Section 1: 10-Q (10-Q)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 29, 2019**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 1-34679

VISHAY PRECISION GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**27-0986328**
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification Number)
3 Great Valley Parkway, Suite 150 **Malvern, PA 19355**	**484-321-5300**
(Address of Principal Executive Offices) (Zip Code)	(Registrant's Telephone Number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.10 par value	VPG	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files. ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of August 6, 2019, the registrant had 12,497,735 shares of its common stock and 1,025,158 shares of its Class B convertible common stock outstanding.

VISHAY PRECISION GROUP, INC.
FORM 10-Q
June 29, 2019

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Balance Sheets
(In thousands)

	June 29, 2019	December 31, 2018
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 98,705**	$ 90,159
Accounts receivable, net	**46,291**	53,156
Inventories:		
Raw materials	**18,672**	18,052
Work in process	**23,835**	22,007
Finished goods	**21,775**	22,182
Inventories, net	**64,282**	62,241
Prepaid expenses and other current assets	**12,702**	9,314
Total current assets	**221,980**	214,870
Property and equipment, at cost:		
Land	**3,391**	3,390
Buildings and improvements	**51,787**	51,055
Machinery and equipment	**109,326**	105,840
Software	**9,205**	8,532
Construction in progress	**1,319**	2,157
Accumulated depreciation	**(115,525)**	(111,555)
Property and equipment, net	**59,503**	59,419
Goodwill	**16,387**	16,141
Intangible assets, net	**17,190**	17,656
Other assets	**27,410**	18,297
Total assets	**$ 342,470**	$ 326,383

Continues on the following page.

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Balance Sheets (continued)
(In thousands)

	June 29, 2019	December 31, 2018
	(Unaudited)	
Liabilities and equity		
Current liabilities:		
Trade accounts payable	**$ 10,059**	$ 11,461
Payroll and related expenses	**15,127**	17,757
Other accrued expenses	**17,560**	17,031
Income taxes	**2,981**	3,879
Current portion of long-term debt	**4,882**	4,654
Total current liabilities	**50,609**	54,782
Long-term debt, less current portion	**19,924**	22,421
Deferred income taxes	**2,200**	2,200
Other liabilities	**20,567**	13,545
Accrued pension and other postretirement costs	**14,928**	14,982
Total liabilities	**108,228**	107,930
Commitments and contingencies		
Equity:		
Common stock	**1,312**	1,307
Class B convertible common stock	**103**	103
Treasury stock	**(8,765)**	(8,765)
Capital in excess of par value	**196,875**	196,666
Retained earnings	**80,908**	66,569
Accumulated other comprehensive loss	**(36,329)**	(37,465)
Total Vishay Precision Group, Inc. stockholders' equity	**234,104**	218,415
Noncontrolling interests	**138**	38
Total equity	**234,242**	218,453
Total liabilities and equity	**$ 342,470**	$ 326,383

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Statements of Operations
(Unaudited - In thousands, except per share amounts)

	Fiscal quarter ended	
	June 29, 2019	**June 30, 2018**
Net revenues	**$ 70,870**	$ 74,231
Costs of products sold	**42,261**	42,865
Gross profit	**28,609**	31,366
Selling, general, and administrative expenses	**19,896**	19,990
Executive severance costs	**611**	—
Restructuring costs	**—**	61
Operating income	**8,102**	11,315
Other income (expense):		
Interest expense	**(359)**	(478)
Other	**(160)**	(272)
Other income (expense)	**(519)**	(750)
Income before taxes	**7,583**	10,565
Income tax expense	**2,003**	2,882
Net earnings	**5,580**	7,683
Less: net earnings (loss) attributable to noncontrolling interests	**15**	(10)
Net earnings attributable to VPG stockholders	**$ 5,565**	$ 7,693
Basic earnings per share attributable to VPG stockholders	**$ 0.41**	$ 0.57
Diluted earnings per share attributable to VPG stockholders	**$ 0.41**	$ 0.57
Weighted average shares outstanding - basic	**13,518**	13,464
Weighted average shares outstanding - diluted	**13,595**	13,513

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Statements of Operations
(Unaudited - In thousands, except per share amounts)

	Six fiscal months ended	
	June 29, 2019	**June 30, 2018**
Net revenues	**$ 147,395**	$ 147,322
Costs of products sold	**85,735**	87,451
Gross profit	**61,660**	59,871
Selling, general, and administrative expenses	**40,344**	40,309
Executive severance costs	**611**	—
Restructuring costs	**—**	61
Operating income	**20,705**	19,501
Other income (expense):		
Interest expense	**(747)**	(920)
Other	**(932)**	(921)
Other income (expense)	**(1,679)**	(1,841)
Income before taxes	**19,026**	17,660
Income tax expense	**5,120**	5,019
Net earnings	**13,906**	12,641
Less: net earnings (loss) attributable to noncontrolling interests	**98**	(40)
Net earnings attributable to VPG stockholders	**$ 13,808**	$ 12,681
Basic earnings per share attributable to VPG stockholders	**$ 1.02**	$ 0.95
Diluted earnings per share attributable to VPG stockholders	**$ 1.02**	$ 0.94
Weighted average shares outstanding - basic	**13,506**	13,409
Weighted average shares outstanding - diluted	**13,579**	13,511

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Statements of Comprehensive Income (Loss)
(Unaudited - In thousands)

	Fiscal quarter ended	
	June 29, 2019	**June 30, 2018**
Net earnings	**$ 5,580**	$ 7,683
Other comprehensive income (loss):		
Foreign currency translation adjustment	**370**	(3,934)
Pension and other postretirement actuarial items, net of tax	**80**	275
Other comprehensive income	**450**	(3,659)
Total comprehensive income	**6,030**	4,024
Less: comprehensive income (loss) attributable to noncontrolling interests	**15**	(10)
Comprehensive income attributable to VPG stockholders	**$ 6,015**	$ 4,034

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Statements of Comprehensive Income (Loss)
(Unaudited - In thousands)

	Six fiscal months ended	
	June 29, 2019	**June 30, 2018**
Net earnings	**$ 13,906**	$ 12,641
Other comprehensive income (loss):		
Foreign currency translation adjustment	**951**	(2,517)
Pension and other postretirement actuarial items, net of tax	**185**	369
Other comprehensive income (loss)	**1,136**	(2,148)
Comprehensive income	**15,042**	10,493
Less: comprehensive income (loss) attributable to noncontrolling interests	**98**	(40)
Comprehensive income attributable to VPG stockholders	**$ 14,944**	$ 10,533

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Statements of Cash Flows
(Unaudited - In thousands)

	Six fiscal months ended	
	June 29, 2019	**June 30, 2018**
Operating activities		
Net earnings	**$ 13,906**	$ 12,641
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**5,619**	5,332
Gain on disposal of property and equipment	**(50)**	(83)
Share-based compensation expense	**1,086**	801
Inventory write-offs for obsolescence	**1,389**	1,158
Deferred income taxes	**379**	1,086
Other	**(2,753)**	455
Net changes in operating assets and liabilities:		
Accounts receivable, net	**7,085**	(6,141)
Inventories, net	**(3,288)**	(7,304)
Prepaid expenses and other current assets	**(3,301)**	(1,724)
Trade accounts payable	**(645)**	(390)
Other current liabilities	**(2,396)**	1,536
Net cash provided by operating activities	**17,031**	7,367
Investing activities		
Capital expenditures	**(5,764)**	(6,134)
Proceeds from sale of property and equipment	**214**	106
Net cash used in investing activities	**(5,550)**	(6,028)
Financing activities		
Principal payments on long-term debt	**(2,311)**	(3,847)
Proceeds from revolving facility	**—**	11,000
Payments on revolving facility	**—**	(6,000)
Contributions from (distributions to) noncontrolling interests	**2**	(129)
Payments of employee taxes on certain share-based arrangements	**(854)**	(801)
Net cash (used in) provided by financing activities	**(3,163)**	223
Effect of exchange rate changes on cash and cash equivalents	**228**	(1,141)
Increase in cash and cash equivalents	**8,546**	421
Cash and cash equivalents at beginning of period	**90,159**	74,292
Cash and cash equivalents at end of period	**$ 98,705**	$ 74,713
Supplemental disclosure of investing transactions:		
Capital expenditures purchased	**$ (4,992)**	$ (3,988)
Supplemental disclosure of non-cash financing transactions:		
Conversion of exchangeable notes to common stock	**$ —**	$ (2,794)

Capital expenditures accrued but not yet paid as of June 29, 2019 were $1,077.

See accompanying notes.

VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Equity

(Unaudited - In thousands, except share amounts)

Fiscal quarter ended June 29, 2019

	Common Stock	Class B Convertible Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total VPG Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 30, 2019	$ 1,311	$ 103	$ (8,765)	$196,578	$ 75,343	$ (36,779)	$ 227,791	$ 87	$227,878
Net earnings	—	—	—	—	5,565	—	5,565	15	5,580
Other comprehensive income	—	—	—	—	—	450	450	—	450
Share-based compensation expense	—	—	—	572	—	—	572	—	572
Restricted stock issuances (11,295 shares)	1	—	—	(275)	—	—	(274)	—	(274)
Cumulative effect adjustment for adoption of ASU 2016-02	—	—	—	—	—	—	—	—	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	36	36
Balance at June 29, 2019	$ 1,312	$ 103	$ (8,765)	$196,875	$ 80,908	$ (36,329)	$ 234,104	$ 138	$234,242

Fiscal quarter ended June 30, 2018

	Common Stock	Class B Convertible Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total VPG Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 30, 2018	$ 1,304	$ 103	$ (8,765)	$195,259	$ 47,911	$ (33,939)	$ 201,873	$ 1	$201,874
Net earnings	—	—		—	7,693	—	7,693	(10)	7,683
Other comprehensive income	—	—	—	—	—	(3,659)	(3,659)	—	(3,659)
Share-based compensation expense	—	—	—	428	—	—	428	—	428
Restricted stock issuances (26,007 shares)	3	—	—	(19)	—	—	(16)	—	(16)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(12)	(12)
Balance at June 30, 2018	$ 1,307	$ 103	$ (8,765)	$195,668	$ 55,604	$ (37,598)	$ 206,319	$ (21)	$206,298

