

# Black Box Corporation Fourth Quarter Fiscal 2016 Earnings Conference Call

May 10, 2016

# Black Box Corporation

**Forward-Looking Statements** - Any forward-looking statements contained in this presentation are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and speak only as of the date of this presentation. You can identify these forward-looking statements by the fact that they use words such as "should," "anticipate," "estimate," "approximate," "expect," "target," "may," "will," "project," "intend," "plan," "believe" and other words of similar meaning and expression in connection with any discussion of future operating or financial performance. Forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Risk factors are included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015 and our other filings with the Securities and Exchange Commission (the "SEC"). We can give no assurance that any goal, plan or target set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.

**GAAP Reconciliation** -This presentation also includes, as a supplement to United States Generally Accepted Accounting Principles ("GAAP"), certain non-GAAP financial measures. These non-GAAP financial measures exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. Pursuant to the requirements of the SEC's Regulation G, we provide in our SEC filings additional information regarding these non-GAAP financial measures, including a reconciliation of them to their most comparable GAAP financial measures, management's explanations regarding the use and usefulness of non-GAAP financial measures and the limitations associated with the use of non-GAAP financial measures. The Company's non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measurements, and should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

# E.C. Sykes

## President and Chief Executive Officer

### Black Box Corporation

As released on February 9, 2016

“Mr. Sykes has a demonstrated track record of leading growth and profitability in a variety of challenging product and service businesses. He was President and CEO of Circuit Board Assemblers which was recognized as one the fastest growing companies in the nation when it was acquired by Flextronics. He spent 14 years at Flextronics International, starting as the North Carolina General Manager and profitably grew revenue from \$20M to \$200M, then as Vice President of the Guadalajara, Mexico operations where revenue grew from \$550M to \$1B, and as Group President of the Industrial and Emerging Products Group where the revenue grew from \$625M to over \$4B to lead the industry. Under Mr. Sykes, this international business group, employed more than 35,000 employees, operated in 60 manufacturing sites in 19 countries. The customer base was expanded to over 400 clients in 10 markets by structuring the services to address specific market needs and tucking in niche acquisitions to fill technology gaps. Mr. Sykes most recently was President and CEO of Switch Lighting, a Silicon Valley LED lighting company, where he reset the business strategy, drove operational improvements and focused on reinvigorating the company’s product line and partnerships.”



# Financial Summary

	<u>4Q16</u>	<u>FY16</u>
Revenue	\$ 224	\$ 913
Operating EPS	\$ 0.14	\$ 1.11
Cash provided by (used for) operating activities	\$ 22.3	\$ 37.2
Stock repurchase program	\$ (4.3)	\$ (7.2)
Dividend payments	\$ (1.7)	\$ (6.6)

