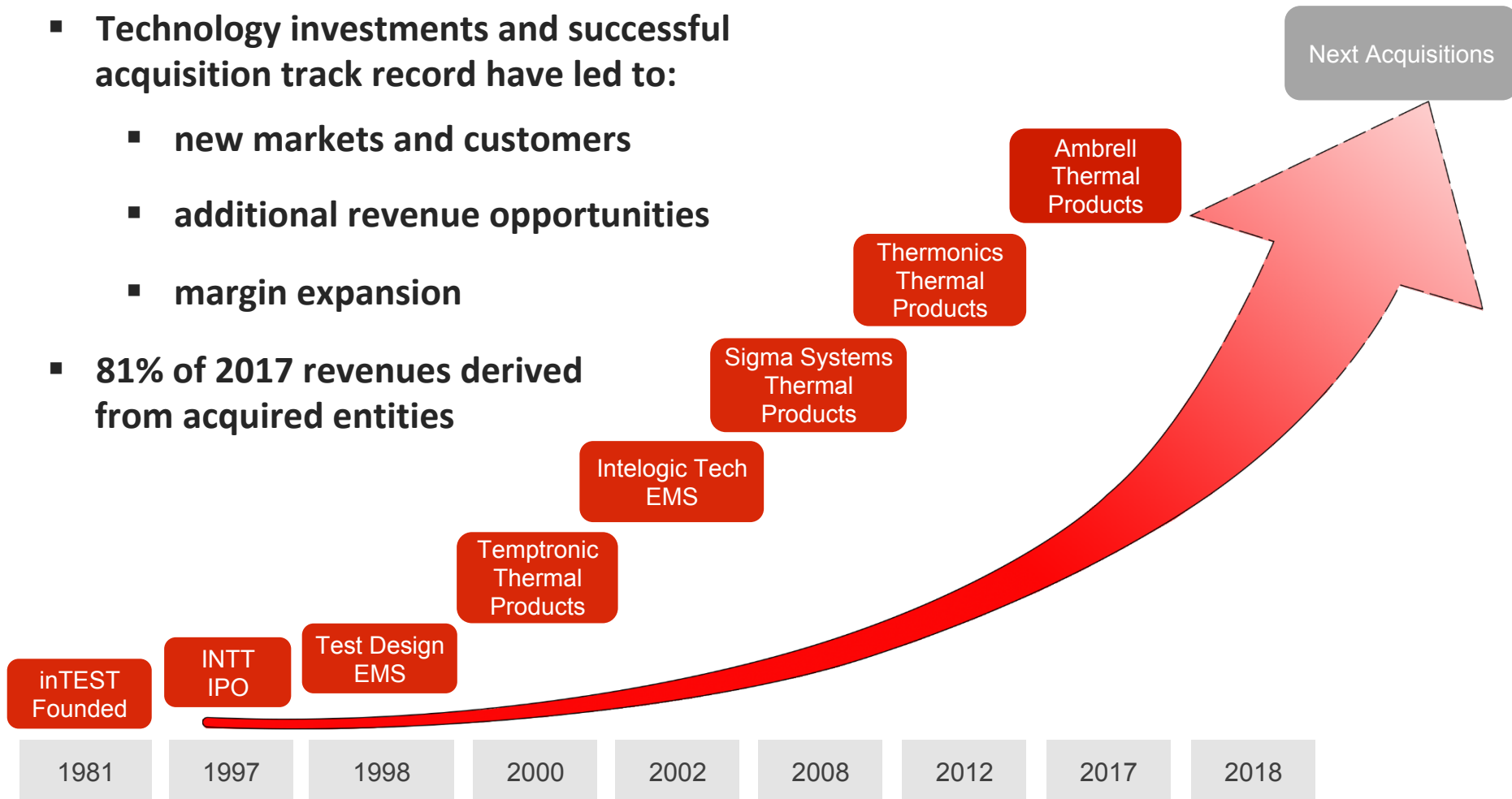


# Investments Driving Growth

- Technology investments and successful acquisition track record have led to:

