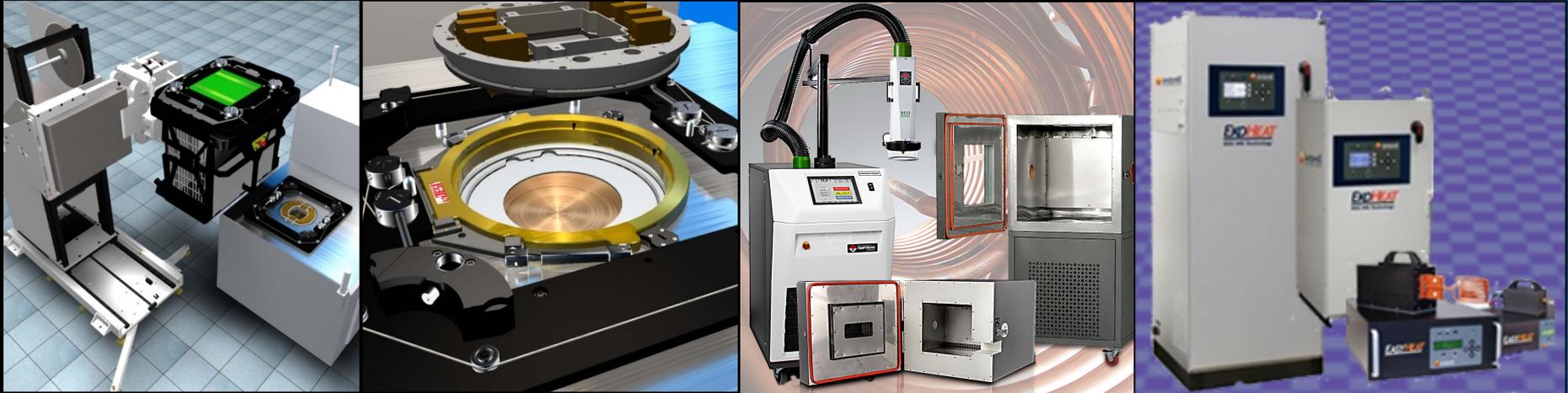


# inTEST Corporation

## New Directions in Thermal Solutions



Q4 2017

October 1 – December 31, 2017

**Robert Matthiessen**  
Pres., CEO & Exec. Chairman  
**Hugh T. Regan, Jr.**  
Treasurer & CFO  
**James Pelrin**  
EVP & COO

**inTEST Corporation**

# Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based upon management's current expectations, and are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by these forward-looking statements.

# inTEST Summary Metrics

<b>Symbol</b>	<b>INTT</b>
<b>Stock Price (11/14/17)</b>	<b>\$9.20</b>
<b>Trading Range (52 wk.)</b>	<b>\$3.90 - \$10.25</b>
<b>Trailing PE (ttm)</b>	<b>16.03</b>
<b>Market Cap</b>	<b>\$ 90M</b>
<b>Shares Out</b>	<b>10.3M</b>
<b>Revenue (ttm)</b>	<b>\$51.2M</b>
<b>EPS (ttm)</b>	<b>\$ 0.55</b>
<b>Cash</b>	<b>\$11.5M</b>
<b>Headcount</b>	<b>216</b>
<b>Founded</b>	<b>1981</b>

