



# Technology Corporation

2<sup>nd</sup> Quarter 2009  
Earnings Webcast  
July 29, 2009



# Agenda for Today

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# Forward-looking Statements

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Certain statements in this presentation are “forward-looking statements” (as such term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). These forward-looking statements generally include all statements other than statements of historical fact, including statements regarding our future financial position, business strategy, budgets, projected revenues and expenses, expected regulatory actions and plans and objectives of management for future operations. These statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied by those forward-looking statements. Some of such risks, uncertainties and other factors are contained in our periodic filings with the Securities and Exchange Commission. We disclaim any intention or obligation to update the forward-looking statements contained in this presentation.

The financial guidance as of and for the twelve-month period ending December 31, 2009 contained herein constitute forward-looking statements made as of July 29, 2009. After that date, we are not confirming, reaffirming or revising those forward-looking statements or making any assertions regarding the status of those statements or your ability to rely on them.

You should review our periodic filings with the SEC, including our Annual Report on Form 10-K for the year-ended December 31, 2008 and our Quarterly Report on Form 10-Q for the three- and six-months ended June 30, 2009. All statements in this presentation are qualified by reference to such filings.

- **Logistics:** We are a leader in comprehensive order fulfillment, reverse logistics, test and repair, packaging, warehousing and distribution services for high-tech industries and products including
  - ▶ Wireless devices and services
  - ▶ Broadband and cable
  - ▶ GPS (personal navigation devices)
  - ▶ Automotive electronics
- **Drivetrain:** Remanufacturing, manufacturing and logistics services predominately to service and repair organizations of light-, medium- and heavy-duty OEMs and Tier Ones
  - ▶ Transmissions, engines and related components
  - ▶ Other drivetrain components
  - ▶ Logistics services (“core” management)



**B2B Provider of Solutions Engineered to Deliver Quality, Efficiency and Cost Savings for Our Customers**

# Todd R. Peters President & CEO



# Q2 2009 Business Summary

- Q2 revenues of \$118.5M<sup>(1)</sup> down 12.6% from Q2 2008
- Adjusted EPS<sup>(1)(2)</sup> of \$0.54 vs. \$0.42<sup>(1)</sup> in Q2 2008
- Benefiting from cost reduction and efficiency improvements in both Logistics and Drivetrain
- Impending loss of Honda program drove goodwill impairment charge and additional restructuring plans
  - ▶ Announced win of Engine programs partially mitigates impact
- Free Cash Flow and liquidity positions remain strong

<sup>(1)</sup> All amounts unaudited.

<sup>(2)</sup> Adjusted EPS is a "non-GAAP financial measure" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measure can be found in the appendix to this presentation.

We Remain Focused on Profitable Growth, Cost  
Structure and Liquidity

# Logistics Segment

\$ in millions, unaudited	For the three months ended			
	<u>6/30/09</u>	<u>6/30/08</u>	<u>Var.</u>	<u>% Var.</u>
Net Sales.....	\$84.9	\$86.5	(\$1.6)	-1.8%
Segment Profit.....	\$15.7	\$11.4	\$4.3	37.7%
<i>% of Net Sales.....</i>	<i>18.5%</i>	<i>13.2%</i>		

## Key Drivers

- Revenues with AT&T increased \$8.8M or 16.9%, benefiting from strength in the underlying wireless, broadband and cable markets and the roll-out of new business wins
- Revenues with TomTom decreased \$12.2M or 54.4%, primarily due to the system fill that benefited Q2 2008...sequentially, revenues improved \$2.7M or 36.2%
- Revenues with all other customers increased \$1.7M or 14.8%, net
- Segment margins continue to benefit from cost reduction initiatives and a favorable mix of services

