



Investor Presentation

May 4, 2020





FORWARD- LOOKING STATEMENTS & NON-GAAP METRICS

Statements in the presentations today and in our comments that are not historical or current facts are “forward-looking statements” as defined in, and as covered by the safe harbor provisions of, the Private Securities Litigation Reform Act of 1995. These statements reflect management’s current expectations or beliefs. We caution that future results could differ materially from those projected in these presentations depending on many factors, some beyond our control, including, but not limited to, those presented in our most recent Form 10-K and subsequent Forms 10-Q and Forms 8-K filed with the Securities and Exchange Commission. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in these presentations. The forward-looking statements contained in these presentations are made only as of the date of these presentations and we disclaim any obligation to revise forward-looking statements made today based on future information.

This presentation may also include financial measures that are not calculated in accordance with GAAP, including EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow. Reconciliations of the non-GAAP financial measures used in this presentation to the most comparable GAAP measures can be found in the tables in the appendix to this presentation. Non-GAAP financial measures have limitations as analytical tools and they should not be considered in isolation or as a substitute for GAAP measures.



COMPANY OVERVIEW

Mission

To be the leader in creating innovative **test, simulation, and measurement** solutions to enable our customers' success.

Vision

Through *innovation* and *customer service*, create value to drive **growth**.

Values



Accountability



Total Customer Satisfaction



Innovation and Passion



Integrity



Invest In Our Future



Respect



Operational Excellence

MTS HISTORY

A GLOBAL LEADER IN
TEST, SIMULATION AND
SENSING SOLUTIONS



1966

Founded in 1966 as spin-off from Research Incorporated

Formed to develop dynamic testing of the mechanical properties and performance of materials, products & structures

1984

Temposonics, Inc. global acquisition

Sensors

2008

SANS acquisition in China

Test & Simulation

2014

Roehrig Engineering Inc. acquisition

Test & Simulation

2016

PCB Group, Inc. global acquisition

Sensors

2018

E2M global acquisition

Test & Simulation

2019

Endevco acquisition

Sensors

2020

R&D global acquisition

Test & Simulation

BROAD AND BALANCED PORTFOLIO

MTS operates under two segments and serves seven distinct market sectors



Test & Simulation Segment - provides highly engineered testing systems and services fueled by our customers' spending on research and new product development

–Sectors:

- » Structures ~35% of Test & Simulation business
- » Materials ~30% of Test & Simulation business
- » Ground Vehicles ~35% of Test & Simulation business

Sensors Segment – provides high performance sensors used for acceleration, position, vibration, motion, pressure and force measurement, partially fueled by customers' spending on research and new product development and partially by industrial capacity utilization

–Sectors:

- » Position ~40% of Sensors business
- » Test ~35% of Sensors business
- » Industrial ~15% of Sensors business
- » Systems ~10% of Sensors business



AT A GLANCE

Revenue by Segment¹

37%
SENSORS

63%
TEST & SIMULATION

Adj. EBITDA by Segment¹

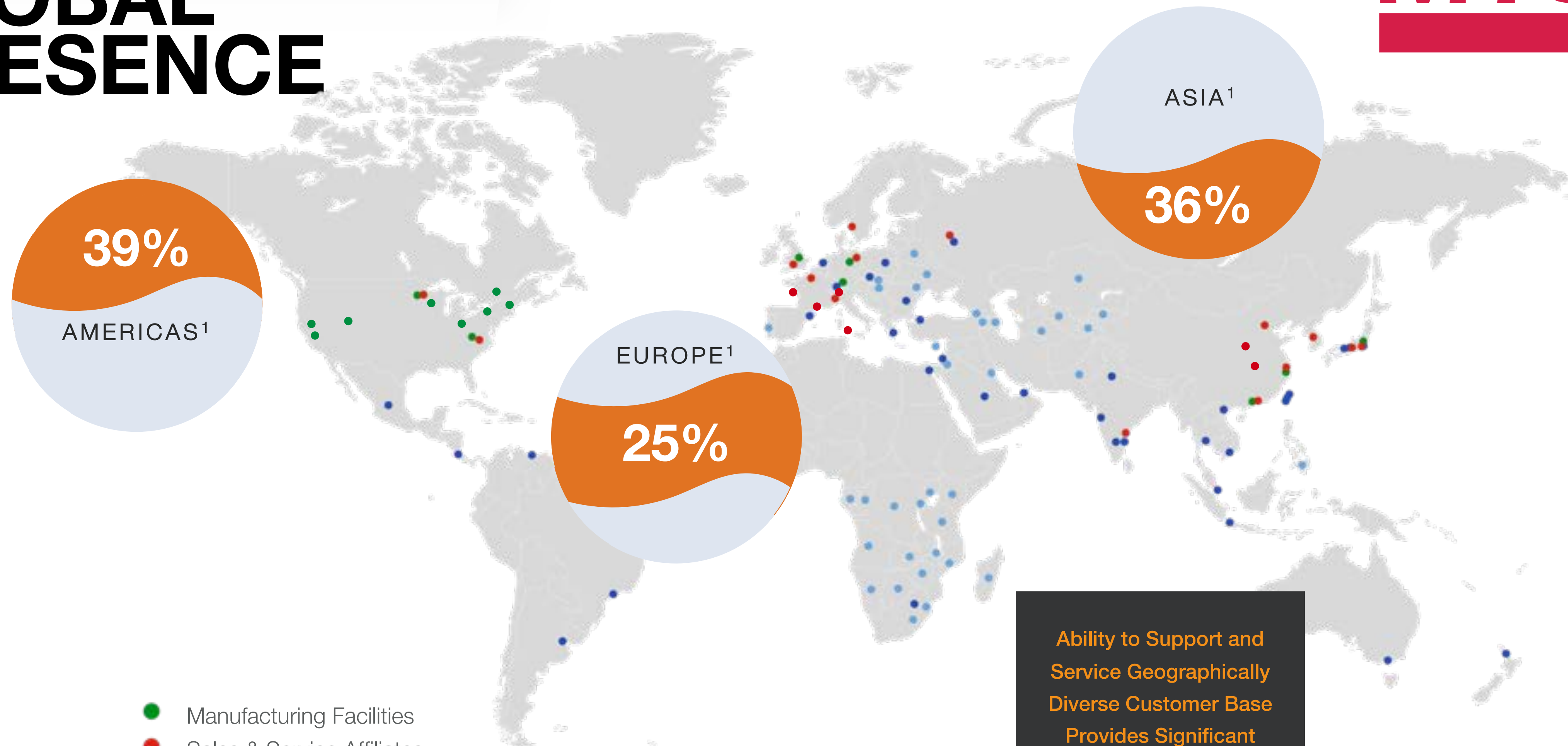
51%
SENSORS

49%
TEST & SIMULATION

- **Leading global supplier** of high-performance test, simulation and measurement systems, and sensors
- **Differentiated “mission-critical” technology** via two segments: (a) Test & Simulation and (b) Sensors
- Scaled platform provides **competitive advantage**
 - Geographic coverage spans six continents
 - \$893M in revenue in 2019
 - 3500 employees worldwide in 2019
- **Well-diversified revenues** across Americas, Europe, and Asia serving seven distinct market sectors
- We have **40+ year customers**, and help researchers, engineers and manufacturers improve their performance and reduce time to market

¹ Based on twelve months ended September 28, 2019

UNMATCHED GLOBAL PRESENCE



- Manufacturing Facilities
- Sales & Service Affiliates
- Business Partners
- Business Partners Coverage

Ability to Support and Service Geographically Diverse Customer Base Provides Significant Competitive Advantage

¹ Based on revenue for twelve months ended September 28, 2019



CUSTOMER VALUE CREATION AND COMPETITIVE ADVANTAGES



- Test, Simulation and Sensing solutions that bring value to our customers' products through:
 - Enhanced precision
 - Improved reliability
 - Greater sustainability
 - Superior safety
 - Rapid delivery to market
- Differentiated technology and application engineering expertise
- Deep long-term customer relationships
- Industry-leading geographic coverage spanning six continents



REPRESENTATIVE PRODUCT OFFERINGS



CUSTOMER FOCUS & MISSION CRITICAL OFFERINGS

- MTS core values drive our business success...**Innovation and Total Customer Satisfaction (TCS)**
- Longstanding **Customer Relationships** driven by innovative solutions, delivered with outstanding quality and dependability
- **Trusted** by industry leaders in automotive/motorsport, aerospace, biomedical, civil engineering, energy, materials science, industrial automation, mobile hydraulics and entertainment

Test & Simulation



Sensors





BLUE CHIP CUSTOMER BASE

- Customer relationships that began 40+ years ago
- Highly diverse customer base across a range of attractive end markets
- Many customers are market leaders in their industries
- Highly customized nature of products enhances customer “stickiness”
- No significant concentration of sales with any individual customer



KEY MACRO-TRENDS SUPPORTING OUR GROWTH MOMENTUM

Changing regulatory and consumer emphasis on environmental impact, energy conservation and sustainability across all markets

Accelerated long-term growth in airline traffic, combined with pilot age demographics, increases demand for pilot training through flight simulation

Rapidly changing automotive engineering increases product complexity and performance requirements

Demand for faster and more efficient land and air transportation systems

Worldwide demand for entertainment experiences involving motion/flight simulation at amusement parks

Increased use of additive manufacturing and advanced materials technology across aerospace, ground transportation, energy and structures markets

Industrial automation and focus on factory productivity and capacity utilization



KEY INVESTMENT HIGHLIGHTS



Proven ability to generate free cash flow and deleverage

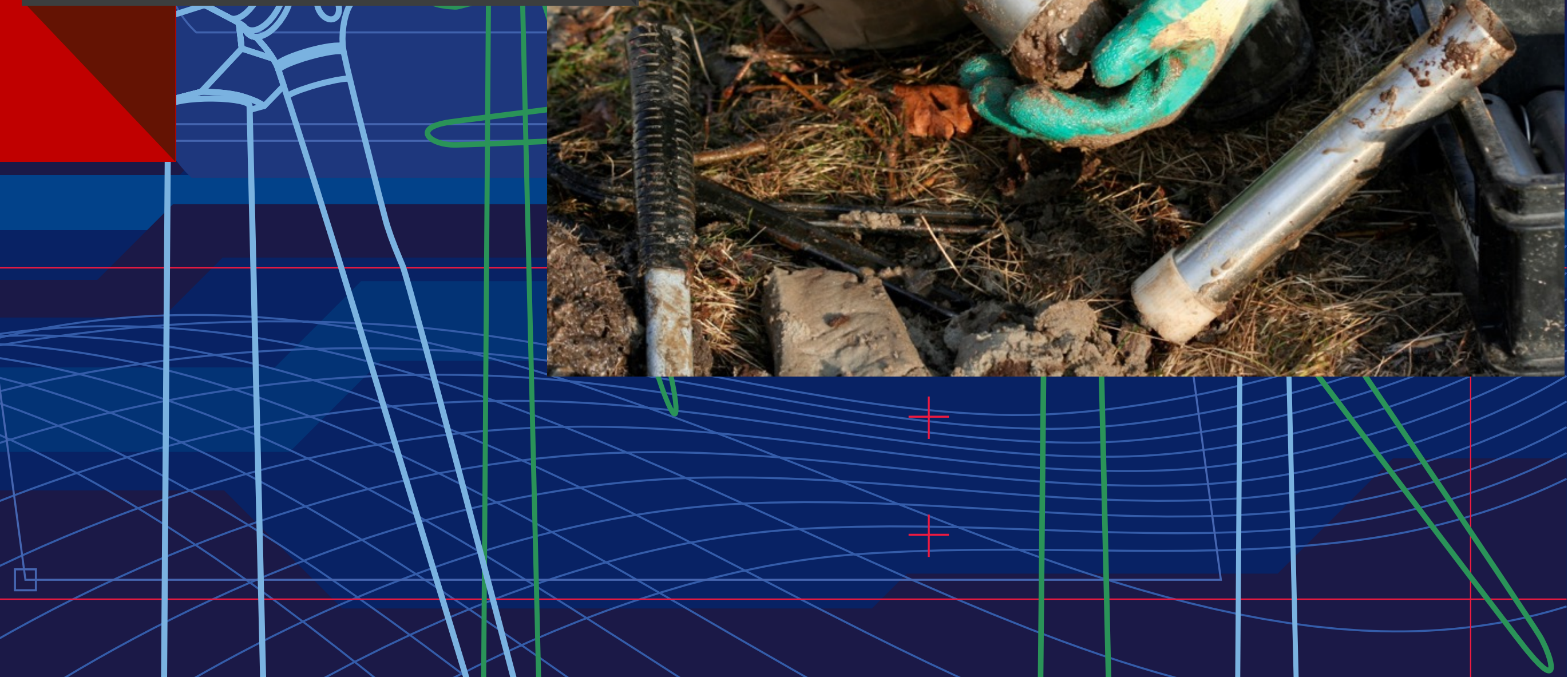
High revenue visibility & robust backlog

