UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

February 28, 2020
Date of Report (Date of earliest event reported)

inTEST Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware	**1-36117**	**22-2370659**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

804 East Gate Drive, Suite 200, Mt. Laurel, New Jersey 08054
(Address of Principal Executive Offices, including zip code)

(856) 505-8800
(Registrant's Telephone Number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written Communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Trading Symbol**	**Name of Each Exchange on Which Registered**
Common Stock, par value $0.01 per share	INTT	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition

On February 28, 2020, inTEST Corporation (the "Company") issued a press release, held a webcast conference call (as previously announced) and posted conference call supplemental information to its website regarding its financial results for the fourth quarter and year ended December 31, 2019. The Company's press release is furnished as Exhibit 99.1, the conference call supplemental information is furnished as Exhibit 99.2 and the textual representation of the conference call is furnished as Exhibit 99.3 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) *Exhibits*

Exhibit No.	**Description**
99.1	2019 Fourth Quarter and Year End Results Press Release dated February 28, 2020.
99.2	Fourth Quarter 2019 Conference Call Supplemental Information dated February 28, 2020.
99.3	Textual representation of conference call of February 28, 2020.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

inTEST CORPORATION

By: /s/ Hugh T. Regan, Jr.
Hugh T. Regan, Jr.
Secretary, Treasurer and Chief Financial Officer

Date: March 3, 2020

EXHIBIT 99.1

inTEST Corporation | **NEWS RELEASE**

FOR IMMEDIATE RELEASE

inTEST REPORTS 2019 FOURTH QUARTER AND YEAR END FINANCIAL RESULTS

MANSFIELD, MA, February 28, 2020 - inTEST Corporation (NYSE American: INTT), a global supplier of precision-engineered solutions for use in manufacturing and testing across a wide range of markets including automotive, defense/aerospace, energy, industrial, semiconductor and telecommunications, today announced financial results for the quarter and full year ended December 31, 2019.

2019 Fourth Quarter Financial Summary

($ in Millions, Except Per Share Data)	**Three Months Ended**		
	12/31/2019	**9/30/2019**	**12/31/2018**
Semi Market Bookings (1)	$ 4.6	$ 6.6	$ 10.8
Multimarket Bookings (2)	6.5	7.3	7.6
Total Bookings	$ 11.1	$ 13.9	$ 18.4
Semi Market Bookings (1) - % of Total Bookings	41%	48%	59%
Multimarket Bookings (2) - % of Total Bookings	59%	52%	41%
Semi Market Net Revenues (1)	$ 6.1	$ 7.1	$ 10.3
Multimarket Net Revenues (2)	7.5	7.5	8.1
Total Net Revenues	$ 13.6	$ 14.6	$ 18.4
Semi Market Net Revenues (1) - % of Total Net Revenues	45%	49%	56%
Multimarket Net Revenues (2) - % of Total Net Revenues	55%	51%	44%
Gross Margin	$ 6.5	$ 7.2	$ 9.0
Gross Margin	48%	49%	49%
Net Earnings (Loss) (GAAP) (3)	$ 0.7	$ 0.6	$ (0.8)
Net Earnings (Loss) per diluted share (GAAP) (3)	$ 0.07	$ 0.06	$ (0.08)
Adjusted Net Earnings (Non-GAAP) (4)	$ 1.0	$ 1.0	$ 2.3
Adjusted Net Earnings per diluted share (Non-GAAP) (4)	$ 0.10	$ 0.09	$ 0.23
Adjusted EBITDA (Non-GAAP) (4)	$ 1.1	$ 1.3	$ 2.8

	As of		
	12/31/2019	**9/30/2019**	**12/31/2018**
Cash and cash equivalents	$ 7.6	$ 8.0	$ 17.9

(1) Semi Market: These amounts include all bookings and net revenues from the semiconductor market.

(2) Multimarket: Formerly referred to as "Non Semi Bookings" and "Non Semi Net Revenues." These amounts include all bookings and net revenues from markets other than the semiconductor market.

(3) Consolidated results for the fourth quarter of 2018 include a $2.8 million increase in the liability for contingent consideration.

(4) There were no adjustments for contingent consideration in 2019. Further information can be found under "Non-GAAP Results." See also the reconciliation of GAAP financial measures to non-GAAP financial measures that accompanies this earnings release.

2019 Year End Financial Summary

($ in Millions, Except Per Share Data)	**Years Ended**			
	12/31/2019		**12/31/2018**	
Semi Market Bookings (5)	$	25.4	$	45.9
Multimarket Bookings (6)		27.4		32.3
Total Bookings	$	52.8	$	78.2
Semi Market Bookings (5) - % of Total Bookings		48%		59%
Multimarket Bookings (6) - % of Total Bookings		52%		41%
Semi Market Net Revenues (5)	$	31.0	$	45.4
Multimarket Net Revenues (6)		29.7		33.2
Total Net Revenues	$	60.7	$	78.6
Semi Market Net Revenues (5) - % of Total Net Revenues		51%		58%
Multimarket Net Revenues (6) - % of Total Net Revenues		49%		42%
Gross Margin	$	29.2	$	39.4
Gross Margin		48%		50%
Net Earnings (GAAP) (7)	$	2.3	$	3.0
Net Earnings per diluted share (GAAP) (7)	$	0.22	$	0.29
Adjusted Net Earnings (Non-GAAP) (8)	$	3.6	$	11.0
Adjusted Net Earnings per diluted share (Non-GAAP) (8)	$	0.34	$	1.06
Adjusted EBITDA (Non-GAAP) (8)	$	4.5	$	13.8

(5) Semi Market: These amounts include all bookings and net revenues from the semiconductor market.

(6) Multimarket: Formerly referred to as "Non Semi Bookings" and "Non Semi Net Revenues." These amounts include all bookings and net revenues from markets other than the semiconductor market.

(7) For the year ended December 31, 2018, Net Earnings (GAAP) and Net Earnings per diluted share (GAAP) include the impact of an increase in the liability for contingent consideration of $6.9 million and the reversal of the $476,000 Federal transition tax payable that was estimated during the quarter ended December 31, 2017 under new tax legislation. During the year ended December 31, 2018, we determined that this tax was not due.

(8) There were no adjustments for contingent consideration in 2019. Further information can be found under "Non-GAAP Results." See also the reconciliation of GAAP financial measures to non-GAAP financial measures that accompanies this earnings release.

