Benchmark Electronics Investor Presentation

June, 2023

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Forward-Looking 2023 Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts and may include words such as “anticipate,” “believe,” “intend,” “plan,” “project,” “forecast,” “strategy,” “position,” “continue,” “estimate,” “expect,” “may,” “will,” “could,” “predict,” and similar expressions of the negative or other variations thereof. In particular, statements, express or implied, concerning the Company’s outlook and guidance for second quarter 2023 results, future operating results or margins, the ability to generate sales and income or cash flow, expected revenue mix, the Company’s business strategy and strategic initiatives, the Company’s repurchases of shares of its common stock, the Company’s expectations regarding restructuring charges and amortization of intangibles, and the Company’s intentions concerning the payment of dividends, among others, are forward-looking statements. Although the Company believes these statements are based on and derived from reasonable assumptions, they involve risks, uncertainties and assumptions that are beyond the Company’s ability to control or predict, relating to operations, markets and the business environment generally, including those discussed under Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and in any of the Company’s subsequent reports filed with the Securities and Exchange Commission. Events relating to the possibility of customer demand fluctuations, supply chain constraints, continued inflationary pressures, the effects of foreign currency fluctuations and high interest rates, geopolitical uncertainties including trade restrictions, or the ability to utilize the Company’s manufacturing facilities at sufficient levels to cover its fixed operating costs, may have resulting impacts on the Company’s business, financial condition, results of operations, and the Company’s ability (or inability) to execute on its plans. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes, including the future results of our operations, may vary materially from those indicated. Undue reliance should not be placed on any forward-looking statements. Forward-looking statements are not guarantees of performance. All forward-looking statements included in this document are based upon information available to the Company as of the date of this document, and the Company assumes no obligation to update.

Non-GAAP Financial Information

Management discloses non-GAAP information to provide investors with additional information to analyze the Company’s performance and underlying trends. A detailed reconciliation between GAAP results and results excluding certain items (“non-GAAP”) is included in the following tables attached to this document. In situations where a non-GAAP reconciliation has not been provided, the Company was unable to provide such a reconciliation without unreasonable effort due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact and the periods in which the non-GAAP adjustments may be recognized. Management uses non-GAAP measures that exclude certain items in order to better assess operating performance and help investors compare results with our previous guidance. This document also references “free cash flow”, which the Company defines as cash flow from operations less additions to property, plant and equipment and purchased software. The Company’s non-GAAP information is not necessarily comparable to the non-GAAP information used by other companies. Non-GAAP information should not be viewed as a substitute for, or superior to, net income or other data prepared in accordance with GAAP as a measure of the Company’s profitability or liquidity. Readers should consider the types of events and transactions for which adjustments have been made.

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Benchmark By the Numbers

$2.9 billion *
2022 FY revenue

* Including supply chain premium

2022 Sector Growth *

39% growth in **Complex Industrial**

28% growth in **Medical**

31% growth in **Semi-Cap**

21
Global **Manufacturing** Locations

7
Global **Design** Centers

13,500+
Team Members Worldwide

400+
Product Design Engineers

Experts in complex products and adept at managing challenging regulatory environments

Engaging at inception through production or anywhere in between

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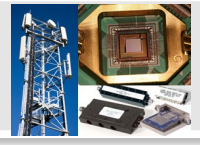
Sector Engagement

		Participation	Select Customers
Semi-Cap		▸ Front-end Wafer Fabrication Equipment ▸ Material Handling and Control Systems	APPLIED MATERIALS, ASML, ASM
Medical		▸ Fluid Management ▸ Radiological and Optical Imaging ▸ Medical Robotics ▸ Connected & Diagnostic Devices	stryker, ZOLL an Asahi Kasei company, Edwards LIFESCIENCES
Industrials		▸ Automation & Robotics ▸ Control, Measurement & Test ▸ Capital Equipment ▸ Transportation, Sensory, & Surveillance	FORTIVE, Trimble, EMERSON, ROHDE&SCHWARZ
A&D		▸ Communications and Connectivity ▸ Digital and Mechanical Subsystems ▸ Displays & Sensors ▸ Navigation	THALES, Honeywell THE POWER OF CONNECTED, Raytheon, NORTHROP GRUMMAN
Next Gen Telco		▸ Smart City and Antenna Infrastructure ▸ Wireless/Satellite/Free Space Optics ▸ Next-Gen Networking Infrastructure	ViaSat, VIAVI, COMMSCOPE, verizon
Advanced Computing		▸ Hyperscale/High Value Datacenter ▸ High Performance Computing ▸ Secure Computing	intel, Lexmark, Hewlett Packard Enterprise