**Solid Performance in Light of General Economic Conditions**

# Drivetrain Segment

\$ in millions, unaudited	For the three months ended			
	<u>6/30/09</u>	<u>6/30/08</u>	<u>Var.</u>	<u>% Var.</u>
Net Sales.....	\$33.6	\$49.1	(\$15.5)	(31.6)%
Adjusted Segment Profit <sup>(1) (2)</sup> .....	\$1.6	\$3.1	(\$1.5)	(48.7)%
<i>% of Net Sales</i> .....	4.7%	6.3%		

## Key Drivers

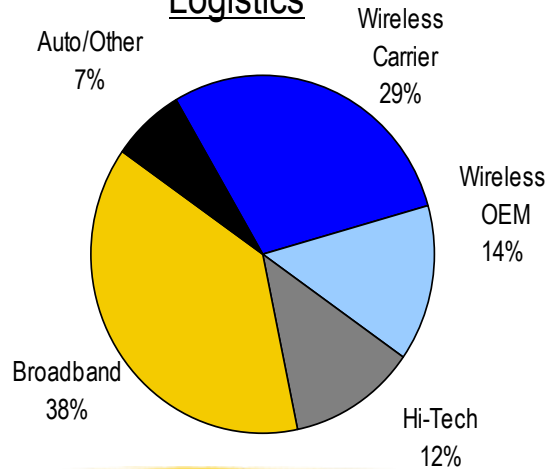
- Consolidation and restructuring savings on track
- Volumes down across the board
- Margins continue to be impacted by negative operating leverage
- Won Engine remanufacturing programs with two existing customers
  - ▶ Partially mitigates pending loss of Honda program and helps stabilize business

(1) Adjusted Segment Profit is a "non-GAAP financial measure" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measure can be found in the appendix to this presentation.  
 (2) NuVinci business sold to Fallbrook in 2008 and its results have been reclassified to discontinued operations for all periods.

**Honda Loss to Drive Further Restructuring  
Targeting Segment Margins in Low Single-Digits**

# New Business Pipelines

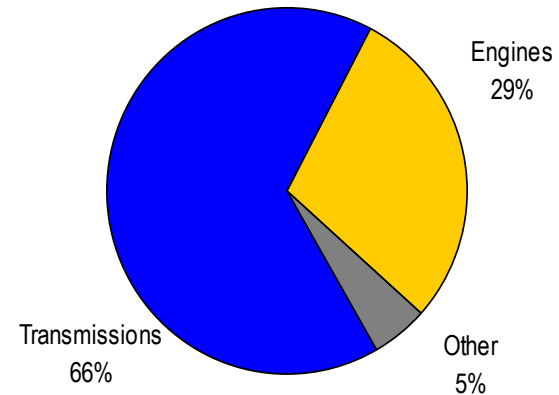
## Logistics



- 11 unique customers
- Opportunities exceed \$108M

- Value-added Warehousing and Distribution market exceeds \$28B
- Won \$29M of new business YTD
- Customer relationships are strong
- Pursuing new market verticals