Diversified sources of revenue

Attractive industry fundamentals

Mission-critical product offerings

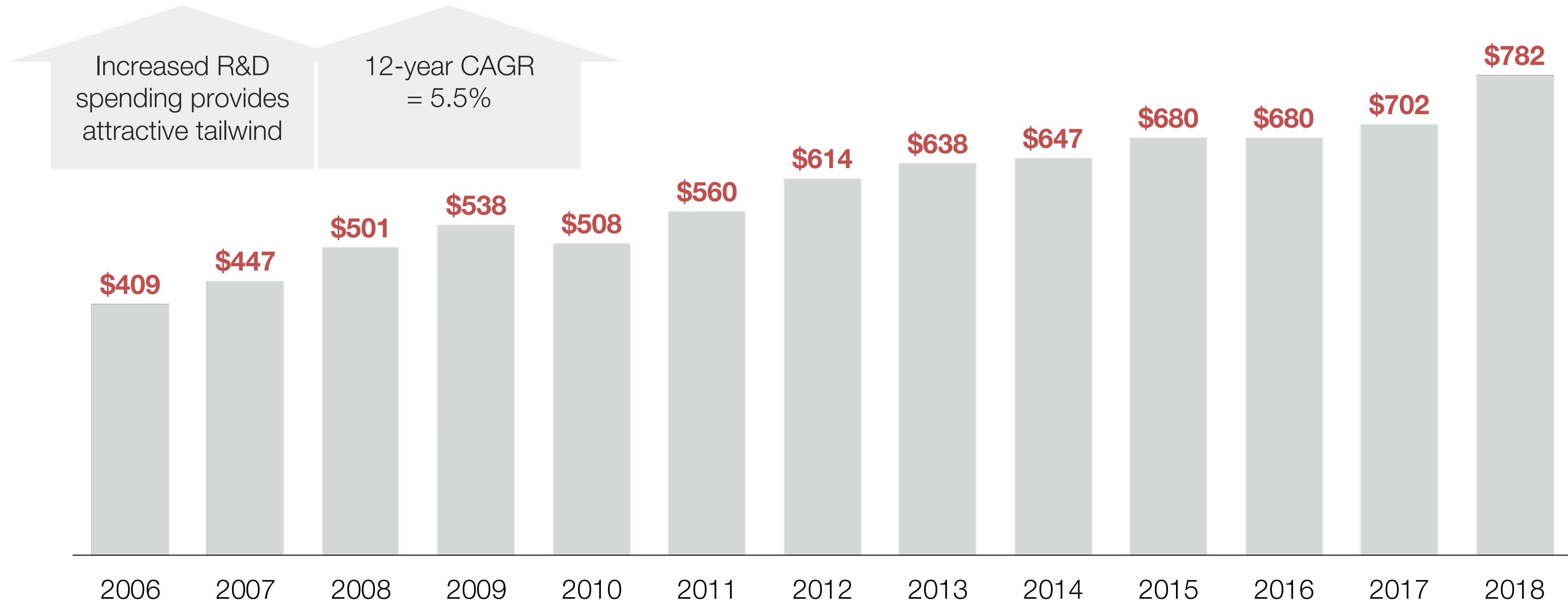
Experienced management team



CUSTOMER R&D SPENDING

TRENDS SUPPORT GROWTH OUTLOOK AND STABILITY FOR TEST & SIMULATION MARKETS

- As companies continue to prioritize R&D efforts in the face of increased regulatory concerns and fierce competition, global R&D spending continues to be a focus
- Global R&D spending has steadily increased at an average annual rate of 5.5% from 2006 to 2018
- R&D growth was highest in China and Europe and 6 of the top 20 R&D spenders were automotive companies

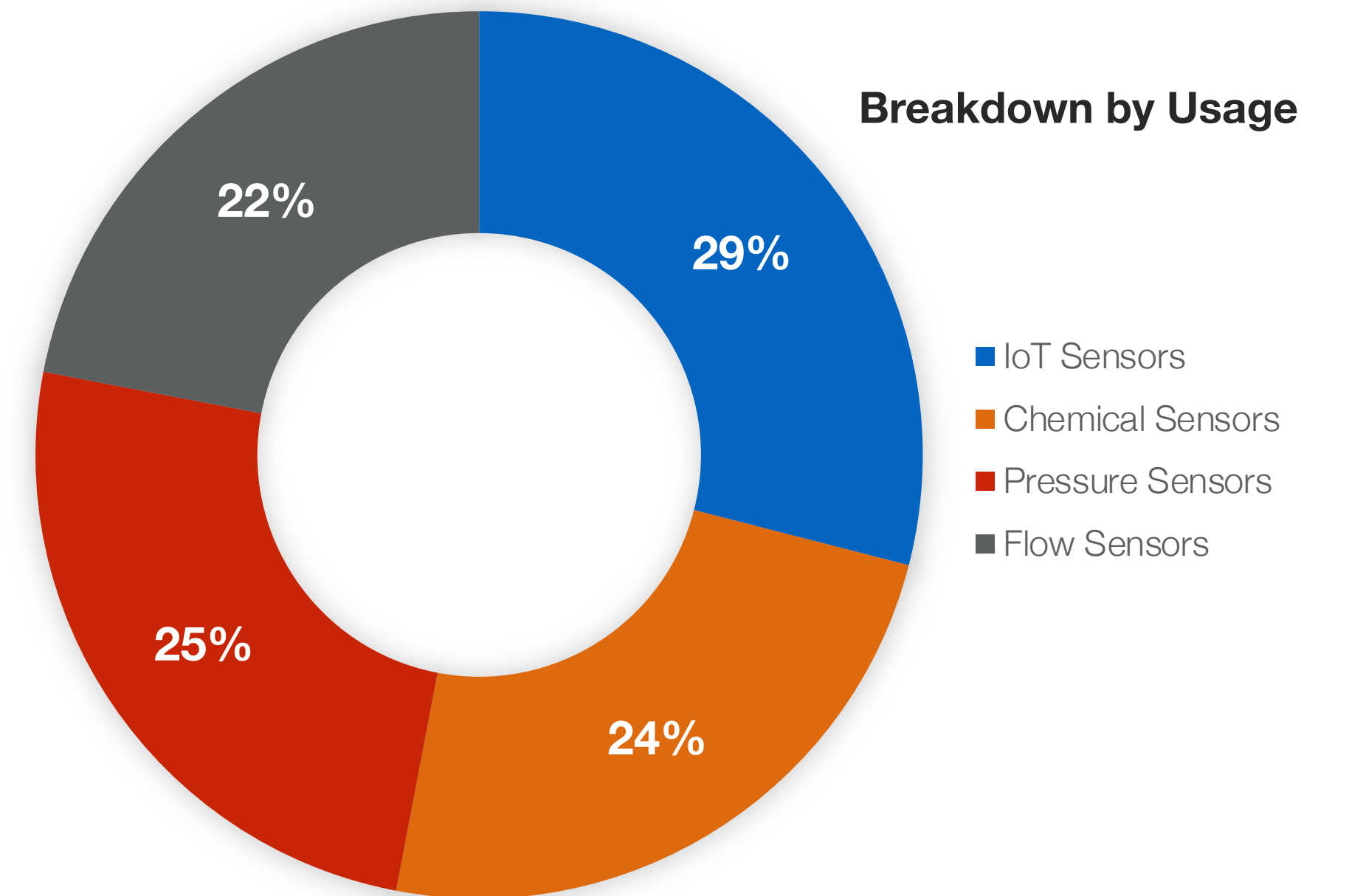
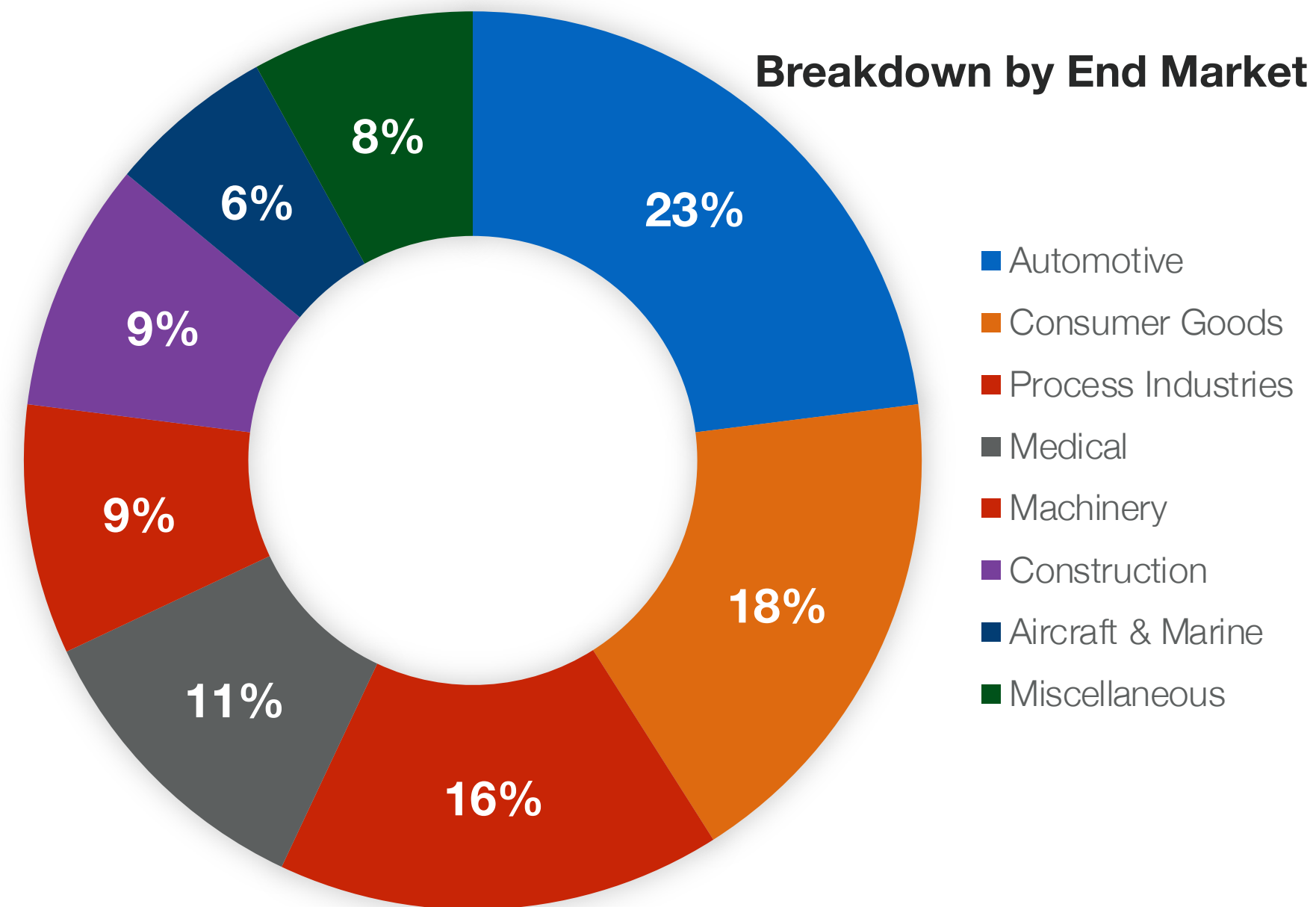
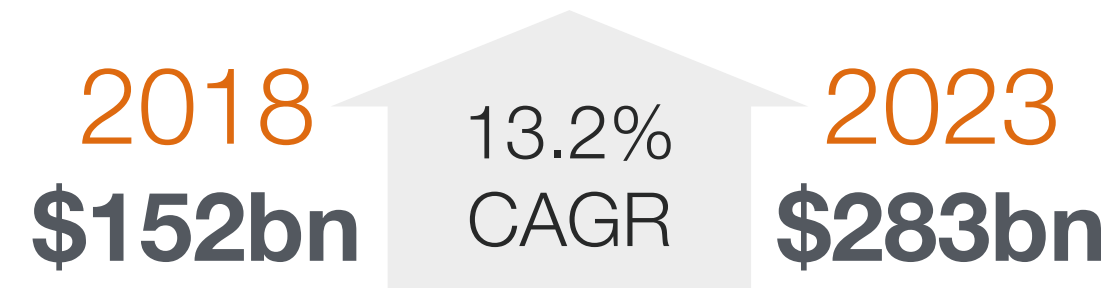