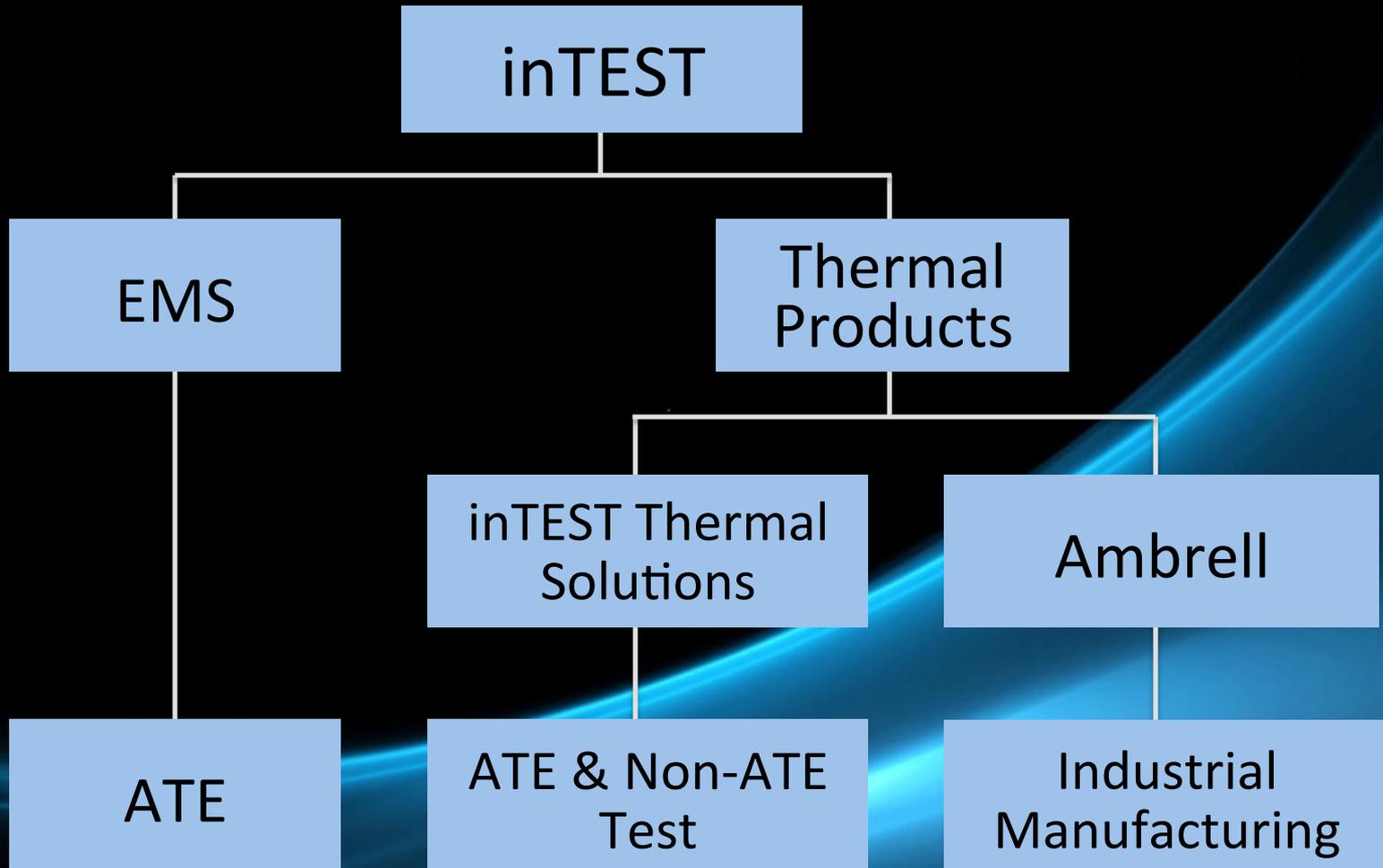
# inTEST Investment Thesis

- Deliver **specialty high-margin products for mission-critical applications** in non-ATE markets including: Auto, Consumer Electronics, Defense/Aerospace, Telecom, and Industrial
- Provide customers ***yield improvement test solutions***, which drive **revenue growth**
- **Deliver profits and generate cash** even during cyclical/seasonal ATE downturns
  - ***Profits for 32 consecutive quarters***
  - ***Annual cash flow from operations of \$4.5M to \$7.5M***
- ***Positioned for growth*** with ***\$11.5M in cash*** available to ***finance acquisition opportunities***
- ***No debt with borrowing capacity of \$20M+*** to finance growth
- **Successfully acquired Ambrell Corporation**, realizing our goal of 50% revenue diversification outside ATE market

