Benchmark

Investor Presentation

JUNE 2018

Benchmark.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words “expect,” “estimate,” “anticipate,” “predict” and similar expressions, and the negatives thereof, often identify forward-looking statements, which are not limited to historical facts. Forward-looking statements include, among other things: guidance for 2018 results; statements, express or implied, concerning future operating results or margins, the ability to generate sales and income or cash flow; and Benchmark’s business and growth strategies and expected growth and performance. Although Benchmark believes these statements are based upon reasonable assumptions, they involve risks and uncertainties relating to operations, markets and the business environment generally. If one or more of these risks or uncertainties materializes, or underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Readers are advised to consult further disclosures on these risks and uncertainties, particularly in Item 1A, “Risk Factors”, of the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 and in its subsequent filings with the Securities and Exchange Commission. All forward-looking statements included in this document are based upon information available to the Company as of the date of this document, and it assumes no obligation to update them.

Non-GAAP Financial Information

This document includes certain financial measures that exclude items and therefore are not in accordance with U.S. generally accepted accounting principles (“GAAP”). A detailed reconciliation between GAAP results and results excluding special items (“non-GAAP”) is included in the Appendix of this document. Management discloses non-GAAP information to provide investors with additional information to analyze the Company’s performance and underlying trends. 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.

Implementation of ASC 606 – Revenue from Contracts with Customers

Effective January 1, 2018, the Company implemented ASC 606 the accounting standard governing "Revenue from Contracts with Customers" using the full retrospective transition method. Under ASC 606, revenue is recognized as or when the customer obtains control of the goods or services promised in a contract. Given the nature of the terms and conditions in substantially all of the Company's customer contracts, the Company now recognizes revenue over time (beginning at work-in-process ("WIP")) for the majority of its contracts. Historical financial information for 2016 and 2017 represented in this presentation has been adjusted to reflect the retrospective implementation of ASC 606.

As part of ASC 606, we are also required to reclassify finished goods and WIP meeting "the over time criteria" from inventory to a new line item called contract assets on the face of the balance sheet. Contract assets are defined as the Company's right to consideration for work completed but not billed.

Benchmark: Leading Global Provider of Services & Solutions

Who We Are

- Global provider of engineering services, integrated technology solutions, and manufacturing services for complex products
- Well positioned to capitalize on increasing outsourcing in higher-value markets: Industrial; Medical; Aerospace and Defense; and Test & Instrumentation
- Strong financial position with attractive cash flow generation and disciplined capital allocation

Our Value Creation Goals

Portfolio Management

Margin Expansion

Balanced Capital Deployment

- Continue portfolio transition to higher-value markets at the right balance of mix and profitability
- Overall goal of 6-8% revenue CAGR with >10% annual revenue growth in higher-value markets
- >5.5% non-GAAP operating margin
- Grow ROIC >12% target
- Continue to return FCF to shareholders

Founded:
1986

Stock Symbol:
NYSE: BHE

Employees:
~11,000

Locations:
8 countries

Sales Mix:
54% United States
46% International

Customer Engagement Approach to Drive Revenue & Profit

CUSTOMER BENEFITS:

- ***Faster Time-to-Market***
- ***Ability to Prioritize Internal Resources on Differentiating Capabilities***
- ***Multi-valued Partner***

LEAD with Engineering Services

- Design for Manufacturability
- Manufacturing Process and Test Development
- Concurrent & Sustaining Engineering
- Turnkey Product Design
- Regulatory Services

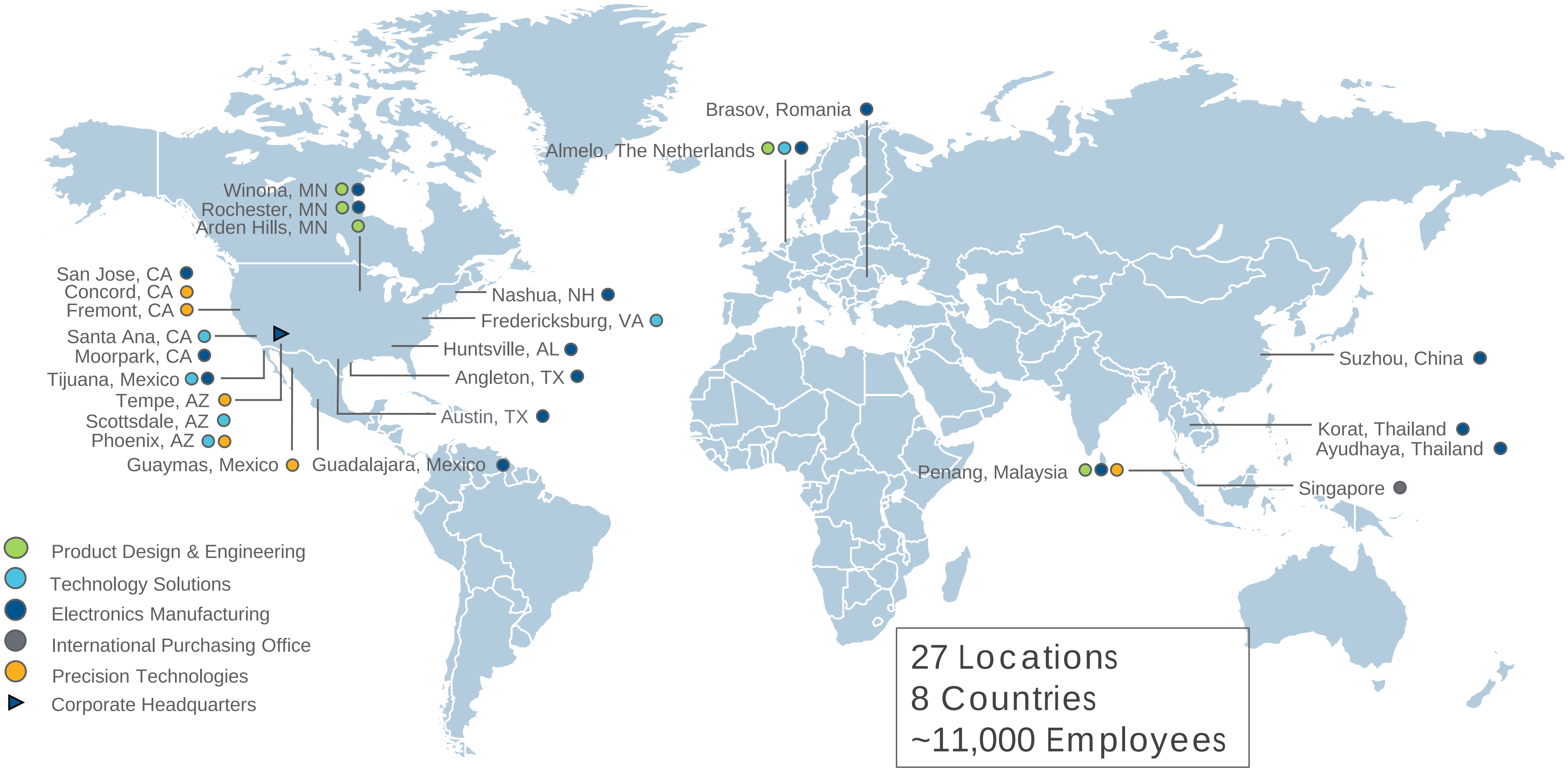
MERGE with Technical Solutions

- Medical Platforms
- Secure Defense Solutions
- Surveillance Systems
- RF & High Speed Design
- IoT Front-End Architecture

UNIFY with Manufacturing Services

- PCBAs, Modules, & Systems
- Precision Machining and Grinding
- Microelectronics
- Logistics and Product Life Cycle Mgt.