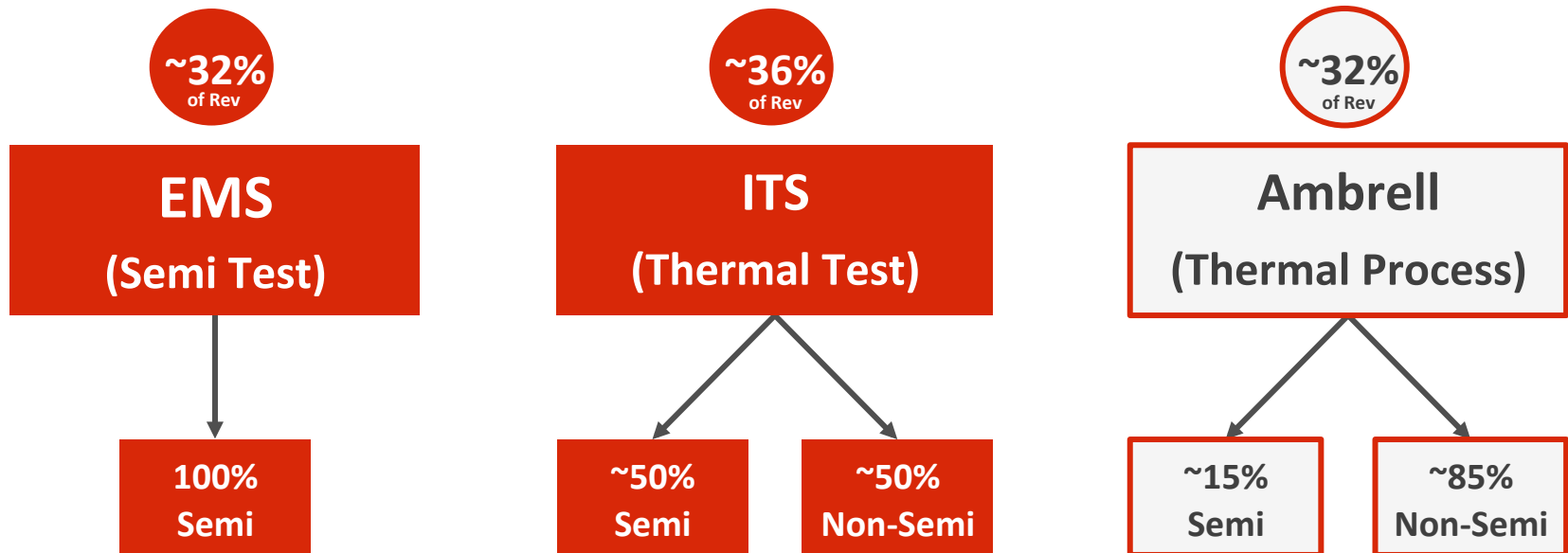
- new markets and customers
- additional revenue opportunities
- margin expansion

- 81% of 2017 revenues derived from acquired entities



# inTEST Organization

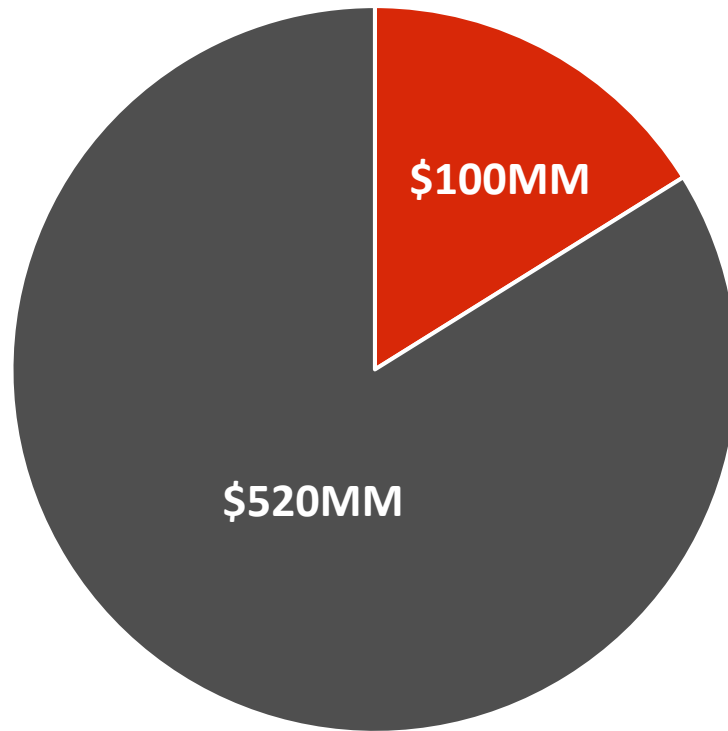
- **TEST** – Products for electronic test in semiconductor and industrial manufacturing applications using ATE interface equipment and thermal systems
- **PROCESS** – Products for industrial applications where a thermal solution becomes an integral component of the manufacturing process
- Increased focus on Process Solutions complements inTEST's legacy Test Solutions expertise and market presence





