

Vishay Precision Group

PERFORMANCE THROUGH PRECISION

VPG Third Quarter Fiscal 2019 Earnings

November 5, 2019

Safe Harbor Statement

From time to time, information provided by us, including but not limited to statements in this report, or other statements made by or on our behalf, may contain "forward-looking" information within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks, uncertainties, and contingencies, many of which are beyond our control, which may cause actual results, performance, or achievements to differ materially from those anticipated.

Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, expected, estimated, or projected. Among the factors that could cause actual results to materially differ include: general business and economic conditions; difficulties or delays in identifying, negotiating, and completing acquisitions and integrating acquired companies (including Dynamic Systems Inc.); the inability to realize anticipated synergies and expansion possibilities; difficulties in new product development; changes in competition and technology in the markets that we serve and the mix of our products required to address these changes; changes in foreign currency exchange rates; political, economic and military instability in the countries in which we operate; difficulties in implementing our ERP system, and the associated impact on manufacturing efficiencies and customer satisfaction; 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 regulations; 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, 2018. 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 free cash flow, adjusted gross profit and adjusted operating income and their corresponding margins, as well as adjusted EBITDA, adjusted net earnings and adjusted diluted earnings per share. These are financial measures that were not prepared in accordance with generally accepted accounting principles in the United States (non-GAAP measures). We believe these non-GAAP measures provide insight into our financial performance. These non-GAAP measures are supplemental to the comparable GAAP measures. Reconciliations of most of these non-GAAP measures to the corresponding GAAP measures are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 which is available on our website at www.vpgsensors.com.

Third Quarter Highlights

- Sales of $67.4 million.
- Gross profit margin of 38.3%.
- Operating margin of 9.2%, adjusted operating margin* of 10.0%.
- Net earnings per diluted share of $0.33, adjusted net earnings per diluted share* of $0.37.
- Cash from operations of $7.6 million with free cash flow* of $4.8 million.
- Acquisition of Dynamic Systems Inc. completed on November 1, 2019.

* - See attached reconciliation tables.

Financial Results

($ in millions, except per share amounts)	Fiscal quarter ended	
	September 28, 2019	**September 29, 2018**
Net revenues	$67.4	$75.5
Gross profit	$25.8	$30.6
Gross profit margin	38.3%	40.5%
Selling, general, and administrative expenses	$19.1	$19.7
Adjusted operating income	$6.7	$10.9
Adjusted operating margin	10.0%	14.4%
Adjusted net earnings attributable to VPG stockholders	$5.0	$7.7
Adjusted net earnings per diluted share	$0.37	$0.57

Consolidated Results/Trends

($ in millions)	Fiscal quarter ended		
	September 28, 2019	**September 29, 2018**	**June 29, 2019**
Net revenues	$67.4	$75.5	$70.9
Book-to-bill ratio	0.96	0.98	0.94
Total orders	$64.4	$74.0	$66.7
End-of-period backlog	$79.3	$99.4	$83.4
Inventory turnover	2.60	2.74	2.66

Segment Results/Trends

($ in millions)	Foil Technology Products			Force Sensors			Weighing and Control Systems		
	Q3 2019	Q3 2018	Q2 2019	Q3 2019	Q3 2018	Q2 2019	Q3 2019	Q3 2018	Q2 2019
Net revenues	$ 32.1	$ 35.9	$ 33.0	$ 16.2	$ 17.6	$ 16.3	$ 19.1	$ 22.0	$ 21.5
Gross profit	$ 12.0	$ 15.8	$ 14.4	$ 4.9	$ 4.6	$ 4.4	$ 8.9	$ 10.2	$ 9.8
Gross profit margin	37.3%	43.9%	43.6%	30.4%	25.9%	26.9%	46.6%	46.6%	45.6%
Book-to-bill ratio	0.91	0.95	0.93	0.94	0.98	0.95	1.04	1.02	0.95
Total orders	$ 29.4	$ 34.2	$ 30.7	$ 15.2	$ 17.3	$ 15.5	$ 19.8	$ 22.4	$ 20.5
Backlog in months	3.6	4.4	3.8	2.8	2.9	3.0	4.0	4.0	3.5
Inventory turnover	2.79	2.83	2.65	2.30	2.26	2.39	2.61	3.35	3.03