Total Global Innovation 1000 R&D Spending (\$B)

Source: PwC Strategy & Global Innovation 1000 Study: 2015, 2016, 2017 & 2018

TESTING, FACTORY AUTOMATION AND PRODUCT PERFORMANCE REQUIREMENTS DRIVE SENSOR GROWTH

MTS is well-positioned in the growing global sensors market

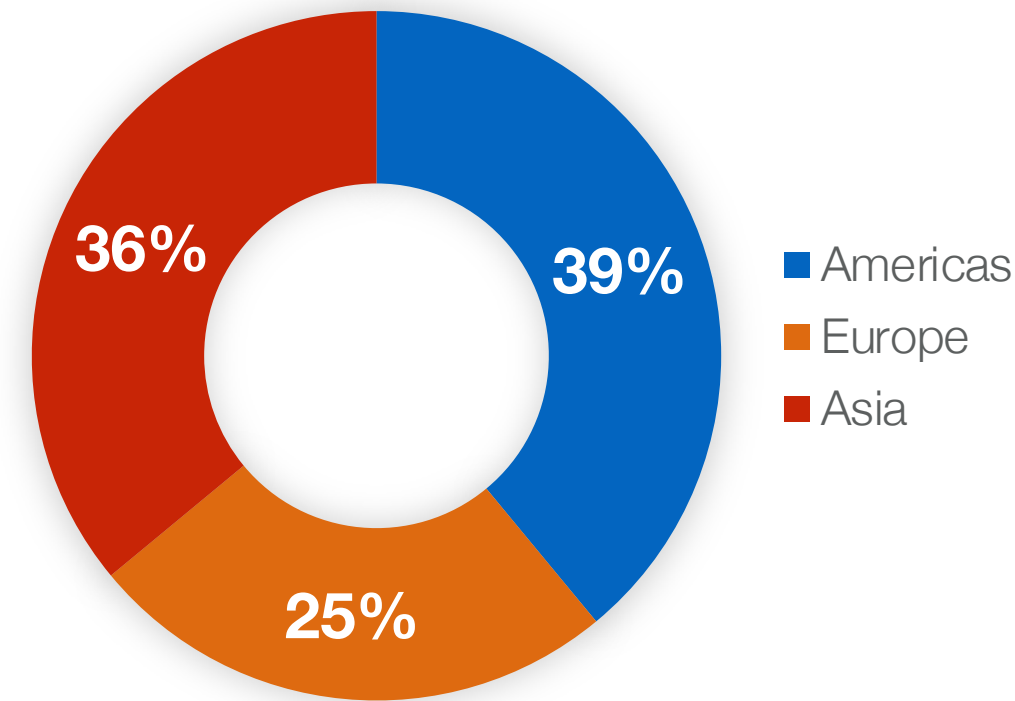


ROBUST BACKLOG WITH DIVERSIFIED SOURCES OF REVENUE

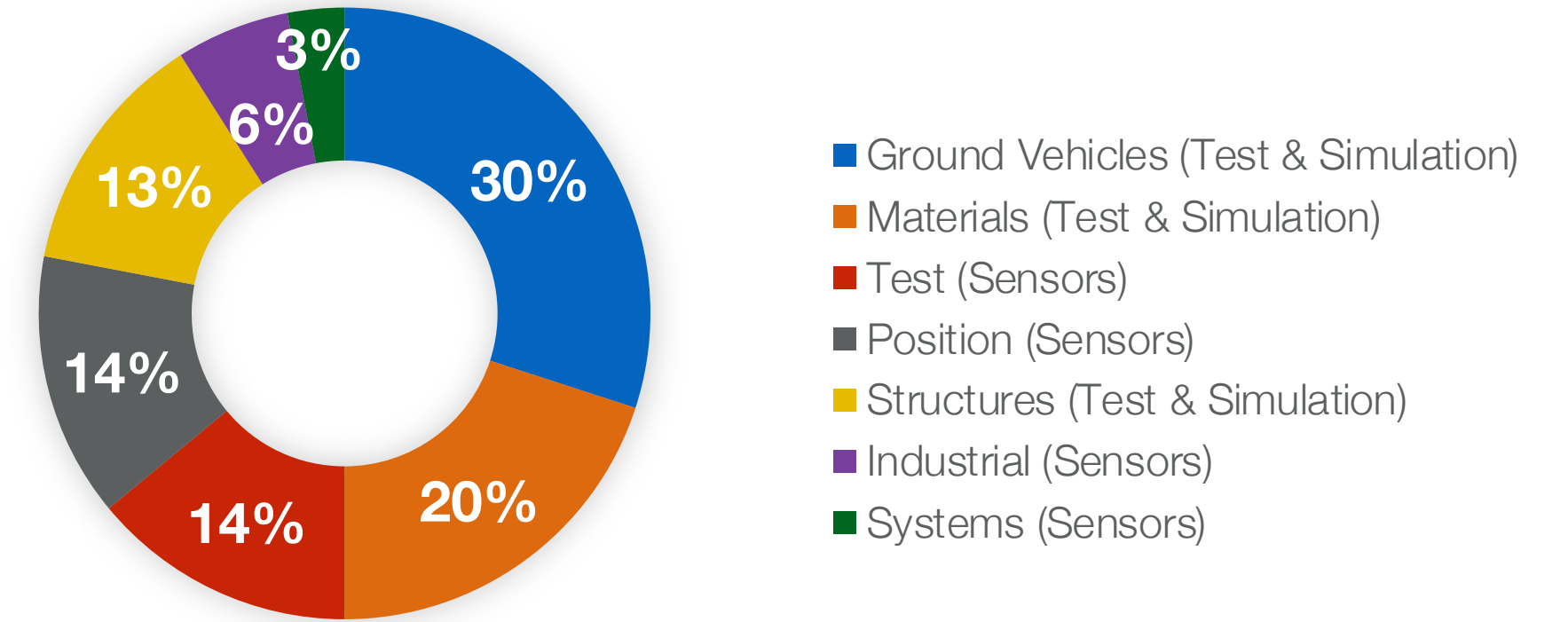
Diversified sources of revenue lessen the cyclicity of financial performance

- Expansive geographic reach without concentration in any specific region
- Serving seven distinct sectors and expanding into adjacent vertical markets

