

# PCTEL (Nasdaq: PCTI)

Performance Critical Technology Solutions  
for the Wireless Industry



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of Innovation and Excellence

# Safe Harbor Statement



This presentation contains “forward-looking statements” as defined in the **Private Securities Litigation Reform Act of 1995**. Specifically, the statements regarding PCTEL, Inc.’s future business prospects, forecasted financial information, technology roadmap, strategy, and perceived growth opportunities are forward looking statements within the meaning of the safe harbor. These statements are based on management’s current expectations and actual results may differ materially as a result of various risks and uncertainties. These risks and uncertainties include, among others:

*The impact of data densification and IoT on capacity and coverage demand;*

*The worldwide adoption and deployment of new technologies, including 5G;*

*PCTEL’s ability to develop and grow its wireless business, including in its targeted market segments;*

*PCTEL’s ability to develop and successfully introduce new and enhanced products that meet our customers’ needs, particularly in the industrial IoT and 5G environments; and*

*The impact of geopolitical trade wars on sales growth and market penetration.*

These and other risks and uncertainties are detailed in the filings of PCTEL with the SEC. The “forward-looking statements” contained in this presentation are made only as of this date, and PCTEL disclaims any obligation to update or revise them, including the financial projections.

The Company presents Non-GAAP financial measures. See the Company’s quarterly earnings press releases for the reconciliation of GAAP to Non-GAAP financial measures.

# PCTEL Solves Complex RF Problems



PCTEL is a leading supplier of RF systems. Products include antennas, radios and test and measurement solutions to address Industrial IoT, 4G/5G infrastructure, Enterprise Wi-Fi, Public Safety, Fleet and Utilities.

- **25 years of leadership** solving complex RF problems
- **Expanding addressable target market and customer base** driven by IIoT applications, public safety, fleet and 5G
- **Increasing RF complexity** presents significant need for PCTEL products across targeted vertical markets to support targeted long-term revenue growth
- **Strong balance sheet** with no debt and \$37M in cash
- **Healthy Free Cash Flow (target is 7-8%)**
- **Dividend yielding 4.1%** - Distributed \$96M to shareholders from 2008-2018
- **Experienced management team**

## PCTEL (Nasdaq: PCTI)

**Recent Stock Price:** \$5.50

**Dividend  $\approx$  Yield:** \$0.22  $\approx$  4.0%

**Market Cap:** \$98M

**Cash:** \$37M (\$2.00 per share)

**Debt :** None

**Revenue (2018):** \$83M **(1H 2019):** \$44M

**Total Shares:** 18.4M

**Management Ownership:** 7.6%

**Founded:** 1994

**Headquarters:** Bloomingdale, Illinois

**Offices:** Maryland, Ohio, China  
(Beijing, Tianjin, Hong Kong)

**Employees:**  $\approx$  425

# Driving Growth in Core Market Segments



## ENTERPRISE WIRELESS

### Wi-Fi

- Top Tier OEMs
- Channel Partners

### 4G/5G

- Public and Private
- Carrier OEMs

### Critical Communications

- Public Safety
- FirstNet

## INTELLIGENT TRANSPORTATION

### Smart Roadways

- Traffic Management
- Vehicle Telematics

### Smart Railways

- Control
- Operations

### Industrial Fleets

- Precision Agriculture
- Construction

## INDUSTRIAL IOT

### Smart Utilities

- Smart Grid
- Connected Devices
- Sensor Networks

### Process Automation

- Field Area Networks
- Smart Factory
- Asset Tracking



# Enterprise Wireless



- By 2021, 63% of global mobile traffic (cellular) will be offloaded to Wi-Fi or small cell networks <sup>1</sup>
- HBflex: smallest form factor mmWave, sub-6 GHz scanner in market
- Small cells are important for 5G to increase network capacity, density and coverage
- PCTEL has extensive portfolio of highly durable 5G - ready CBRS antennas for small cell deployments
- Increased need to test multi-technology, multi-frequency networks in licensed and unlicensed spectrum
- Public safety growth driven by government initiatives worldwide, including FirstNet in US, to equip first responders with advanced communication systems



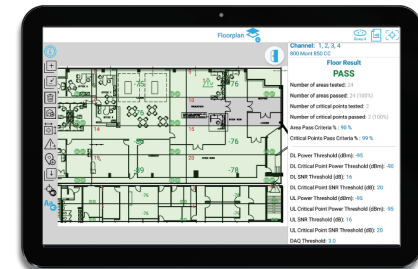
Wi-Fi Access Point with Integral Antenna\*



Integral Small Cell Antennas



VenU® Antennas



Public Safety Network Testing Solution



HBflex™ Scanner

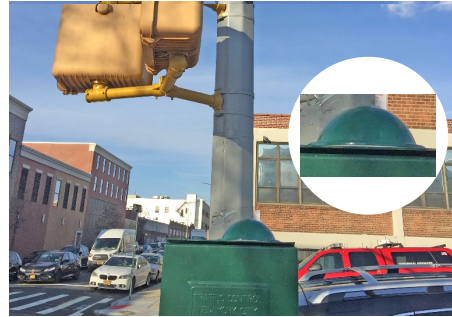
<sup>1</sup> CISCO Visual Networking Index, 31 July 2018

