



Investment Presentation

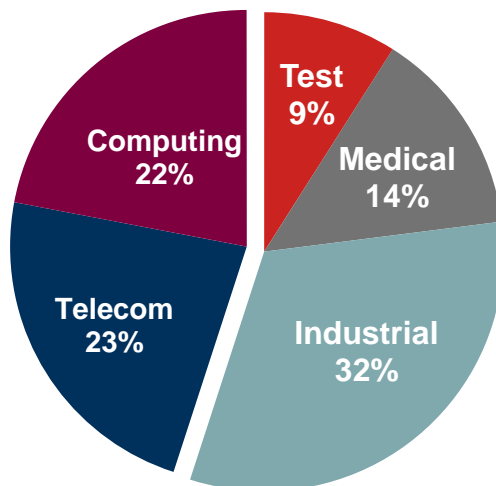
Market Cap	~\$1,100M
Enterprise Value	~\$880M
2015 Revenue	\$2,541M
2015 EBITDA	\$157M



BHE Company Overview

- Provides outsourced manufacturing, design and engineering services - Electronic Manufacturing Services (EMS). Global manufacturing footprint. HQ in Angleton, TX
- **Traditional markets (computing / telecom)** - typically higher-velocity, lower margin, and more volatile
- **Non-traditional markets (industrial / medical / test and instrumentation)** - typically lower-velocity, higher margin, and more stable

2015 Revenue Mix



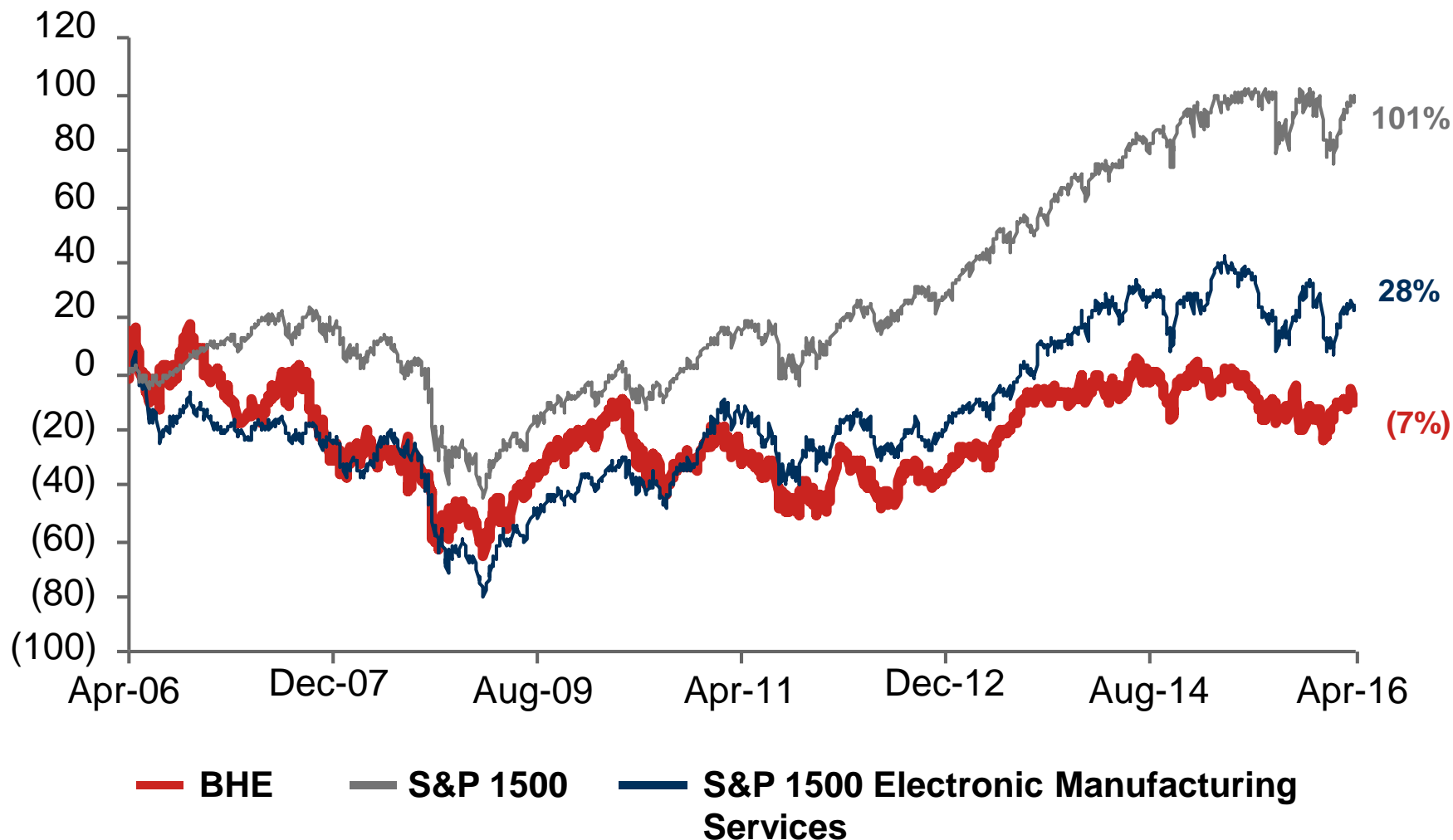
Growing non-traditional sales mix has led to improving EMS industry margins and returns

