

Action Summary – 28 October 2013

Analyst Theodore R. O'Neill *is initiating coverage of INTT with a Buy rating and a \$7 price target*

- Company expanding rapidly into new markets with 20% of bookings last quarter coming from non-legacy customers. We believe this will drive growth in 2014 and beyond.
- We believe company will look very different in the next 18-24 months with improved profit and a less cyclical income stream
- Legacy business is on an up cycle and INTT is restructuring the business segments serving these customers
- Valuation appears attractive at 1.4x book and 2.6x cash. Company has no debt and both cash and book value are growing.
- We forecast 9% revenue growth in 2014 and improving margins with new customers

Current share price: \$4.00	Market cap: \$41.5 million	2014 P/E: 13	EV/Sales: 0.6
Shares outstanding: 10.4 million	Insider ownership: 27%	Avg. trading volume: 12,000	Dividend: NA

Macroeconomic context

- Slow growth in U.S. GDP likely crimped revenue growth somewhat in 2013
- As GDP grows in 2014, we would expect to see positive year-over-year comps improving each quarter

GAAP estimates (EPS in dollars – Revenue in millions)

Period	EPS	Revenue	Net Margin
1Q12A	(\$0.00)	\$10.7	(0.4)%
2Q12A	\$0.13	\$13.6	9.8%
3Q12A	\$0.06	\$10.8	6.1%
4Q12A	<u>\$0.02</u>	<u>\$8.3</u>	<u>2.4%</u>
FY12A	<u>\$0.21</u>	<u>\$43.4</u>	<u>5.0%</u>
1Q13A	\$0.03	\$9.0	3.3%
2Q13A	\$0.10	\$11.2	8.9%
3Q13E	\$0.08	\$10.8	7.7%
4Q13E	<u>(\$0.01)</u>	<u>\$8.5</u>	<u>(0.7)%</u>
FY13E	<u>\$0.20</u>	<u>\$39.5</u>	<u>5.2%</u>
1Q14E	\$0.04	\$9.5	4.9%
2Q14E	\$0.12	\$12.0	10.6%
3Q14E	\$0.11	\$11.5	9.6%
4Q14E	<u>\$0.05</u>	<u>\$10.0</u>	<u>5.2%</u>
FY14E	<u>\$0.32</u>	<u>\$43.0</u>	<u>7.8%</u>

Note: Number may not add due to rounding. See our full model in the back of this report. Excel versions available.

Cash balance (in millions)

• 2012A	• \$15.6
• 2013E	• \$17.7
• 2014E	• \$21.1

Debt (in millions)

• 2012A	• \$0.00
• 2013E	• \$0.00
• 2014E	• \$0.00

Note: Debt is a revolving line with a \$50 million limit

EBITDA (in millions)

• 2012A	• \$3.3
• 2013E	• \$3.5
• 2014E	• \$5.2

Risks/Valuation

- Demand for INTT product legacy products are cyclical
- Trading volume is very low. The three month average is 12,000 shares/day
- Our \$7 target is derived using a synthetic dividend discount model, details of which can be found in this report

Company description: inTEST is an independent designer, manufacturer and marketer of mechanical, thermal and electrical products that are used by multiple industries including semiconductor, automotive, aerospace and telecommunications industries.

Figure 1 – inTEST Corporation - Trading snapshot



Trading volume is very light making it difficult to build or unwind a significant position

Source: BigCharts.Marketwatch.com

ViewPoint

- 1) We like the stock because of the better than average growth potential. The main reason for the growth is due to the increasing market share of thermal products into new markets.
- 2) In the legacy semiconductor business, the business cycle is improving over the next 12 months
- 3) It has developed several significant new products for the energy market which would add to growth in 2014
- 4) According to our analysis, cash balances are growing
- 5) There are no significant capital expenditures this year or next
- 6) Valuation is low with shares selling for 1.4x book currently and 1.25x projected book
- 7) View into the upcoming 3Q12 conference call is that the results may be better than consensus expectations and we believe the outlook will follow the seasonal route of a slightly weaker 4Q
- 8) Our major concern is that liquidity in the market. Average volumes are less than 15,000 shares a day. It would be helpful for liquidity if the company had a managed offering

We like the growth, the growing cash and valuation

Financial Analysis

The company has \$16.0 million (or \$1.54 per share) in cash and no debt. DSOs average in the low 30s and inventory turns are in the teens. Net income as a percent of sales was 8.9% in the most recent quarter (2Q13) but has historically been in the mid to high teens at the top of the earnings cycle. We believe the company is just past the bottom of the earnings cycle.

