



ANNUAL MEETING OF STOCKHOLDERS

October 9, 2018

Safe Harbor Statement

During the course of this presentation, the Company may make certain "forward-looking" statements as defined by the SEC. Such statements regarding the Company's business which are not historical facts represent "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those contained in the forward-looking statements due to risks and uncertainties contained under "Risk Factors" in the Company's Annual Report on Form 10-K. The Company assumes no responsibility to update the forward-looking statements as a result of new information, future events, or otherwise.

Agenda

- Introductions: Edward J Richardson
- Formal Proceedings: Robert Ben
- Company Overview: Edward J. Richardson
- FY18 Financials: Robert Ben
- Strategic Business Unit Overview
 - Power & Microwave Technologies: Greg Peloquin
 - Richardson Healthcare: Pat Fitzgerald
 - Canvys: Jens Ruppert
- Path Forward: Edward J. Richardson
- Q&A

Introductions

- **Board of Directors**

- Edward J. Richardson, Chairman of the Board, Chief Executive Officer & President
- Paul J. Plante, Owner, Florida Fresh Vending; former President and CEO of Reptron
- Jacques Belin, Retired Managing Director of Thales Components and Subsystems
- James Benham, Technical Consultant, Night Vision and Microwave Device Industry; Retired President of L-3 Communications/Electron Device Division
- Kenneth Halverson, Consultant, Halverson Consulting, LLC; former President of Comdisco Healthcare
- Robert Kluge, Retired President and Corporate Senior Vice President, Imaging Components Business of Varian Medical Systems, Inc.

Introductions

- **Independent Auditors**
 - Giovanni Bernardi of BDO
- **REL Management Team**
 - Robert Ben, EVP and Chief Financial Officer
 - Wendy Diddell, EVP Chief Operating Officer
 - Pat Fitzgerald, EVP Richardson Healthcare
 - Greg Peloquin, EVP Power & Microwave Technologies Group
 - Jens Ruppert, EVP Canvys

Formal Proceedings

Robert Ben

EVP and Chief Financial Officer

Company Overview

Edward J. Richardson

Chairman of the Board, Chief Executive Officer & President



ENGINEERED SOLUTIONS

We provide power, microwave, and imaging components to industries worldwide.

The Company's strategy is to provide specialized technical expertise and "engineered solutions" based on our core engineering and manufacturing capabilities. Richardson Electronics provides solutions and adds value through design-in support, system integration, prototype design and manufacturing, testing, logistics, and aftermarket technical service and repair through its global infrastructure.



Corporate Objectives

- **Realize year over year double digit growth through investments in high growth markets:**
 - Healthcare
 - Power Management
- **Protect our existing electron device business and market share through continued strong sales, marketing and engineering support**
- **Return the Company to profitability on an annualized basis**

Our highest return on investment will be achieved by leveraging the power of our global infrastructure and capitalizing on the strength of our customer relationships.”

— Edward J. Richardson, Chairman, CEO

Facts and Figures

Founded in 1947, Richardson Electronics, Ltd. has a rich and unique history of engineering, manufacturing and distributing power grid and microwave tubes and related consumables, and customized display solutions.

- **Global Corporate Headquarters:** La Fox, Illinois; 265K square feet facility on 100 acres
- **NASDAQ:** RELL
- **FY2018 Sales:** \$163.2 million, an increase of 19% over FY2017
 - PMT: growth from PMG and semiconductor wafer fab market; strong tube sales
 - Healthcare: launched new tube, ALTA750; system sales strong
 - Canvys: exceeded expectations; solid backlog for FY19
- **Our Future is Healthcare:** we've invested more than \$35 million since 2015
- **Strong Balance Sheet:** \$60+ million in cash and investments
- **Employees:** 440; more than half in sales, engineering and product management



- **Locations:** Global network of 60+ sales offices and stocking locations with legal entities in 24 countries
- **Customer base:** 20,000 customers; focus is aftermarket. Nearly 60% of revenue generated outside North America
- **ISO 9001:2015 certified**
- **ISO13485 certified**