Benchmark Locations



Market Trends Driving Opportunities for Benchmark

Demand for Higher Quality but More Affordable Healthcare

Aging Population & Increasing Healthcare Needs

- Advanced treatment therapies
- Remote patient monitoring
- Effective pharmaceutical delivery
- Performance-based outcomes

Deployment of 5G Wireless Technology

Requirement for Higher Bandwidth and Speed

- Application growth: Smart cities, IoT, asset tracking, autonomous driving
- Convergence of Defense and Telco process requirements
- Electronics value chain: higher chip demand and mixed SMT/ microelectronics subassemblies

Modernization and Refurbishment of the Military

Increase in Defense Spending

- Upgrade of land, air, and sea platforms
- Sufficiency and capability of munitions
- Advanced electronic warfare and secure communications
- Soldier mobility and lethality

Aligning Benchmark to Take Advantage of Market Trends

	Investments in Differentiation	2017 Results*
Demand for Higher Quality but More Affordable Healthcare	Turnkey Product Design Qualcomm Partnership Medical Platforms FDA Regulatory Mgt.	**Medical** **$374M**
Deployment of 5G Wireless Technology	Engineering Services IoT Front-End RF & High Speed Design Microelectronics	**Industrial** **$496M** **T&I** **$346M** **Telco** **$306M**
Modernization and Refurbishment of the Military	Secure Defense Platforms RF & High Speed Design Microelectronics Surveillance Systems	**A&D** **$392M**

*Based on Company results as of 12/31/17; does not include Computing

Market Sectors We Serve

66% — Higher-Value Markets

Industrials
- Industrial Automation
- Kiosks
- Robotics

Aerospace & Defense
- Munitions
- Ground Vehicles and Aircraft
- Secure Communications

Medical
- Device Monitors and Programmers
- Pumps, Infusion and Glucose Products
- Imaging Products

Test & Instrumentation
- Semi-Capital Equipment

34% — Traditional

Telecommunications
- Satellite Communications Products
- Microwave Systems
- High-Speed Optical Assemblies

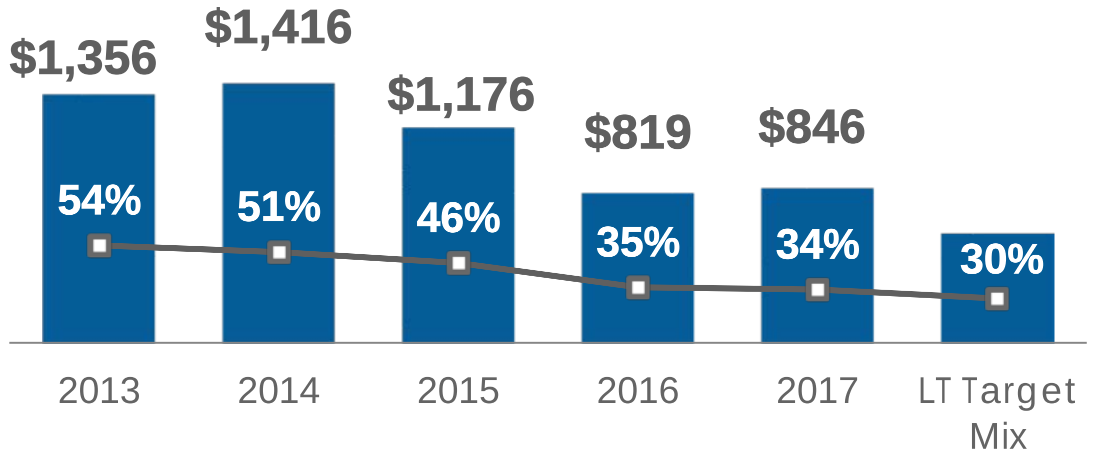
High-End Computing
- High-Performance Computing
- Data-Center/Cloud Products

% Revenue LTM as of 3/31/18

Focus on $200B Available Market that is <25% Outsourced

We are Successfully Transitioning to Higher-value Markets

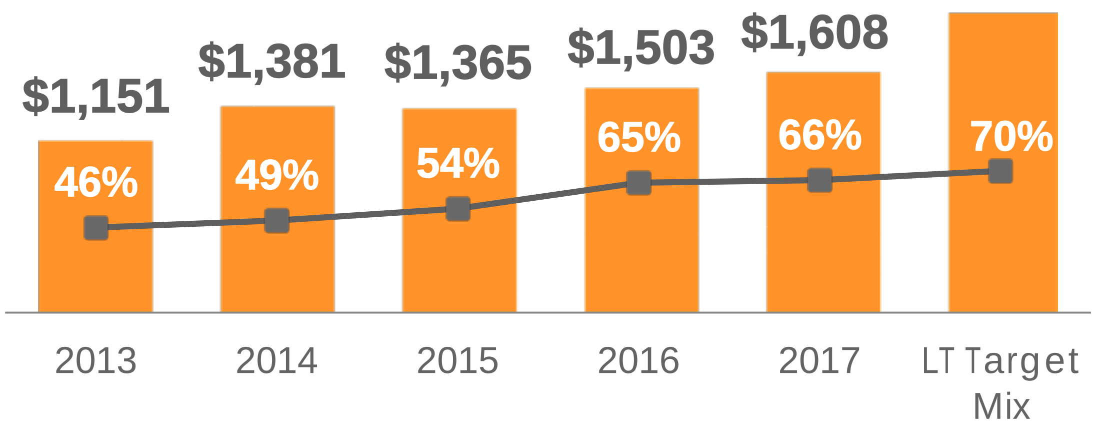
Traditional Market Revenue ($M)



Traditional Market Characteristics

- Fully outsourced
- Software replacing hardware
- Manufacturing solutions
- Shorter product lifecycles
- Mid-mix/mid-volume skills
- Higher customer concentration

Higher-value Market Revenue ($M)

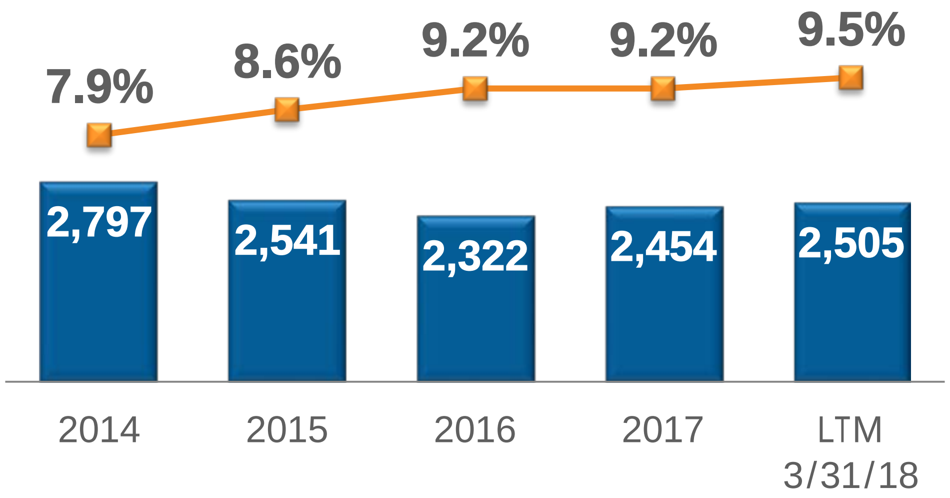


Higher-value Market Characteristics

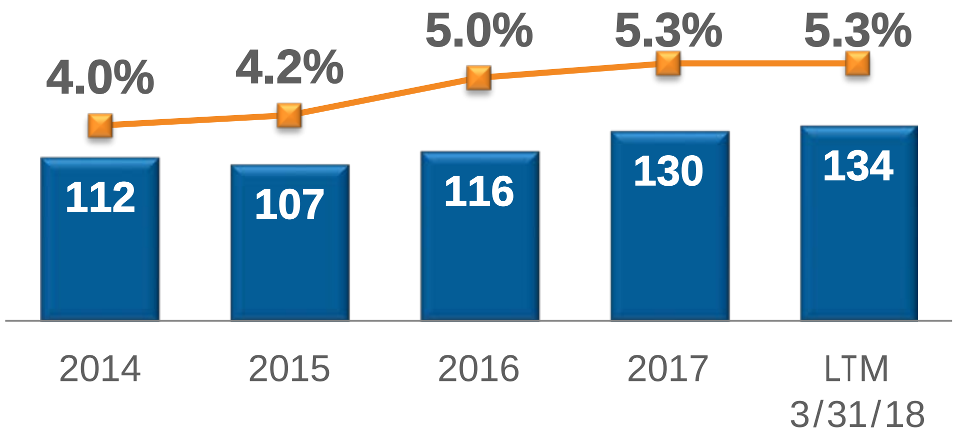
- Complexity
- Increasing outsourcing
- Engineering-led solutions
- Longer product lifecycles
- High-mix/lower-volume skills
- Higher-value add