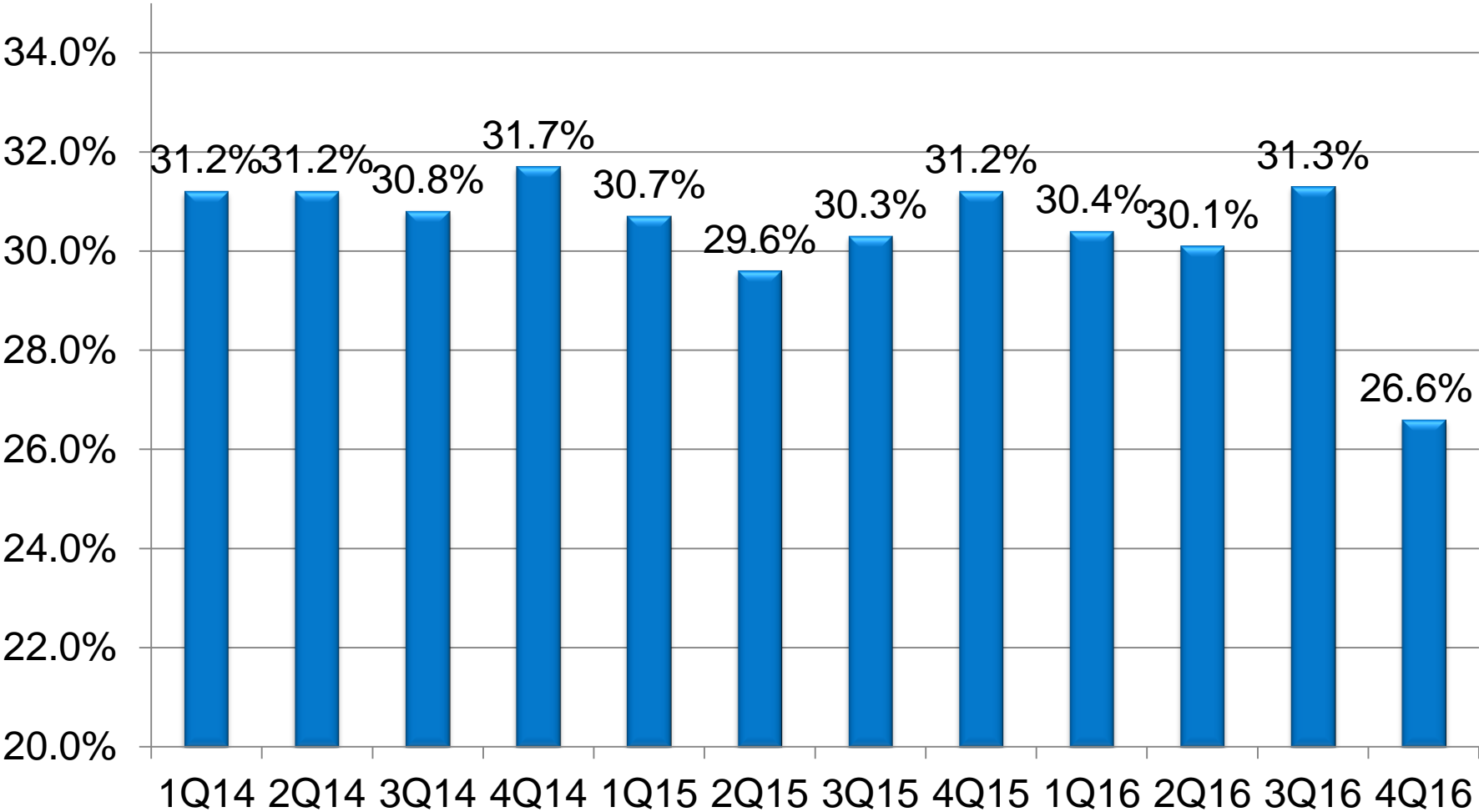
All \$ amounts in millions except EPS.

# Revenues

	4Q16	Guidance Range	3Q16
Products	\$ 39.8		\$ 41.9
Services	\$184.3		\$180.5
Total	\$224.1	\$217-222	\$222.4
Maintenance \$	\$ 42.0		\$ 42.5
Maintenance %	19%		19%
Backlog	\$164.2		\$172.7

All \$ amounts in millions.

# Gross Profit Margin



# Financial Results

	<u>4Q16</u>	<u>%</u>	<u>3Q16</u>	<u>%</u>
Revenues				
Products	\$ 39.8	18%	\$ 41.9	19%
Services	\$184.3	82%	\$180.5	81%
Total	<u>\$224.1</u>	<u>100%</u>	<u>\$222.4</u>	<u>100%</u>
Gross profit	\$ 59.7	26.6%	\$ 69.6	31.3%
SG&A	\$ 71.4	31.9%	\$ 60.0	27.0%
Adjusted operating income	\$ 4.5	2.0%	\$ 10.5	4.7%
Operating EPS	\$ 0.14		\$ 0.37	

All \$ amounts in millions except EPS.

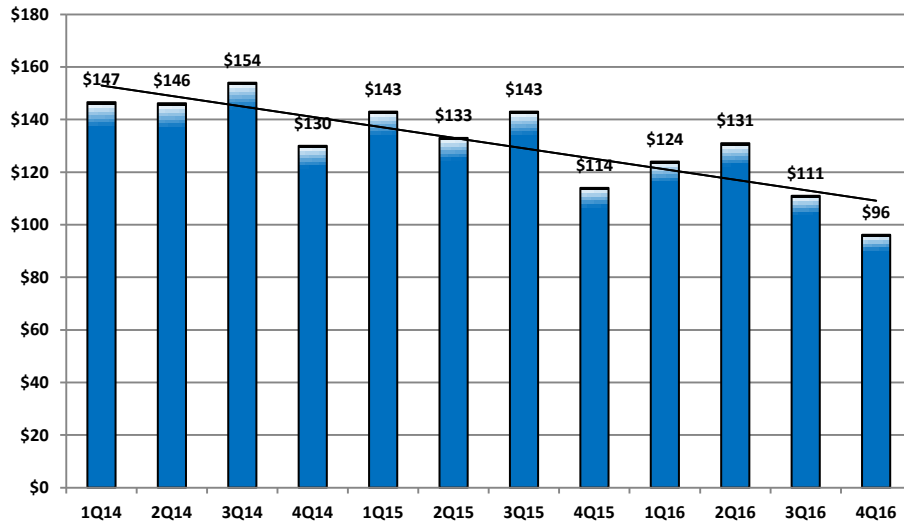
## Deployment of Cash

	<u>4Q16</u>	<u>FY16</u>
Cash provided by (used for) operating activities	\$ 22.3	\$ 37.2
Borrowing/(reduction) of long-term debt	\$ (9.0)	\$ (17.8)
Stock repurchases	\$ (4.3)	\$ (7.2)
Dividends	\$ (1.7)	\$ (6.6)
Capital expenditures	\$ (2.4)	\$ (10.5)

