

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 01, 2024

BENCHMARK ELECTRONICS, INC.

(Exact name of Registrant as Specified in Its Charter)

Texas
(State or Other Jurisdiction
of Incorporation)

001-10560
(Commission File Number)

74-2211011
(IRS Employer
Identification No.)

56 South Rockford Drive
Tempe, Arizona
(Address of Principal Executive Offices)

85288
(Zip Code)

Registrant's Telephone Number, Including Area Code: (623) 300-7000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, par value \$0.10 per share	BHE	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 1, 2024, Benchmark Electronics, Inc. (the “Company”) issued a press release announcing its results of operations for the quarter ended March 31, 2024. A copy of the press release and accompanying investor presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, and incorporated by reference herein. The information disclosed under this Item 2.02, including Exhibits 99.1 and 99.2 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated May 1, 2024
99.2	Investor presentation, dated May 1, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

BENCHMARK ELECTRONICS, INC.

Date: May 1, 2024

By: /s/ Stephen J. Beaver
Stephen J. Beaver, Esq.
Senior Vice President, General Counsel and Chief Legal Officer

FOR IMMEDIATE RELEASE**BENCHMARK REPORTS FIRST QUARTER 2024 RESULTS**

TEMPE, AZ, May 1, 2024 – Benchmark Electronics, Inc. (NYSE: BHE) today announced financial results for the first quarter ended March 31, 2024.

First quarter 2024 results:

- Revenue of \$676 million
- Generated net cash provided by operations of \$48 million and positive free cash flow⁽¹⁾ of \$43 million
- GAAP and non-GAAP⁽¹⁾ gross margin of 10.0%
- GAAP and non-GAAP⁽¹⁾ operating margin of 3.8% and 4.9%, respectively
- GAAP and non-GAAP⁽¹⁾ earnings per share of \$0.38 and \$0.55, respectively

(Amounts in millions, except per share data)	Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Sales	\$ 676	\$ 691	\$ 695
Net income	\$ 14	\$ 18	\$ 12
Income from operations	\$ 26	\$ 32	\$ 23
Net income – non-GAAP ⁽¹⁾	\$ 20	\$ 23	\$ 19
Income from operations – non-GAAP ⁽¹⁾	\$ 33	\$ 38	\$ 31
Diluted earnings per share	\$ 0.38	\$ 0.49	\$ 0.35
Diluted earnings per share – non-GAAP ⁽¹⁾	\$ 0.55	\$ 0.65	\$ 0.51
Operating margin	3.8 %	4.6 %	3.3 %
Operating margin – non-GAAP ⁽¹⁾	4.9 %	5.5 %	4.4 %

⁽¹⁾ Beginning in the quarter ended March 31, 2024, the Company began to exclude stock-based compensation from non-GAAP results. A reconciliation of non-GAAP results to the most directly comparable GAAP measures and a discussion of why management believes these non-GAAP results are useful is included below.

“We are pleased with our strong performance in the first quarter, which reflects our focus on driving operational efficiency while continuing our strategic investments in support of our future growth. We again delivered year-over-year improvement in both GAAP and non-GAAP gross and operating margins which, coupled with our reductions in inventory, resulted in our fourth consecutive quarter of positive cash flow from operations and free cash flow. These results underscore our commitment to drive long-term value to both our customers and shareholders,” said Jeff Benck, Benchmark’s President and CEO.

Cash Conversion Cycle

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable days	56	59	60
Contract asset days	24	23	25
Inventory days	94	99	111
Accounts payable days	(52)	(53)	(60)
Advance payments from customers days	(28)	(30)	(27)
Cash conversion cycle days	94	98	109

First Quarter 2024 Industry Sector Update

Revenue and percentage of sales by industry sector were as follows.

(In millions)	March 31, 2024		December 31, 2023		March 31, 2023				
Semi-Cap	\$	166	25%	\$	168	24%	\$	149	21%
Complex Industrials		141	21%		132	19%		144	21%
Medical		115	17%		126	18%		137	20%
A&D		106	16%		102	15%		79	11%
Advanced Computing		90	13%		95	14%		96	14%
Next-Generation Communications		58	8%		68	10%		90	13%
Total	\$	676	100%	\$	691	100%	\$	695	100%

Revenue decreased quarter over quarter and year over year primarily due to decreases in Medical, Advanced Computing and Next-Generation Communication sales, which were partially offset by an increase in Complex Industrials sales quarter-over-quarter and increases in Semi-Cap and A&D sales year-over-year.