2019 Fiscal Year Highlights

- 2019 Thermal segment highlights included:
  - Defense/aerospace continued to play an important role, with applications identified for a variety of products intended for satellite, tactical, and secure communications applications, including Thermonics® Chillers and Sigma test products, which drove Multimarket business.
  - We continue to find new applications for Thermostreams®; a new medical customer uses the system for testing of electronics for defibrillators, a critical component in treating cardiac arrest, and a new customer employs the equipment in thermal testing for long wave infrared cameras.
  - Chillers had a record bookings year for 2019 and continued to gain traction in the expanding cannabis industry, with eight new customers placing orders during the year.
  - Significant EKOHEAT™ induction heating equipment systems orders continued; an Original Equipment Manufacturer (OEM) placed orders for use in automotive preheating applications, becoming our third largest induction heating customer. In addition, an integrator placed an induction heating tool order for a production cell being delivered to an electric vehicle manufacturer.
  - The personal healthcare market continues to present solid opportunities, with important orders for induction heating tools received for the packaging of personal care products.

- 2019 EMS segment highlights included:
  - EMS partnered with an OEM to support its development of a new 5G test system.
  - Significant probe docking system orders were placed by a major US-based fabless semiconductor manufacturer.
  - An OEM in automotive applications test placed a large manipulator order, further demonstrating our value to the semiconductor related automotive industry.

inTEST President & CEO James Pelrin commented, “Fourth quarter results reflect the challenging headwinds our semiconductor customers continue to experience. Consolidated net revenues were below our expectations, due primarily to continued weakness in the analog production test portion of our semiconductor business. Despite the reduction in revenue, gross margin and GAAP EPS were both within guidance; and with our continued focus on operational efficiency as well as cost controls, we delivered favorable GAAP net earnings per diluted share.”

Mr. Pelrin continued, “A major driver of our Thermal business is the defense/aerospace industry; and we are seeing an uptick across many applications including front-end related Semiconductors, specifically silicon carbide related crystal growth and deposition.”

2020 First Quarter Financial Outlook

inTEST’s guidance for the 2020 first quarter includes both GAAP and non-GAAP estimates. A reconciliation between these GAAP and non-GAAP financial measures is included below.

Actual results may differ materially as a result of, among other things, the factors described under “Forward-Looking Statements” below.

inTEST expects that net revenues for the first quarter of 2020 will be in the range of $11.0 million to $12.5 million and that we will incur a net loss per diluted share ranging from $(0.07) to $(0.14). On a non-GAAP basis, adjusted net loss per diluted share is expected to be in the range of $(0.04) to $(0.11). In addition, we expect that gross margin will range from 43% to 44%. This outlook is based on the Company’s current views with respect to operating and market conditions and customers’ forecasts, which are subject to change.

“Our guidance reflects the continued softness in the analog production test sector as well as the evolving uncertainty surrounding the coronavirus outbreak,” noted Mr. Pelrin. “We are closely monitoring this outbreak and its impact on our customers and our operating results.”

Mr. Pelrin concluded, “While Semi market related variabilities are an inherent aspect of our business, we are confident in our long-term diversification strategy of maximizing our Semi business while expanding inTEST’s Multimarket footprint. Our customer base continues to grow, testament to the value of our technologies and the demand for our products. We continue to strive to excel with our capabilities to deliver precision-engineered thermal, mechanical and electronic solutions, and believe we are well positioned to participate as the semiconductor industry rebounds.”

2019 Fourth Quarter and Year-Ended Supplemental Information and Conference Call Details
inTEST is providing Supplemental Information (“Information”) in combination with its press release. This Information is offered to provide shareholders and analysts with additional time and detail for analyzing the Company’s financial results in advance of the Company’s quarterly conference call. The Information will be available in conjunction with the press release at inTEST’s website www.intest.com, under the “Investors” section.

inTEST management will host a conference call on Friday, February 28, 2020 at 8:30 am Eastern Standard Time. The conference call will address the Company’s 2019 fourth quarter financial results, and management’s current expectations and views of the industry. The call may also include discussion of strategic, operating, product initiatives or developments, or other matters relating to the Company’s current or future performance. To access the live conference call, please dial (323) 794-2598 or (800) 458-4121. The passcode for the conference call is 1878028. Please reference the inTEST 2019 Q4 and Year-End Financial Results Conference Call.

2019 Fourth Quarter and Year-End Live Webcast Details
inTEST Corporation will provide a webcast in conjunction with the conference call. To access the live webcast, please visit inTEST’s website www.intest.com under the “Investors” section.

2019 Fourth Quarter and Year-End Replay Details (Webcast)
A replay of the webcast will be available on inTEST’s website for one year following the live broadcast. To access the webcast replay, please visit inTEST’s website www.intest.com under the “Investors” section.

Submit Questions
In advance of the conference call, and for those investors accessing the webcast, inTEST Corporation welcomes individual investors to submit their questions via email to laura@ga-ir.com.

Non-GAAP Results
In addition to disclosing results that are determined in accordance with GAAP, we also disclose non-GAAP financial measures. These non-GAAP financial measures include adjusted net earnings (loss), adjusted net earnings (loss) per diluted share, EBITDA and adjusted EBITDA. Adjusted net earnings (loss) is derived by adding acquired intangible amortization, adjusted for the related income tax expense (benefit), to net earnings (loss) and removing any change in the fair value of our contingent consideration liability from net earnings (loss). Adjusted net earnings (loss) per diluted share is derived by dividing adjusted net earnings (loss) by diluted weighted average shares outstanding. EBITDA is derived by adding acquired intangible amortization, interest expense, income tax expense, and depreciation to net earnings (loss). Adjusted EBITDA is derived by removing any change in the fair value of our contingent consideration liability from EBITDA. These results are provided as a complement to the results provided in accordance with GAAP. Adjusted net earnings (loss), adjusted net earnings (loss) per diluted share, EBITDA and adjusted EBITDA are non-GAAP financial 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 financial 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 (loss) and net earnings (loss) per diluted share to adjusted net earnings (loss) and adjusted net earnings (loss) per diluted share and from net earnings (loss) to EBITDA and adjusted EBITDA, which are discussed in this earnings release, is contained in the tables below. The non-GAAP financial measures discussed in this earnings release may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP financial 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.

About inTEST Corporation

inTEST Corporation is a global supplier of precision-engineered solutions for use in manufacturing and testing across a wide range of markets including automotive, defense/aerospace, energy, industrial, semiconductor and telecommunications. Backed by decades of engineering expertise and a culture of operational excellence, we solve difficult thermal, mechanical and electronic challenges for customers worldwide while generating strong cash flow and profits. Our strategy uses these strengths to grow and increase shareholder value by maximizing our businesses and by identifying, acquiring and optimizing complementary businesses. For more information visit www.intest.com.

Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements do not convey historical information but relate to predicted or potential future events and financial results, such as statements of our plans, strategies and intentions, or our future performance or goals, that are based upon management's current expectations. Our forward-looking statements can often be identified by the use of forward-looking terminology such as “believes,” “expects,” “intends,” “may,” “will,” “should,” “plans,” “projects,” “forecasts,” “outlook,” or “anticipates” or similar terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In addition to the factors mentioned in this press release, such risks and uncertainties include, but are not limited to, the potential impact of the coronavirus outbreak on our business; indications of a change in the market cycles in the Semi Market or other markets we serve; changes in business conditions and general economic conditions both domestically and globally; changes in the demand for semiconductors, generally; the success of our strategy to diversify our business by entering markets outside the Semi Market; the possibility of future acquisitions or dispositions and the successful integration of any acquired operations; the ability to borrow funds or raise capital to finance major potential acquisitions; changes in the rates of, and timing of, capital expenditures by our customers; progress of product development programs; increases in raw material and fabrication costs associated with our products; and other risk factors set forth from time to time in our Securities and Exchange Commission filings, including, but not limited to, our periodic reports on Form 10-K and Form 10-Q. Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks to circumstances only as of the date on which it is made. We undertake no obligation to update the information in this press release to reflect events or circumstances after the date hereof or to reflect the occurrence of anticipated or unanticipated events.

Contacts

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– tables follow –

SELECTED FINANCIAL DATA
(Unaudited)
(In thousands, except per share data)

Condensed Consolidated Statements of Operations Data:

	Three Months Ended			Years Ended	
	12/31/2019	12/31/2018	9/30/2019	12/31/2019	12/31/2018
Net revenues	$ 13,614	$ 18,435	$ 14,632	$ 60,660	$ 78,563
Gross margin	6,465	9,004	7,205	29,225	39,401
Operating expenses:					
Selling expense	1,955	2,306	2,044	8,460	9,611
Engineering and product development expense	1,211	1,175	1,261	4,964	4,908
General and administrative expense	2,703	3,158	3,094	13,252	12,801
Adjustment to contingent consideration liability	-	2,828	-	-	6,901
Operating income (loss)	596	(463)	806	2,549	5,180
Other income (loss)	52	(34)	(12)	55	(137)
Earnings (loss) before income tax expense	648	(497)	794	2,604	5,043
Income tax expense (benefit)	(76)	295	147	282	2,006
Net earnings (loss)	724	(792)	647	2,322	3,037
Net earnings (loss) per share – basic	$ 0.07	$ (0.08)	$ 0.06	$ 0.22	$ 0.29
Weighted average shares outstanding – basic	10,275	10,367	10,421	10,373	10,348
Net earnings (loss) per share – diluted	$ 0.07	$ (0.08)	$ 0.06	$ 0.22	$ 0.29
Weighted average shares outstanding – diluted	10,299	10,367	10,430	10,392	10,382

Condensed Consolidated Balance Sheets Data:

	As of:		
	12/31/2019	9/30/2019	12/31/2018
Cash and cash equivalents	$ 7,612	$ 8,025	$ 17,861
Trade accounts receivable, net	9,296	9,223	10,563
Inventories	7,182	7,721	6,520
Total current assets	24,895	25,874	35,621
Net property and equipment	2,420	2,423	2,717
Total assets	59,715	61,305	67,187
Accounts payable	1,984	2,728	1,787
Accrued expenses	4,207	4,683	6,764
Total current liabilities	8,361	9,596	21,418
Noncurrent liabilities	6,520	6,940	2,889
Total stockholders' equity	44,834	44,769	42,880

Reconciliation of Net Earnings (Loss) (GAAP) to Adjusted Net Earnings (Non-GAAP) and Net Earnings (Loss) Per Share – Diluted (GAAP) to Adjusted Net Earnings Per Share – Diluted (Non-GAAP):

	Three Months Ended			Years Ended	
	12/31/2019	12/31/2018	9/30/2019	12/31/2019	12/31/2018
Net earnings (loss) (GAAP)	$ 724	$ (792)	$ 647	$ 2,322	$ 3,037
Acquired intangible amortization	313	317	312	1,257	1,103
Contingent consideration liability adjustment	-	2,828	-	-	6,901
Tax adjustments	3	(4)	(4)	(9)	(22)
Adjusted net earnings (Non-GAAP)	$ 1,040	$ 2,349	$ 955	$ 3,570	$ 11,019
Diluted weighted average shares outstanding	10,299	10,396	10,430	10,392	10,382
Net earnings (loss) per share – diluted:					
Net earnings (loss) (GAAP)	$ 0.07	$ (0.08)	$ 0.06	$ 0.22	$ 0.29
Acquired intangible amortization	0.03	0.03	0.03	0.12	0.11
Contingent consideration liability adjustment	-	0.28	-	-	0.66
Tax adjustments	-	-	-	-	-
Adjusted net earnings per share – diluted (Non-GAAP)	$ 0.10	$ 0.23	$ 0.09	$ 0.34	$ 1.06

Reconciliation of Net Earnings (Loss) (GAAP) to EBITDA (Non-GAAP) and Adjusted EBITDA (Non-GAAP):

	Three Months Ended			Years Ended	
	12/31/2019	12/31/2018	9/30/2019	12/31/2019	12/31/2018
Net earnings (loss) (GAAP)	$ 724	$ (792)	$ 647	$ 2,322	$ 3,037
Acquired intangible amortization	313	317	312	1,257	1,103
Interest expense	-	-	-	-	1
Income tax expense (benefit)	(76)	295	147	282	2,006
Depreciation	150	184	170	685	768
EBITDA (Non-GAAP)	1,111	4	1,276	4,546	6,915
Contingent consideration liability adjustment	-	2,828	-	-	6,901
Adjusted EBITDA (Non-GAAP)	$ 1,111	$ 2,832	$ 1,276	$ 4,546	$ 13,816

Supplemental Information – Reconciliation of First Quarter 2020 Estimated Net Earnings Per Share – Diluted (GAAP) to Estimated Adjusted Net Earnings Per Share – Diluted (Non-GAAP):

	Low	High
Estimated net loss per share – diluted (GAAP)	$ (0.14)	$ (0.07)
Estimated acquired intangible amortization	0.03	0.03
Estimated tax adjustments	-	-
Estimated adjusted net loss per share – diluted (Non-GAAP)	$ (0.11)	$ (0.04)

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inTEST Corporation
FOURTH QUARTER 2019 EARNINGS ANNOUNCEMENT
CONFERENCE CALL SUPPLEMENTAL INFORMATION
FEBRUARY 28, 2020

inTEST Corporation (NYSE American: INTT) is providing Supplemental Information in conjunction with our 2019 fourth quarter press release in order to provide shareholders and analysts with additional time and detail for analyzing our financial results in advance of our quarterly conference call. The conference call will begin today, Friday, February 28, 2020, at 8:30 am EST. To access the conference call, please dial (323) 794-2598 or (800) 458-4121. The passcode for the conference call is 1878028. Please reference the inTEST 2019 Q4 and Year-End Financial Results Conference Call. In addition, a live webcast will be available on inTEST's website, www.intest.com under the "Investors" section and a replay of the webcast will be available for one year following the live broadcast.

