



# PCTEL (Nasdaq: PCTI)

Enabling Wireless Connectivity

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# 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 expectations regarding the impact of the COVID-19 pandemic, 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;*
- *The impact of geopolitical trade wars on sales growth and market penetration; and*
- *Disruptions to the PCTEL’s workforce, operations, supply chain and customer demand, and to economic activity in general, caused by the COVID-19 pandemic, and the impact of the pandemic on the PCTEL’s results of operations, financial condition and stock price.*

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.

# Solving Complex RF Challenges



## LEADERSHIP

- 25+ years of leadership solving complex RF challenges

## MARKETS

- Expansion of our target markets and customer base is driven by IIoT applications, public safety, fleet and 5G
- Increase in RF complexity creates significant demand for PCTEL solutions across our target-markets supporting our long-term revenue growth

## FINANCIAL

- Strong balance sheet with no debt and \$38.3M in cash
- Healthy Free Cash Flow (target is 7-8%)
- Dividend yielding 3.5% - Distributed \$100M to shareholders from 2008-2019

## TEAM

- Experienced management team who respect and appreciate our employees



# Company Profile: PCTEL (Nasdaq: PCTI)



Debt  
**None**

Recent Stock Price <sup>1</sup>

**\$6.36**

Dividend  $\approx$  Yield

**\$0.22  $\approx$  3.5%**

Market Cap <sup>2</sup>

**\$117M**

Cash

**\$38.3M**

(\$2.08 per  
share)

Founded

**1994**

Headquarters

**Bloomington, Illinois**

Employees (Approximate)

**330**

Offices

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

Revenue  
2019

**\$90.6M**

Total Shares

**18.5M**

Management  
Ownership

**7.5%**

<sup>1</sup>, <sup>2</sup> As of May 6<sup>th</sup>, 2020

# Core Market Segments



## INDUSTRIAL IoT

### Smart Utilities

- Smart Grid
- Connected Devices
- Sensor Networks

### Process Automation

- Field Area Networks
- Smart Factory
- Asset Tracking



## INTELLIGENT TRANSPORTATION

### Smart Roadways

- Traffic Management
- Vehicle Telematics

### Smart Railways

- Control
- Operations

### Industrial Fleets

- Precision Agriculture
- Construction



## ENTERPRISE WIRELESS

### Wi-Fi

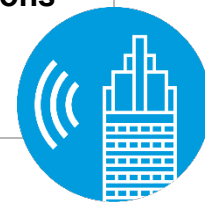
- Top Tier OEMs
- Channel Partners

### 4G/5G

- Public and Private
- Carrier OEMs

### Critical Communications

- Public Safety
- FirstNet





# 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
- By 2022, M2M modules will be 31% of total global mobile devices and connections<sup>1</sup>
- Total IoT connected devices estimated to be 22.3 billion by 2024<sup>2</sup>



▲ Utility



▲ Hospitality



▲ Manufacturing



▲ Oil and Gas

<sup>1</sup> CISCO Visual Networking Index Global Mobile Data Traffic Forecast, 2017-2022. March 2019

<sup>2</sup> Ericsson Mobility Report, June 2019



# 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



▲ Industrial Railway

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

\* Image Courtesy of Los Angeles Sheriff's Department



# Enterprise Wireless



- By 2021, 63% of global mobile traffic (cellular) will be offloaded to Wi-Fi or small cell networks<sup>1</sup>
- By 2022, a 5G connection will generate 22 GB/mo, nearly 3X more than a 4G connection<sup>2</sup>
- HBflex™: smallest form factor mmWave, sub-6 GHz scanner in market
- PCTEL has an 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
- Need to equip first responders worldwide – including FirstNet in the US – with advanced communication systems will drive demand for public safety products



▲ Cellular and Wi-Fi Networks



▲ Public Safety and Private Radio



▲ Industrial Wireless



▲ 5G

<sup>1</sup> CISCO Visual Networking Index, August 2018

<sup>2</sup> CISCO Visual Networking Index, Global Mobile Data Traffic Forecast, 2017-2022. March 2019



# Our Customers



## OEMs

aruba

Accuver



Extreme<sup>™</sup>  
Customer-Driven Networking



InfoVista<sup>™</sup>



KEYSIGHT  
TECHNOLOGIES



NOKIA



## DISTRIBUTORS

ANIXER



MARUBUN CORPORATION

TALLEY<sup>™</sup>  
You Connect the World. We Make It Easy.<sup>™</sup>

TESSCO  
TECHNOLOGIES<sup>®</sup>

## DIRECT



Google

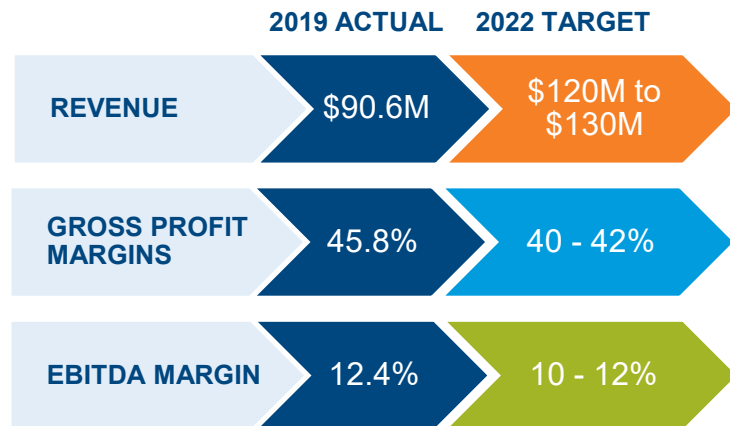
Qualcomm



# Capital Plan and Long Term Targets



- Fund working capital for operations
- Fund capital expenditures for organic investment and maintenance
- Pay quarterly dividends
  - Payout target of 50% of annual free cash flow
  - Long-term organic revenue growth rate target of 10 - 13% generates free cash flow of 7 - 8% annually
- Pursue strategic acquisitions to complement product portfolio



The 2022 targets reflect lower gross profit margin and EBITDA margin percentages compared to 2019 because antenna revenue growth with lower gross margins will impact product mix.

# Why PCTEL?



- **Market leader** with established reputation for unique RF and mechanical expertise
- **Excellent relationships** with global customers: OEMs, distributors and direct accounts
- **Proven success** in Industrial IoT, 5G Infrastructure, In-Building and Enterprise Wireless, Intelligent Transportation Systems and Public Safety
- **Global presence** with facilities in China and USA and employees in 8 countries serving customers worldwide
- **Strategic IoT initiatives and growth of target markets** support long-term revenue growth
- **Solid Balance Sheet** to fund organic growth, acquisitions and dividend



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