## Drivetrain



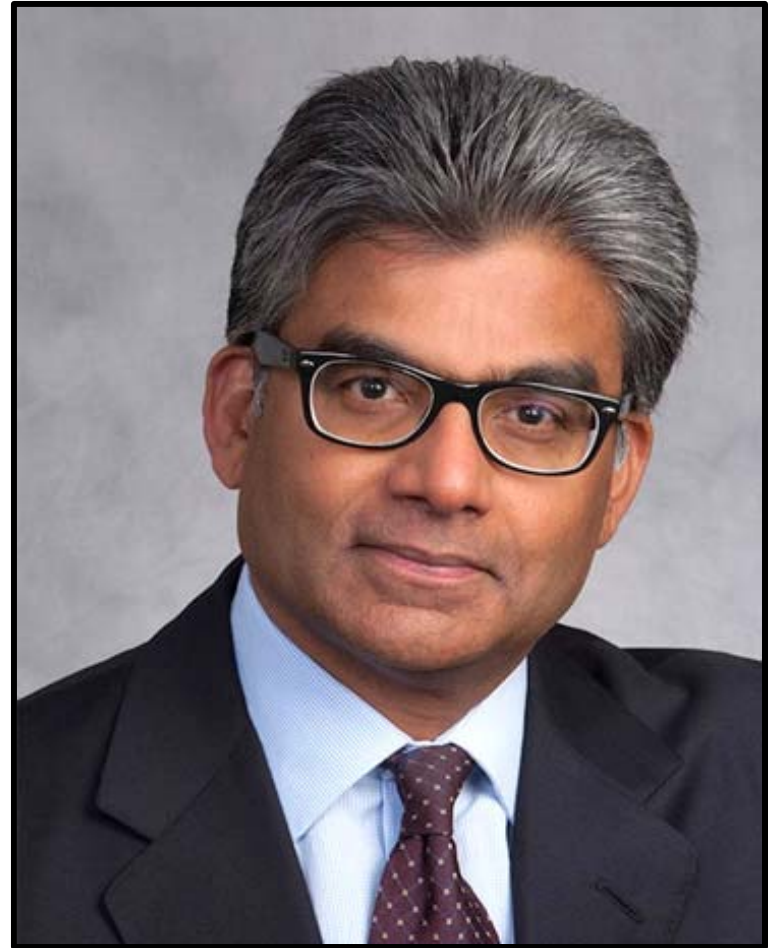
- 12 unique customers
- Opportunities exceed \$51M

- U.S. Remanufactured Engines and Transmissions market exceeds \$6B
- Won \$18M of new business YTD
- Entry into North American Engine market will open new opportunities

**Both Teams Focused on Continued Growth and Diversification**

# Ashoka Achuthan

## Vice President & CFO



# Financial Highlights

\$ in millions except per share data, unaudited	Consolidated			
	For the three months ended June 30,			
	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% Change</u>
<b>Net sales</b> .....	\$118.5	\$135.6	(\$17.1)	(12.6)%
<b>Operating income</b> .....	(\$21.9)	\$14.5		
<b>Restructuring charges</b> .....	\$2.1	----		
<b>Goodwill impairment</b> .....	<u>\$37.0</u>	----		
<b>Adjusted operating income<sup>(1)</sup></b> .....	\$17.2	\$14.5	\$2.7	18.6%
<b>Income from continuing operations</b> .....	(\$16.6)	\$9.0		
<b>Restructuring charges</b> .....	\$1.3	----		
<b>Goodwill impairment</b> .....	<u>\$26.0</u>	----		
<b>Adjusted income from continuing operations<sup>(1)</sup></b> .....	\$10.7	\$9.0	\$1.7	19.0%
<b>Income from continuing operations, per share</b> .....	(\$0.85)	\$0.42		
<b>Restructuring charges<sup>(2)</sup></b> .....	\$0.07	----		
<b>Goodwill impairment<sup>(2)</sup></b> .....	<u>\$1.32</u>	----		
<b>Adjusted earnings per share<sup>(1)(2)</sup></b> .....	\$0.54	\$0.42	\$0.12	28.6%

(1) Adjusted Operating Income, Adjusted Income from Continuing Operations and Adjusted Earnings Per Share are "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measures can be found in the appendix to this presentation.

(2) Per diluted share.

# Cash Flow Highlights

\$ in millions, unaudited	For the six months ended June 30,		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
<b>Adjusted Cash Flow from Operations <sup>(1)</sup> .....</b>	<b>\$14.8</b>	<b>\$4.8</b>	<b>\$10.0</b>
<b>Capital Expenditures.....</b>	<b><u>(\$2.8)</u></b>	<b><u>(\$8.0)</u></b>	<b><u>\$5.2</u></b>
<b>Free Cash Flow <sup>(1)</sup> .....</b>	<b>\$12.0</b>	<b>(\$3.2)</b>	<b>\$15.2</b>
<hr/>			
<b>Financing Activities.....</b>	<b>\$69.6</b>	<b>(\$16.4)</b>	<b>\$86.0</b>
<hr/>			
<b>Net Debt/(Cash) <sup>(2)</sup> .....</b>	<b>(\$29.0)</b>	<b>(\$0.9)</b>	<b>\$28.1</b>
<b>Net Debt <sup>(2)</sup> /LTM EBITDA <sup>(1)</sup> .....</b>	<b>---</b>	<b>---</b>	<b>---</b>
<hr/>			
<b>Adjusted LTM EBITDA <sup>(1)</sup> .....</b>	<b>\$77.3</b>	<b>\$85.1</b>	<b>(\$7.7)</b>

