

Vishay Precision Group

PERFORMANCE THROUGH PRECISION

Stifel Conference Presentation
June 10, 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, including DTS; the inability to realize anticipated synergies and expansion possibilities, including from acquisitions; 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 EBITDA, 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). 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 its Quarterly Reports on Forms 10-Q.

Highlights

- Addresses the growing sensor market for industrial technology applications
- Leader in diversified niches across broad set of markets with organic growth drivers
- Effective business model and demonstrated resilience during global pandemic
- Steps already in place to realize operating margin and EPS leverage as markets and economies recover
- Clear capital allocation strategy to drive both organic and inorganic growth

Proven Financial Performance 2017-2020:

4-Year Sales Growth (CAGR) **5%**

4-Year Adj. EPS Growth (CAGR) **16%**

4-Year Cumulative Cash From Operations

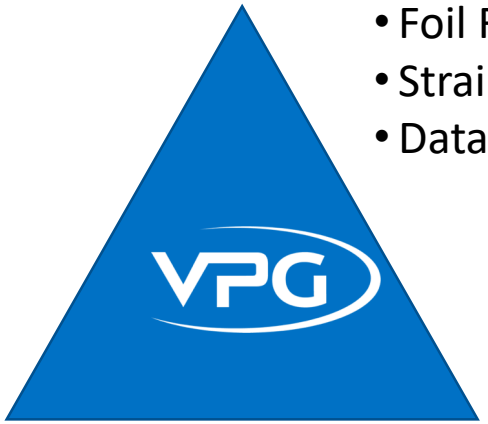
$125 Million

VPG Focuses on Key Niches of the Global Sensor Market

VPG: a leader in proprietary sensor and sensor-based systems solutions addressing demanding applications in a diversified range of markets

Foil Technology Products

- Foil Resistors
- Strain gages-advanced sensors
- Data acquisition systems



Force Sensors

- Load Cells

Weighing & Control Systems

- Weigh modules & load cells
- Roll force measurement systems
- On-board weighing systems
- Material testing and simulation systems
- Data acquisition systems for mission-critical testing

Serving a Diversified and Broadening Set of Markets

VPG Value to Customers:

Productivity	Optimization of Systems	Safety / Regulation

Not reliant on a single market or end customer



Multi-Year Strategic Growth and Cost Initiatives Underway

Strategy/Milestones

Organic Growth

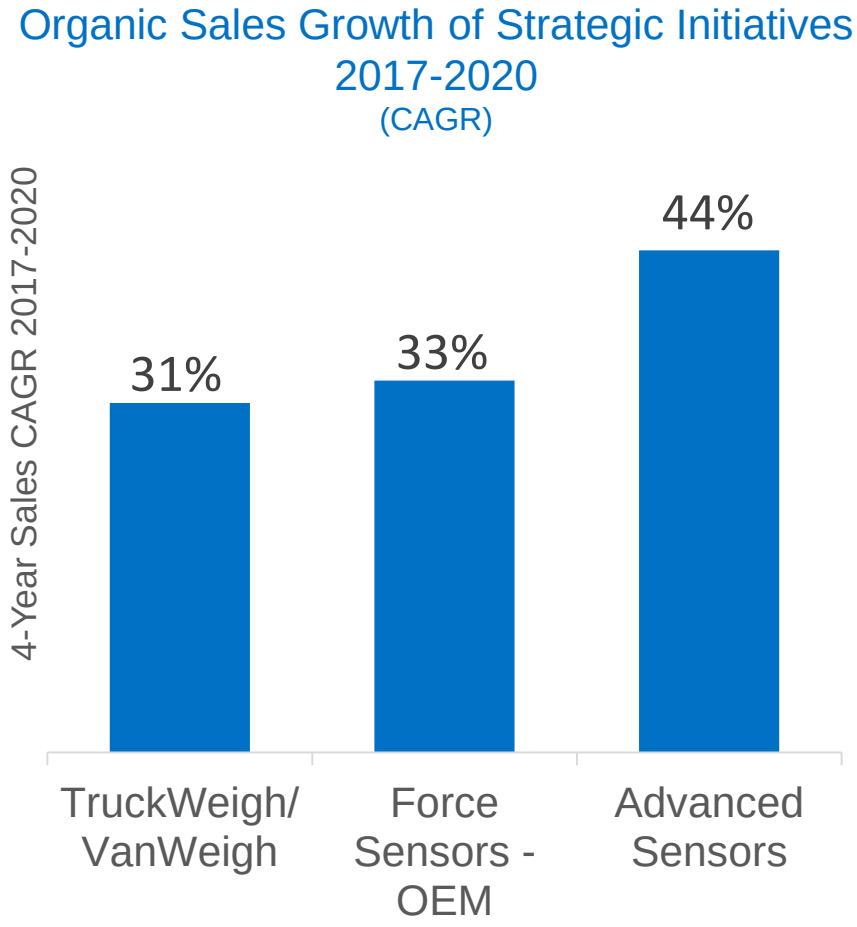
- Ongoing product and sales growth
- Investment in key growth initiatives

