Vishay Precision Group

PERFORMANCE THROUGH PRECISION

VPG First Quarter Fiscal 2021 Earnings — May 11, 2021

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; 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; the Company's 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; the Company's ability to execute its business continuity, operational and budget plans in light of the COVID-19 pandemic; 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, 2020. 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 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). Management believes that these non-GAAP measures are useful to investors because each presents what management views as our core operating performance 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. Reconciliations of these non-GAAP measures to the corresponding GAAP measures are included in our first quarter earnings press release and in the appendix to this presentation which will be available on our website at: www.vpgsensors.com.

First Quarter 2021 Highlights

- Orders of $85.5 million grew 22.0% sequentially and 16.7% from prior year; 1Q21 book-to-bill of 1.21 reflects demand momentum
  - Robust demand for precision foil resistors, on-board weighing solutions, and advanced sensors
  - Project-driven orders for steel related products show signs of recovery
  - Transition to new Advanced Sensors facility on track for completion in 3Q21
- Revenues of $70.6 million vs. $67.7 million in 1Q20
  - Sales growth across most end-markets
  - Strong performance in Force Sensors segment
- Financial results within target model:
  - Gross profit margin was 40.5% and adjusted gross profit margin* was 40.5%
  - Operating margin was 9.1% and adjusted operating margin* was 8.7%
  - Diluted earnings per share were $0.36 and adjusted diluted earnings per share* were $0.31
  - Cash from operations was $5.6 million

* We define “adjusted gross profit margin" as gross profit margin before purchase accounting adjustments related to the DSI acquisition, start up costs, and the impacts of COVID-19 costs. We define "adjusted operating margin" as operating margin before purchase accounting adjustments, start-up costs, COVID-19 costs, and restructuring costs. We define "adjusted net earnings” and "adjusted diluted net earnings per share" as net earnings attributable to VPG stockholders before purchase accounting adjustments, start up costs, COVID-19 costs, restructuring costs, foreign exchange gains and losses, and associated tax effects. "Adjusted free cash flow" for the first fiscal quarter of 2021 is defined as the amount of cash generated from operating activities ($5.6 million), in excess of our capital expenditures ($5.7 million), net of proceeds, if any, from the sale of assets ($0.0 million).

Consolidated Results/Market Trends

Financial Highlights

($ in millions)	Fiscal quarter ended		
	April 3, 2021	March 28, 2020	December 31, 2020
Net revenues	$ 70.6	$ 67.7	$ 75.4
Book-to-bill ratio	1.21	1.08	0.93
Total orders	$ 85.5	$ 73.3	$ 70.0
End-of-period backlog	$ 100.7	$ 94.3	$ 87.6
Inventory turnover	2.67	2.58	2.86

Revenue by Market

($ in millions)	Fiscal quarter ended		
	April 3, 2021	March 28, 2020	December 31, 2020
Test & Measurement	$ 14.4	$ 14.3	$ 13.3
Avionics, Military, Space	6.0	6.2	10.5
Transportation	9.6	8.2	8.9
Industrial Weighing	12.0	12.5	11.7
General Industrial	4.1	4.0	3.9
Steel	7.0	9.3	9.5
Other Markets	17.5	13.1	17.6
Total	$ 70.6	$ 67.7	$ 75.4

Segment Results/Trends

($ in millions)	Foil Technology Products			Force Sensors			Weighing and Control Systems		
	Q1 2021	Q1 2020	Q4 2020	Q1 2021	Q1 2020	Q4 2020	Q1 2021	Q1 2020	Q4 2020
Net revenues	$ 32.7	$ 30.5	$ 36.5	$ 16.9	$ 14.7	$ 16.3	$ 20.9	$ 22.5	$ 22.7
Gross profit	$ 13.0	$ 11.2	$ 14.0	$ 6.0	$ 3.6	$ 4.7	$ 9.5	$ 10.3	$ 10.0
Gross profit margin	39.9 %	36.7 %	38.4 %	35.7 %	24.3 %	29.1 %	45.6 %	45.7 %	44 %
Adjusted gross profit margin	40.4 %	36.7 %	38.9 %	36.0 %	24.3 %	29.6 %	44.3 %	48.0 %	42.5 %
Book-to-bill ratio	1.19	1.25	0.84	1.14	1.02	1.18	1.30	0.90	0.88
Total orders	$ 38.8	$ 38.1	$ 30.8	$ 19.3	$ 15.0	$ 19.2	$ 27.3	$ 20.2	$ 20.1
Backlog in months	4.4	5.1	3.6	4.7	3.5	4.6	3.7	3.4	2.5
Inventory turnover	2.72	2.74	3.05	2.72	2.64	2.74	2.54	2.31	2.67

Financial Results

($ in millions, except per share amounts)

