Benchmark

Benchmark Electronics

27th Annual Needham Growth Conference

January 14, 2025

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Forward-Looking 2024 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 fourth quarter and fiscal year 2024 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, stock-based compensation expense, amortization of intangibles, award of any tax incentives and capital expenditures, 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, 2023, 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, continuing inflationary pressures, the effects of foreign currency fluctuations and high interest rates, geopolitical uncertainties including continuing hostilities and tensions, trade restrictions and sanctions, 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 the Company’s 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 certain non-GAAP information to provide investors with additional information to analyze the Company’s performance and underlying trends. These non-GAAP financial measures exclude restructuring charges, stock-based compensation expense, amortization of intangible assets acquired in business combinations, certain legal and other settlement losses (gains), customer insolvency losses (recoveries), asset impairments, other significant non-recurring costs and the related tax impacts of all of the above. 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”, a non-GAAP measure, 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

$ 2.7 billion*

Sector Exposure*

- **26%** Semi-Cap
- **21%** Industrial
- **17%** Medical
- **16%** A&D
- **20%** AC&C

22
Global **Manufacturing** Locations

7
Global **Design** Centers

13,500+
Team Members Worldwide

400+
Product Design Engineers

Experts in complex and highly regulatory solutions

Engaged from inception through production or anywhere in between

* Last 12 months ending September 2024. Figures may not foot due to rounding.

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Global Services Locations



Total Sq. Footage: 52% Americas | 10% Europe | 38% Asia

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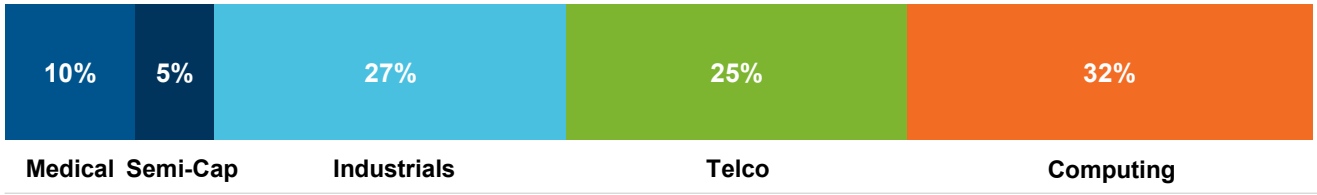
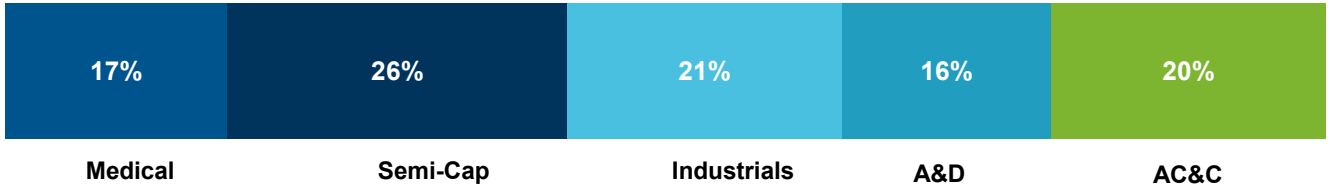
Our Evolution to Higher Value Sectors

FY12



LTM *



LTM = last 12-month revenue as of September 2024; figures may not foot due to rounding