Operational Excellence

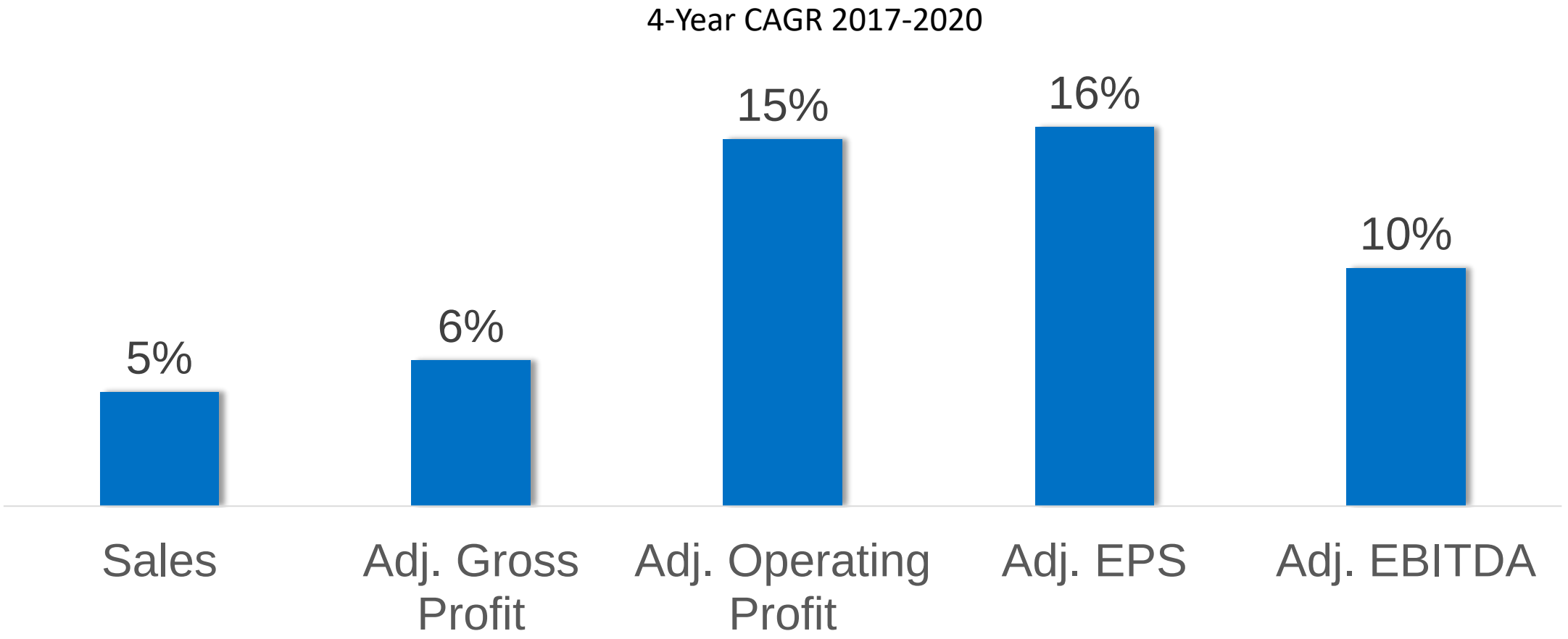
- Manufacturing consolidations and relocations
- Cost controls and increased efficiencies