# Ambrell Significantly Enhances Market Opportunity

**\$620M Annual Market**



■ Semi ■ Non-Semi

## Semi Market

Semiconductor

## Non-Semi Market

Automotive

Aerospace/Defense

Industrial

+ Machinery

+ Consumer

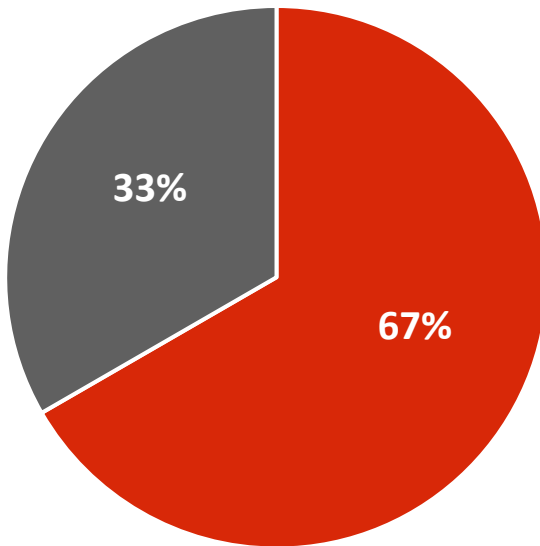
+ Food & Beverage

Telecommunications



# inTEST Revenue

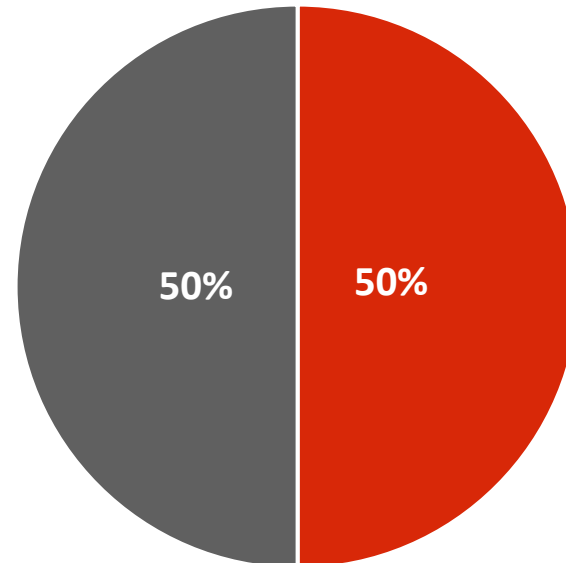
Revenue by Application



■ Test

■ Process

Revenue by End Market



■ Semi

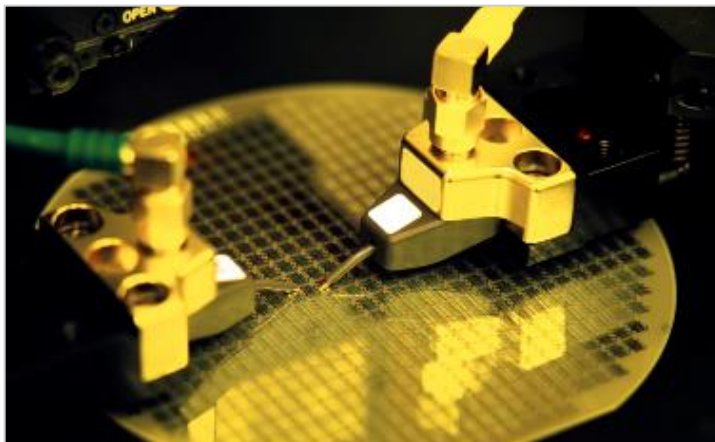
■ Non-Semi

**Ambrell opens diverse end markets.**



# Serving Diverse Markets

## Semi



Hardware to interface with testers to develop and test semiconductors

## Aerospace / Defense



Temperature systems deliver cryogenic temperatures to simulate the extreme conditions of space

## Automotive



Infotainment systems electronics undergo critical temperature testing to ensure reliability



# Serving Diverse Markets

## Industrial Manufacturing



Thermal equipment delivers focused heating for forging and joining metals

## Industrial Equipment



Ultra-low temperatures provide cooling to condition fuel for jet engine testing

## Telecommunications



Thermal sources used for test and production of optical cables and components



# Market Mix – Focus on Growth Markets

TTM Bookings		
ATE	\$ 43.5M	55%
Industrial	22.2	28%
Telecom	7.1	9%
Defense / Aero	4.7	6%
Automotive	0.5	1%
Others	1.2	1%
Total Bookings	\$79.2M	



# ATE-Related Market

Thermal

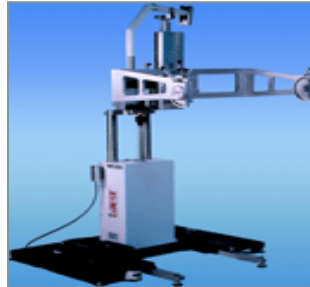


ThermoStreams for  
Semiconductor Test

SAM

70%

EMS



Manipulator  
Docking

10%

20%



Interface Products

30%



# Diverse Top 10 Customer Base

Contribute 42% of Total Sales

**Texas Instruments** <sub>E,I</sub>

**Hakuto** <sub>I</sub>

**Aixtron** <sub>A</sub>

**NXP Semi** <sub>E,I</sub>

**Analog Devices** <sub>E,I</sub>

**Nextrom** <sub>A</sub>

**Foxconn Optical** <sub>I</sub>

**LPE** <sub>A</sub>

**Raytheon** <sub>I</sub>

**Teradyne** <sub>E,I</sub>

E = EMS   I = iTS   A = Ambrell





# Global Customers – Expanding



SONY

TESLA



SIEMENS



DELPHI



TOSHIBA



Google



KOHLER®

TERADYNE





# Growth Drivers

- **Automotive electronics and advanced manufacturing processes – engine management, entertainment, communications, collision avoidance**
- **Mobile communications – modules for smart phones, tablets, hand-held devices (Apple, Samsung, Qualcomm)**
- **Consumer and industrial sensors**
- **High-stress environments (Defense/Aerospace)**



# Financial Overview



# Operating Model

	2014	2015	2016	2017	2018 YTD
<b>Gross Margin</b>	<b>49%</b>	<b>48%</b>	<b>51%</b>	<b>53%</b>	<b>51%</b>
<b>SG&amp;A</b>	<b>29%</b>	<b>31%</b> a	<b>31%</b> a	<b>30%</b> a	<b>28%</b>
<b>Eng. &amp; Prod. Development</b>	<b>9%</b>	<b>10%</b>	<b>9%</b>	<b>6%</b>	<b>6%</b>
<b>Operating Margin</b>	<b>14%</b>	<b>7%</b> b	<b>11%</b> b	<b>17%</b> b c	<b>14%</b> c

a Includes due diligence and other acquisition related expenses: 2015 - \$329K; 2016 - \$456K; 2017 - \$905K.