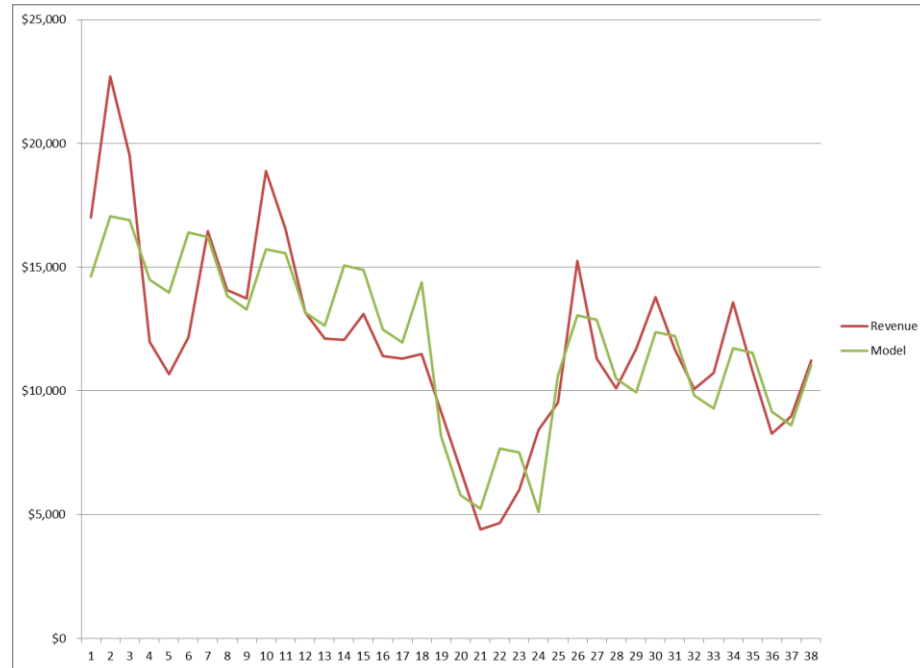
Forecasts

Our forecasting process typically begins with a multivariate regression analysis where we find multiple drivers for revenue. In the case of INTT we found that revenues are highly seasonal with 1Q and 4Q being the weakest and 2Q typically the strongest. Our analysis (see Figure 2) resulted in a model that did a very good job at predicting the actual results and has an r-squared of 71%. The model also revealed a negative growth rate over time. Normally that would be a red flag, but if we look more closely, we can see that is the result of the revenue from the Mechanical Products segment (see Figure 5). This segment is highly fragmented and some of INTT's customers are now producing their own Mechanical Products. Looking at the Electrical Products segment revenue we

see essentially no growth (see Figure 7) and some very good growth in the Thermal Segment (see Figure 3).

Our forecast for growth (9% in 2014) is based on further growth in the Thermal Products segment. Growth in this segment is coming from new customers and new business segments which include energy, industrial, military/aerospace and automotive. We are also forecasting expanding margins in 2014 but believe our model is conservative.

Figure 2 – inTEST Corporation – Revenue against predictive model 2004-present by quarter (\$000)



We assume that a single investor owns all the stock. What is the discounted value of the earnings stream?

Source: Company filings and Litchfield Hills Research, LLC

Price Target

Our price target is derived using a modified dividend discount model. Intellectually we assume we just bought 100% of the outstanding stock and the earnings stream flows to a single investor. What is the value of that stream? We assume all the annual earnings are dividends, we grow them as shown in the model at the back of this report and then over the course of the next 10 years we scale the growth back until earnings growth matches GDP. We then discount those “dividends” at 12%. This model probably understates the tax benefits thus could be seen as understating the price target but offsetting this is that the model never shows a decline in earnings and thus we feel the two balance out.

Field Work

We have made multiple visits to the company over as many years. We are planning a field trip to visit the Thermal Products operation in November.

Company Overview

inTEST is an independent designer, manufacturer and marketer of mechanical, thermal and electrical products that are used by multiple industries including semiconductor, automotive, aerospace and telecommunications industries. INTT products are designed to enable its customers to improve the efficiency of their test processes and, consequently, their profitability. INTT

products are sold worldwide.

