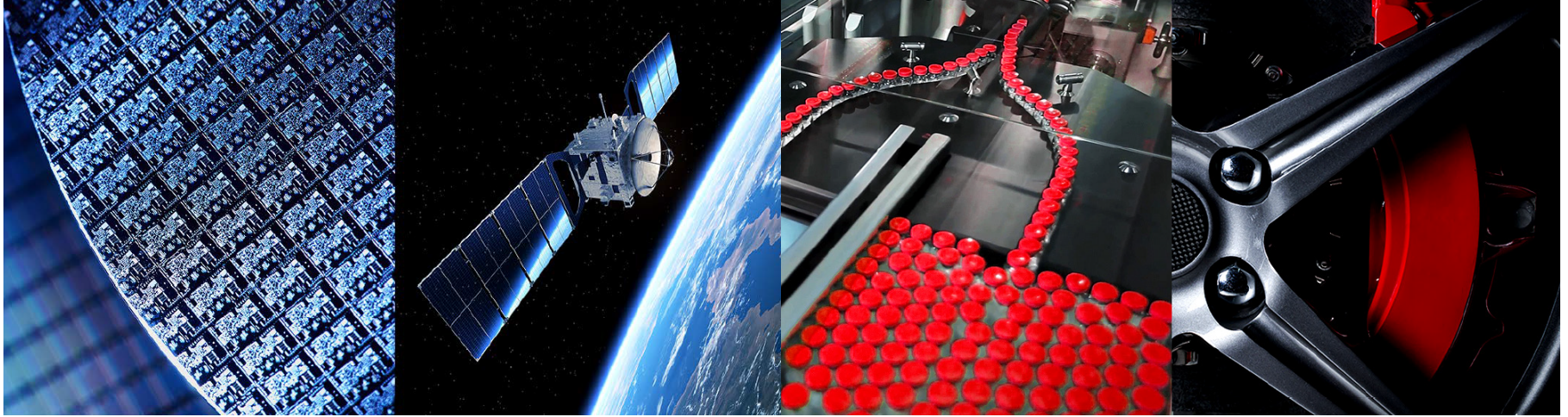


# inTEST Corporation



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

**Investor Presentation  
October 1 – December 31, 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 \$9.3M TTM***
- ***Positioned for growth*** with ***\$15.6M\* in cash*** available to ***finance acquisition opportunities*** (\*Cash as of Earnings Release Call on 11/1/18)
- ***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**