Our Challenges

- **The complexity of our business relative to the size of the business**
 - Global structure is required to service our core business
 - Will be an asset as we expand in power management and healthcare markets
- **Power grid tube market declining at an average rate of 5% per year**
 - Some offset from price increases
 - Still opportunity to take market share
- **Time for key initiatives to take hold and generate significant revenue growth**
 - Niche power and microwave technologies growing rapidly but lower margin; 5G driving growth
 - Launched first CT tube, ALTA750, in FY18; revenue growth tied to expiration of OEM service agreements. Future developments are costly and must be selected wisely.
- **Control SG&A so more of the incremental gross margin generated from growth initiatives drops to the bottom line**



**Richardson
Electronics**

**FY 2018 Financials
Robert Ben**

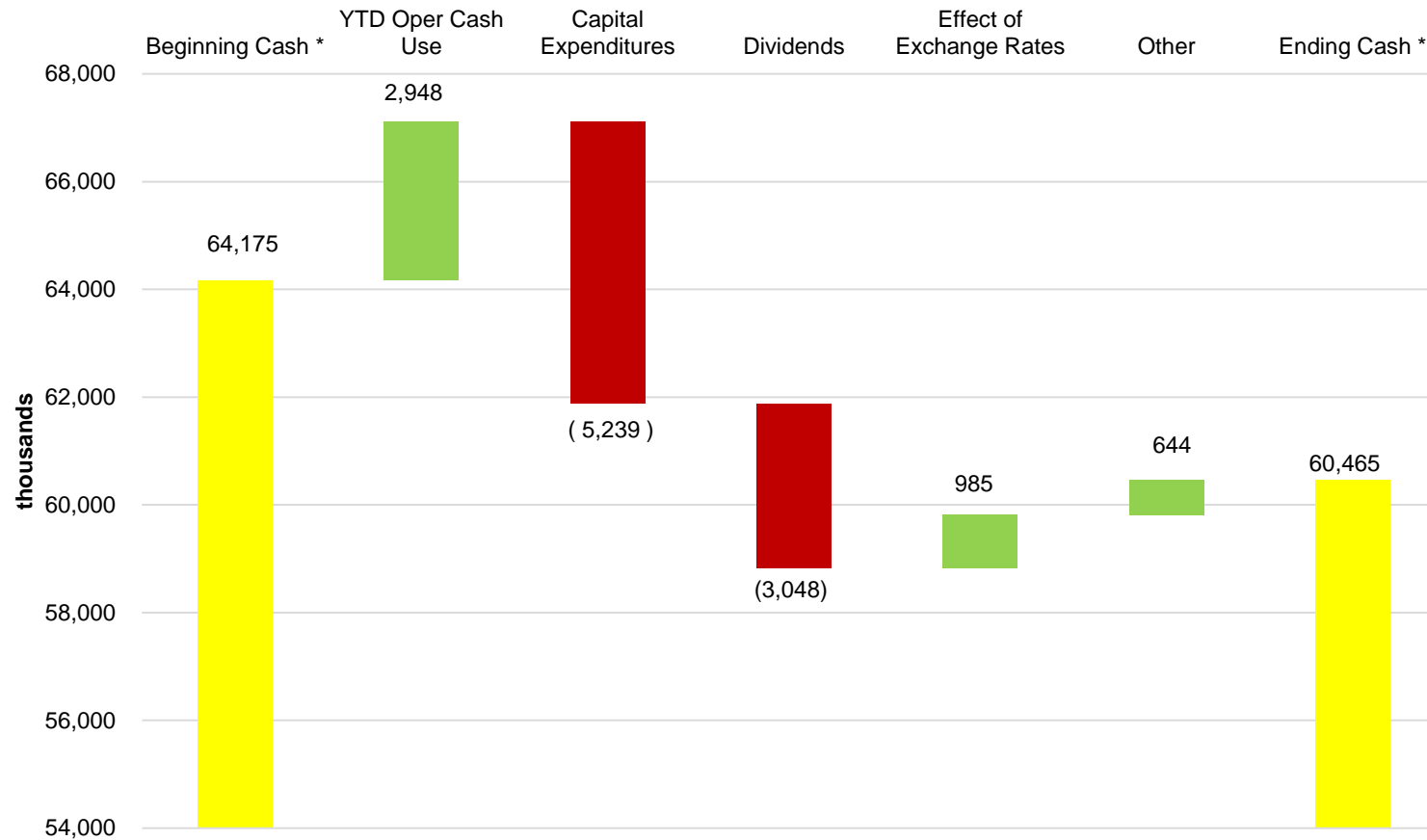
FY 2018 RESULTS

	FY2018	FY2017
Net sales	\$ 163,212	\$ 136,872
Cost of sales	108,130	92,989
Gross margin	55,082	43,883
gross margin %	33.7%	32.1%
SG&A expenses	51,729	49,854
% of net sales	31.7%	36.4%
Gain on disposal of assets	(276)	-
Gain on sale of business	-	(209)
Operating loss	3,629	(5,762)
% of net sales	2.2%	-4.2%
Investment/interest income	(432)	(234)
Foreign exchange loss	224	612
Other, net	(23)	(24)
Total other expense (income)	(231)	354
Loss before taxes	3,860	(6,116)
Income tax provision	1,534	812
Income (loss) from continuing operations	\$ 2,326	\$ (6,928)
% of net sales	1.4%	-5.1%
Income from discontinued operations, net of tax	1,496	-
Net income (loss)	\$ 3,822	\$ (6,928)

FY 2018 BALANCE SHEET

	FY18 Q4	FY18 Q3	FY18 Q2	FY18 Q1	FY17 Q4	FY16 Q4
Cash & Investments:						
Cash	\$ 60,465	\$ 59,882	\$ 54,453	\$ 56,429	\$ 55,327	\$ 60,454
ST investments	-	199	4,136	2,424	6,429	2,268
LT investments	-	-	686	2,514	2,419	7,799
Total	<u>\$ 60,465</u>	<u>\$ 60,081</u>	<u>\$ 59,275</u>	<u>\$ 61,367</u>	<u>\$ 64,175</u>	<u>\$ 70,521</u>
Working Capital:						
Accounts Receivable	\$ 22,892	\$ 21,893	\$ 21,016	\$ 19,260	\$ 20,782	\$ 24,928
Inventories	50,720	49,129	48,059	46,136	42,749	45,422
Accounts Payable	(19,603)	(15,846)	(15,224)	(13,382)	(15,933)	(14,896)
Working Capital	<u>\$ 54,009</u>	<u>\$ 55,176</u>	<u>\$ 53,851</u>	<u>\$ 52,014</u>	<u>\$ 47,598</u>	<u>\$ 55,454</u>

FY 2018 Cash Flow



* Total cash & investments



**Richardson
Electronics**

Strategic Business Unit Overview



