

Vishay Precision Group

First Fiscal Quarter 2022 Earnings
May 10, 2022

Safe Harbor Statement

From time to time, information provided by us, including, but not limited to, statements in this press release, or other statements made by or on our behalf, may contain or constitute "forward-looking" information within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks, uncertainties, and contingencies, many of which are beyond our control, which may cause actual results, performance, or achievements to differ materially from those anticipated.
Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, expected, estimated, or projected. Among the factors that could cause actual results to materially differ include: general business and economic conditions; impact of inflation, global labor and supply chain challenges; difficulties or delays in identifying, negotiating and completing acquisitions and integrating acquired companies; the inability to realize anticipated synergies and expansion possibilities; difficulties in new product development; changes in competition and technology in the markets that we serve and the mix of our products required to address these changes; changes in foreign currency exchange rates; political, economic, health (including the COVID-19 pandemic) and military instability in the countries in which we operate; difficulties in implementing our cost reduction strategies, such as underutilization of production facilities, labor unrest or legal challenges to our lay-off or termination plans, operation of redundant facilities due to difficulties in transferring production to achieve efficiencies; significant developments from the recent and potential changes in tariffs and trade regulation; our efforts and efforts by governmental authorities to mitigate the COVID-19 pandemic, such as travel bans, shelter-in-place orders and business closures and the related impact on resource allocations, manufacturing and supply chains; our status as a “critical”, “essential” or “life-sustaining” business in light of COVID-19 business closure laws, orders and guidance being challenged by a governmental body or other applicable authority; our ability to execute our new corporate strategy and business continuity, operational and budget plans; and other factors affecting our operations, markets, products, services, and prices that are set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Non-GAAP Measures

This presentation includes discussion of adjusted free cash flow, adjusted gross profit and adjusted operating income and their corresponding margins, as well as adjusted net earnings, adjusted EBITDA, and adjusted net diluted earnings per share. These are financial measures that were not prepared in accordance with generally accepted accounting principles in the United States (non-GAAP measures). Management believes that these non-GAAP measures are useful to investors because each presents what management views as our core operating results for the relevant period. The adjustments to the applicable GAAP measures relate to occurrences or events that are outside of our core operations, and management believes that the use of these non-GAAP measures provides a consistent basis to evaluate our operating profitability and performance trends across comparable periods. These reconciling items are indicated on the accompanying reconciliation schedules and are more fully described in VPG’s financial statements presented in our Annual Report on Form 10-K and our Quarterly Reports on Forms 10-Q.

VPG: Performance Through Precision

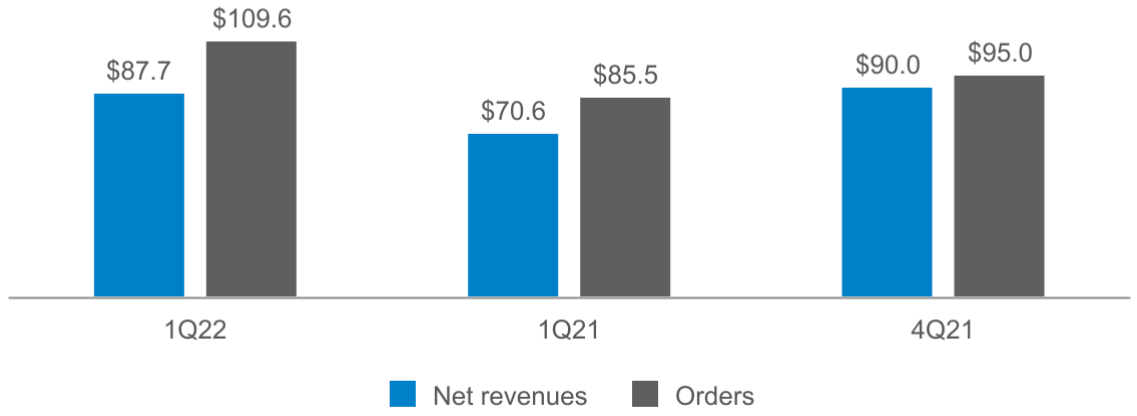
Long-term Strategic Priorities:

- Realize long-term benefits from diversified operational strategy that accelerates growth and profitability across VPG's business segments
- Capture expanding value-added applications in new and emerging precision measurement markets that enable our customers' technology
- Invest in growth-focused initiatives that increase market opportunities and operational capabilities
- Augment investments in organic growth with value-creating strategic bolt-on and transformational M&A



Fiscal First Quarter 2022 Highlights

Consolidated Financial Highlights
(in $ millions)