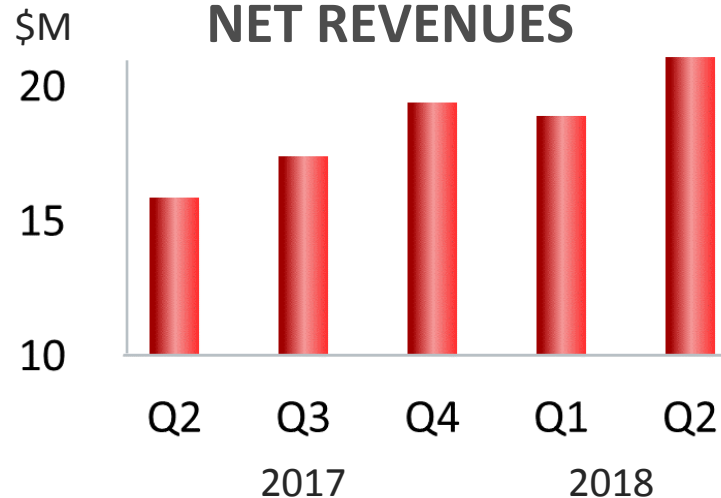
b Net of acquisition related expenses: 2015 - \$329K; 2016 - \$456K; 2017 - \$905K.

c Adjusted for contingent consideration adjustment (related to earnout) of \$7.0M (2017) and \$1.0M (2018)