The historical roots of inTEST serve the inherently cyclical semiconductor market. In addition, we also serve a number of diversified growth markets for our precision equipment. As the cornerstone of inTEST, the semiconductor market (Semi Market) is an important component of our business. Complementing this market is our 'Non-Semi' market, which is referred to as 'Multimarket.' 'Multimarket' represents our diversification and refers to any markets other than the semiconductor market. This stems from our strategic objective of growing our business in non-semiconductor markets both organically as well as through acquisition. It is important to note that business within our Thermal segment can fall into either 'Semi' or 'Multi,' depending upon how our customers utilize our products or upon their respective applications.

Please see the "Reconciliation of Net Earnings (Loss) (GAAP) to Adjusted EBITDA (Non-GAAP)" later in this document for more details on non-GAAP financial measures, as well as a reconciliation from net earnings (loss) to Adjusted EBITDA, a non-GAAP financial measure.

Summary of Business and Financial Highlights

Today we reported the following results for the fourth quarter of 2019:

- Bookings were $11.1 million, down 20% from $13.9 million reported for Q3 2019, and down 39% from $18.4 million reported for Q4 2018. Multimarket bookings were 59% of total bookings for Q4 2019, compared to 52% in Q3 2019 and 41% in Q4 2018.
- Net revenues were $13.6 million, down 7% from $14.6 million reported for Q3 2019, and down 26% from $18.4 million reported for Q4 2018. Multimarket net revenues were 55% of total net revenues for Q4 2019, compared to 51% in Q3 2019 and 44% in Q4 2018.
- Gross margin was $6.5 million or 48%, down from $7.2 million or 49% reported for Q3 2019, and down from $9.0 million or 49% reported for Q4 2018.
- Operating income was $596,000, down from $806,000 reported for Q3 2019 and up from an operating loss of ($463,000) reported for Q4 2018.
- Net earnings were $724,000 or $0.07 per diluted share, up from $647,000 or $0.06 per diluted share reported for Q3 2019, and up from a net loss of ($792,000) or ($0.08) per diluted share reported for Q4 2018.

Summary of Bookings and Net Revenues

Bookings by end market served in dollars and as a percentage of total bookings and net revenues by end market served in dollars and as a percentage of total net revenues for the periods presented:

($ in 000s)	**Three Months Ended**							
					Change			**Change**	
	12/31/2019		**9/30/2019**		**$**	**%**	**12/31/2018**		**$**	**%**
Bookings										
Industrial	$ 3,825	34.3%	$ 4,978	35.9%	$ (1,153)	-23.2%	$ 5,555	30.2%	$ (1,730)	-31.1%
Electronic Test	2,703	24.3%	2,277	16.5%	426	18.7%	1,995	10.9%	708	35.5%
Multimarket (Non-Semi)	$ 6,528	58.6%	$ 7,255	52.4%	$ (727)	-10.0%	$ 7,550	41.1%	$ (1,022)	-13.5%
Semi Market	4,612	41.4%	6,602	47.6%	(1,990)	-30.1%	10,836	58.9%	(6,224)	-57.4%
	$ 11,140	100.0%	$ 13,857	100.0%	$ (2,717)	-19.6%	$ 18,386	100.0%	$ (7,246)	-39.4%
Net Revenues										
Industrial	$ 5,248	38.6%	$ 5,758	39.4%	$ (510)	-8.9%	$ 4,991	27.1%	$ 257	5.1%
Electronic Test	2,291	16.8%	1,748	11.9%	543	31.1%	3,063	16.6%	(772)	-25.2%
Multimarket (Non-Semi)	$ 7,539	55.4%	$ 7,506	51.3%	$ 33	0.4%	$ 8,054	43.7%	$ (515)	-6.4%
Semi Market	6,075	44.6%	7,126	48.7%	(1,051)	-14.7%	10,381	56.3%	(4,306)	-41.5%
	$ 13,614	100.0%	$ 14,632	100.0%	$ (1,018)	-7.0%	$ 18,435	100.0%	$ (4,821)	-26.2%

Fourth quarter Multimarket bookings were $6.5 million, or 59% of total bookings, compared with $7.3 million, or 52% of total bookings in the third quarter.

Fourth quarter Multimarket net revenues were $7.5 million, or 55% of total net revenues, compared with $7.5 million, or 51% of total net revenues in the third quarter.

Summary of Component Material Costs, Cost of Revenues and Gross Margin

Component material costs, cost of revenues and gross margin by segment in dollars and as a percentage of total net revenues in the periods presented:

($ in 000s)	Three Months Ended					
	12/31/2019		9/30/2019		12/31/2018	
Thermal						
Component material costs	$ 3,165	31.5%	$ 3,335	31.4%	$ 4,773	33.7%
Cost of revenues	$ 5,375	53.5%	$ 5,542	52.2%	$ 7,312	51.7%
Gross margin	$ 4,673	46.5%	$ 5,080	47.8%	$ 6,833	48.3%
EMS						
Component material costs	$ 1,123	31.5%	$ 1,260	31.4%	$ 1,439	33.5%
Cost of revenues	$ 1,774	49.7%	$ 1,885	47.0%	$ 2,119	49.4%
Gross margin	$ 1,792	50.3%	$ 2,125	53.0%	$ 2,171	50.6%
Consolidated						
Component material costs	$ 4,288	31.5%	$ 4,595	31.4%	$ 6,212	33.7%
Cost of revenues	$ 7,149	52.5%	$ 7,427	50.8%	$ 9,432	51.2%
Gross margin	$ 6,465	47.5%	$ 7,205	49.2%	$ 9,004	48.8%

Fourth quarter gross margin was $6.5 million, or 48%, as compared with $7.2 million, or 49%, in the third quarter. The reduction in the gross margin was the result of an increase in our fixed manufacturing costs as a percentage of net revenues in the fourth quarter. Consolidated component material costs increased from 31.4% in Q3 to 31.5% in Q4, reflecting higher component material costs in both our Thermal and EMS segments, reflecting less favorable product and customer mixes in both segments.

Fixed manufacturing costs increased $98,000 or 4% sequentially, to $2.5 million in Q4 2019, and were less favorably absorbed in the fourth quarter due to the lower net revenues. As a result, these costs represented 18.1% of our net revenues in the fourth quarter as compared to 16.1% in the third quarter. The increase in the dollar amount of our fixed manufacturing costs was driven by increased salary and benefits in our Thermal segment.