Second Quarter 2024 Guidance

- Revenue between \$615 million - \$655 million
- Diluted GAAP earnings per share between \$0.32 - \$0.38
- Diluted non-GAAP earnings per share between \$0.48 - \$0.54
- Non-GAAP earnings per share guidance excludes restructuring charges and other costs, amortization of intangible assets and, beginning in the quarter ended March 31, 2024, stock-based compensation expense.

In the second quarter of 2024, restructuring charges are expected to be approximately \$2.0 million, stock-based compensation expense is expected to be \$4.4 million and the amortization of intangible assets is expected to be \$1.2 million.

First Quarter 2024 Earnings Conference Call

The Company will host a conference call to discuss the results today at 5:00 p.m. Eastern Time. The live webcast of the call and accompanying reference materials will be accessible by logging on to the Company's website at www.bench.com. A replay of the broadcast will also be available on the Company's website.

About Benchmark Electronics, Inc.

Benchmark provides comprehensive solutions across the entire product life cycle by leading through its innovative technology and engineering design services, leveraging its optimized global supply chain and delivering world-class manufacturing services in the following industries: semiconductor capital equipment, complex industrials, medical, commercial aerospace, defense, advanced computing, and next-generation telecommunications. Benchmark's global operations include facilities in seven countries and its common shares trade on the New York Stock Exchange under the symbol BHE.

For More Information, Please Contact:

Paul Mansky, Investor Relations and Corporate Development
1-623-300-7052 or paul.mansky@bench.com

Forward-Looking Statements

This press release 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 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 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, 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 Measures

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.

On January 1, 2024, the Company updated its definition of certain non-GAAP financial measures to exclude stock-based compensation expense. The Company recast its fiscal 2023 non-GAAP financial measures to present this information on a consistent basis. See the reconciliation table below.

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Benchmark Electronics, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Amounts in Thousands, Except Per Share Data)
(UNAUDITED)

	Three Months Ended March 31,	
	2024	2023
Sales	\$ 675,575	\$ 694,695
Cost of sales	608,167	630,737
Gross profit	67,408	63,958
Selling, general and administrative expenses	37,332	38,198
Amortization of intangible assets	1,204	1,592
Restructuring charges and other costs	3,343	1,426
Income from operations	25,529	22,742
Interest expense	(7,245)	(6,450)
Interest income	1,992	1,258
Other expense, net	(1,177)	(2,165)
Income before income taxes	19,099	15,385
Income tax expense	5,097	3,025
Net income	\$ 14,002	\$ 12,360
Earnings per share:		
Basic	\$ 0.39	\$ 0.35
Diluted	\$ 0.38	\$ 0.35
Weighted-average number of shares used in calculating earnings per share:		
Basic	35,810	35,336
Diluted	36,401	35,592

Benchmark Electronics, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands)
(UNAUDITED)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 296,055	\$ 277,391
Restricted cash	—	5,822
Accounts receivable, net	417,396	449,404
Contract assets	180,814	174,979
Inventories	637,675	683,801
Prepaid expenses and other current assets	46,673	44,350
Total current assets	<u>1,578,613</u>	<u>1,635,747</u>
Property, plant and equipment, net	223,992	227,698
Operating lease right-of-use assets	128,395	130,830
Goodwill and other long-term assets	281,810	280,480
Total assets	<u>\$ 2,212,810</u>	<u>\$ 2,274,755</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Current installments of long-term debt	\$ 5,105	\$ 4,283
Accounts payable	348,374	367,480
Advance payments from customers	189,153	204,883
Accrued liabilities	125,187	136,901
Total current liabilities	<u>667,819</u>	<u>713,547</u>
Long-term debt, net of current installments	310,117	326,674
Operating lease liabilities	119,958	123,385
Other long-term liabilities	29,749	32,064
Total liabilities	<u>1,127,643</u>	<u>1,195,670</u>
Shareholders' equity	1,085,167	1,079,085
Total liabilities and shareholders' equity	<u>\$ 2,212,810</u>	<u>\$ 2,274,755</u>