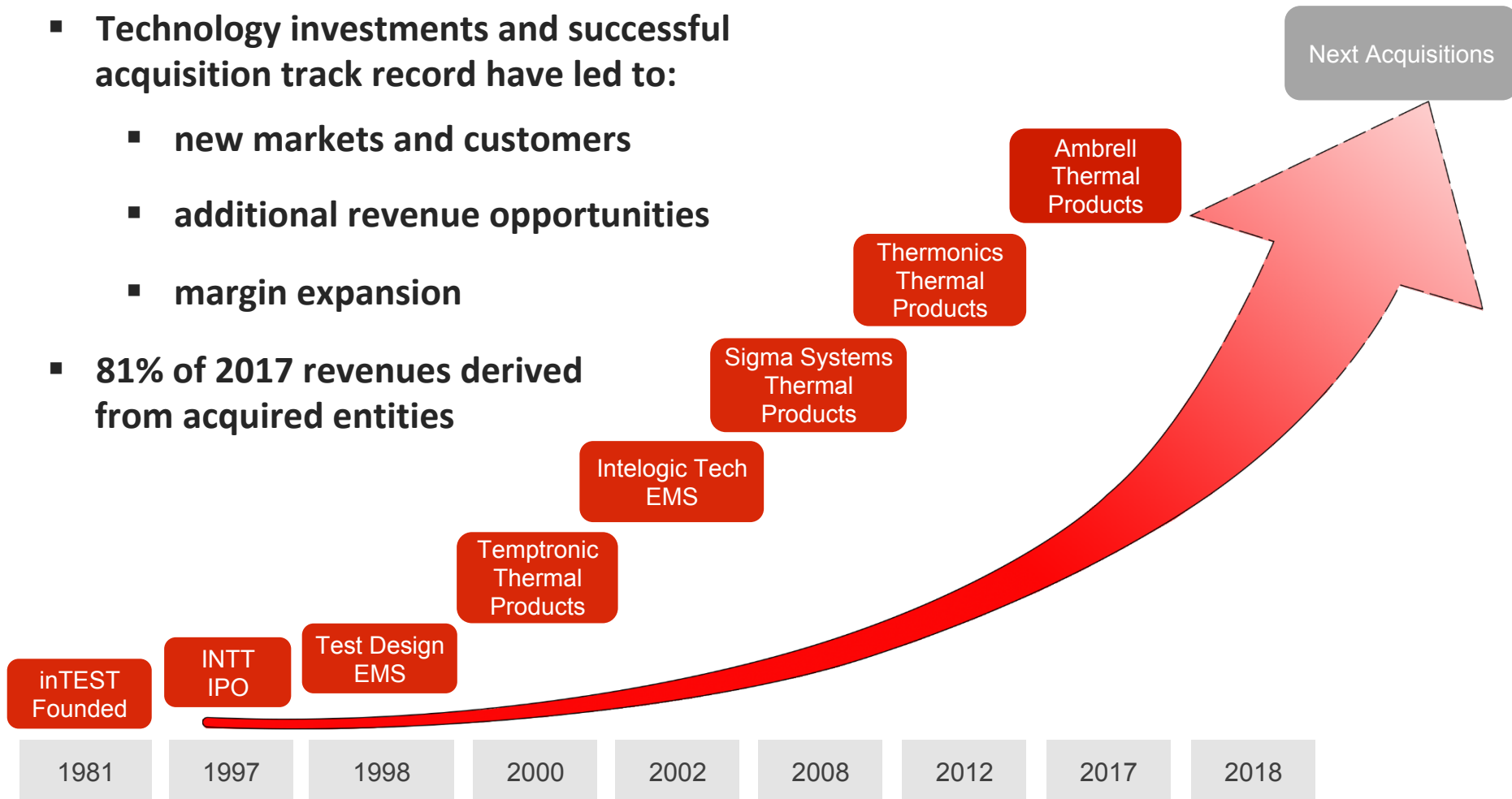


# Investments Driving Growth

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

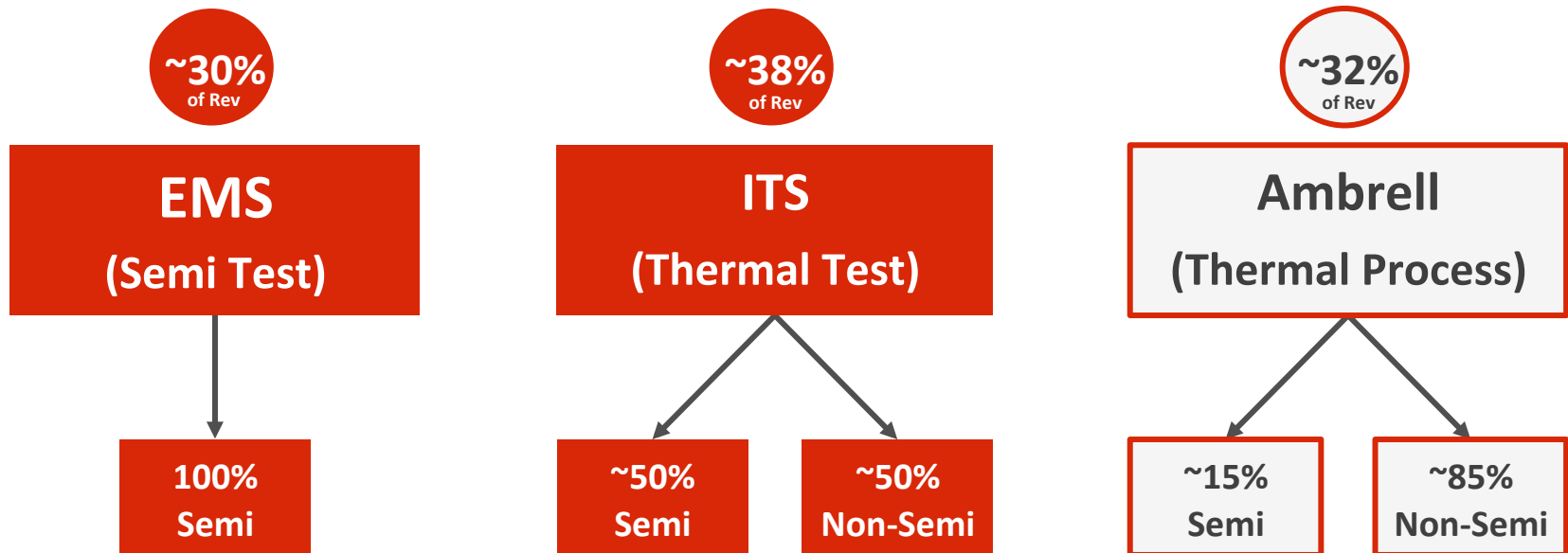
- new markets and customers
- additional revenue opportunities
- margin expansion

