

## Investor Presentation

December 2014



# Forward-Looking Statements

Certain statements made by us during this presentation are forward-looking statements within the meaning of federal securities laws. TESSCO's actual results may differ materially from those discussed in any forward-looking statement. Additional information concerning factors that may cause such a difference can be found in TESSCO's public disclosure, including TESSCO's most recent report on Form 10-K, as well as prior and subsequently filed reports.

# Presenters and Contacts

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# Current Reality

- After several years of steady core revenue and EPS growth, earnings results have slowed this fiscal year.
- Investments are being made in talent and technology for both marketing and sales advancements.
- Cellular carriers have significantly pulled back network construction spending as they purchase new spectrum and face increased pricing competition.
  - Expectation: Carriers will not resume spending until calendar 2015
- TESSCO is focused on growing industrial, enterprise and government private system operators, retail and commercial resellers.
- Opportunity and business model for accelerated growth is extraordinary.

## **1<sup>st</sup> Half FY15 Results Compared to Same Period FY14:**

- Revenue up 4% with growth in 3 of 4 markets
- Gross margin 23.4% vs. 24.7%
- EPS \$0.86 vs. \$1.06
- EBITDA/share \$1.70 vs. \$2.04
- \$0.20 per share quarterly dividend and share buyback continues



# Opportunity and Vision



The convergence of wireless and the Internet is revolutionizing the way we live, work and play.

New systems and applications are creating challenges and opportunities at an unprecedented rate.

TESSCO is there –  
Helping organizations deploy wireless systems.

# Mission & Strategy

TESSCO enables organizations to capitalize on wireless opportunities by providing end-to-end knowledge, product and supply chain solutions.



*As Your Total Source®*, TESCO delivers everything required to build, use and maintain, wireless voice, data and video systems...  
Complete - On time – Lowest Total Cost.

# TESSCO at a Glance



Hunt Valley, Maryland



Reno, Nevada



Timonium, Maryland



San Antonio, Texas

- FY14 Revenue: \$560M
- 807 Team Members
- Serving 20,000 Customers Quarterly
- Supplying 51,000 Products from 390 Manufacturers
- Delivering 6,000 Orders Per Day
- Processing over 1.5 Million Orders Annually
- 99.9% On-time Delivery
- 99.8% Order Accuracy
- 24/7/365 Emergency Response
- TL9000 Certification/ISO 9001:2008

Years in operation	32
Market cap	~\$240M
Dividend yield (ttm)	2.3%
EBITDA (ttm)	\$28.6M
EPS (ttm)	\$1.74
# of average monthly buying customers	~13K
Proprietary products % of core revenue	12%



# Supporting an Expansive Base of Customers With The Products Required to Build & Maintain Their Systems

## Customers Served

Public Network Organizations	27%
Industrial, Enterprise & Government Private System Operators	20%
Commercial Resellers	25%
Retailers	28%



## Systems Supported



## Products Offered

Base Station Infrastructure	45%
Network Equipment	16%
Installation, Test & Maintenance	8%
Mobile Devices & Accessories	31%



# Customers Served

## Public Network Organizations (27%)

- Carriers
- Tower Owners
- Program Managers
- Contractors, Integrators
- Wireless ISP
- Original Equipment Manufacturers

## Commercial Resellers (25%)

- Two-Way Radio Dealers
- Network VARs

## Retailers (28%)

- Carrier Independent Agents
- Consumer Electronics Dealers
- Specialty Retailers

## Industrial, Enterprise and Government (20%)

### Industrial

- Utilities
- Mining
- Oil and Gas
- Transportation

### Enterprise

- Entertainment
- Hospitality
- Building Owners and Developers
- Manufacturers
- Service Centers and Repair Shops

### Government

- State/Local
- Federal Government
- GVARs

# Systems & Applications Supported



**Enhanced  
Cellular  
Coverage &  
Capacity**



**Macro Cellular  
Networks &  
Sites**



**Small Cell  
Networks**



**Broadband  
Networks**



**Wi-Fi Networks**



**Data Center**



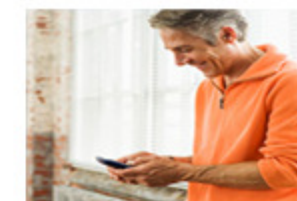
**Public Safety  
Networks**



**In-Vehicle  
Communications**



**Remote  
Monitoring &  
Control**



**Device  
Accessory  
Solutions**

# Everything Needed to Build, Maintain, and Use Wireless Systems

Base Station Infrastructure		Network Equipment		Installation, Test & Maintenance		Mobile Devices & Accessories	
% Revenue:	45.0	% Revenue:	16.0	% Revenue:	8.0	% Revenue:	31.0
Gross profit margin:	27%	Gross profit margin:	18%	Gross profit margin:	23%	Gross profit margin:	25%