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Fiscal Year 2022 Financial Summary

(Dollars in millions, except EPS)	Dec. 31, 2022	Dec. 31, 2021	'21 to '22 change	Y/Y
Net Sales	$2,886	$2,255	$631	28%
GAAP Gross Margin	8.8%	9.1%		(30) bps
GAAP SG&A	$150.2	$136.7	$13.5	10%
GAAP Operating Margin	3.1%	2.4%		70 bps
GAAP Diluted EPS	$1.91	$0.99	$0.92	93%
GAAP ROIC	7.4%	5.4%		200 bps
Net Sales	$2,886	$2,255	$631	28%
Non-GAAP Gross Margin	8.8%	9.1%		(30) bps
Non-GAAP SG&A	$150.4	$136.7	$13.7	10%
Non-GAAP Operating Margin	3.6%	3.0%		60 bps
Non-GAAP Diluted EPS	$2.09	$1.35	$0.74	55%
Non-GAAP ROIC	9.9%	8.6%		130 bps

See APPENDIX 1 for a reconciliation of GAAP to non-GAAP Financial Results

GAAP ROIC = (GAAP TTM income from operations – GAAP Tax Impact) / (Average Invested Capital for last 5 quarters)
Non-GAAP ROIC = (non-GAAP TTM income from operations + Stock-based compensation – non-GAAP Tax Impact) ÷ [Average Invested Capital for last 5 quarters]

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Liquidity and Capital Resources

Cash (In millions)	For the Three Months Ended		
	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022
Cash Flows from (used in) Operations	($25)	($53)	($68)
FCF (1)	($64)	($66)	($86)
Cash	$212	$207	$245
International	$192	$168	$151
US	$20	$39	$94

(1) Free cash flow (FCF) defined as net cash provided by (used in) operations less capex

Debt Structure (In millions)	
Senior Secured Term Loan	$130
Revolving Credit Facility Drawn Amount	$275

* Leverage ratio is Net debt/LTM adjusted EBITDA, as defined in the credit facility, which are non-GAAP measures



- Expanded revolver by $100M on existing terms (total $550M)
- Cash Flow from Operations primarily impacted by inventory
- Forecasting $70-$90M of Free Cash Flow generation in 2023

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Second Quarter and FY 2023 Guidance

	Q2-2023
Net Sales*	$670 - $710 million
Diluted EPS – GAAP	$0.35 - $0.41
Diluted EPS – non-GAAP	$0.43 - $0.49
Operating Margin – non-GAAP	3.9% - 4.1%
Other Expenses, Net	$7 million
Effective Tax Rate	18% - 20%
Weighted Average Shares	~ 35.6 million

	FY 2023
Net Sales Growth *	7 – 9%
Diluted EPS – GAAP	$1.96 - $2.06
Diluted EPS – non-GAAP	$2.18 - $2.28
Operating Margin – non-GAAP	4.1% - 4.5%
Free Cash Flow	$70-90 million

* Guidance does not include supply chain premium revenue

This guidance takes into consideration all known constraints for the quarter and assumes no further significant interruptions to our supply base, operations or customers.