- 81% of 2017 revenues derived from acquired entities



# inTEST Organization

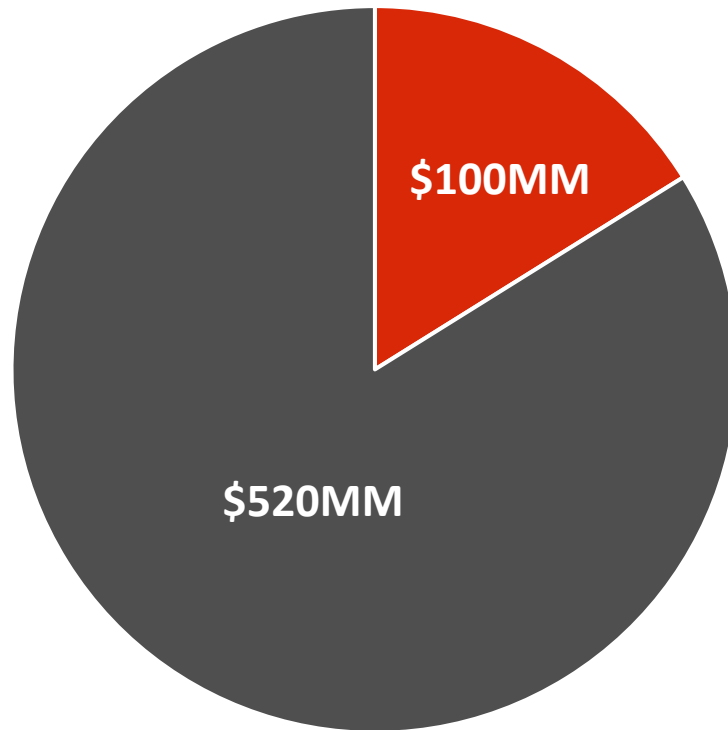
- **TEST** – Products for electronic test in semiconductor and industrial manufacturing applications using ATE interface equipment and thermal systems
- **PROCESS** – Products for industrial applications where a thermal solution becomes an integral component of the manufacturing process
- Increased focus 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