**Richardson
Electronics**

**Power & Microwave Technologies
Greg Peloquin**

PMT Strategy – Solving our customer and technology partners problems

- **Focus on technology partnerships with leaders in electron devices, power semiconductors, and RF/Microwave components and systems.**
- **Global relationship and capabilities to bring those products to market and to support those products through engineering, design, and logistics support.**
- **Growth is in the RF, Power, and Microwave niche markets – we differentiate ourselves in attacking these markets through:**
 - Global infrastructure
 - Demand creation – field engineering
 - Niche products and markets
 - Disruptive technology and legacy products
 - Existing strong customer and supplier relationships
- **Focus on bringing new products and technologies while maximizing our market share with legacy products to support our global customers and suppliers problems.**

FY18 Highlights

- Sales grew 23.1% in FY18.
- New technology partners continued to gain traction.
- Market share gains in our Electron Device business unit.
- Improvement in Gross Margin vs. prior year.
- Strong management of cost controls in every area.
- Improved profitability and efficiency.
- Engineered solutions business taking advantage of market growth opportunities.
- Executing plan of developing consistent improved profitability with top line growth.



PMT FY19 Key Initiatives

- **Grow and monitor market share in our power grid and microwave tube business.**
 - Protect this strength and profitable business through continual contact.
 - Focus on margin improvement.
 - Look for new tube opportunities/applications.
- **Launch hard our new technologies supporting our top line growth initiatives.**
 - Capitalize on our existing infrastructure.
 - Realize revenue gains from new suppliers.
 - Identify and support key market growth in 5G.
 - Realize increased revenue from design wins to improve margin.
- **Expand our customer base and markets.**
 - Identify growth opportunities for Engineered Solutions.
 - Expand market shares of existing customers.
 - Identify technology partners and products to support our niche markets.
- **Manage cost in line with improved profitability objectives.**
 - Capitalize on our existing infrastructure.
 - Eliminate redundancies and improve efficiencies.
 - Maximize use of cash by carefully controlling expenses and improve inventory turns.