# Ventev® - Designed & Manufactured Proprietary Products

- Created to develop new products to meet unmet needs
- Higher margins

**ventev**®  
innovations

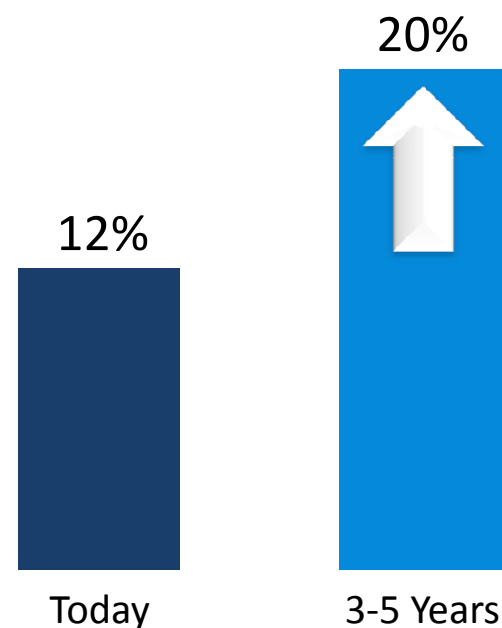


**Wireless Infrastructure**  
56% of total Ventev



**Mobile Device Accessories**  
44% of total Ventev

## Ventev® Share of Total Revenue

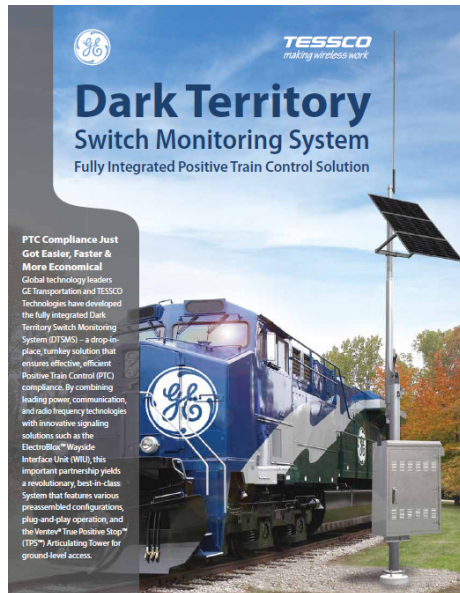




# Ventev Wireless Infrastructure™

Accessories and components to support, deploy, protect, power, and improve the performance of wireless radio networks.

- Indoor & Outdoor Wi-Fi
- Transmission Line
- Towers
- Power



**ventev**  
wireless infrastructure

**TESSCO**

# Ventev Mobile Accessories™

Accessories and components to support wireless mobile and portable device performance.

- Chargers
- Power Hubs
- Cases & Protection
- Headsets
- Styluses



**ventev**<sup>®</sup>  
mobile accessories

**TESSCO**

# Value Delivered to Customers

***Your Total Source®*** - Breadth, depth and choice of everything required.

***Wireless Knowledge & Expertise*** – System design, configuration, installation and maintenance assistance.

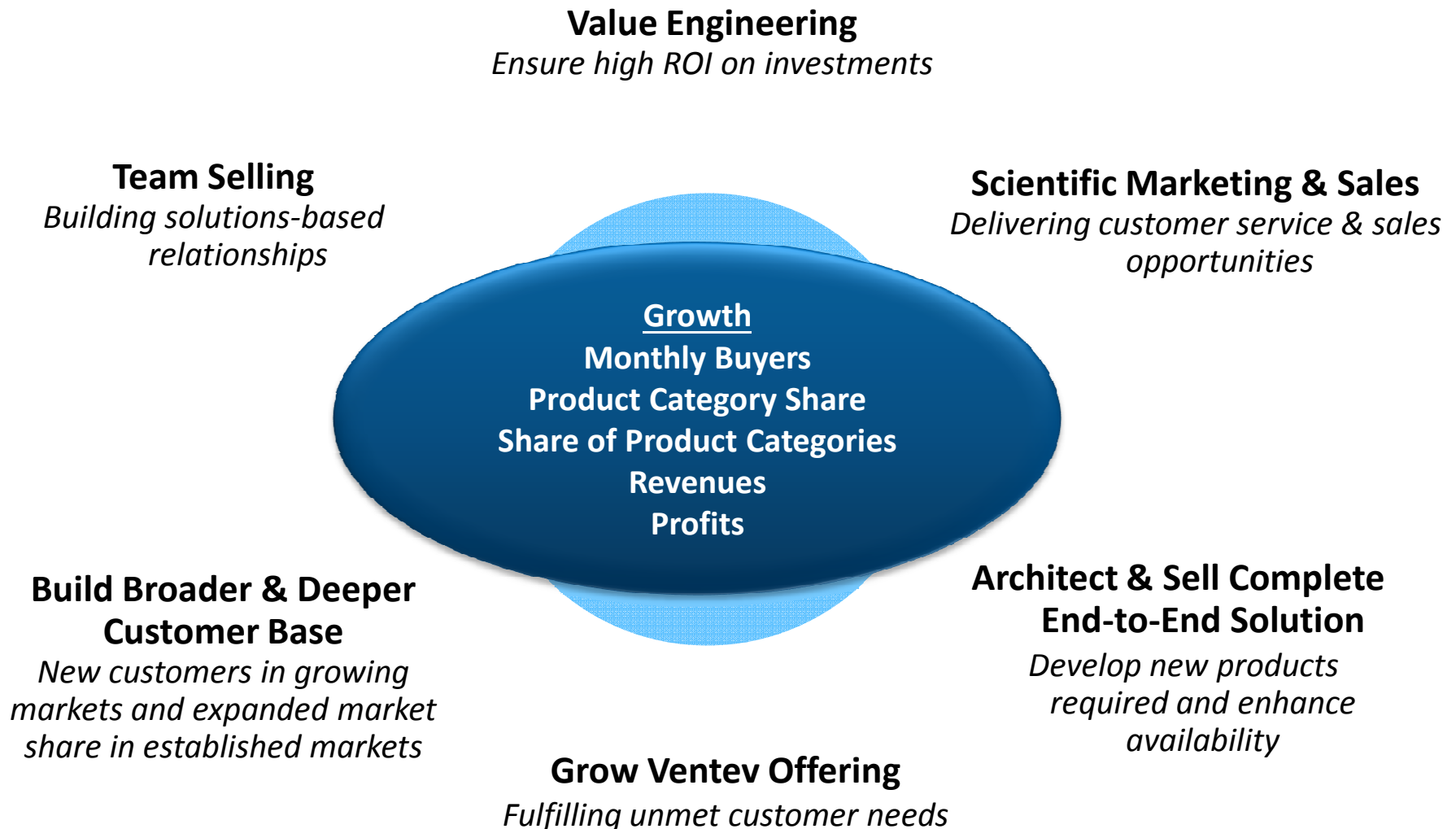
***Procurement*** - Configured end-to-end solutions, delivered efficiently, complete and fast, when and where required.