Value-Added M&A

- Targeting high-value, accretive acquisitions

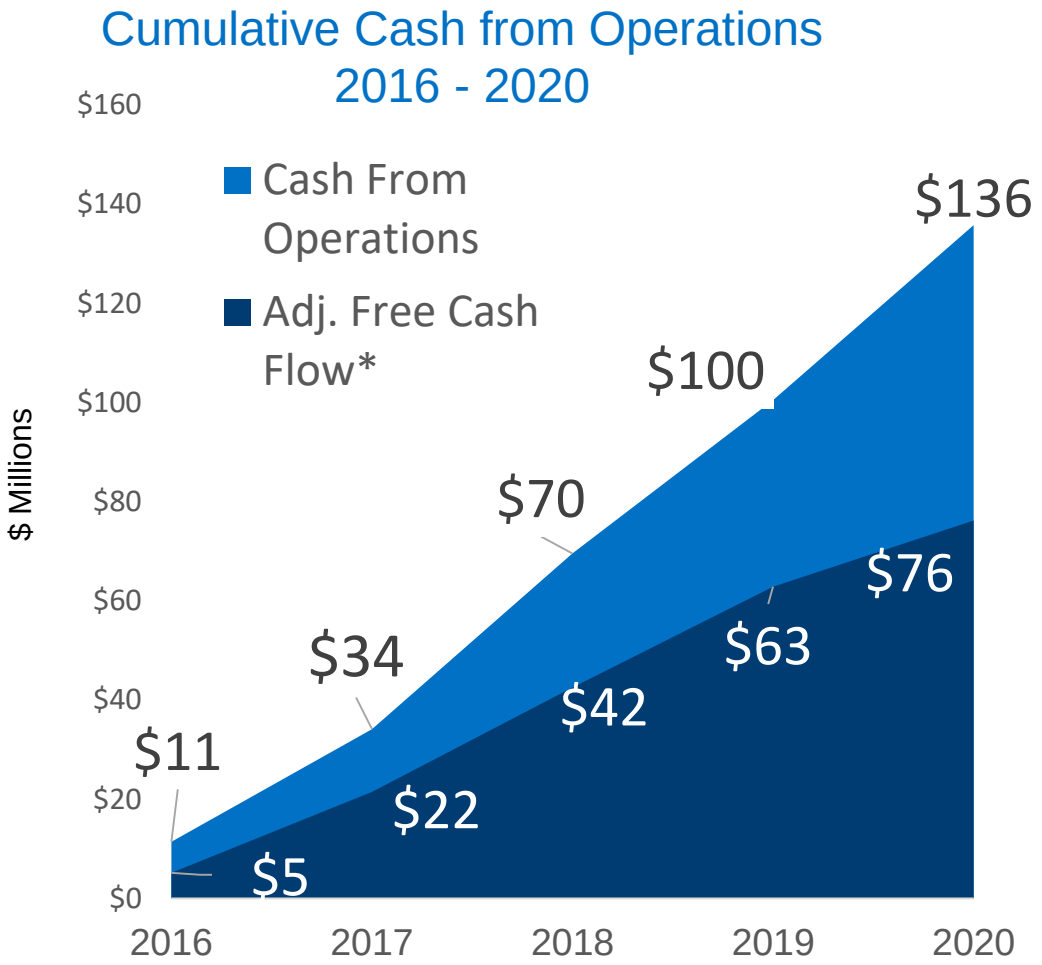


Strategic Growth and Cost Initiatives Driving VPG's Financial Performance



- Adjusted Gross margin, Adjusted Operating margin, Adjusted Diluted EPS, and Adjusted EBITDA exclude purchase accounting adjustments, intangible asset impairments, restructuring costs, COVID-19 impacts, foreign exchange gains/losses on balance sheet items, executive severance costs, and associated tax effects. Reconciliations to GAAP figures can be found on the accompanying reconciliation schedules or in the Company's press releases and filings with the SEC.

Strong Cash Flow Generation



- VPG generated $136 million in cash from operations from 2016 through 2020
- Historically strong cash flow has funded key acquisitions of StressTek, Pacific Instruments and DSI
- On April 3, 2021, VPG had $96.2 million in cash and cash equivalents, with the majority held off-shore

*Adjusted free cash flow is defined as the amount of cash generated from operating activities, in excess of our capital expenditures, net of proceeds, if any, from the sale of assets.

Strong Cash Flow and Balance Sheet Support Clear Capital Allocation Strategy To Build Shareholder Value

Core Capital Allocation Priorities

1. Invest in organic growth and cost reduction initiatives: e.g., new FTP manufacturing facility to support Advanced Sensors growth, other manufacturing consolidations

