

 Benchmark

Benchmark Electronics

Sidoti Virtual Conference

March 23, 2023

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 estimated financial impact of the COVID-19 pandemic, the Company's outlook and guidance for first quarter and fiscal year 2023 results, the Company's expectations relating to current supply chain and labor constraints, global geopolitical events, inflationary pressures, 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, 2021, and in any of the Company's subsequent reports filed with the Securities and Exchange Commission. In particular, these statements also depend on the duration, severity and evolution of the COVID-19 pandemic and related risks, including the emergence and severity of its variants, the availability of vaccines and potential hesitancy to utilize them, government and other third-party responses to the crisis and the consequences for the global economy, the Company's business and the businesses of its suppliers and customers. 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.

Benchmark By the Numbers

\$2.9 billion *
2022 FY revenue

* Including supply chain premium

21
Global **Manufacturing**
Locations

7
Global **Design**
Centers

13,500+
Team Members Worldwide

400+
Product Design
Engineers

Sector Growth *

28% growth
in **Medical**

39% growth
in **Complex Industrial**

31% growth
in **Semi-Cap**

Our Mission:

Be our customers' trusted partner; providing comprehensive solutions across the entire product lifecycle; leading through our innovative technology and engineering design services; leveraging our optimized global supply chain and delivering world-class manufacturing services.

Global Services Locations



Benchmark Strategy – When it Matters

Deliver Our Vision

- ▶ Solve unique high complexity challenges
- ▶ Provide end-to-end product realization services
- ▶ Partner with higher-value customers

Operational Excellence

- ▶ Deliver best-in-class customer experience
- ▶ Apply lean principles everywhere
- ▶ Unlock cash generation with inventory initiatives

Invest For Sustainability

- ▶ Invest in people, processes, and solutions
- ▶ Expand diversity and inclusion
- ▶ Talent engagement—drive empowerment and accountability

Financial Model Discipline

- ▶ Sustain double-digit growth through 2025
- ▶ Improve operating margins to over 5%
- ▶ Grow earnings twice as fast as revenue



Growth Drivers

EMS Market Summary



2021 EMS Market Size

\$544B



Targeted Complex Markets

~\$100B



2021–2026 EMS
Revenue CAGR

6.8%

Next-generation Outsourcing Opportunities



► Medical

< 50%



► A&D

< 25%



► Industrials*

< 30%

► Market Growth Supported by Increasing Outsourcing Opportunities

Source: New Venture Research Corp reports.

* Includes semi-cap

Our Sector Focus

Pursuing the right business in high-growth, complex sectors

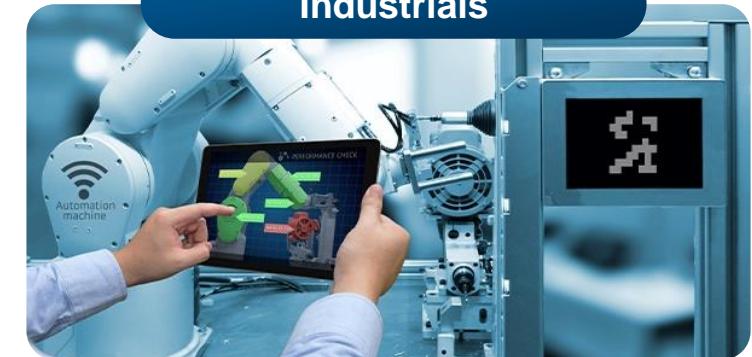
Medical



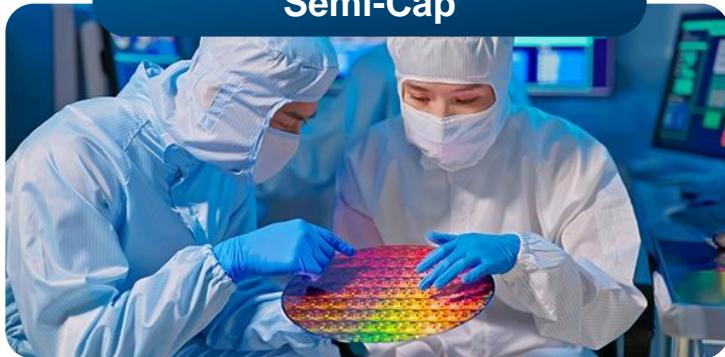
Aerospace and Defense



Industrials



Semi-Cap



Advanced Computing

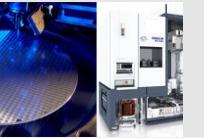


Next Gen Communications



Sector Engagement

Semi-Cap



Medical



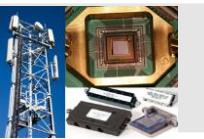
Industrials



A&D



Next Gen Comms



Advanced Computing



Participation

- ▶ Front-end Wafer Fabrication Equipment
- ▶ Material Handling and Control Systems

