



VPG First Quarter Fiscal 2019 Earnings

May 7, 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 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 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; 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.

HIGHLIGHTS

- Growth in revenues to \$76.5 million, up 4.7% year-over-year
- Gross profit margin was 43.2% for the quarter as compared to 39.0% for the prior year period
- Operating income increased by 54% to \$12.6 million as compared to \$8.2 million in the prior year period
- Operating margin for the quarter was 16.5%, compared to 11.2% for the prior year period
- Earnings increased 65% to \$0.61 per diluted share, compared to \$0.37 reported last year
- Cash from operations was \$8.1 million with free cash flow* of \$4.8 million



FINANCIAL RESULTS

(\$ in millions, except per share amounts)	Fiscal quarter ended	
	March 30, 2019	March 31, 2018
Net revenues	\$ 76.5	\$ 73.1
Gross profit	\$ 33.1	\$ 28.5
Gross profit margin	43.2%	39.0%
Selling, general, and administrative expenses	\$ 20.4	\$ 20.3
Operating income	\$ 12.6	\$ 8.2
Operating margin	16.5%	11.2%
Net earnings attributable to VPG stockholders	\$ 8.2	\$ 5.0
Net earnings per diluted share	\$ 0.61	\$ 0.37



PERFORMANCE THROUGH PRECISION

STRATEGY

Value proposition (2019 - 2021)

ORGANIC TOP-LINE GROWTH



MID-SINGLE DIGITS IN IMPROVED GLOBAL ECONOMIC ENVIRONMENT

Mid to high single digit sales growth

SCALABLE BUSINESS MODEL



COST STRUCTURE TO LEVERAGE THE BENEFIT OF HIGHER VOLUMES

Target gross profit margin > 45%
Adjusted operating margin > 15 %

ROBUST CASH FLOW AND STRONG BALANCE SHEET



STRONG CASH GENERATION TO SUPPORT GROWTH

Strong cash generation continues

ACQUISITIONS



TARGET:

- ~\$5-60M; >40% GROSS MARGIN
- MID-TEENS IRR HURDLE RATE
- ACCRETIVE WITHIN 12 MONTHS

Focused M&A activity



CONSOLIDATED RESULTS/TRENDS

(\$ in millions)	Fiscal quarter ended		
	March 30, 2019	March 31, 2018	December 31, 2018
Net revenues	\$ 76.5	\$ 73.1	\$ 77.0
Book-to-bill ratio	0.92	1.05	0.93
Total orders	\$ 70.2	\$ 77.1	\$ 71.7
End-of-period backlog	\$ 87.1	\$ 93.9	\$ 93.4
Inventory turnover	2.77	2.93	2.89

SEGMENT RESULTS/TRENDS

(\$ in millions)	Foil Technology Products			Force Sensors			Weighing and Control Systems		
	Q1	Q1	Q4	Q1	Q1	Q4	Q1	Q1	Q4
	<u>2019</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Net revenues	\$ 37.0	\$ 34.2	\$ 36.7	\$ 16.7	\$ 19.2	\$ 17.0	\$ 22.7	\$ 19.7	\$ 23.2
Gross profit	\$ 16.6	\$ 14.6	\$ 15.4	\$ 5.1	\$ 5.2	\$ 4.5	\$ 11.4	\$ 8.7	\$ 10.9
Gross profit margin	44.7%	42.8%	42.0%	30.2%	27.3%	26.6%	50.2%	43.9%	46.8%
Book-to-bill ratio	0.88	1.01	0.88	0.98	0.91	1.05	0.93	1.28	0.92
Total orders	\$ 32.6	\$ 34.5	\$ 32.4	\$ 16.4	\$ 17.4	\$ 17.9	\$ 21.1	\$ 25.2	\$ 21.5
Backlog in months	3.6	4.2	4.0	3.1	3.1	3.1	3.4	4.0	3.5
Inventory turnover	2.97	3.18	3.07	2.29	2.26	2.34	3.07	3.83	3.36

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PERFORMANCE THROUGH PRECISION

THANK YOU