2. Bolt-on and transformational M&A: e.g., add high-quality complementary businesses to our platform which address common markets: e.g., add sensing technologies, expand our current portfolio, and move upstream to sensor data systems

Bolt-on M&A financial target criteria includes mid-teen IRR and ROI hurdle rate (6 to 10 years) and EPS accretion within 1 year

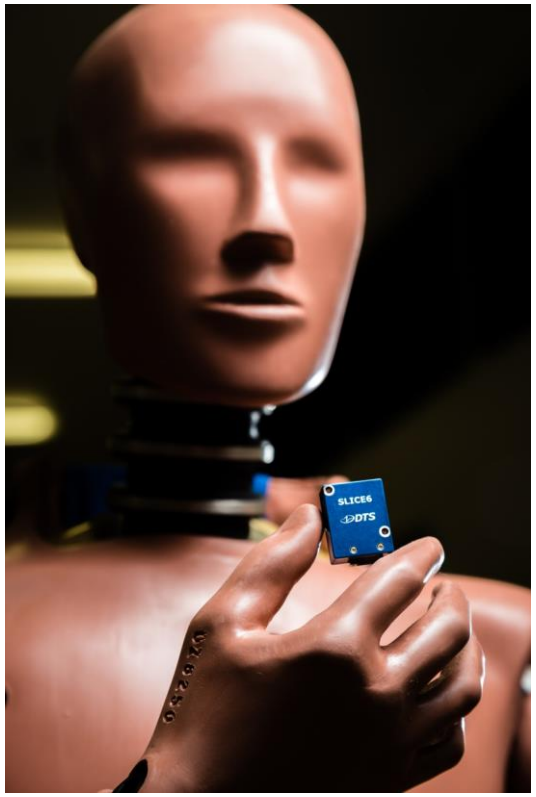
The Company continues to consider other uses of capital on an opportunistic basis, such as share repurchases, debt repayment, and dividends

VPG's Track Record of Successful M&A



VPG Acquires Privately held DTS on June 1, 2021

- Adds niche, sensor and data acquisition company to VPG platform
- DTS is a highly profitable, established business with strong cash flow
- Expands market penetration in automotive test and measurement and AMS, with Blue Chip customers
- Complementary technology with potential technology synergies
- Founder-led business with deep engineering expertise
- Annualized sales of approximately $30+ million with an EBITDA margin in low 20% of sales
- Transaction: purchase price of $47 million, all cash deal funded with cash on-hand and debt with attractive price-to-EBITDA multiple



DTS: Test & Measurement That Makes a Difference

DTS specializes in miniature DAQ and portable data logger solutions, which are engineered for extreme test environments to enable product development, performance validation and safety testing.