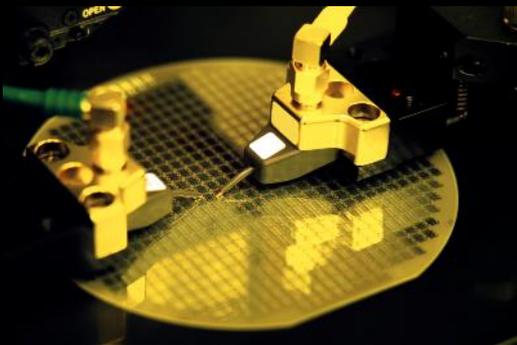
# Accomplishing Our Goals – Why Ambrell

- ✓ Thermal related technology
- ✓ Non ATE
- ✓ 50% Market diversification outside of ATE
- ✓ Known technology
- ✓ Wide scale base into industrial manufacturing sector
- ✓ Broader customer diversification

# inTEST Organization



# SERVING A VARIETY OF MARKETS



ATE



Automotive



Defense / Aerospace



Industrial  
Manufacturing



Industrial  
Equipment



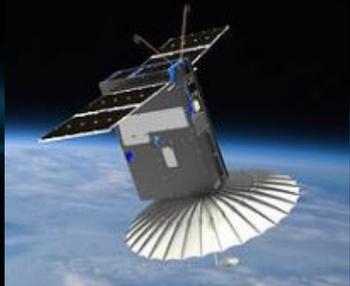
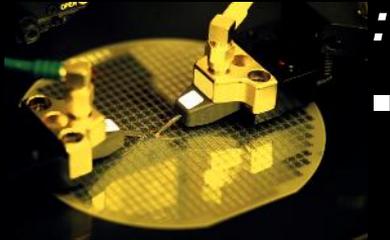
Telecommunications

# Historical Served Markets - TEST

- Semiconductor Manufacturers – End Users  
(Test Facilities, Labs, Production Floor)
- ATE Equipment Suppliers – OEM

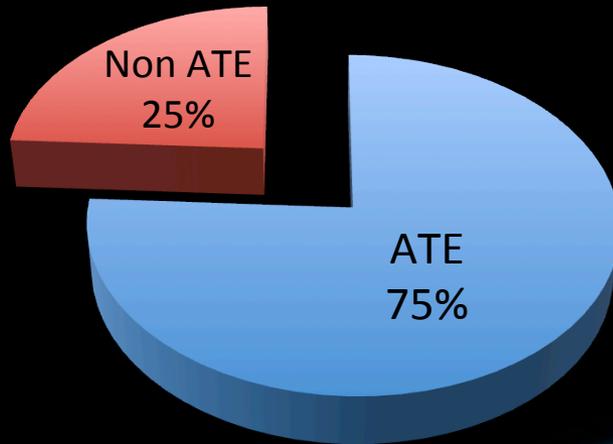
## **Non-ATE Markets:**

Automotive, consumer electronics, defense/aero, telecom, industrial



# inTEST Markets Before Ambrell

ATE	\$100M
<u>Non-ATE</u>	<u>\$120M</u>
Total	\$220M



Percent of inTEST business

## ATE Market

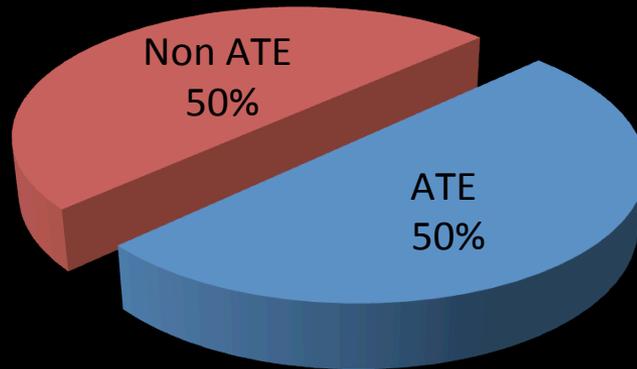
- Semiconductor

## Non-ATE Market

- Telecommunications
- Non-ATE Applications
- Automotive
- Defense/Aerospace
- Industrial