Transition Improves Customer Diversification and GAAP Margins

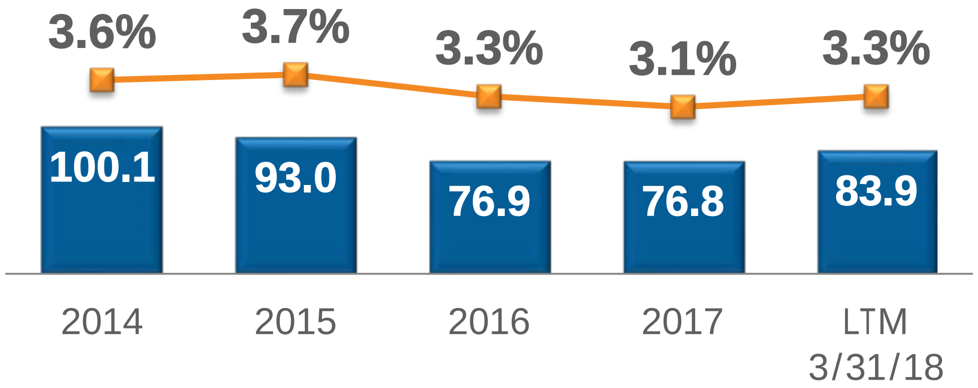
Revenue & GAAP Gross Margins ($M)



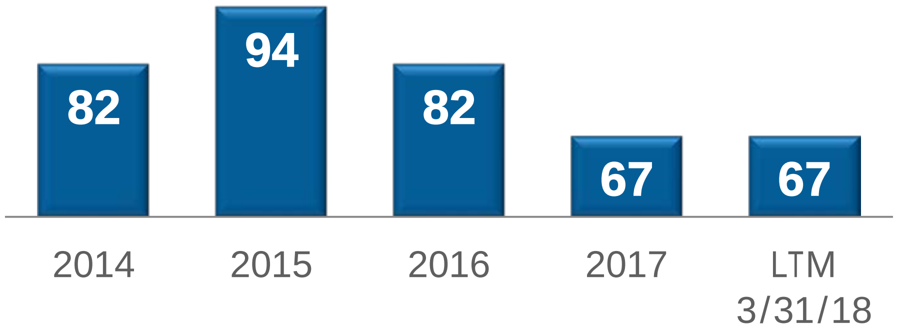
GAAP SG&A ($M)



GAAP Operating Margin ($M)



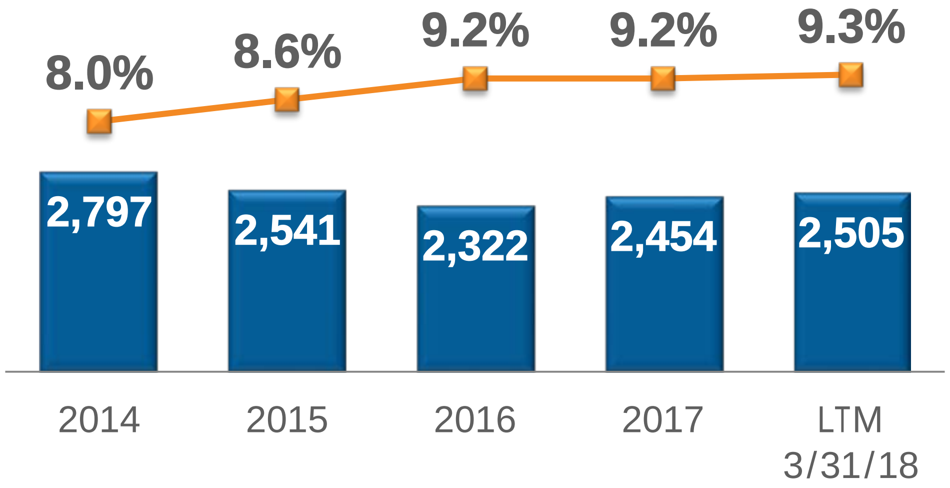
Cash Conversion Cycle (days)**



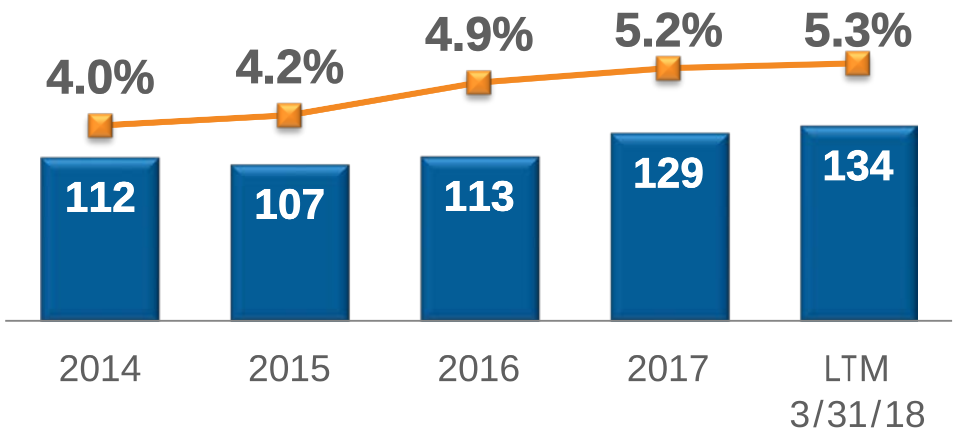
** Trailing four quarter average at December 31, except LTM 3/31/18

Transition Improves Customer Diversification and Non-GAAP Margins

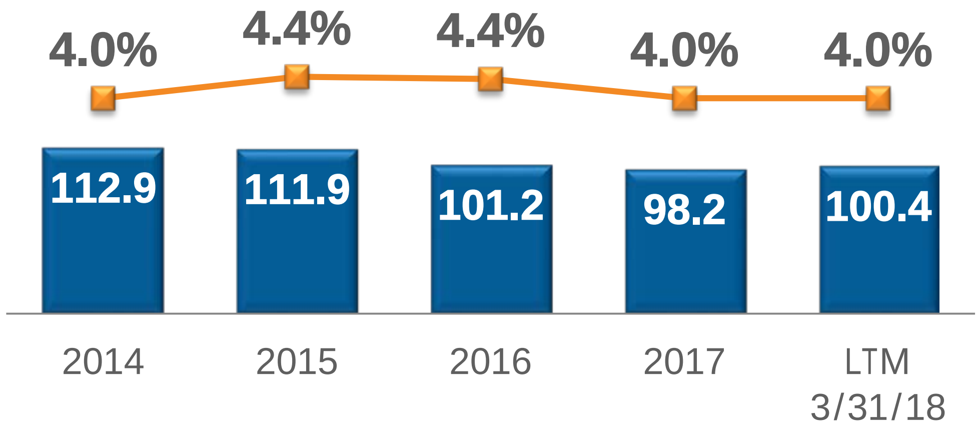
Revenue & Non-GAAP Gross Margins ($M)



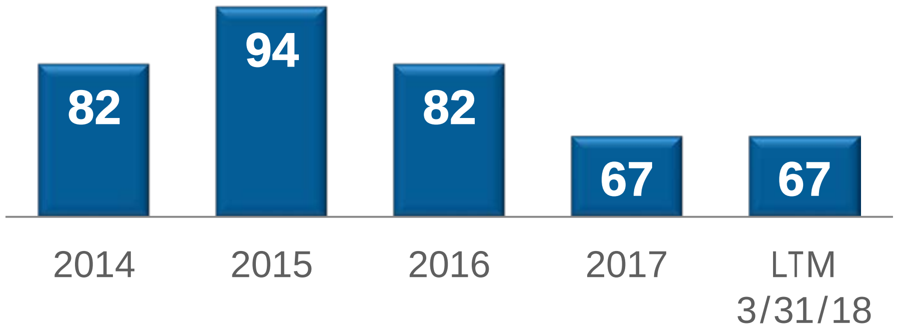
Non-GAAP SG&A ($M)



Non-GAAP Operating Margin ($M)*



Cash Conversion Cycle (days)**



* The above excludes the impact of amortization of intangible assets – See Appendix 2

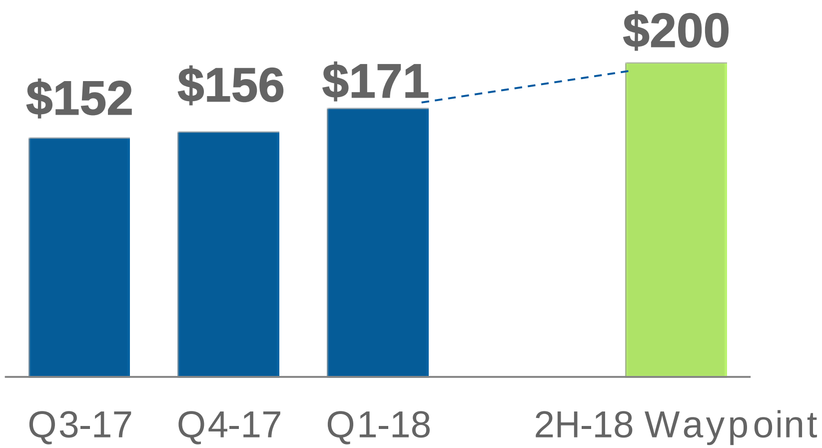
** Trailing four quarter average at December 31, except LTM 3/31/18