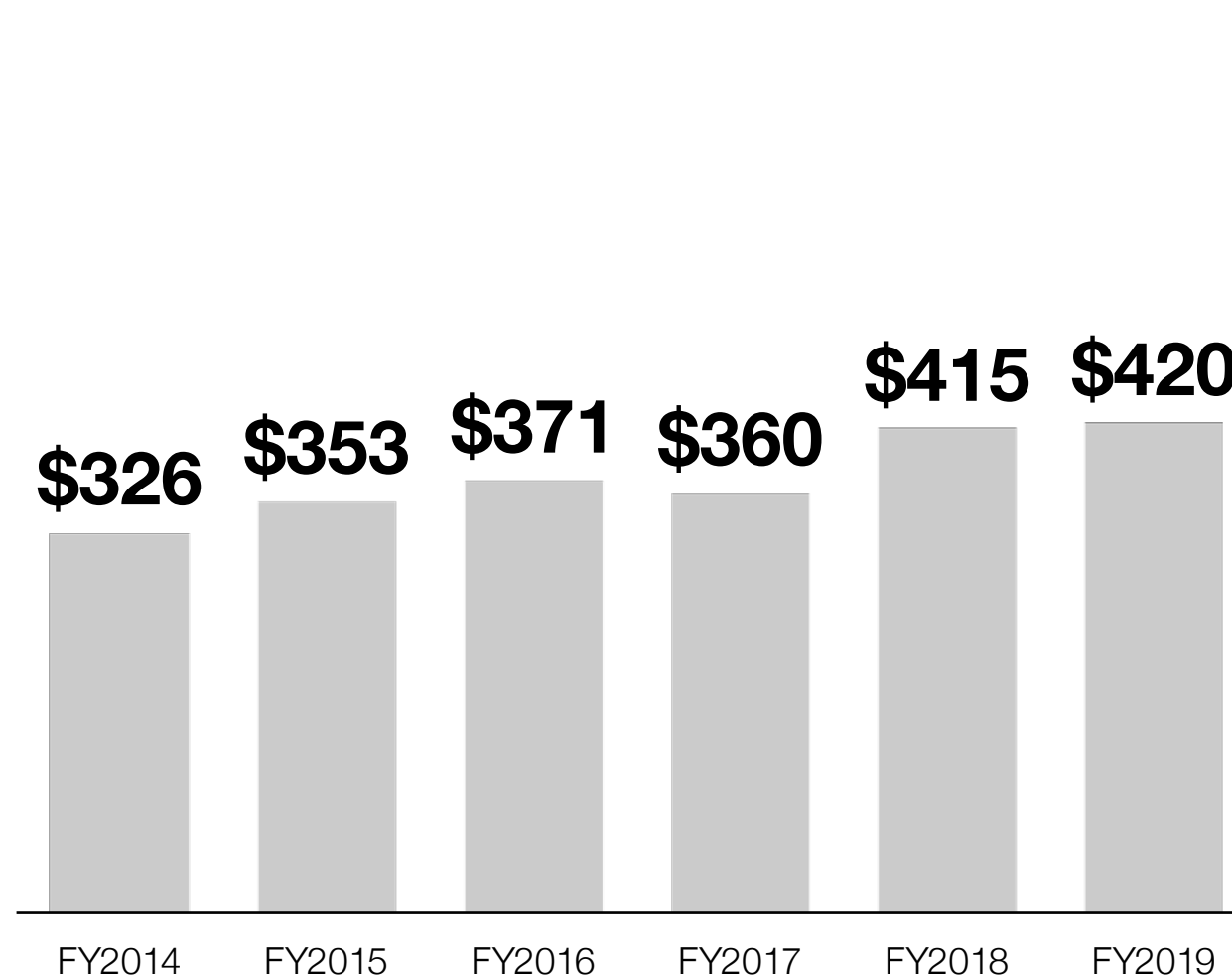
MTS Revenue by Geography¹



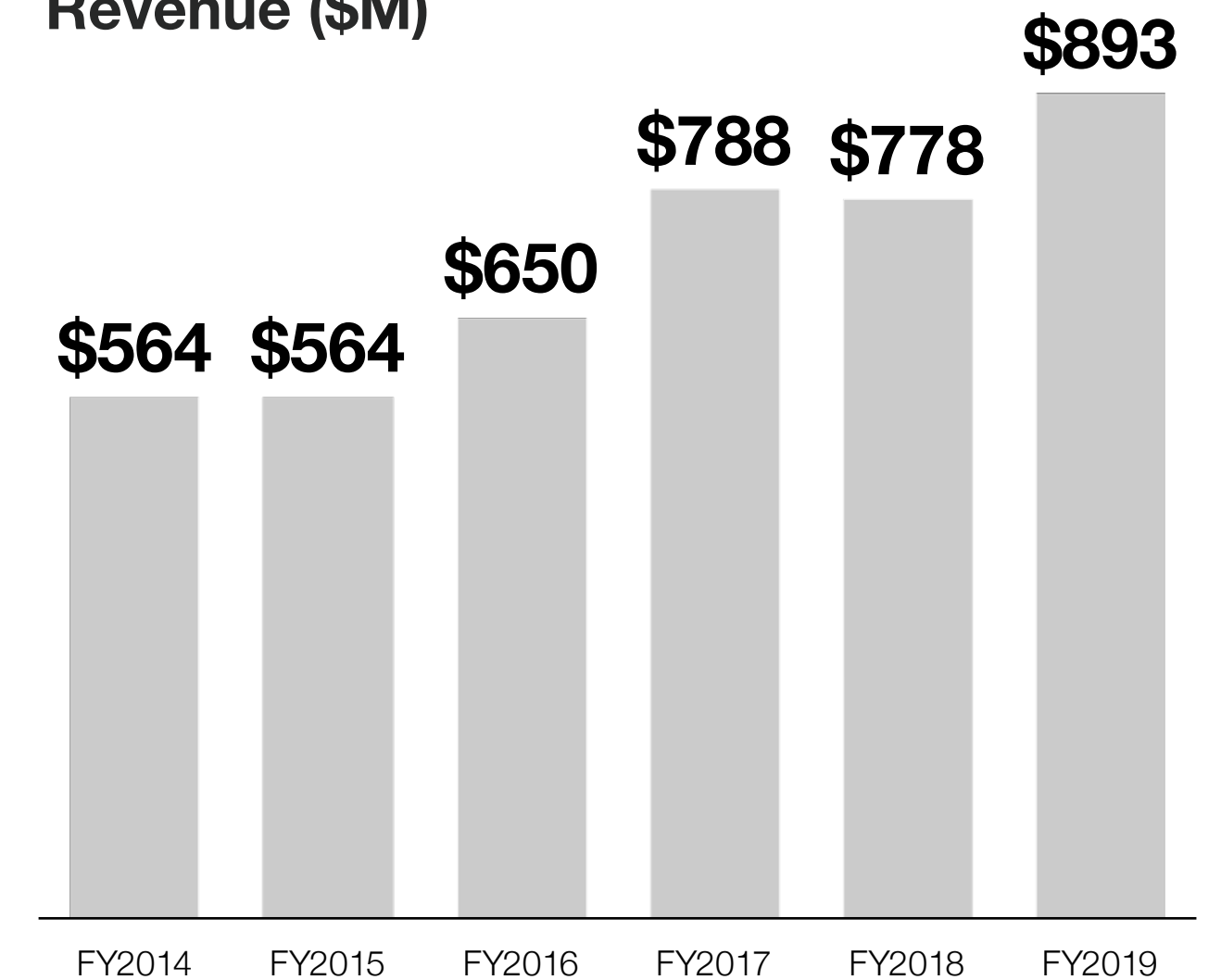
MTS Revenue by Sector¹



Backlog (\$M)



Revenue (\$M)

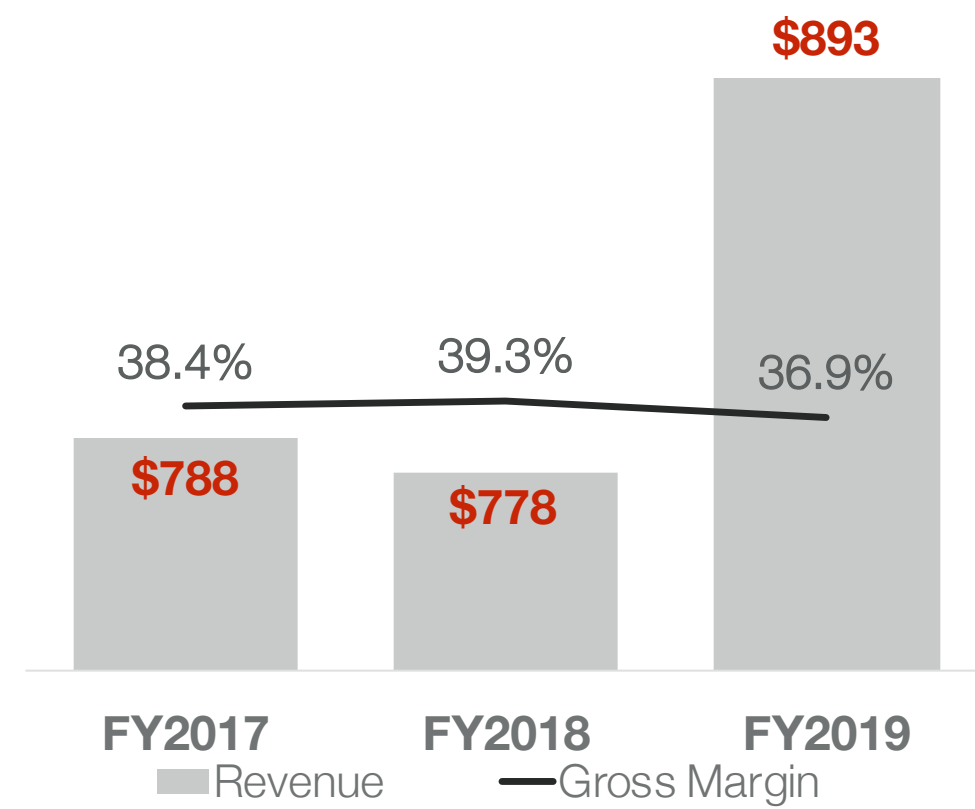


¹ Based on twelve months ended September 28, 2019

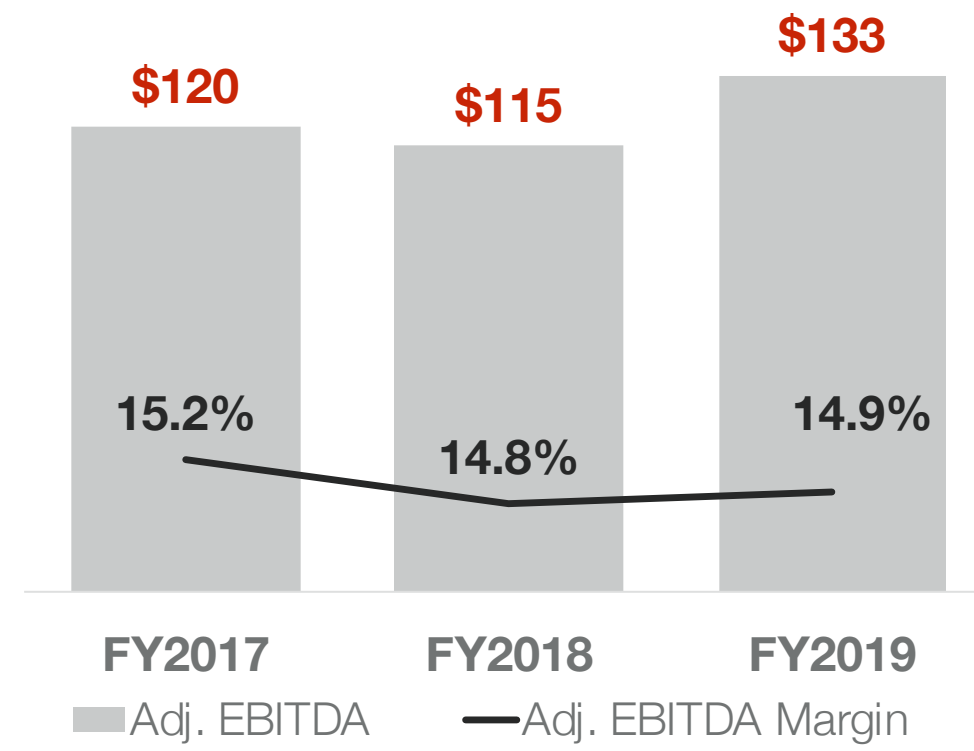
Note: Backlog is defined as firm orders from customers that remain unfulfilled | MTS has a fiscal year end on the Saturday closest to September 30. For example, fiscal year 2019 refers to the fiscal year ended September 28, 2019

FINANCIAL PERFORMANCE

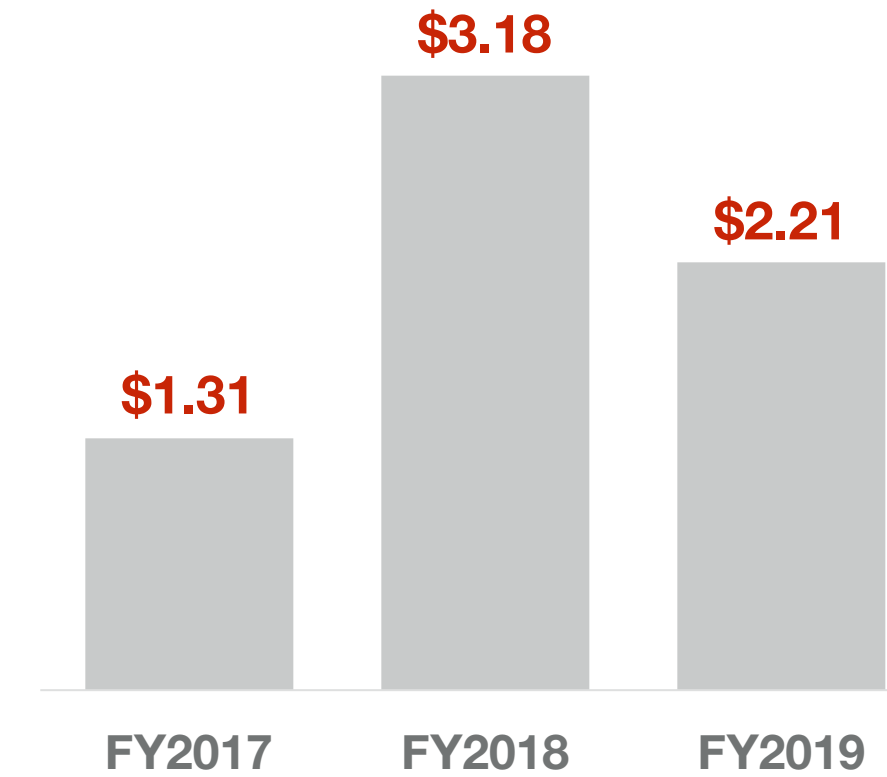
Revenue & Gross Margin (\$M)