\*Image courtesy of Aruba Networks



# Intelligent Transportation

- Smart Roadways and Railways are expected to grow at 14.5% and 15.2%, respectively, through 2023<sup>1</sup>
- Smart transportation improves public safety, reduces congestion, and fosters environmentally friendly mobility
- Industrial fleets include public safety vehicles, precision agriculture, autonomous mining and construction vehicles
- Antenna applications: public transit, mass transit, rail and agriculture



Smart Traffic Management



Police Vehicle Antenna Systems



Precision Agriculture



Autonomous Mining



Bi-Directional Train Top Antenna



Coach™ II and Trooper™ II Antennas

Courtesy of Los Angeles Sheriff's Department

<sup>1</sup> MarketsandMarkets, *Smart Transportation Market – Global Forecast to 2023*, August 2018

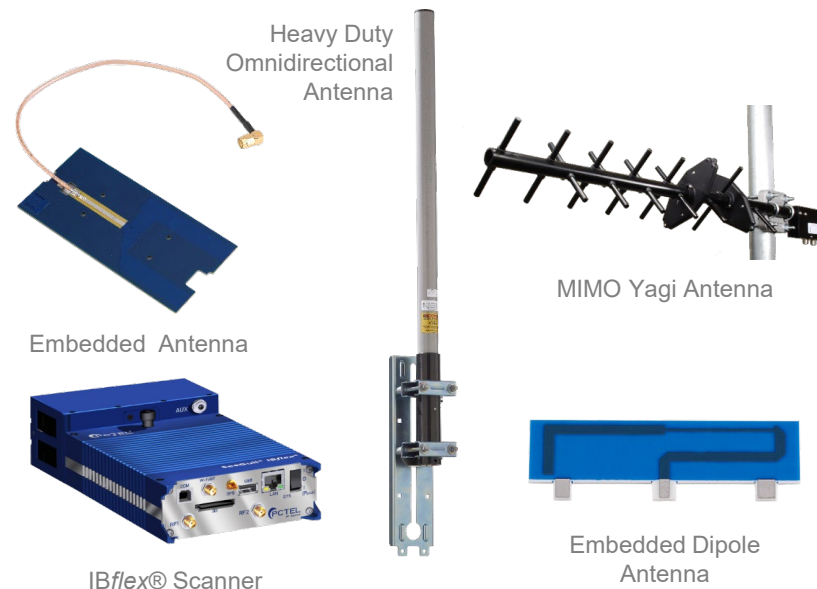




# Industrial IoT



- PCTEL provides antenna, radio and testing solutions for Industrial IoT infrastructure and devices
- Trending growth of industrial applications will drive IoT expansion in smart utility grids, factory automation and asset tracking
- Estimate addressable market to more than double in the next 5 years



IoT Connected Devices (billion)	2018	2024	CAGR
Wide-area IoT	1.1	7.7	27%
Cellular IoT (portion of Wide-area)	1.0	4.1	27%
Short-range IoT	7.5	17.8	15%
Total IoT Connected Devices	8.6	22.3	17%