Our Financial Goals

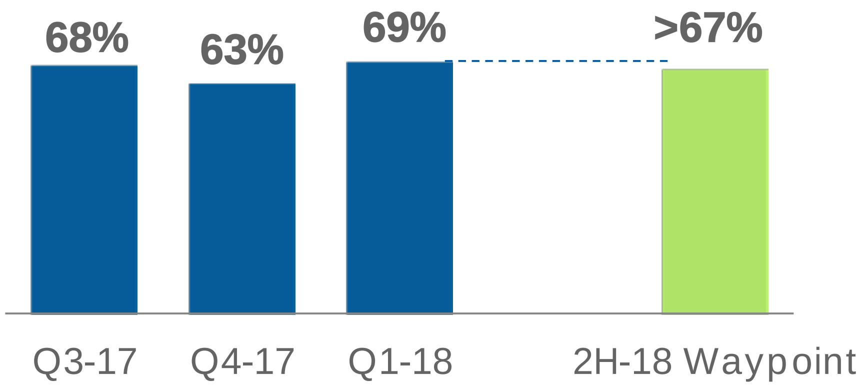
	2017 Actuals	Target Business Model
Revenue	$2.5B	$2.8 – $3.2B
Gross Margin	9.2%	9.8 – 10%
SG&A	5.2%	4.8 – 4.5%
Non-GAAP Operating Income	4.0%	>5.5%
ROIC	10.3%	>12%
Cash Conversion Cycle	67 Days	<70 Days

Progress Milestones 2H-18

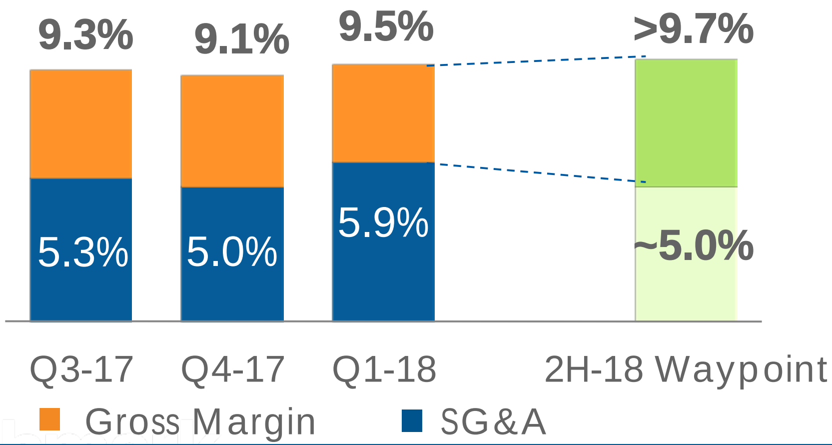
Bookings ($M)



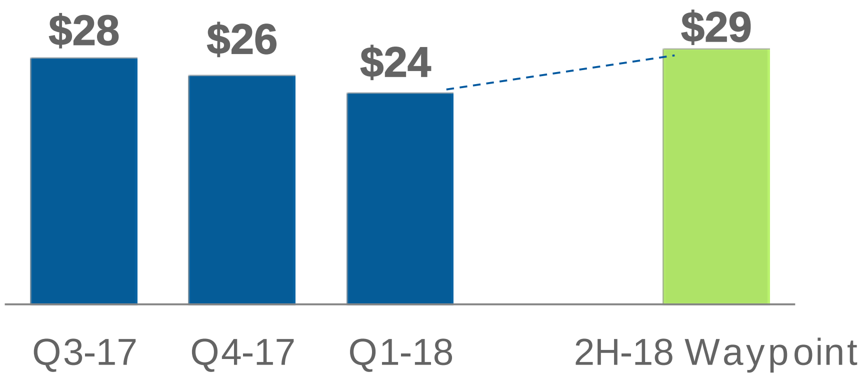
Higher-Value Market Revenue Mix



Gross Margin & SG&A (%)



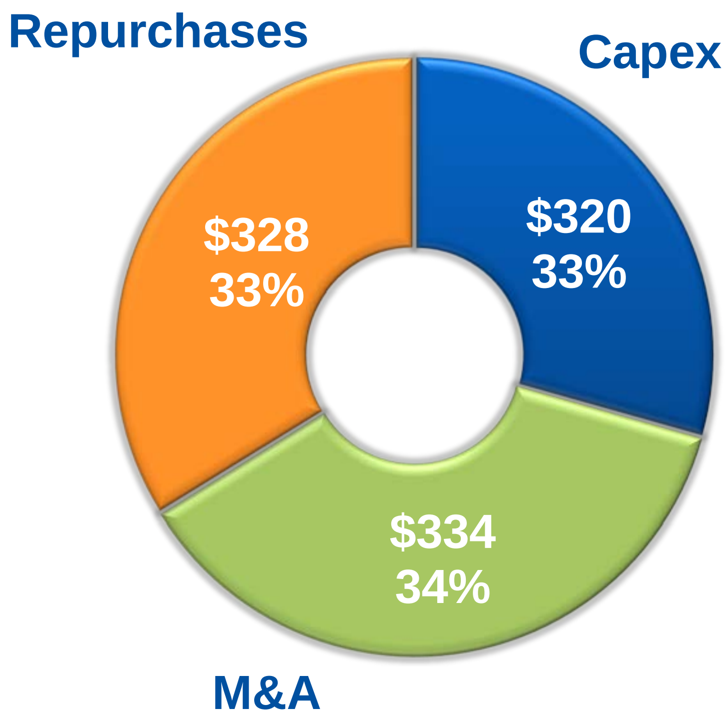
LTM Profit per Square Foot ($)



*Waypoint represents LTM target based on non-GAAP Operating Income

ROIC: Key Determinant of Capital Allocation Strategy

Cumulative capital allocation FY11– FY17



Capex
- Organic growth through targeted investments to extend business model to attractive market opportunities

M&A
- Fund investments in bolt-on M&A to expand technical skills for core capability expansion

Share Repurchases
- Share repurchases optimized for returns based on applicable law
- 43rd consecutive quarter of share repurchases
- Cumulative $328mm+ (48% of FCF[1]) spent

Disciplined, shareholder-friendly and balanced approach to capital allocation

[1] Free cash flow (FCF) defined as net cash provided by operations (GAAP) less capex (see Appendix 2 for reconciliation)

Capital Allocation Update

Stock repurchase authorization in Q1-18

- Board approved stock repurchase of up to an additional $250 million of common stock

Accelerated Stock Repurchase (ASR)	$50 million ASR in Q1-18	Targeting >$100 million for 2018
Open Market Repurchase (OMR)	$18 million OMR in Q1-18	

New recurring dividend initiated Q1-18

- Announced first quarterly cash dividend of $0.15 per share to shareholders of record as of March 29, 2018; dividend was paid on April 11, 2018

Our Long-Term Strategy and Value Proposition

Portfolio Management

Overall Goal of 6-8% Revenue CAGR with >10% Annual Growth in Higher-value Markets

- Transitioning our Portfolio to Markets with Higher Growth Rates and Margins
  - Industrials
  - Aerospace and Defense
  - Medical Technologies
  - Test & Instrumentation (including semi-capital equipment)

Margin Expansion

>5.5% Long-Term Non-GAAP Operating Margin

- Leading with Engineering and Solutions
- Driving LEAN and Operational Excellence Initiatives
- Optimizing Cost Structure and Capacity

Balanced Capital Deployment

Continue to Return Free Cash Flow to Shareholders

- Disciplined capital allocation program emphasizing ROIC accretion from:
  - Targeted Strategic Organic Investments
  - Close-to-Core (Higher-Value) and Highly Adjacent M&A
  - Share Repurchases
  - Recurring Quarterly Cash Dividend

Long-term Strategy Drives ROIC >12% Target

Update on Priorities

2017 Transition Year: Repositioning and Realignment

- Optimize our network for elevated execution
- Implementation of market-sector sales organization
- Expansion of engineering solutions and capabilities