Historically, INTT has focused on the semiconductor market providing components and systems to IC manufacturers who are in turn focused on end markets such as cell phones, telecom and datacom systems, Internet access devices, computers, transportation and consumer electronics. As these products mature, they are in turn replaced with other more sophisticated products that may require a new testing regime or packaging configuration and this, along with usual wear and tear, is the source of an ongoing business for each of INTT's segments. inTEST's business is managed as three segments: Thermal Products, Mechanical Products and Electrical Products. Semiconductor manufacturers use INTT mechanical products during testing of wafers and packaged ICs. They use INTT thermal and electrical products in both front-end and back-end testing of ICs. These ICs include microprocessors, digital signal processing chips, mixed signal devices, Micro-Electro-Mechanical Systems (MEMS), application specific ICs and specialized memory ICs, and are used primarily in the automotive, aerospace, computer, consumer products and telecommunications industries. INTT custom designs most of its products for each customer's particular combination of ATE.

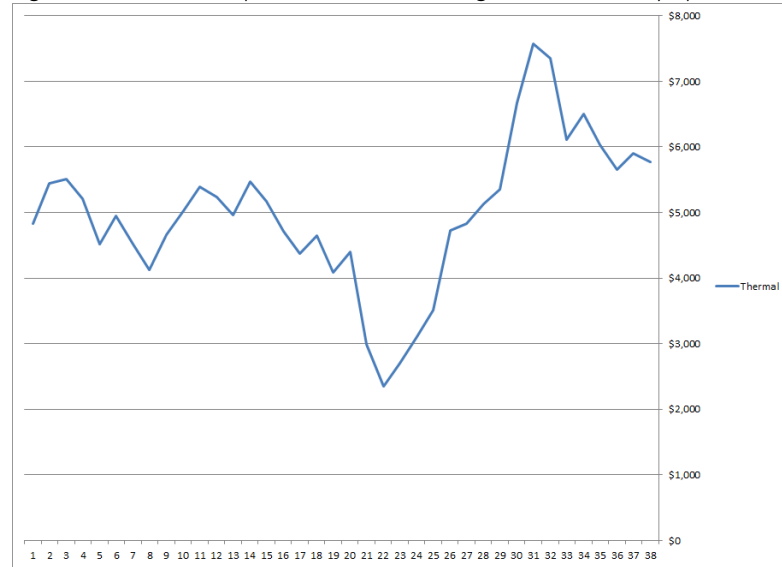
While the mechanical and electrical segments are experiencing slower growth, the company is seeing growth in its thermal segment and this is due primarily to industrial applications outside the semiconductor industry. This segment of INTT's business provides standard and customized systems that cool or heat equipment for extended periods while maintaining a set temperature within a very narrow range of fluctuation. New industrial applications for this segment include automotive, nuclear, defense/aerospace, energy and telecommunications. The products in this segment are generally longer lived than the mechanical or electrical so growth here is being seen with customers adding capacity and new applications.

Segments and Products

Thermal Products

These are products that precision regulate the temperature of a device, product or system. Think of it as an industrial but highly precise refrigerator that can cook food as well. Its thermal products are sold into the environmental test market encompassing a wide variety of industries including the ATE, automotive, consumer electronics, defense/aerospace, energy and telecommunications industries. INTT thermal products enable a manufacturer to test semiconductor wafers and ICs, electronic components, mechanical assemblies and electromechanical assemblies and systems under various temperatures that represent a real world environment. Thermal segment revenues have been growing since 2009 (see Figure 3).

Figure 3 – inTEST Corporation – Thermal segment revenue by quarter 2004-present (\$000)



Source: Company filings and Litchfield Hills Research, LLC

ThermoStream® Products

ThermoStream® products are used in the semiconductor industry as a stand-alone temperature management tool, or in a variety of electronic test applications as part of a MobileTemp system. ThermoStream® products provide a source of heated and cooled air that can be directed over the component or device under test. These systems are capable of controlling temperatures to within +/- 0.1 degree Celsius over a range of -100 degrees Celsius to as high as +300 degrees Celsius within 1.0 degree Celsius of accuracy. As a stand-alone tool, ThermoStream® provides a temperature-controlled air stream to rapidly change and stabilize the temperature of packaged ICs and other devices.

The MobileTemp Series combines the ThermoStream® products (see Figure 4) with a family of exclusive, high-speed ThermoChambers to offer thermal test systems with fast, uniform temperature control in a compact package enabling temperature testing at the test location. MobileTemp Systems are designed specifically for small thermal-mass applications beyond the semiconductor market and have found application in the automotive, electronic, fiber optic and oil field service industries testing such things as electronic sub-assemblies, sensor assemblies, and printed circuit boards.

Figure 4 – inTEST Corporation – ThermoStream® System



Source: inTEST Corporation

ThermoStream® and MobileTemp products range in price from approximately \$15,000 to \$50,000.