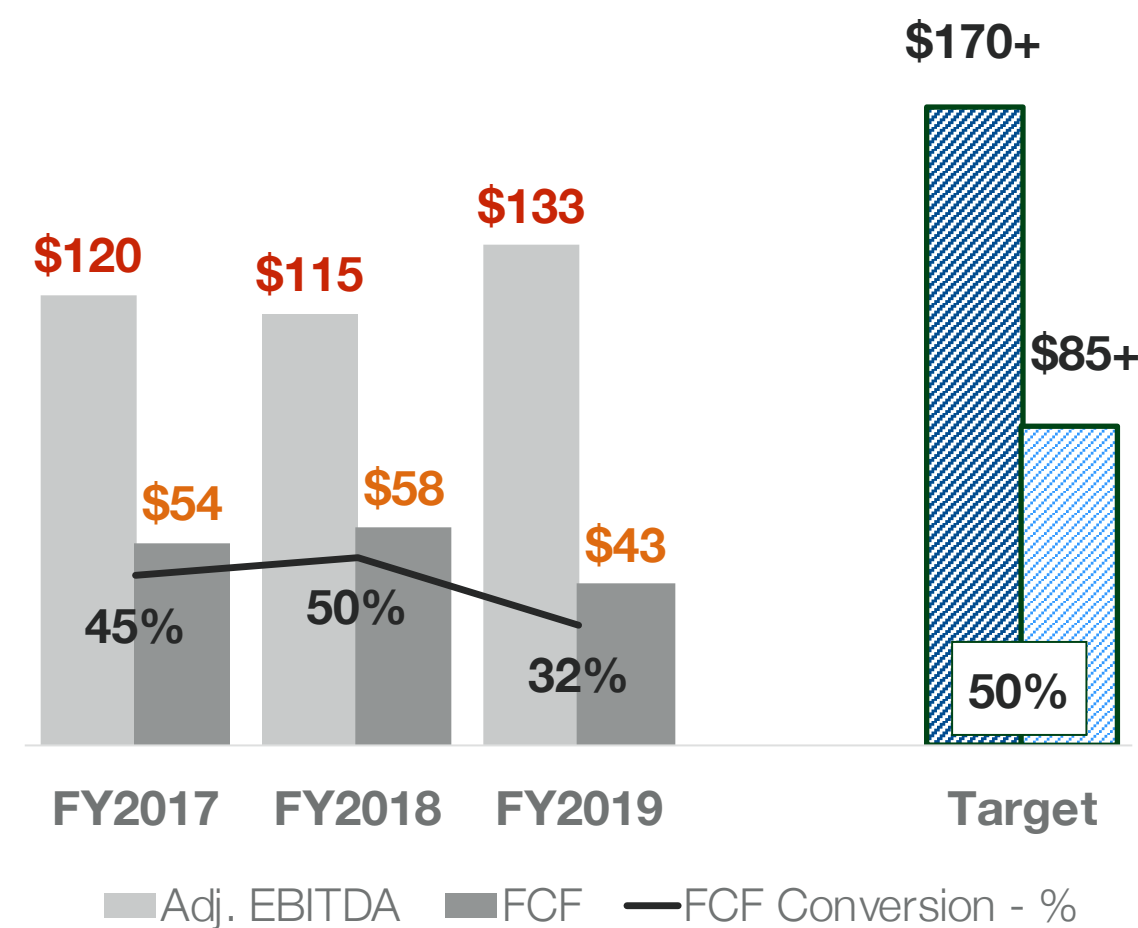
Adj. EBITDA & Margin (\$M)²



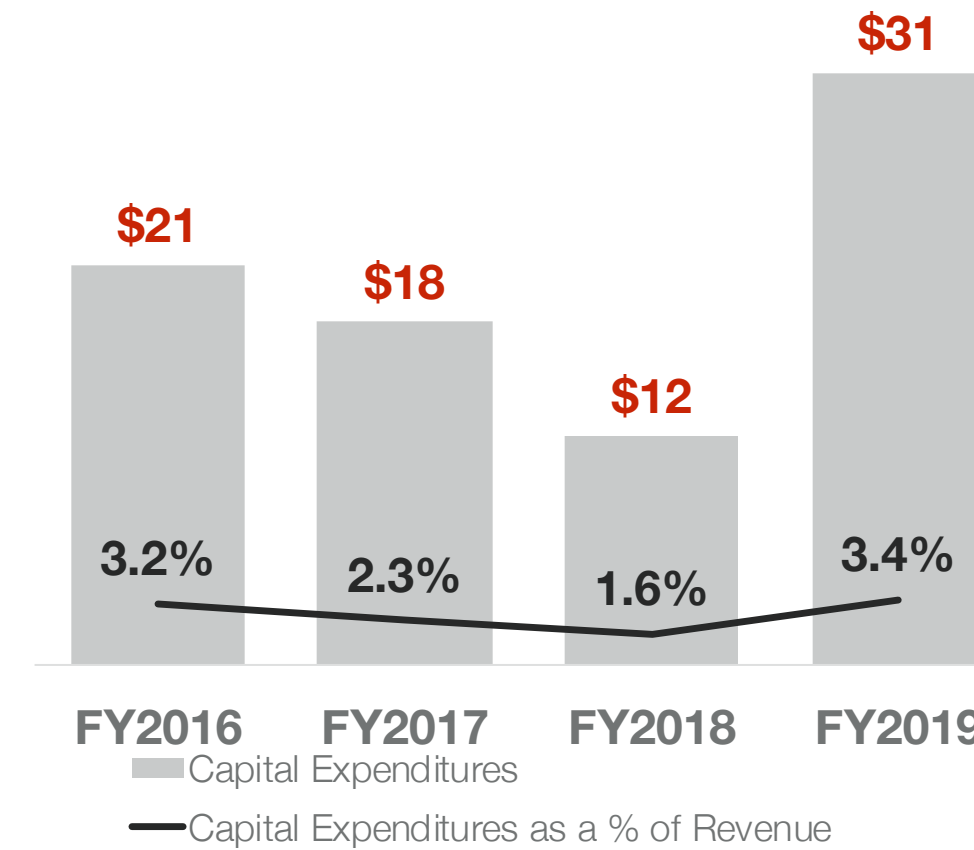
GAAP Diluted EPS¹



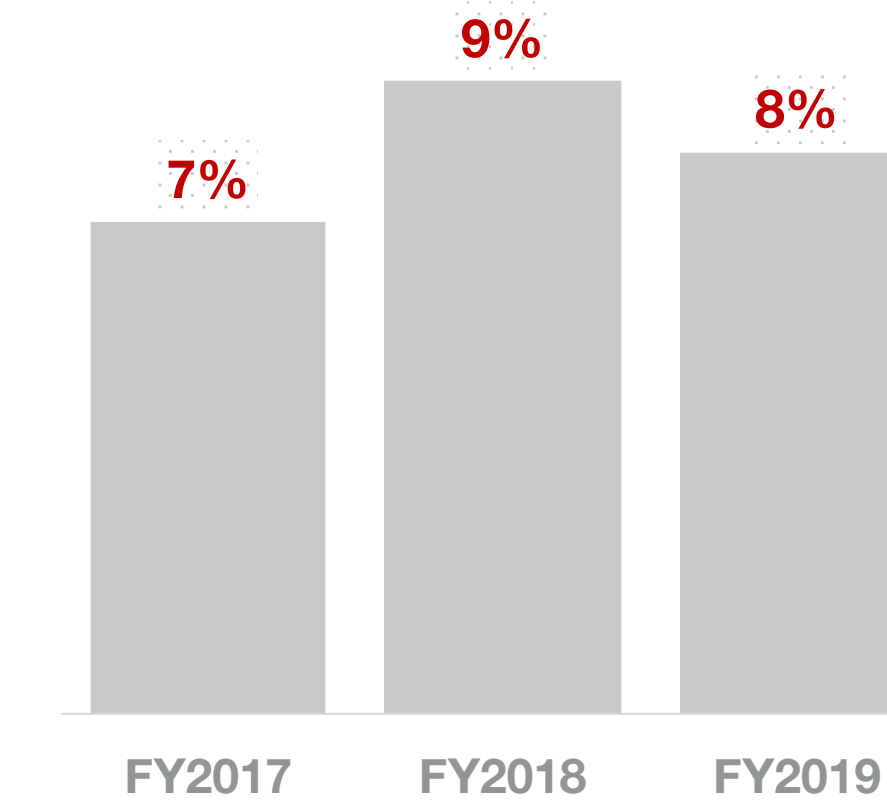
Meaningful FCF Generation (\$M)²



Capital Expenditures (\$M)



Return on Invested Capital (ROIC)³



¹ *FY17* includes \$.91 for China investigation, acquisition-related and restructuring expenses
FY18 includes \$0.10 restructuring/other expense and \$1.30 discrete tax benefit
FY19 includes \$0.23 for acquisition-related, acquisition inventory fair value, restructuring/other expenses and discrete tax benefit of \$0.18