Summary of Results of Operations

Results of operations in dollars and as a percentage of total net revenues in the periods presented:

($ in 000s, except per share data)	Three Months Ended									
					Change				Change	
	12/31/2019		9/30/2019		$	%	12/31/2018		$	%
Net revenues	$ 13,614	100.0%	$ 14,632	100.0%	$ (1,018)	-7.0%	$ 18,435	100.0%	$ (4,821)	-26.2%
Cost of revenues	7,149	52.5%	7,427	50.8%	(278)	-3.7%	9,431	51.2%	(2,282)	-24.2%
Gross margin	6,465	47.5%	7,205	49.2%	(740)	-10.3%	9,004	48.8%	(2,539)	-28.2%
Selling expense	1,955	14.3%	2,044	14.0%	(89)	-4.4%	2,306	12.5%	(351)	-15.2%
R&D expense	1,211	8.9%	1,261	8.6%	(50)	-4.0%	1,175	6.4%	36	3.1%
G&A expense	2,703	19.9%	3,094	21.1%	(391)	-12.6%	3,158	17.1%	(455)	-14.4%
Adjust to CCL	-	-	-	-	-	-	2,828	15.3%	(2,828)	-100.0%
Operating expenses	5,869	43.1%	6,399	43.7%	(530)	-8.3%	9,467	51.3%	(3,598)	-38.0%
Operating income (loss)	596	4.4%	806	5.5%	(210)	-26.1%	(463)	-2.5%	1,059	-228.7%
Other income (expense)	52	0.4%	(12)	-0.1%	64	533.3%	(34)	-0.2%	86	252.9%
Pre-tax income (loss)	648	4.8%	794	5.4%	(146)	-18.4%	(497)	-2.7%	1,145	-230.4%
Income tax expense (benefit)	(76)	-0.5%	147	1.0%	(223)	151.7%	295	1.6%	(371)	-125.8%
Net income (loss)	$ 724	5.3%	$ 647	4.4%	$ 77	-11.9%	$ (792)	-4.3%	$ 1,516	191.4%
Diluted EPS	$ 0.07		$ 0.06				$ (0.08)			
Weighted Avg Shares - diluted	10,299		10,430				10,367			
Adjusted EBITDA	$ 1,111	8.2%	$ 1,276	8.7%	$ (165)	-12.9%	$ 2,832	15.4%	$ (1,721)	-60.8%

Results of Operations Highlights

Selling expense declined by 4% sequentially to $2.0 million for the fourth quarter. The $89,000 reduction in selling expense in the fourth quarter was primarily driven by reduced commission, warranty and travel expenses, which were partially offset by increased advertising expenses.

Engineering and product development expense decreased from $1.3 million for the third quarter to $1.2 million in the fourth quarter, a decrease of $50,000 or 4% sequentially. The decrease was driven by reduced spending on development materials and third-party consultants, partially offset by increased patent legal costs.

General and administrative expense declined from $3.1 million for the third quarter to $2.7 million for the fourth quarter, a decrease of $391,000 or 13%. The decrease was primarily driven by reduced levels of professional fees, and, to a lesser extent, to the reversal of previously accrued bonuses.

Other income was $52,000 in the fourth quarter as compared to other expense of $12,000 in the third quarter. The change in other income was driven by foreign exchange transaction gains in the fourth quarter compared to foreign exchange transaction losses in the third quarter.

We accrued an income tax benefit of ($76,000) for the fourth quarter compared to income tax expense of $147,000 recorded in the third quarter. Our effective tax rate was (12%) in Q4 compared to 19% in the third quarter. The income tax benefit booked in the fourth quarter was the result of reconciling the impact of the FDII deduction allowed under the new tax law, which benefits companies that manufacture in the U.S. and have significant overseas sales, as well as book to tax return adjustments. We currently expect that our effective tax rate will range from 15.5% to 16.5% in 2020.

For the quarter ended December 31, 2019, we had net earnings of $724,000 or $0.07 per diluted share, compared to $647,000 or $0.06 per diluted share for the third quarter.

Diluted weighted average shares outstanding were 10,298,535 for the fourth quarter of 2019. We did not issue any shares of restricted stock during the fourth quarter and repurchased 190,150 shares at a cost of $963,000 during the quarter under our buyback plan, which began on September 18, 2019. Through February 27, 2020, we have repurchased 238,614 shares at a total cost of $1.2 million.

Depreciation expense was $150,000 for the fourth quarter (compared to $170,000 in the third quarter), while acquired intangible amortization was $313,000 (compared to $312,000 for the third quarter). Restricted stock compensation expense was $246,000 for the fourth quarter of 2019.

EBITDA decreased from $1.3 million for the third quarter to $1.1 million reported for the fourth quarter.

Balance Sheet and Cash Flow Highlights

Cash and cash equivalents at the end of the fourth quarter were $7.6 million, down $413,000 from September 30, 2019. During the quarter we had cash flow from operations of $726,000 and spent $963,000 on the repurchase of our common stock. Today cash stands at $7.3 million.

We currently expect cash and cash equivalents to decline during the first quarter due to our projected operating loss. This reduction is before the impact of any potential acquisition related activities, as well as the impact on cash from the stock buyback.

Accounts receivable increased to $9.3 million or 63 DSO at December 31, 2019.

Inventories decreased $539,000 to $7.2 million at December 31, 2019, which corresponded to 152 days of inventory.

Capital expenditures during the fourth quarter were $207,000, up from $115,000 in the third quarter.

The backlog at the end of December was $5.5 million, down from $8.0 million at September 30, 2019.

Reconciliation of Net Earnings (Loss) (GAAP) to Adjusted EBITDA (Non-GAAP)

($ in 000s)	**Three Months Ended**		
	12/31/2019	**9/30/2019**	**12/31/2018**
Net earnings (loss) (GAAP)	$ 724	$ 647	$ (792)
Acquired intangible amortization	313	312	317
Interest expense	-	-	-
Income tax expense (benefit)	(76)	147	295
Depreciation	150	170	184
EBITDA (Non-GAAP)	1,111	1,276	4
Contingent consideration liability	-	-	2,828
Adjusted EBITDA (Non-GAAP)	$ 1,111	$ 1,276	$ 2,832

Non-GAAP Results

In addition to disclosing results that are determined in accordance with GAAP, we also disclose adjusted EBITDA, which is a non-GAAP financial measure. EBITDA is derived by adding acquired intangible amortization, interest expense, income tax expense, depreciation and the contingent consideration liability adjustment to net earnings (loss). Adjusted EBITDA is derived by removing any change in the fair value of our contingent consideration liability from EBITDA. These non-GAAP financial measures are provided as a complement to the results provided in accordance with GAAP. EBITDA and Adjusted EBITDA are non-GAAP financial 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 our prior acquisitions as these expenses or income items may not be indicative of our current core business or future outlook. These non-GAAP financial 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 (loss) to adjusted EBITDA, is contained in the table above. The presentation of a non-GAAP financial measure is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.