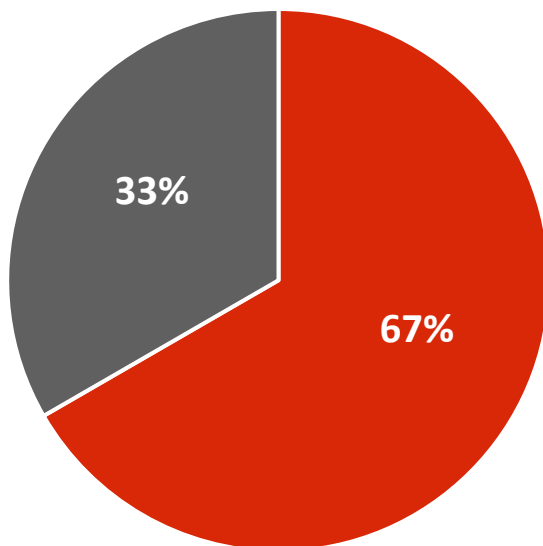
+ Food & Beverage

Telecommunications



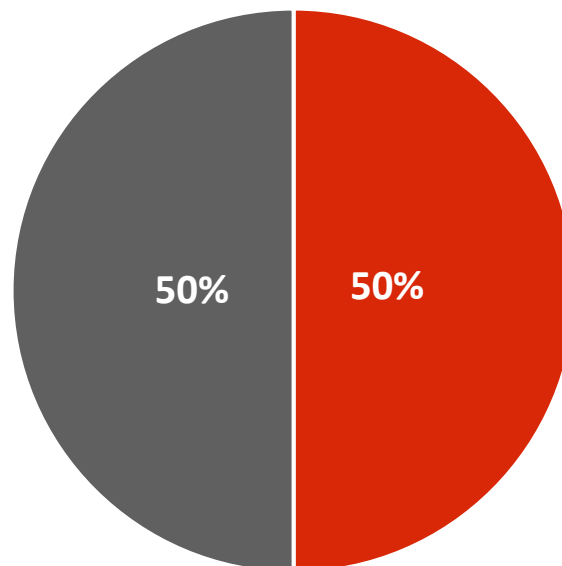
# inTEST Revenue

Revenue by Application



■ Test ■ Process

Revenue by End Market



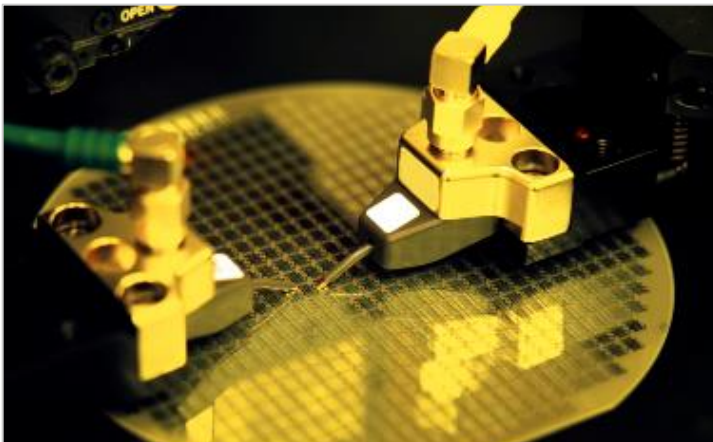
■ Semi ■ Non-Semi

**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		
Semiconductor (ATE & FE)	\$ 45.2M	56%
Industrial	21.2	26%
Telecom	8.4	10%
Defense / Aero	5.2	6%
Automotive*	0.5	1%
Others	1.1	1%
Total Bookings	\$81.6M	