Why We Invested In BHE

- Strong position in evolving EMS industry
- Attractive margins and customer mix relative to peers
- Trades at a discount to EMS peers
- **We believe there is a clear path to value creation via:**
 - Adopting a disciplined approach to capital allocation
 - Improving working capital efficiency and ROIC
 - Aligning compensation with shareholders
 - Improving investor communications
 - Adding directors with meaningful ownership to the Board

We Believe BHE Has Failed to Create Value for Shareholders

10 Year – Indexed¹



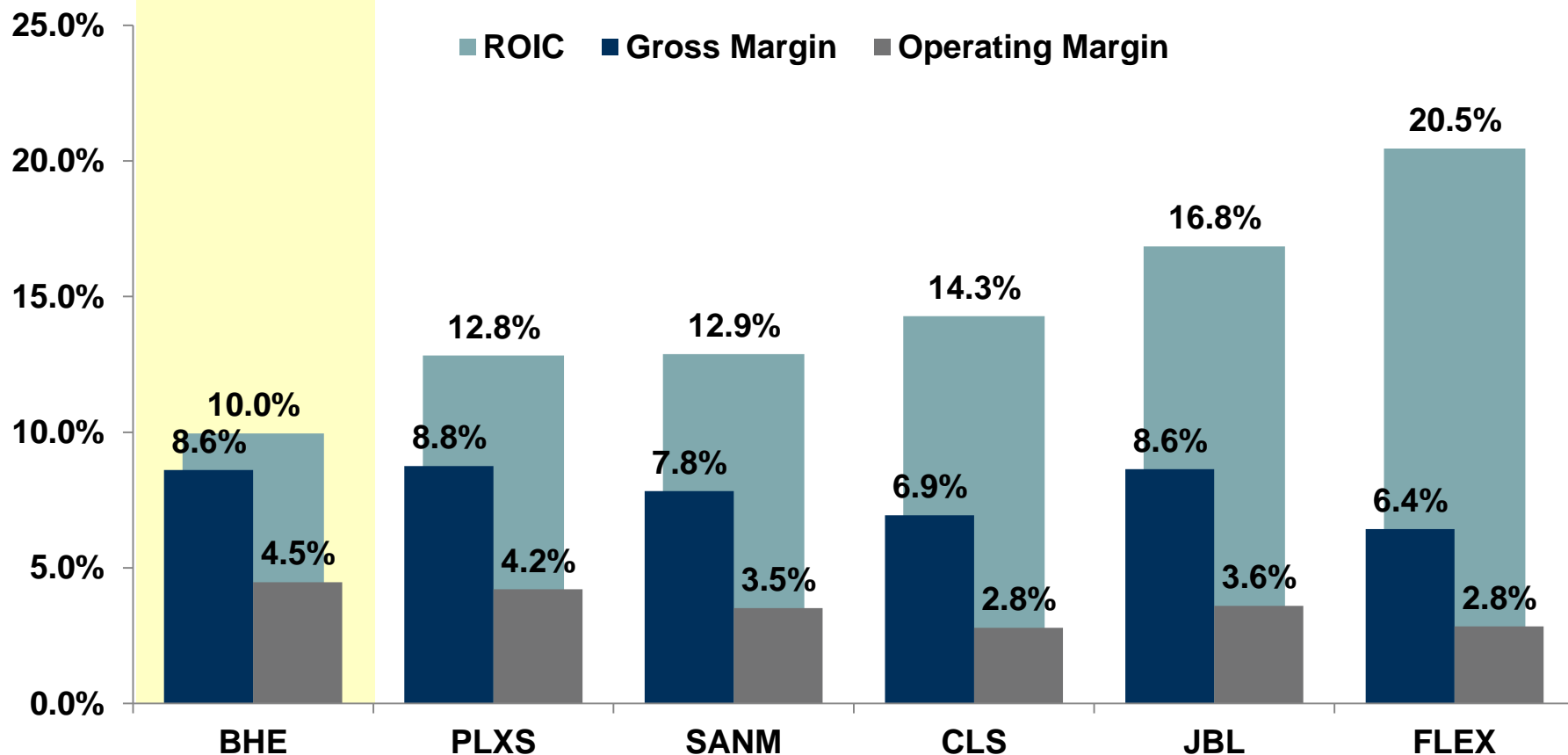
Source: FactSet data as of 4/13/2016.

1. Indexed to 0.



We Believe Lack of Value Creation is Due To Worst In Class ROIC Despite Best-in-Class Margins

CY 2015 Comparison



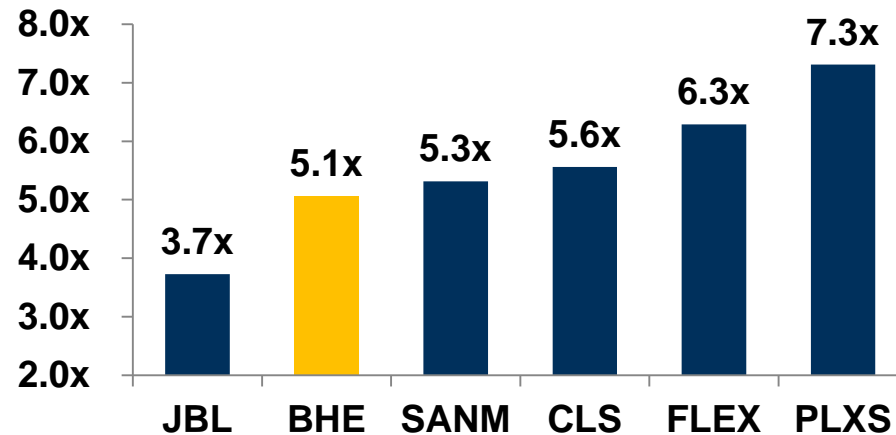
We believe management's neglect of the balance sheet has driven BHE's poor ROIC relative to peers

Source: Company filings and earnings presentations. JBL CY 2015 is for the period ending 11/30/15.