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Sector Outlook*

	Q2-23 Q/Q	FY2023 Y/Y	Sector Commentary
Medical			• Strong demand in existing programs and new ramps in progress • Improving supply chain
Semi-Cap			• New wins start to ramp in 2H-23 • Currently anticipate sequentially flat to up through rest of the year
A&D			• Commercial aero strength and improving supply chain drive sequential growth • New wins and Defense program ramps drive 2023 growth
Industrials			• New customer revenues in environmental solutions and energy efficiency driving annual growth
Adv. Computing			• 2H-23 growth dependent upon timing of new HPC program wins and ramps
Next Gen Comms			• Program wins continue to ramp but slower than expected • Potential for comms infrastructure deployment push-out weighing on mid-year outlook

* Excludes supply chain premiums (SCP) revenue in forecast and comparable period(s)

See APPENDIX 3 for a reconciliation of GAAP to non-GAAP Financial Results

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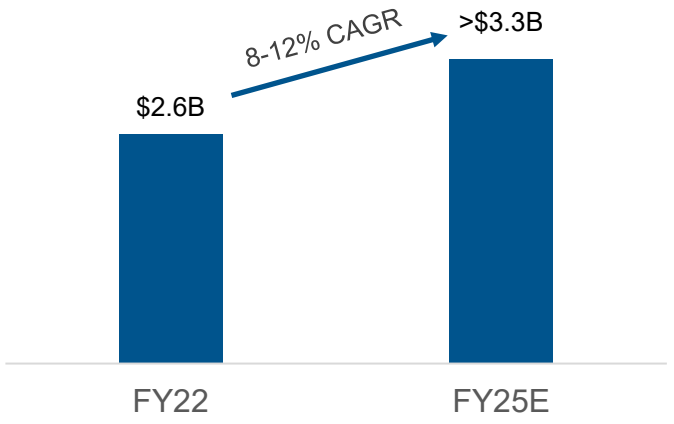
FY2022-2025 non-GAAP Financial Model

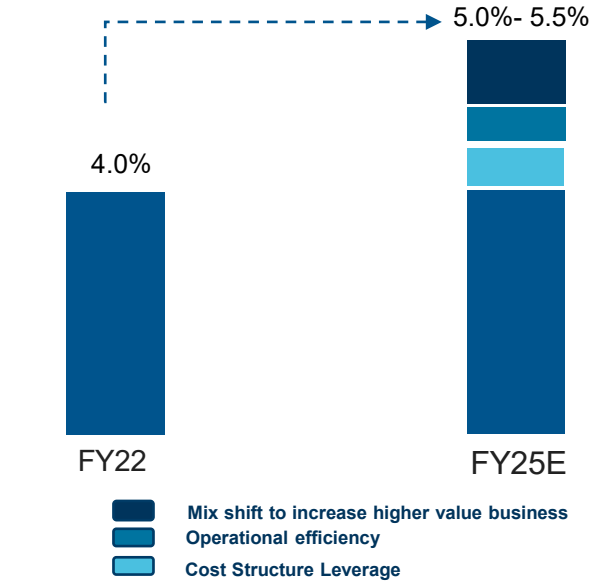
Revenue Growth

~10% CAGR *



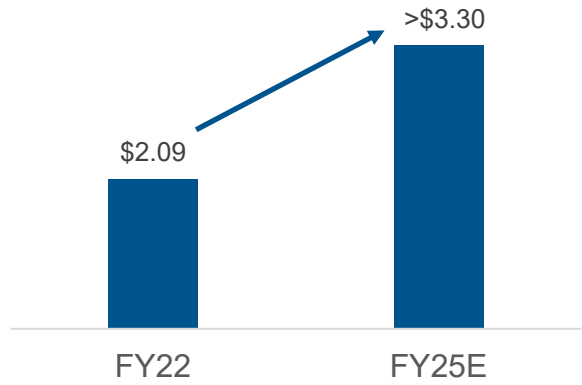
Operating Margin

5.0%* to 5.5% *



Earnings Growth

Growth Rate 2X Revenue Growth Rate



* Revenue and non-GAAP operating margin exclude the effect of supply chain premium.
Operating Margin includes ~60 bps stock compensation per year