*Ericsson Mobility Report, June 2019*



# Global Customer Reach



## OEMs



## Distributors



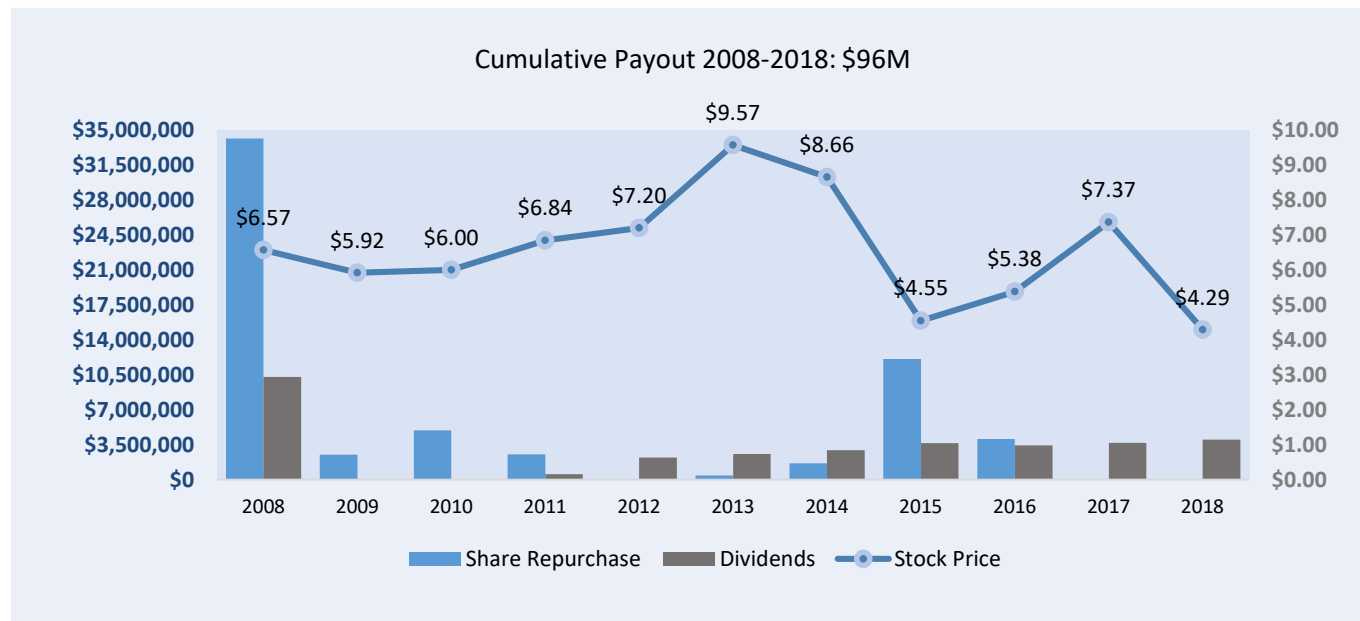
## Direct





# Cash Returned to Shareholders

- Long-term organic revenue growth rate target of 10-13% will generate Free Cash Flow of 7-8% annually
- Dividend payout target of 55% of annual Free Cash Flow
- Pursuing strategic acquisitions to complement product portfolio

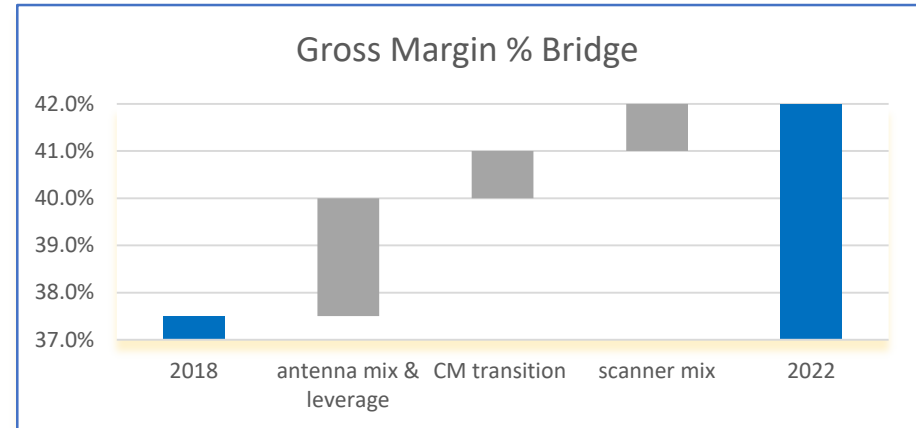
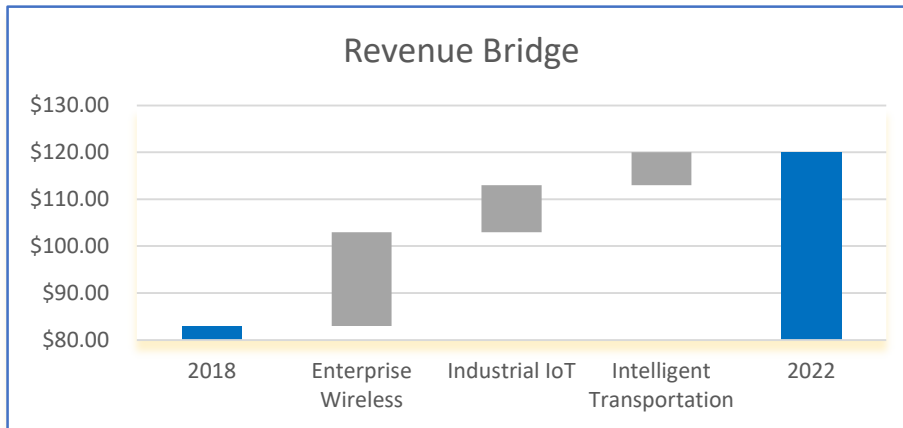


**Notes:**

- 2008 dividend was a special dividend (after sale of software business)
- Stock price is the year end price

# Financial Targets

	2018 ACTUAL	2022 TARGET
REVENUE	\$83M	\$120-\$130M
GROSS PROFIT MARGIN	37.5%	40-42%
EBITDA MARGIN	2%	10-12%



Analysts: B. Riley FBR and Lake Street Capital Markets

# Summary



- Market leader with established reputation for unique RF expertise
- Excellent relationships with global customers: OEMs, distributors and direct accounts
- Positioned to benefit from growing markets, including Industrial IoT, 5G infrastructure, In-Building, Enterprise Wi-Fi, Fleet and Public Safety
- Large install base in USA with global presence to expand
- Strategic initiatives and growth of target markets support targeted long term revenue growth
- Active program to decrease OPEX and COGS costs to address competitive environment
- Distributed \$96M to shareholders from 2008-2018 through the company's share repurchase and dividend program

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