- ▶ Fluid Management
- ▶ Radiological and Optical Imaging
- ▶ Medical Robotics
- ▶ Connected & Diagnostic Devices

- ▶ Automation & Robotics
- ▶ Control, Measurement & Test
- ▶ Capital Equipment
- ▶ Transportation, Sensory, & Surveillance

- ▶ Communications and Connectivity
- ▶ Digital and Mechanical Subsystems
- ▶ Displays & Sensors
- ▶ Navigation

- ▶ Smart City and Antenna Infrastructure
- ▶ Wireless/Satellite/Free Space Optics
- ▶ Next-Gen Networking Infrastructure

- ▶ Hyperscale/High Value Datacenter
- ▶ High Performance Computing
- ▶ Secure Computing

Select Customers



ASML



stryker®

ZOLL



FORTIVE



Trimble



TALES

Honeywell

THE POWER OF CONNECTED

Raytheon

NORTHROP GRUMMAN

Viasat

VIAVI

COMMSCOPE®

verizon



Hewlett Packard Enterprise

Sector Evolution

FY12



FY22



Excluding supply chain premium

Highly complex products and demanding regulatory environments

Sector Year-Over-Year Outlook*

| | Fiscal Year 2022 Results (\$MM) | | | | Outlook * |
|-----------------------|---------------------------------|-----------------------------|----------------------------|----------------------------------|---|
| | Total Revenue | Supply chain premiums (SCP) | Revenue adjusted for SCP * | Revenue growth adjusted for SCP* | |
| Semi-Cap | \$722 | \$(16) | \$706 | 30% |   <ul style="list-style-type: none"> Memory weakness and trade restrictions are impacting current demand and visibility Multi-year industry catalysts remain in place; investing through downturn and gaining share |
| Medical | \$593 | \$(95) | \$498 | 13% |   <ul style="list-style-type: none"> Strong year-over-year growth fueled by strong demand in existing programs and new ramps Improving supply chain is a tail-wind |
| Industrials | \$593 | \$(111) | \$482 | 24% |   <ul style="list-style-type: none"> Healthy year-over-year growth due to new programs and strong demand from existing products Supply chain to ease throughout the year |
| A&D | \$348 | \$(6) | \$342 | (10%) |   <ul style="list-style-type: none"> Weapons systems replenishment could be a new driver Unfulfilled demand persists, particularly in Defense |
| Next Gen Comms | \$320 | \$(37) | \$283 | 24% |   <ul style="list-style-type: none"> Sequential performance impacted by strong Q4 but confident in annual growth Broadband Infrastructure deployments fueling growth |
| Adv. Computing | \$310 | \$(3) | \$307 | 58% |   <ul style="list-style-type: none"> Some push-out from Q4 into 1H not demand related Major program concluding in 2023 will weigh on growth potential this year |

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

Invest for Sustainability



Focused Investment Discipline

Investment Priorities



Regulatory & Compliance



Strategic Growth



Margin Accretive Capability



Leading Edge Process Technologies



Capital Expenditures (\$'000)

Capex% of revenue excluding supply chain premium



Investing to continuously improve our operations and drive accretive growth

Sustainability is Core to Our Strategy



Environmental

- ▶ Second annual sustainability report published Feb. 2023
- ▶ Set GHG intensity targets
- ▶ Achieved EcoVadis Silver Rating
- ▶ Conducted Benchmark Environmental Challenge to further progress on climate initiatives



Social

- ▶ Benchmark is an inclusive organization
 - 54% of our workforce are women
 - 26% of senior leaders are women
 - 22% of Board members are female
 - 11% of Board members are racially/ethnically diverse
- ▶ Global unconscious bias and leading inclusively employee training



Governance

- ▶ Independent Board operates under a contemporary set of published Corporate Governance Guidelines
- ▶ Code of Conduct applies to all directors, officers, and employees
- ▶ Ethics training encourages employees to “Speak up”

Awards & Ratings:



Overall score: AA



2022 CDP Questionnaire Submission



2022 Sustainability Report



2022 EcoVadis Silver Rating



Low risk
(Score of 10.3)

Financial Model Discipline

Delivering on Our Commitments

(\$Millions, except per share data)

