



PERFORMANCE THROUGH PRECISION

Vishay Precision Group Annual Meeting

May 2017

Safe Harbor Statement

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; changes in the current pace of economic recovery; difficulties or delays in completing acquisitions and integrating acquired companies (including the acquisitions of Stress-Tek and Pacific Instruments); 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; 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 lower-cost countries; 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, 2016. 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 information about adjusted gross profit and adjusted operating income and their corresponding margins 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 these non-GAAP measures to the corresponding GAAP measures are included in our first quarter earning press release which is available on our website at www.vpgsensors.com.

2016 Highlights

- Revenue of \$224.9 million
- Adjusted gross margin of 37.1%
- Adjusted operating margin of 6.7%
- Adjusted Earnings per diluted share of \$0.74
- Completed and integrated acquisitions of Stress-Tek and Pacific Instruments

Culture of Continuous Operational Improvement

SCALABLE
BUSINESS MODEL

- November 2015 & March 2016 announcement of global cost reduction programs
 - Global manufacturing footprint optimization
 - Fixed cost/overhead reduction program
 - Deeper integration of business units
- **Targeted savings:** \$6.7 million pre-tax income
- **Realized savings:** \$7.3 million pre-tax income

Q1 2017 Update

- Revenue grew to \$59.8 million, up 5.6% from last year, up 7.1% sequentially
- Adjusted gross margin of 37.7%
- First quarter earnings per diluted share of \$0.15.
- First quarter adjusted earnings per diluted share of \$0.19.
- Foreign exchange negative impact of \$0.07 year over year, \$0.04 sequentially
- Cash generated from operations for the first quarter of 2017 was \$2.9 million and free cash flow was \$1.1million.
- Book-to-bill was 1.06 for the first quarter of 2017.

Organic Growth Across Improving End Markets

ORGANIC
TOP-LINE
GROWTH

Energy

- U.S. oil & gas markets to see growth over next several years
- Better commodity prices expected in 2017
- Natural gas to remain weak driven by significant production growth in U.S. and higher inventories due to unseasonably warm winter

Steel & Mining

- Demand projected up 1.3% in 2017
- China expected to have subdued growth
- Increase driven by emerging and developing economies

Aerospace & Defense

- Stronger growth in 2017
- Commercial Aerospace growth in Asia & Middle East
- Defense projected to be up in 2017 3.2% in the U.S. and 2.5% in Europe

Test & Measurement

- Strong demand in 2017 for semi-conductor testing equipment
- We provide precision resistors in front- & back-end testing equipment

Growth
Opportunities

Strategy

ORGANIC TOP-LINE GROWTH



MID-SINGLE DIGITS IN
IMPROVED GLOBAL
ECONOMIC ENVIRONMENT

SCALABLE BUSINESS MODEL



COST STRUCTURE TO
LEVERAGE THE BENEFIT OF
HIGHER VOLUMES

ROBUST CASH FLOW
AND STRONG
BALANCE SHEET



STRONG CASH GENERATION
TO SUPPORT GROWTH

ACQUISITIONS



TARGET:
• ~\$5-60M; >35% GROSS MARGIN
• MID-TEENS IRR HURDLE RATE
• ACCRETIVE WITHIN 12 MONTHS

Value proposition (2017-19)

Mid- to high-single digit sales growth

Gross margin > 40%
Adjusted operating margin > 10 %

Strong cash generation continues

Accelerated M&A activity

Thank you!



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