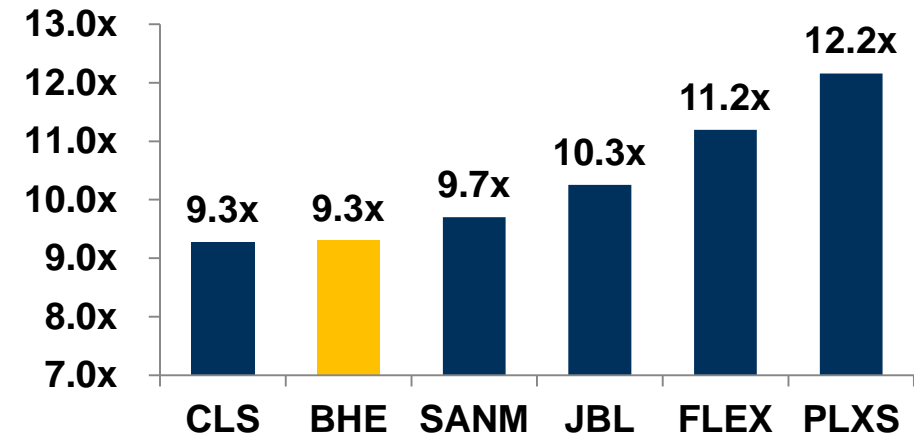
Note: Operating margin includes the impact of stock compensation and excludes the impact of amortization expense. ROIC calculated as EBITA Less Taxes / Average Invested Capital