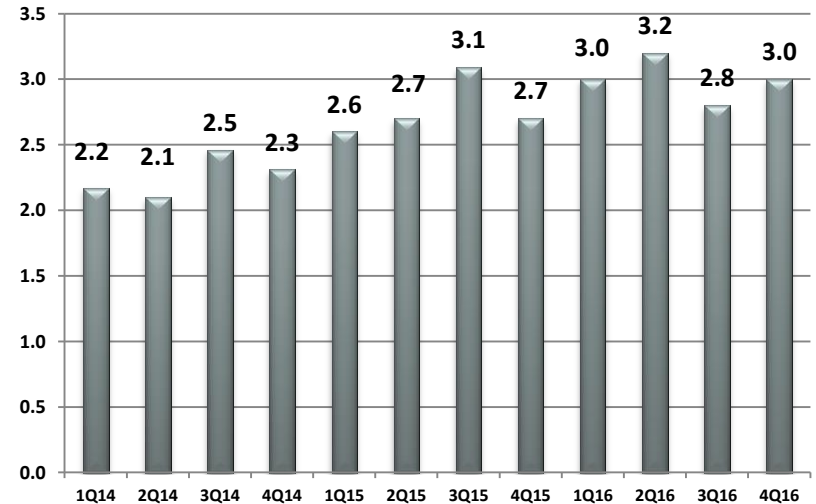
All \$ amounts in millions.