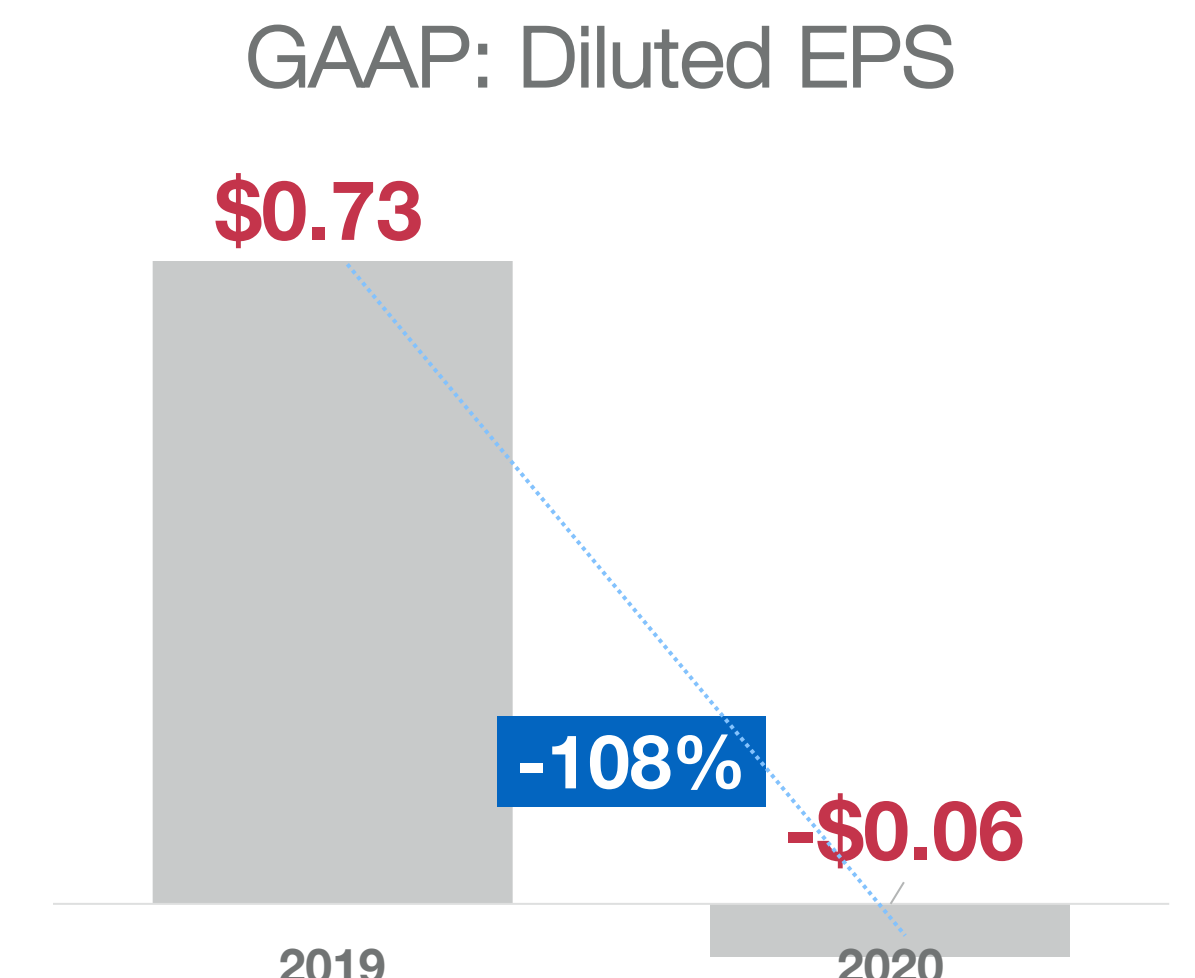
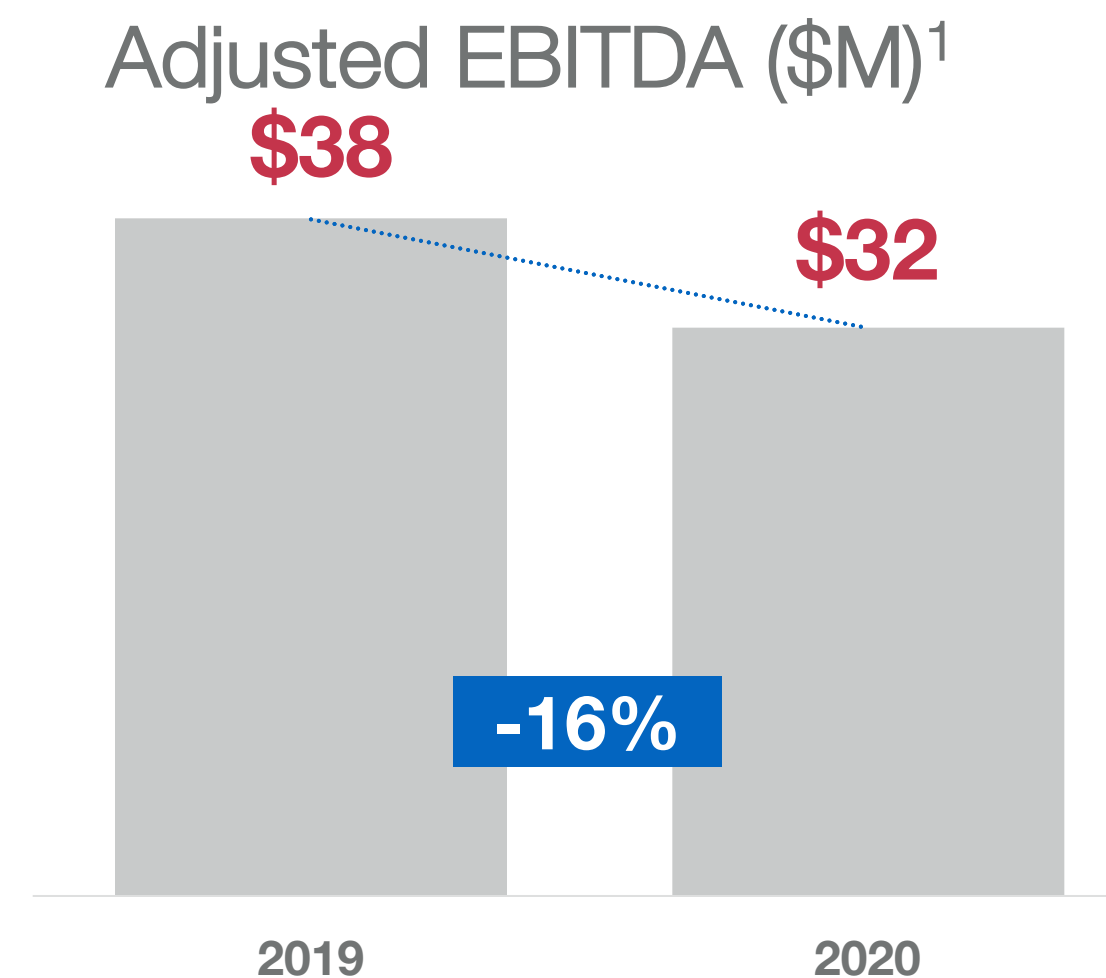
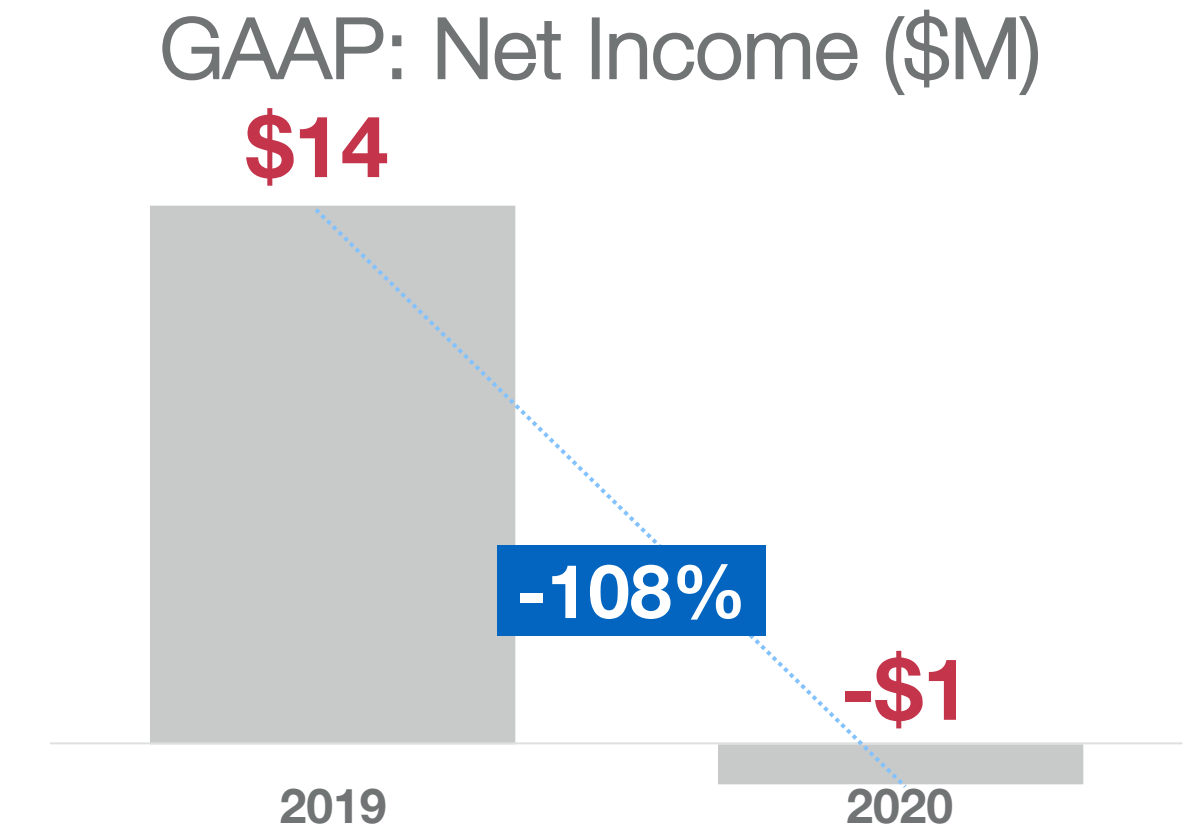
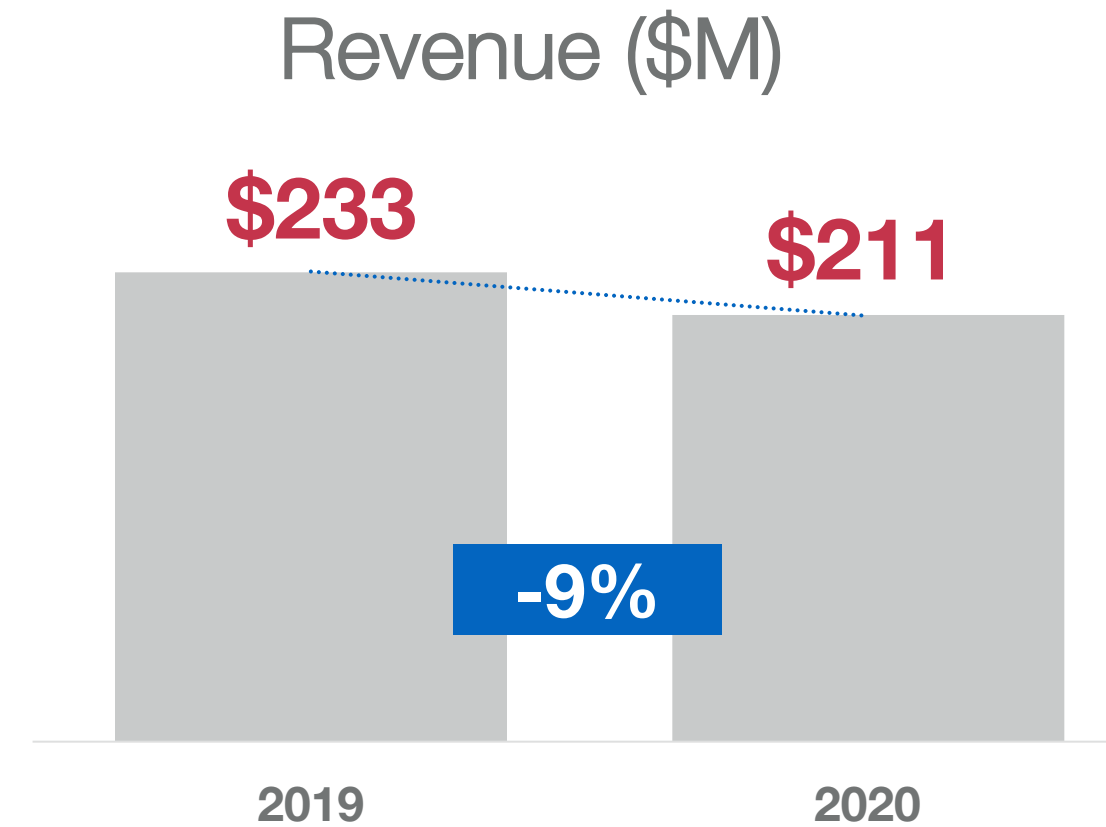
² See reconciliation to nearest GAAP measure in appendix

³ Denotes non-GAAP financial measure

FINANCIAL RESULTS

Q2 FY2020

- Total revenue of \$211 million in FY20 decreased 9% versus FY19
- Adjusted EBITDA decreased 16%
- FY20 Diluted EPS of (\$0.06) is below the prior year result of \$0.73 driven primarily by a decline in Test & Simulation gross profit from depressed revenue volume, restructuring costs from actions taken to manage and reduce operating costs, lower Sensors gross profit from unfavorable product mix, higher interest expense on increased debt levels and slightly higher operating expenses in Sensors mainly from the acquisition of Endevco. The decline was partially offset by lower compensation expense in both businesses.



¹ See reconciliation to nearest GAAP measure in appendix



COVID-19 UPDATE

Revolving Line of Credit¹

\$100
DRAWN

\$60M
AVAILABLE

\$40M
RESERVED

M

Total Liquidity

Approximates \$100+ million

** Including cash of \$67 million

➤ Liquidity¹

- Cash Balance of \$66.6 million
- Revolving Line of Credit Capacity \$200 million
 - \$100 million drawn
 - \$60 million of availability before covenant restriction
 - 4.5x gross leverage with maximum of 5.0x allowed
 - \$40 million reserved for letters of credit

➤ Debt Components¹

- Revolving line of credit due July 2023
- Term Loan B due July 2023 - \$171 million outstanding
- Unsecured senior note due August 2027 - \$350 million
- Total Gross Debt of \$612 million, net debt \$545 million

➤ Restructuring and cost reduction actions taken

- Restructuring charges expected to be \$8 to \$12 million
- Permanent annual cost savings exceeding \$10 million
- Temporary cost savings initiatives involve board and executive cash compensation reductions, other salary reductions, furloughs, reduced work schedules and discretionary spending reductions

➤ Additional actions

- Suspended dividend equating to \$23 million cash
- Suspended FY2020 guidance

¹ Balance based on March 28, 2020 Balance Sheet

CAPITAL ALLOCATION PRIORITIES

LEVERAGE

- Long-term leverage target of 2.0x-2.5x
- Deleveraging via a combination of debt repayment and Adj. EBITDA growth

LIQUIDITY

- Maintain sufficient liquidity to support business operations
- Over \$100 million in liquidity

CAPITAL DEPLOYMENT

- Invest for organic growth and operational efficiency improvements
- Dividend currently suspended as of March 28, 2020
- Delever balance sheet and consider acquisitions/share repurchase on an opportunistic basis

CAPITAL STRUCTURE

- Revolver / Term Loan / Senior Notes structure provides long-term funding at historically low rates while maintaining operating and financial flexibility

APPENDIX



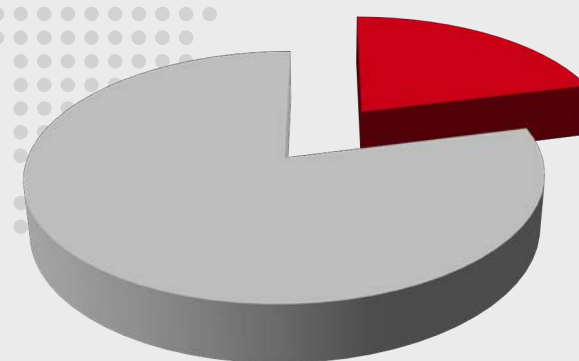
TEST & SIMULATION STRUCTURES (~35% of Test Business)

Testing solutions for a wide range of large structures including civil engineering, wind power, wave generators, seismic simulation, fixed-wing aircraft, helicopters, engines, space structures, blast systems

- Validate Design Strength
- Test Large Structures
- Conduct Complex Tests & Measurements
- Validate Component Durability

\$0.3B Market

■ MTS 21% Share



PRODUCT MARKET GROWTH: 3%

APPLICATIONS – Static & fatigue testing of structures such as aircraft, oil & gas piping, wind turbines, buildings, bridges and associated components & subsystems