***Supply Chain*** – Complete productive control from design – specification – procurement – receipt – payment – resolutions – returns – warranty – to use.

***Bottom line*** – The Power of One Total Source – consolidated procurement -assured availability – lowest total cost – extraordinary service and support.

# Strategic Growth Initiatives

*Responding to an Evolving & Expanding Marketplace*



# Architect and Sell the Complete End-to-End Solution

*Delivers Superior Value to Customers and Yields Higher Margins*



**TESSCO**

# Scientific Marketing & Sales System

*Data Intelligence + Internet+ 1:1 Guidance*

The data-driven system provides the customer with an extraordinary experience, and TESSCO with vast new opportunities.

## For Customers

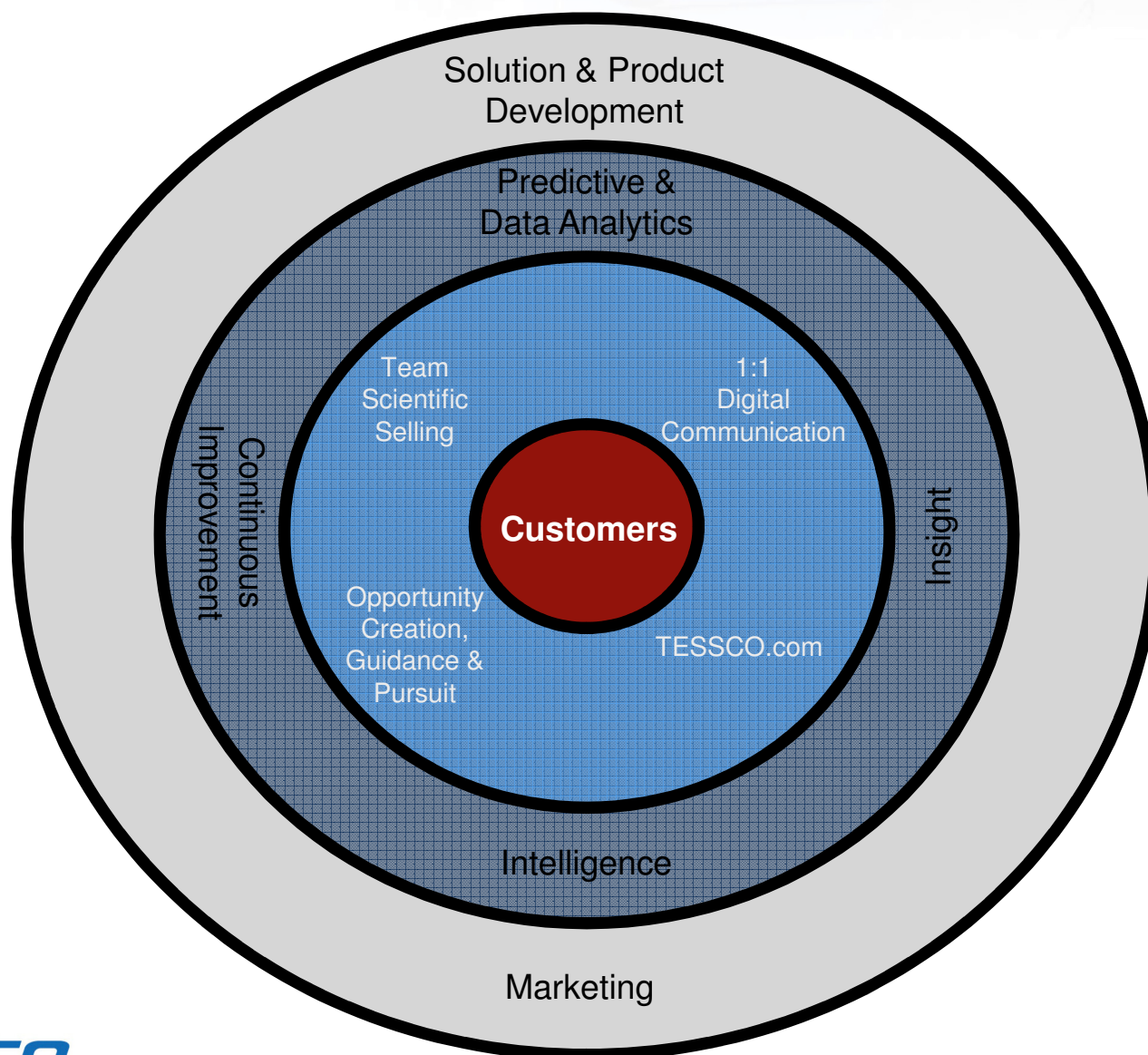
- Source for wireless *knowledge and expertise*
- Solution *design and configuration*
- Simple, fast and productive *procurement and delivery*
- Complete supply chain *control*

## For TESSCO

- Broad & deep customer *relationship development*
- Ability to *identify and penetrate* new markets and customers
- *Deep knowledge* of customers to anticipate solution needs
- Directs solutions-based *team selling*, and business generation *productivity*