**\*Automotive industry contributes to nearly 50% of consolidated business**



# ATE-Related Market

Thermal

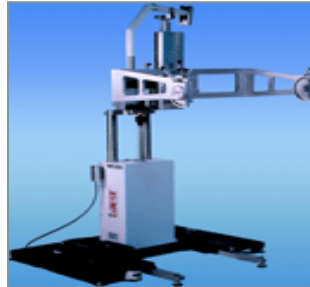


ThermoStreams for  
Semiconductor Test

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>

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

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

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

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

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

**Ardentec** <sub>E</sub>

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

E = EMS   I = iTS   A = Ambrell





# Expanding Global Customer Base



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>17%</b> c

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

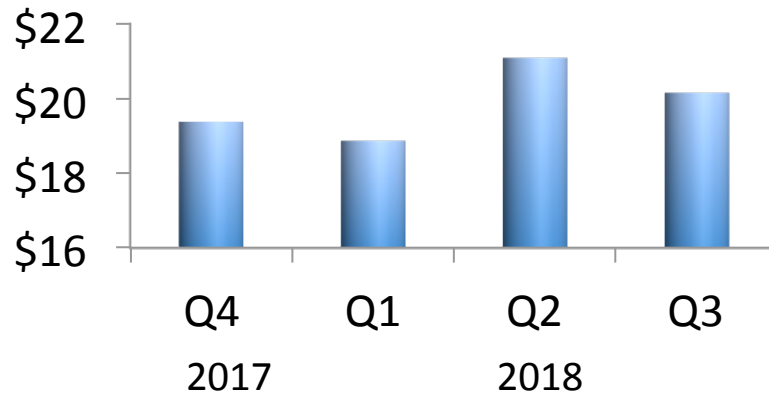
b Net of acquisition related expenses: 2015 - \$329K; 2016 - \$456K; 2017 - \$905K.

c Adjusted for contingent consideration adjustment (related to earnout) of \$7.0M (2017) and \$4.1M (2018)