COMPETITORS – Instron (ITW), Moog, Renk, Servotest, Shore Western, Walter & Bai

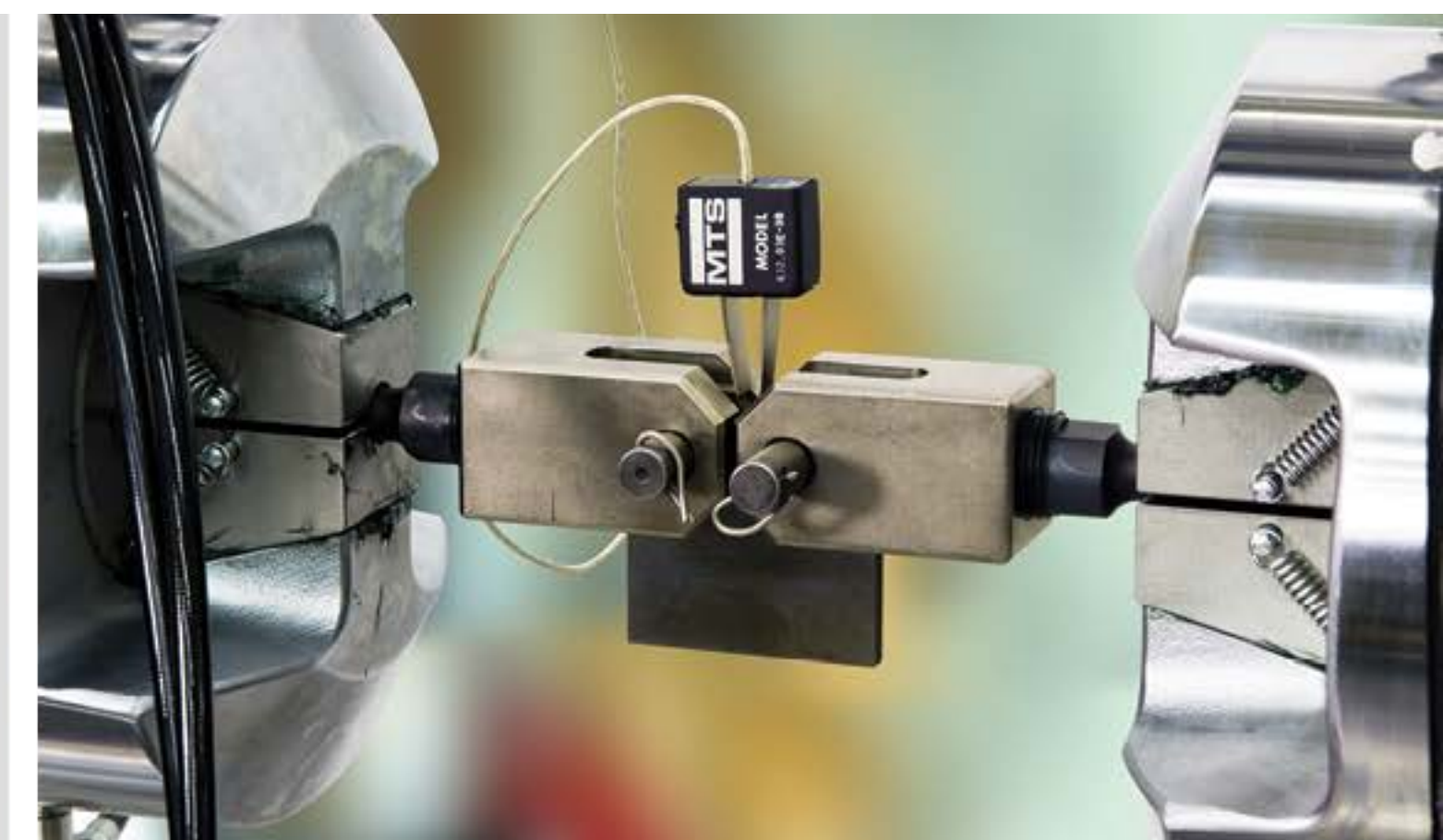
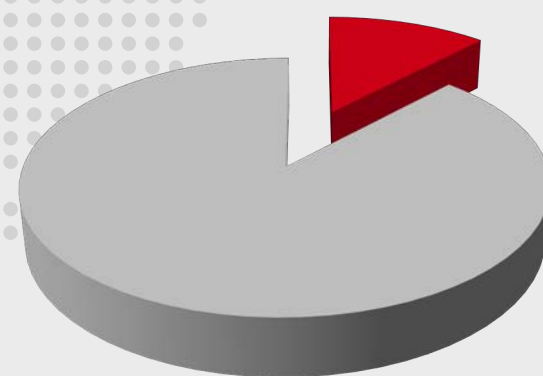


TEST & SIMULATION MATERIALS (~30% of Test Business)

Testing solutions for materials science, aerospace, biomedical, and geomechanical industries

- Properties for new additive manufactured materials
- Material characterization in severe environments
- Lightweight engineered material characterization
- Biomedical material testing
- Characterize basic material properties
- Perform material manufacturing quality testing

\$0.9B* Market
■ MTS 12% Share

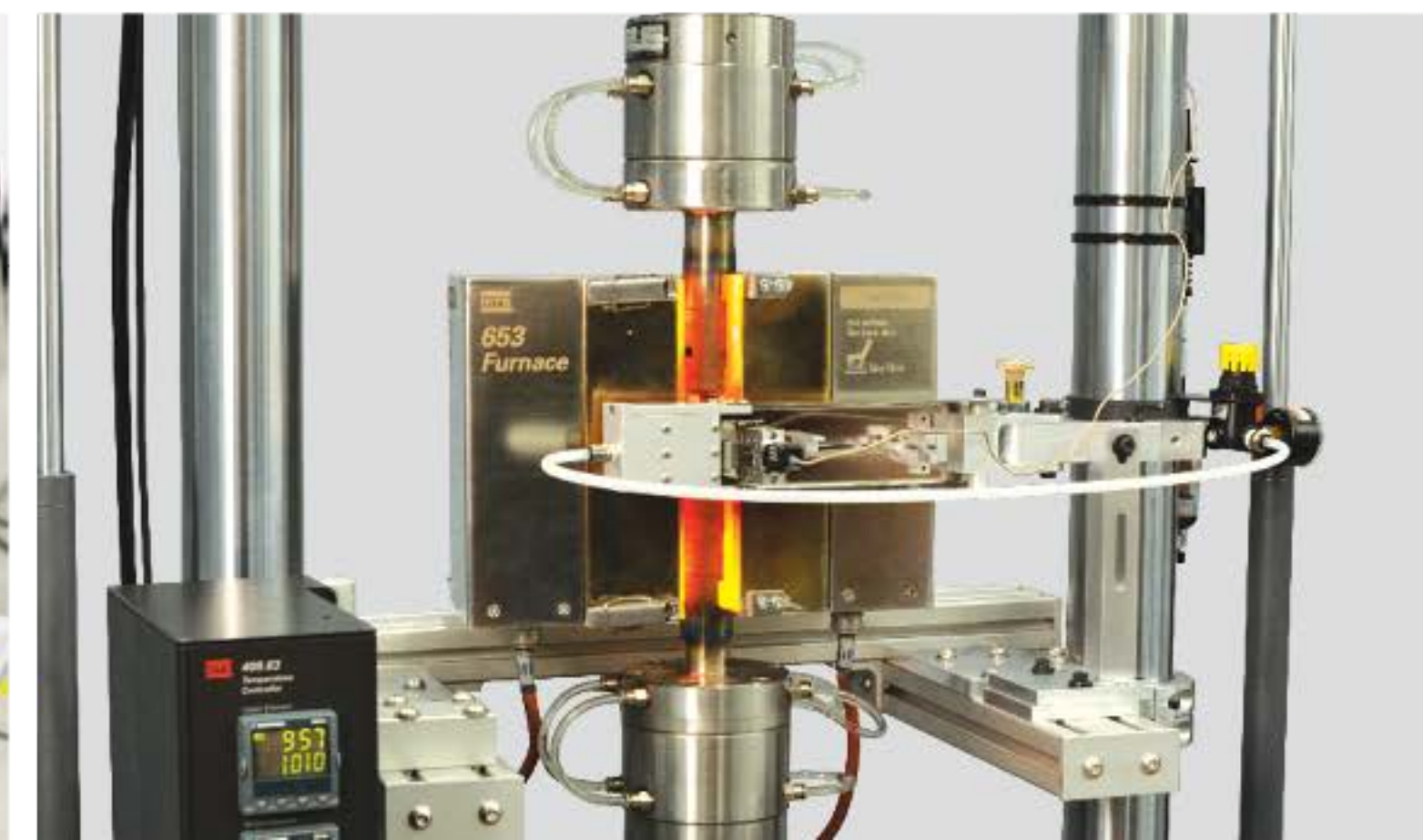


PRODUCT MARKET GROWTH: 3%

APPLICATIONS – Characterization of material properties and behavior across a broad range of environments and loading conditions in support of materials research and development for product design

COMPETITORS – Instron (ITW), Zwick, Shimadzu, Tinius Olsen

*Market size is based on an estimate of the Premium Materials Test Market



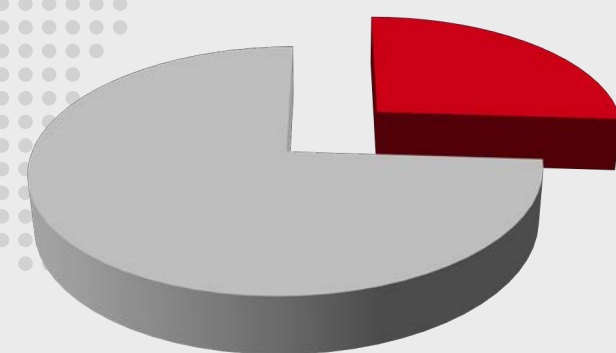
TEST & SIMULATION GROUND VEHICLES (~35% of Test Business)

Component, sub-system and full-vehicle testing solutions for everything from motorcycles and passenger cars to heavy-duty trucks and rail vehicles

- Validate Component Durability
- Test & Measure Vehicle Response
- Vehicle Dynamics
- Optimize Critical Design Parameters

\$0.9B Market

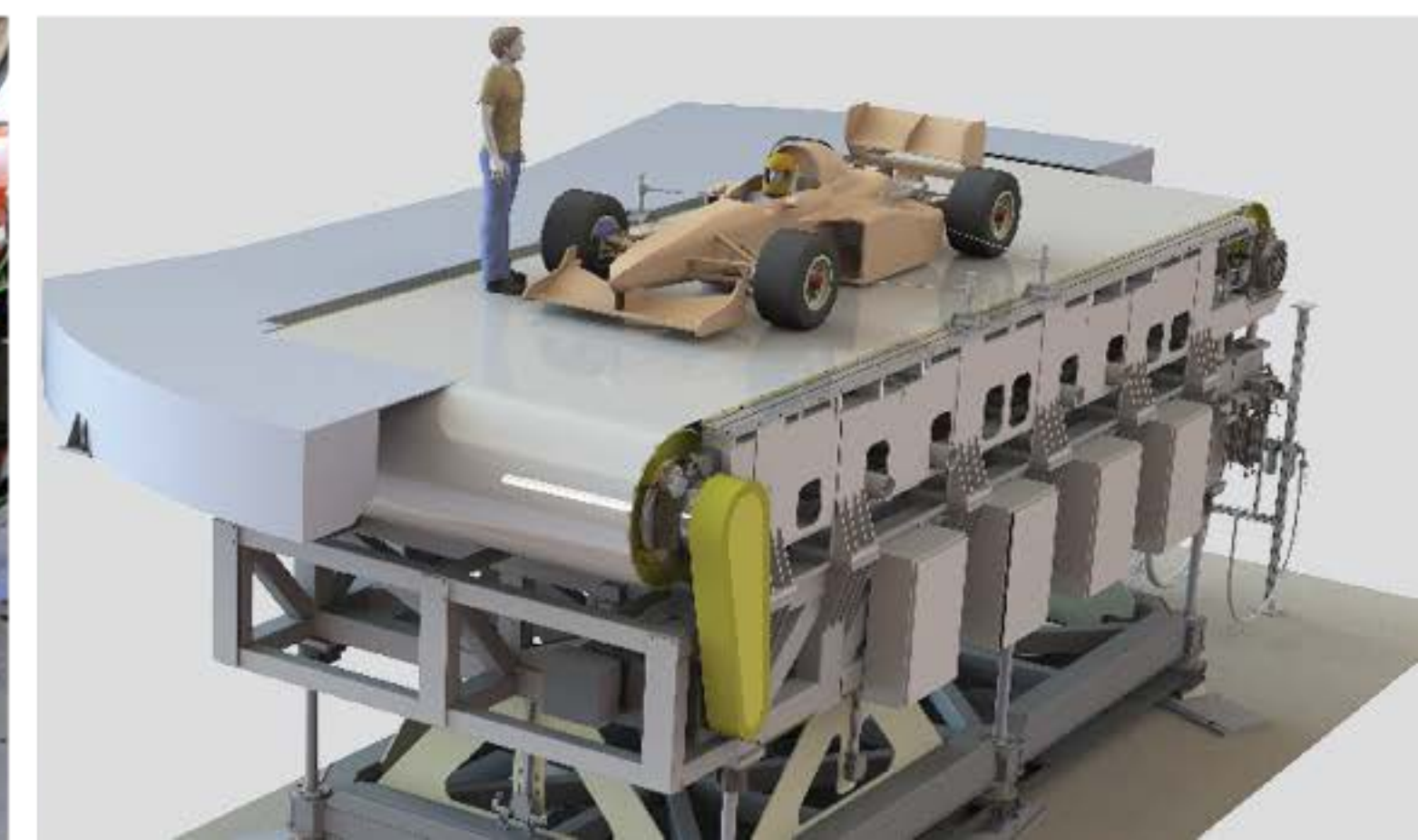
■ MTS 26% Share



PRODUCT MARKET GROWTH: 4%

APPLICATIONS – Measurement and simulation solutions to assess durability, vehicle dynamics and aerodynamics of full vehicles, sub-systems and components

