

# 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 vertical markets;*

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

*The impact of PCTEL’s corporate reorganization on sales growth and operational efficiencies.*

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.

PC-Tel, Inc.  
Nasdaq: PCTI

# 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 \$35.2M in cash
- **Healthy Free Cash Flow (target is 7-8%)**
- **Dividend yielding 4.4%** - Distributed \$96M to shareholders from 2008-2018
- **Experienced management team**

## PCTEL (Nasdaq: PCTI)

**Recent Stock Price:** \$5.00

**Dividend  $\approx$  Yield:** \$0.22  $\approx$  4.4%

**Market Cap:** \$87M

**Cash:** \$35.2M (\$1.90 per share)

**Debt :** None

**Revenue (2018):** \$83M

**Total Shares:** 18.3M

**Management Ownership:** 7.1%

**Founded:** 1994

**Headquarters:** Bloomingdale, Illinois

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

**Employees:**  $\approx$  450



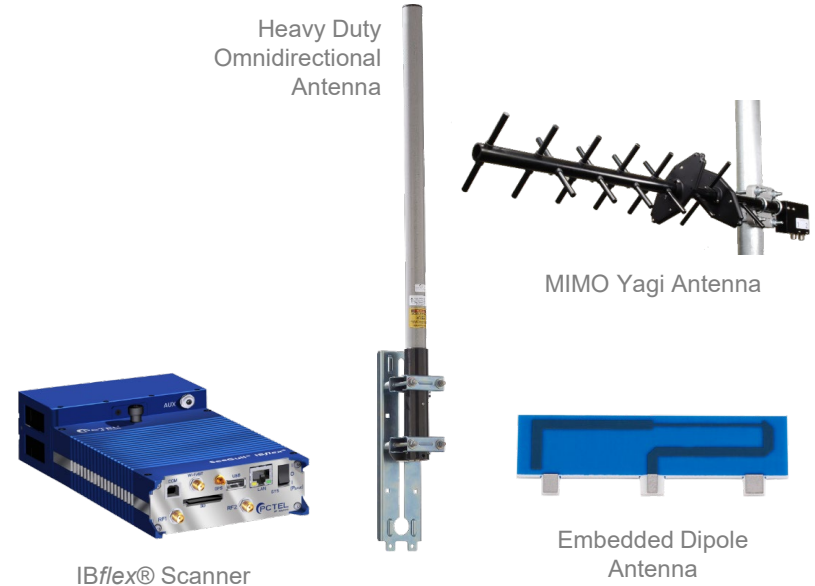
# Industrial IoT Market



- 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, rail, agriculture, factory automation and mass transit
- Estimate addressable market to more than double in the next 5 years

IoT Connected Devices (billion)	2017	2023	CAGR
Wide-area IoT	0.8	4.1	31%
Cellular IoT (portion of Wide-area)	0.7	3.5	31%
Short-range IoT	6.2	15.7	17%
Total IoT Connected Devices	7.0	19.8	19%

*Ericsson Mobility Report, June 2018*





# 4G/5G Market



- 4G -> 5G evolution and coexistence
- Deployments of 5G or multimode small cells will reach 5.2M in 2025 <sup>1</sup>
- PCTEL supplies 5G scanning solutions to the four largest operators in US
- Launched HBflex: smallest form factor mmWave, sub-6 GHz scanner in market
- 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

High Rejection GPS  
Timing Antenna



Integral Small Cell Antennas

Embedded Antenna

HBflex™ Scanner



SeeWave® Interference  
Locating System

<sup>1</sup> Small cells market status report, Small Cell Forum, 14 February 2018



# In-Building and Enterprise Wi-Fi Markets



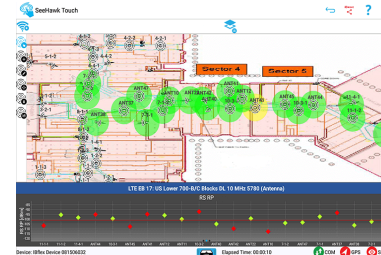
- By 2021, 63% of global mobile traffic (cellular) will be offloaded to Wi-Fi or small cell networks <sup>1</sup>
- Enterprise-grade Wi-Fi systems, including 802.11ac and 802.11ax address growing demand for connectivity
- Growing demand for in-building testing solutions for small cell and DAS networks



Wi-Fi Access Point with Integral Antenna\*



Embedded Wi-Fi Antenna



IBflex® Scanner



VenU® Antennas

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

\*Image courtesy of Aruba Networks

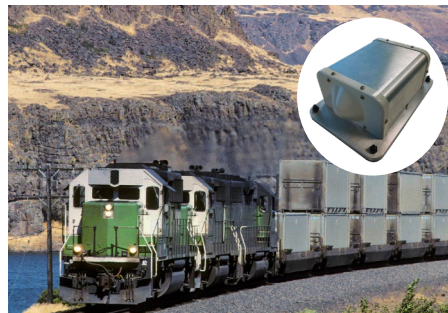




# Public Safety and Fleet Markets



- Public safety growth driven by government initiatives worldwide, including FirstNet, to equip first responders with advanced communication systems
- Scanner based test tools with SINR measurements reduce time to test P25, FirstNet and other LTE-based public safety broadband networks
- Antenna applications: public safety vehicles, public transit, mass transit, rail and agriculture