# Scientific Marketing and Sales System

*Data Intelligence + Internet+ 1:1 Guidance*



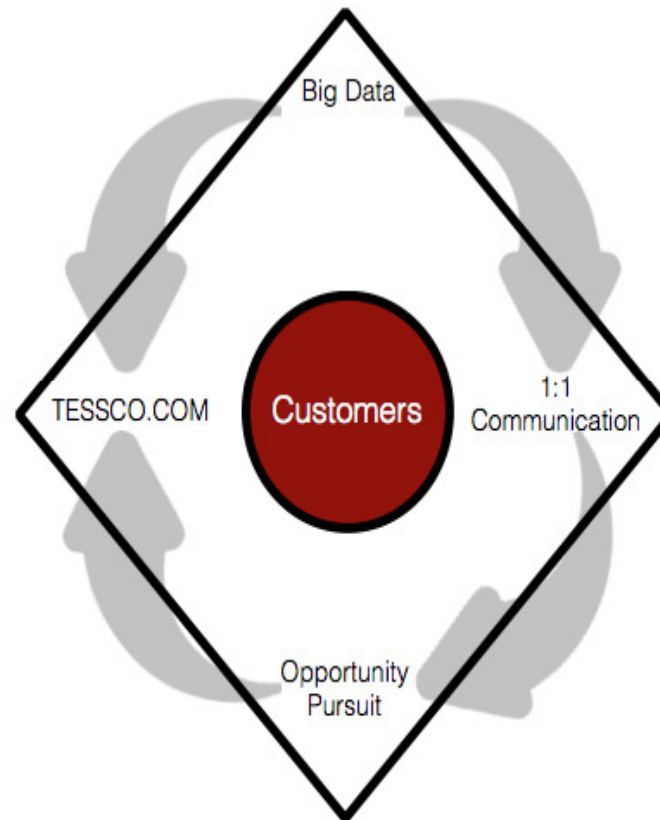


# Scientific Marketing and Sales System

*Data Intelligence + Internet+ 1:1 Guidance*

Provides the customer with knowledge, system design and configuration, procurement and delivery, and control of their entire supply chain.

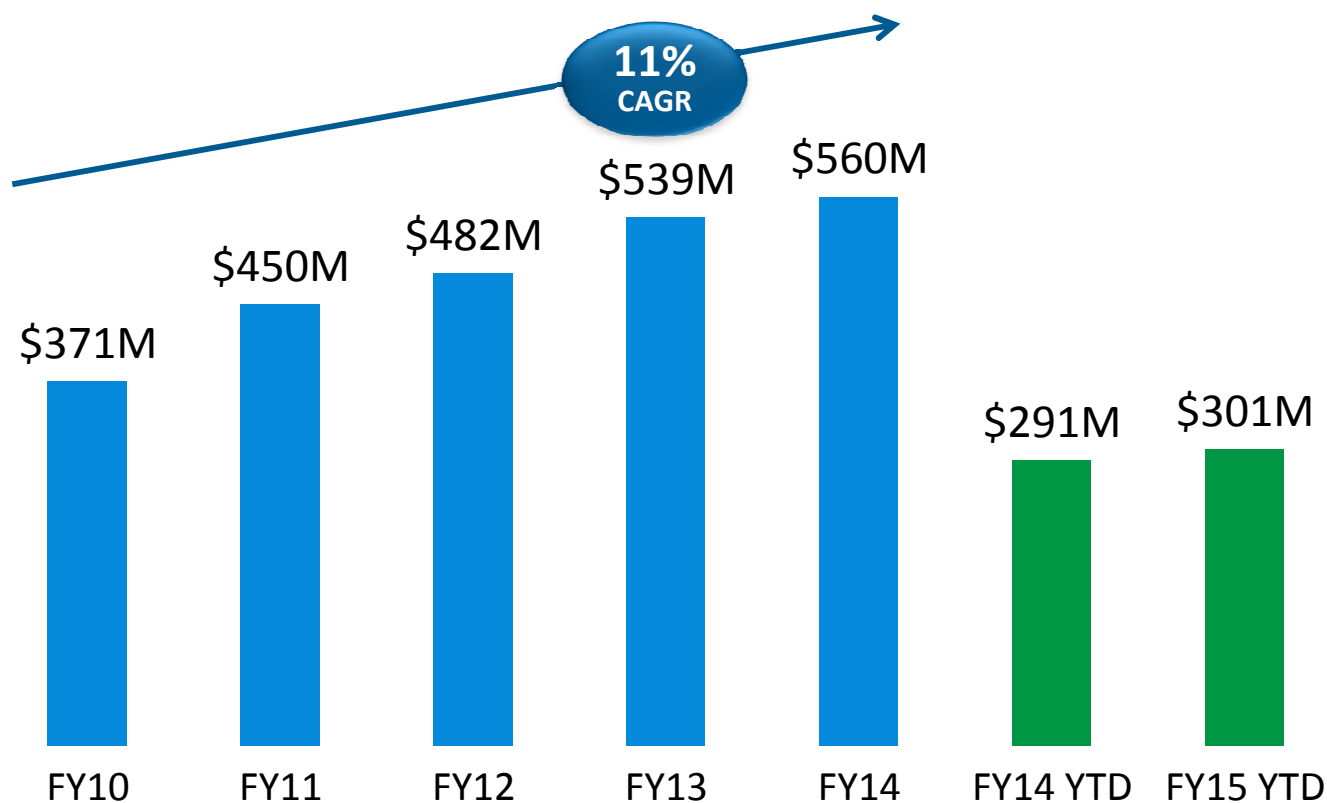
Generates new opportunities from existing customers, and identifies new customers, providing our salespeople with the knowledge for developing the value from their customers.