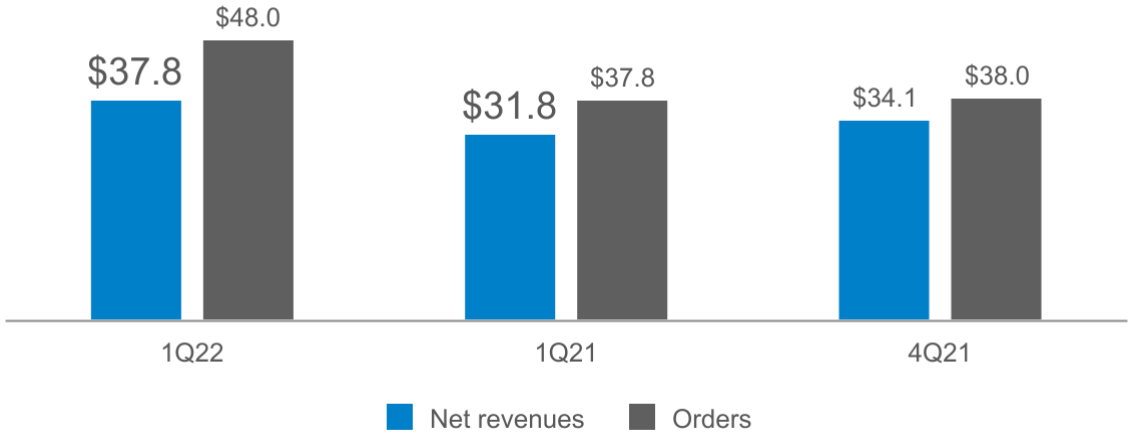


($ in millions, except margin data and book-to-bill ratio)	1Q22	1Q21	4Q21
Net revenues	$ 87.7	$ 70.6	$ 90.0
Gross margin	40.2 %	40.5 %	38.7 %
Adjusted gross margin	41.0 %	40.5 %	40.3 %
Net Earnings per Diluted Share	$ 0.46	$ 0.36	$ 0.44
Adj. Net Earnings per Diluted Share	$ 0.49	$ 0.31	$ 0.56
Adj. EBITDA	12.6	9.5	14.2
Book-to-Bill	1.25	1.21	1.06
End-of-period backlog	170.6	100.7	150.5

- Revenue of $87.7 million, grew 24.2% from the prior year
- Adj. Net Earnings per Diluted Share grew 58.1% from the prior year
- Generated Adj. EBITDA of $12.6 million, or 14.4% of revenue
- Book-to-bill of 1.25x driven by record orders of $109.6 million
- Record backlog of $170.6 million
- Quarterly results in-line with target operating model

Sensors: First Quarter 2022 Highlights

(in $ millions)

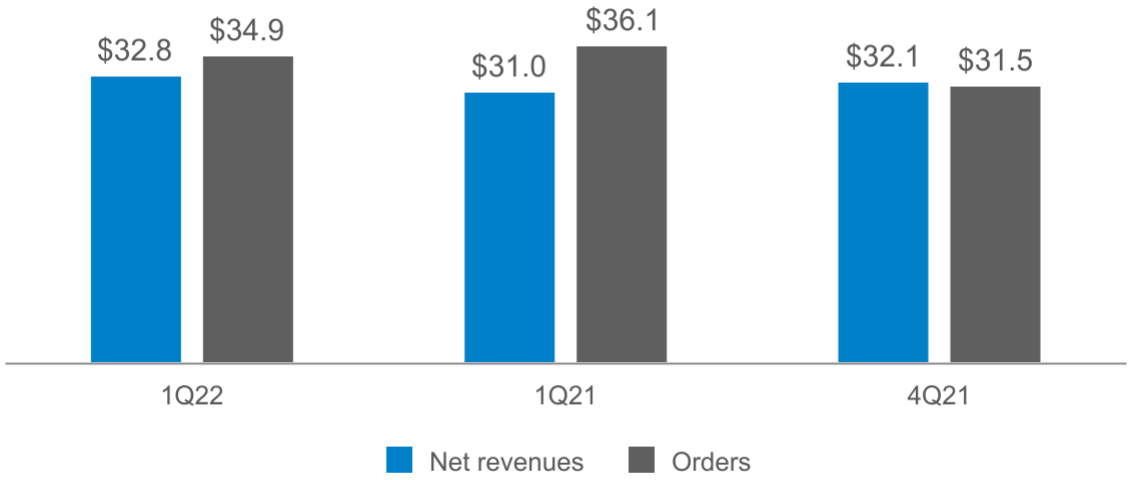


($ in millions, except margin data and book-to-bill ratio)	1Q22	1Q21	4Q21
Net revenues	37.8	31.8	34.1
Book-to-Bill	1.27	1.19	1.11
Gross profit	14.3	12.8	11.0
Gross profit margin	37.8 %	40.3 %	32.1 %
Adjusted gross profit margin	38.6 %	40.9 %	34.8 %