See APPENDIX 1 and 2 for a reconciliation of GAAP to non-GAAP Financial Results

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Long-Term Financial Model

Capital Allocation Priorities

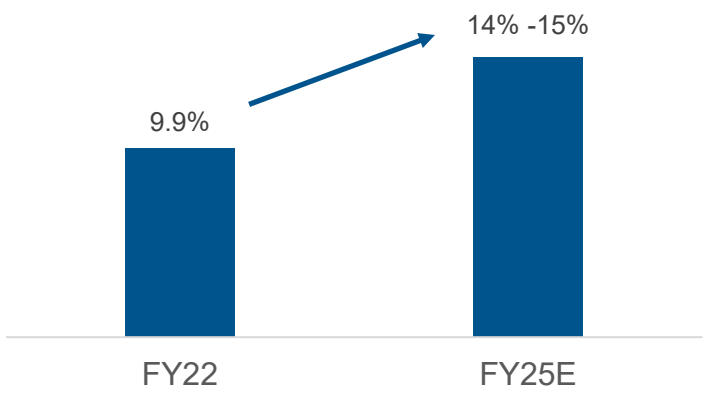
Free Cash Flow (FCF) $70M to $80M/Year

1) Paydown revolver
2) Recurring cash dividend of $0.165 per share (~$24M per year)
3) Share repurchases to offset equity dilution

Return on Capital Invested

14%* to 15%*

2025E estimated to be 400 bps above WACC



* Non-GAAP Return on Invested Capital

Other Model Inputs

FY25E Targets

Capital Spending	1.6% to 1.8%
Inventory Turns	5.0-5.5x
Cash Conversion Cycle	Mid 70 days
Debt to EDITBA	0.5X to 0.7X