Revenue Growth

Non-GAAP Operating Income

Earnings Growth

Mid-Term Model

5% Growth

3.4%* to 3.8%(¹)

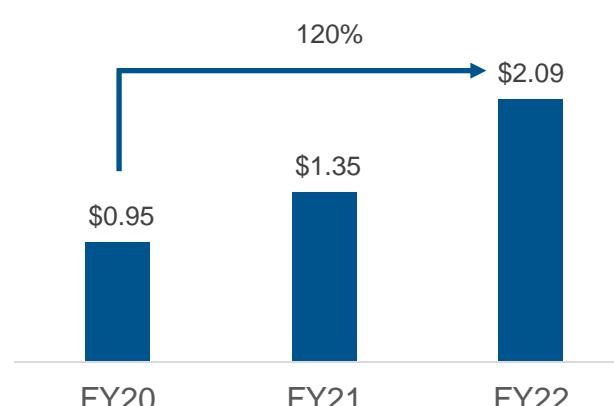
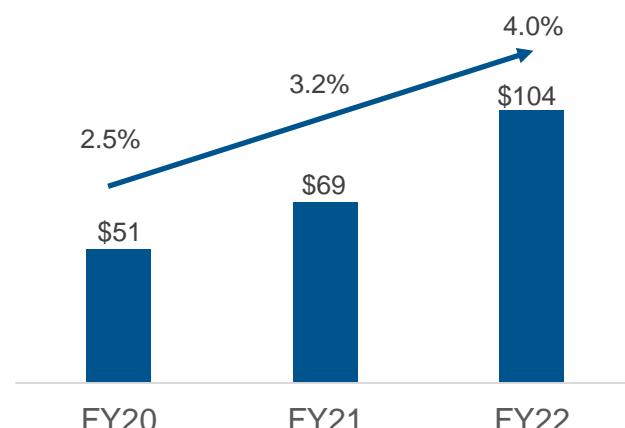
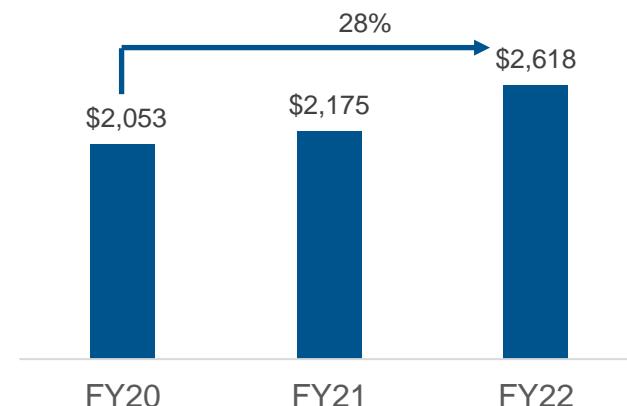
Growth Rate > Revenue Growth

FY22

28% Growth ⁽²⁾

4.0% ^(1, 2)