Benchmark Electronics, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In Thousands)
(UNAUDITED)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 14,002	\$ 12,360
Depreciation and amortization	11,594	11,100
Stock-based compensation expense	2,176	4,790
Accounts receivable	30,960	30,398
Contract assets	(5,835)	(10,521)
Inventories	45,222	2,780
Accounts payable	(20,259)	15,375
Advance payments from customers	(15,730)	(12,129)
Other changes in working capital and other, net	(13,673)	(79,059)
Net cash provided by (used in) operating activities	48,457	(24,906)
Cash flows from investing activities:		
Additions to property, plant and equipment and software	(5,903)	(38,731)
Other investing activities, net	(251)	19
Net cash used in investing activities	(6,154)	(38,712)
Cash flows from financing activities:		
Net debt activity	(15,865)	78,316
Other financing activities, net	(11,276)	(11,292)
Net cash (used in) provided by financing activities	(27,141)	67,024
Effect of exchange rate changes	(2,320)	854
Net increase in cash and cash equivalents and restricted cash	12,842	4,260
Cash and cash equivalents and restricted cash at beginning of year	283,213	207,430
Cash and cash equivalents and restricted cash at end of period	\$ 296,055	\$ 211,690

Benchmark Electronics, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Results
(Amounts in Thousands, Except Per Share Data)
(UNAUDITED)

	Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Income from operations (GAAP)	\$ 25,529	\$ 32,100	\$ 22,742
Restructuring charges and other costs	3,343	2,054	1,426
Stock-based compensation expense	2,176	2,955	4,790
Amortization of intangible assets	1,204	1,204	1,592
Legal and other settlement loss (gain)	855	—	—
Non-GAAP income from operations	<u>\$ 33,107</u>	<u>\$ 38,313</u>	<u>\$ 30,550</u>
GAAP operating margin	3.8 %	4.6 %	3.3 %
Non-GAAP operating margin	4.9 %	5.5 %	4.4 %
Gross profit (GAAP)	\$ 67,408	\$ 71,004	\$ 63,958
Stock-based compensation expense	426	416	396
Non-GAAP gross profit	<u>\$ 67,834</u>	<u>\$ 71,420</u>	<u>\$ 64,354</u>
GAAP gross margin	10.0 %	10.3 %	9.2 %
Non-GAAP gross margin	10.0 %	10.3 %	9.3 %
Selling, general and administrative expenses	\$ 37,332	\$ 35,646	\$ 38,198
Stock-based compensation expense	(1,750)	(2,539)	(4,394)
Legal and other settlement (loss) gain	(855)	—	—
Non-GAAP selling, general and administrative expenses	<u>\$ 34,727</u>	<u>\$ 33,107</u>	<u>\$ 33,804</u>
Net income (GAAP)	\$ 14,002	\$ 17,552	\$ 12,360
Restructuring charges and other costs	3,343	2,899	1,426
Stock-based compensation expense	2,176	2,955	4,790
Amortization of intangible assets	1,204	1,204	1,592
Legal and other settlement loss (gain)	855	(37)	—
Income tax adjustments ⁽¹⁾	(1,393)	(1,280)	(1,523)
Non-GAAP net income	<u>\$ 20,187</u>	<u>\$ 23,293</u>	<u>\$ 18,645</u>
Diluted earnings per share:			
Diluted (GAAP)	\$ 0.38	\$ 0.49	\$ 0.35
Diluted (Non-GAAP)	\$ 0.55	\$ 0.65	\$ 0.51
Weighted-average number of shares used in calculating diluted earnings per share:			
Diluted (GAAP)	36,401	35,956	35,592
Diluted (Non-GAAP)	36,401	35,956	35,592
Net cash provided by (used in) operations	\$ 48,457	\$ 137,080	\$ (24,906)
Additions to property, plant and equipment and software	(5,903)	(11,026)	(38,731)
Free cash flow (used)	<u>\$ 42,554</u>	<u>\$ 126,054</u>	<u>\$ (63,637)</u>

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

Benchmark Electronics, Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Results
Excluding Stock-Based Compensation Expense to Previously Reported Amounts
(Amounts in Thousands, Except Per Share Data)
(UNAUDITED)