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Appendix

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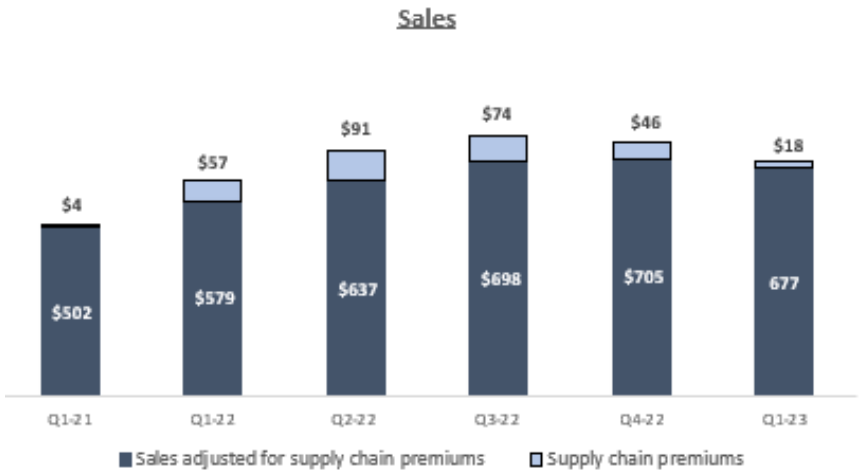
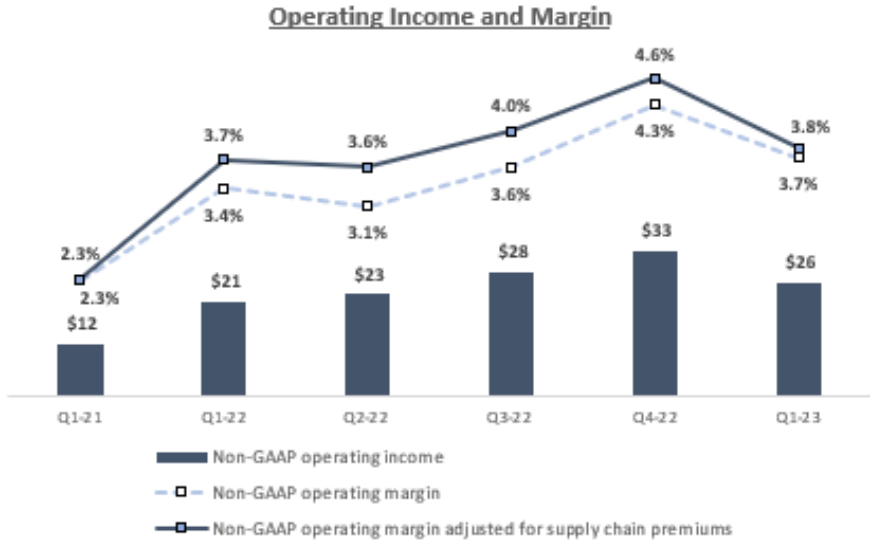
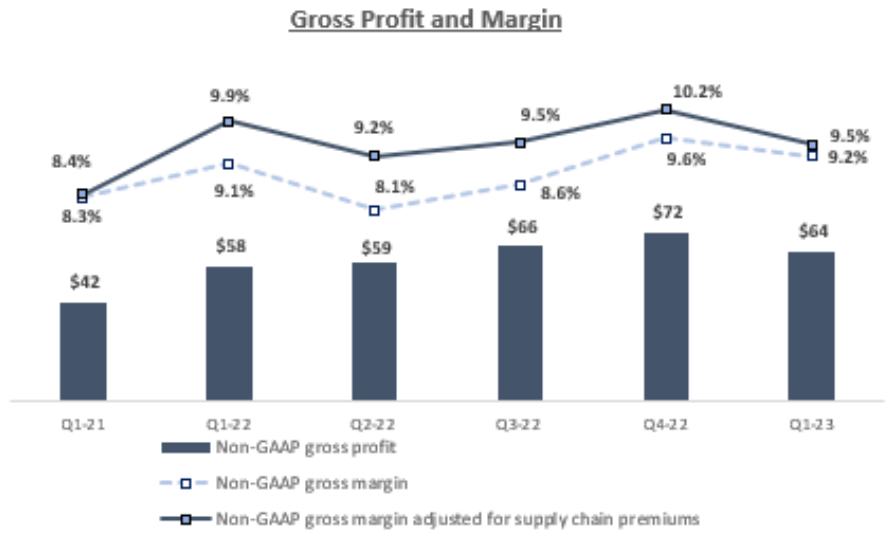
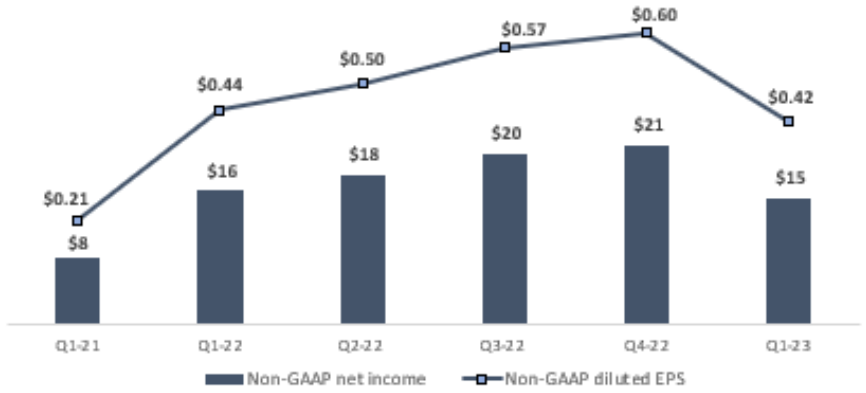
Non-GAAP Financial Summary Excluding Supply Chain Premiums
(Dollars in millions, except EPS)









See APPENDIX 1 and APPENDIX 2 for reconciliations of GAAP to non-GAAP Financial Results

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APPENDIX 1 - Reconciliation of GAAP to non-GAAP Financial Results

(Dollars in Thousands, Except Per Share Data) – (UNAUDITED)