120% non-GAAP EPS Growth

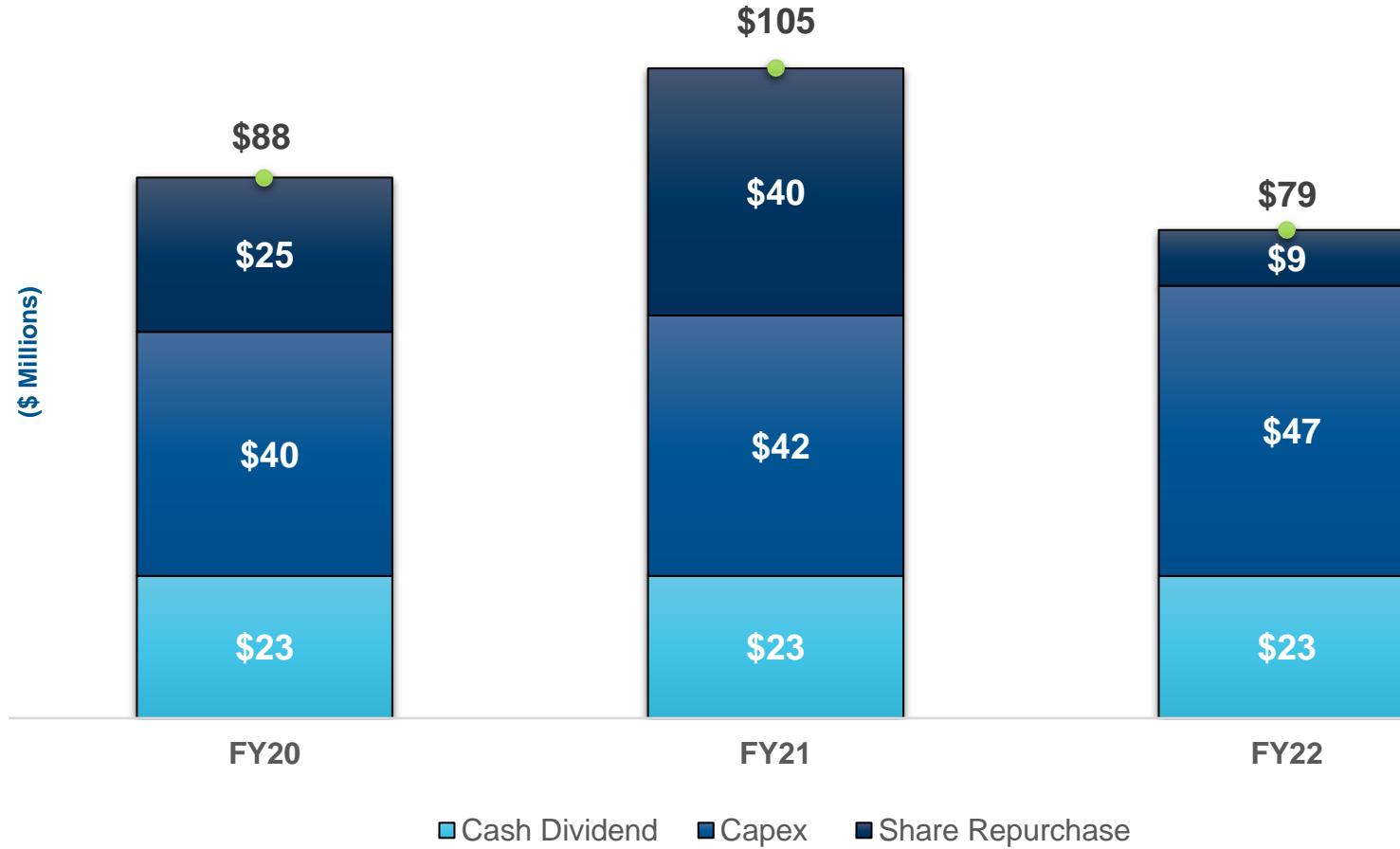


⁽¹⁾ Includes ~60 bps stock compensation per year

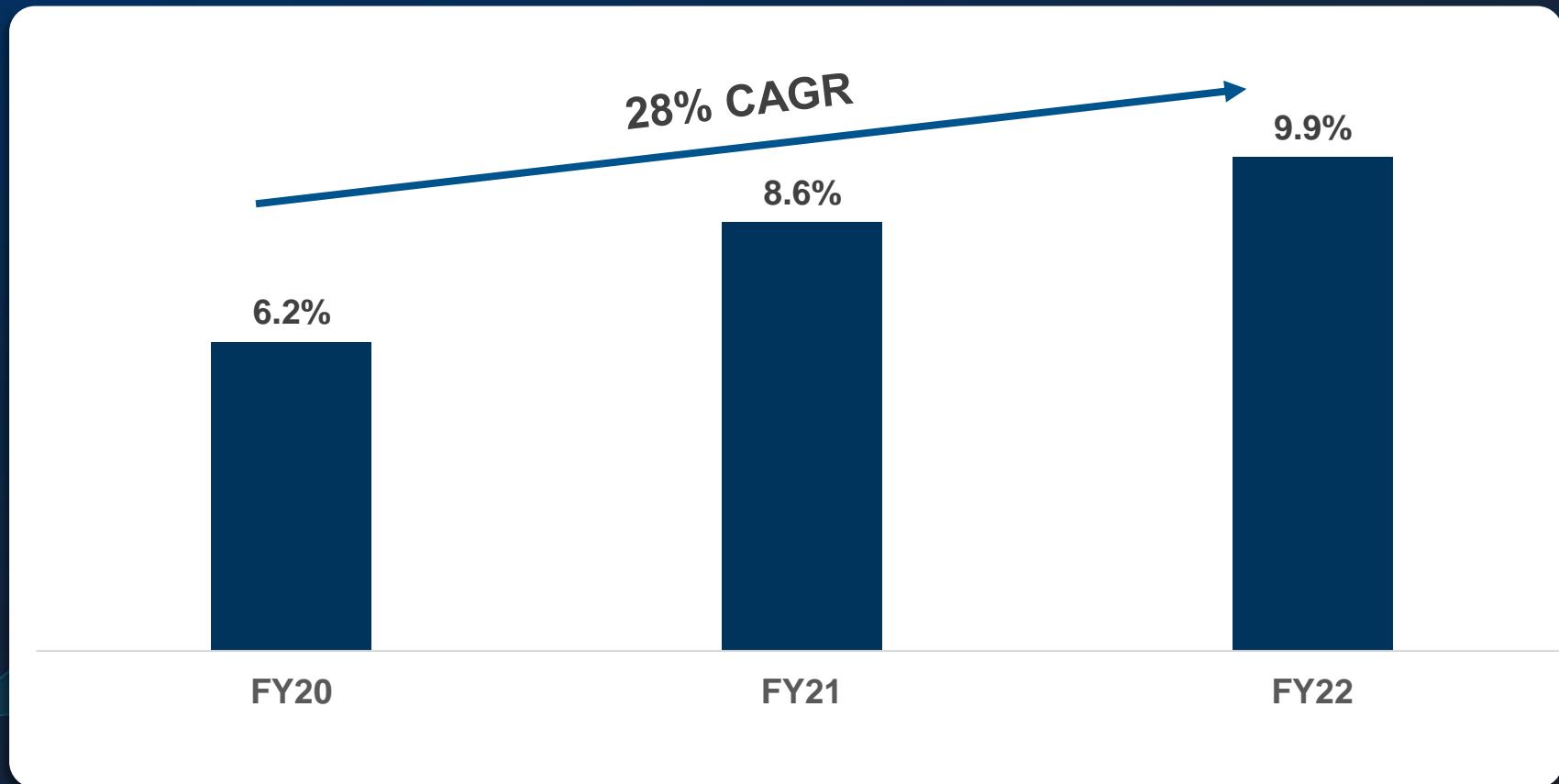
⁽²⁾ Assumes the mid-point of Q4:22 guidance excluding the impact of supply chain premiums.