## Key Drivers and Highlights

- Free Cash Flow remains solid
  - ▶ 2008 reflects investment to support significant new business launches
- 2009 Financing Activities reflect \$70M pre-emptive draw on credit facility
- Total liquidity of \$178M consisting of borrowing capacity plus cash

(1) Free Cash Flow, Adjusted Cash Flow from Operations and EBITDA are "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation of these to the most directly comparable GAAP measure can be found in the appendix to this presentation.

(2) Net debt/(cash) represents the summation of amounts (i) drawn on our credit facility, (ii) due to sellers of acquired companies and (iii) under capital lease obligations, less cash and cash equivalents.

\$ in millions, except per share data	Full Year <sup>(1)</sup>
Net Sales.....	\$485 - \$505
Adjusted Income from Continuing Operations <sup>(2)</sup> .....	\$40 - \$43
Adjusted Earnings Per Share <sup>(2)</sup> .....	\$2.05 - \$2.15
GAAP Earnings Per Share <sup>(3)</sup> .....	\$0.51 - \$0.61
Free Cash Flow <sup>(2)</sup> .....	\$37 - \$40

## Key Drivers

- Second-half seasonal strength associated with consumer electronics markets materializes
- Recover from consolidation-related inefficiencies in Drivetrain
- Launch remanufactured engine programs within cost expectations
- Wind down Honda programs within cost expectations
- Continue to convert pipeline opportunities to new business wins in both Logistics and Drivetrain
  - ▶ Continue drive for Logistics growth and diversification
- No additional significant macro economic or regulatory-derived shocks

(1) As of July 29, 2009.

(2) Adjusted Income from Continuing Operations, Adjusted Earnings Per Share, and Free Cash Flow are "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measures can be found in the appendix to this presentation.

(3) From continuing operations per diluted share.

# Questions and Answers

Todd R. Peters  
President & CEO

Ashoka Achuthan  
Vice President & CFO



# Appendix

## Reconciliation of Non-GAAP Financial Measures

Reconciliation of certain financial measures reported in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") to those presented on the basis of methodologies other than in accordance with GAAP ("non-GAAP")

(In millions, except per share amounts)