# inTEST Markets Post Ambrell

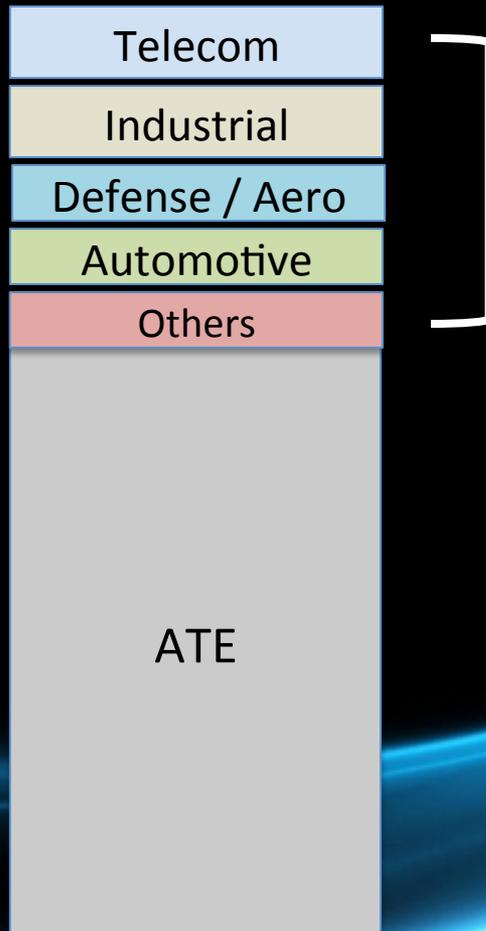
ATE	\$100M
<u>Non-ATE</u>	<u>\$520M</u>
Total	\$620M



Percent of inTEST business

- Semiconductor ATE
- Automotive
- Defense/Aerospace
- Telecommunications
- Industrial
- **Medical**
- **Consumer**
- **Food & Beverage**

# Market Mix



Custom application of INTT Thermal Solutions drives growth in vertical markets

TTM Bookings		
ATE	\$ 37.6M	64%
Telecom	7.2	12%
Industrial	9.3	16%
Defense / Aero	2.7	5%
Automotive	0.9	1%
Others	1.1	2%
Total Bookings	\$58.8M	

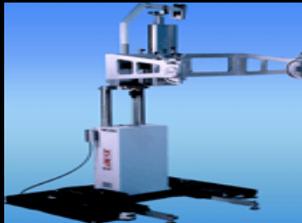
# inTEST Product Segments

% of Revenue

Thermal



Mechanical



Electrical



2014

2015

2016

56

62

59

27

19

21

17

19

20

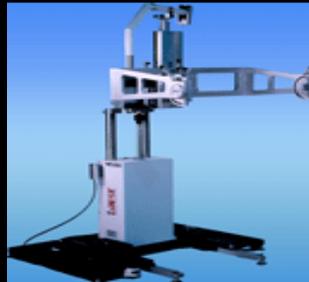
Effective January 1, 2017 the Mechanical and Electrical segments were aggregated into the EMS segment for reporting purposes.

# ATE-Related Market Share

Thermal



**ThermoStreams for  
Semiconductor Test** **70%**



**Manipulator  
Docking** **10%**  
**20%**

EMS



**Interface Products** **30%**

# Thermal Products - Test

Environmental Test Market - \$120 million\*  
10% estimated market share\*

## Growth through Non-ATE Test Applications

- MobileTemp ThermoStreams
- Thermal Chambers
- Platforms



\* Based upon Frost & Sullivan "Worldwide Environmental Test Market: 2013"

# Thermal Products – Industrial Manufacturing

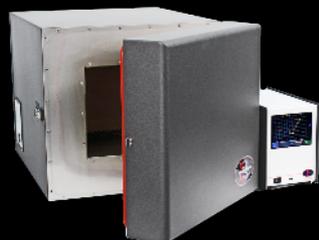
Industrial Manufacturing Market - \$400 million  
5% estimated market share