- 1Q22 revenues grew 10.5% sequentially and were up 18.7% from a year ago
- Book-to-bill of 1.27x reflected order growth of 26.5% from 4Q21 driven by higher orders for precision resistors and Advanced Sensors
- Sequential order strength mainly in Test & Measurement
- Advanced sensors revenue reach approximately $50 million annualized runrate in 1Q22
- Advanced sensors revenue and orders grew 42% and 9%, respectively, from 4Q21

Weighing Solutions: First Quarter 2022 Highlights

(in $ millions)

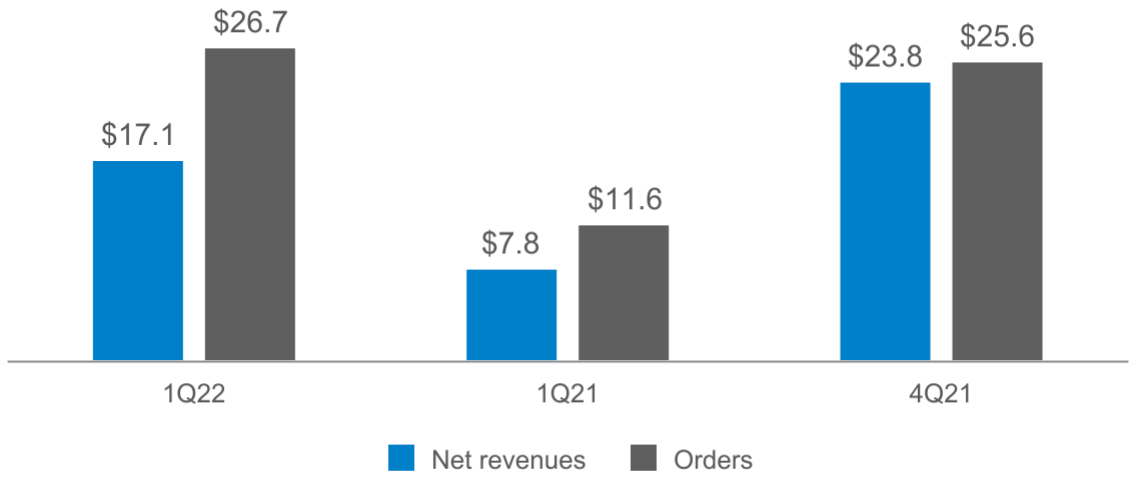


($ in millions, except margin data and book-to-bill ratio)	1Q22	1Q21	4Q21
Net revenues	32.8	31.0	32.1
Book-to-Bill	1.06	1.16	0.98
Gross profit	12.1	11.8	10.9
Gross profit margin	36.9 %	38.0 %	34.0 %
Adjusted gross profit margin	36.9 %	38.2 %	34.0 %

- 1Q22 revenues grew 2.2% sequentially and were up 5.8% from the prior year
- Book-to-bill of 1.06x
- Force sensors OEM revenue grew 16% from 1Q21
- Orders grew sequentially 10.9% driven mainly in the Transportation market for heavy trucks

Measurement Systems: First Quarter 2022 Highlights

(in $ millions)



($ in millions, except margin data and book-to-bill ratio)	1Q22	1Q21	4Q21
Net revenues	17.1	7.8	23.8
Book-to-Bill	1.56	1.48	1.08
Gross profit	8.9	4.0	13.0
Gross profit margin	51.8 %	51.4 %	54.7 %
Adjusted gross profit margin	54.1 %	48.1 %	56.8 %

- 1Q22 revenues declined 27.9% sequentially due to project-driven delivery cycles.
- The 119.7% increase in revenue compared to the prior year was primarily due the acquisition of DTS on June 1, 2021.
- Book-to-bill was 1.56x.
- Orders reflected record KELK orders to steel manufacturers.

Financial Results

($ in millions, except margin data and per share amounts)	Fiscal quarter ended April 2, 2022	April 3, 2021	December 31, 2021
Net revenues	$ 87.7	$ 70.6	$ 90.0
Gross profit	$ 35.3	$ 28.6	$ 34.9
Gross profit margin	40.2%	40.5%	38.7%
Selling, general, and administrative expenses	$ 26.7	$ 22.2	$ 26.1
Adjusted operating income	$ 9.2	$ 6.1	$ 10.3
Adjusted operating margin	10.5%	8.7%	11.4%
Adjusted net earnings attributable to VPG stockholders	$ 6.6	$ 4.2	$ 7.7
Adjusted net earnings per diluted share	$ 0.49	$ 0.31	$ 0.56

Selected Balance Sheet Items

($ in Millions)

	April 2, 2022	April 3, 2021	December 31, 2021
Cash & cash equivalents	$ 78.2	$ 96.2	$ 84.3
Total assets	457.8	398.6	461.9
Total long-term debt	60.7	40.6	60.7
Total liabilities	176.0	138.0	184.8