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Forward-Looking Statements

This Supplemental Information includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements do not convey historical information but relate to predicted or potential future events and financial results, such as statements of our plans, strategies and intentions, or our future performance or goals, that are based upon management's current expectations. Our forward-looking statements can often be identified by the use of forward-looking terminology such as “believes,” “expects,” “intends,” “may,” “will,” “should,” “plans,” “projects,” “forecasts,” “outlook,” or “anticipates” or similar terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In addition to the factors mentioned in this press release, such risks and uncertainties include, but are not limited to, the potential impact of the coronavirus outbreak on our business; indications of a change in the market cycles in the semiconductor and automated test (ATE) markets or other markets we serve; changes in business conditions and general economic conditions both domestically and globally; changes in the demand for semiconductors, generally; the success of our strategy to diversify our business by entering markets outside the semiconductor or ATE markets; the possibility of future acquisitions or dispositions and the successful integration of any acquired operations; the ability to borrow funds or raise capital to finance major potential acquisitions; changes in the rates of, and timing of, capital expenditures by our customers; progress of product development programs; increases in raw material and fabrication costs associated with our products; and other risk factors set forth from time to time in our Securities and Exchange Commission filings, including, but not limited to, our periodic reports on Form 10-K and Form 10-Q. Any forward-looking statement made by inTEST in this document is based only on information currently available to inTEST and speaks to circumstances only as of the date on which it is made. inTEST undertakes no obligation to update the information in this document to reflect events or circumstances after the date hereof or to reflect the occurrence of anticipated or unanticipated events.

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EXHIBIT 99.3

On February 28, 2020, inTEST Corporation held its quarterly conference call. The following represents a textual representation of the content of the conference call and while efforts are made to provide an accurate transcription, there may be errors, omissions or inaccuracies in this transcript. A recording of the conference call is available for one year on our website at www.intest.com.

Operator

Welcome to inTEST Corporation’s 2019 Fourth Quarter & Year-End financial results conference call. At this time all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. At that time if you have a question, you will need to press star, one, on your push-button phone. As a reminder, this conference is being recorded today. A replay will be accessible at www.intest.com. I will now turn the call over to inTEST’s Investor Relations consultant, Laura Guerrant. Please go ahead, Ma’am.

Laura Guerrant, Investor Relations

Thank you, Ian. And thank you for joining us for inTEST’s 2019 fourth quarter & year-end financial results conference call. With us today are Jim Pelrin, inTEST’s President and CEO, and Hugh Regan, Treasurer and Chief Financial Officer. Jim will briefly review the quarter’s highlights as well as current business trends. Hugh will then review inTEST’s detailed financial results for the quarter and discuss guidance for the 2020 first quarter. We'll then have time for any questions. If you have not yet received a copy of today's release, a copy can be obtained on inTEST’s website, www.intest.com. In addition to our press release we have issued Supplemental Information in advance of this call, which can be downloaded from our website on the Investor Relations page. The Supplemental Information is offered to provide shareholders and analysts with additional time and detail for analyzing our results in advance of the Company’s quarterly results conference call.

Before we begin the formal remarks, the Company’s attorneys advise that this conference call may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements do not convey historical information but relate to predicted or potential future events that are based upon management's current expectations. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In addition to the factors mentioned in our press release, such risks and uncertainties include, but are not limited to, the potential impact of the coronavirus outbreak on our results; indications of a change in the market cycles in the Semi Market or other markets we serve; changes in business conditions and general economic conditions both domestically and globally; changes in the demand for semiconductors, generally; the success of our strategy to diversify our business by entering markets outside the Semi Market; the possibility of future acquisitions or dispositions and the successful integration of any acquired operations; the ability to borrow funds or raise capital to finance major potential acquisitions; changes in the rates of, and timing of, capital expenditures by our customers; progress of product development programs; increases in raw material and fabrication costs associated with our products; and other risk factors set forth from time to time in our SEC filings, including, but not limited to, our periodic reports on Form 10-K and Form 10-Q. Any forward-looking statement made by inTEST during this conference call is based only on information currently available to inTEST and speaks to circumstances only as of the date on which it is made. inTEST undertakes no obligation to update the information in this conference call to reflect events or circumstances after the date hereof or to reflect the occurrence of anticipated or unanticipated events.

During today's call, we will make reference to non-GAAP financial measures. We have provided additional information concerning these non-GAAP measures, including a reconciliation to the directly comparable GAAP measure, in our press release, which is posted on the investor page of our website, www.intest.com.

And with that, let me now turn the call over to Jim Pelrin. Please go ahead, Jim.

Jim Pelrin, President & CEO

Thank you, Laura. We'd like to welcome everyone to our 2019 fourth quarter conference call.

Our results for the fourth quarter are a clear reflection of the challenging headwinds our semiconductor customers continue to experience… and while consolidated net revenues were below our expectations, we did meet guidance for both gross margin of 48% and GAAP EPS of $0.07. Consolidated net revenues for the quarter of $13.6 million declined sequentially, due to continued weakness in the analog production test portion of our semiconductor business.

Q4 Semi revenues were down 15% quarter-over-quarter, and while Multimarket revenues were essentially flat, we sustained the growth achieved in the third quarter. Multimarket revenue was driven by continued strength in the defense and aerospace market. As we have noted in the past, our ultimate goal is to grow Multimarket business to offset the volatility inherent in the Semi Market.

Overall, consolidated fourth quarter bookings declined 20% sequentially, a combination of the timing of specific large orders in our thermal business and continued softness in EMS related orders driven by excess production test capacity at EMS' customers.

Let's now turn to our two operating segments, beginning with Thermal, which consists of two businesses, iTS (inTEST Thermal Solutions) and Ambrell.

Q4 Thermal net revenues were $10.0 million compared to $10.6 million in the third quarter. It's important to note that Thermal is responsible for all Multimarket revenue, as well as important revenue from Semi back-end test and front-end manufacturing. With Multimarket revenues essentially flat quarter-over-quarter, Semi was the major contributing factor to the decline in the Thermal market. Thermal bookings were $8.7 million compared with $9.5 million in the third quarter, reflecting the impact of the aforementioned order timing.

There is broad technical and geographical interest in our thermal products– which continues to drive our Multimarket penetration. For example, during the fourth quarter,

- We continued to win induction heating orders in the electric vehicle industry. As EV manufacturers expand their production capacity, opportunities continue to arise, and during the quarter an integrator placed an induction heating tool order for a production cell being delivered to an EV manufacturer.
- The personal healthcare market continues to be strong. Recall that in Q3, important orders were received for our induction heating tools for the packaging of personal care products, and significant order placements continued in the fourth quarter.
- ThermoStreams are air-forcing systems that create thermal environments for rapid testing across a wide range of extreme temperatures for semiconductor device testing and for Multimarket specialized applications. We continue to branch out with Thermostreams into new and different applications, as exemplified by a new medical customer that is using our ThermoStreams in the testing of electronic devices for treating cardiac arrest.

- In addition, Multimarket business continues to be driven by defense and aerospace applications for both Sigma test products and Thermonics Chillers.
- In fact, our Chiller business continues to grow, as we added three new customers this quarter who use our products for chemical extraction for the expanding cannabis industry. This follows on the heels of the two new customers we secured in Q3.