Transition to High Complexity and Regulated Environments

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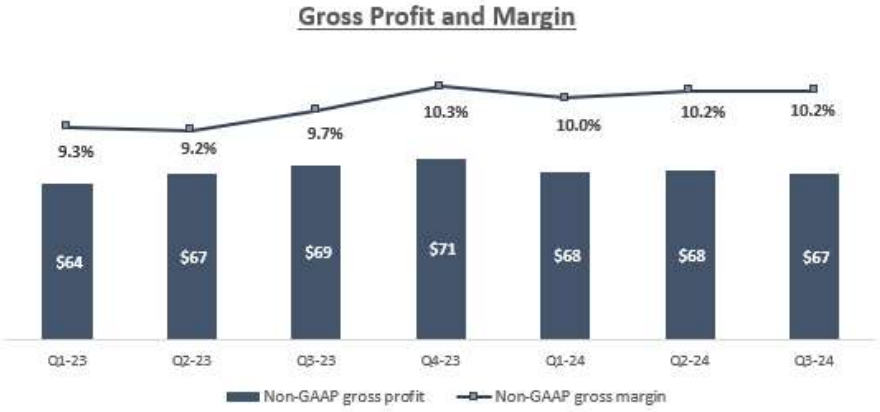
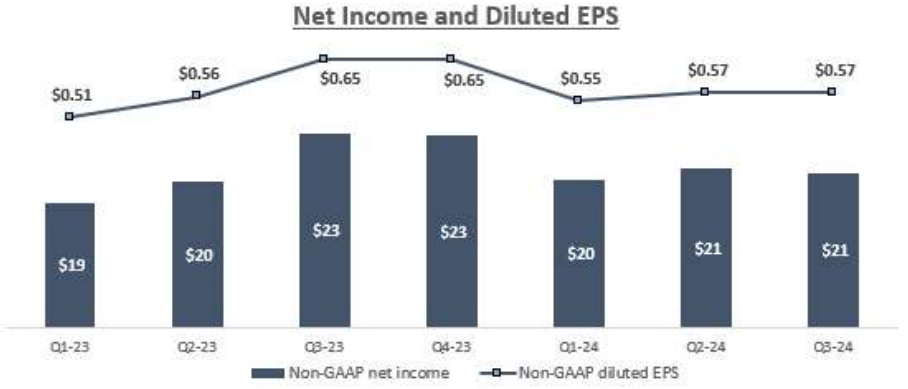
Trended Non-GAAP* Results
(Dollars in Millions, except EPS)