ThermoChambers

INTT chamber products are available in a variety of sizes, from small bench-top units to chambers with internal volumes of twenty-seven cubic feet or greater and with temperature ranges as wide as from -190 degrees Celsius to +500 degrees Celsius. Chambers can be designed to utilize liquid nitrogen or liquid carbon dioxide cooling or mechanical refrigeration or both. These chambers can accommodate large thermal masses and are sold into both laboratories and production environments. Chambers are priced from \$15,000 to \$150,000.

Thermal Platforms

INTT platforms are available in surface sizes ranging from 7.2 square inches to 396 square inches. They provide a flat, thermally conductive, precisely temperature controllable surface that is ideal for conditioning and testing devices with a flat surface. Platforms are available with temperature ranges as broad as -100 degrees Celsius to +250 degrees Celsius. Thermal platforms can be designed to utilize either liquid nitrogen or liquid carbon dioxide cooling or mechanical refrigeration. Platforms offer virtually unimpeded access to the device under test and their easy access and compact size makes them ideal for convenient bench-top use. Platforms are priced from \$6,500 to \$65,000.

ThermoChuck® Products

INTT ThermoChuck® precision vacuum platform assemblies, used primarily in the semiconductor industry, quickly change and stabilize the temperature of semiconductor wafers accurately and uniformly during testing without removing the wafer from its testing environment. Such temperatures can range from as low as -65 degrees Celsius to as high as +400 degrees Celsius. ThermoChucks® are incorporated into wafer prober equipment for laboratory analysis and for in-line production testing of semiconductor wafers. ThermoChuck® products range in price from approximately \$16,000 to \$90,000.

Thermal Products Sales Channel

Thermal products under the inTEST Thermal Solutions name and sales to ATE manufacturers are



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handled directly by INTT's own sales force. Sales to semiconductor manufacturers and customers in other industries in the U.S. are handled through independent sales representatives. In Singapore and Malaysia, INTT sales and service are handled through INTT internal sales and service staff. In the rest of Asia, INTT sales are handled through distributors. In Europe, sales managers at INTT's office in Germany, as well as regional distributors and independent sales representatives, sell to semiconductor manufacturers and customers in other industries.

Thermal Products Competition

The principal competitor for ThermoStream® products is FTS Systems. Its principal competitors for ThermoChuck products include ERS Elektronik GmbH, Advanced Temperature Systems GmbH and Espec Corp. Its principal competitors for environmental chambers are Thermotron Industries, Cincinnati Sub-Zero Products, Inc. and Espec Corp. Its principal competitor for thermal platforms is Environmental Stress Systems Inc.

Thermal Products Manufacturing

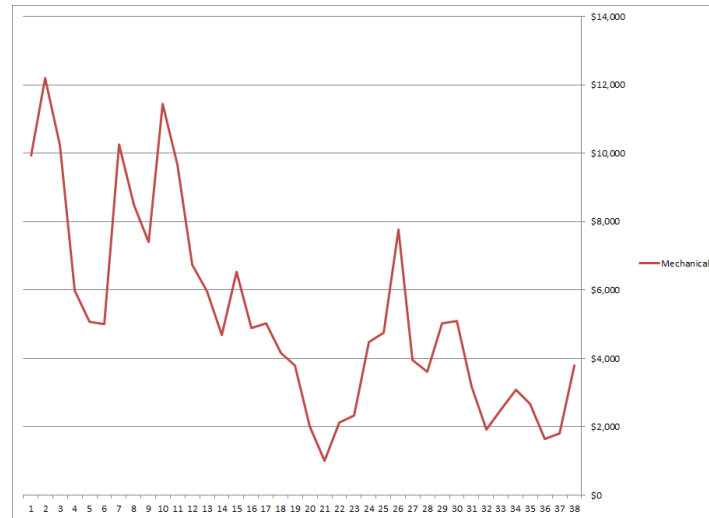
The Thermal Products segment consists of subsidiaries in Mansfield, Massachusetts (Temptron Corporation, Sigma Systems Corp. and Thermonics, Inc.), Germany (inTEST Thermal Solutions GmbH), and Singapore (inTEST Pte Ltd.). It assembles most of its products from a combination of standard components and custom parts that have been fabricated to INTT specifications by either third-party manufacturers or INTT own fabrication operation in New Jersey.