Turning to the EMS Products Segment, which is the semiconductor roots of the company whose products serve analog and mixed signal production test…The major drivers of the EMS business are automotive, Internet of Things, heavy industrial applications, and consumer electronics, as well as 5G related products. Q4 EMS bookings were $2.5 million compared to $4.3 million in Q3, while Q4 revenues were $3.6 million, compared to $4.0 million for the prior quarter.

Recent reports by some in the analog mixed signal semiconductor business have indicated that conditions remained challenging, particularly for industrial and automotive in the fourth quarter; and this was also true for our EMS unit. Like most cap equip manufacturers, EMS' customers order for two reasons: expanding manufacturing capacity and to a lesser extent next-gen testing processes that require new equipment or different combinations of existing equipment.

The Semi super cycle dramatically increased capacity throughout the industry. At the peak of the super cycle, EMS business increased over 50% from 2016 to 2017. However, current market conditions have significantly reduced demand at our customers, which of course resulted in considerable excess capacity. EMS does not expect to see an appreciable rebound in business until that excess capacity has been absorbed. Utilization rates have been low throughout 2019 and continue today. We know from studying recent industry analyses that capacity has to approach the 90% range before we'd really see a significant pickup in EMS business.

Industry analysts recently reported 2019 Semi equipment utilization rates were 88%, a drop of 8% year-over-year, which aligns with what we are seeing. In addition, it was recently noted that prober and handler manufacturers experienced similar declines, 20% and 30% year-over-year respectively. It's not surprising, then, that an 8% drop in semi utilization rates can translate to EMS revenue down 25% for the year. On a positive note, utilization rates have recently been predicted to approach the 90% range in the second half of 2020.

Let me close here with a couple of comments and then hand off to Hugh for detailed operating numbers. As noted in our press release, our Q1 guidance stems from a disappointing Q4 order flow amidst the trends I just described. While short-term demand visibility for EMS products is somewhat cloudy, we are optimistic that capacity utilization at our customers will increase and drive increased demand for EMS products in the second half of the year. We remain confident in the long-term opportunity for EMS as analog production test demand increases.

A major driver of our Thermal business is the defense/aerospace industry and we are seeing an uptick across many applications including Semi, specifically silicon carbide related crystal growth and deposition.

Recent communications with our top customers indicate a level of confidence in their respective business for the year and subsequently their business with us. We are in good standing with all of them and have been told that they fully intend to continue ordering from us this year. In fact, the majority see an increase in orders expected to be placed with us.

The tone of our conversations with our EMS customers and thermal customers was quite similar, with two very important distinctions for EMS -- their timing is less certain, and with considerable excess capacity in place, orders have been sparse. We do not believe that we are losing market share. In fact, our customers remain strong and committed to EMS. As new demand arises and their excess capacity is absorbed, we believe it is a question of when EMS customers pull the trigger on orders. We recently announced the appointment of KL Wong as EMS's Southeast Asia sales manager. KL brings extensive knowledge and experience that we will leverage to reinforce the already strong relationships we have in the region.

On the M&A front, which is an important component of our growth strategy, we continue to evaluate and assess potential acquisition opportunities that meet our investment criteria. Ultimately anything we choose to pursue needs to be aligned with our strategic vision, optimally position the Company, and benefit our shareholders. It's a long-term process requiring patience and persistence, and as we execute our plans and strategies for the future growth and expansion of inTEST we will provide updates.

In closing, while there is still considerable end-market uncertainty, we feel confident in our long-term diversification strategy. We continue to strategically expand from our core roots in semiconductors to be a broad-based supplier to multiple growth markets, and our customer base continues to grow, testament to the value of our technologies and the demand for our products. We strive to excel with our capabilities to deliver precision- engineered thermal, mechanical and electronic solutions. We believe we are well positioned to participate in the semiconductor industry rebound. And with that I'd like to turn the call over to Hugh.

Hugh Regan, Treasurer & CFO

Thanks, Jim. As we noted earlier, our fourth quarter net revenue was below our guidance range and came in at $13.6 million, down 7% sequentially.

Fourth quarter gross margin was within our guidance range and at 48% was down 1% from the third quarter, reflecting less favorable absorption of fixed production costs at reduced revenue levels.

Selling expense declined by 4% sequentially to $2.0 million for the fourth quarter, with reduced commission, warranty and travel expenses, partially offset by increased advertising costs in our Thermal segment.

Engineering and product development expense declined 4% sequentially to $1.2 million with reductions in development materials and third-party consultants, partially offset by increased patent legal costs.

For the second quarter in a row, we saw a significant reduction in the level of our general and administrative expense, with Q4 G&A expense of $2.7 million down $391,000 or 13% sequentially. Fourth quarter G&A expense came in below our guidance, primarily due to reduced levels of professional fees and, to a lesser extent, to the reversal of previously accrued bonuses.

We accrued an income tax benefit of $76,000 for the fourth quarter compared to income tax expense of $147,000 recorded for the third quarter. Our effective tax rate was a negative 12% in the fourth quarter compared to 19% in the third quarter. The income tax benefit booked in the fourth quarter was the result of reconciling the impact of the FDII deduction allowed under the new tax law which benefits companies that manufacture in the US and have significant overseas sales as well as book to tax return adjustments. We expect that our effective tax rate will range from 15.5% to 16.5% in 2020.

For the fourth quarter we reported net earnings of $724,000 or $0.07 per diluted share, compared to $647,000 or $0.06 per diluted share for the third quarter. Diluted average shares outstanding were 10.3 million for the fourth quarter of 2019. During the fourth quarter, we did not issue any shares of stock and repurchased 190,150 shares under our stock repurchase plan, which commenced on September 18th. Through February 27, 2020, we have repurchased 238,614 shares at a total cost of $1.2 million.

EBITDA was $1.1 million in the fourth quarter, down from $1.3 million in the third quarter. For 2019, we had EBITDA of $4.5 million.

Consolidated headcount at December 31st was 206, a reduction of 1 from the level we had at September 30th and down 20 or 9% since the beginning of 2019. As I have noted previously, these reductions were primarily due to staff attrition, and to a lesser extent, were the result of the planned consolidation of Ambrell's European operations.

I'll now turn to our balance sheet.

Cash and cash equivalents decreased by $413,000 sequentially to $7.6 million and cash flow from operations was $726,000 for the fourth quarter. The decrease in cash was the result of the $963,000 spent on stock repurchases during the fourth quarter. We currently expect cash and cash equivalents to further decline in the first quarter of 2020 as a result of our projected operating loss in the first quarter. As of today, cash stands at $7.3 million.

Accounts receivable increased slightly during the fourth quarter and was $9.3 million at December 31 with DSO of 63 (up from 57 at September 30). And inventories declined $539,000 or 7% sequentially, and our days of inventory increased slightly to 152.

Capital expenditures were $207,000 in the fourth quarter, up from $115,000 in the third quarter. For 2019, total capital expenditures were $620,000, down from $2.2 million in 2018, which included $1.7 million spent on tenant improvements for Ambrell's Rochester facility.