2018 Optimization Year: Leverage Investments

- Extend value proposition for customers
- Expand engineering and technology capabilities
- Elevate operational execution
- Progress made in 2018 will shape the trajectory for 2019 and beyond

Q1 2018
Financial Highlights

First Quarter 2018 Summary

Operational performance

- Revenue and non-GAAP EPS exceeded the high end of Q1 guidance
- Year-over-year revenue growth of 9% driven by higher-value markets
- Non-GAAP gross margins expanded for the quarter to 9.5%
- Delivered $0.41 non-GAAP EPS for the quarter

Working capital

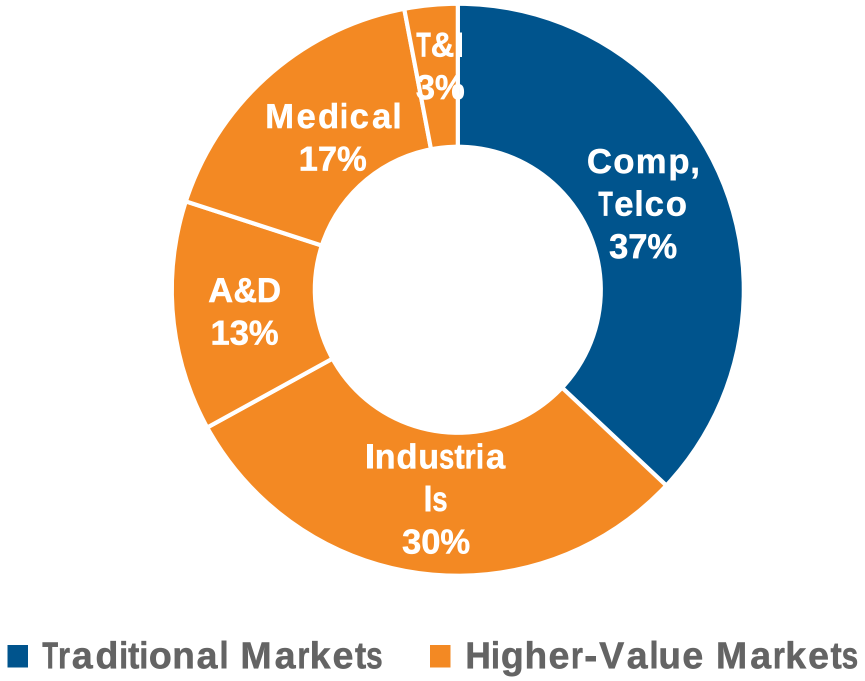
- Cash conversion cycle of 68 days ending Q1
- At the low end of the target range of 73 to 68 days

Cash flow and improving ROIC

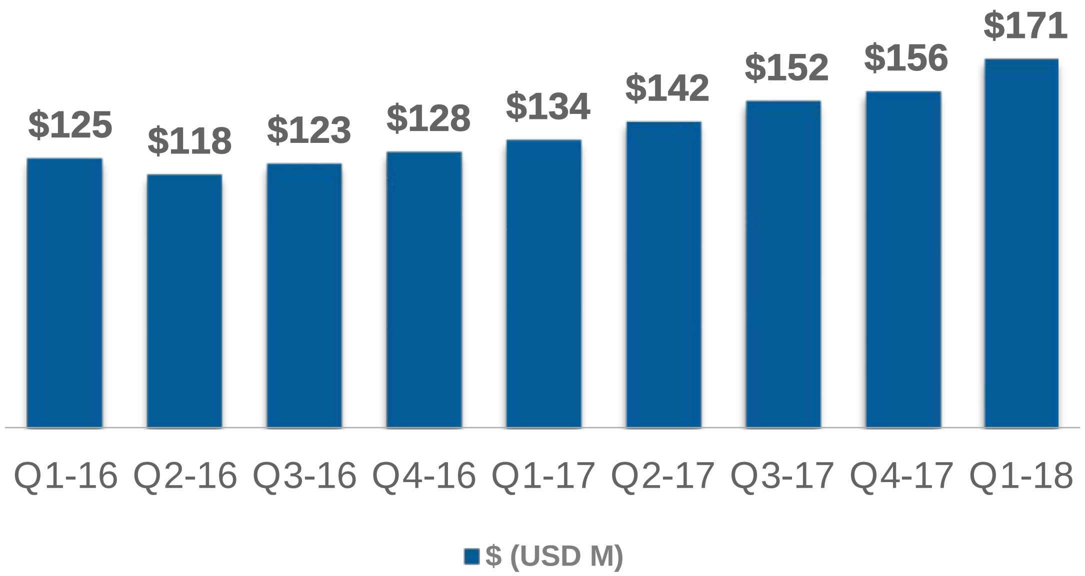
- Operating cash flow of $25 million in the quarter
- ROIC of 11.2%, up 90 bps quarter-over-quarter and 230 bps year-over-year

New Business Wins with Focus on Market Sector Sales

Q1 2018 New Business Wins by Segment



Estimated Annual Revenue from New Business Wins



Q1 New Business Wins Highlights:

- 32 manufacturing and 17 engineering project awards
- Estimated annual revenue run rate between $141 – 201 million
- Strong bookings in Industrials and Telco

First Quarter 2018 Financial Summary

(In millions, except EPS)	Mar. 31, 2018	Dec. 31, 2017	Q/Q	Mar. 31, 2017	Y/Y
	For the Three Months Ended				
Net Sales	$608	$666	(9%)	$558	9%
GAAP Operating Margin	3.0%	3.3%	(30 bps)	2.0%	100 bps
GAAP Diluted EPS	($0.49)	($1.54)	68%	$0.17	(388%)
Non-GAAP Operating Margin	3.7%	4.1%	(40 bps)	3.6%	10 bps
Non-GAAP Diluted EPS	$0.41	$0.49	(16%)	$0.32	28%
GAAP ROIC	9.1%	8.1%	100 bps	7.3%	180 bps
Non-GAAP ROIC	11.2%	10.3%	90 bps	8.9%	230 bps

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

Our Guidance for the First Quarter:

- Revenue (in millions) $585 – $605
- Diluted EPS – non-GAAP $0.34 – $0.38

Revenue by Market Sector

For the Three Months Ended

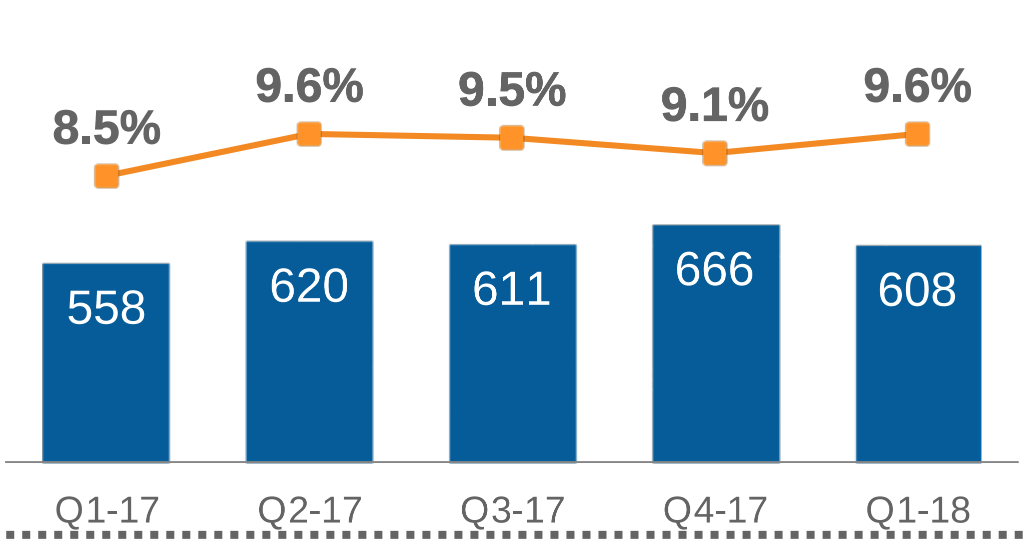
Higher-Value Markets	Mar. 31, 2018 (1)		Dec. 31, 2017 (1)		Q/Q	Mar. 31, 2017 (1)		Y/Y
Industrials	20%	$125	19%	$129	(3%)	21%	$117	6%
Aerospace & Defense	16%	$98	15%	$95	3%	18%	$100	(2%)
Medical	16%	$97	15%	$100	(3%)	15%	$85	15%
Test & Instrument.	17%	$102	14%	$93	10%	14%	$76	35%
Total Revenue		**$422**		**$417**	**1%**		**$378**	**12%**