Mechanical Products

Manipulator Products

These are products designed to position and support the moveable component of an electronic tester that is used in the semiconductor industry. Think of these as the jack that lifts the car so you can change a flat tire. These systems do not actually perform the testing, and are ultra-precise, but testing of integrated circuits (ICs) cannot be done without them. INTT offers four lines of manipulator products: the in2®, the M Series, the Aero Series and the Cobal Series. These freestanding universal manipulators can hold a variety of test heads and enable an operator to reposition a test head for alternate use with any one of several probers or handlers on a test floor. Certain members of the Aero family are also available as a lower-cost solution for dedicated prober-only or handler-only test cell applications. Sales of mechanical products have been declining (see Figure 5).

Figure 5 – inTEST Corporation – Mechanical Products revenue by quarter 2004-present (\$000)



Source: Company filings and Litchfield Hills Research, LLC

The in2® and Cobal Series of manipulator products (see Figure 6) incorporate INTT balanced floating-head design. This design permits a test head weighing up to 3,000 pounds to be held in an effectively weightless state, so it can be moved manually or with optional powered assistance, up or down, right or left, forward or backward and rotated around each axis (known as six degrees of motion freedom) by an operator using a modest amount of force. The same design features enable the operator to dock the test head without causing inadvertent damage to the fragile electrical contacts. The in2® and Cobal Series manipulators range in price from approximately \$12,000 to \$60,000.

Figure 6 – inTEST Corporation – Cobal 750 Test Head Manipulator



Source: inTEST Corporation

The M Series line of manipulator products consists of the M400 and M500 manipulators. These small size universal manipulators are designed to handle test heads weighing less than 550 pounds. The up and down movement is counter-balanced by an air-pressure-based floating state technology. The M Series manipulators range in price from approximately \$12,000 to \$30,000.

The Aero Series of manipulator products consists of the Aero 450H and Aero 150P manipulators. These manipulators are designed to handle test heads weighing less than 1,500 pounds. The up



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and down movement is supported by an air-pressure-based floating state technology. The Aero Series manipulators range in price from \$10,000 to \$30,000.

Docking Hardware Products

INTT docking hardware products protect the delicate interface contacts and ensure proper repeatable and precise alignment between the test head's interface board and the prober's probing assembly or the handler's test socket as they are brought together, or "docked." A simple cam action docks and locks the test head to the prober or handler, thus eliminating motion of the test head relative to the prober or handler. INTT docking hardware products are used primarily with floating-head universal manipulators. By using INTT docking hardware products, semiconductor manufacturers can achieve cost savings through improved ATE utilization, improved accuracy and integrity of test results, and reduced repairs and replacements of expensive ATE interface products. INTT docking hardware products range in price from approximately \$2,000 to \$25,000.

Mechanical Products Sales channel

In North America, it sells to semiconductor manufacturers principally independent, commissioned sales representatives. North American sales representatives also coordinate product installation and support with INTT technical staff and participate in trade shows.

INTT's internal sales staff handles sales to ATE manufacturers and is responsible for a portfolio of customer accounts and for managing certain independent sales representatives. In addition, INTT account managers are responsible for pricing, quotations, proposals and transaction negotiations, and they assist with applications engineering and custom product design. Technical support is provided to North American customers and independent sales representatives by employees based in New Jersey, California and Texas.

In Europe, it sells to semiconductor and ATE manufacturers through INTT internal sales staff and independent sales representatives. Technical support is provided to European customers by employee(s) based in the UK or by independent sales representatives who inTEST has trained. In China, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand, it sells through independent sales representatives who are supervised by INTT internal sales staff. International sales representatives are responsible for sales, installation, support and trade show participation in their geographic market areas. Technical support is provided to Asian customers primarily by employees based in Malaysia, the Philippines and Taiwan.

Mechanical Products Competition

The principal competitors for manipulator products are Esmo AG and Reid-Ashman Manufacturing. Its principal competitors for docking hardware products include Esmo AG, Knight Automation and Reid-Ashman Manufacturing. It also competes with the ATE manufacturers Advantest Corporation and Teradyne (who are INTT customers) on the sale of docking hardware and manipulators.