We Believe Inferior Returns Cause a Valuation Discount to Peers

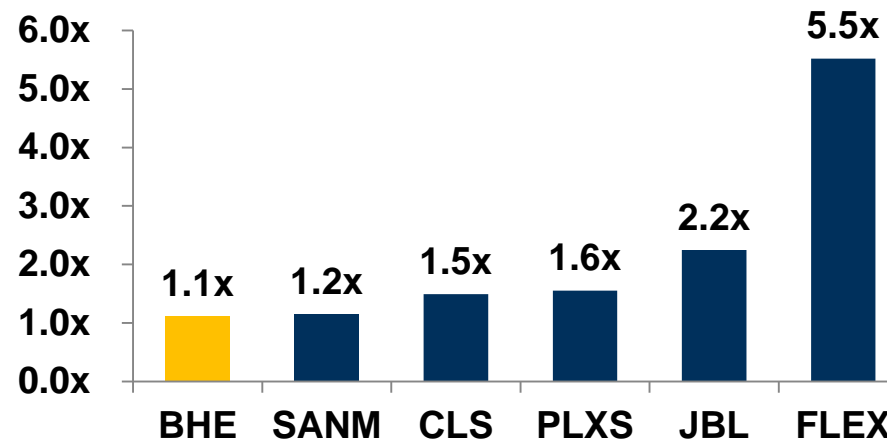
EV / Fwd. EBITDA



P/E ex-Net Cash

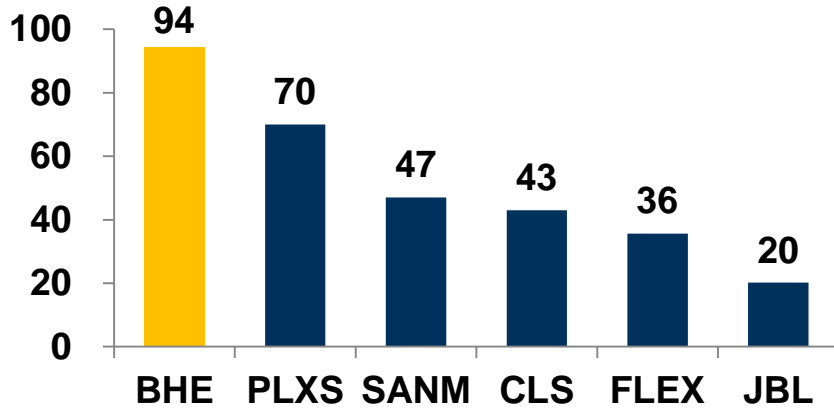


Price / Tangible Book

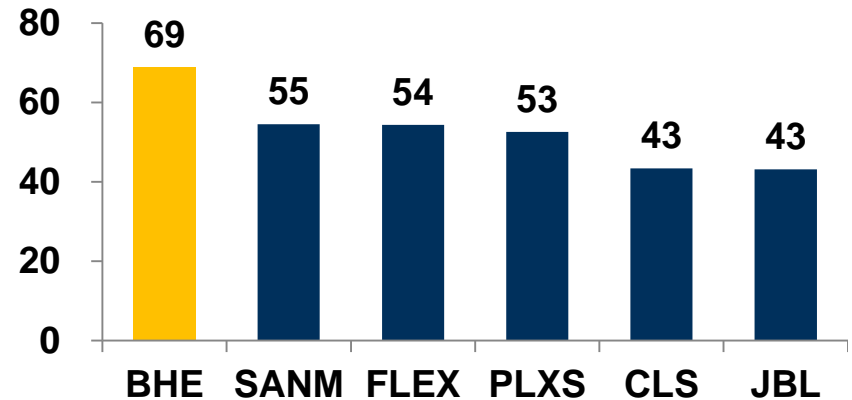


We Believe Low ROIC/Valuation Driven By Poor Working Capital Management

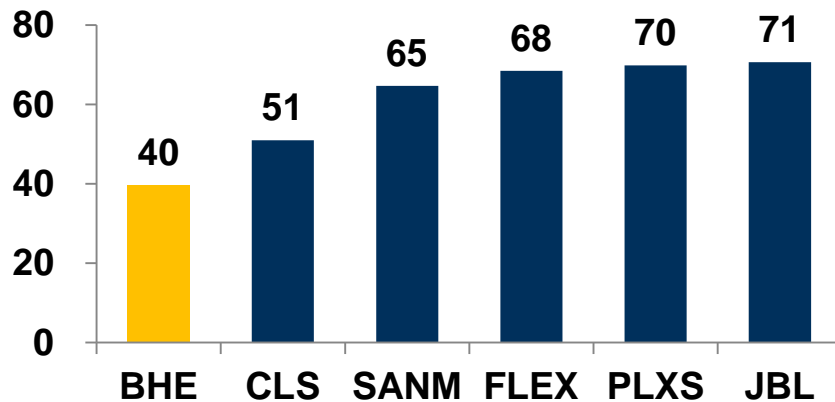
Cash Conversion Cycle (CCC)



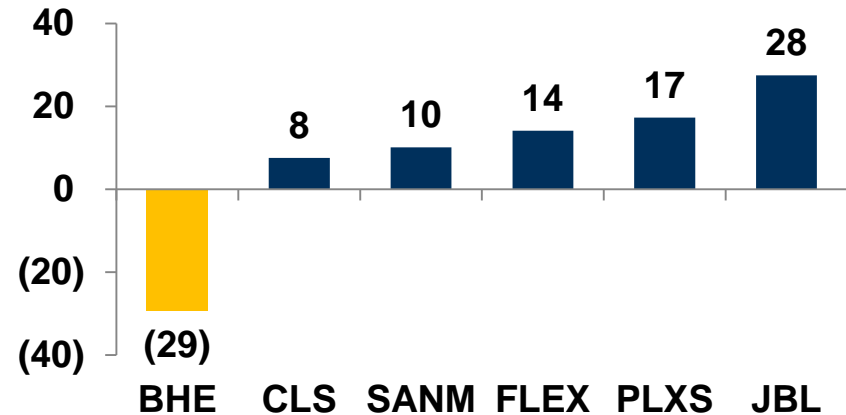
Days Sales Outstanding (DSO)



Days Payables Outstanding (DPO)



DPOs Less DSOs

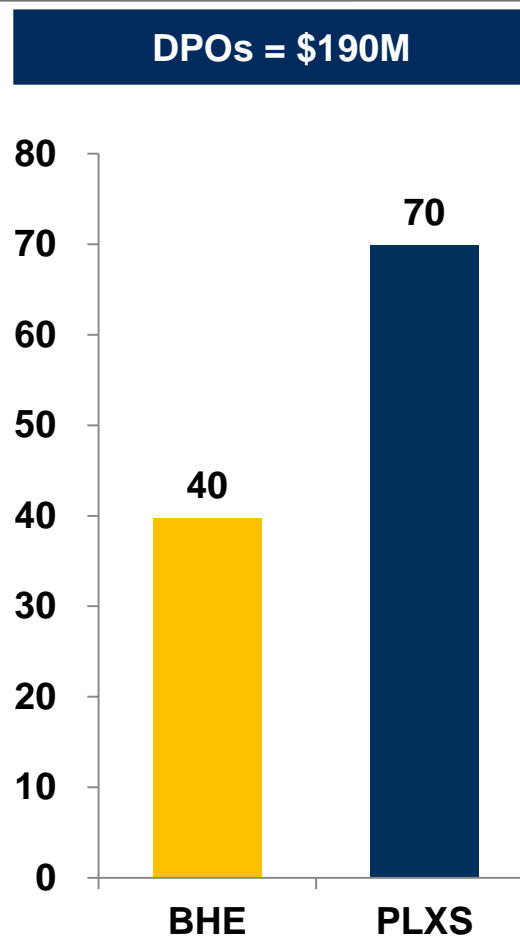
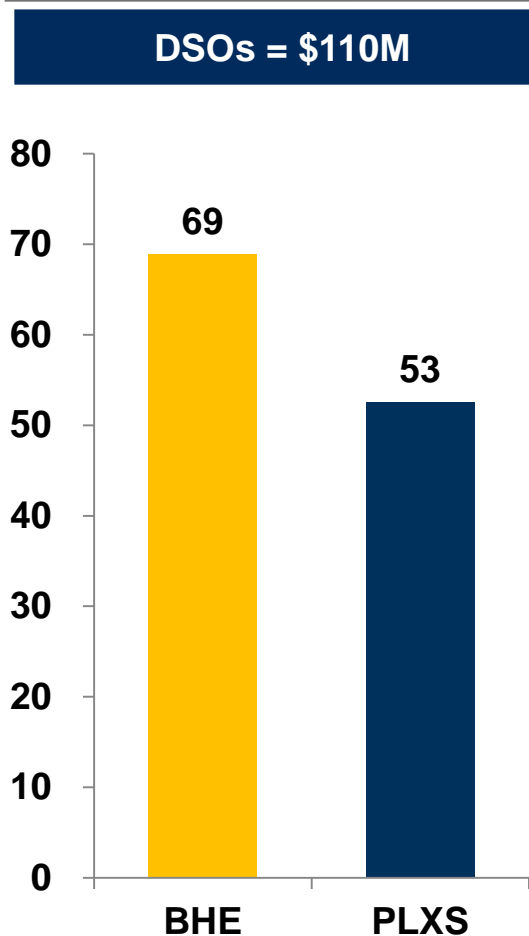