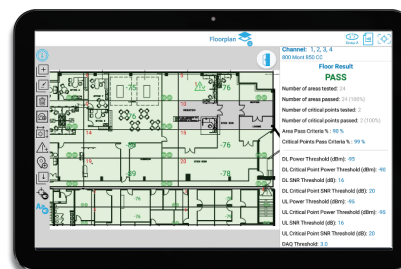


Bi-Directional Train Top Antenna



Police Vehicle Antenna Systems

Courtesy of Los Angeles Sheriff's Department



Public Safety Network Testing Solution



Coach™ II Antenna



Trooper™ II Antenna

# Global Customer Reach



## OEMs



## Distributors



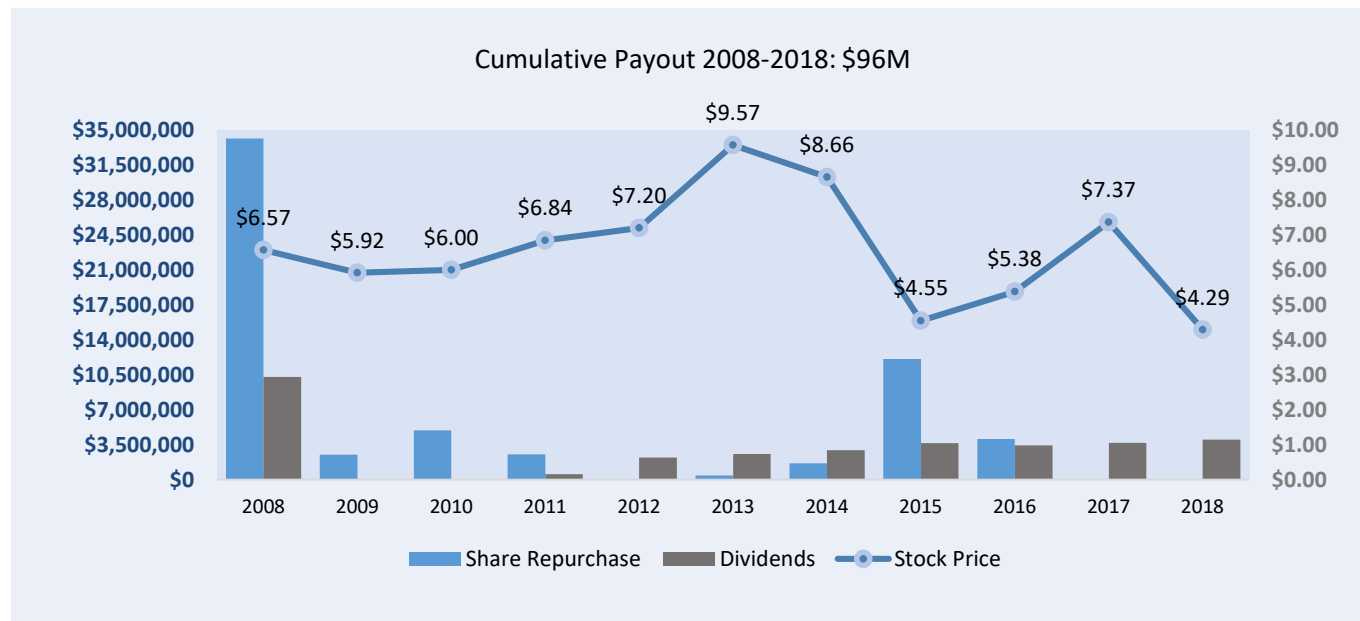
## Direct





# 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

- Revenue growth will be driven by Industrial IoT, Public Safety and 5G
- Expect to see improvements in gross profit margin and return to historical EBITDA margins with the rollout of 5G and increased test and measurement revenue
- Fundamentally strong balance sheet with no debt and \$35.2M in cash for acquisitions

	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

## **David Neumann**

Chief Executive Officer  
(630) 339-2106  
[david.neumann@pctel.com](mailto:david.neumann@pctel.com)

## **Kevin McGowan**

Chief Financial Officer  
(630) 339-2051  
[kevin.mcgowan@pctel.com](mailto:kevin.mcgowan@pctel.com)

## **Phillip Kupper**

Three Part Advisors, LLC  
(817) 778-8339  
[Pkupper@threepa.com](mailto:Pkupper@threepa.com)