	Three Months Ended				
	Mar 31, 2024 ⁽¹⁾	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Non-GAAP income from operations, as previously reported	\$ 30,931	\$ 35,358	\$ 33,568	\$ 29,359	\$ 25,760
Stock-based compensation expense	2,176	2,955	3,674	3,867	4,790
Non-GAAP income from operations	<u>\$ 33,107</u>	<u>\$ 38,313</u>	<u>\$ 37,242</u>	<u>\$ 33,226</u>	<u>\$ 30,550</u>
Non-GAAP operating margin, as previously reported	4.6 %	5.1 %	4.7 %	4.0 %	3.7 %
Non-GAAP operating margin	4.9 %	5.5 %	5.2 %	4.5 %	4.4 %
Non-GAAP gross profit, as previously reported	\$ 67,408	\$ 71,004	\$ 69,077	\$ 67,031	\$ 63,958
Stock-based compensation expense	426	416	420	423	396
Non-GAAP gross profit	<u>\$ 67,834</u>	<u>\$ 71,420</u>	<u>\$ 69,497</u>	<u>\$ 67,454</u>	<u>\$ 64,354</u>
Non-GAAP gross margin, as previously reported	10.0 %	10.3 %	9.6 %	9.1 %	9.2 %
Non-GAAP gross margin	10.0 %	10.3 %	9.7 %	9.2 %	9.3 %
Non-GAAP selling, general and administrative expenses, as previously reported	\$ 36,477	\$ 35,646	\$ 35,509	\$ 37,672	\$ 38,198
Stock-based compensation expense	(1,750)	(2,539)	(3,254)	(3,444)	(4,394)
Non-GAAP selling, general and administrative expenses	<u>\$ 34,727</u>	<u>\$ 33,107</u>	<u>\$ 32,255</u>	<u>\$ 34,228</u>	<u>\$ 33,804</u>
Non-GAAP net income, as previously reported	\$ 18,475	\$ 20,961	\$ 20,509	\$ 17,044	\$ 14,862
Stock-based compensation expense	2,176	2,955	3,674	3,867	4,790
Income tax adjustments ⁽²⁾	(464)	(623)	(774)	(814)	(1,007)
Non-GAAP net income	<u>\$ 20,187</u>	<u>\$ 23,293</u>	<u>\$ 23,409</u>	<u>\$ 20,097</u>	<u>\$ 18,645</u>
Diluted earnings per share:					
Diluted (Non-GAAP), as previously reported	\$ 0.51	\$ 0.58	\$ 0.57	\$ 0.48	\$ 0.42
Diluted (Non-GAAP)	\$ 0.55	\$ 0.65	\$ 0.65	\$ 0.56	\$ 0.51
Weighted-average number of shares used in calculating diluted earnings per share:					
Diluted (Non-GAAP)	36,401	35,956	35,876	35,676	35,592

⁽¹⁾ Fiscal 2024 period has been included in the presentation above to show the effect of excluding stock-based compensation expense from the non-GAAP financial measures for comparability purposes. These non-GAAP financial results are not previously reported.

⁽²⁾ This amount represents the tax impact of the non-GAAP adjustments using the applicable effective tax rates.

Benchmark Electronics

First Quarter 2024 Financial Results

May 1, 2024

Forward-Looking 2024 Statements

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On January 1, 2024, the Company updated its definition of certain non-GAAP financial measures to exclude stock-based compensation expense. The Company recast its fiscal 2023 non-GAAP financial measures to present this information on a consistent basis. See Appendix 2 for the reconciliation table.

