



## Financial Data

(as of February 9, 2012)

**SPA LISTED NYSE** **Sparton Corporation (NYSE: SPA)** is a provider of complex and sophisticated electromechanical devices with capabilities that include concept development, industrial design, design and manufacturing engineering, production, distribution, and field service. The primary market classifications served are Navigation & Exploration, Defense & Security, Medical, and Complex Systems. Headquartered in Schaumburg, IL, the business was founded in 1900 and offers its customers development, design, manufacturing, and distribution capabilities in a highly collaborative environment.

Stock Price	\$8.88
Shares Outstanding	10.3 million
Market Cap	\$ 91.5 million
Revenues (ttm)	\$218.5 million
Book Value per Share (mrq)	\$7.41
Fiscal Year End	June 30

## Management Team

Cary Wood	Chief Executive Officer
Greg Slome	Chief Financial Officer
Gordon Madlock	SVP, Operations
Michael Osborne	SVP, Business Development
Steve Korwin	SVP, Quality & Engineering
Larry Brand	VP, Corporate HR
Jake Rost	VP & GM, Medical

## Company Highlights

**Increasing Margins and Lowered SG&A**– Operating margins increased to 5.2% in 2Q 2012 from 3.4% in the second quarter last year. SG&A as a percentage of sales was 10% in 2Q 2012 compared to 12.3% same quarter last year.

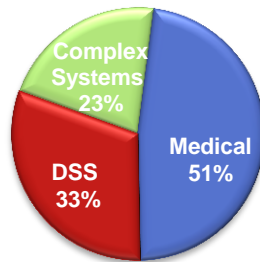
**New Contract Awards**– YTD foreign sonobuoy sales increased 3X from FY2011 totals to \$14.17 million. Most recently, Sparton was awarded a \$7.6 million foreign sonobuoy contract with Australia.

**Increased Adjusted Net Income & Adjusted EBITDA\***– 2Q 2012 adjusted net income of \$1.8 million, or \$0.18 per share, versus adjusted net income of \$1.0 million, or \$0.10 per share in the prior year quarter. Adjusted EBITDA of \$3.4 million versus adjusted EBITDA of \$2.1 million in the prior year quarter.

**Growth Strategy**- Continue refining the new business development process to increase the new business opportunity funnel and win more new business; Continue to look at complementary and compatible acquisitions.

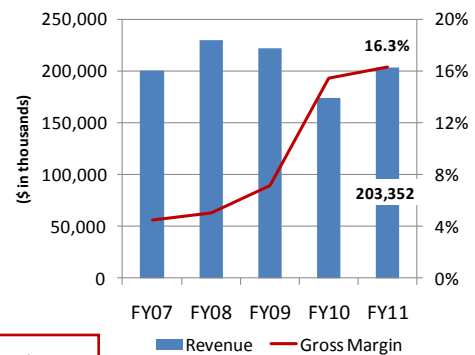
\*Please refer to the Company's earnings release dated 2/7/12 which provides reconciliation of these non GAAP items.

### Revenue by Market



2Q 2012

### Gross Profit Trends



## Reporting Segments

### Medical Device

Highly complex devices & instrumentation for InVitro Diagnostics (IVD) and Therapeutic markets

Siemens, Fenwal, Nuvasive

\$98 million

### Defense & Security Systems

Anti-submarine warfare devices (sonobuoys), digital compasses, acoustic hydrophones

U.S. Navy, Various Defense Contractors

\$70 million

### Complex Systems

Circuit card assemblies and electro-mechanical box build solutions for aerospace & commercial applications

Raytheon, Goodrich Aerospace, Parker, Vaisala

\$36 million

Products

Key Customers

FY11 Revenue

## Development and Manufacturing



Sonobuoys



Analyzers



Neuronetics



Circuit Board Assembly

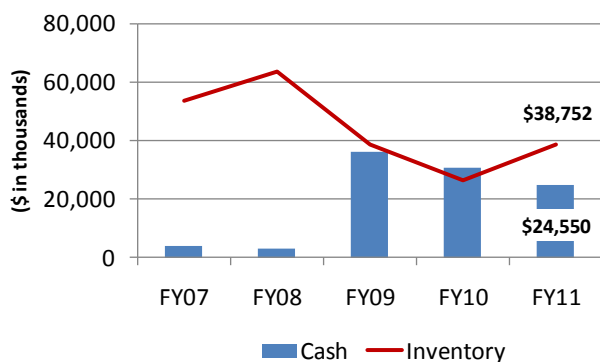


Digital Compass

## Outlook

- Focus on sustained profitability
  - Continue margin improvements in Complex Systems
  - Backfill Medical revenue losses with new business
  - Offset reduced U.S. Navy sonobuoy contracts with foreign sonobuoy sales
  - Continue improvements in operating performance through lean and quality efforts
- Implementation of the strategic growth plan
  - Continue refining the new business development process to increase the new business opportunity funnel and win more new business
  - Continue to target the right trade show venues
  - Continue to invest in internal R & D for new product introductions
  - Challenge the technical staff to develop new & innovative ideas
  - Continue to look at complementary and compatible acquisitions

## Financial Overview



(\$ in thousands)				
Statement of Operations	6 Months Ended Dec 31,		Year ending June 30,	
	2011	2010	2011	2010
Revenues	\$ 107,203	\$ 92,098	\$ 203,352	\$ 173,977
Gross Profit	\$ 17,080	\$ 14,573	\$ 33,168	\$ 26,583
Gross Margin	15.9%	15.8%	16.3%	15.2%
Income per share (adjusted)	\$0.32	\$ 0.20	\$ 0.73	\$ 0.75
Balance Sheet		December 31, 2011		June 30, 2011
Cash/Cash Equivalents	\$	30,610	\$	24,550
Working Capital	\$	47,344	\$	46,345
Total Assets	\$	127,541	\$	122,609
Shareholders Equity	\$	77,685	\$	75,047

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