5



# Solid Core Revenue Growth Past 5 Years; Slowing in FY15



Transitioned  
Major 3PL

\$151M

\$155M

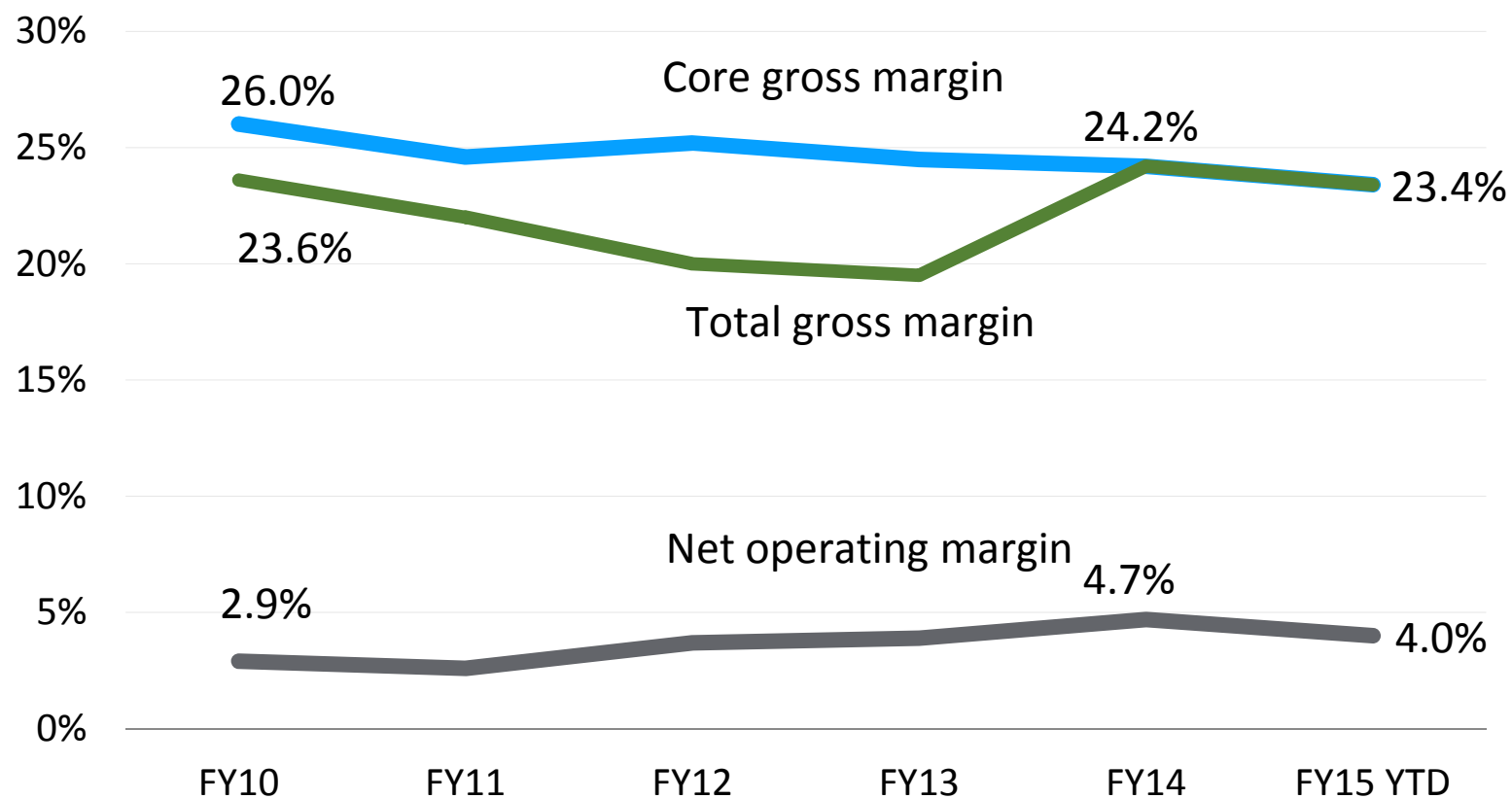
\$251M

\$214M

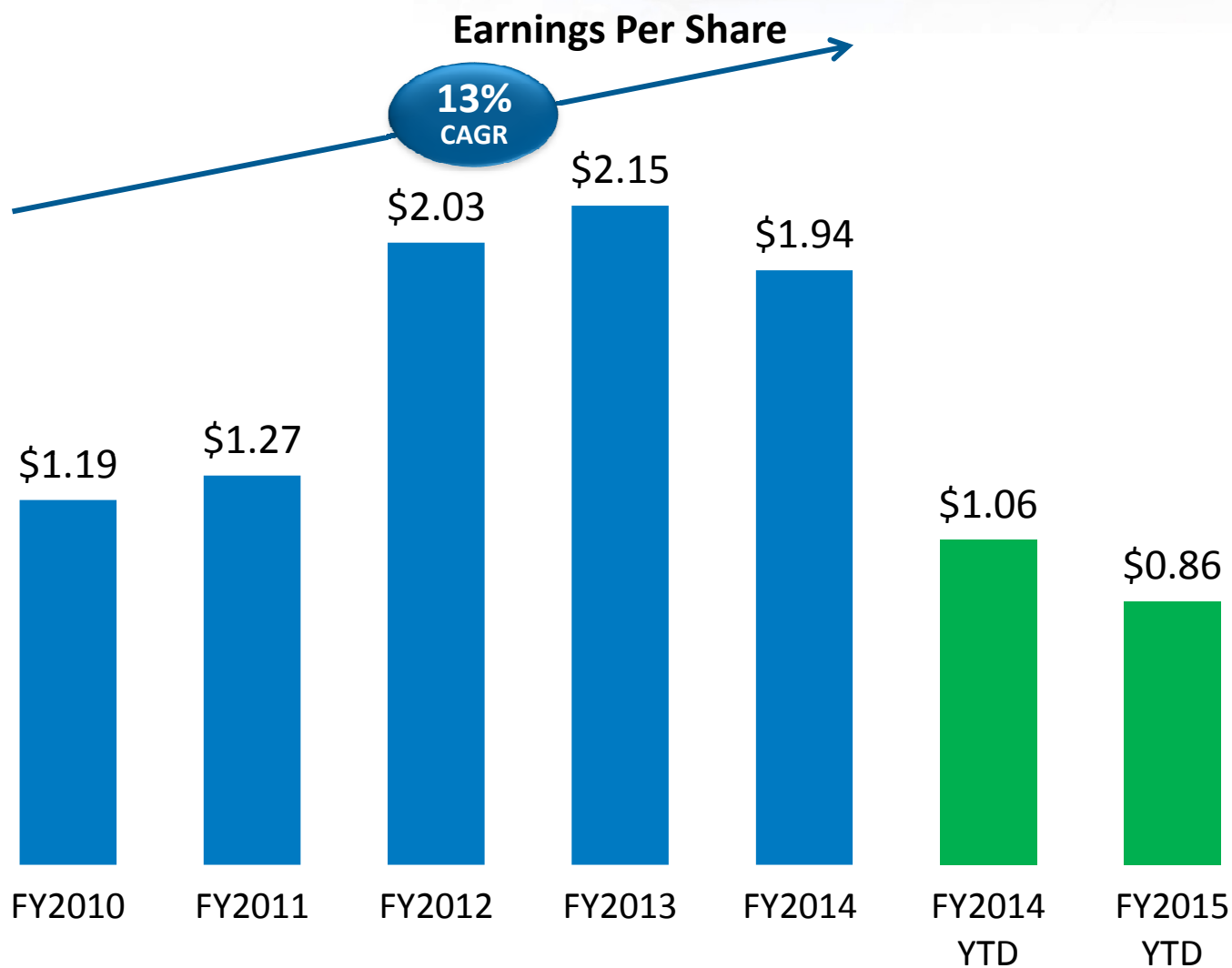
NA

NA

# Margin Performance

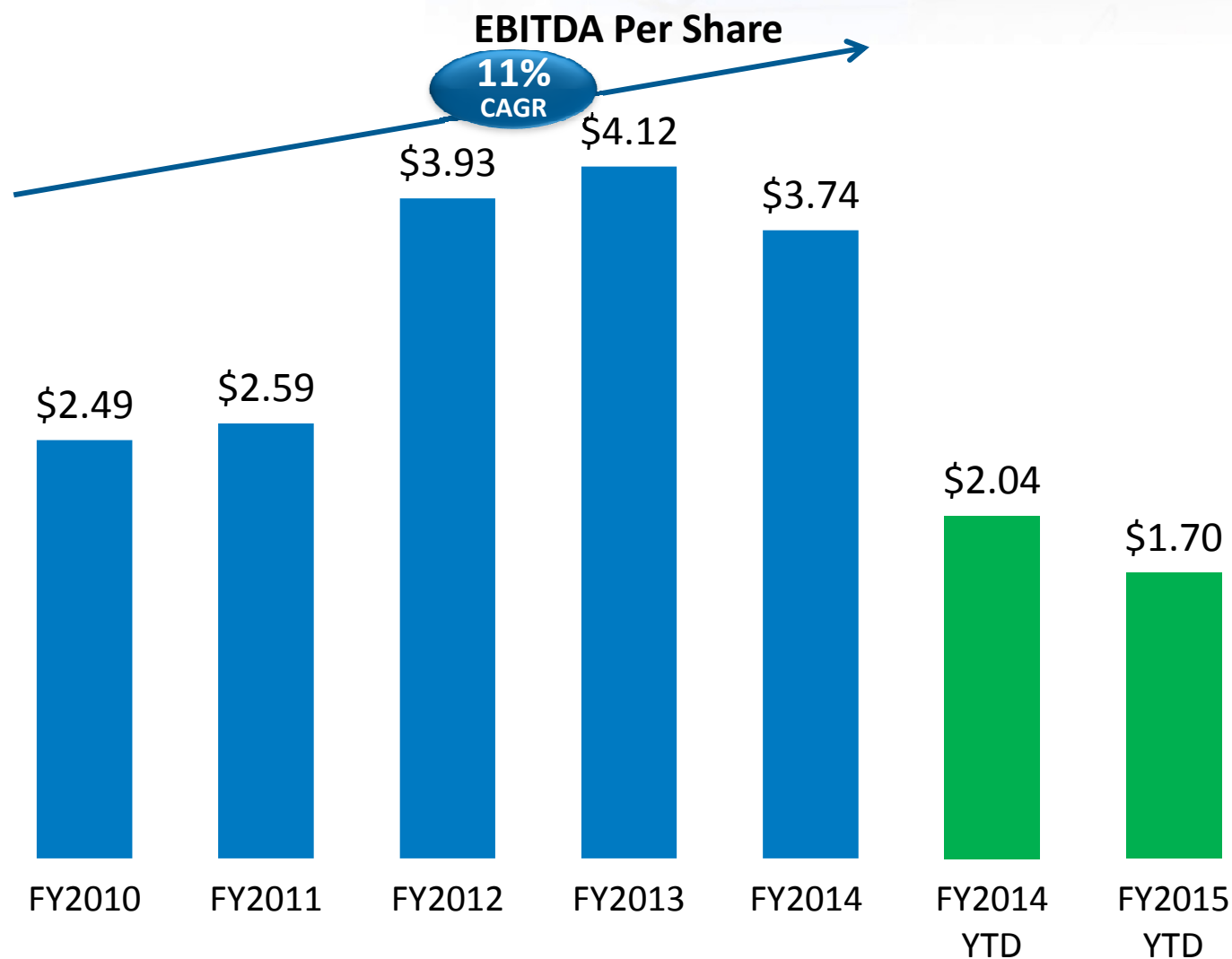


# Earning Growth



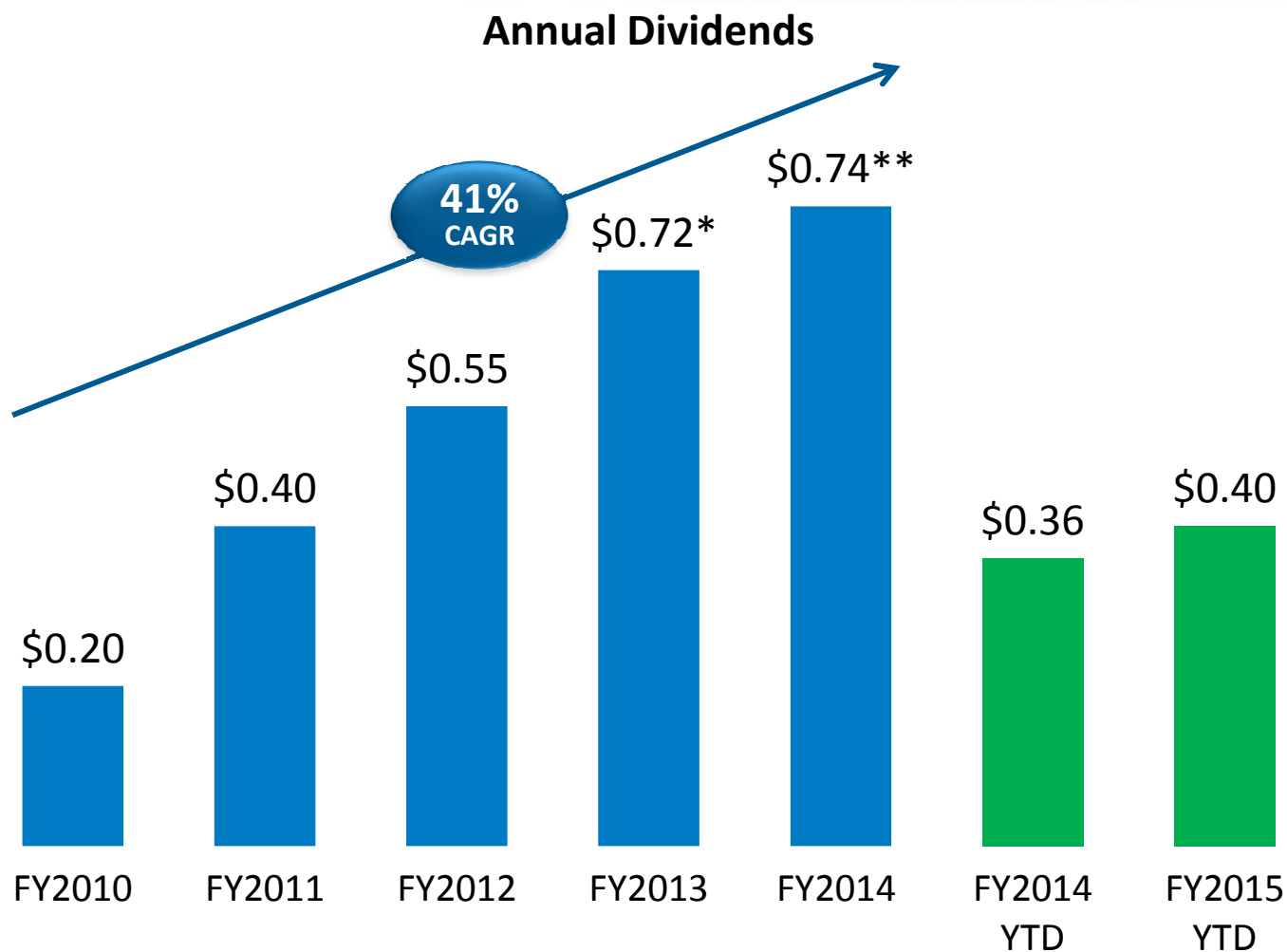
Major 3PL relationship transitioned at end of FY13

# EBITDA Growth



Major 3PL relationship transitioned at end of FY13

# Delivering Shareholder Value



\* Does not include one-time Special Dividend of \$0.75 per share

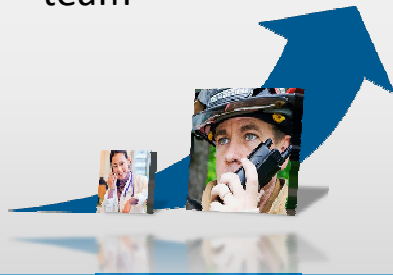
\*\*Dividend increased to \$0.20 per share 1/23/14

# Positioned for Success

## The Foundation

### *Your Total Source* in the wireless industry

- Expanding industry
- Broad offering & availability of products-solutions