	Unaudited		Unaudited		Projected	
	For the three months ended		For the twelve months ended		For the twelve months ended	
	6/30/08	6/30/2009	6/30/08	6/30/09	Low	High
<b>Operating Income (Loss) - (GAAP basis)</b>	\$ 14.5	\$ (21.9)	\$ 70.1	\$ (67.7)	\$ 21.2	\$ 25.2
Depreciation and amortization	3.6	3.3	\$ 14.8	\$ 14.0	13.0	13.5
Impairment of Goodwill	-	37.0	\$ -	\$ 116.1	37.0	37.0
Restructuring Charges	-	2.1	\$ -	\$ 15.0	6.8	6.8
Other income, net	0.1	-	\$ 0.2	\$ (0.1)	-	-
<b>Adjusted EBITDA (non-GAAP basis)</b>	<u>\$ 18.2</u>	<u>\$ 20.5</u>	<u>\$ 85.1</u>	<u>\$ 77.3</u>	<u>\$ 78.0</u>	<u>\$ 82.5</u>
	Unaudited		Unaudited		Projected	
	For the six months ended		For the twelve months ended		For the twelve months ended	
	6/30/08	6/30/09	6/30/08	6/30/09	Low	High
<b>Net Cash provided by (used in) operating activities-continuing operations (GAAP basis)</b>	\$ (9.6)	\$ 14.8	\$ 46.0	\$ 51.0	\$ 46.0	\$ 51.0
Normalization of Accounts Receivable due to timing of certain receipts	\$ 14.4	\$ -	-	-	-	-
<b>Adjusted Cash Flow from Operations (non-GAAP basis)</b>	<u>\$ 4.8</u>	<u>\$ 14.8</u>	<u>\$ 46.0</u>	<u>\$ 51.0</u>	<u>\$ 46.0</u>	<u>\$ 51.0</u>
Purchases of property, plant and equipment	(8.0)	(2.8)	(9.0)	(11.0)	(9.0)	(11.0)
<b>Free Cash Flow (non-GAAP basis)</b>	<u>\$ (3.2)</u>	<u>\$ 12.0</u>	<u>\$ 37.0</u>	<u>\$ 40.0</u>	<u>\$ 37.0</u>	<u>\$ 40.0</u>

### Explanation of non-GAAP Financial Measures

The Company reports its financial results of operations in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The Company also provides non-GAAP financial information to complement its consolidated financial statements presented in accordance with GAAP. This press release includes such non-GAAP financial measures. A "non-GAAP financial measure" is defined as a numerical measure of the Company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements.

Following is a description of the various non-GAAP financial measures used by the Company:

**Adjusted EBITDA:** Represents operating income (GAAP basis) adjusted to (i) add/(subtract) other income (expense), net and (ii) add depreciation and amortization expense.

**Adjusted Cash Flow from Operations:** Represents net cash provided by (used in) operating activities (GAAP basis) adjusted for normalization of accounts receivable due to the timing of certain large

**Free Cash Flow:** Represents Adjusted Cash Flow from Operations reduced by purchases of property, plant and equipment.

The Company believes these non-GAAP financial measures provide management, investors, equity analysts and rating agencies with useful information by which to measure our performance. In addition, many of the Company's internal performance measures are based on these non-GAAP financial measures.

The Company's non-GAAP financial measures may vary from similarly titled measures of other companies because of differences in the way the measures are calculated and therefore should not be used to compare the Company's performance to that of other companies.

Whenever the Company presents non-GAAP financial measures, a reconciliation to the most directly comparable financial measure calculated and presented in accordance with GAAP is made available. The non-GAAP financial measures used by the Company are not intended to supercede or replace the Company's GAAP results or expectations.

# Appendix

## Reconciliation of Non-GAAP Financial Measures

Reconciliation of certain financial measures reported in accordance with Generally Accepted Accounting Principles ("GAAP") to those presented on the basis of methodologies other than in accordance with GAAP ("non-GAAP")  
(In millions, except per share data)