COMPETITORS – AB Dynamics, DIA, Horiba, Instron (ITW), MAHA AIP, Moog, Saginomia



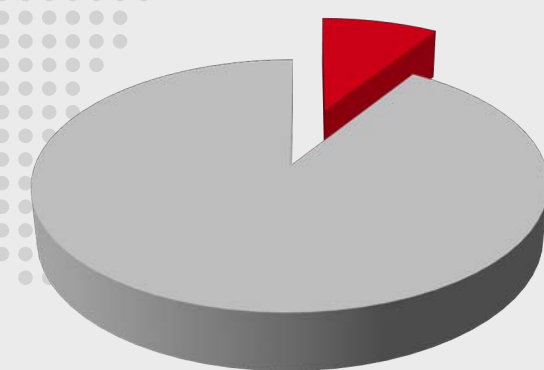
SENSORS POSITION (~40% of Sensors Business)

Reliable and rugged sensors improve machine uptime, reduce maintenance costs, and enhance safety. Precise, accurate measurement improves product quality

- Customer industry: lumber mills
- MTS Sensors: R-Series
- MTS sensor integrated feedback into a hydraulic actuator offers the precise linear feedback needed by the saw motion controller

\$1.2B* Market

■ MTS 9% Share



PRODUCT MARKET GROWTH: 4%

APPLICATIONS – Fluid power, metal working, plastics & rubber processing, renewable energy, food & beverage plants, printing, wood factory automation, drive technology, mobile equipment for construction, and agriculture and mining

COMPETITORS – Balluff, Santest, Kangyu, TR Electronic, Heidenhain, Turk, Hydac, ASM

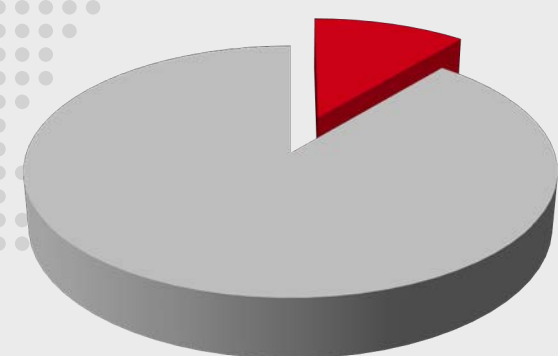
* Market size is based on an estimate of the current addressable market for all linear position sensors



SENSORS TEST

(~35% of Sensors Business)

\$0.9B* Market
■ MTS 11% Share



PRODUCT MARKET GROWTH: 8%

APPLICATIONS – Research & Development, Structural Monitoring, Component & System Performance, Modal Analysis, Ground and Flight Testing for Aircraft

COMPETITORS – B&K, Dytran, GRAS, Kistler

*Market size is based on an estimate of the current addressable market

Reliable sensors used by engineers and scientists that take precise accurate measurement and reduce development times

- Customer industry: automotive
- MTS Sensors: 3711, 3713 & 3741 DC & MEMS series
- The sensors have frequency range down to zero Hz enabling the sensor to meet the testing requirements of all automobile manufacturers seeking good phase response

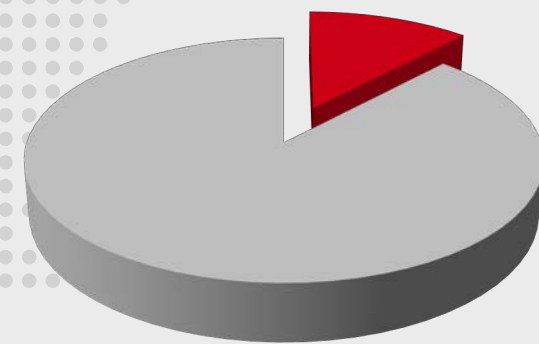


SENSORS INDUSTRIAL (~15% of Sensors Business)

Rugged industrial vibration monitoring instrumentation and intrinsically safe sensors signal conditioners. Survives harsh environments, protects critical industrial machinery, detects dynamic pressure pulsations and vibration accurately identifies potential failures

- Customer Industry: Predictive Maintenance
- MTS Sensors: 603 & 607 series
- Monitor vibration levels on the motor bearings looking for increases in those vibration levels which can be indicative of a potential defect. If left unattended, could result in a catastrophic failure.

\$0.5B* Market
■ MTS 12% Share



PRODUCT MARKET GROWTH: 4%

APPLICATIONS – Monitoring & Assessment for Gas and Wind Turbines, Oil & Gas Wells & Pipelines, Nuclear Power Instrumentation, Vibration Monitoring for Motors, Pumps, Paper Machines, Machine Tools, Steel Rollers

COMPETITORS – Meggitt/Wilcoxon, Meggitt/Vibro-Meter, CTC, Hansford, Murphy

*Market size is based on an estimate of the current addressable market



SENSORS SYSTEMS

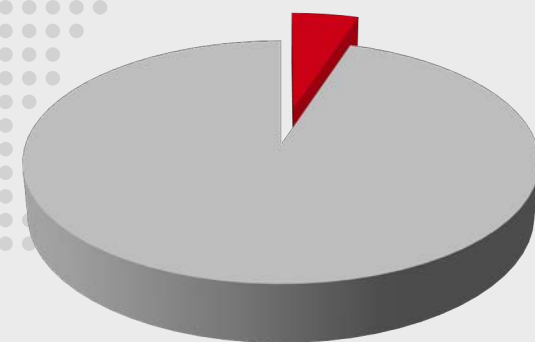
(~10% of Sensors Business)

Dynamic test, measurement, metrology and sensing systems as well as rental and calibration services used by engineers worldwide. Used to test, model, and modify the dynamic behavior of structures and processes.
Noise and vibration monitoring instrumentation

- Customer Industry: Aerospace
- MTS Sensors: 2100E11 & 2060E Modal Shakers
- Measure modal frequencies, damping and mode shapes to assess the structural dynamic characteristics of the aircraft to validate vibration and flight control models.

\$0.5B* Market

■ MTS 5% Share



PRODUCT MARKET GROWTH: 11%

APPLICATIONS – Vibration/Pressure/Force Sensor Calibration, Modal Analysis, Experimental Sound & Vibration Testing, End of Line Product Testing

COMPETITORS – B&K, Kistler, LDS, MB Dynamics, Spektra, Tira, Unholtz Dickie,

*Market size is based on an estimate of the current addressable market



ADJ. EBITDA & MARGIN RECONCILIATION – TOTAL MTS

(\$M)	Fiscal Year		
	2017	2018	2019
Net income	\$25	\$61	\$43
<i>Net Income Margin</i>	3.2%	7.9%	4.8%
Provision for income taxes	(2)	(17)	5
Interest (income) expense, net	31	26	32
Depreciation	21	20	21
Amortization	15	14	17
EBITDA¹	\$89	\$105	\$118
Stock-based compensation	6	7	9
Acquisition-related expense ²	-	-	3
Acquisition integration expense ³	4	-	-
Acquisition inventory fair value adjustment	8	-	2
Restructuring/other expense ⁴	4	3	1
China investigation expense ⁵	9	-	-
Adjusted EBITDA¹	\$120	\$115	\$133
Adjusted EBITDA margin^{1,6}	15.2%	14.8%	14.9%

¹ Denotes non-GAAP financial measures

² Acquisition-related expense was adjusted to exclude stock-based compensation expense included in the stock-based compensation line

³ Acquisition integration expense was adjusted to exclude interest expense that is included in the interest expense, net line

⁴ Restructuring/other expense was adjusted to exclude stock-based compensation expense and forfeitures, and depreciation expense included in the stock-based compensation and depreciation and amortization lines, respectively

⁵ China investigation expense includes expenses related to our internal investigation into violations of our Code of Conduct involving certain employees in our China operations. The investigation was resolved in fiscal year 2017

⁶ Adjusted EBITDA was divided by revenue when calculating the Adjusted EBITDA margin

Note: Actual numbers may differ due to rounding

ADJ. EBITDA & MARGIN RECONCILIATION FY2019 — BUSINESS SEGMENTS

(\$M)	Fiscal Year 2019		
	Test and Simulation	Sensors	Total MTS
Income from operations	\$34	\$46	\$80
<i>Income from Operations Margin</i>	6.1%	13.6%	8.9%
Other income (expense), net	-	-	-
Depreciation	15	6	21
Amortization	5	12	17
EBITDA¹	\$54	\$64	\$118
Stock-based compensation	8	1	9
Acquisition-related expense ²	1	2	3
Acquisition inventory fair value adjustment	1	1	2
Restructuring/other expense ³	1	-	1
Adjusted EBITDA¹	\$65	\$67	\$133
<i>Adjusted EBITDA margin^{1,4}</i>	11.7%	20.1%	14.9%

¹ Denotes non-GAAP financial measures

² Acquisition-related expense was adjusted to exclude stock-based compensation expense included in the stock-based compensation line

³ Restructuring/other expense was adjusted to exclude stock-based compensation expense and forfeitures, and depreciation expense included in the stock-based compensation and depreciation and amortization lines, respectively

⁴ Adjusted EBITDA was divided by revenue when calculating the Adjusted EBITDA margin

Note: Actual numbers may differ due to rounding

FREE CASH FLOW

(\$M)	Fiscal Year		
	2017	2018	2019
Net cash provided by operating activities	72	63	74
Purchases of property and equipment	(18)	(12)	(31)
Proceeds from sale of property and equipment	-	7	-
Free Cash Flow¹	\$54	\$58	\$43
Adjusted EBITDA¹	\$120	\$115	\$133
Free Cash Flow Conversion¹	45%	50%	32%

¹ Denotes non-GAAP financial measure.

ADJ. EBITDA & MARGIN RECONCILIATION – TOTAL MTS: Q2

(\$M)	Fiscal Quarter – Q2	
	2019	2020
Net income	\$14	(\$1)
<i>Net Income Margin</i>	6.1%	(0.5%)
Provision for income taxes	3	0
Interest (income) expense, net	7	9
Depreciation	5	6
Amortization	5	6
EBITDA¹	\$34	\$20
Stock-based compensation	3	3
Restructuring Expenses	-	6
Acquisition-related expense ²	0	2
Acquisition inventory fair value adjustment	1	1
Adjusted EBITDA¹	\$38	\$32
Adjusted EBITDA margin^{1,3}	16.1%	14.9%

¹ Denotes non-GAAP financial measures

² Acquisition-related expense was adjusted to exclude stock-based compensation expense included in the stock-based compensation line

³ Adjusted EBITDA was divided by revenue when calculating the Adjusted EBITDA margin

Note: Actual numbers may differ due to rounding