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Statements of Equity
(Unaudited - In thousands, except share amounts)

	Six Fiscal Months Ended June 29, 2019								
	Common Stock	**Class B Convertible Common Stock**	**Treasury Stock**	**Capital in Excess of Par Value**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Total VPG, Inc. Stockholders' Equity**	**Noncontrolling Interests**	**Total Equity**
Balance at December 31, 2018	**$ 1,307**	**$ 103**	**$ (8,765)**	**$196,666**	**$ 66,569**	**$ (37,465)**	**$ 218,415**	**$ 38**	**$218,453**
Net earnings	**—**	**—**	**—**	**—**	**13,808**	**—**	**13,808**	**98**	**13,906**
Other comprehensive income	**—**	**—**	**—**	**—**	**—**	**1,136**	**1,136**	**—**	**1,136**
Share-based compensation expense	**—**	**—**	**—**	**1,086**	**—**	**—**	**1,086**	**—**	**1,086**
Restricted stock issuances (48,482 shares)	**5**	**—**	**—**	**(877)**	**—**	**—**	**(872)**	**—**	**(872)**
Cumulative effect adjustment for adoption of ASU 2016-02	**—**	**—**	**—**	**—**	**531**	**—**	**531**	**—**	**531**
Contributions from noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2**	**2**
Balance at June 29, 2019	**$ 1,312**	**$ 103**	**$ (8,765)**	**$196,875**	**$ 80,908**	**$ (36,329)**	**$ 234,104**	**$ 138**	**$234,242**

	Six Fiscal Months Ended June 30, 2018								
	Common Stock	**Class B Convertible Common Stock**	**Treasury Stock**	**Capital in Excess of Par Value**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Total VPG, Inc. Stockholders' Equity**	**Noncontrolling Interests**	**Total Equity**
Balance at December 31, 2017	$ 1,288	$ 103	$ (8,765)	$192,904	$ 43,076	$ (35,450)	$ 193,156	$ 148	$193,304
Net earnings	—	—	—	—	12,681	—	12,681	(40)	12,641
Other comprehensive income	—	—	—	—	—	(2,148)	(2,148)	—	(2,148)
Share-based compensation expense	—	—	—	801	—	—	801	—	801
Restricted stock issuances (59,038 shares)	7	—	—	(819)	—	—	(812)	—	(812)
Common stock issuance from conversion of exchangeable notes (123,808 shares)	12	—	—	2,782	—	—	2,794	—	2,794
Cumulative effect adjustment for adoption of ASU 2016-16	—	—	—	—	(153)	—	(153)	—	(153)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(129)	(129)
Balance at June 30, 2018	$ 1,307	$ 103	$ (8,765)	$195,668	$ 55,604	$ (37,598)	$ 206,319	$ (21)	$206,298

See accompanying notes.

Vishay Precision Group, Inc.

Notes to Unaudited Consolidated Condensed Financial Statements

Note 1 – Basis of Presentation

Background

Vishay Precision Group, Inc. ("VPG" or the "Company") is an internationally recognized designer, manufacturer and marketer of sensors, and sensor-based measurement systems, as well as specialty resistors and strain gages based upon the Company's proprietary technology. The Company provides precision products and solutions, many of which are "designed-in" by its customers, specializing in the growing markets of stress, force, weight, pressure, and current measurements.

Interim Financial Statements

These unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements and therefore do not include all information and footnotes necessary for the presentation of financial position, results of operations, and cash flows required by accounting principles generally accepted in the United States for complete financial statements. The information furnished reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations, and cash flows for the interim periods presented. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, included in VPG's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 14, 2019. The results of operations for the fiscal quarter ended June 29, 2019 are not necessarily indicative of the results to be expected for the full year. VPG reports interim financial information for 13-week periods beginning on a Sunday and ending on a Saturday, except for the first quarter, which always begins on January 1, and the fourth quarter, which always ends on December 31. The four fiscal quarters in 2019 and 2018 end on the following dates:

	2019	2018
Quarter 1	March 30,	March 31,
Quarter 2	June 29,	June 30,
Quarter 3	September 28,	September 29,
Quarter 4	December 31,	December 31,

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "*Leases (Topic 842)*," a comprehensive new lease standard that amends various aspects of existing accounting guidance for leases. The core principle of this ASU will require lessees to present the assets and liabilities that arise from leases on their balance sheets. In July 2018, the FASB issued ASU No. 2018-11 *"Leases (Topic 842), Targeted Improvements,"* which provides additional implementation guidance on the previously issued ASU. The Company adopted the new lease standard as of January 1, 2019 using the modified retrospective method. Refer to Note 4 for additional details.

In February 2018, the FASB issued ASU No. 2018-02, *"Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income."* This ASU gives entities the option to reclassify to retained earnings the tax effects resulting from the Tax Cuts and Jobs Act ("2017 Tax Act") related to items in accumulated other comprehensive income ("AOCI") that the FASB refers to as having been stranded in AOCI. The Company adopted ASU 2018-02 effective January 1, 2019, and elected not to reclassify the income tax effects from AOCI to retained earnings.

Recent Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-14, *"Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans."* This ASU amends Accounting Standards Codification ("ASC") 715 to add, remove and clarify disclosure requirements related to defined benefit and pension and other postretirement plans. The amendments in this ASU are effective for annual periods beginning after December 15, 2020 and early adoption is permitted. The Company is evaluating the standard to determine the impact on the consolidated condensed financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *"Fair Value Measurements (Topic 820)."* This ASU modifies the disclosures on fair value measurements by removing the requirements to disclose the amount and reasons for transfers between Level 1 and

Note 1 – Basis of Presentation (continued)

Level 2 of the fair value hierarchy and the policy for timing of such transfers. The ASU expands the disclosure requirements for Level 3 fair value measurements, primarily focused on changes in unrealized gains and losses included in other comprehensive income. The amendments in this ASU are effective for interim and annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The Company is evaluating the standard to determine the impact on the consolidated condensed financial statements.

Note 2 – Revenues

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied, which generally occurs with the transfer of control of our products. For certain contracts with post-shipment obligations, revenue is recognized when the post-shipment obligation is satisfied. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing post-shipment obligations. Sales, value add and other taxes collected concurrent with revenue-producing activities are excluded from revenue. Given the specialized nature of the Company's products, the Company generally does not allow product returns. Shipping and handling costs are recorded to Costs of product sold when control of the product has transferred to the customer. The Company offers standard product warranties. Warranty related costs continue to be recognized as expense when the products are sold.

The following table disaggregates net revenue by geographic region from contracts with customers based on net revenues generated by subsidiaries within that geographic location *(in thousands)*:

	Fiscal quarter ended June 29, 2019				Fiscal quarter ended June 30, 2018			
	Foil Technology Products	Force Sensors	Weighing and Control Systems	Total	Foil Technology Products	Force Sensors	Weighing and Control Systems	Total
United States	**$ 13,102**	**$ 8,497**	**$ 5,894**	**$ 27,493**	$ 14,933	$ 10,997	$ 5,868	$ 31,798
United Kingdom	**833**	**2,534**	**4,234**	**7,601**	965	2,689	3,677	7,331
Other Europe	**8,847**	**2,957**	**4,273**	**16,077**	7,703	2,960	4,527	15,190
Israel	**3,272**	**84**	**—**	**3,356**	2,471	144	—	2,615
Asia	**6,945**	**2,277**	**2,316**	**11,538**	8,130	2,568	2,716	13,414
Canada	**—**	**—**	**4,805**	**4,805**	—	—	3,883	3,883
Total	**$ 32,999**	**$ 16,349**	**$ 21,522**	**$ 70,870**	$ 34,202	$ 19,358	$ 20,671	$ 74,231

	Six Fiscal Months Ended June 29, 2019				Six Fiscal Months Ended June 30, 2018			
	Foil Technology Products	Force Sensors	Weighing and Control Systems	Total	Foil Technology Products	Force Sensors	Weighing and Control Systems	Total
United States	**$ 30,011**	**$ 16,549**	**$ 10,927**	**$ 57,487**	$ 28,852	$ 21,022	$ 11,401	$ 61,275
United Kingdom	**1,674**	**5,711**	**8,578**	**15,963**	1,913	6,052	7,270	15,235
Other Europe	**16,950**	**5,981**	**8,815**	**31,746**	15,475	6,000	9,900	31,375
Israel	**6,251**	**203**	**—**	**6,454**	4,841	286	—	5,127
Asia	**15,162**	**4,637**	**4,890**	**24,689**	17,275	5,226	3,832	26,333
Canada	**—**	**—**	**11,056**	**11,056**	—	—	7,977	7,977
	$ 70,048	**$ 33,081**	**$ 44,266**	**$ 147,395**	$ 68,356	$ 38,586	$ 40,380	$ 147,322

The following table disaggregates net revenue from contracts with customers by market sector *(in thousands)*:

Note 2 – Revenues (continued)

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Test & Measurement	**$ 19,382**	**$ 19,117**	**$ 37,974**	$ 38,377
Avionics, Military & Space	**3,825**	**5,875**	**12,243**	11,566
Medical	**2,680**	**2,295**	**5,287**	4,974
Precision Weighing	**24,826**	**23,825**	**47,404**	47,648
Force Measurement	**13,642**	**16,973**	**29,808**	34,265
Steel	**6,515**	**6,146**	**14,679**	10,492
Total	**$ 70,870**	**$ 74,231**	**$ 147,395**	$ 147,322

Arrangements with Multiple Performance Obligations

Contracts with our customers can include multiple performance obligations. For such arrangements, we allocate revenues to each performance obligation based on its relative standalone selling price which is determined based on the prices charged to customers when sold on a standalone basis.

Contract Assets & Liabilities

Contract assets are established when revenues are recognized prior to a contractual payment due from the customer. When a payment becomes due based on the contract terms, the Company will reduce the contract asset and record a receivable. Contract liabilities are deferred revenues that are recorded when cash payments are received or due in advance of our performance obligations. Our payment terms vary by the type and location of the products offered. For contracts that have a financing component, the term between invoicing and when payment is due is not significant.