Mechanical Products Manufacturing

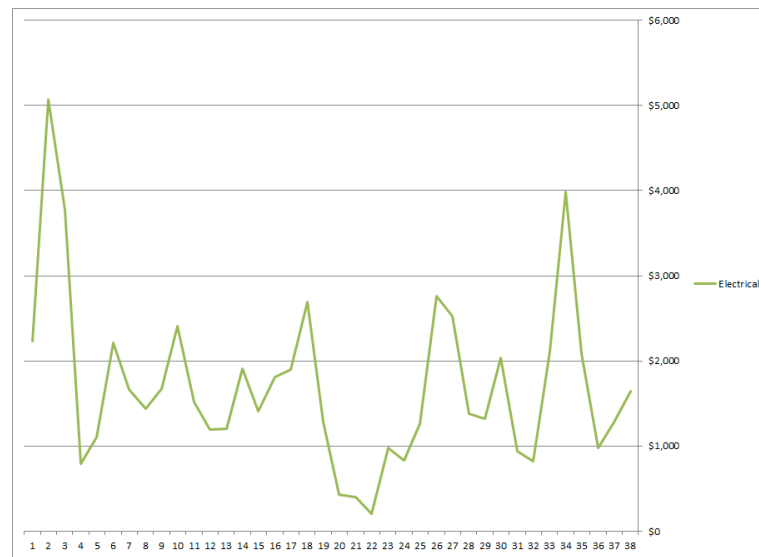
The Mechanical Products segment consists of manufacturing operation in Mt. Laurel, New Jersey. It assembles most of its products from a combination of standard components and custom parts that have been fabricated to INTT specifications by either third-party manufacturers or INTT own fabrication operation in New Jersey.

Electrical Products

INTT Electrical products include various types of tester interfaces, provide the electrical connections between the tester and the wafer prober or IC handler to carry the electrical signals

between the tester and the probe card on the prober or the test socket on the handler. inTEST tester interfaces can be used with high speed, high frequency, digital or mixed signal testers used in testing ICs. It designs standard and modular interface products to address most possible tester/prober combinations on the market today. In addition, it provides a custom design service that will allow any of its customers to use virtually any tester, prober or handler combination with any type of device, such as analog, digital, mixed signal and radio frequency. For example, the Centaur® modular interface is designed to provide flexibility and scalability by using replaceable signal modules, which can be easily changed, on the test floor as customers testing requirements change. In addition to the Centaur(R) modular interface (see Figure 8), it also offers over 200 different types of tester interface models that were custom designed for customer's specific applications. These products range in price from approximately \$7,000 to \$40,000. Electrical segment revenues have been fairly consistent since 2004 (see Figure 7).

Figure 7 – inTEST Corporation – Electrical segment revenue by quarter 2004-present (\$000)



Source: Company filings and Litchfield Hills Research, LLC

Figure 8 – inTEST Corporation – Centaur Interface



Source: inTEST Corporation



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Electrical Products Sales Channel

INTT uses the same sales channel for its Mechanical Products.

Electrical Products Competition

The principal competitors for tester interface products are Reid-Ashman Manufacturing, Esmo AG and Integrated Test Corporation.

Electrical Products Manufacturing

The Electrical Products segment consists of a subsidiary in Fremont, California (inTEST Silicon Valley Corporation). It assembles most of its products from a combination of standard components and custom parts that have been fabricated to INTT specifications by either third-party manufacturers or INTT own fabrication operation in New Jersey.

Customers

INTT markets all its products to end users, which include semiconductor manufacturers and third-party foundries, test and assembly houses, as well as to original equipment manufacturers ("OEMs"), which include ATE manufacturers and their third party outsource manufacturing partners. In the case of thermal products, it also markets INTT products to independent testers of semiconductors, manufacturers of automotive, consumer electronics, defense/aerospace, energy and telecommunications products, and semiconductor research facilities. INTT customers use its products principally in production testing, although ThermoStream® products traditionally have been used largely in engineering development and quality assurance they are sold to most of the major semiconductor manufacturers in the world.

Texas Instruments Incorporated (TXN-NR) accounted for 14% and 12% of INTT consolidated net revenues in 2012 and 2011, respectively. Teradyne, Inc. (TER-NR) accounted for 11% of INTT consolidated net revenues in 2012. While all three of INTT operating segments sold to these customers, these revenues were primarily generated by INTT Mechanical Products and Electrical Products segments. INTT's ten largest customers accounted for approximately 47% and 49% of INTT net revenues in 2012 and 2011, respectively (see Figure 9).

Figure 9 – inTEST Corporation – Largest customer in 2012

Semiconductor Manufacturers	ATE Manufacturers	Other
Avago Technologies	Teradyne	Emerson Electric Co.
Intel Corporation		Hakuto Co. Ltd.
NXP Semiconductor		Raytheon Company
PDF Solutions		
Samsung Electronics		
Texas Instruments Inc.		

Source: Company filings and Litchfield Hills Research, LLC

Patents

As of December 31, 2012, INTT held 45 active U.S. patents and had 16 pending U.S. patent applications covering various aspects of its technology. During 2012, two U.S. patents were issued and seven U.S. patents expired.



