



Q1 2023 EARNINGS RELEASE

May 2, 2023

 **Littelfuse®**
Expertise Applied | Answers Delivered

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Non-GAAP Financial Measures. The information included in this presentation includes the non-GAAP financial measures of organic net sales (decline) growth, adjusted operating margin, adjusted EBITDA margin, adjusted diluted earnings per share, adjusted effective tax rate, free cash flow, and consolidated net leverage ratio (as defined in the credit agreement). A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in the appendix. The company believes that these non-GAAP financial measures provide useful information to investors regarding its operational performance, ability to generate cash and its credit position enhancing an investor's overall understanding of its core financial performance. The company believes that these non-GAAP financial measures are commonly used by financial analysts and provide useful information to analysts. Management uses these measures when assessing the performance of the business and for business planning purposes. Note that the definitions of these non-GAAP financial measures may differ from those terms as defined or used by other companies.



BUSINESS UPDATE

Dave Heinzmann, President & CEO

Q1 2023 HIGHLIGHTS

- Strong financial performance above guidance
 - Revenue \$610m
 - Adj. Operating Margin 19%
 - Adj. Diluted EPS \$3.64
 - Adj. EBITDA 25%
- Resiliency of business model & strength of execution deliver strong profitability
- Strategy-led acquisitions drive long-term profitable growth
 - Western Automation acquired Feb 2023
 - Significant progress on multiple integrations
 - Driving value creation through expanded capabilities & solutions
- New business wins within the global structural themes of sustainability, connectivity & safety