First Quarter 2024 Results

- Revenue of \$676M with A&D and Semi-Cap growth offset by softness in Medical and Communications
- GAAP and non-GAAP* gross margin of 10.0%, up 80 bps and 70 bps year-over-year, respectively
- GAAP operating margin of 3.8% with non-GAAP* of 4.9%, up 50 bps year-over-year
- GAAP EPS of \$0.38 and non-GAAP* EPS of \$0.55
- Reduced inventory by \$140M year-over-year, equal to 17 Days
- Generated positive Free Cash Flow of \$43 million

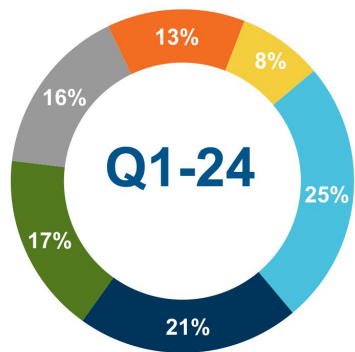
* Fiscal 2023 financial results have been recast for comparative purposes to exclude stock-based compensation expense in our non-GAAP adjustments. See APPENDIX 1 for a reconciliation of GAAP to non-GAAP Financial Results

Arvind Kamal

Interim Chief Financial Officer



First Quarter 2024 Revenue by Market Sector



- Semi-Cap
- Complex Industrials
- Medical
- A&D
- Advanced Computing
- Next-Gen Comms

Revenue by Mix and Market Sector
For the Three Months Ended

(Dollars in Millions)	Mar 31, 2024		Dec 31, 2023			Mar 31, 2023		
Sector	Mix %	Revenue	Mix %	Revenue	Q/Q	Mix %	Revenue	Y/Y
Semi-Cap	25%	\$166	24%	\$168	(1)%	21%	\$149	12%
Complex Industrials	21%	\$141	19%	\$132	6%	21%	\$144	(2)%
Medical	17%	\$115	18%	\$126	(9)%	20%	\$137	(16)%
A&D	16%	\$106	15%	\$102	3%	11%	\$79	33%
Advanced Computing	13%	\$90	14%	\$95	(4)%	14%	\$96	(6)%
Next-Gen Comms	8%	\$58	10%	\$68	(16)%	13%	\$90	(36)%
Total Revenue	100%	\$676	100%	\$691	(2)%	100%	\$695	(3)%

First Quarter 2024 Financial Summary

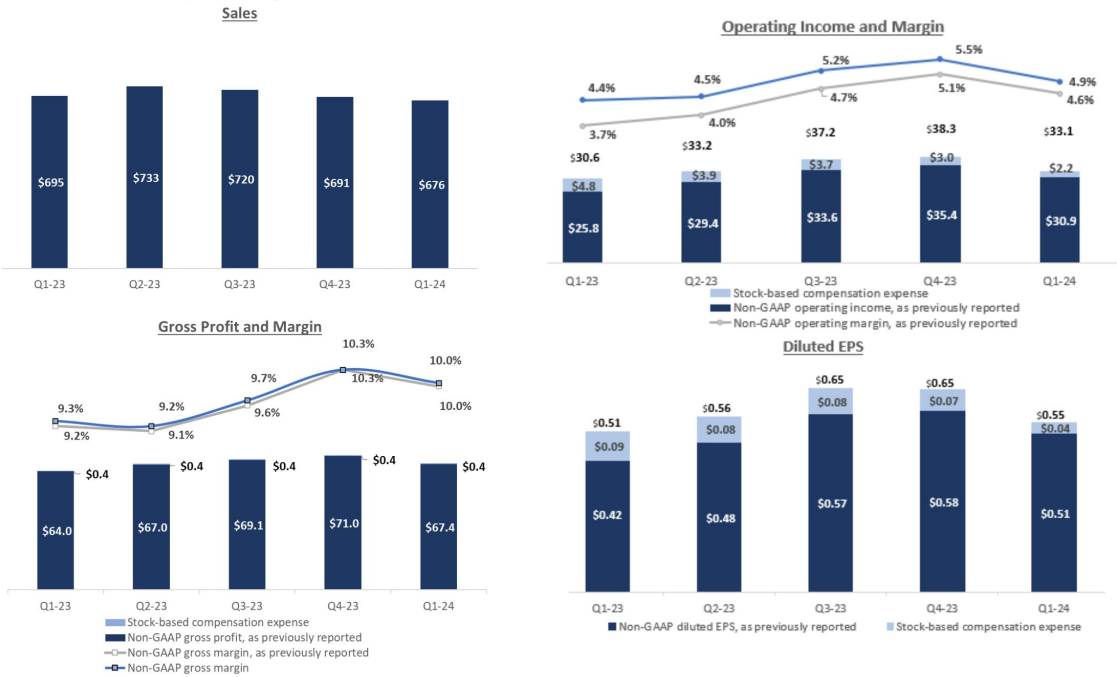
(Dollars in Millions, except EPS)	Mar 31, 2024	Dec 31, 2023	Q/Q	Mar 31, 2023	Y/Y
Net Sales	\$676	\$691	(2%)	\$695	(3%)
GAAP Gross Margin	10.0%	10.3%	(30) bps	9.2%	80 bps
GAAP SG&A	\$37.3	\$35.6	5%	\$38.2	(2%)
GAAP Operating Margin	3.8%	4.6%	(80) bps	3.3%	50 bps
GAAP Diluted EPS	\$0.38	\$0.49	(21%)	\$0.35	10%
GAAP ROIC	8.6%	9.1%	(50) bps	7.4%	120 bps
Net Sales	\$676	\$691	(2%)	\$695	(3%)
Non-GAAP Gross Margin	10.0%	10.3%	(30) bps	9.3%	70 bps
Non-GAAP SG&A	\$34.7	\$33.1	5%	\$33.8	3%
Non-GAAP Operating Margin	4.9%	5.5%	(60) bps	4.4%	50 bps
Non-GAAP Diluted EPS	\$0.55	\$0.65	(14%)	\$0.51	8%
Non-GAAP ROIC	9.6%	9.3%	30 bps	9.6%	0 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)