**Richardson
Electronics**

**Richardson Healthcare
Pat Fitzgerald**

Healthcare Strategy

- **Richardson is the first global non-OEM provider of Diagnostic Imaging replacement parts, training and support solutions**
- **We differentiate ourselves from other replacement parts providers by offering high value solutions like:**
 - New replacement CT tubes
 - P3 capitated-risk parts contracts
 - Parts customs cleared in days, not weeks
 - Best in class training and support programs
 - Significant savings compared to OEMs
- **Focused on expansion of our P3 recurring revenue model as a means to grow our business**
- **Replacement CT Tubes is the key to our overall strategy**



Healthcare FY18 Highlights

- Officially released our new ALTA750 CT tube in late May after extensive internal/external testing!
- Equipment, Service Training and CT Tubes sales all up >20% for the year
- Sales in Europe up 96% year over year
- First P3 parts contracts signed, and working a very full pipeline
- Doubled the number of engineers trained compared to FY17
- Achieved ISO13485 certification for CT tube manufacturing
- Expanded our sales team to support the ALTA tube launch with an emphasis on P3 contract sales



CT Tube Production Is Up and Running!



Healthcare FY19 Key Initiatives

- **Leverage launch of the new ALTA tube to grow sales using P3 parts contracts as the primary vehicle for growth**
 - P3 helps the customer quickly understand our value proposition
 - Gets them over the idea of using a new “unproven” tube
 - Creates recurring revenue for Richardson
 - Profitability of P3 contracts will improve over time as tube matures and we develop better parts repair processes
- **Ramp up Equipment sales to create additional sockets for parts, tubes, service training**
- **PL expansion into Toshiba/Canon Prime and One CT**
- **Secure global registrations necessary to sell ALTA750 outside of the U.S.**
- **Begin development of additional replacement CT tubes**

Announcing
**THE NEW ALTA750™
CT TUBE**

- Replacement Tube for the Toshiba/Canon Aquilion 4 through PRIME
- 90-Day Complete Satisfaction Guarantee
- 12-Month Warranty
- Includes Heat Exchanger and HV Cable
- FDA Registered | ISO 13485 Quality Standards



A Better Choice
FOR TUBES | PARTS | TRAINING | EQUIPMENT



**Canvys
Jens Ruppert**

Canvys Strategy

- **Understand the visual technology needs of Original Equipment Manufacturers and other customers, and deliver solutions that exceed their expectations.**
- **Serve unique markets with very high quality and strict product-life-cycle requirements including the medical device, public transportation and industrial markets.**
- **Utilize engineering and sourcing experience combined with global infrastructure to provide innovative and competitively-priced display solutions for small to mid sized volume opportunities.**

Canvys FY18 Highlights

- **Generated positive direct operating contribution.**
- **Won several important deals in the medical, industrial and transportation markets that are the foundation for growth in FY19.**
- **Decreased expenses as a percentage of sales.**



Canvys FY19 Key Initiatives



- Focus on new customer acquisition without losing sight of existing customers and programs.
- Pursue new technologies and other means of differentiating products.
- Ongoing strategic review with the objective keeping Canvys a significant contributor to operating profit



**Our Path Forward
Edward J. Richardson**

Our Path Forward

- The power grid tube business remains a key element of our business—it is healthy and provides the cash to cover our fixed expense.
- We expect continued double digit growth in PMG tied to 5G rollout.
- We anticipate steady growth in Healthcare revenues in FY19 from ALTA750 and replacement parts as Toshiba CT systems come off OEM service agreements. We will begin developing the next tube.
- Capitalize on Canvys backlog; continue to look for ways to differentiate our OEM displays.
- Take care of our most important asset—our employees.

Our Path Forward

- We will conserve cash for investment in our growth initiatives.
 - Consider acquisitions when they make good business sense
 - Continually challenge operational efficiency
 - Control inventory purchases in line with growth initiatives
 - Gear capital expenditures toward CT tube manufacturing and critical infrastructure improvements
 - Consider share repurchases opportunistically



**Richardson
Electronics**

Thank You!