WESTERN AUTOMATION ACQUISITION

HEAVY FOCUS ON ELECTRIFICATION

EV Charger Fault Detection



RCD Protection



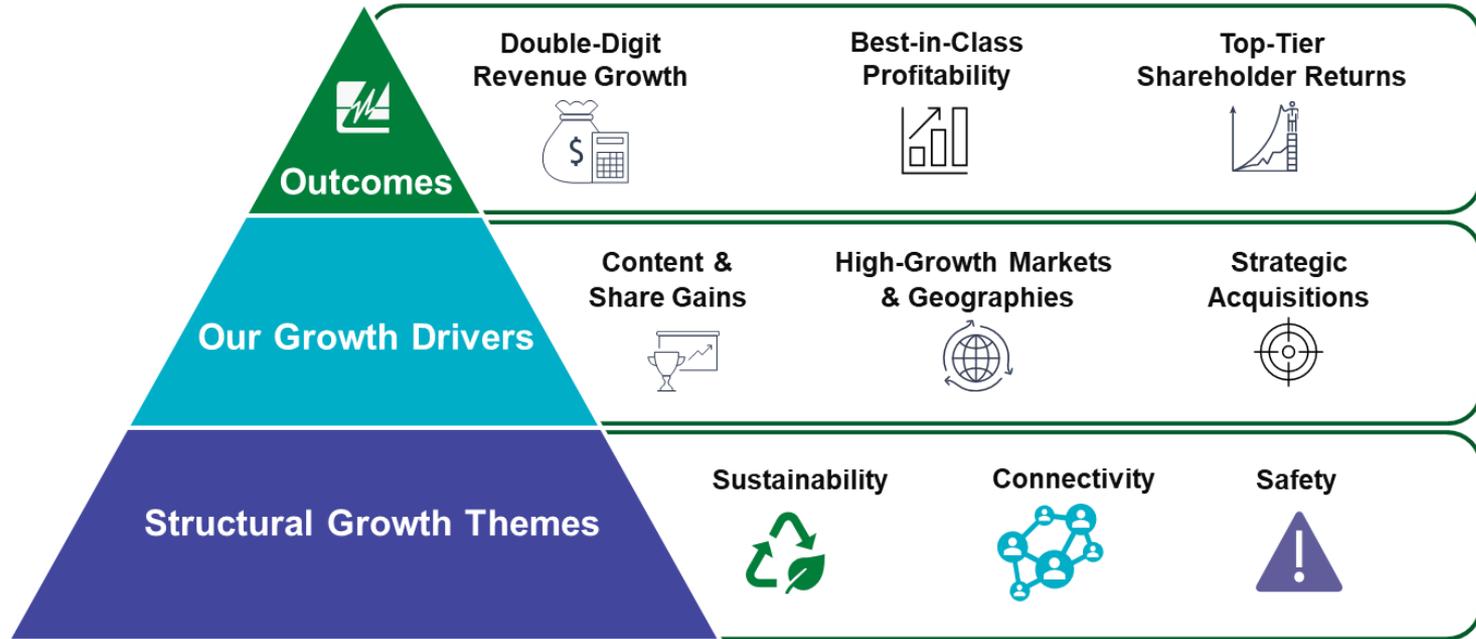
Arc Fault Detection



Expanded technologies for eMobility off-board charging infrastructure, industrial safety & renewables; Access to high-growth opportunities

2021 – 2025 **GROWTH STRATEGY**

EMPOWERING A SUSTAINABLE, CONNECTED, AND SAFER WORLD



Our capabilities, investments & diversification deliver significant value

INDUSTRIAL END MARKETS POSITIONED FOR ACCELERATED GROWTH

Q1 2023 Highlights

- Breadth of portfolio & capabilities for high-power applications driving new business wins
 - **Sustainability & efficiency:** renewables, energy storage, HVAC
 - **Safety:** power supplies, industrial automation
- Expanding product content & rate of new business wins accelerating
 - Industrial safety...within major restaurant & retail chains
 - Manufacturing infrastructure
- Global engineering capabilities empowering customers' next generation innovation



TRANSPORTATION END MARKETS

EXTENDING OUR LEADERSHIP POSITION

Q1 2023 Highlights

- **Passenger vehicle** design win trajectory supports continued **long-term double-digit content outgrowth**
 - **Electrification:** battery management systems, on-board chargers
 - **Electronification:** telematics, comfort & convenience applications
- Broad global **commercial vehicle** design wins will drive long-term growth
 - **Electrification & electronification**
 - Trucks, delivery vehicles, two-wheelers, construction equipment, material handling, trains: battery management systems, body control modules, rail traction, GPS
- Off-board charging infrastructure



ELECTRONICS END MARKETS

EXPANDING OUR LEADERSHIP

Q1 2023 Highlights

- Close customer collaboration drives product innovation & design-in activity; robust wins
 - **Sustainability & efficiency:** water meters, LED lighting
 - **Connectivity:** communications infrastructure, home technologies
 - **Safety:** critical lifesaving medical devices
- Accelerating product content in high-growth applications with C&K Switches portfolio
- Industry awards for top supplier of best-in-class innovative solutions





FINANCIAL UPDATE

Meenal Sethna, EVP & CFO

Q1 2023 TOTAL COMPANY FINANCIAL PERFORMANCE

(in millions)

Revenue



	Q1-22	Q1-23
GAAP EPS	\$4.70	\$3.54
Adj. EPS	\$4.99	\$3.64
Adj. EBITDA%	30.1%	24.6%

Highlights

- Revenue (-2%) vs PY, (-8%) organic
 - Acquisitions +7%, F/X (-1%)
- GAAP operating margin 18.1%; adj. operating margin 19.0%
 - Strong profitability led by operational execution
- Effective tax rate: GAAP 18.5%; adj. 18.8%
- Operating cash flow \$53m; free cash flow \$28m, +26% vs PY
- Strong capital structure; net debt to EBITDA leverage 1.4x

Q1 2023 ELECTRONICS SEGMENT

FINANCIAL PERFORMANCE

(in millions)