BHE is the ONLY EMS company that pays its suppliers faster than it is paid by its customers

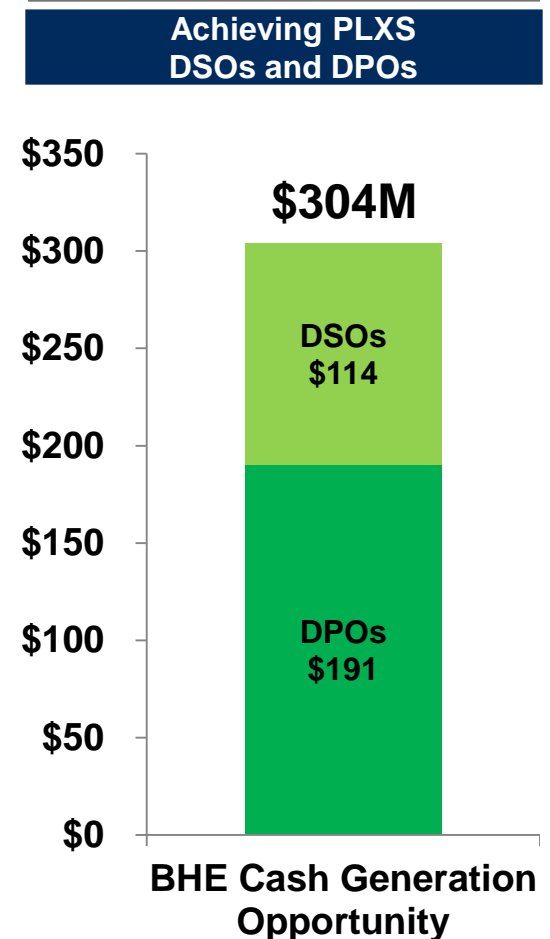


We Believe Correcting Working Capital Presents a Significant Cash Generation Opportunity