Backlog at the end of December was $5.5 million, down from $8.0 million at September 30th, reflecting the reduction in orders in the quarter.

As to guidance, as noted in our earnings release, we are seeing continued softness in orders from the analog portion of the semiconductor market as well as an evolving uncertainty with regard to our customers' ordering patterns stemming from responses to the coronavirus outbreak, which we are closely monitoring. Accordingly, we are providing a wider than usual guidance range and expect that net revenues for the first quarter ending March 30, 2020 will be in the range of $11.0 million to $12.5 million. On a GAAP basis, we will incur a net loss ranging from $(0.07) to $(0.14) per diluted share. And on a non-GAAP basis, our adjusted net loss per diluted share will range from $(0.04) to $(0.11) per diluted share.

With respect to gross margin, as a direct result of the expected lower revenue, our gross margin will decline until orders and revenues recover. Thus, we currently expect our first quarter gross margin will range from 43% to 44%.

Operator, that concludes our formal remarks. We can now take questions.

Question-and-Answer Session

Operator: [Operator Instructions] We will begin with our first question from Theodore O'Neill of Litchfield Hills Research.

Theodore O'Neill: Yes, thanks very much. Jim … The chiller business for – you added cannabis customers to, how many individual cannabis customers are buying chillers now?

Jim Pelrin: Hi, Theodore. Nine in total for cannabis and several have bought multiple chillers.

Theodore O'Neill: Okay. And on the EV orders, do you have more than one EV customer?

Jim Pelrin: Absolutely.

Theodore O'Neill: Is it two?

Jim Pelrin: We have several. I don't want to get – but we have several and our customers generally are integrators for EV.

Theodore O'Neill: Okay. So, does that mean that like – so they like – they sort of like one share the information with the other about where they should be buying the equipment?

Jim Pelrin: No, we have been actively pursuing at the EV manufacturer level, who their key integrators are and then pursuing them.

Theodore O'Neill: Okay. So, Hugh, the margins came in little bit better than you would have expected at this level of revenue. Can you comment on the mix in the quarter?

Hugh Regan: Yes, Theodore. It was actually a little bit more favorable than we had expected and that's one of the reasons that the margin was a little bit stronger than expected. Unfortunately, with the revenue decline, our fixed operating cost trended up as a percentage of revenue. So, all in all, we came in a little better than expected, but that was simply because of a more favorable mix than we had originally expected.

Theodore O'Neill: And what is this FDII tax benefit that you booked in the quarter?

Hugh Regan: Yes, I – we've been explaining FDII for a long time to a lot of people. Under the new Tax Reform Act, one of the benefits that President Trump gave to companies that manufacture in the United States and have significant foreign imports, is reducing the tax rate on sales made offshore to effectively to about – I believe it's about a 15% effective tax rate for the – or actually 13% effective tax rate for those sales that go offshore.

So, significantly below the 21% at the corporate tax rate. And when you – or about 60% of our shipments go offshore on an annual basis, so that has a profound impact. This FDII deduction was really made for companies just like inTEST Corporation that has significant offshore sales and manufacturing in the United States.

So, going forward, we expect our – as I mentioned in the call, our effective tax rate to range between 15.5% and 16.5%.

Theodore O'Neill: Great. Thanks very much.

Hugh Regan: You are welcome.

Operator: Thank you. [Operator Instructions] We will move to our next question from George Melas of MKH Management. Go ahead sir, your line is open.

George Melas-Kyriazi: Oh, it's me? Okay. Thank you. Good morning, Jim and Hugh.

Jim Pelrin: Good morning, George.

Hugh Regan: Good morning, George.

George Melas-Kyriazi: Good morning. Good morning and so, I am bit confused here. Okay. Thanks for the color that you guys gave during your prepared remarks. Jim, can you talk a little bit more about thermal on the semi side? And it seems like, the bookings there were – was fairly soft. And maybe what are some of the dynamics there? Is that also a question of excess capacity or there is some other dynamics going on?

Jim Pelrin: Well, there's two components to semi thermal bookings, George. One is, inTEST – sorry, iTS' Thermostreams product line sells to labs. They sell to qual labs, engineering labs for product design and that generally – it certainly does not have the same swings that the rest of the semiconductor business has when – as it oscillates. It has some peaks and dips, but nothing like rest of the business.

And our Ambrell unit sells to front-end semi equipment manufacturing, which has been very soft for us in 2019. We see – we believe we see that energizing a little bit now -- but it was very soft in 2019 -- and that's for vapor deposition and crystal growth.

George Melas-Kyriazi: Okay. And Ambrell, they sell primarily to OEs and you have three of those. Is that correct or…?

Jim Pelrin: They sell primarily to OEMs. They do sell some to end-users, as well, particularly in the crystal growth end.

George Melas-Kyriazi: And then the weakness there is both with OEs and with sort of direct customers?

Jim Pelrin: Yes, the market was just, as you know, the market was just down.

George Melas-Kyriazi: Okay, great. And it seems like, you're making some pretty good progress into the other markets besides semi. I know that a few years ago, that was a struggle and it seemed like you guys have done a really good push there.

Can you talk a little bit more about that, and what are sort of resources you are devoting to that and how do you see things? And also, maybe just mentioned the optical transceivers if there were any sales in the quarter related to that?

Jim Pelrin: Sure, well, let me take the optical transceivers first. The sales were very meager, and we expect sales to continue to be very meager in that business. There has been a technological shift in that business where they are no longer testing at temperature extremes, particularly on the low end. The technology of the product has changed.

In fact, all of the high-speed optical transceivers, 100G and above, are operated hot and are tested at room and hot only. They are not tested at cold. So, we see that business – we had very little business in 2019 and we don't see that changing going forward.

As far as the rest of the Multimarket business, we have seen a big upswing in Mil Aero and also we are through - our industrial markets through Ambrell has been very strong. And that market has energized. We expect going forward good results from both Ambrell, as well as iTS' Multimarket through – predominantly through the mil/aero sector.

George Melas-Kyriazi: Okay. And how are you approaching that sector? Is it directly to customers? Or what's kind of the structure of the market or your go-to-market strategy there?

Jim Pelrin: Well, again, we are very application driven. So, we try to touch as many customers as we can. Both business units have a comprehensive sales channel with direct sales supporting a host of distributors and reps and we have a very active - a very active machine to create leads. It's typical that we would get – for a Multimarket – we would get leads in the thousands in any given year.

George Melas-Kyriazi: Okay. Okay. Thanks a lot, Jim.

Jim Pelrin: Okay.

Operator: Thank you. [Operator Instructions] It appears we have no further questions. Mr. Pelrin, I will turn it back to you.

Jim Pelrin: Thank you for your interest in inTEST. We look forward to updating you on our progress when we report our results for the first quarter. Operator, this concludes the call.

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