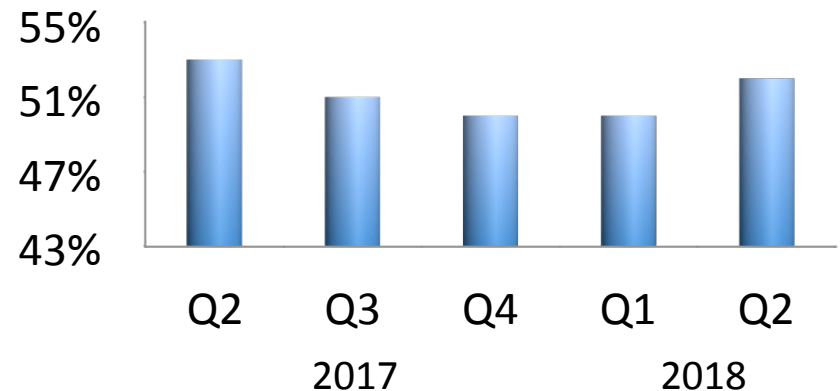


# Financial Results

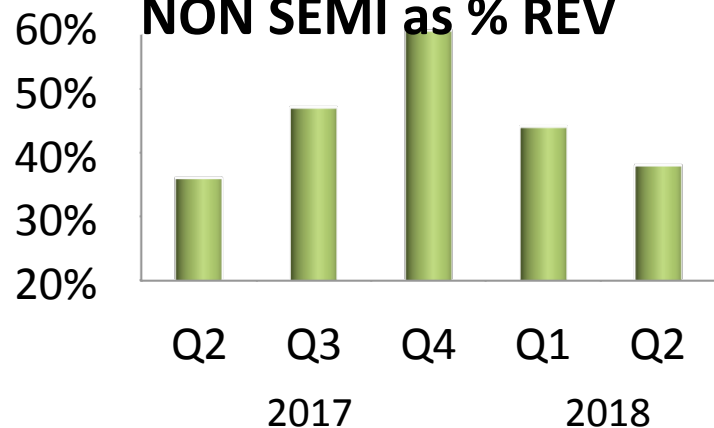
## NET REVENUES



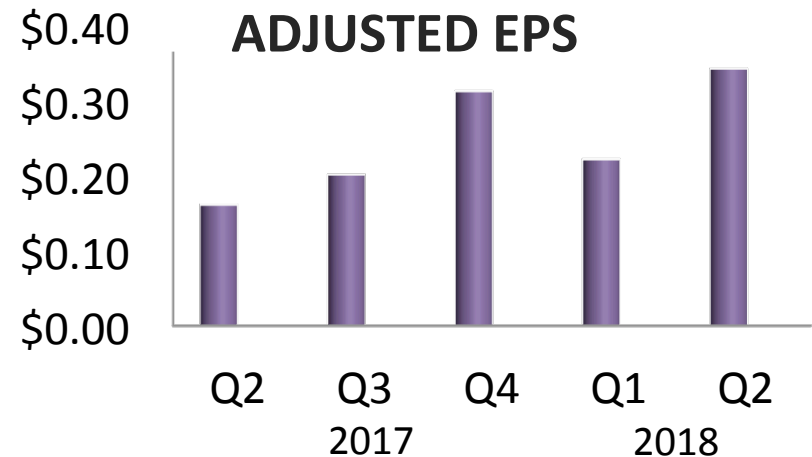
## GROSS MARGIN



## NON SEMI as % REV



## ADJUSTED EPS



# Balance Sheet Highlights

	<b>As of</b> <b><u>6/30/2018</u></b>
<b>Cash &amp; Cash Equivalents</b>	<b>\$10.7M</b>
<b>Working Capital</b>	<b>\$13.9M</b>
<b>Total Assets</b>	<b>\$62.0M</b>
<b>Contingent Consideration Liab</b>	<b>\$ 6.3M</b>
<b>Long-Term Debt</b>	<b>\$ -</b>
<b>Shareholder Equity</b>	<b>\$43.9M</b>



# Q3 2018 Guidance

Net Revenue	\$19.0M to \$20.0M
GAAP Net Earnings	\$0.19 to \$0.23 diluted EPS
Non- GAAP Adjusted Net Earnings	\$0.21 to \$0.25 diluted EPS
Gross Margin	49% to 50%
Product Mix	Q3'18 less favorable vs. Q2'18

*“We continue to expand our customer base in the markets we serve, while growing inTEST’s footprint in additional thermal test and industrial markets. Looking forward, our long-term drivers remain squarely in place and we see solid opportunities as we take advantage of robust markets where we have a strong focus: semi with its super cycle, IoT, automotive including electric vehicle, optical transceiver and consumer markets. We will continue to direct our resources in these key markets to further grow market share and broaden our customer base.”*

*Net income guidance is based upon current expectations and may be subject to change due to audit adjustment*



# 2018 Insight (Provided 3.8.18/ \*Updated 8.2.18)

*While we do not plan to begin providing full year revenue or earnings guidance, after the significant increase in 2017 net revenues, we believe it is appropriate to offer some comments about our net revenue expectations for 2018. We currently expect that certain parts of our business will have strong net revenue growth in 2018, while other parts may see slight declines.*