Traditional Markets	Mar. 31, 2018 (1)		Dec. 31, 2017 (1)		Q/Q	Mar. 31, 2017 (1)		Y/Y
Computing	17%	$103	26%	$172	(40%)	18%	$100	3%
Telecommunications	14%	$83	11%	$77	7%	14%	$80	3%
Total Revenue		**$186**		**$249**	**(25%)**		**$180**	**3%**

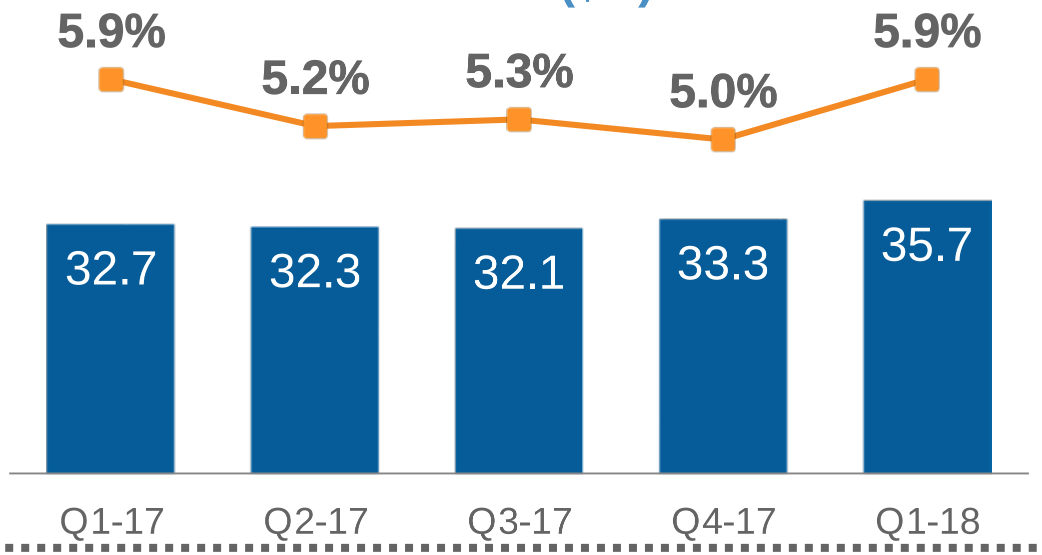
(1) In millions

GAAP Key Business Trends

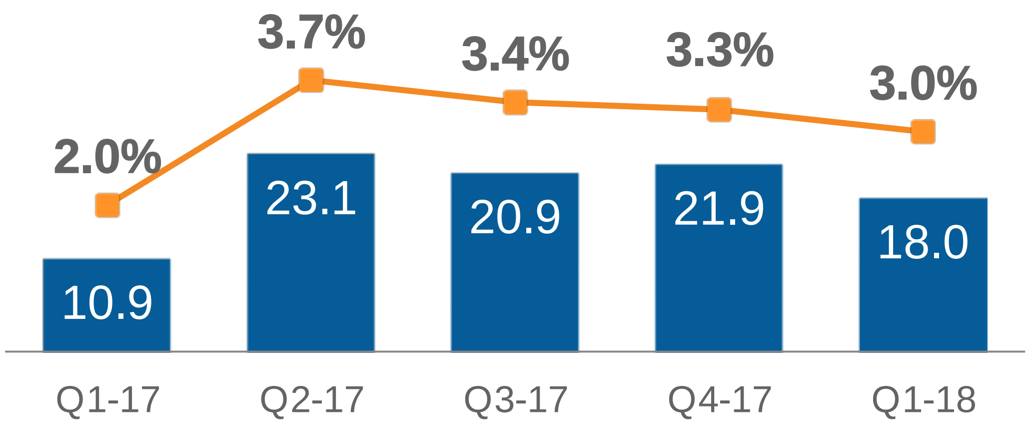
Revenue & Gross Margin ($M)



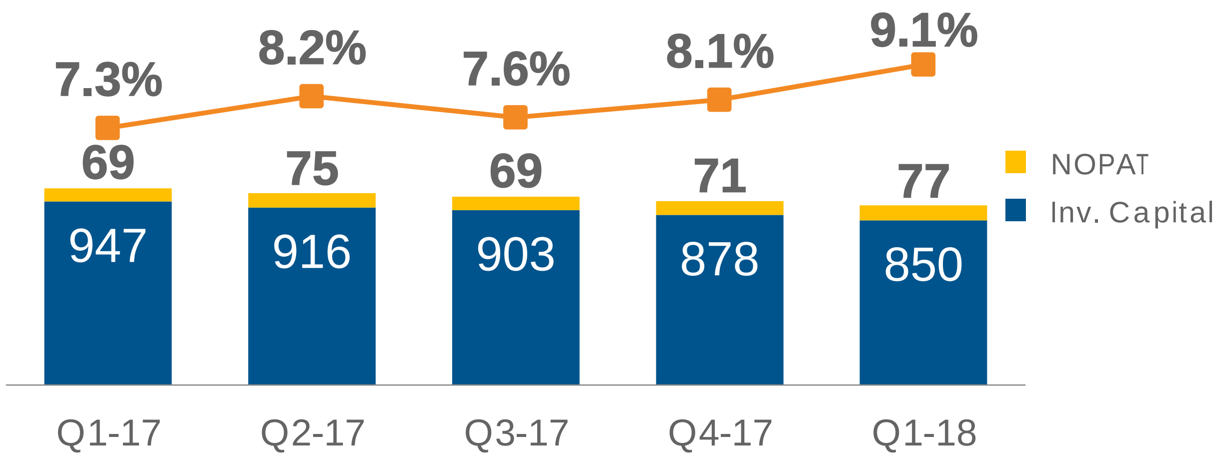
SG&A ($M)



Operating Margin ($M)



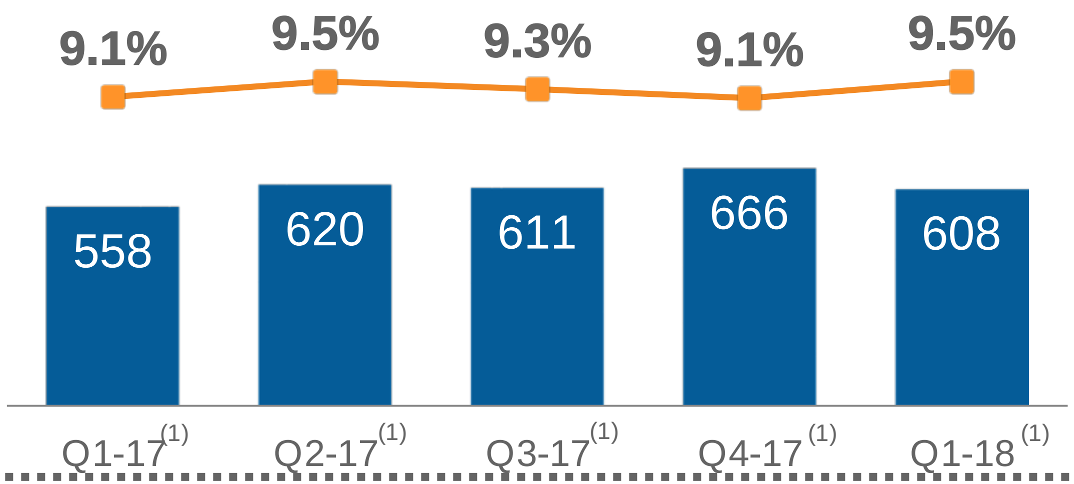
Return on Invested Capital (LTM)