Trended Non-GAAP Results with and without Stock-Based Compensation

(Dollars in Millions, except EPS)



Cash Conversion Cycle Update

	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Accounts Receivable Days	56	59	60	59	60
Contract Asset Days	24	23	24	23	25
Inventory Days	94	99	100	102	111
Accounts Payable Days	(52)	(53)	(53)	(56)	(60)
Advance Payments from Customers Days	(28)	(30)	(26)	(25)	(27)
Cash Conversion Cycle Days	94	98	105	103	109

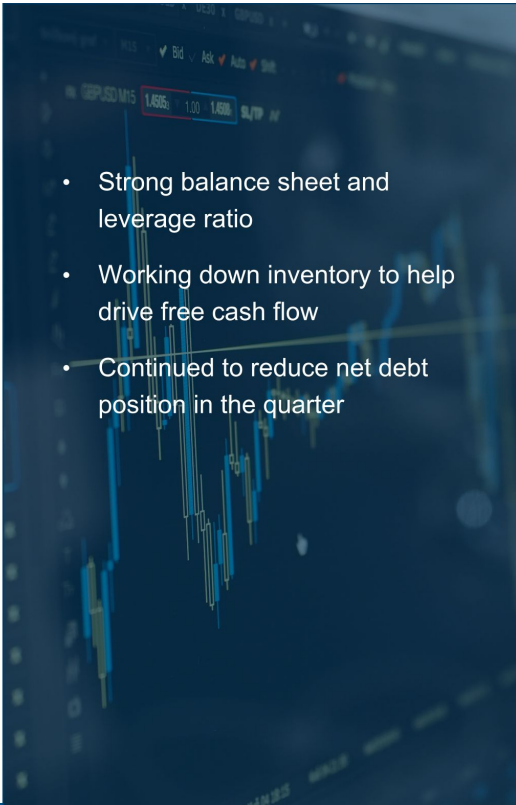
Liquidity Update

	For the Three Months Ended		
(In Millions)	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
Cash Flows from (used in) Operations	\$48	\$137	(\$25)
FCF (1)	\$43	\$126	(\$64)
Cash	\$296	\$283	\$212
International	\$271	\$270	\$192
US	\$25	\$13	\$20

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

Debt Structure (In Millions)	Mar 31, 2024
Senior Secured Term Loan	\$126
Revolving Credit Facility Drawn Amount	\$190

* Leverage ratio is Net Debt / LTM Adjusted EBITDA, as defined in the credit facility, is a non-GAAP measure



Capital Allocation Update

Dividends

- Quarterly dividend of \$0.165 per share totaling \$5.9 million paid in January 2024
- Recurring quarterly dividend of \$0.165 per share paid to shareholders as of March 31, 2024 on April 12, 2024
- Recurring quarterly dividends to continue until further notice

Share Repurchases

- No share repurchases in Q1 2024
- Share repurchase program remaining authorization of \$155 million as of March 31, 2024
- Will consider share repurchases opportunistically