The outstanding contract assets and liability accounts were as follows *(in thousands)*:

	Contract Asset	***Contract Liability***
	Unbilled Revenue	**Accrued Customer Advances**
Balance at December 31, 2018	$ 964	$ 5,328
Balance at June 29, 2019	2,011	4,294
Increase/(decrease)	$ 1,047	$ (1,034)

The amount of revenue recognized during the six fiscal months ended June 29, 2019 that was included in the contract liability balance at December 31, 2018 was $4.0 million.

Note 3 – Goodwill

The change in the carrying amount of goodwill by segment is as follows *(in thousands)*:

	Total	**Weighing and Control Systems Segment**		**Foil Technology Products Segment**
		KELK Acquisition	*Stress-Tek Acquisition*	*Pacific Acquisition*
Balance at December 31, 2018	$ 16,141	$ 6,288	$ 6,311	$ 3,542
Foreign currency translation adjustment	246	246	—	—
Balance at June 29, 2019	$ 16,387	$ 6,534	$ 6,311	$ 3,542

Note 4 – Leases

Effective January 1, 2019 the Company adopted the new lease accounting standard using the modified retrospective method of applying the new standard at the adoption date. The Company determines if an arrangement is or contains a lease at inception or modification of such agreement. The arrangement is or contains a lease if the contract conveys the right to control the use of the identified asset for a period in exchange for consideration.

Lease right of use assets and liabilities are recognized based on the present value of future minimum lease payments over the expected term at commencement date. As the implicit rate is not determinable in most of the Company's leases, the Company's incremental borrowing rate is used as the basis to determine the present value of future lease payments. The expected lease terms include options to extend or terminate. The period which is subject to an option to extend the lease is included in the lease term if it is reasonably certain that the option will be exercised. Some of these leases contain variable payment provisions that depend on an index or rate, initially measured using the index or rate at the lease commencement date and are therefore not included in our future minimum lease payments. Variable payments are expensed in the periods incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. Additionally, the Company elected the package of practical expedients permitted under the transition guidance, which allows the carryforward the historical lease classification. The Company also made an election to exclude from balance sheet reporting those leases with initial terms of 12 months or less.

The Company primarily leases office and manufacturing facilities in addition to vehicles, which have remaining terms of less than one year to seven years. The Company recorded a $0.5 million adjustment to opening retained earnings related to the remaining deferred gain recorded as part of the Karmiel, Israel sale leaseback.

Leases recorded on the balance sheet consist of the following *(in thousands)*:

Leases	Classification on Balance Sheet	June 29, 2019
Assets		
Operating lease right of use asset	Other Assets	$ 8,704
Liabilities		
Operating lease - current	Other Accrued Expenses	$ 2,575
Operating lease - non-current	Other Liabilities	$ 6,282

Other information related to lease term and discount rate is as follows:

	June 29, 2019
Operating leases weighted average remaining lease term (in years)	4.3
Operating leases weighted average discount rate	5.16%

The components of lease expense are as follows *(in thousands)*:

	Fiscal quarter ended June 29, 2019	Six fiscal months ended June 29, 2019
Operating lease cost	$ 812	$ 1,635
Variable lease cost	9	9
Short-term lease cost	32	59
Total lease cost	$ 853	$ 1,703

Right of use assets obtained in exchange for new operating lease liability during 2019 were $0.1 million. The cash paid for amounts included in the measurement of lease liabilities approximates our operating lease cost for the six months ended June 29, 2019.

Note 4 – Leases (continued)

Undiscounted maturities of operating lease payments as of June 29, 2019 are summarized as follows *(in thousands)*:

2019 (excluding the six months ended June 29, 2019)	$	1,603
2020		2,664
2021		2,037
2022		1,426
2023		1,002
Thereafter		1,157
Total future minimum lease payments	$	9,889
Less: amount representing interest		(1,032)
Present value of future minimum lease payments	$	8,857

One of the Company's indirect wholly-owned subsidiaries entered into a lease agreement as tenant related to a property in Israel. Such lease agreement provides that we will lease a new building containing approximately 121,400 square feet. The Company expects to commence occupancy in April 2020.

Note 5 – Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act ("2017 Tax Act") was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. In 2017, the Company had provisionally determined the tax cost of the one-time transition tax under the 2017 Tax Act to be approximately $2.2 million. The financial reporting impact of the 2017 Tax Act was completed in the fourth quarter of 2018 resulting in a net $0.8 million increase in tax expense caused by a decrease in the transition tax and an increase in the valuation allowance.

Beginning in 2018, the 2017 Tax Act also subjects a U.S. shareholder to tax on Global Intangible Low-Taxed Income (“GILTI”) earned by certain foreign subsidiaries, while providing for tax-free repatriation of such earnings through a 100% dividends-received deduction. In 2018, the Company had elected to recognize tax expense related to GILTI in the year the tax is incurred. The U.S. tax on GILTI income was fully offset by foreign tax credits associated with GILTI and U.S. operating losses exclusive of GILTI.

VPG calculates the tax provision for interim periods using an estimated annual effective tax rate methodology based on projected full-year pre-tax earnings among the taxing jurisdictions in which we operate with adjustments for discrete items. The effective tax rate for the fiscal quarter ended June 29, 2019 was 26.4% compared to 27.3% for the fiscal quarter ended June 30, 2018. The effective tax rate for the six fiscal months ended June 29, 2019 was 26.9% compared to 28.4% for the six fiscal months ended June 30, 2018. The tax rate in the current fiscal quarter is lower than the prior year fiscal quarter primarily due to changes in the mix of worldwide income. The tax rate in the current six fiscal month period is lower than the prior year six fiscal month period also primarily due to changes in the mix of worldwide income.

The Company and its subsidiaries are subject to income taxes imposed by the U.S., various states, and the foreign jurisdictions in which we operate. Each jurisdiction establishes rules that set forth the years which are subject to examination by its tax authorities. While the Company believes the tax positions taken on its tax returns for each jurisdiction are supportable, they may still be challenged by the jurisdiction's tax authorities. In anticipation of such challenges, the Company has established reserves for tax-related uncertainties. These liabilities are based on the Company’s best estimate of the potential tax exposures in each respective jurisdiction. It may take a number of years for a final tax liability in a jurisdiction to be determined, particularly in the event of an audit. If an uncertain matter is determined favorably, there could be a reduction in the Company’s tax expense. An unfavorable determination could increase tax expense and could require a cash payment, including interest and penalties.

Note 6 – Long-Term Debt

Long-term debt consists of the following *(in thousands)*:

	June 29, 2019	December 31, 2018
2015 Credit Agreement - Revolving Facility	**$ 12,000**	$ 12,000
2015 Credit Agreement - U.S. Closing Date Term Facility	**2,503**	2,967
2015 Credit Agreement - U.S. Delayed Draw Term Facility	**6,117**	7,253
2015 Credit Agreement - Canadian Term Facility	**4,137**	4,798
Other debt	**217**	279
Deferred financing costs	**(168)**	(222)
Total long-term debt	**24,806**	27,075
Less: current portion	**4,882**	4,654
Long-term debt, less current portion	**$ 19,924**	$ 22,421

Note 7 – Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), net of tax, consist of the following *(in thousands)*:

	Foreign Currency Translation Adjustment	Pension and Other Postretirement Actuarial Items	Total
Balance at January 1, 2019	**$ (31,319)**	**$ (6,146)**	**$ (37,465)**
Other comprehensive income before reclassifications	**951**	**—**	**951**
Amounts reclassified from accumulated other comprehensive income (loss)	**—**	**185**	**185**
Balance at June 29, 2019	**$ (30,368)**	**$ (5,961)**	**$ (36,329)**

	Foreign Currency Translation Adjustment	Pension and Other Postretirement Actuarial Items	Total
Balance at January 1, 2018	$ (27,390)	$ (8,060)	$ (35,450)
Other comprehensive loss before reclassifications	(2,517)	—	(2,517)
Amounts reclassified from accumulated other comprehensive income (loss)	—	369	369
Balance at June 30, 2018	$ (29,907)	$ (7,691)	$ (37,598)

Reclassifications of pension and other postretirement actuarial items out of accumulated other comprehensive income (loss) are included in the computation of net periodic benefit cost (see Note 8).

Note 8 – Pension and Other Postretirement Benefits

Employees of VPG participate in various defined benefit pension and other postretirement benefit ("OPEB") plans. The following table sets forth the components of the net periodic benefit cost for the Company's defined benefit pension and OPEB plans *(in thousands)*:

Note 8 – Pension and Other Postretirement Benefits (continued)

	Fiscal quarter ended June 29, 2019		Fiscal quarter ended June 30, 2018	
	Pension Plans	OPEB Plans	Pension Plans	OPEB Plans
Net service cost	**$ 82**	**$ 31**	$ 137	$ 27
Interest cost	**157**	**45**	174	38
Expected return on plan assets	**(132)**	**—**	(141)	—
Amortization of actuarial losses	**50**	**39**	130	44
Net periodic benefit cost	**$ 157**	**$ 115**	$ 300	$ 109

	Six fiscal months ended June 29, 2019		Six fiscal months ended June 30, 2018	
	Pension Plans	OPEB Plans	Pension Plans	OPEB Plans
Net service cost	**$ 165**	**$ 62**	$ 275	$ 54
Interest cost	**314**	**90**	350	76
Expected return on plan assets	**(265)**	**—**	(283)	—
Amortization of actuarial losses	**100**	**78**	261	88
Net periodic benefit cost	**$ 314**	**$ 230**	$ 603	$ 218

Note 9 – Share-Based Compensation

The Amended and Restated Vishay Precision Group, Inc. 2010 Stock Incentive Program (as amended and restated, the “Plan”) permits the issuance of up to 1,000,000 shares of common stock. At June 29, 2019, the Company had reserved 417,502 shares of common stock for future grants of equity awards (restricted stock, unrestricted stock, restricted stock units ("RSUs"), or stock options) pursuant to the Plan. If any outstanding awards are forfeited by the holder or canceled by the Company, the underlying shares would be available for re-grant to others.