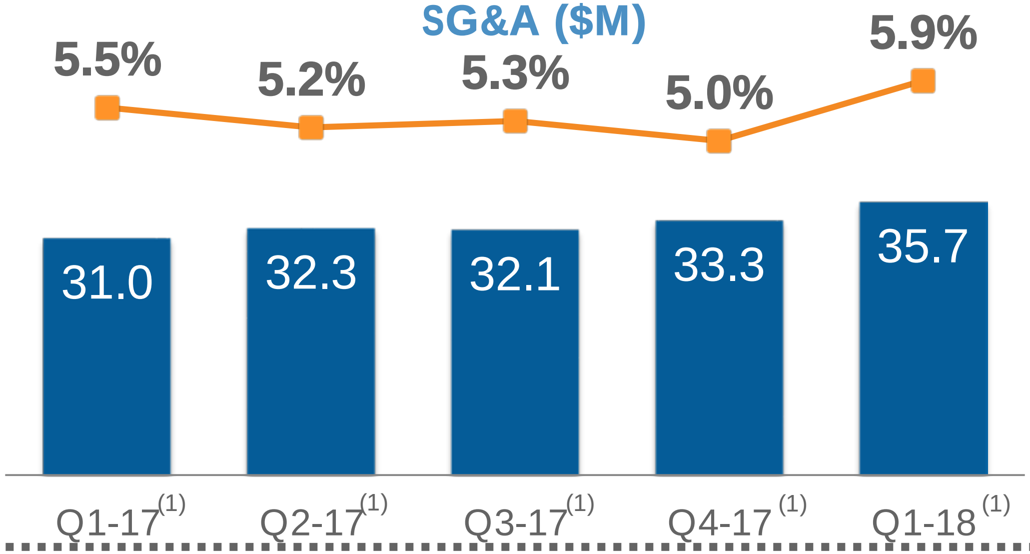
GAAP ROIC = (GAAP income from operations – GAAP Tax Impact) Ì (Average Invested Capital for last 5 quarters)

Non-GAAP Key Business Trends

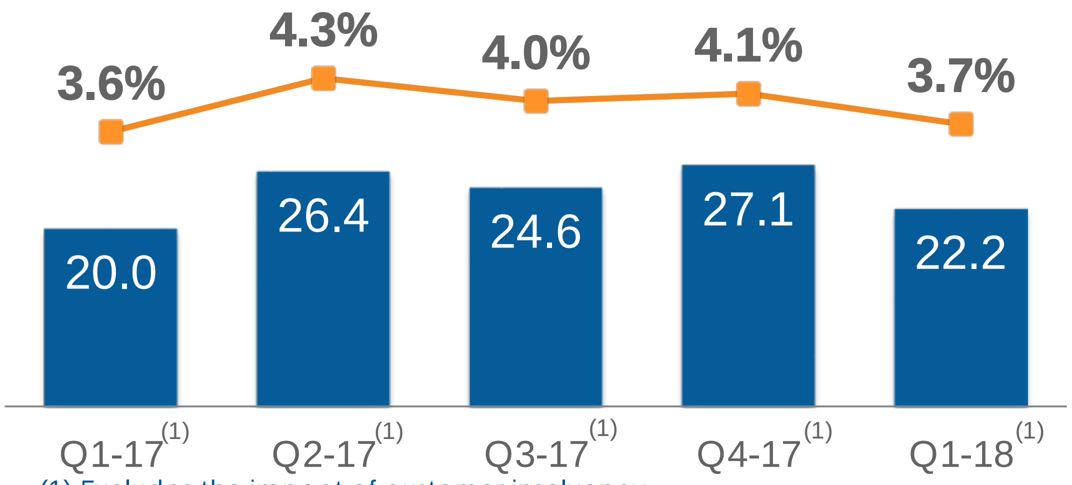
Revenue & Gross Margin ($M)



SG&A ($M)

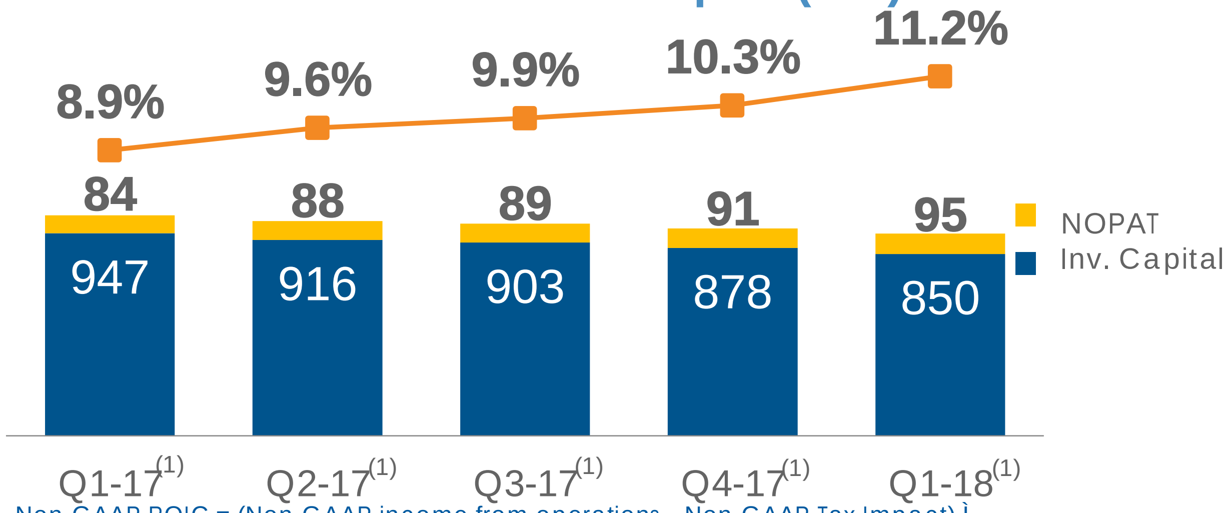


Operating Margin ($M)



(1) Excludes the impact of customer insolvency.

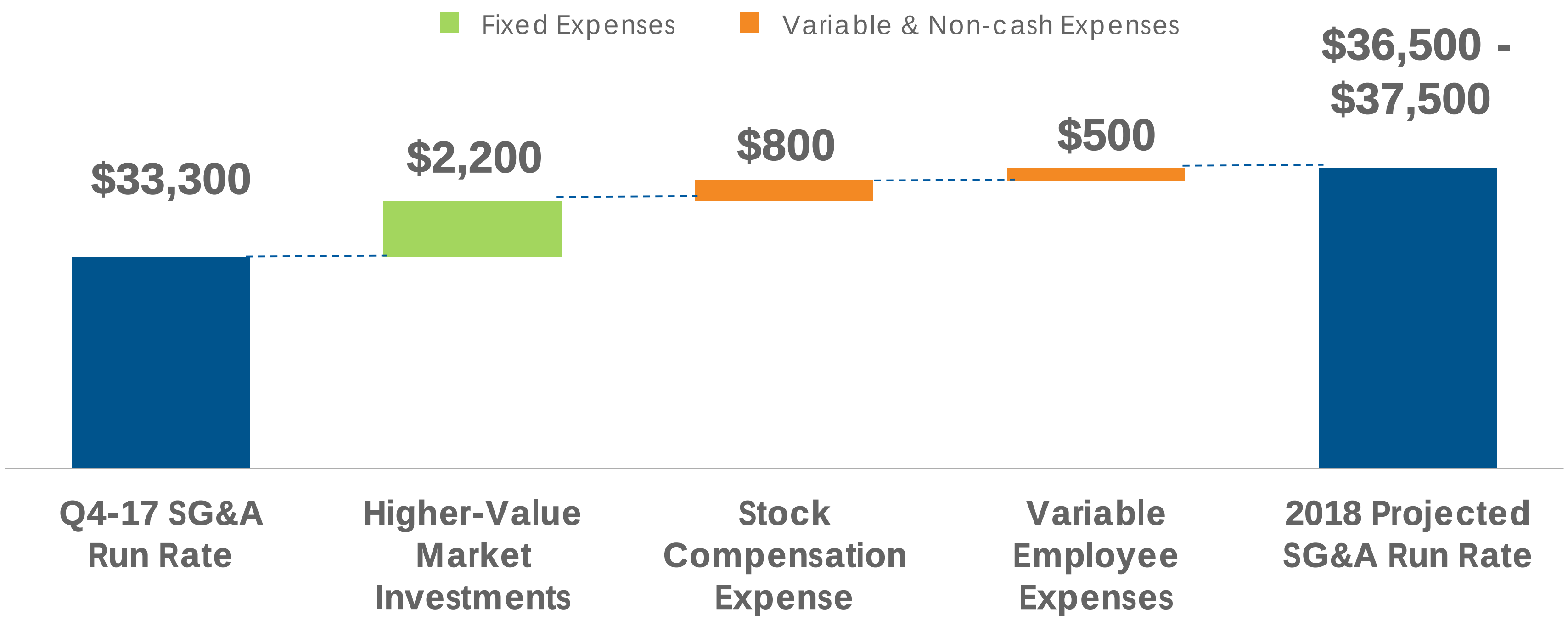
Return on Invested Capital (LTM)



Non-GAAP ROIC = (Non-GAAP income from operations – Non-GAAP Tax Impact) ÷ [Average Invested Capital for last 5 quarters]