Revenue



Op Margin	33.0%	25.1%
Adj. EBITDA%	37.2%	30.7%

Highlights

- Revenue growth (-2%) / organic (-12%)
 - C&K Switches acq. main difference
- Continued strength of industrial & automotive markets & content growth, offset by softness across certain electronics end markets & channel inventory reductions
- Margins continue above historical target levels
 - Content growth, pricing & operational execution

Q1 2023 TRANSPORTATION SEGMENT

FINANCIAL PERFORMANCE

(in millions)

Revenue



	Q1-22	Q1-23
Op Margin	14.3%	5.1%
Adj. EBITDA%	20.1%	11.9%

Highlights

- Revenue growth (-10%) / organic (-8%)
 - Continued segment wide customer & distributor inventory rebalancing
- Sequential margin improvements
 - Operating margin +160bps
 - Adj. EBITDA margin +180bps
- Expect continued positive margin trajectory
 - Continued price realization
 - Ongoing cost reductions & operational footprint adjustments

Q1 2023 INDUSTRIAL SEGMENT

FINANCIAL PERFORMANCE

(in millions)

Revenue



	Q1-22	Q1-23
Op Margin	17.1%	20.3%
Adj. EBITDA%	20.1%	24.3%

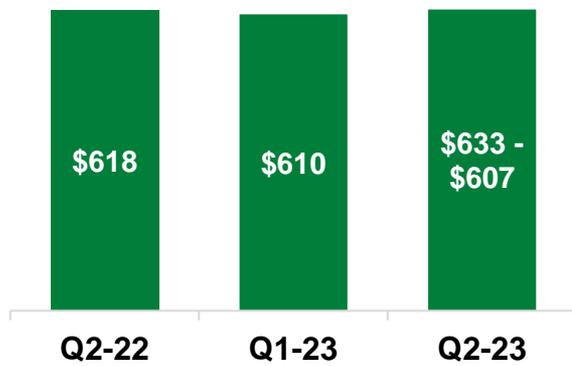
Highlights

- Revenue growth +16% / organic +13%
- Continued strong demand across numerous end markets combined with focus on high growth niches
 - Renewables, energy storage & industrial automation & safety
- Strong margin expansion vs PY & sequential

Q2 2023 GUIDANCE

(in millions)

Revenue



GAAP EPS	\$3.48	\$3.54	-
Adj. EPS	\$4.26	\$3.64	\$3.20 - \$3.45

Highlights

- Macro view...similar to 90 days ago
 - Continued growth in industrial, electrification themes
 - Modest passenger & comm. vehicle market growth
 - Softness across certain electronics markets
 - Ongoing inventory rebalancing across Electronics & Transportation segments
- Q2 Sales \$607 - \$633m
 - Flat vs PY, (-7%) organic
 - Sequentially +2%
 - By segment...growth in Industrial & Transportation, decline in Electronics
- Q2 EPS \$3.20 - \$3.45
 - (-\$0.25) stock compensation retirement provisions
- Tax rate ~16%