Comparison to PLXS



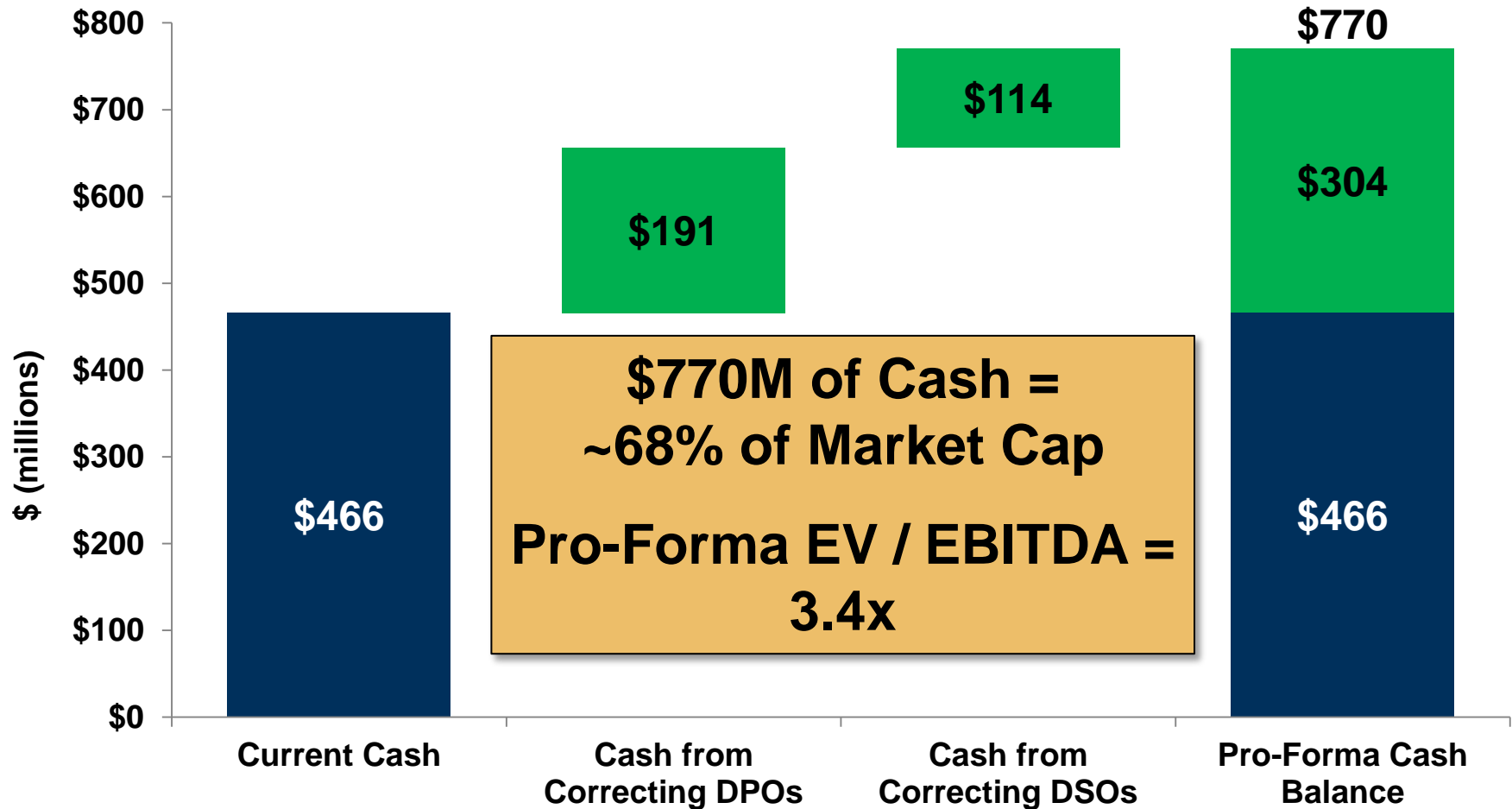
Cash Generation Opportunity



Fixing the working capital issues could release >\$300M of cash, which is over 25% of BHE's market capitalization

The Result is ~\$770M in Cash (~68% of the Market Capitalization)

BHE Cash Generation Opportunity from Improved Working Capital Efficiency



With such a significant amount of cash potentially available to deploy, capital allocation will be an important value driver for BHE



We Believe BHE's Incentive Compensation Must Be Fixed So It Does Not Incentivize Value Dilutive Acquisitions

Impact of an Acquisition of a 3% Return Business – BHE Compensation Committee ROIC Definition

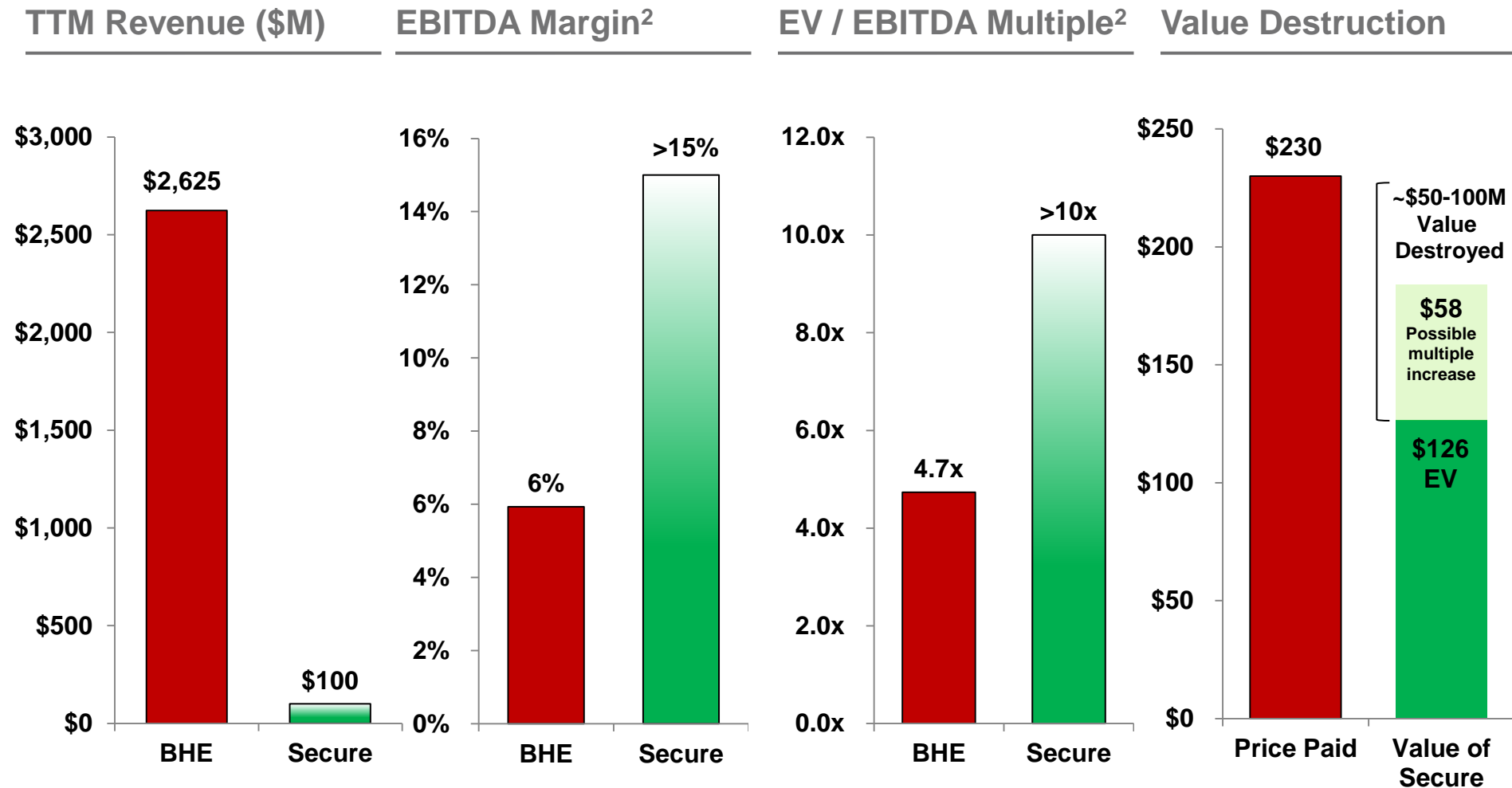
	<u>Pre-Cash Deployment</u>	<u>Dilutive Acquisition</u>	<u>Pro Forma</u>
Avg. Equity	1,299		1,299
<u>Avg. Debt</u>	<u>54</u>		<u>54</u>
Invested Capital - BHE Compensation Committee Definition	1,353		1,353
<u>Less: Avg. Cash</u>	<u>(430)</u>	<u>300</u>	<u>(130)</u>
Invested Capital - Correct Definition	923		1,223
NOPAT	92	9	101
ROIC - Correct Definition	10.0%		8.2%
ROIC - BHE Compensation Committee Definition	6.8%		7.5%