SG&A Investments

Q4-17 SG&A Quarterly Run Rate to 2018 Projections



Continued Investments for Future Growth

- Expand capabilities to increase customer value proposition
- Investments vary between fixed expenses and variable & non-cash expenses
- Benchmark includes stock compensation expense in SG&A

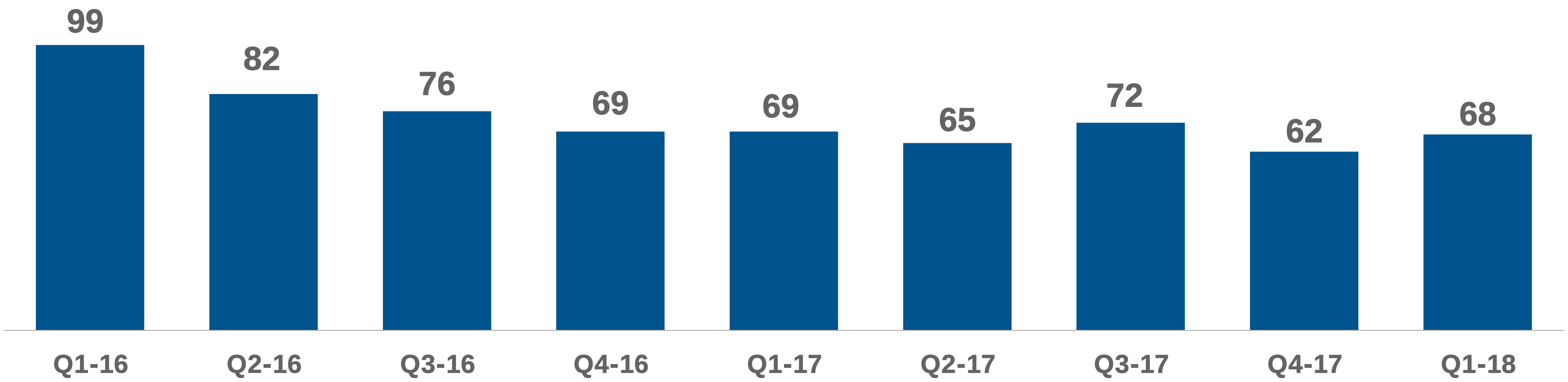
Cash Flow / Working Capital Highlights

(In millions)	For the Three Months Ended Mar. 31, 2018	Dec. 31, 2017	Mar. 31, 2017
Cash Flows from (used in) Operations	$25	$56	$78
FCF [1]	$4	$39	$70
Cash	$676	$743	$752
International	$438	$674	$659
US	$238	$69	$93
Inventory	$306	$269	$272
Accounts Receivable	$404	$437	$381
Contract Assets	$148	$146	$150
Accounts Payable	$369	$363	$344

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

Generated $25 million of Cash from Operations in Q1

Working Capital Update



	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18
Accounts Receivable Days	69	66	64	63	62	57	61	59	59
Contract Asset Days	22	21	22	23	24	22	24	20	22
Inventory Days	51	44	45	39	48	45	46	40	50
Deposits	3	2	3	4	4	4	4	3	3
Accounts Payable Days	40	47	52	52	61	55	55	54	60
Cash Conversion Cycle	**99**	**82**	**76**	**69**	**69**	**65**	**72**	**62**	**68**

Ongoing Cash Conversion Cycle Days will Range between 73 and 68 Days

U.S. Tax Reform: Benchmark Impacts

Repatriation and tax expenses

- Decision in Q1-18 to change historical repatriation strategy
- Repatriation of $277 million to the U.S. in Q1-18
- Applicable foreign withholding and U.S. state taxes recorded due to decision to repatriate foreign earnings

Q1-18 tax expense of $40 million

- Estimated $31 million tax expense for foreign withholding taxes
- Estimated $9 million tax expense for applicable state taxes for foreign cash distributions

Effective Tax Rate for 2018

- Global Intangible Low-Taxed Income (GILTI) impacts tax rate by 3-4%
- Expected to range from 16-18%

Q2 Guidance – Convergence of Timing Dynamics Impacting Financials

- Mix shifts primarily in the Medical sector due to product transition timing
- New customer ramp headwinds impacting execution
- Planned investments in engineering and solutions

	Guidance
Net Sales (in millions)	$590– $630
Diluted EPS – non-GAAP*	$0.26 – $0.34

* The above guidance excludes the impact of amortization of intangible assets and estimated restructuring charges

Appendix

Appendix 1: Reconciliation of GAAP to non-GAAP

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

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
		(as adjusted)	
Income from operations (GAAP)	$ 17,967	$ 21,910	$ 10,889
Restructuring charges and other costs	2,235	3,062	1,511
Customer insolvency (recovery)	(341)	(239)	5,120
Amortization of intangible assets	2,366	2,367	2,481
Non-GAAP income from operations	$ 22,227	$ 27,100	$ 20,001
Net income (loss) (GAAP)	$ (23,641)	$ (76,361)	$ 8,555
Restructuring charges and other costs	2,235	3,062	1,511
Customer insolvency (recovery)	(341)	(239)	5,120
Amortization of intangible assets	2,366	2,367	2,481
Income tax adjustments(1)	(818)	(1,793)	(1,580)
Tax Cuts and Jobs Act(2)	40,114	97,633	-
Non-GAAP net income	$ 19,915	$ 24,669	$ 16,087
Diluted earnings (loss) per share:			
Diluted (GAAP)	$ (0.49)	$ (1.54)	$ 0.17
Diluted (Non-GAAP)	$ 0.41	$ 0.49	$ 0.32

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

(2) This amount represents the estimated impact of the U.S. Tax Reform and the impact of repatriating foreign earnings from our foreign jurisdictions to the U.S. as allowed under the U.S. Tax Reform. For the three months ended March 31, 2018, this includes estimated foreign withholding taxes applicable to historical earnings prior to December 31, 2017 and for the applicable state tax impact of foreign cash distributions into the U.S. For the three months ended December 31, 2017, this includes the impact of a one-time mandatory tax on the deemed repatriation of undistributed foreign earnings and the re-measurement of U.S. deferred tax assets and liabilities for the decrease in the U.S. federal tax rate from 35% to 21%.

Appendix 2: GAAP to Non-GAAP Reconciliations

(in millions)	2013	2014	2015	2016	2017
Revenue (GAAP)	$2,506.5	$2,797.1	$2,540.9	$2,322.3	$2,454.5
Income from operations (GAAP)	$116.5	$100.1	$93.0	$76.9	$76.8
Operating margin (GAAP) [1]	*4.6%*	*3.6%*	*3.7%*	*3.3%*	*3.1%*
Restructuring charges, integration and acquisition costs and other costs	9.3	7.1	13.9	12.5	8.6
Amortization of intangibles	3.3	3.8	5.0	11.8	10.1
Asset impairment charge and other	2.6	(1.5)	-	-	-
Thailand flood-related items, net of insurance	(41.3)	(1.6)	-	-	-
Customer bankruptcy	-	5.0	-	-	2.7
Non-GAAP income from operations	$90.4	$112.9	$111.9	$101.2	$98.2
Non-GAAP operating margin [1]	*3.6%*	*4.0%*	*4.4%*	*4.4%*	*4.0%*
Net income (GAAP)	$110.9	$81.2	$95.4	$63.9	($31.9)
Restructuring charges, integration costs and other costs	9.3	7.1	13.9	12.5	8.6
Amortization of intangibles	3.3	3.8	5.0	11.8	10.1
Asset impairment charge and other	2.6	(1.5)	-	-	-
Thailand flood-related items, net of insurance	(41.3)	(1.6)	-	-	-
Customer bankruptcy	-	5.0	-	-	2.7
Tax cuts & Jobs Act	-	-	-	-	97.6
Income tax adjustments	3.9	(3.3)	(5.5)	(7.6)	(6.3)
Discrete tax benefits	(17.5)	-	(21.2)	(8.3)	-
Non-GAAP net income	$71.2	$90.7	$87.6	$72.3	$80.8
Net cash provided by operations (GAAP)	$98.9	$135.4	$146.8	$273.1	$145.8
Additions to property, plant & equipment and software	28.8	45.4	38.1	32.3	54.5
Free Cash Flow	$70.1	$90.0	$108.7	$240.8	$91.3
Free cash flow margin [1]	*2.8%*	*3.2%*	*4.3%*	*10.4%*	*3.7%*

[1] *Equals line item immediately above divided by revenue (GAAP)*