# Long Term Debt

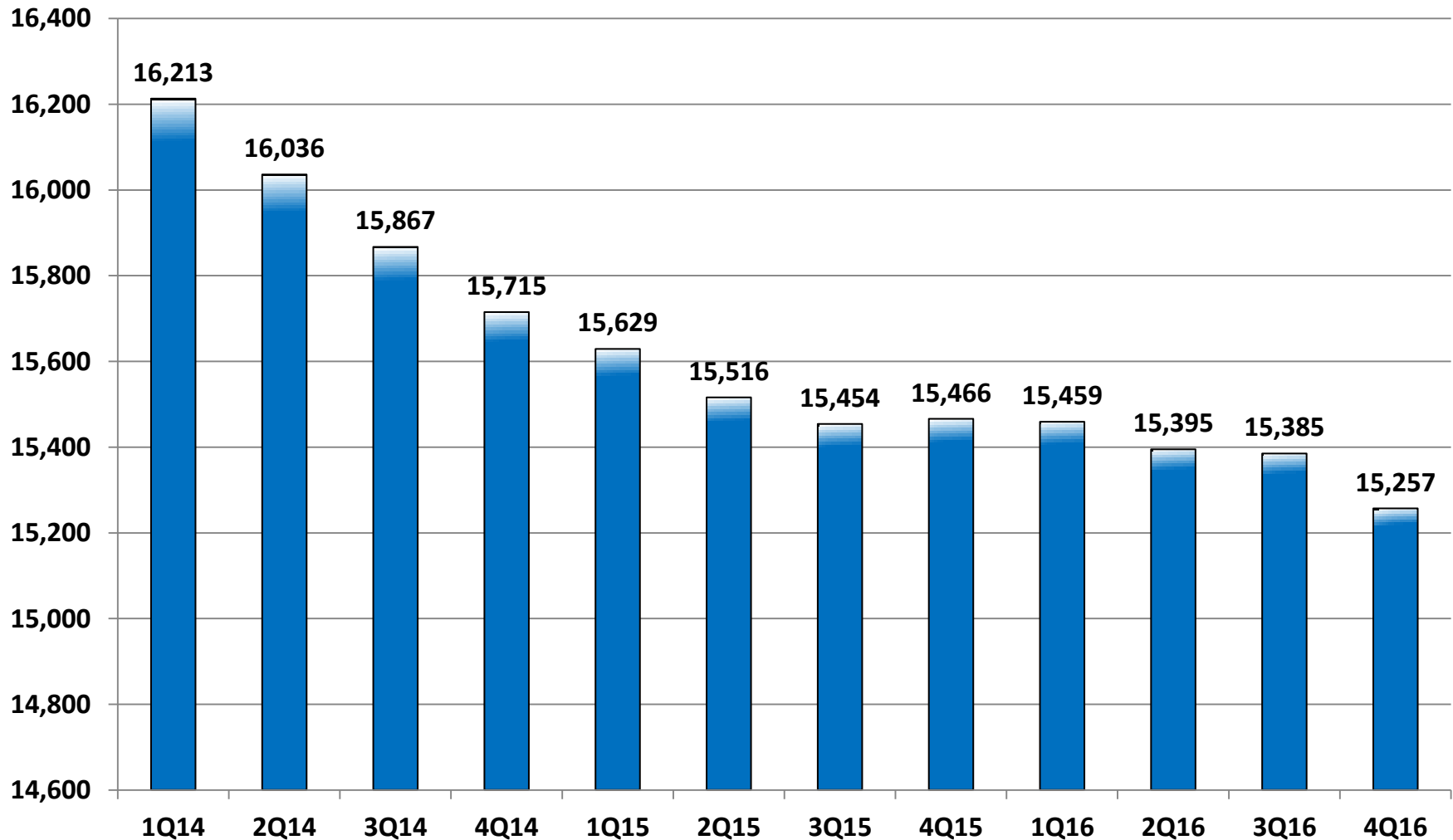


# Net Debt Outstanding



# Leverage Ratio

# Diluted Shares Outstanding



# Transformation Roadmap

## Stabilize

Predictable (Mgmt. System)  
1BBOX  
Reset Business Model

## Optimize

Above Market Growth  
Integrated Systems  
Implement Business Model

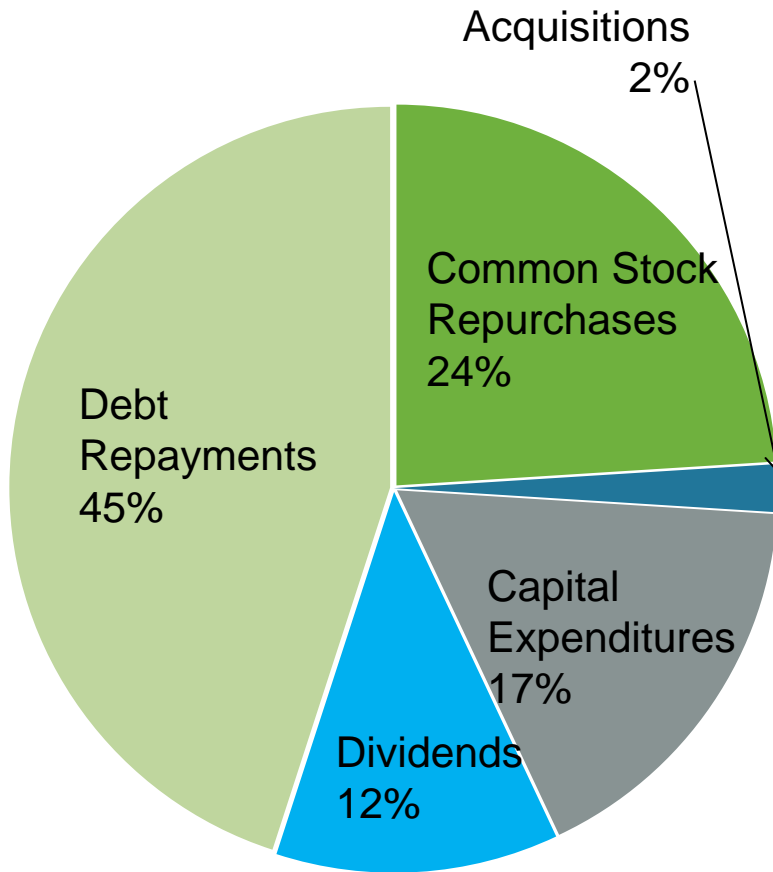
## Expand

Adjacent Markets  
Tuck-in Acquisitions

## Transform

New Growth Curve

# Capital Deployment: FY14-FY16



Cash Flow from Operations	\$	140.0
Common Stock Repurchases	\$	37.0
Acquisitions-related activity	\$	2.3
Capital Expenditures	\$	26.3
Dividends	\$	18.2
Debt Repayments	\$	69.6
<b>Total</b>	<b>\$</b>	<b>153.4</b>

All \$ amounts in millions.

# Questions