VPG Acquires Dynamic Systems Inc. (DSI): Transaction Overview

- DSI is a well-established premier manufacturer of thermal-mechanical test and simulation equipment
- DSI's Gleeble® line of material testing and simulation systems are used to develop new metal alloys and optimize manufacturing processes
- The acquisition adds an industry-leading, high margin niche-market manufacturer that addresses the growing demand for high performance materials for multiple industries
- DSI will leverage VPG's sales platform and expand offerings in the steel industry with "blue ocean" new product opportunities
- Purchase price of $41 million, subject to customary adjustments, plus a potential earn out of up to an additional $3 million

DSI "At A Glance"

- Three-year average annual sales of approximately $16M with high EBITDA margins
- Based near Albany, NY, DSI has approximately 50 employees and sales presence in Europe and Asia
- System ASPs range from $350K to $1.5M supported with aftermarket parts and service revenue
- 330+ installed systems worldwide, well in excess of all competitors combined
- Industries served: Universities, research labs, metals producers and manufacturers all rely on Gleeble systems to characterize and improve materials and optimize production processes

GLEEBLE®



Gleeble systems have been trusted by leading industry, universities, and research institutions for over 60 years

Favorable Long-Term Mega Trends: Why Materials Development Is Expected to Grow

Lightweighting

Demand for high-performance steel and aluminum continues to grow, reducing weight and increasing fuel efficiency for cars and trucks

Global Competition

Given the rise of commodity steel production to China, companies in other regions are investing in research to develop and produce higher-grade alloys.

Metal 3D Printing

Additive Manufacturing (AM) is expected to grow 18% CAGR through 2027 and is driving metallurgical research of materials used in the 3D printing process

Competition Between Materials

Competition between aluminum and steel as the "material of choice" in key end markets is triggering aggressive R&D investments in material development for both aluminum and steel.

Long-term Top-Line Opportunities and Synergies

- Leverages VPG's sales platform
- Expands offering to steel customers addressed by VPG's Kelk business
- Ability to broaden DSI's existing product offering
- Opportunity to offer services to new sets of customers

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- Gross profit margin of 38.3%.
- Operating margin of 9.2%, adjusted operating margin* of 10.0%.
- Net earnings per diluted share of $0.33, adjusted net earnings per diluted share* of $0.37.
- Cash from operations of $7.6 million with free cash flow* of $4.8 million.
- Acquisition of Dynamic Systems Inc. completed on November 1, 2019.

* - See attached reconciliation tables.

Thank You

Appendix

Reconciliation of Adjusted Earnings Per Share

VISHAY PRECISION GROUP, INC.
Reconciliation of Adjusted Earnings Per Share
(Unaudited - In thousands, except per share data)

	Fiscal quarter ended	
	September 28, 2019	**September 29, 2018**
Net earnings attributable to VPG stockholders	**$** 4,509	$ 7,547
Reconciling items affecting operating margin		
Restructuring costs	547	228
Less reconciling items affecting income tax expense		
Tax effect of reconciling items	80	35
Adjusted net earnings attributable to VPG stockholders	**$** 4,976	**$** 7,740
Adjusted net earnings per diluted share	**$** 0.37	$ 0.57
Weighted average shares outstanding - diluted	13,607	13,534

Reconciliation of Consolidated Adjusted Operating Margin

VISHAY PRECISION GROUP, INC.
Reconciliation of Consolidated Adjusted Operating Margin
(Unaudited - In thousands)

	Fiscal quarter ended	
	September 28, 2019	**September 29, 2018**
Operating income	**$** 6,186	$ 10,631
Operating margin	9.2%	14.1%
Reconciling items affecting operating margin		
Restructuring costs	547	228
Adjusted operating income	**$** 6,733	**$** 10,859
Adjusted operating margin	10.0%	14.4%