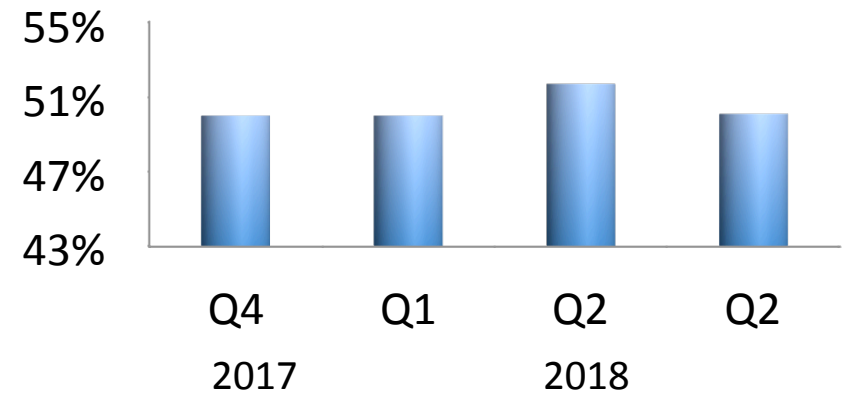


# Financial Results

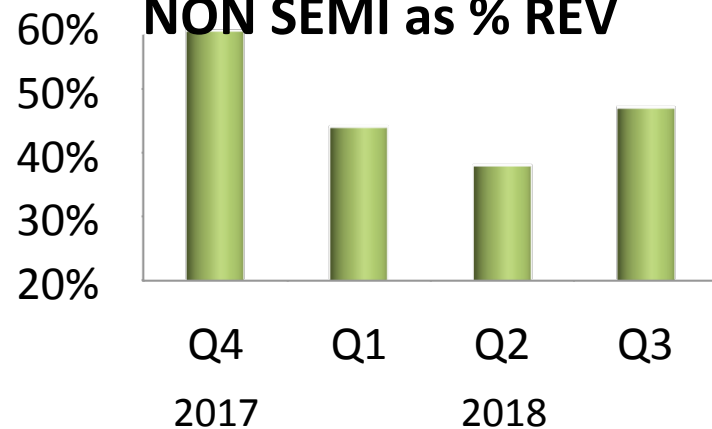
## NET REVENUES



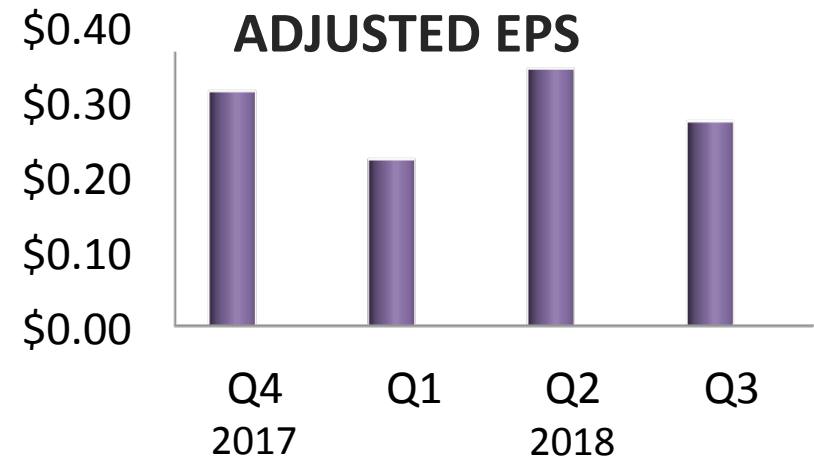
## GROSS MARGIN



## NON SEMI as % REV



## ADJUSTED EPS



# Balance Sheet Highlights

	<b>As of</b> <b><u>9/30/2018</u></b>
<b>Cash &amp; Cash Equivalents</b>	<b>\$14.2M</b>
<b>Working Capital</b>	<b>\$13.9M</b>
<b>Total Assets</b>	<b>\$65.5M</b>
<b>Contingent Consideration Liab.</b>	<b>\$ 9.3M</b>
<b>Long-Term Debt</b>	<b>\$ -</b>
<b>Shareholder Equity</b>	<b>\$43.5M</b>



# Q4 2018 Guidance

Net Revenue	\$17.5M to \$18.5M
GAAP Net Earnings	\$0.15 to \$0.19 diluted EPS
Non- GAAP Adjusted Net Earnings	\$0.18 to \$0.22 diluted EPS
Gross Margin	47% to 48%
Product Mix	Q4'18 less favorable vs. Q3'18

*“We expect a softer Q4 vs. Q3, and continue to expect 2018 revenues in the mid-to- high \$70M range. Q4 softness comes on the heels of a very strong YTD performance, most notably Q2 & Q3, and is due in part to the normal ebbs and flows of our markets, including various non-repeating large orders received in Q3. In addition, as we noted on our Q2 conference call, a carryover of the extended lead times offered by prober manufacturers and others in the supply chain to our customers has affected EMS order timing. We expect that it will take a quarter or two for this to work itself through.”*

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



# 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

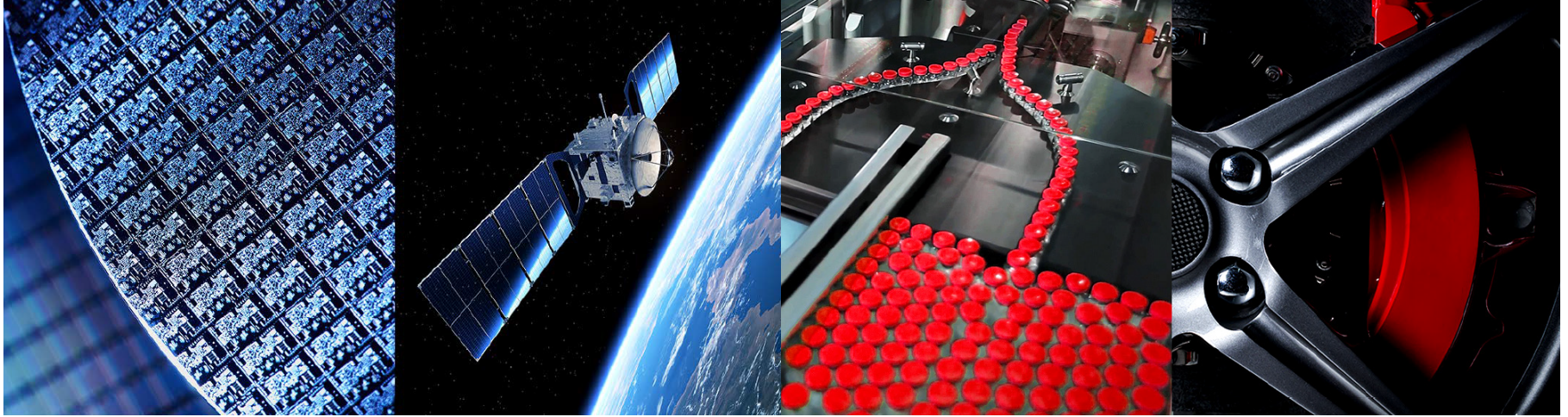
**inTEST Corporation**  
**Hugh T. Regan**  
**Treasurer & CFO**  
**[h.regan.jr@intest.com](mailto:h.regan.jr@intest.com)**