	Fiscal quarter ended		
	April 3, 2021	March 28, 2020	December 31, 2020
Net revenues	$ 70.6	$ 67.7	$ 75.4
Gross profit	$ 28.6	$ 25.1	$ 28.7
Gross profit margin	40.5 %	37.0 %	38.1 %
Selling, general, and administrative expenses	$ 22.2	$ 20.3	$ 20.2
Adjusted operating income	$ 6.1	$ 5.3	$ 8.1
Adjusted operating margin	8.7 %	7.8 %	10.7 %
Adjusted net earnings attributable to VPG stockholders	$ 4.2	$ 3.3	$ 5.8
Adjusted net earnings per diluted share	$ 0.31	$ 0.24	$ 0.43
Adjusted EBITDA	$ 9.5	$ 8.3	$ 11.1
Adjusted EBITDA as a percent of revenue	13.5 %	12.2 %	14.7 %

Selected Balance Sheet Items

($ in Millions)

	April 3, 2021	March 28, 2020	December 31, 2020
Cash & cash equivalents	$ 96.2	$ 82.7	$ 98.4
Total assets	$ 398.6	$ 364.8	$ 401.9
Total long-term debt	$ 40.6	$ 40.7	$ 40.6
Total liabilities	$ 138.0	$ 125.7	$ 144.0

Thank You

Appendix

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

Three months ended	Gross Profit		Operating Income		Net Earnings Attributable to VPG Stockholders		Diluted Earnings Per share	
	April 3, 2021	**March 28, 2020**	**April 3, 2021**	**March 28, 2020**	**April 3, 2021**	**March 28, 2020**	**April 3, 2021**	**March 28, 2020**
As reported - GAAP	**28,622**	25,065	**6,439**	4,644	**$ 4,961**	$ 3,312	**$ 0.36**	$ 0.24
As reported - GAAP Margins	**40.5 %**	**37.0 %**	**9.1 %**	**6.9 %**				
Acquisition purchase accounting adjustments	**11**	515	**11**	515	**11**	515	—	0.04
COVID-19 impact	**(151)**		**(443)**		**(443)**		(0.03)	
Start-up costs	**129**	—	**129**	—	**129**	—	0.01	—
Restructuring costs			**—**	130	**—**	130	—	0.01
Foreign exchange (gain)/loss					**(735)**	(900)	(0.05)	(0.07)
Less: Tax effect of reconciling items and discrete tax items		—		—	**$ (233)**	$ (194)	**$ (0.02)**	$ (0.02)
As Adjusted - Non GAAP	**$ 28,611**	$ 25,580	**$ 6,136**	$ 5,289	**$ 4,156**	$ 3,251	**$ 0.31**	$ 0.24
As Adjusted - Non GAAP Margins	**40.5 %**	37.8 %	**8.7 %**	7.8 %				

Reconciliation of Adjusted Gross Profit by Segment

	2021 Q1	2020 Q1	2020 Q4
Foil Technology Products			
As reported - GAAP	$ 13,039	$ 11,201	$ 14,023
As reported - GAAP Margins	39.9 %	36.7 %	38.4 %
COVID-19 impact	53	—	163
Start-up costs	$ 129	$ —	$ —
As Adjusted - Non GAAP	$ 13,221	$ 11,201	$ 14,186
As Adjusted - Non GAAP Margins	40.4 %	36.7 %	38.9 %
Force Sensors			
As reported - GAAP	$ 6,040	$ 3,572	$ 4,737
As reported - GAAP Margins	35.7 %	24.3 %	29.1 %
COVID-19 impact	64	—	81
As Adjusted - Non GAAP	$ 6,104	$ 3,572	$ 4,818
As Adjusted - Non GAAP Margins	36.0 %	24.3 %	29.6 %
Weighing and Control Systems			
As reported - GAAP	$ 9,543	$ 10,292	$ 9,987
As reported - GAAP Margins	45.6 %	45.7 %	44.0 %
Acquisition purchase accounting adjustments	11	515	9
COVID-19 impact	(268)	—	(346)
As Adjusted - Non GAAP	$ 9,286	$ 10,807	$ 9,650
As Adjusted - Non GAAP Margins	44.3 %	48.0 %	42.5 %

Non-GAAP Reconciliation – EBITDA and Adjusted EBITDA

Calculation of EBITDA and Adjusted EBITDA			
In $ (000), except percentages	Quarter Ended		
	April 3, 2021	March 28, 2020	December 31, 2020
Net Earnings	4,961	3,312	118
Interest Expense	305	461	329
Income Taxes	1,764	1,574	3,142
Depreciation	2,907	2,571	2,558
Amortization	615	628	615
EBITDA	**10,552**	**8,546**	**6,762**
EBITDA as a % of sales	**14.9%**	**12.6%**	**9.0%**
Impairment of indefinite lived intangible assets	0	0	2,440
Purchase Accounting Adjustments	11	515	9
Restructuring	---	130	205
COVID-19 Costs	(443)	---	(489)
Facility Start-up Costs	129	---	---
Foreign Currency (Gains)/Losses	(735)	(900)	2,123
ADJUSTED EBITDA	**9,514**	**8,291**	**11,059**
ADJUSTED EBITDA as a % of sales	**13.5%**	**12.2%**	**14.7%**