Second Quarter 2024 Guidance

	Q2 2024
Net Sales	\$615 - \$655 million
Gross Margin – non-GAAP	~10%
Operating Margin – non-GAAP	4.7% - 4.9%
Other Expenses, Net	~\$7 million
Restructuring Charges	\$2.0 million
Amortization of Intangibles	\$1.2 million
Stock-Based Compensation Expense	\$4.4 million
Effective Tax Rate	22% – 24%
Diluted EPS – GAAP	\$0.32 - \$0.38
Diluted EPS – non-GAAP	\$0.48 - \$0.54
Diluted Weighted-Average Shares	~ 36 million

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



Business Trends

Jeff Benck - CEO

Sector Outlook

	Q2-24 Q/Q	FY2024 Y/Y	Sector Commentary
Semi-Cap			- We continue to out-perform the market due to share gain - Several key new wins during the quarter across multiple customers 2024 remains dynamic with market recovery expected in 2025
Complex Industrials			- Demand reduction coupled with inventory rebalancing weighing on 1H:24 performance; expected to gradually improve in 2H:24 - Continuing to win and invest given the market opportunity
Medical			- Seeing softness across medical devices driven by inventory re-balancing and demand normalization - Securing multiple wins in our expanding bio-tech business
A&D			- Defense continues to benefit from upside demand from base business and proliferation of new wins - Commercial aerospace remains strong
Advanced Computing			- Large HPC build completed in Q1 2024 - Working on prototypes for several next-generation systems - Opportunity to participate in AI demand via large cluster environments
Next-Gen Comms			- Reductions in capital spending are broadly impacting the sector - Some specific programs are being pushed out several quarters - Demand expected to remain challenged throughout 2024

Summary

Progress Toward 2024 Objectives

1. Manage volatility while continuing to progress to our target model profitability
 - Delivered year-on-year expansion of non-GAAP Gross and Operating Margins in each quarter since we introduced our 2025 target model in Q4 2022
2. Continue to work down inventory, driving positive Free Cash Flow
 - Reduced Q1 inventory year-over-year by \$140M, equivalent to 17 inventory days
 - Exceeded our \$70-\$80M per year Free Cash Flow forecast in 2023 and are increasing our target range for 2024 to \$80-\$90M
3. Return capital to investors through dividends and opportunistic share repurchasing
 - We maintained our dividend but did not purchase shares in the quarter

Appendix

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

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

	Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Income from operations (GAAP)	\$ 25,529	\$ 32,100	\$ 22,742
Restructuring charges and other costs	3,343	2,054	1,426
Stock-based compensation expense	2,176	2,955	4,790
Amortization of intangible assets	1,204	1,204	1,592
Legal and other settlement loss (gain)	855	—	—
Non-GAAP income from operations	\$ 33,107	\$ 38,313	\$ 30,550
GAAP operating margin	3.8%	4.6%	3.3%
Non-GAAP operating margin	4.9%	5.5%	4.4%
Gross profit (GAAP)	\$ 67,408	\$ 71,004	\$ 63,958
Stock-based compensation expense	426	416	396
Non-GAAP gross profit	\$ 67,834	\$ 71,420	\$ 64,354
GAAP gross margin	10.0%	10.3%	9.2%
Non-GAAP gross margin	10.0%	10.3%	9.3%
Selling, general and administrative expenses	\$ 37,332	\$ 35,646	\$ 38,198
Stock-based compensation expense	(1,750)	(2,539)	(4,394)
Legal and other settlement (loss) gain	(855)	—	—
Non-GAAP selling, general and administrative expenses	\$ 34,727	\$ 33,107	\$ 33,804
Net income (GAAP)	\$ 14,002	\$ 17,552	\$ 12,360
Restructuring charges and other costs	3,343	2,899	1,426
Stock-based compensation expense	2,176	2,955	4,790
Amortization of intangible assets	1,204	1,204	1,592
Legal and other settlement loss (gain)	855	(37)	—
Income tax adjustments ⁽¹⁾	(1,393)	(1,280)	(1,523)
Non-GAAP net income	\$ 20,187	\$ 23,293	\$ 18,645
Diluted earnings per share:			
Diluted (GAAP)	\$ 0.38	\$ 0.49	\$ 0.35
Diluted (Non-GAAP)	\$ 0.55	\$ 0.65	\$ 0.51
Weighted-average number of shares used in calculating diluted earnings per share:			
Diluted (GAAP)	36,401	35,956	35,592
Diluted (Non-GAAP)	36,401	35,956	35,592
Net cash provided by (used in) operations	\$ 48,457	\$ 137,080	\$ (24,906)
Additions to property, plant and equipment and software	(5,903)	(11,026)	(38,711)
Free cash flow (used)	\$ 42,554	\$ 126,054	\$ (63,637)