**EMS:** 2017, the impact of the semiconductor super cycle was substantial, and aided by significant revenue from a Japanese customer that is not expected to recur, resulted in 52% Y/Y growth in net revenues. 2018, we expect that EMS will remain strong but experience approx. a 10% decline in net revenues, primarily because of the nonrecurring Japanese revenues.

**iTS:** 2017, iTS benefited from the impact of semiconductor super cycle as well as very strong demand from optical transceiver (OT) customers, resulting in 19% net revenue growth. The largest of the OT orders as well as other significant orders in recent markets are not expected to recur in 2018. Though most of this business is expected to be replaced through other customers, current forecast is a slight reduction in 2018 iTS net revenue.

**Ambrell:** Expect annual growth rate of to range from high single digits to low double digits. Ambrell's 2017 net revenues of \$21.2 million grew 5% Y/Y. Expect Ambrell's 2018 net revenues will grow at an annual rate of between 9% and 13%.

**Expenses:** Expect to see an increase in operating expenses related to investments in connection with the implementation of our strategic initiatives, primarily related to our acquisition strategy, which will add approximately \$800,000 to 2018 operating expenses.

**\*2018 Consolidated Revenues:** We see another strong year for inTEST and expect 2018 revenues will be in the mid to high \$70M range (\$75M to \$79M) prior to the impact of any future acquisitions.



# inTEST – We're Not Just Semi, We Make Things Hot & Cold

- Growth opportunities through focused acquisition strategy with a 50% revenue diversification outside ATE market
- Expansion of vertical markets outside of ATE market with thermal technologies
- Highly leveraged P&L with no debt and significant borrowing capacity to fund growth through acquisition
- Generate profits & cash even during cyclical semi downturns
- Lean operating structure and operational efficiencies drive higher gross margin





# Investor Contacts

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