	Three Months Ended								Year Ended	
	Dec 31, 2022	Sept 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2022	2021
Income from operations (GAAP)	$ 26,946	$ 25,284	$ 22,432	$ 15,407	$ 18,635	$ 11,794	$ 10,699	$ 11,934	$ 90,069	$ 53,062
Amortization of intangible assets	1,592	1,591	1,592	1,609	1,591	1,596	1,599	1,598	6,384	6,384
Restructuring charges and other costs	799	1,331	1,266	2,314	4,099	2,070	1,581	1,591	5,710	9,341
(Gain) loss on assets held for sale	—	—	(2,376)	1,983	—	—	—	—	(393)	—
Impairment	—	—	—	—	—	4,358	—	—	—	4,358
Ransomware incident related costs (recovery), net	—	—	—	—	—	(500)	—	(3,444)	—	(3,944)
Settlement	3,250	—	—	—	—	—	—	—	3,250	—
Customer insolvency (recovery)	—	(599)	—	—	(72)	(168)	(153)	(32)	(599)	(425)
Non-GAAP income from operations	$ 32,587	$ 27,607	$ 22,914	$ 21,313	$ 24,253	$ 19,150	$ 13,726	$ 11,647	$ 104,421	$ 68,776
GAAP operating margin	3.6%	3.3%	3.1%	2.4%	2.9%	2.1%	2.0%	2.4%	3.1%	2.4%
Non-GAAP operating margin	4.3%	3.6%	3.1%	3.4%	3.8%	3.3%	2.5%	2.3%	3.6%	3.0%
Gross Profit (GAAP)	$ 72,127	$ 66,750	$ 58,756	$ 57,602	$ 62,056	$ 53,705	$ 47,913	$ 42,227	$ 255,235	$ 205,901
Customer insolvency (recovery)	—	(425)	—	—	(72)	(168)	(153)	(32)	(425)	(425)
Non-GAAP gross profit	$ 72,127	$ 66,325	$ 58,756	$ 57,602	$ 61,984	$ 53,537	$ 47,760	$ 42,195	$ 254,810	$ 205,476
GAAP gross margin	9.6%	8.7%	8.1%	9.1%	9.8%	9.4%	8.8%	8.3%	8.8%	9.1%
Non-GAAP gross margin	9.6%	8.6%	8.1%	9.1%	9.8%	9.4%	8.8%	8.3%	8.8%	9.1%
Selling, general and administrative expenses	$ 39,540	$ 38,544	$ 35,842	$ 36,289	$ 37,731	$ 34,387	$ 34,034	$ 30,548	$ 150,215	$ 136,700
Customer recovery	—	174	—	—	—	—	—	—	174	—
Non-GAAP selling, general and administrative expenses	$ 39,540	$ 38,718	$ 35,842	$ 36,289	$ 37,731	$ 34,387	$ 34,034	$ 30,548	$ 150,389	$ 136,700
Net income (GAAP)	$ 21,219	$ 18,829	$ 17,221	$ 10,960	$ 12,419	$ 8,065	$ 7,369	$ 7,917	$ 68,229	$ 35,770
Amortization of intangible assets	1,592	1,591	1,592	1,609	1,591	1,596	1,599	1,598	6,384	6,384
Restructuring charges and other costs	799	1,331	1,266	2,314	4,099	2,070	1,581	1,591	5,710	9,341
(Gain) loss on assets held for sale	—	—	(2,376)	1,983	—	—	—	—	(393)	—
Impairment	—	—	—	—	—	4,358	—	—	—	4,358
Ransomware incident related costs (recovery), net	—	—	—	—	—	(500)	—	(3,444)	—	(3,944)
Settlement	(2,344)	(611)	—	—	—	—	—	—	(2,955)	—
Customer insolvency (recovery)	—	(599)	—	—	(72)	(168)	(153)	(32)	(599)	(425)
Refinancing of Credit Facilities	—	—	—	—	276	—	—	—	—	276
Income tax adjustments[1]	(5)	(351)	(82)	(1,206)	(1,212)	(1,491)	(633)	169	(1,644)	(3,178)
Non-GAAP net income	$ 21,261	$ 20,190	$ 17,621	$ 15,660	$ 17,101	$ 13,930	$ 9,763	$ 7,799	$ 74,732	$ 48,582
Diluted earnings per share:										
Diluted (GAAP)	$ 0.60	$ 0.53	$ 0.49	$ 0.31	$ 0.35	$ 0.23	$ 0.20	$ 0.22	$ 1.91	$ 0.99
Diluted (Non-GAAP)	$ 0.60	$ 0.57	$ 0.50	$ 0.44	$ 0.48	$ 0.39	$ 0.27	$ 0.21	$ 2.09	$ 1.35
Weighted-average number of shares used in calculating diluted earnings per share:										
Diluted (GAAP)	35,630	35,348	35,336	35,470	35,410	35,666	36,061	36,711	35,718	36,101
Diluted (Non-GAAP)	35,630	35,348	35,336	35,470	35,410	35,666	36,061	36,711	35,718	36,101
Net cash used in operations	$ (52,749)	$ (31,208)	$ (25,485)	$ (68,025)	$ (1,314)	$ (41,581)	$ 3,660	$ 36,613	$ (177,467)	$ (2,622)
Additions to property, plant and equipment and software	(13,180)	(8,623)	(6,996)	(17,975)	(9,740)	(13,818)	(12,197)	(6,422)	(46,774)	(42,177)
Free cash flow (used)	$ (65,929)	$ (39,831)	$ (32,481)	$ (86,000)	$ (11,054)	$ (55,399)	$ (8,537)	$ 30,191	$ (224,241)	$ (44,799)