ROIC (incorrectly) increases

We believe BHE's undisciplined M&A and persistent working capital inefficiency are symptoms of a flawed incentive compensation structure



BHE Allocated ~38% of the Company's Enterprise Value¹ To An Acquisition that We Believe Destroyed Value in 2015



BHE's fixation on margin & growth at the expense of returns appears to have blinded it to the fact that the transaction was going to destroy \$50-\$100M of Value

1. Percentage of enterprise value based on \$20.56 share price as of 10/22/15 and BHE balance sheet as of 9/30/2015.

2. BHE EV/NTM EBITDA multiple per FactSet as of 10/21/2015. Secure margins and implied EBITDA multiple based on BHE letter to shareholders dated 4/06/2016

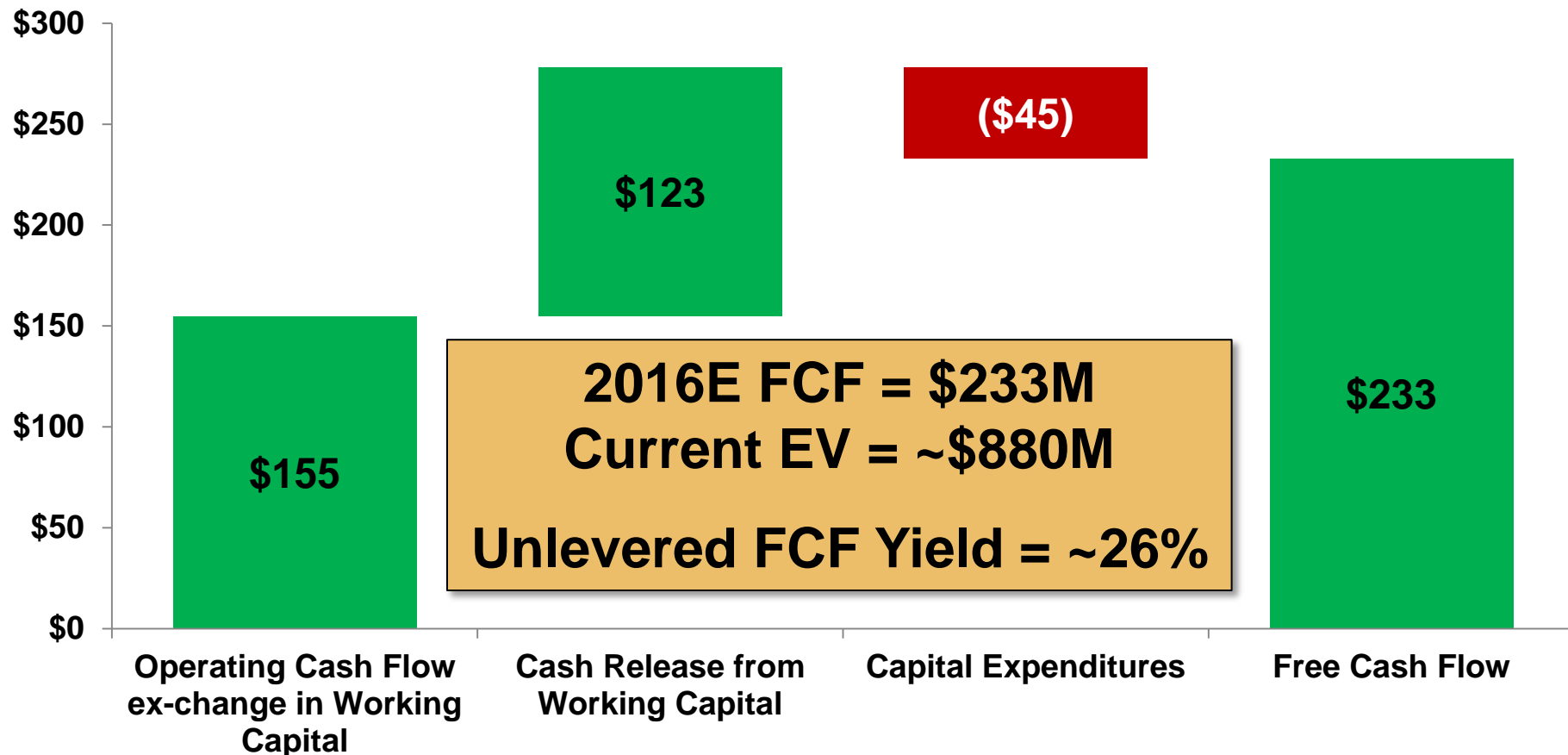
We Believe Investor Communications Needs Improvement