- Logistics and operational excellence
- Talented, experienced team



## The Strategy

### Transforming in an evolving marketplace

- Architecting complete end-to-end solutions
- New customers, new markets, new solutions
- Scientific marketing & sales
- Ventev® proprietary products

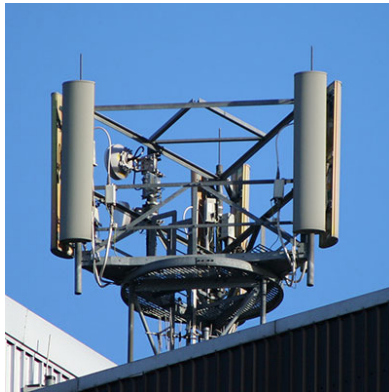


## The Performance

### Successful business model

- Solid track record
- High margins
- Strong balance sheet
- Strong asset management





## Investor Presentation Appendix



# TESSCO Technologies Incorporated

Six Months Ended

## Reconciliation of Net Income to Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA)

	Six Months Ended	
	September 28, 2014	September 29, 2013
Net income	\$7,185,000	\$8,873,300
Add:		
Provision for income taxes	4,676,200	5,558,300
Interest, net	77,800	121,600
Depreciation and amortization	2,352,900	2,474,200
EBITDA	\$14,291,900	\$17,027,400
EBITDA per diluted share	\$1.70	\$2.04



# TESSCO Technologies Incorporated

Fiscal Year End

## Reconciliation of Net Income to Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA)

	Fiscal Years Ended				
	March 30, 2014	March 31, 2013	April 1, 2012	March 27, 2011	March 28, 2010
Net income	\$16,249,100	\$17,793,900	\$16,436,900	\$10,018,200	\$9,138,800
Add:					
Provision for income taxes	10,063,100	11,200,500	10,274,000	5,536,700	5,599,100
Interest, net	177,700	224,200	292,900	420,600	318,300
Depreciation and amortization	4,865,000	4,979,400	4,844,900	4,445,200	4,116,300
EBITDA	\$31,354,900	\$34,198,000	\$31,848,700	\$20,420,700	\$19,172,500
EBITDA per diluted share	\$3.74	\$4.12	\$3.93	\$2.59	\$2.49