On March 13, 2019, VPG’s three then-current executive officers were granted annual equity awards in the form of RSUs, of which 75% are performance-based. The awards have an aggregate target grant-date fair value of $1.8 million and were comprised of 51,814 RSUs. Twenty-five percent of these awards will vest on January 1, 2022, subject to the executives’ continued employment. The performance-based portion of the RSUs will also vest on January 1, 2022, subject to the executives' continued employment and the satisfaction of certain performance objectives relating to three-year cumulative “free cash” and adjusted net earnings goals, each weighted equally.

On March 20, 2019, certain VPG employees were granted annual equity awards in the form of RSUs, of which 75% are performance-based. The awards have an aggregate grant-date fair value of $0.4 million and were comprised of 12,445 RSUs. Twenty-five percent of these awards will vest on January 1, 2022 subject to the employees' continued employment. The performance-based portion of the RSUs will also vest on January 1, 2022, subject to the employees' continued employment and the satisfaction of certain performance objectives relating to three-year cumulative earnings and cash flow goals, each weighted equally.

On May 16, 2019, the Board of Directors approved the issuance of an aggregate of 8,244 RSUs to the independent board members of the Board of Directors and to the non-executive Chairman of the Board of Directors. The awards have an aggregate grant-date fair value of $0.3 million and will vest on the earlier of VPG's next Annual Stockholders Meeting or May 16, 2020, subject to the directors' continued service on the Board of Directors.

Vesting of equity awards may be subject to acceleration under certain circumstances.

Note 9 – Share-Based Compensation (continued)

The amount of compensation cost related to share-based payment transactions is measured based on the grant-date fair value of the equity instruments issued. VPG determines compensation cost for RSUs based on the grant-date fair value of the underlying common stock. The Company recognizes compensation cost for RSUs that are expected to vest and for which performance criteria are expected to be met. The following table summarizes share-based compensation expense recognized *(in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Restricted stock units	**$ 512**	$ 428	**$ 1,086**	$ 801

Note 10 – Segment Information

VPG reports in three product segments: the Foil Technology Products segment, the Force Sensors segment, and the Weighing and Control Systems segment. The Foil Technology Products reporting segment is comprised of the foil resistor and strain gage operating segments. The Force Sensors reporting segment is comprised of transducers, load cells, and modules. The Weighing and Control Systems reporting segment is comprised of complete systems which include load cells and instrumentation for weighing, force control and force measurement for a variety of uses such as process control on-board weighing applications.

VPG evaluates reporting segment performance based on multiple performance measures including third party net revenues, gross profits and operating income, exclusive of certain items. Management believes that evaluating segment performance, excluding items such as restructuring costs, executive severance costs, and other items is meaningful because it provides insight with respect to the intrinsic operating results of VPG. The following table sets forth reporting segment information *(in thousands)*:

Note 10 – Segment Information (continued)

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Net third-party revenues:				
Foil Technology Products	**$ 32,999**	$ 34,202	**$ 70,048**	$ 68,356
Force Sensors	**16,349**	19,358	**33,081**	38,586
Weighing and Control Systems	**21,522**	20,671	**44,266**	40,380
Total	**$ 70,870**	$ 74,231	**$ 147,395**	$ 147,322
Gross profit:				
Foil Technology Products	**$ 14,394**	$ 15,753	**$ 30,973**	$ 30,357
Force Sensors	**4,392**	5,690	**9,453**	10,930
Weighing and Control Systems	**9,823**	9,923	**21,234**	18,584
Total	**$ 28,609**	$ 31,366	**$ 61,660**	$ 59,871
Reconciliation of segment operating income to consolidated results:				
Foil Technology Products	**$ 8,619**	$ 9,976	**$ 18,925**	$ 18,769
Force Sensors	**2,039**	3,385	**4,574**	5,960
Weighing and Control Systems	**5,043**	4,956	**11,618**	8,834
Unallocated G&A expenses	**(6,988)**	(6,941)	**(13,801)**	(14,001)
Executive severance costs	**(611)**	—	**(611)**	—
Restructuring costs	**—**	(61)	**—**	(61)
Consolidated condensed operating income	**$ 8,102**	$ 11,315	**$ 20,705**	$ 19,501
Restructuring costs:				
Force Sensors	**—**	(61)	**—**	(61)
	$ —	$ (61)	**$ —**	$ (61)
Executive severance costs:				
Corporate/Other	**$ (611)**	$ —	**$ (611)**	$ —
	$ (611)	$ —	**$ (611)**	$ —

Products are transferred between segments on a basis intended to reflect, as nearly as practicable, the market value of the products. The table below summarizes intersegment sales *(in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Foil Technology Products to Force Sensors and Weighing and Control Systems	**$ 1,074**	$ 1,139	**$ 2,007**	$ 2,157
Force Sensors to Foil Technology Products and Weighing and Control Systems	**$ 184**	$ 405	**$ 611**	$ 716
Weighing and Control Systems to Foil Technology Products and Force Sensors	**$ 146**	$ 133	**$ 298**	$ 295

Note 11 – Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share attributable to VPG stockholders *(in thousands, except earnings per share)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Numerator:				
Numerator for basic earnings per share:				
Net earnings attributable to VPG stockholders	**$ 5,565**	$ 7,693	**$ 13,808**	$ 12,681
Adjustment to the numerator for net earnings:				
Interest savings assuming conversion of dilutive exchangeable notes, net of tax	**—**	—	**—**	5
Numerator for diluted earnings per share:				
Net earnings attributable to VPG stockholders	**$ 5,565**	$ 7,693	**$ 13,808**	$ 12,686
Denominator:				
Denominator for basic earnings per share:				
Weighted average shares	**13,518**	13,464	**13,506**	13,409
Effect of dilutive securities:				
Exchangeable notes	**—**	—	**—**	45
Restricted stock units	**77**	49	**73**	57
Dilutive potential common shares	**77**	49	**73**	102
Denominator for diluted earnings per share:				
Adjusted weighted average shares	**13,595**	13,513	**13,579**	13,511
Basic earnings per share attributable to VPG stockholders	**$ 0.41**	$ 0.57	**$ 1.02**	$ 0.95
Diluted earnings per share attributable to VPG stockholders	**$ 0.41**	$ 0.57	**$ 1.02**	$ 0.94

Note 12 – Additional Financial Statement Information

Other Income (Expense) Other

The caption "Other" on the consolidated condensed statements of operations consists of the following *(in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Foreign exchange (loss) gain	**$ (318)**	$ 75	**$ (1,054)**	$ (450)
Interest income	**183**	137	**338**	234
Pension expense	**(159)**	(316)	**(317)**	(509)
Other	**134**	(168)	**101**	(196)
	$ (160)	$ (272)	**$ (932)**	$ (921)

Executive Severance Costs

During the second fiscal quarter of 2019, the Company recorded $0.6 million of severance costs associated with the resignation of an executive officer of the Company. The severance costs consisted of payments and other benefits as specified in the executive officer's resignation agreement.

Note 13 – Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a valuation hierarchy of the inputs used to measure fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect the Company's own assumptions.

An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis *(in thousands)*:

		Fair value measurements at reporting date using:		
	Total Fair Value	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
June 29, 2019				
Assets				
Assets held in rabbi trusts	**$ 5,012**	**$ 90**	**$ 4,922**	**$ —**
December 31, 2018				
Assets				
Assets held in rabbi trusts	$ 4,641	$ 87	$ 4,554	$ —

The Company maintains non-qualified trusts, referred to as "rabbi" trusts, to fund payments under deferred compensation and non-qualified pension plans. Rabbi trust assets consist primarily of marketable securities, classified as available-for-sale money market funds at June 29, 2019 and December 31, 2018, and company-owned life insurance assets. The marketable securities held in the rabbi trusts are valued using quoted market prices on the last business day of the period. The company-owned life insurance assets are valued in consultation with the Company's insurance brokers using the value of underlying assets of the insurance contracts. The fair value measurement of the marketable securities held in the rabbi trust is considered a Level 1 measurement and the measurement of the company-owned life insurance assets is considered a Level 2 measurement within the fair value hierarchy.

The fair value of the long-term debt, excluding capitalized deferred financing costs, at June 29, 2019 and December 31, 2018 approximates its carrying value. The Company estimates the fair value of its long-term debt using a combination of quoted market prices for similar financing arrangements and expected future payments discounted at risk-adjusted rates. The fair value of long-term debt is considered a Level 2 measurement within the fair value hierarchy. The Company's financial instruments include cash and cash equivalents whose carrying amounts reported in the consolidated condensed balance sheets approximate their fair values.

Note 14 – Restructuring Costs

Restructuring costs reflect the cost reduction programs implemented by the Company. Restructuring costs are expensed during the period in which the Company determines it will incur those costs and all requirements for accrual are met. Because these costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates are too low or too high, the Company could be required to either record additional expense in future periods or to reverse part of the previously recorded charges.

The Company did not record any restructuring costs during the fiscal quarters ended June 29, 2019 and June 30, 2018, respectively. The Company did not record any restructuring costs during the six fiscal months ended June 29, 2019 and recorded $0.1 million of restructuring costs during the six fiscal months ended June 30, 2018.

The following table summarizes recent activity related to all restructuring programs. The accrued restructuring liability balance as of June 29, 2019 and December 31, 2018, respectively, is included in Other accrued expenses in the accompanying consolidated condensed balance sheets *(in thousands)*:

Balance at December 31, 2018	$	159
Restructuring costs in 2019		—
Adjustment for adoption of ASU 2016-02		(83)
Cash payments		(76)
Foreign currency translation		—
Balance at June 29, 2019	$	—

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

VPG is an internationally recognized designer, manufacturer and marketer of sensors, and sensor-based measurement systems, as well as specialty resistors and strain gages based upon our proprietary technology. We provide precision products and solutions, many of which are “designed-in” by our customers, specializing in the growing markets of stress, force, weight, pressure, and current measurements. A significant portion of our products and solutions are primarily based upon our proprietary foil technology and are produced as part of our vertically integrated structure. We believe this strategy results in higher quality, more cost effective and focused solutions for our customers. Our products are marketed under a variety of brand names that we believe are characterized as having a very high level of precision and quality. Our global operations enable us to produce a wide variety of products in strategically effective geographic locations that also optimize our resources for specific technologies, sensors, assemblies, and systems.