- EasyHeat Induction Heating Systems
- EKOHeat Industrial Heating Systems

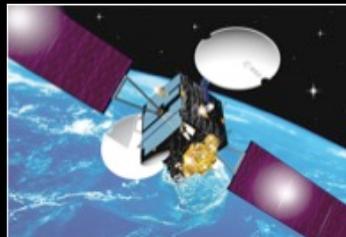


# inTEST Custom Thermal Test Solutions

+932° F  
+500° C



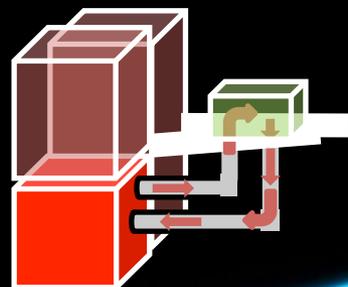
Space Research  
-185°C - 350°C



Communication  
Satellite  
-65°C - 200°C



Missile Guidance  
-60°C - 150°C



Custom Design  
Thermal Engine  
-65°C - 200°C



Tensile Testing  
-40°C - 85°C



Network Infrastructure  
-10°C - 60°C



LED Extended Life Test  
-100°C - 200°C

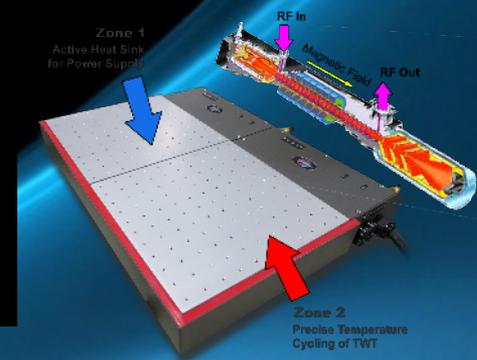
-301° F  
-185° C

# inTEST Custom Thermal Test Solutions



- Energy application for testing sensors and electronics
- Three zone chamber allows independent temperature control across entire assembly

- Satellite application for testing microwave amplifiers
- Two-zone plate provides heat sink for power supply while simulating wave tube temperatures in orbit



- Consumer electronics application for characterizing RF (Wifi, Bluetooth) components
- ThermoStream air forcing system provides the temperature source for rapid thermal cycling

# inTEST Industrial Manufacturing Solutions

500 kW



**Ammunition**

Annealing ammunition casings

1-10 kW



**Aerospace**

Hot heading, brazing, annealing, shrink fitting

1-100 kW



**Automotive**

Brazing, metal-to-plastic, curing, hardening

1-500 kW



**Food/Packaging**

Cap sealing, roller heating

1-100kW



**Medical**

Brazing, catheter tipping, nanoparticle heating,

1-10 kW



**Oil and Gas**

Tube and pipe heating

50-500 kW

1 kW



# Diverse Customer Base

Top 10 Customers Contribute  
49% of Total Sales

**TI**

**Hakuto**

**Teradyne**

**NXP Semi**

**Analog Devices**

**Naigaitec**

**Cypress Semi**

**Foxconn Optical**

**ST Micro**

**Nextrom**

During 2015-2016, over 40 ATE customers merged.