Key Markets/Applications:

- Automotive
- Avionics, Military and Defense
- Sports / Recreation
- Industrial

Safety Testing

Testing:
Helping to improve safety and survivability



Engineered for extreme test environments, DTS' rugged compact data loggers and sensors are integrated into crash dummies for use in automotive, aerospace, and defense safety testing.

Investment Highlights

- Addresses the growing sensor market for industrial technology applications
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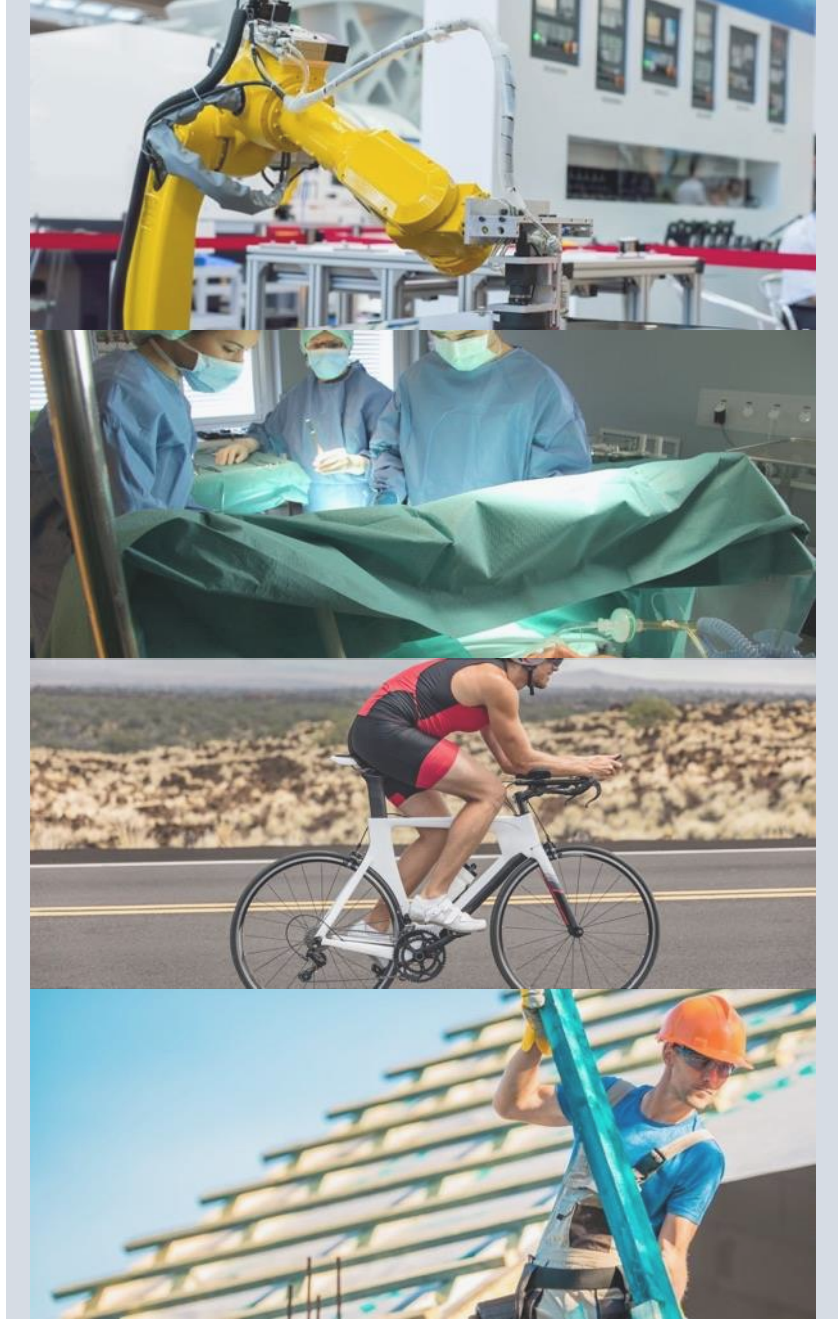