The Company also has a long heritage of innovation in precision foil resistors, foil strain gages, and sensors that convert mechanical inputs into an electronic signal for display, processing, interpretation, or control by our instrumentation and systems products. Our advanced sensor product line continues this heritage by offering high-quality foil strain gages produced in a proprietary, highly automated environment. Precision sensors are essential to the accurate measurement, resolution and display of force, weight, pressure, torque, tilt, motion, or acceleration, especially in the legal-for-trade, commercial, and industrial marketplaces. This expertise served as a foundation for our expansion into strain gage instrumentation, load cells, transducers, weighing modules, and complete systems for process control and on-board weighing. Although our products are typically used in the industrial market, our advanced sensors have been used in a consumer electronics product and are being evaluated for other non-industrial applications.

The precision sensor market is integral to the development of intelligent products across a wide variety of end markets upon which we focus, including medical, agricultural, transportation, industrial, avionics, military, and space applications. We believe that as original equipment manufacturers (“OEMs”) continue a drive to make products “smarter,” they will integrate more sensors and related systems into their solutions to link the mechanical/physical world with digital control and/or response. We believe this offers a substantial growth opportunity for our products and expertise.

VPG reports in three product segments: the Foil Technology Products segment, the Force Sensors segment, and the Weighing and Control Systems segment. The Foil Technology Products reporting segment is comprised of the foil resistor and strain gage operating segments. The Force Sensors reporting segment is comprised of transducers, load cells, and modules. The Weighing and Control Systems reporting segment is comprised of complete systems which include load cells and instrumentation for weighing, force control and force measurement for a variety of uses such as process control on-board weighing applications.

Net revenues for the fiscal quarter ended June 29, 2019 were $70.9 million versus $74.2 million for the comparable prior year period. Net earnings attributable to VPG stockholders for the fiscal quarter ended June 29, 2019 were $5.6 million, or $0.41 per diluted share, versus $7.7 million, or $0.57 per diluted share, for the comparable prior year period.

Net revenues for the six fiscal months ended June 29, 2019 were $147.4 million versus $147.3 million for the comparable prior year period. Net earnings attributable to VPG stockholders for the six fiscal months ended June 29, 2019 were $13.8 million, or $1.02 per diluted share, versus $12.7 million, or $0.94 per diluted share, for the comparable prior year period.

The results of operations for the fiscal quarters ended June 29, 2019 and June 30, 2018 include items affecting comparability as listed in the reconciliations below. The reconciliations below include certain financial measures which are not recognized in accordance with U.S. generally accepted accounting principles ("GAAP") including adjusted operating income, adjusted operating income margin, adjusted net earnings and adjusted net earnings per diluted share. These non-GAAP measures should not be viewed as an alternative to GAAP measures of performance. Such non-GAAP measures do not have uniform definitions. These measures, as calculated by VPG, may not be comparable to similarly titled measures used by other companies. Management believes that these measures are meaningful because they provide insight with respect to intrinsic operating results. The reconciling items presented below represent significant charges or credits which are important to understanding our intrinsic operations.

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Operating income	**$ 8,102**	$ 11,315	**$ 20,705**	$ 19,501
Operating margin	**11.4%**	15.2%	**14.0%**	13.2%
Reconciling items affecting operating margin				
Executive severance costs	**611**	—	**611**	—
Restructuring costs	**—**	61	**—**	61
Adjusted operating income	**$ 8,713**	**$ 11,376**	**$ 21,316**	**$ 19,562**
Adjusted operating margin	**12.3%**	15.3%	**14.5%**	13.3%

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Net earnings attributable to VPG stockholders	**$ 5,565**	$ 7,693	**$ 13,808**	$ 12,681
Reconciling items affecting operating margin				
Executive severance costs	**611**	—	**611**	—
Restructuring costs	**—**	61	**—**	61
Less reconciling items affecting income tax expense				
Tax effect of reconciling items	**—**	9	**—**	9
Adjusted net earnings attributable to VPG stockholders	**$ 6,176**	**$ 7,745**	**$ 14,419**	**$ 12,733**
Adjusted net earnings per diluted share	**$ 0.45**	$ 0.57	**$ 1.06**	$ 0.94
Weighted average shares outstanding - diluted	**13,595**	13,513	**13,579**	13,511

Financial Metrics

We utilize several financial measures and metrics to evaluate performance and assess the future direction of our business. These key financial measures and metrics include net revenues, gross profit margin, end-of-period backlog, book-to-bill ratio, and inventory turnover.

Gross profit margin is computed as gross profit as a percentage of net revenues. Gross profit is generally net revenues less costs of products sold, but could also include certain other period costs. Gross profit margin is a function of net revenues, but also reflects our cost-cutting programs and our ability to contain fixed costs.

End-of-period backlog is one indicator of potential future sales. We include in our backlog only open orders that have been released by the customer for shipment in the next twelve months. If demand falls below customers' forecasts, or if customers do not control their inventory effectively, they may cancel or reschedule the shipments that are included in our backlog, in many instances without the payment of any penalty. Therefore, backlog is not necessarily indicative of the results expected for future periods.

Another important indicator of demand in our industry is the book-to-bill ratio, which is the ratio of the amount of product ordered during a period compared with the amount of product shipped during that period. A book-to-bill ratio that is greater than one indicates that revenues may increase in future periods. Conversely, a book-to-bill ratio that is less than one is an indicator of lower demand and may foretell declining sales. The book-to-bill ratio is also impacted by the timing of orders, particularly from our project-based product lines.

We focus on inventory turnover as a measure of how well we manage our inventory. We define inventory turnover for a financial reporting period as our costs of products sold for the four fiscal quarters ending on the last day of the reporting period divided by

our average inventory (computed using each quarter-end balance) for this same period. A higher level of inventory turnover reflects more efficient use of our capital.

The quarter-to-quarter trends in these financial metrics can also be an important indicator of the likely direction of our business. The following tables show net revenues, gross profit margin, end-of-period backlog, book-to-bill ratio, and inventory turnover for our business as a whole and by segment during the five quarters beginning with the second quarter of 2018 through the second quarter of 2019 *(dollars in thousands)*:

	2nd Quarter 2018	3rd Quarter 2018	4th Quarter 2018	1st Quarter 2019	2nd Quarter 2019
Net revenues	$ 74,231	$ 75,490	$ 76,982	$ 76,525	$ 70,870
Gross profit margin	42.3%	40.5%	40.0%	43.2%	40.4%
End-of-period backlog	$ 101,000	$ 99,400	$ 93,400	$ 87,100	$ 83,400
Book-to-bill ratio	1.13	0.98	0.93	0.92	0.94
Inventory turnover	2.71	2.74	2.89	2.77	2.66

	2nd Quarter 2018	3rd Quarter 2018	4th Quarter 2018	1st Quarter 2019	2nd Quarter 2019
Foil Technology Products					
Net revenues	$ 34,202	$ 35,912	$ 36,741	$ 37,049	$ 32,999
Gross profit margin	46.1%	43.9%	42.0%	44.7%	43.6%
End-of-period backlog	$ 54,900	$ 53,100	$ 48,700	$ 44,000	$ 42,100
Book-to-bill ratio	1.24	0.95	0.88	0.88	0.93
Inventory turnover	2.81	2.83	3.07	2.97	2.65
Force Sensors					
Net revenues	$ 19,358	$ 17,602	$ 16,998	$ 16,732	$ 16,349
Gross profit margin	29.4%	25.9%	26.6%	30.2%	26.9%
End-of-period backlog	$ 17,300	$ 16,800	$ 17,700	$ 17,400	$ 16,400
Book-to-bill ratio	0.88	0.98	1.05	0.98	0.95
Inventory turnover	2.26	2.26	2.34	2.29	2.39
Weighing and Control Systems					
Net revenues	$ 20,671	$ 21,976	$ 23,243	$ 22,744	$ 21,522
Gross profit margin	48.0%	46.6%	46.8%	50.2%	45.6%
End-of-period backlog	$ 28,800	$ 29,500	$ 27,000	$ 25,700	$ 24,900
Book-to-bill ratio	1.18	1.02	0.92	0.93	0.95
Inventory turnover	3.35	3.35	3.36	3.07	3.03

Net revenues for the second quarter of 2019 decreased 7.4% from the first quarter of 2019 mainly due to decreased volume in all of the reporting segments. Net revenues decreased 4.5% from the second quarter of 2018 due to decreased volume in the Foil Technology Products and Force Sensors reporting segments.

Net revenues in the Foil Technology Products reporting segment decreased 10.9% compared to the first quarter of 2019 and decreased 3.5% from the second quarter of 2018. The sequential decrease in revenues was attributable to Pacific Instruments products for end user customers in the avionics, military and space market in the Americas. Compared to the second quarter of

2018, the lower revenues are attributable to Pacific Instruments products in the Americas for end user customers in the avionics, military and space market and strain gage products in the test and measurement and force measurement end markets, primarily in the Americas. This was partially offset by a revenue increase in the Advanced Sensors products in the force measurement market in Asia.

Net revenues in the Force Sensors reporting segment decreased 2.3% from the first quarter of 2019 and decreased 15.5% from the second quarter of 2018. The sequential decrease in revenues was mainly attributable to OEM customers in the force measurement end market in the Americas and OEM customers in the medical end market in Europe, partially offset by an increase in revenues from OEM customers in the medical end market in the Americas. Compared to the second quarter of 2018, the decrease in revenues was mainly due to lower volume from OEM customers in the force measurement market, primarily in the Americas.