Thank You

Appendix

First Quarter 2022 Market Trends

Consolidated Revenue by Market

$ in millions	1Q22	1Q21	4Q21
Test & Measurement	$ 18.0	$ 14.4	$ 17.6
Avionics, Military, Space	8.2	6.0	7.9
Transportation	14.0	9.6	14.4
Industrial Weighing	13.2	12.0	14.3
General Industrial	5.9	4.1	4.4
Steel	7.3	7.0	12.3
Other Markets	21.1	17.5	19.1
Total	$ 87.7	$ 70.6	$ 90.0

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

	Gross Profit		Operating Income		Net Earnings Attributable to VPG Stockholders		Diluted Earnings Per share	
Three months ended	**April 2, 2022**	**April 3, 2021**	**April 2, 2022**	**April 3, 2021**	**April 2, 2022**	**April 3, 2021**	**April 2, 2022**	**April 3, 2021**
As reported - GAAP	**35,250**	28,622	**8,315**	6,439	**$ 6,356**	$ 4,961	**$ 0.46**	$ 0.36
As reported - GAAP Margins	**40.2 %**	40.5 %	**9.5 %**	9.1 %				
Acquisition purchase accounting adjustments	**371**	11	**371**	11	**371**	11	0.03	—
COVID-19 impact	**138**	(151)	**138**	(443)	**138**	(443)	0.01	(0.03)
Start-up costs	**150**	129	150	129	150	129	0.01	0.01
Restructuring costs		—	**261**	—	**261**	—	0.02	—
Foreign exchange (gain)/loss		—		—	**(554)**	(735)	(0.04)	(0.05)
Less: Tax effect of reconciling items and discrete tax items		—		—	**$ 76**	$ (233)	**$ —**	$ (0.02)
As Adjusted - Non GAAP	**$ 35,909**	$ 28,611	**$ 9,235**	$ 6,136	**$ 6,646**	$ 4,156	**$ 0.49**	$ 0.31
As Adjusted - Non GAAP Margins	**41.0 %**	40.5 %	**10.5 %**	8.7 %				

Non-GAAP Reconciliation – EBITDA and Adjusted EBITDA

In $ thousands, except margin data	Fiscal quarter ended		
	April 2, 2022	**April 3, 2021**	**December 31, 2021**
Net earnings attributable to VPG stockholders	$ 6,356	$ 4,961	$ 5,961
Interest Expense	329	305	324
Income tax expense	1,741	1,764	1,781
Depreciation	2,853	2,907	2,993
Amortization	970	615	970
EBITDA	12,249	$ 10,552	$ 12,029
EBITDA MARGIN	14.0 %	14.9 %	13.4 %
Impairment of goodwill and indefinite-lived intangibles	—	—	—
Acquisition purchase accounting adjustments	371	11	516
Acquisition costs	—	—	—
Restructuring costs	261	—	76
COVID-19 impact	138	(443)	—
Start-up costs	150	129	916
Foreign exchange (gain)/loss	(554)	(735)	632
ADJUSTED EBITDA	12,615	9,514	14,169
ADJUSTED EBITDA MARGIN	14.4 %	13.5 %	15.7 %

Reconciliation of Adjusted Gross Profit by Segment

In $ thousands except margin data	Fiscal quarter ended April 2, 2022	Fiscal quarter ended April 3, 2021	Fiscal quarter ended December 31, 2021
Sensors			
As reported - GAAP	$ 14,286	$ 12,833	$ 10,954
As reported - GAAP Margins	37.8 %	40.3 %	32.1 %
COVID-19 impact	121	53	—
Start-up costs	$ 150	$ 129	$ 916
As Adjusted - Non GAAP	$ 14,557	$ 13,015	$ 11,870
As Adjusted - Non GAAP Margins	38.6 %	40.9 %	34.8 %
Weighing Solutions			
As reported - GAAP	$ 12,079	$ 11,775	$ 10,913
As reported - GAAP Margins	36.9 %	38.0 %	34.0 %
COVID-19 impact	—	64	—
As Adjusted - Non GAAP	$ 12,079	$ 11,839	$ 10,913
As Adjusted - Non GAAP Margins	36.9 %	38.2 %	34.0 %
Measurement Systems			
As reported - GAAP	$ 8,885	$ 4,015	$ 13,012
As reported - GAAP Margins	51.8 %	51.4 %	54.7 %
Acquisition purchase accounting adjustments	371	11	516
COVID-19 impact	17	(268)	—
As Adjusted - Non GAAP	$ 9,273	$ 3,758	$ 13,528
As Adjusted - Non GAAP Margins	54.1 %	48.1 %	56.8 %