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

APPENDIX 2 - Reconciliation of Non-GAAP Financial Results Excluding Stock-Based Compensation Expense to Previously Reported Amounts (Dollars in Thousands, Except Per Share Data) – (UNAUDITED)

	Three Months Ended				
	Mar 31, 2024 ⁽¹⁾	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Non-GAAP income from operations, as previously reported	\$ 30,931	\$ 35,358	\$ 33,568	\$ 29,359	\$ 25,760
Stock-based compensation expense	2,176	2,955	3,674	3,867	4,790
Non-GAAP income from operations	<u>\$ 33,107</u>	<u>\$ 38,313</u>	<u>\$ 37,242</u>	<u>\$ 33,226</u>	<u>\$ 30,550</u>
Non-GAAP operating margin, as previously reported	4.6%	5.1%	4.7%	4.0%	3.7%
Non-GAAP operating margin	<u>4.9%</u>	<u>5.5%</u>	<u>5.2%</u>	<u>4.5%</u>	<u>4.4%</u>
Non-GAAP gross profit, as previously reported	\$ 67,408	\$ 71,004	\$ 69,077	\$ 67,031	\$ 63,958
Stock-based compensation expense	426	416	420	423	396
Non-GAAP gross profit	<u>\$ 67,834</u>	<u>\$ 71,420</u>	<u>\$ 69,497</u>	<u>\$ 67,454</u>	<u>\$ 64,354</u>
Non-GAAP gross margin, as previously reported	10.0%	10.3%	9.6%	9.1%	9.2%
Non-GAAP gross margin	<u>10.0%</u>	<u>10.3%</u>	<u>9.7%</u>	<u>9.2%</u>	<u>9.3%</u>
Non-GAAP selling, general and administrative expenses, as previously reported	\$ 36,477	\$ 35,646	\$ 35,509	\$ 37,672	\$ 38,198
Stock-based compensation expense	(1,750)	(2,539)	(3,254)	(3,444)	(4,394)
Non-GAAP selling, general and administrative expenses	<u>\$ 34,727</u>	<u>\$ 33,107</u>	<u>\$ 32,255</u>	<u>\$ 34,228</u>	<u>\$ 33,804</u>
Non-GAAP net income, as previously reported	\$ 18,475	\$ 20,961	\$ 20,509	\$ 17,044	\$ 14,862
Stock-based compensation expense	2,176	2,955	3,674	3,867	4,790
Income tax adjustments ⁽²⁾	(464)	(623)	(774)	(814)	(1,007)
Non-GAAP net income	<u>\$ 20,187</u>	<u>\$ 23,293</u>	<u>\$ 23,409</u>	<u>\$ 20,097</u>	<u>\$ 18,645</u>
Diluted earnings per share:					
Diluted (Non-GAAP), as previously reported	\$ 0.51	\$ 0.58	\$ 0.57	\$ 0.48	\$ 0.42
Diluted (Non-GAAP)	<u>\$ 0.55</u>	<u>\$ 0.65</u>	<u>\$ 0.65</u>	<u>\$ 0.56</u>	<u>\$ 0.51</u>
Weighted-average number of shares used in calculating diluted earnings per share:					
Diluted (Non-GAAP)	36,401	35,956	35,876	35,676	35,592

⁽¹⁾ Fiscal 2024 period has been included in the presentation above to show the effect of excluding stock-based compensation expense from the non-GAAP financial measures for comparability purposes. These non-GAAP financial results are not previously reported.

⁽²⁾ This amount represents the tax impact of the non-GAAP adjustments using the applicable effective tax rates.