# ATE Customers



END USER



OEM

# Growing Non-ATE Test Customer Base

ViaSat

NASA Jet Propulsion Laboratory  
California Institute of Technology

ROHDE & SCHWARZ



DENSO

LUMENTUM

WOODWARD



DELPHI

CISCO

EMERSON  
Process Management

CRANE  
AEROSPACE &  
ELECTRONICS

TOYOTA  
Let's Go Places

eoptolink®

Google

O-Net  
Technologies

LOCKHEED MARTIN  
We never forget who we're working for™

BAE SYSTEMS

TOSHIBA

APA  
Wireless  
TECHNOLOGIES

NORTHROP GRUMMAN

Schlumberger



communications

TRANSCOM

GOODRICH

NASA National Aeronautics  
and Space Administration

Raytheon

BOEING

PHILIPS  
LUMILEDS

Anaren®  
What'll we think of next?®

melcom  
MELCOM ELECTRONICS LIMITED

# Growing Non-ATE Industrial Manufacturing Customer Base

**TESLA**

**KOHLER**

**SIEMENS**

**TOSHIBA**



**DELPHI**

**BOSCH**



**MARS**

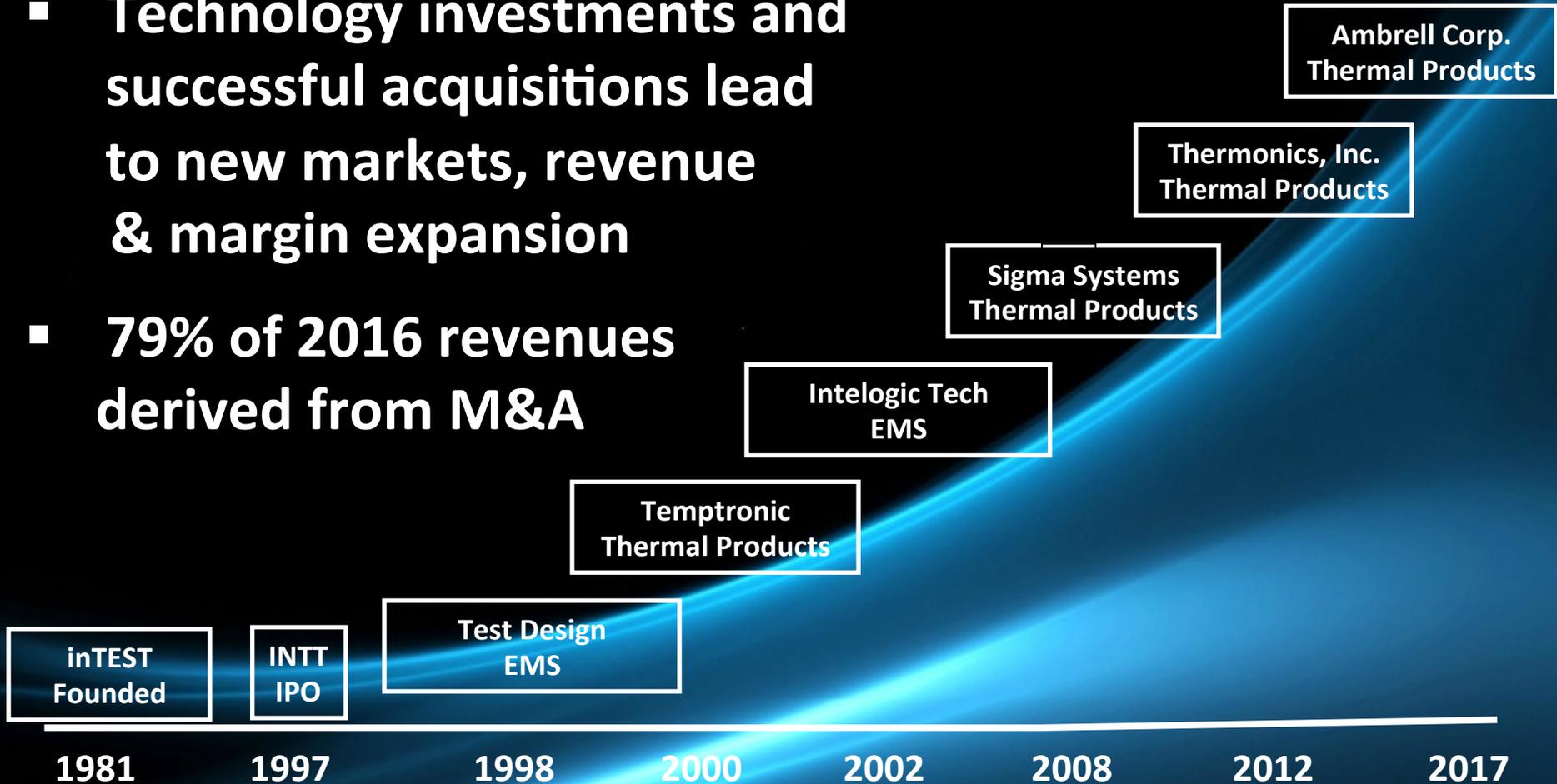
**PIXTRON**

# Growth Drivers

- Mobile communications – modules for smart phones, tablets, hand-held devices (Apple, Samsung, Qualcomm)
- Automotive electronics – engine management, entertainment, communications, collision avoidance
- Consumer / automotive sensors
- High-stress environments (Defense/Aerospace)
- Food & Beverage
- Medical

# M&A Bolsters Growth Opportunities

- Technology investments and successful acquisitions lead to new markets, revenue & margin expansion
- 79% of 2016 revenues derived from M&A