Thank You

Appendix

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	12.2	12.5	11.7
General Industrial	4.8	4.0	3.9
Steel	7.0	9.3	9.5
Other Markets	16.6	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	1.3	0.9	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

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	$ 9,275	$ 10,807	$ 9,650
As Adjusted - Non GAAP Margins	44.3 %	48.0 %	42.5 %

Reconciliation of Adjusted Gross Profit, Operating Income, Net Earnings and Diluted Earnings Per Share – Fiscal Years

	Gross Profit		Operating Income		Net Earnings Attributable to VPG Stockholders		Diluted Earnings Per share	
Fiscal Year Ended December 31,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
As reported - GAAP	**104,271**	111,617	**22,657**	28,648	**$ 10,787**	$ 22,188	**$ 0.79**	$ 1.63
As reported - GAAP Margins	**38.6 %**	**39.3 %**	**8.4 %**	**10.1 %**				
Acquisition purchase accounting adjustments	**569**	1,254	**569**	1,254	**569**	1,254	0.04	0.09
Acquisition costs			**—**	443	**—**	443	—	0.03
COVID-19 impact	**434**	—	**(366)**	—	**(366)**	—	(0.03)	
Executive Severance costs			**—**	611	**—**	611	—	0.04
Impairment of goodwill and indefinite-lived intangibles			**2,440**	—	**2,440**	—	0.18	—
Restructuring costs			**918**	2,293	**918**	2,293	**0.07**	0.17
Foreign exchange (gain)/loss [(1)]					**2,246**	1,638	0.16	0.12
Less: Tax effect of reconciling items and discrete tax items [(1)]					**$ (1,381)**	$ 4,102	**$ (0.11)**	$ 0.29
As Adjusted - Non GAAP	**$ 105,274**	$ 112,871	**$ 26,218**	$ 33,249	**$ 17,975**	$ 24,325	**$ 1.32**	$ 1.79
As Adjusted - Non GAAP Margins	**39.0 %**	**39.7 %**	**9.7 %**	**11.7 %**				

(1) The 2019 numbers presented have been updated to reflect the adjustment for foreign exchange (gain)/loss

Non-GAAP Reconciliation – EBITDA and Adjusted EBITDA

Calculation of EBITDA and Adjusted EBITDA					
In $ (000), except percentages	Years Ended				
	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Net Earnings	10,787	22,188	23,646	14,345	6,404
Interest Expense	1,366	1,507	1,738	1,843	1,486
Income Taxes	7,509	4,145	10,344	6,170	3,199
Depreciation	10,064	10,082	8,926	8,685	9,312
Amortization	2,443	1,712	1,705	1,941	1,838
EBITDA	**32,169**	**39,634**	**46,359**	**32,984**	**22,239**
EBITDA as a % of sales	**11.9%**	**14.0%**	**15.5%**	**13.0%**	**9.9%**
Impairment of indefinite lived intangible assets	2,440		2,820		
UK Pension Settlement adjustment			673		
Purchase Accounting Adjustments	569	1,254		91	586
Acquisition Costs		443			494
Restructuring	918	2,293	289	2,044	2,667
Other				(1,492)	624
Executive Severance		611			
COVID-19 Costs	(366)				
Foreign Currency (Gains)/Losses	2,246	1,638	279	724	(449)
ADJUSTED EBITDA	**37,985**	**45,873**	**50,420**	**34,351**	**26,161**
ADJUSTED EBITDA as a % of sales	**14.1%**	**16.2%**	**16.8%**	**13.5%**	**11.6%**

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%**