# Balance Sheet

Fiscal Year End

	<u>March 30, 2014</u>	<u>March 31, 2013</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,467,900	\$ 4,468,000
Trade accounts receivable, net	67,495,700	82,177,600
Product inventory	61,955,700	60,913,600
Deferred tax assets	6,913,000	6,227,300
Prepaid expenses and other current assets	2,336,600	3,482,300
Total current assets	150,168,900	157,268,800
Property and Equipment, Net	22,765,400	23,202,000
Goodwill, Net	11,684,700	11,684,700
Other Long-Term Assets	2,341,300	2,144,500
Total assets	\$ 186,960,300	\$ 194,300,000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Trade accounts payable	\$ 50,756,900	\$ 65,209,300
Payroll, benefits and taxes	7,670,100	11,678,500
Income and sales tax liabilities	2,477,700	2,530,700
Accrued expenses and other current liabilities	923,600	1,048,900
Revolving line of credit	-	-
Current portion of long-term debt	250,200	249,700
Total current liabilities	62,078,500	80,717,100
Deferred Tax Liabilities	4,260,700	3,951,800
Long-Term Debt, Net of Current Portion	2,208,200	2,458,300
Other Long-Term Liabilities	3,584,800	4,370,200
Total liabilities	72,132,200	91,497,400
Total shareholders' equity	114,828,100	102,802,600
Total liabilities and shareholders' equity	\$ 186,960,300	\$ 194,300,000

# Balance Sheet

Q2 Ended

	September 28, 2014 (unaudited)	September 29, 2013 (unaudited)
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,656,900	\$ 3,230,500
Trade accounts receivable, net	80,665,500	75,059,700
Product inventory	81,838,400	66,221,700
Deferred tax assets	6,932,100	6,220,200
Prepaid expenses and other current assets	3,478,300	2,613,000
Total current assets	175,571,200	153,345,100
Property and Equipment, Net	21,750,100	22,788,400
Goodwill, Net	11,684,700	11,684,700
Other Long-Term Assets	2,341,300	2,132,200
Total assets	\$ 211,347,300	\$ 189,950,400
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Trade accounts payable	\$ 73,526,800	\$ 58,815,400
Payroll, benefits and taxes	5,328,200	7,395,000
Income and sales tax liabilities	2,242,400	2,368,600
Accrued expenses and other current liabilities	1,088,000	1,072,600
Revolving line of credit	-	-
Current portion of long-term debt	250,400	249,900
Total current liabilities	82,435,800	69,901,500
Deferred Tax Liabilities	4,260,700	3,951,800
Long-Term Debt, Net of Current Portion	2,082,900	2,331,300
Other Long-Term Liabilities	3,386,300	4,112,100
Total liabilities	92,165,700	80,296,700
Commitments and Contingencies		
SHAREHOLDERS' EQUITY:		
Preferred stock	-	-
Common stock	95,800	94,000
Additional paid-in capital	56,129,600	52,843,400
Treasury stock, at cost	(51,727,400)	(49,866,700)
Retained earnings	114,683,600	106,583,000
Total shareholders' equity	119,181,600	109,653,700
Total liabilities and shareholders' equity	\$ 211,347,300	\$ 189,950,400

# Case Study – Ventev Infrastructure

## Client

- Southern Company – premier energy company

## Challenge

- Provide SCADA (industrial control system) radio enclosure with capability to remotely monitor and test backup batteries and send reports by Ethernet

## TESSCO solution

- Ventev® Outdoor Wireless Enclosure and custom engineered Battery Test Remote Monitor

## TESSCO advantage

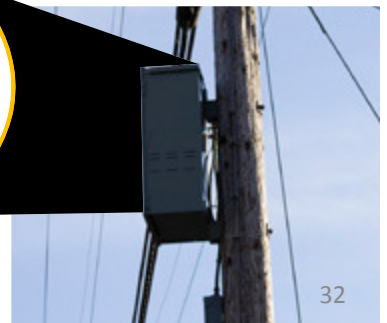
- Pre-engineered, turnkey solution for faster, less expensive deployment

*“Now, I ask others in the industry if they are remotely testing their backup batteries. And when they say they are not, I tell them to call TESSCO.”*

**Bob Cheney, Southern Company**



ventev®



# Case Study – Cellular Coverage and Capacity Enhancement

## Client

- American Tower Corporation – global provider of wireless communications infrastructure

## Challenge

- Managing and keeping up with the high velocity inventory requirements and logistics of their major DAS program rollout

## TESSCO solution

- TESSCO acts as an extension of ATC: dealing with product manufacturers to manage the lead times, tracking, and delivery of materials, and ensuring that deployments stay on schedule

## TESSCO advantage

- Thoroughly executed program management allows for rapid deployment in an ever changing, demanding DAS marketplace

*“Our DAS supply chain relies on TESSCO almost entirely... the TESSCO group is the engine behind all of it”*

Sean Christopher, American Tower  
Sourcing Manager



# Case Study – Retail Support

## Client

- mybullfrog.com – Verizon Premium Wireless Retailer

## Challenge

- Increase sales of power accessories through training and education of employees and customers

## TESSCO solution

- TESSCO and Ventev® developed a thoroughly integrated marketing strategy including training, product demos, promotions, videos, and social media

## TESSCO advantage

- Custom training solutions translated directly to a substantial increase in accessory attach rates and sales

*“We had huge success working with TESSCO and Ventev® on the promotional program...it really was a collaborative team effort.”*

Jason Hancock, mybullfrog Marketing Communications Manager



# TESSCO