Net revenues in the Weighing and Control Systems reporting segment decreased 5.4% from the first quarter of 2019 and increased 4.1% from the second quarter of 2018. Sequentially, the lower net revenues are primarily attributable to a decrease in the steel product line in Europe and the Americas and process weighing products in Europe, partially offset by an increase in on-board weighing products mainly in the Americas. Compared to the second quarter of 2018, the improved revenues are attributable to the steel product line in Europe and the on board weighing products in Europe and the Americas.

Overall gross profit margin in the second quarter of 2019 decreased 2.8% as compared to the first quarter of 2019 and decreased 1.9% from the second quarter of 2018.

Sequentially, all reporting segments contributed to the decrease in the gross profit margin. The Foil Technology Products segment gross profit margin decreased primarily due to a decrease in volume. The Force Sensors segment gross profit margin decreased due to a decrease in volume, impact of negative exchange rates, and a one-time charge. The decrease in gross profit margin in the Weighing and Control Systems segment was mainly due to lower volume with an unfavorable product mix..

Compared to the second quarter of 2018, all reporting segments contributed to the decrease in the gross profit margin. The Foil Technology Products reporting segment had a lower gross profit margin primarily due to a decrease in volume, the impact of negative exchange rates, and an increase in wages and manufacturing costs. The Force Sensors reporting segment had a lower gross profit margin primarily due to a decrease in volume. The Weighing and Control Systems reporting segment had a lower gross profit margin primarily due to an increase in wages, higher manufacturing costs, and the impact of negative exchange rates, partially offset by an increase in volume, with an unfavorable product mix.

Optimize Core Competence

The Company’s core competency and key value proposition is providing customers with proprietary foil technology products and precision measurement sensors and sensor-based systems. Our foil technology resistors and strain gages are recognized as global market leading products that provide high precision and high stability over extreme temperature ranges, and long life. Our force sensor products and our weighing and control systems products are also certified to meet some of the highest levels of precision measurements of force, weight, pressure, torque, tilt, motion, and acceleration. We continue to optimize all aspects of our development, manufacturing and sales processes, including by increasing our technical sales efforts; continuing to innovate in product performance and design; and refining our manufacturing processes

Our foil technology research group developed innovations that enhance the capability and performance of our strain gages, while simultaneously reducing their size and power consumption as part of our advanced sensors product line. We believe this unique foil technology will create new markets as customers “design in” these next generation products in existing and new applications. Our development engineering team is also responsible for creating new processes to further automate manufacturing, and improve productivity and quality. Our advanced sensors manufacturing technology also offers us the capability to produce high-quality foil strain gages in a highly automated environment, which we believe results in reduced manufacturing and lead times, improved quality and increased margins. As a sign of our commitment to these businesses, we recently signed a long term lease for a state of the art facility to be constructed in Israel to move forward with our advanced sensors business.

Our design, research, and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We intend to leverage our insights into customer demand to continually develop and roll out new, innovative products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends in terms of form, fit, and function.

We also seek to achieve significant production cost savings through the transfer, expansion, and construction of manufacturing operations in countries such as India and Israel, where we can benefit from lower labor costs, improved efficiencies, or available tax and other government-sponsored incentives.

Acquisition Strategy

We expect to continue to make strategic acquisitions where opportunities present themselves to grow our segments. Historically, our growth and acquisition strategy has been largely focused on vertical product integration, using our foil strain gages in our force sensor products, and incorporating those products into our weighing and control systems. The acquisitions of Stress-Tek, Inc. ("Stress-Tek") and the George Kelk Corporation ("KELK"), each of which employ our foil strain gages to manufacture load cells for their systems, continue this strategy. Additionally, the KELK acquisition resulted in the acquisition of certain optical sensor technology. The Pacific Instruments acquisition significantly broadened our existing data acquisition offerings and opened new markets for us. Along with our success in MEMS technology for on-board weighing, we expect to expand our expertise, and our acquisition focus, outside our traditional vertical approach to other precision sensor solutions in the fields of measurement of force, weight, pressure, torque, tilt, motion, and acceleration. We believe acquired businesses will benefit from improvements we implement to reduce redundant functions and from our current global manufacturing and distribution footprint.

Research and Development

Research and development will continue to play a key role in our efforts to introduce innovative products to generate new sales and to improve profitability. We expect to continue to expand our position as a leading supplier of precision foil technology products. We believe our R&D efforts should provide us with a variety of opportunities to leverage technology, products, and our manufacturing base in order to ultimately improve our financial performance.

Cost Management

To be successful, we believe we must seek new strategies for controlling operating costs. Through automation in our plants, we believe we can optimize our capital and labor resources in production, inventory management, quality control, and warehousing. We are in the process of moving some manufacturing to more cost effective locations. This may enable us to become more efficient and cost competitive, and also maintain tighter controls of the operation.

Production transfers, facility consolidations, and other long-term cost-cutting measures require us to initially incur significant severance and other exit costs. We are realizing the benefits of our restructuring through lower labor costs and other operating expenses, and expect to continue reaping these benefits in future periods. However, these programs to improve our profitability also involve certain risks which could materially impact our future operating results, as further detailed in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on March 14, 2019.

We are evaluating plans to further reduce our costs by consolidating additional manufacturing operations. These plans may require us to incur restructuring and severance costs in future periods. While streamlining and reducing fixed overhead, we are exercising caution so that we will not negatively impact our customer service or our ability to further develop products and processes.

Goodwill

We test the goodwill in each of our reporting units for impairment at least annually, and whenever events or changes in circumstances occur indicating that a possible impairment may have been incurred. Determining whether to test goodwill for impairment, and the application of goodwill impairment tests, require significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. Changes in these estimates could materially affect the determination of fair value for each reporting unit. A slowdown or deferral of orders for a business, with which we have goodwill associated, could impact our valuation of that goodwill.

Foreign Currency

We are exposed to foreign currency exchange rate risks, particularly due to transactions in currencies other than the functional currencies of certain subsidiaries. U.S. GAAP requires that entities identify the “functional currency” of each of their subsidiaries and measure all elements of the financial statements in that functional currency. A subsidiary’s functional currency is the currency of the primary economic environment in which it operates. In cases where a subsidiary is relatively self-contained within a particular country, the local currency is generally deemed to be the functional currency. However, a foreign subsidiary that is a direct and integral component or extension of the parent company’s operations generally would have the parent company’s currency as its functional currency. We have subsidiaries that fall into each of these categories.

Foreign Subsidiaries which use the Local Currency as the Functional Currency

Our operations in Europe, Canada, and certain locations in Asia primarily generate and expend cash using local currencies, and accordingly, these subsidiaries utilize the local currency as their functional currency. For those subsidiaries where the local currency is the functional currency, assets and liabilities in the consolidated condensed balance sheets have been translated at the rate of exchange as of the balance sheet date. Translation adjustments do not impact the results of operations and are reported as a separate component of equity.

For those subsidiaries where the local currency is the functional currency, revenues and expenses are translated at the average exchange rate for the period. While the translation of revenues and expenses into U.S. dollars does not directly impact the consolidated condensed statement of operations, the translation effectively increases or decreases the U.S. dollar equivalent of revenues generated and expenses incurred in those foreign currencies.

Foreign Subsidiaries which use the U.S. Dollar as the Functional Currency

Our operations in Israel and certain locations in Asia primarily generate cash in U.S. dollars, and accordingly, these subsidiaries utilize the U.S. dollar as their functional currency. For those foreign subsidiaries where the U.S. dollar is the functional currency, all foreign currency financial statement amounts are remeasured into U.S. dollars. Exchange gains and losses arising from remeasurement of foreign currency-denominated monetary assets and liabilities are included in the results of operations. While these subsidiaries transact most business in U.S. dollars, they may have significant costs, particularly related to payroll, which are incurred in the local currency.

Effects of Foreign Exchange Rate on Operations

For the fiscal quarter ended June 29, 2019, exchange rates decreased net revenues by $1.8 million, and costs of products sold and selling, general, and administrative expenses by $1.9 million, when compared to the comparable prior year period. For the six fiscal months ended June 29, 2019, exchange rates decreased net revenues by $4.3 million, and costs of products sold and selling, general, and administrative expenses by $5.0 million when compared to the comparable prior year period.

Off-Balance Sheet Arrangements

As of June 29, 2019 and December 31, 2018, we did not have any off-balance sheet arrangements.

Results of Operations

Statement of operations' captions as a percentage of net revenues and the effective tax rates were as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Costs of products sold	**59.6%**	57.7%	**58.2%**	59.4%
Gross profit	**40.4%**	42.3%	**41.8%**	40.6%
Selling, general, and administrative expenses	**28.1%**	26.9%	**27.4%**	27.4%
Operating income	**11.4%**	15.2%	**14.0%**	13.2%
Income before taxes	**10.7%**	14.2%	**12.9%**	12.0%
Net earnings	**7.9%**	10.4%	**9.4%**	8.6%
Net earnings attributable to VPG stockholders	**7.9%**	10.4%	**9.4%**	8.6%
Effective tax rate	**26.4%**	27.3%	**26.9%**	28.4%

Net Revenues

Net revenues were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Net revenues	**$ 70,870**	$ 74,231	**$ 147,395**	$ 147,322
Change versus comparable prior year period	**$ (3,361)**		**$ 73**	
Percentage change versus prior year period	**(4.5)%**		**—%**	

Changes in net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
Change attributable to:		
Change in volume	(3.5)%	2.1 %
Change in average selling prices	1.5 %	0.9 %
Foreign currency effects	(2.5)%	(2.9)%
Other	0.0 %	(0.1)%
Net change	(4.5)%	0.0 %

During the fiscal quarter ended June 29, 2019, net revenues decreased 4.5%, as compared to the comparable prior year period mainly due to decreased volume in all of the reporting segments.

During the six fiscal months ended June 29, 2019, net revenues were flat as compared to the comparable prior year period, with volume improvements in the Foil Technology Product and Weighing and Control Systems reporting segments being offset by decreased volume in the Force Sensors reporting segment.

Gross Profit Margin

Gross profit as a percentage of net revenues was as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Gross profit margin	**40.4%**	42.3%	**41.8%**	40.6%

The gross profit margin for the fiscal quarter ended June 29, 2019 decreased 1.9% compared to the comparable prior year period, with all three reporting segments contributing to the decrease.