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Backlog

At December 31, 2012, INTT backlog of unfilled orders for all products was approximately \$4.2 million compared with approximately \$4.0 million at December 31, 2011. Backlog at a particular date is not necessarily indicative of sales for any future period.

Employees

INTT has 133 full time employees, including 64 in manufacturing operations, 48 in customer support/operations and 21 in administration.

Management

Robert E. Matthiessen is the President and Chief Executive Officer on inTEST Corporation. He has been involved with the electronics test industry for over 40 years. He began his working career in 1967 at The New Jersey Laboratory of Climatology as a designer of meteorological instrumentation. In 1969, he joined Computer Test Corporation (later to become a division of Siemens Corporation) as a test engineer and subsequently served in management positions in engineering, marketing and sales over a span of 12 years. Mr. Matthiessen departed Siemens in 1981 to co-found Televents Corporation, an early innovator in industrial video training. Mr. Matthiessen joined inTEST Corporation in October 1984 as Executive Vice President. He then served as President and Chief Operating Officer from December of 1997 to August of 1998 at which time he began his present service as President and Chief Executive Officer.

Mr. Matthiessen served as a youth soccer coach for many years. He is an avid collector and restorer of classic British sports cars and is a member of the British Motoring Club of South Jersey as well as the Antique Automobile Club of America.

Mr. Matthiessen received his Electrical Engineering education at Drexel Institute of Technology followed by Management and Finance curricula at Northeastern University and the MIT Sloan School of Management.

Hugh T. Regan, Jr. is currently the Chief Financial Officer of inTEST Corporation. Hugh joined inTEST in 1996 as its CFO and took the company public in 1997. In addition to the financial management of inTEST, Hugh has managed the company's acquisition and divestitures of businesses both domestically and internationally. Prior to joining inTEST, Hugh worked for Value Property Trust (formerly known as Mortgage and Realty Trust), a real estate investment trust that had a portfolio of approximately \$800 million of owned properties and real estate loans. Hugh joined the Trust in 1985 as an Assistant Vice President and had a number of roles over his 12 years with the ultimately becoming Chief Financial Officer in 1995.

Hugh has been on the board of his local Girl Scout council for almost 20 years and was recently elected to the board of directors of the Girl Scouts of the United States of America.

Hugh attended Rider University and has both Accounting and Finance degrees. Hugh is a CPA in the state of New Jersey.

Figure 10 - InTEST Corporation - Income Statement

(\$ in thousands except per share)