	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>	<u>Projected</u>	
	For the three months ended June 30,		For the six months ended June 30,		For the twelve months ended December 31, 2008	For the twelve months ended December 31, 2009	
	2009	2008	2009	2008	(Unaudited)	Low	High
	(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
<b>Consolidated Data:</b>							
<b>Income (loss) from continuing operations (GAAP basis)</b>	\$ (16.6)	\$ 9.0	\$ (9.4)	\$ 20.0	\$ (22.7)	\$ 10.2	\$ 12.1
Impairment of goodwill - Drivetrain Segment, net of tax	26.0 (a)	-	26.0 (a)	-	56.8 (b)	26.0	26.0
Plant closure and restructuring costs - Drivetrain segment, net of tax	1.3	-	3.3	-	6.1	4.3	4.3
<b>Adjusted Income from continuing operations (non-GAAP basis)</b>	<u>\$ 10.7</u>	<u>\$ 9.0</u>	<u>\$ 19.9</u>	<u>\$ 20.0</u>	<u>\$ 40.2</u>	<u>\$ 40.5</u>	<u>\$ 42.4</u>
<b>Earnings Per Diluted Share:</b>							
<b>Income (loss) from continuing operations (GAAP basis)</b>	\$ (0.85)	\$ 0.42	\$ (0.48)	\$ 0.93	\$ (1.09)	\$ 0.51	\$ 0.61
Impairment of goodwill - Drivetrain Segment, net of tax	1.32	-	1.32	-	2.69	1.32	1.32
Plant closure and restructuring costs - Drivetrain segment, net of tax	0.07	-	0.17	-	0.29	0.22	0.22
Reconcilement due to share count change from Basic to Diluted	-	-	-	-	0.02	-	-
<b>Adjusted Income from continuing operations (non-GAAP basis)</b>	<u>\$ 0.54</u>	<u>\$ 0.42</u>	<u>\$ 1.01</u>	<u>\$ 0.93</u>	<u>\$ 1.91</u>	<u>\$ 2.05</u>	<u>\$ 2.15</u>
Diluted Shares Outstanding	19.7	21.2	19.7	21.6	21.1	19.8	19.8
<b>Free Cash Flow:</b>							
<b>Net cash provided by operating activities - continuing operations (GAAP)</b>						\$ 46.0	\$ 51.0
Purchases of property, plant and equipment						(9.0)	(11.0)
<b>Free cash flow (non - GAAP basis)</b>						<u>\$ 37.0</u>	<u>\$ 40.0</u>
<b>Drivetrain Segment Data:</b>							
<b>Segment profit (loss) (GAAP basis)</b>	\$ (37.5)	\$ 3.1	\$ (39.5)	\$ 5.6	\$ (81.3)	\$ (37.8)	\$ (36.8)
Impairment of goodwill - Drivetrain Segment	37.0	-	37.0	-	79.1	37.0	37.0
Plant closure and restructuring costs - Drivetrain segment	2.1	-	5.3	-	9.7	6.8	6.8
<b>Adjusted Segment profit (non-GAAP basis)</b>	<u>\$ 1.6</u>	<u>\$ 3.1</u>	<u>\$ 2.8</u>	<u>\$ 5.6</u>	<u>\$ 7.5</u>	<u>\$ 6.0</u>	<u>\$ 7.0</u>

(a) Includes income tax expense of \$0.9 million, or \$0.05 per diluted share, recorded during the second quarter of 2009, primarily related to valuation allowances on applicable state deferred tax assets.

(b) Includes an income tax benefit of \$0.4 million, or \$0.02 per diluted share, recorded during the fourth quarter of 2008, from a revaluation of certain deferred tax assets primarily related to tax deductible goodwill.

## Reconciliation of Non-GAAP Financial Measures

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Following is a description of the various non-GAAP financial measures used by the Company:

Adjusted Income From Continuing Operations: Represents income (loss) from continuing operations (GAAP basis) adjusted to exclude, on an after-tax basis, (i) the Drivetrain impairment of goodwill charges and (ii) the Drivetrain plant closure and restructuring costs.

Adjusted Income From Continuing Operations Per Diluted Share: Represents income (loss) from continuing operations per share (GAAP basis) adjusted to exclude, on an after-tax basis per diluted share, (i) the Drivetrain impairment of goodwill charges and (ii) the Drivetrain plant closure and restructuring costs.

Adjusted Segment profit: Represents segment profit (loss) (GAAP basis) adjusted to exclude (i) the Drivetrain impairment of goodwill charges and (ii) the Drivetrain plant closure and restructuring costs.

Free Cash Flow: Represents net cash provided by operating activities – continuing operations reduced by purchases of property, plant and equipment.

The Company believes these non-GAAP financial measures provide management, investors, equity analysts, and rating agencies with useful information by which to measure our performance. In addition, many of the Company's internal performance measures are based on these non-GAAP financial measures.

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# Technology Corporation