The gross profit margin for six fiscal months ended June 29, 2019 increased 1.2% primarily due to improved gross profit margins from the Force Sensors and Weighing and Control Systems reporting segments.

Segments

Analysis of revenues and gross profit margins for each of our reportable segments is provided below.

Foil Technology Products

Net revenues of the Foil Technology Products segment were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Net revenues	**$ 32,999**	$ 34,202	**$ 70,048**	$ 68,356
Change versus comparable prior year period	**$ (1,203)**		**$ 1,692**	
Percentage change versus prior year period	**(3.5)%**		**2.5%**	

Changes in Foil Technology Products segment net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
Change attributable to:		
Change in volume	(3.1)%	3.6 %
Change in average selling prices	1.1 %	0.7 %
Foreign currency effects	(1.5)%	(1.8)%
Net change	(3.5)%	2.5 %

Net revenues decreased 3.5% for the fiscal quarter ended June 29, 2019 as compared to the comparable prior year period due to Pacific Instruments products in the Americas for end user customers in the avionics, military and space market and strain gage products in the test and measurement and force measurement end markets, primarily in the Americas. This was partially offset by a revenue increase in the Advanced Sensors products in the force measurement market in Asia.

Net revenues increased 2.5% for the six fiscal months ended June 29, 2019 as compared to the comparable prior year period mainly due to higher volume from Pacific Instruments products in the Americas, for end user customers in avionics, military and space market, and Advanced Sensors products in the force measurement market primarily in Asia and the Americas. These increases were partially offset by unfavorable exchange rate impacts, mainly from the Euro.

Gross profit as a percentage of net revenues for the Foil Technology Products segment was as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Gross profit margin	**43.6%**	46.1%	**44.2%**	44.4%

The gross profit margin decreased 2.5% for the fiscal quarter ended June 29, 2019,when compared to the comparable prior year period primarily due to a decrease in volume, the impact of negative exchange rates, and an increase in wages and manufacturing costs.

The gross profit margin decreased 0.2% for the six fiscal months ended June 29, 2019 when compared to the comparable prior year period. Higher volume from the Pacific Instruments and Advanced Sensors products was offset by higher manufacturing costs, including head count and wage increases.

Force Sensors

Net revenues of the Force Sensors segment were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net revenues	$ 16,349	$ 19,358	$ 33,081	$ 38,586
Change versus comparable prior year period	$ (3,009)		$ (5,505)	
Percentage change versus prior year period	(15.5)%		(14.3)%	

Changes in Force Sensors segment net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
Change attributable to:		
Change in volume	(15.4)%	(13.5)%
Change in average selling prices	2.0 %	1.4 %
Foreign currency effects	(2.1)%	(2.2)%
Net change	(15.5)%	(14.3)%

Net revenues decreased 15.5% for the fiscal quarter ended June 29, 2019, as compared to the comparable prior year period. The decrease for the fiscal quarter ended June 29, 2019 was attributable to lower revenues from OEM customers in the force measurement market, primarily in the Americas.

Net revenues decreased 14.3% for the six fiscal months ended June 29, 2019 compared to the comparable prior year period from OEM customers in the force measurement market, primarily in the Americas. and unfavorable exchange rate impacts primarily from the Euro.

Gross profit as a percentage of net revenues for the Force Sensors segment was as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Gross profit margin	26.9%	29.4%	28.6%	28.3%

The gross profit margin for the fiscal quarter ended June 29, 2019 decreased 2.5% compared to the comparable prior year period primarily due to a decrease in volume.

The gross profit margin for the six fiscal months ended June 29, 2019 increased 0.3% compared to the comparable prior year period with lower manufacturing costs, including lower headcount, and export grants in India, offsetting the decrease in volume.

Weighing and Control Systems

Net revenues of the Weighing and Control Systems segment were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net revenues	$ 21,522	$ 20,671	$ 44,266	$ 40,380
Change versus comparable prior year period	$ 851		$ 3,886	
Percentage change versus prior year period	4.1%		9.6%	

Changes in Weighing and Control Systems segment net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
Change attributable to:		
Change in volume	7.2 %	14.9 %
Change in average selling prices	1.6 %	0.8 %
Foreign currency effects	(4.7)%	(6.1)%
Net change	4.1 %	9.6 %

Net revenues increased 4.1% for the fiscal quarter ended June 29, 2019, as compared to the comparable prior year period. For the fiscal quarter ended June 29, 2019, the strong revenues are attributable to the steel product line in Europe and the on board weighing products in Europe and the Americas. Unfavorable exchange rate impacts with the Canadian dollar, Swedish krone, the Euro, and the Great Britain pound partially offset the increase in revenues.

Net revenues increased 9.6% for the six fiscal months ended June 29, 2019 as compared to the comparable prior year period attributable to the steel product line in Europe and the on board weighing products in Europe and the Americas. partially offset by unfavorable exchange rate impacts with the Canadian dollar, Swedish krone, the Euro, and the British pound.

Gross profit as a percentage of net revenues for the Weighing and Control Systems segment were as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Gross profit margin	**45.6%**	48.0%	**48.0%**	46.0%

The gross profit margin for the fiscal quarter ended June 29, 2019 decreased 2.4%, compared to the comparable prior year periods, primarily due to an increase in wages, higher manufacturing costs, and the impact of negative exchange rates, partially offset by an increase in volume, with an unfavorable product mix.

The gross profit margin for six fiscal months ended June 29, 2019 increased 2.0%, compared to the comparable prior year period and was mainly due to the volume improvements in the steel product line.

Selling, General, and Administrative Expenses

Selling, general, and administrative (“SG&A”) expenses are summarized as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2019	**June 30, 2018**	**June 29, 2019**	**June 30, 2018**
Total SG&A expenses	**$ 19,896**	$ 19,990	**$ 40,344**	$ 40,309
As a percentage of net revenues	**28.1%**	26.9%	**27.4%**	27.4%

SG&A expenses for the fiscal quarter and six fiscal months ended June 29, 2019 were flat compared to the comparable prior year periods. Higher personnel costs in both periods, including wage increases and higher headcount, were offset by favorable exchange rate impacts.

Executive Severance Costs

During the second fiscal quarter of 2019, the Company recorded $0.6 million of severance costs associated with the resignation of an executive officer of the Company. The severance costs consisted of payments and other benefits as specified in the executive officer's resignation agreement.

Restructuring Costs

Restructuring costs reflect the cost reduction programs implemented by the Company. Restructuring costs are expensed during the period in which the Company determines it will incur those costs and all requirements for accrual are met. Because these costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs.

If the initial estimates are too low or too high, the Company could be required to either record additional expense in future periods or to reverse part of the previously recorded charges.

The Company did not record any restructuring costs during the fiscal quarters ended June 29, 2019 and June 30, 2018, respectively. The Company did not record any restructuring costs during the six fiscal months ended June 29, 2019 and recorded $0.1 million of restructuring costs during the six fiscal months ended June 30, 2018.

Other Income (Expense)

Interest expense for the fiscal quarter and six fiscal months ended June 29, 2019 was lower compared with interest expense in the comparable prior year periods. This was mainly due to lower incremental borrowings on our revolving credit facility in 2019 as compared to the prior year.

The following table analyzes the components of the line "Other" on the consolidated condensed statements of operations *(in thousands)*:

	Fiscal quarter ended		
	June 29, 2019	**June 30, 2018**	**Change**
Foreign exchange (loss) gain	**$ (318)**	$ 75	$ (393)
Interest income	**183**	137	46
Pension expense	**(159)**	(316)	157
Other	**134**	(168)	302
	$ (160)	$ (272)	$ 112

	Six fiscal months ended		
	June 29, 2019	**June 30, 2018**	Change
Foreign exchange (loss) gain	**$ (1,054)**	$ (450)	$ (604)
Interest income	**338**	234	104
Pension expense	**(317)**	(509)	192
Other	**101**	(196)	297
	$ (932)	$ (921)	$ (11)

Foreign currency exchange gains and losses represent the impact of changes in foreign currency exchange rates. For the fiscal quarter ended June 29, 2019, the change in foreign exchange gains and losses during the period, as compared to the prior year period, is largely due to exposure to currency fluctuations with the Israeli shekel. For the six fiscal months ended June 29, 2019, change in foreign exchange gains and losses during the period, as compared to the prior year period, is largely due to exposure to currency fluctuations with the Israeli shekel and Canadian dollar.

Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act ("2017 Tax Act") was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. In 2017, the Company had provisionally determined the tax cost of the one-time transition tax under the 2017 Tax Act to be approximately $2.2 million. The financial reporting impact of the 2017 Tax Act was completed in the fourth quarter of 2018 resulting in a net $0.8 million increase in tax expense caused by a decrease in the transition tax and an increase in the valuation allowance.

Beginning in 2018, the 2017 Tax Act also subjects a U.S. shareholder to tax on Global Intangible Low-Taxed Income ("GILTI") earned by certain foreign subsidiaries, while providing for tax-free repatriation of such earnings through a 100% dividends-received deduction. In 2018, the Company had elected to recognize tax expense related to GILTI in the year the tax is incurred. The U.S. tax on GILTI income was fully offset by foreign tax credits associated with GILTI and U.S. operating losses exclusive of GILTI.

VPG calculates the tax provision for interim periods using an estimated annual effective tax rate methodology based on projected full-year pre-tax earnings among the taxing jurisdictions in which we operate with adjustments for discrete items. The effective tax rate for the fiscal quarter ended June 29, 2019 was 26.4% compared to 27.3% for the fiscal quarter ended June 30, 2018. The effective tax rate for the six fiscal months ended June 29, 2019 was 26.9% compared to 28.4% for the six fiscal months ended June 30, 2018. The tax rate in the current fiscal quarter is lower than the prior year fiscal quarter primarily due to changes in the mix of worldwide income. The tax rate in the current six fiscal month period is lower than the prior year six fiscal month period also primarily due to changes in the mix of worldwide income.