	FLEX	JBL	CLS	SANM	PLXS	BHE
# of analysts covering the company	13	12	12	9	11	6
Quarterly discussion of free cash flow?	Yes	Yes	Yes	Yes	Yes	No
Quarterly discussion of ROIC?	Yes	Yes	Yes	Yes	Yes	No

Compared to its EMS peers, BHE has the fewest analysts covering the company and does not regularly discuss two of the most important metrics with investors

We Believe Management Fails to Effectively Communicate BHE's Attractive Investment Case

Implied 2016 Free Cash Flow Guidance (\$M)



Because management is solely margin and growth focused, they fail to communicate the value proposition from a free cash flow perspective



Our Plan Will Fix The Impediments To Value Creation and Create Material Wealth for BHE Shareholders

Key Drivers of Underperformance

Poor Corporate Governance/
Entrenched Board

Undisciplined Capital Allocation

Inefficient Working Capital

Misaligned Incentive Compensation

Ineffective Investor Communication

Engaged Capital's Response

Add new, highly qualified Board
members aligned with shareholders

Instill a rigorous, disciplined
approach to capital allocation

Work with outside consultants to
increase and accelerate pursuit of
working capital efficiencies

Align executive compensation with
shareholders

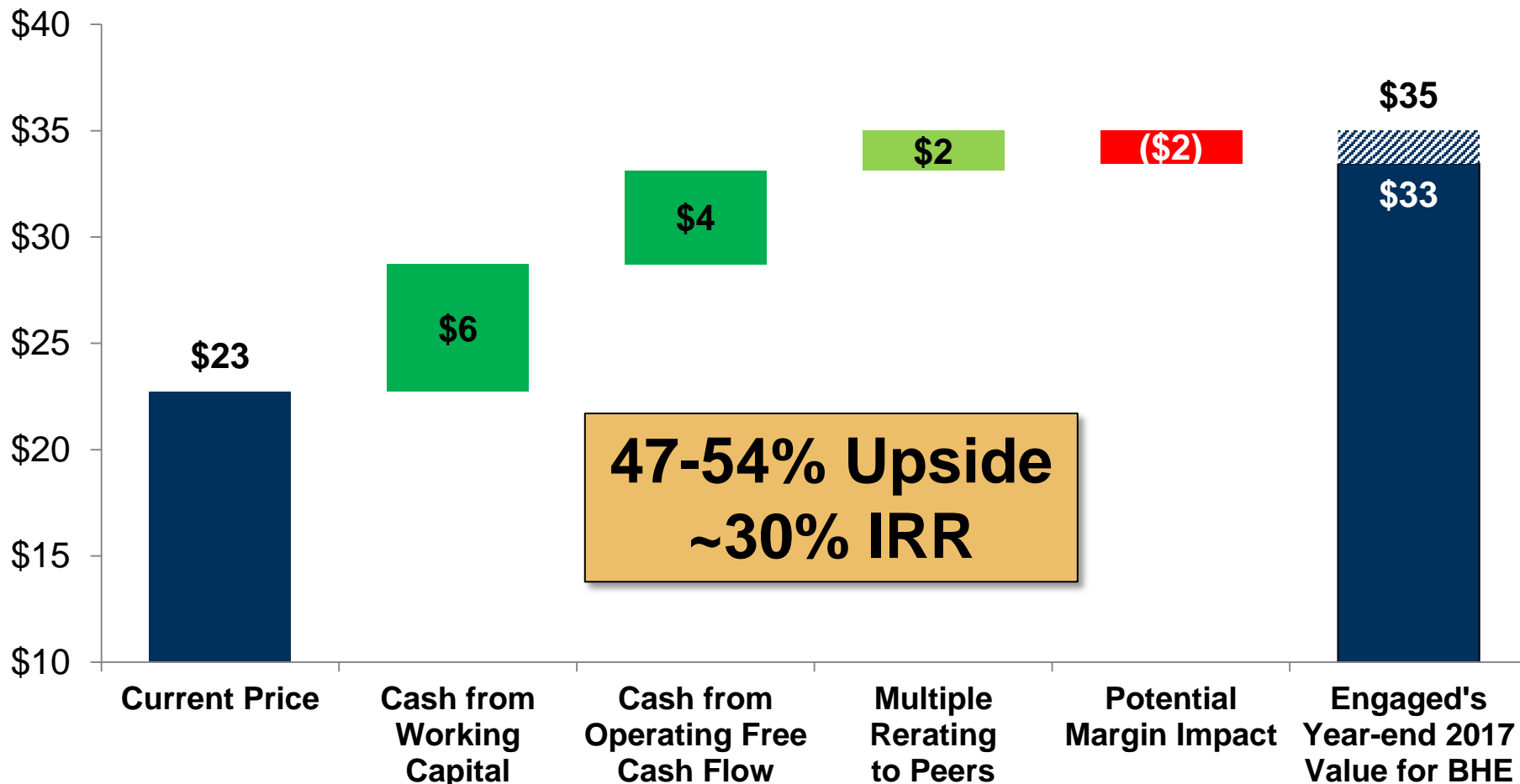
Increase transparency, align
financial reporting, and increase
analyst coverage

Value Creation Opportunity

**>50%
Upside**

Cash Generation and a Disciplined Approach to Capital Allocation Can Drive Significant Upside

BHE Pro-forma Valuation



We see ~50% upside to \$33-\$35 a share in 2017 by implementing our agenda



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