December year-end	2010 Year	2011 Year	2012				2012 Year	2013E				2013E Year	2014E				2014E Year
			Q1	Q2	Q3	Q4		Q1	Q2	Q3E	Q4E		Q1	Q2	Q3E	Q4E	
Total revenue	\$46,204	\$47,266	\$10,731	\$13,576	\$10,799	\$8,270	\$43,376	\$8,973	\$11,218	\$10,800	\$8,500	\$39,491	\$9,500	\$12,000	\$11,500	\$10,000	\$43,000
<i>Growth</i>	97%	2%	-66%	-62%	-75%	-82%	-8%	-16%	-17%	0%	3%	-9%	6%	7%	6%	18%	9%
Cost of Goods	24,059	24,373	6,135	7,382	6,037	4,763	24,317	4,868	5,753	5,832	4,930	21,383	5,244	6,360	6,095	5,520	23,219
Gross Profit	22,145	22,893	4,596	6,194	4,762	3,507	19,059	4,105	5,465	4,968	3,570	18,108	4,256	5,640	5,405	4,480	19,781
Gross Margin	47.9%	48.4%	42.8%	45.6%	44.1%	42.4%	43.9%	45.7%	48.7%	46.0%	42.0%	45.9%	44.8%	47.0%	47.0%	44.8%	46.0%
Selling	\$5,717	\$5,708	\$1,406	\$1,555	\$1,322	\$1,142	\$5,425	\$1,189	\$1,528	\$1,300	\$1,200	\$5,217	\$1,250	\$1,500	\$1,450	\$1,300	\$5,500
% of total revenue	12.4%	12%	13%	11%	12%	14%	13%	13%	14%	12%	14%	13%	13%	13%	13%	13%	13%
R&D	\$3,044	\$3,240	\$924	\$980	\$1,006	\$985	\$3,895	\$996	\$925	\$999	\$950	\$3,870	\$950	\$950	\$1,000	\$1,000	\$3,900
% of total revenue	7%	7%	9%	7%	9%	12%	9%	11%	8%	9%	11%	10%	10%	8%	9%	10%	9%
General and administrative	\$6,034	\$6,367	\$1,991	\$1,665	\$1,445	\$1,329	\$6,430	\$1,556	\$1,523	\$1,500	\$1,500	\$6,079	\$1,400	\$1,400	\$1,400	\$1,450	\$5,650
% of total revenue	13%	13%	19%	12%	13%	16%	15%	17%	14%	14%	18%	15%	15%	12%	12%	15%	13%
Total Operating Expenses	14,795	15,315	4,321	4,200	3,773	3,456	15,750	3,741	3,976	3,799	3,650	15,166	3,600	3,850	3,850	3,750	15,050
Operating Income	7,350	7,578	275	1,994	989	51	3,309	364	1,489	1,169	(80)	2,942	656	1,790	1,555	730	4,731
Operating Margin	15.9%	16.0%	2.6%	14.7%	9.2%	0.6%	7.6%	4.1%	13.3%	10.8%	-0.9%	7.4%	6.9%	14.9%	13.5%	7.3%	11.0%
Total Other Items	50	81	(346)	0	23	67	(256)	6	(2)	0	0	4	0	0	0	0	0
Pre-Tax Income	7,400	7,659	(71)	1,994	1,012	118	3,053	370	1,487	1,169	(80)	2,946	656	1,790	1,555	730	4,731
Pre-Tax Margin	16.0%	16.2%	-0.7%	14.7%	9.4%	1.4%	7.0%	4.1%	13.3%	10.8%	-0.9%	7.5%	6.9%	14.9%	13.5%	7.3%	11.0%
Taxes (benefit)	148	(2,204)	(28)	660	348	(83)	897	78	484	339	(23)	878	190	519	451	212	1,372
Tax Rate	2.0%	-28.8%	39.4%	33.1%	34.4%	-70.3%	29.4%	21.1%	32.5%	29.0%	29.0%	29.8%	29.0%	29.0%	29.0%	29.0%	29.0%
Net Income (loss)	7,252	9,863	(43)	1,334	664	201	2,156	292	1,003	830	(57)	2,068	466	1,271	1,104	518	3,359
Net Margin	15.7%	20.9%	-0.4%	9.8%	6.1%	2.4%	5.0%	3.3%	8.9%	7.7%	-0.7%	5.2%	4.9%	10.6%	9.6%	5.2%	7.8%
EPS, as reported	0.72	0.96	(0.00)	0.13	0.06	0.02	0.21	0.03	0.10	0.08	(0.01)	0.20	0.04	0.12	0.11	0.05	0.32
non-GAAP																	
Diluted Shares Outstanding	10,142	10,286	10,205	10,360	10,360	10,344	10,347	10,366	10,394	10,395	10,396	10,388	10,406	10,416	10,426	10,436	10,421

Sources: Company reports and Litchfield Hills Research LLC.

Figure 11 - InTEST Corporation - Balance Sheet

(\$ in thousands except per share)

December year-end	FY2014E	FY2013E	FY2012	FY2011
Balance sheet				
Current Assets				
Cash and S.T.I.	\$21,073	\$17,694	\$15,576	\$13,957
Accounts receivable	6,000	5,800	5,501	6,189
Inventories	3,500	3,400	3,135	3,896
Other assets	1,350	1,300	1,367	755
Total Current Assets	31,923	28,194	25,579	24,797
Net PP&E	1,250	1,250	1,250	1,134
Other non-current assets	4,800	4,800	5,570	5,306
Total Assets	\$37,973	\$34,244	\$32,399	\$31,237
Current Liabilities				
Accounts payable	\$1,200	\$1,200	\$1,041	\$1,031
Accrued expenses	\$3,000	\$2,900	\$2,824	\$3,146
Deferred revenue	\$250	\$250	\$255	\$425
Other current liabilities	\$400	\$400	\$459	\$436
Total current liabilities	4,850	4,750	4,579	5,038
Revolving line of credit - LT	0	0	0	0
Other Liabilities	0	0	0	0
Total Liabilities	4,850	4,750	4,579	5,038
Stockholders' Equity				
Preferred stock	0	0	0	0
Common stock	10	10	105	105
Additional paid-in-capital	26,050	26,030	26,030	26,035
Retained earnings	6,063	2,704	636	(686)
Cum. Other comp and treasury stock	1,000	750	1,049	745
Total stockholders' equity	33,123	29,494	27,820	26,199
Total Liabilities and equity	\$37,973	\$34,244	\$32,399	\$31,237

Sources: Company reports and Litchfield Hills Research LLC.

Disclosures:

Analyst Certification

I Theodore R. O'Neill, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company and the underlying securities.

Other Disclosures

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