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

Capital Allocation Trends



| Driving Return on Invested Capital *



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



| Q1 Guidance and 2025 Target Model



(1) Excluding supply chain premium

(2) Includes ~60 basis points of stock compensation

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

Compelling Investment Opportunity



Macro & secular growth drivers

Strategic roadmap to address multiple, sustainable growth drivers



Unique capabilities positioned to win

Advanced global manufacturing, supply chain resilience, cross-business synergies, & value-added services



Operational excellence

Transformed portfolio and executed with discipline in high-growth markets



Strong, profitable growth & margin expansion

Confidence in our ability to capture and deliver profitable revenue, margin and free cash flow

*Benchmark, the partner you choose **When it matters.***



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

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

| | Year Ended | | |
|---|---------------------|--------------------|-------------------|
| | Dec 31, 2022 | 2021 | 2020 |
| Income from operations (GAAP) | \$ 90,069 | \$ 53,062 | \$ 25,134 |
| Amortization of intangible assets | 6,384 | 6,384 | 9,099 |
| Restructuring charges and other costs | 5,710 | 9,341 | 13,227 |
| (Gain) loss on assets held for sale | (393) | — | — |
| Impairment | — | 4,358 | 6,743 |
| Ransomware incident related costs (recovery), net | — | (3,944) | (1,350) |
| Settlement | 3,250 | — | — |
| Customer insolvency (recovery) | (599) | (425) | (1,702) |
| Non-GAAP income from operations | <u>\$ 104,421</u> | <u>\$ 68,776</u> | <u>\$ 51,151</u> |
| GAAP operating margin | 3.1% | 2.4% | 1.2% |
| Non-GAAP operating margin | 3.6% | 3.0% | 2.5% |
| Gross Profit (GAAP) | \$ 255,235 | \$ 205,901 | \$ 175,048 |
| Settlement | — | — | — |
| Customer insolvency (recovery) | (425) | (425) | (1,702) |
| Non-GAAP gross profit | <u>\$ 254,810</u> | <u>\$ 205,476</u> | <u>\$ 173,346</u> |
| GAAP gross margin | 8.8% | 9.1% | 8.5% |
| Non-GAAP gross margin | 8.8% | 9.1% | 8.4% |
| Selling, general and administrative expenses | \$ 150,215 | \$ 136,700 | \$ 122,195 |
| Customer recovery | 174 | — | — |
| Non-GAAP selling, general and administrative expenses | <u>\$ 150,389</u> | <u>\$ 136,700</u> | <u>\$ 122,195</u> |
| Net income (GAAP) | \$ 68,229 | \$ 35,770 | \$ 14,055 |
| Amortization of intangible assets | 6,384 | 6,384 | 9,099 |
| Restructuring charges and other costs | 5,710 | 9,341 | 13,227 |
| (Gain) loss on assets held for sale | (393) | — | — |
| Impairment | — | 4,358 | 6,743 |
| Ransomware incident related costs (recovery), net | — | (3,944) | (1,350) |
| Settlement | (2,955) | — | — |
| Customer insolvency (recovery) | (599) | (425) | (1,702) |
| Refinancing of Credit Facilities | — | 276 | — |
| Income tax adjustments ⁽¹⁾ | (1,644) | (3,178) | (5,157) |
| Non-GAAP net income | <u>\$ 74,732</u> | <u>\$ 48,582</u> | <u>\$ 34,915</u> |
| Diluted earnings per share: | | | |
| Diluted (GAAP) | \$ 1.91 | \$ 0.99 | \$ 0.38 |
| Diluted (Non-GAAP) | \$ 2.09 | \$ 1.35 | \$ 0.95 |
| Weighted-average number of shares used in calculating diluted earnings per share: | | | |
| Diluted (GAAP) | 35,718 | 36,101 | 36,817 |
| Diluted (Non-GAAP) | 35,718 | 36,101 | 36,817 |
| Net cash used in operations | \$ (177,467) | \$ (2,622) | \$ 120,438 |
| Additions to property, plant and equipment and software | (46,774) | (42,177) | (39,519) |
| Free cash flow (used) | <u>\$ (224,241)</u> | <u>\$ (44,799)</u> | <u>\$ 80,919</u> |