# Financial Overview



# inTEST Operating Model

	2011	2012	2013	2014	2015	2016	2017 YTD
<b>Gross margin</b>	<b>48%</b>	<b>44%</b>	<b>48%</b>	<b>49%</b>	<b>48%</b>	<b>51%</b>	<b>53%</b>
<b>SG&amp;A</b>	<b>25%</b>	<b>27%</b> a	<b>29%</b>	<b>29%</b>	<b>31%</b> a	<b>31%</b> a	<b>29%</b> a
<b>Eng. &amp; Prod Dev.</b>	<b>7%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>10%</b>	<b>9%</b>	<b>7%</b>
<b>Operating Margin</b>	<b>16%</b>	<b>8%</b> b	<b>10%</b>	<b>14%</b>	<b>7%</b> c	<b>11%</b> c	<b>17%</b> c

a Includes due diligence and other acquisition related expenses: 2012 - \$433K; 2015 - \$329K; 2016 - \$456K; 2017 - \$880K.

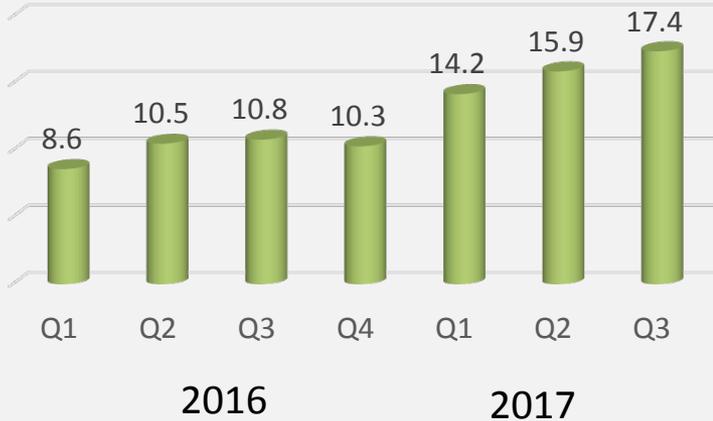
b Net of Thermonics restructuring costs of \$313K and other acquisition related expenses of \$433K.

c Net of acquisition related expenses on deals that did not close: 2015 - \$329K; 2016 - \$456K; 2017 - \$880K.