(1) This amount represents the tax impact of the non-GAAP adjustments using the applicable effective tax rates.

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APPENDIX 2 - Reconciliation of Supply Chain Premiums

(Dollars in Millions) – (UNAUDITED)

	Three Months Ended								Year Ended	
	Dec 31, 2022	Sept 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021	Mar 31, 2021	Dec 31, 2022	Dec 31, 2021
Sales (GAAP)	$ 751	$ 772	$ 728	$ 636	$ 633	$ 572	$ 545	$ 506	$ 2,886	$ 2,255
Adjustment for supply chain premiums	(46)	(74)	(91)	(57)	(41)	(26)	(10)	(4)	(268)	(80)
Non-GAAP sales adjusted for supply chain premiums	$ 705	$ 698	$ 637	$ 579	$ 592	$ 546	$ 535	$ 502	$ 2,618	$ 2,175
GAAP and non-GAAP cost of sales	$ 679	$ 705	$ 669	$ 578	$ 571	$ 518	$ 497	$ 464	$ 2,632	$ 2,050
Adjustment for supply chain premiums	(46)	(74)	(91)	(57)	(41)	(26)	(10)	(4)	(268)	(80)
Non-GAAP cost of sales adjusted for supply chain premiums	$ 633	$ 631	$ 578	$ 521	$ 530	$ 492	$ 487	$ (460)	$ 2,364	$ 1,970
Non-GAAP gross margin	9.6%	8.6%	8.1%	9.1%	9.8%	9.4%	8.8%	8.3%	8.8%	9.1%
Non-GAAP gross margin adjusted for supply chain premiums	10.2%	9.5%	9.2%	9.9%	10.5%	9.8%	8.9%	8.4%	9.7%	9.5%
Non-GAAP operating margin	4.3%	3.6%	3.1%	3.4%	3.8%	3.3%	2.5%	2.3%	3.6%	3.0%
Non-GAAP operating margin adjusted for supply chain premiums	4.6%	4.0%	3.6%	3.7%	4.1%	3.5%	2.6%	2.3%	4.0%	3.2%

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APPENDIX 3 - Reconciliation of Supply Chain Premiums by Sector

(Dollars in Millions) – (UNAUDITED)

	Three Months Ended		
Sales (GAAP)	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022
Medical	$ 137	$ 144	$ 117
Semi-Cap	149	178	183
A&D	79	90	82
Industrials	144	143	137
Advanced Computing	96	92	55
Next Gen Comms	90	104	62
Total Sales (GAAP)	$ 695	$ 751	$ 636
Supply Chain Premiums			
Medical	$ 5	$ 11	$ 13
Semi-Cap	2	2	8
A&D	—	1	1
Industrials	8	24	28
Advanced Computing	—	—	2
Next Gen Comms	3	8	5
Total Supply Chain Premiums	$ 18	$ 46	$ 57
Sales Adjusted for Supply Chain Premiums			
Medical	$ 132	$ 133	$ 104
Semi-Cap	147	176	175
A&D	79	89	81
Industrials	136	119	109
Advanced Computing	96	92	53
Next Gen Comms	87	96	57
Total Sales Adjusted for Supply Chain Premiums	$ 677	$ 705	$ 579

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