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

APPENDIX 2 - Reconciliation of Supply Chain Premiums

(Amounts in Millions) – (UNAUDITED)

| | Year Ended | | |
|---|-----------------|-----------------|-----------------|
| | Dec 31, | | |
| | 2022 | 2021 | 2020 |
| Sales (GAAP) | \$ 2,886 | \$ 2,255 | \$ 2,053 |
| Adjustment for supply chain premiums | (268) | (80) | - |
| Non-GAAP sales adjusted for supply chain premiums | <u>\$ 2,618</u> | <u>\$ 2,175</u> | <u>\$ 2,053</u> |
| Non-GAAP cost of sales | \$ 2,632 | \$ 2,050 | \$ 1,880 |
| Adjustment for supply chain premiums | (268) | (80) | - |
| Non-GAAP cost of sales adjusted for supply chain premiums | <u>\$ 2,364</u> | <u>\$ 1,970</u> | <u>\$ 1,880</u> |
| Non-GAAP gross margin | 8.8% | 9.1% | 8.4% |
| Non-GAAP gross margin adjusted for supply chain premiums | 9.7% | 9.5% | 8.4% |
| Non-GAAP operating margin | 3.6% | 3.0% | 2.5% |
| Non-GAAP operating margin adjusted for supply chain premium | 4.0% | 3.2% | 2.5% |

APPENDIX 3 - Reconciliation of Supply Chain Premiums by Sector

(Dollars in Millions) – (UNAUDITED)

| Sales (GAAP) | Year Ended | |
|---|-----------------|-----------------|
| | Dec 31, 2022 | Dec 31, 2021 |
| | \$ 593 | \$ 462 |
| Medical | 722 | 549 |
| Semi-Cap | 348 | 382 |
| A&D | 593 | 428 |
| Industrials | 310 | 199 |
| Advanced Computing | 320 | 235 |
| Next Gen Comms | | |
| Total Sales (GAAP) | \$ 2,886 | \$ 2,255 |
| Supply Chain Premiums | | |
| Medical | \$ (95) | \$ (20) |
| Semi-Cap | (16) | (7) |
| A&D | (6) | (1) |
| Industrials | (111) | (40) |
| Advanced Computing | (3) | (5) |
| Next Gen Comms | (37) | (5) |
| Total Supply Chain Premiums | \$ (268) | \$ (78) |
| Sales Adjusted for Supply Chain Premiums | | |
| Medical | \$ 498 | \$ 442 |
| Semi-Cap | 706 | 542 |
| A&D | 342 | 381 |
| Industrials | 482 | 388 |
| Advanced Computing | 307 | 194 |
| Next Gen Comms | 283 | 228 |
| Total Sales Adjusted for Supply Chain Premiums | \$ 2,618 | \$ 2,175 |