# Financial Results

\$M

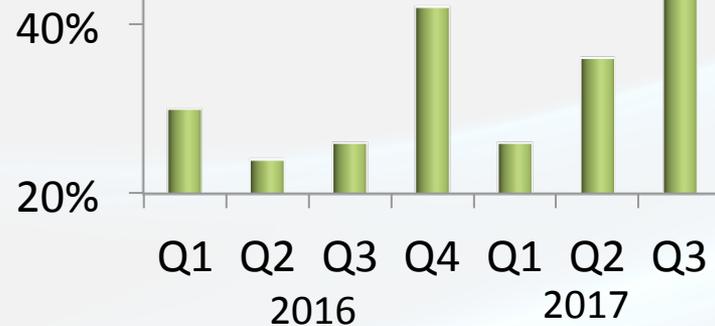
## REVENUE



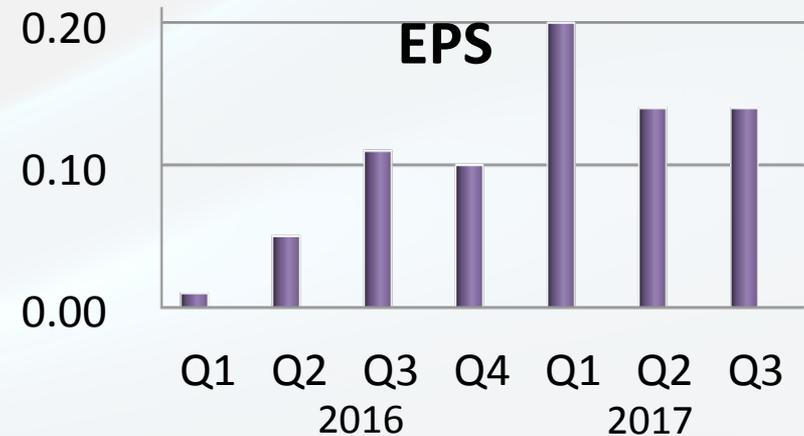
## GROSS MARGIN



## NON SEMI as % REV



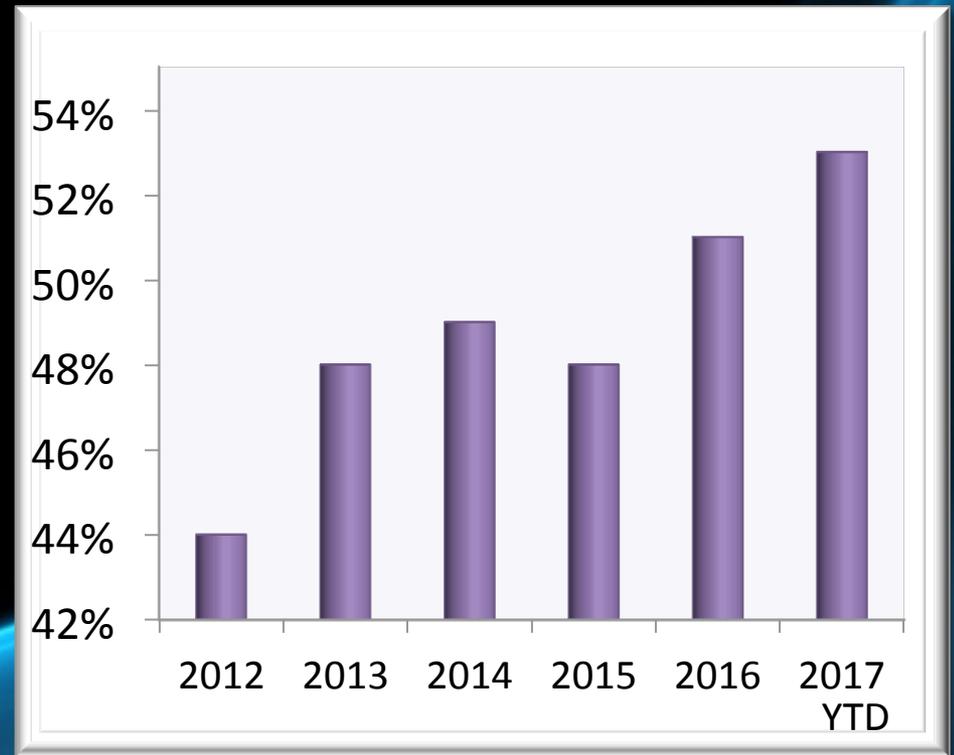
## EPS



# inTEST Gross Margin

## GROSS MARGIN DRIVERS

Improved Competitive Landscape	Consolidated Manufacturing
Product Mix	Manufacturing Outsourcing
NEW Products	Operational Efficiencies



# Balance Sheet Highlights

	As of <u>09/30/2017</u>
Cash & Cash Equivalents	\$11.5M
Working Capital	\$19.6M
Total Assets	\$60.2M
Contingent Acquisition Liability	\$ 3.6M
Long-Term Debt	\$ -
Shareholder Equity	\$43.8M

# Q4 2017 Guidance (Provided November 2, 2017)

- Net revenue ranging from \$17.5M to \$18.5M
- GAAP net earnings ranging from \$0.11 to \$0.15 diluted EPS
- Non- GAAP adjusted net earnings ranging from \$0.13 to \$0.17 diluted EPS
- Gross margin ranging from 47% to 49%
- Q4'17 product mix less favorable compared with Q3'17
- *Net income guidance is based upon current expectations and may be subject to change due to audit adjustment*

# inTEST Positioned for Growth

- Growth opportunities through focused acquisition strategy with a 50% revenue diversification outside ATE market
- Expansion of vertical markets outside of ATE market with thermal technologies
- Highly leveraged P&L with no debt and significant borrowing capacity to fund growth through acquisition
- Generate profits & cash even during cyclical semi downturns
- Lean operating structure
- Operational efficiencies drive higher gross margin

# Investor Contacts

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