**Guerrant Associates**  
**Laura Guerrant-Oiye**  
**(808) 960-2642**  
**[lguerrant@guerrantir.com](mailto:lguerrant@guerrantir.com)**





# inTEST Corporation



## APPENDIX

# inTEST Corporation

- Designs and manufactures engineered solutions for Automated Test Equipment (ATE) and other electronic test, as well as industrial process applications.
- Comprises two business segments that collectively focus on electronics test, process cooling, and induction heating.
- Products are used by semiconductor manufacturers to perform development, qualifying and final testing of ICs and wafers, and for other electronic test across a range of industries including the automotive, defense/aerospace, energy, industrial and telecommunications markets.
- Offer induction heating products for joining and forming metals in a variety of industrial markets, including automotive, aerospace, machinery, wire & fasteners, medical, semiconductor, food & beverage, and packaging.
- Specific products include temperature management systems, induction heating products, manipulator and docking hardware products, and customized interface solutions.
- Headquartered in Mt. Laurel, New Jersey, with four U.S. manufacturing locations and sales and service in seven countries.



# inTEST Divisions

**Designs and manufactures engineered solutions for Automated Test Equipment (ATE) and other electronic test, as well as industrial process applications.**

## **Thermal Segment**

inTEST Thermal Solutions (ITS): Temperature affects everything and that's why it is critical to many test and process environments. ITS provides thermal systems for applications in the automotive, aerospace, defense, telecom, and semiconductor space. Products deliver a wide range of temperatures from cryogenic to high heat for thermal conditioning in electronic and production test of sensors, modules and subassemblies. Other products are used to condition processes with chiller systems by adding or removing heat to maintain a thermally stable manufacturing or test site.

Ambrell: The use of metals and the need to heat them is prolific throughout production processes in a myriad of industries including automotive, aerospace, defense, electronics, fiber optic, machining, medical, and semiconductor to name a few. Ambrell provides induction heating systems that provide just the right amount of heat for industrial manufacturing. Using non-contact, electromagnetic energy these systems are used for annealing, bonding, brazing, curing, forging, hardening, melting, sealing, shrink fitting, and soldering.

## **EMS Products Segment**

inTEST EMS Products: Automotive, consumer electronics, and the Internet of Things continue to drive the production of semiconductors. The wide range of components that serve these applications require significant testing and involves many test configurations of varying size. EMS Products make efficient testing possible through easy manipulation of test heads weighing hundreds of pounds, and secure docking and signal interfacing with automated test equipment.



# inTEST History

- Founded in 1981, inTEST served the semiconductor industry with manipulator and docking systems to support ATE production test equipment at end users and OEMs. As the success of its engineered solutions grew the company established operations in Asia, quickly followed by a subsidiary in Europe.
- inTEST expanded its presence in supporting production test with tester interface products by acquiring TestDesign in 1998.
- With a strategy to broaden its semiconductor business to include thermal systems for electronics test, inTEST acquired Temptronic Corporation in 2000 and created the ThermoStream brand of temperature forcing systems known throughout the world today for characterizing ICs and devices.
- In the mid-2000s, inTEST executed a strategy to expand the reach of thermal products outside of the semiconductor industry, resulting most notably as the leading supplier to optical transceiver production test customers. Continuation of the thermal strategy to handle conditioning of larger devices, inTEST acquired Sigma Systems, thermal chamber and plate products in 2008. This permitted the company to deliver thermal using conduction and convection for larger test articles such as electronic modules, subassemblies, and PCBs, used extensively in automotive, aerospace, defense, and industrial applications. The company has been expanding thermal electronics test ever since.
- As the strategy for thermal evolved, inTEST looked to develop business in the industrial arena. That challenge was met in 2017 with the acquisition of Ambrell Corporation, a manufacturer of induction heating systems used in a myriad of industrial processes.
- Today, customers worldwide rely on inTEST engineered products to provide custom and standard solutions for their product development, production, testing, and quality requirements.