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

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Our Leadership Team



Jeff Benck

President and
Chief Executive Officer



Bryan Schumaker

EVP,
Chief Financial Officer



David Moezidis

EVP,
Chief Commercial Officer



Dave Valkanoff

EVP,
Chief Operating Officer



Stephen Beaver

SVP, General Counsel and
Chief Legal Officer



Rhonda Buseman

SVP, Chief Human
Resource Officer



Dave Clark

SVP,
Chief Procurement Officer



Jan Janick

SVP,
Chief Technology Officer



Bipin Jayaraj

SVP, Chief Digital and
Information Officer

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Appendix

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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							Nine Months Ended	
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	September 30, 2024	September 30, 2023
Income from operations (GAAP)	$ 28,105	$ 27,253	$ 25,529	$ 32,100	$ 30,341	$ 24,481	$ 22,742	$ 80,887	$ 77,564
Restructuring charges and other costs	795	1,471	3,343	2,054	1,437	2,364	1,426	5,609	5,227
Stock-based compensation expense	4,379	4,185	2,176	2,955	3,674	3,867	4,790	10,740	12,331
Amortization of intangible assets	1,205	1,204	1,204	1,204	1,592	1,591	1,592	3,613	4,775
Asset impairment	—	—	—	—	198	923	—	—	1,121
Legal and other settlement loss (gain)	367	317	855	—	—	—	—	1,539	—
Customer insolvency (recovery)	—	(316)	—	—	—	—	—	(316)	—
Non-GAAP income from operations	$ 34,851	$ 34,114	$ 33,107	$ 38,313	$ 37,242	$ 33,226	$ 30,550	$ 102,072	$ 101,018
GAAP operating margin	4.3%	4.1%	3.8%	4.6%	4.2%	3.3%	3.3%	4.0%	3.6%
Non-GAAP operating margin	5.3%	5.1%	4.9%	5.5%	5.2%	4.5%	4.4%	5.1%	4.7%
Gross profit (GAAP)	$ 66,741	$ 67,950	$ 67,408	$ 71,004	$ 69,077	$ 67,031	$ 63,958	$ 202,099	$ 200,066
Stock-based compensation expense	413	326	426	416	420	423	396	1,165	1,239
Customer insolvency (recovery)	—	(316)	—	—	—	—	—	(316)	—
Non-GAAP gross profit	$ 67,154	$ 67,960	$ 67,834	$ 71,420	$ 69,497	$ 67,454	$ 64,354	$ 202,948	$ 201,305
GAAP gross margin	10.1%	10.2%	10.0%	10.3%	9.6%	9.1%	9.2%	10.1%	9.3%
Non-GAAP gross margin	10.2%	10.2%	10.0%	10.3%	9.7%	9.2%	9.3%	10.2%	9.4%
Selling, general and administrative expenses	$ 36,636	$ 38,022	$ 37,332	$ 35,646	$ 35,509	$ 37,672	$ 38,198	$ 111,990	$ 111,379
Stock-based compensation expense	(3,966)	(3,859)	(1,750)	(2,539)	(3,254)	(3,444)	(4,394)	(9,575)	(11,092)
Legal and other settlement (loss) gain	(367)	(317)	(855)	—	—	—	—	(1,539)	—
Non-GAAP selling, general and administrative expenses	$ 32,303	$ 33,847	$ 34,727	$ 33,107	$ 32,255	$ 34,228	$ 33,804	$ 100,876	$ 100,287
Net income (GAAP)	$ 15,374	$ 15,528	$ 14,002	$ 17,552	$ 20,412	$ 13,991	$ 12,360	$ 44,904	$ 46,763
Restructuring charges and other costs	795	1,471	3,343	2,899	1,437	2,364	1,426	5,609	5,227
Stock-based compensation expense	4,379	4,185	2,176	2,955	3,674	3,867	4,790	10,740	12,331
Amortization of intangible assets	1,205	1,204	1,204	1,204	1,592	1,591	1,592	3,613	4,775
Asset impairment	—	—	—	—	198	923	—	—	1,121
Legal and other settlement loss (gain)	367	317	855	(37)	(3,375)	(1,155)	—	1,539	(4,530)
Customer insolvency (recovery)	—	(316)	—	—	—	—	—	(316)	—
Income tax adjustments[1]	(1,406)	(1,437)	(1,393)	(1,280)	(529)	(1,484)	(1,523)	(4,236)	(3,536)
Non-GAAP net income	$ 20,714	$ 20,952	$ 20,187	$ 23,293	$ 23,409	$ 20,097	$ 18,645	$ 61,853	$ 62,151
Diluted earnings per share:									
Diluted (GAAP)	$ 0.42	$ 0.43	$ 0.38	$ 0.49	$ 0.57	$ 0.39	$ 0.35	$ 1.23	$ 1.30
Diluted (Non-GAAP)	$ 0.57	$ 0.57	$ 0.55	$ 0.65	$ 0.65	$ 0.56	$ 0.51	$ 1.70	$ 1.73
Weighted-average number of shares used in calculating diluted earnings per share:									
Diluted (GAAP)	36,629	36,497	36,401	35,956	35,876	35,676	35,592	36,469	35,879
Diluted (Non-GAAP)	36,629	36,497	36,401	35,956	35,876	35,676	35,592	36,469	35,879
Net cash provided by (used in) operations	$ 39,036	$ 55,816	$ 48,457	$ 137,079	$ 37,583	$ 24,538	$ (24,906)	$ 143,309	$ 37,214
Additions to property, plant and equipment and software	(9,814)	(8,504)	(5,903)	(11,026)	(19,664)	(8,318)	(38,731)	(24,221)	(66,713)
Free cash flow (used)	$ 29,222	$ 47,312	$ 42,554	$ 126,053	$ 17,919	$ 16,220	$ (63,637)	$ 119,088	$ (29,499)

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

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