The Company and its subsidiaries are subject to income taxes imposed by the U.S., various states, and the foreign jurisdictions in which we operate. Each jurisdiction establishes rules that set forth the years which are subject to examination by its tax authorities. While the Company believes the tax positions taken on its tax returns for each jurisdiction are supportable, they may still be challenged by the jurisdiction's tax authorities. In anticipation of such challenges, the Company has established reserves for tax-related uncertainties. These liabilities are based on the Company’s best estimate of the potential tax exposures in each respective jurisdiction. It may take a number of years for a final tax liability in a jurisdiction to be determined, particularly in the event of an audit. If an uncertain matter is determined favorably, there could be a reduction in the Company’s tax expense. An unfavorable determination could increase tax expense and could require a cash payment, including interest and penalties.

Financial Condition, Liquidity, and Capital Resources

We believe that our current cash and cash equivalents, credit facilities and projected cash from operations will be sufficient to meet our liquidity needs for at least the next 12 months.

In December 2015, we entered into a second amended and restated credit agreement. The terms of our credit agreement provide for the following facilities: (1) a secured revolving facility of $30.0 million (which may be increased by a maximum of $15.0 million at our request, subject to terms of the credit agreement), the proceeds of which can be used for working capital and general corporate purposes, with a sublimit of $10.0 million for letters of credit; (2) a secured closing date term facility of $4.5 million for the Company; (3) a secured delayed draw term facility of $11.0 million for the Company; and (4) a secured term facility of $9.5 million for Vishay Precision Group Canada ULC ("VPG Canada"), our Canadian subsidiary. The credit agreement terminates on December 30, 2020. The term loans are being repaid in quarterly installments.

According to our credit agreement, borrowings under all facilities bear interest at either, upon our option, (1) a base rate which is the greater of the agent’s prime rate, the Federal Funds rate, or a LIBOR floor, plus a margin of 0.25% or (2) LIBOR plus, depending upon our leverage ratio, an interest rate margin ranging from 2.00% to 3.50%. We are also required to pay a quarterly fee of 0.30% per annum to 0.50% per annum on the unused portion of the secured revolving facility, which is determined based on our leverage ratio each quarter. Additional customary fees apply with respect to letters of credit.

The obligations of VPG and the guarantors under our credit agreement are secured by substantially all the assets (excluding real estate) of VPG, and by pledges of stock in certain domestic and foreign subsidiaries, as well as guarantees by substantially all of our domestic subsidiaries and the assets (excluding real estate) of the guarantors. The VPG Canada term facility is secured by substantially all the assets of VPG Canada, and by a secured guarantee of VPG and our domestic subsidiaries. The credit agreement restricts us from paying cash dividends, and requires us to comply with other customary covenants, representations, and warranties, including the maintenance of specific financial ratios. The financial maintenance covenants include a tangible net worth ratio, a leverage ratio, and a fixed charges coverage ratio. We were in compliance with these covenants at June 29, 2019. If we are not in compliance with any of these covenant restrictions, the credit agreement could be terminated by the lenders, and all amounts outstanding pursuant to the credit agreement could become immediately payable.

During the first quarter of 2018, a holder of the Company's exchangeable notes exercised its option to exchange the remaining $2.8 million principal amount of the notes for 123,808 shares of VPG common stock at a contractual put/call rate of $22.57 per share. Following this transaction, all exchangeable notes were canceled and VPG had no further obligations pursuant to such notes.

Our other long-term debt is not significant and consists of zero percent interest rate debt held by our Japanese subsidiary of approximately $0.2 million at June 29, 2019 and $0.3 million at December 31, 2018.

Due to our strong product portfolio and market position, our business has historically generated operating cash flow. For the six fiscal months ended June 29, 2019, cash provided by operating activities was $17.0 million. Cash provided by operating activities for the six fiscal months ended June 30, 2018 was $7.4 million.

Free cash generated during the six fiscal months ended June 29, 2019, was $11.4 million. We refer to the amount of cash provided by operating activities ($17.0 million) in excess of our capital expenditures ($5.8 million) and net of proceeds from the sale of assets ($0.2 million) as “free cash.”

The following table summarizes the components of net cash (debt) at June 29, 2019 and December 31, 2018 *(in thousands)*:

	June 29, 2019	December 31, 2018
Cash and cash equivalents	**$ 98,705**	$ 90,159
Third-party debt, including current and long-term:		
Term loans	**12,757**	15,018
Revolving debt	**12,000**	12,000
Third-party debt held by Japanese subsidiary	**217**	279
Deferred financing costs	**(168)**	(222)
Total third-party debt	**24,806**	27,075
Net cash (debt)	**$ 73,899**	$ 63,084

Measurements such as "free cash" and "net cash (debt)" do not have uniform definitions and are not recognized in accordance with U.S. GAAP. Such measures should not be viewed as alternatives to U.S. GAAP measures of performance or liquidity. However, management believes that “free cash” is a meaningful measure of our ability to fund acquisitions and repay debt, as well as to measure performance under certain of our equity compensation awards. In addition, management believes that an analysis of “net cash (debt)” assists investors in understanding aspects of our cash and debt management. These measures, as calculated by us, may not be comparable to similarly titled measures used by other companies.

Approximately 95% and 93% of our cash and cash equivalents balance at June 29, 2019 and December 31, 2018, respectively, was held by our non-U.S. subsidiaries.

See the following table for the percentage of cash and cash equivalents, by region, at June 29, 2019 and December 31, 2018:

	June 29, 2019	December 31, 2018
Israel	**39%**	35%
Asia	**26%**	28%
Europe	**12%**	13%
United States	**5%**	7%
United Kingdom	**11%**	12%
Canada	**7%**	5%
	100%	100%

We earn a significant amount of our operating income outside the United States, the majority of which is deemed to be indefinitely reinvested in the foreign jurisdictions. As a result, as discussed above, a significant portion of our cash and short-term investments are held by foreign subsidiaries. As a result of the 2017 Tax Act, the Company reassessed its assertion with respect to the indefinite reinvestment for certain of Company’s foreign subsidiaries and recorded a deferred tax liability of approximately $1.8 million of withholding tax associated with the planned cash distribution of approximately $25.5 million. As of June 29, 2019, the remaining planned cash distribution amount is approximately $16.2 million with a remaining deferred tax liability of approximately $1.6 million. The Company will continue to evaluate its cash needs, however we currently do not intend, nor do we foresee a need, to repatriate funds in excess of what is already planned. The Company will evaluate the possibility of repatriating future cash provided such repatriation can be accomplished in a tax efficient manner. In addition, we expect existing domestic cash, short-term investments, and cash flows from operations to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as debt repayment and capital expenditures, for at least the next 12 months and thereafter for the foreseeable future.

If we should require more capital in the United States than is generated by our domestic operations, and the planned dividend noted above, for example, to fund significant discretionary activities, such as business acquisitions, we could elect to repatriate future earnings from foreign jurisdictions or raise capital in the United States through debt or equity issuances. These alternatives could result in higher tax expense, increased interest expense, or dilution of our earnings. We consider the majority of the undistributed earnings of our foreign subsidiaries, as of June 29, 2019, to be indefinitely reinvested and, accordingly, no provision has been made for taxes in excess of the $1.6 million noted above.

Our financial condition as of June 29, 2019 remains strong, with a current ratio (current assets to current liabilities) of 4.4 to 1.0, as compared to a ratio of 3.9 to 1.0 at December 31, 2018.

Cash paid for property and equipment for the six fiscal months ended June 29, 2019 was $5.8 million compared to $6.1 million in the comparable prior year period. Capital expenditures for the six fiscal months ended June 29, 2019 are comprised of projects mainly related to the expansion of the business.

Contractual Commitments

Our Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 14, 2019, includes a table of contractual commitments. There were no material changes to these commitments since the filing of our Annual Report on Form 10-K.

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 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.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the market risks previously disclosed in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 14, 2019.

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act are: (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our CEO and CFO, believes that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must consider the benefits of controls relative to their costs. Inherent limitations within a control system include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. While the design of any system of controls is to provide reasonable assurance of the effectiveness of disclosure controls, such design is also based in part upon certain assumptions about the likelihood of future events, and such assumptions, while reasonable, may not take into account all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and may not be prevented or detected.

Changes in Internal Control over Financial Reporting

During our last fiscal quarter ended June 29, 2019, there was no change in our internal control over financial reporting that materially affected, or is reasonable likely to materially affect, internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. **LEGAL PROCEEDINGS**

None.

Item 1A. **RISK FACTORS**

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 14, 2019. There have been no material changes in reported risk factors from the information reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Item 2. **UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

Item 3. **DEFAULTS UPON SENIOR SECURITIES**

None.

Item 4. **MINE SAFETY DISCLOSURES**

Not applicable.

Item 5. **OTHER INFORMATION**

Not applicable.

Item 6. EXHIBITS

10.1	Separation and Release Agreement, dated April 26, 2019, by and between Vishay Precision Group and Roland B. Desilets (previously filed as an exhibit to the Registrant's Current Report on Form 8-K filed with the SEC on May 1, 2019 and incorporated herein by reference).
31.1	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Ziv Shoshani, Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – William M. Clancy, Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Ziv Shoshani, Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – William M. Clancy, Chief Financial Officer.
101	Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended June 29, 2019, furnished in XBRL (eXtensible Business Reporting Language).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VISHAY PRECISION GROUP, INC.

/s/ William M. Clancy

William M. Clancy
Executive Vice President and Chief Financial Officer
(as a duly authorized officer and principal financial and accounting officer)

Date: August 6, 2019

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Section 2: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATIONS

I, Ziv Shoshani, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vishay Precision Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial

reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ Ziv Shoshani

Ziv Shoshani
Chief Executive Officer

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Section 3: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATIONS

I, William M. Clancy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vishay Precision Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ William M. Clancy

William M. Clancy
Chief Financial Officer

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Section 4: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vishay Precision Group, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended June 29, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ziv Shoshani, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ziv Shoshani

Ziv Shoshani
Chief Executive Officer
August 6, 2019

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Section 5: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vishay Precision Group, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended June 29, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William M. Clancy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William M. Clancy

William M. Clancy
Chief Financial Officer
August 6, 2019

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