FULL YEAR 2023 CONSIDERATIONS / EXPECTATIONS

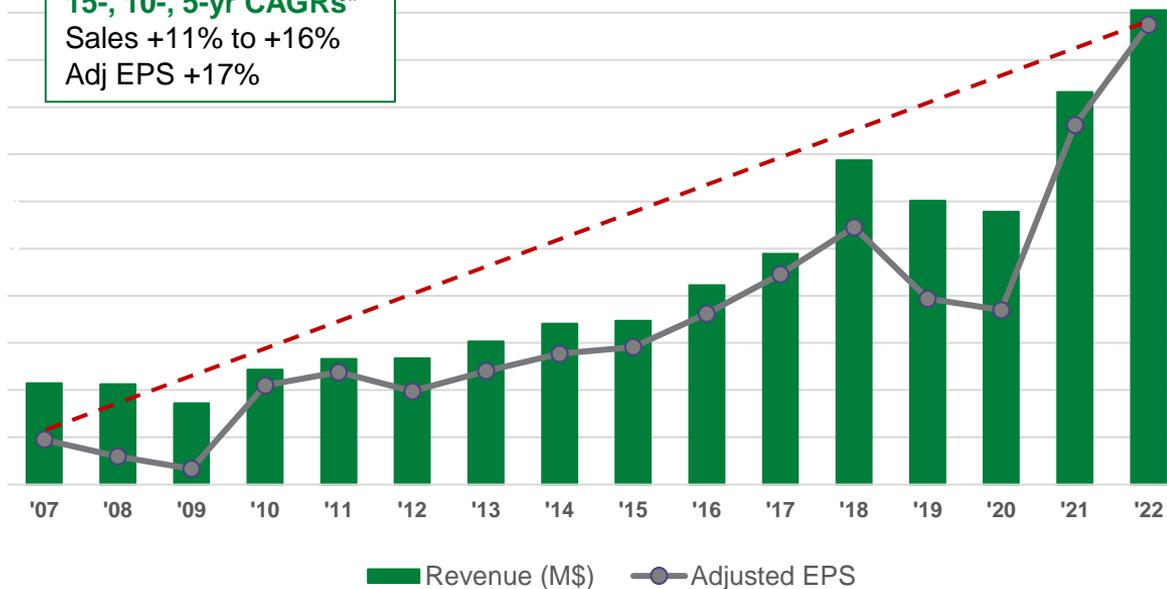
- F/X (-\$0.35) EPS impact, neutral to sales at current F/X rates
- Expect to maintain company adjusted operating margins of 17 – 19%...long-term target range
- Other Assumptions
 - \$67m amortization expense
 - \$40m interest expense at current rates
 - Tax rate ~18%
- Investing \$110 - \$120m in capital expenditures

DIVERSIFICATION OF TECHNOLOGIES, END MARKETS & GEOGRAPHIES DELIVERS DOUBLE-DIGIT REVENUE & EARNINGS CAGR

15-, 10-, 5-yr CAGRs*

Sales +11% to +16%

Adj EPS +17%



- Expanded market leadership & profitability
- Playbook to successfully manage through dynamic environments
- Prioritizing long-term strategic investments & managing cost structure
- Experienced global teams

Resilient business model & strong growth strategy

APPENDIX



SUPPLEMENTAL FINANCIAL INFORMATION

LITTELFUSE, INC.
SUPPLEMENTAL FINANCIAL INFORMATION
(In millions of USD except per share amounts - unaudited)

Non-GAAP EPS reconciliation

	Q1-23	Q1-22
GAAP diluted EPS	\$ 3.54	\$ 4.70
EPS impact of Non-GAAP adjustments (below)	0.10	0.29
Adjusted diluted EPS	<u>\$ 3.64</u>	<u>\$ 4.99</u>

Non-GAAP adjustments - (Income) / expense

	Q1-23	Q1-22
Acquisition-related and integration costs (a)	\$ 3.3	\$ 3.8
Purchase accounting inventory adjustments (b)	—	4.8
Restructuring, impairment and other charges (c)	1.9	0.2
Non-GAAP adjustments to operating income	5.2	8.8
Other income, net (d)	(0.2)	—
Non-operating foreign exchange (gain) loss	(1.7)	7.7
Non-GAAP adjustments to income before income taxes	3.3	16.5
Income taxes (e)	0.9	9.5
Non-GAAP adjustments to net income	<u>\$ 2.4</u>	<u>\$ 7.0</u>
Total EPS impact	<u>\$ 0.10</u>	<u>\$ 0.29</u>

(a) reflected in selling, general and administrative expenses ("SG&A").

(b) reflected in cost of sales.

(c) reflected in restructuring, impairment and other charges.

(d) reflected gain of \$0.2 million from the sale of a building within the Electronics segment in the first quarter of 2023.

(e) reflected the tax impact associated with the non-GAAP adjustments, and 2022 amount includes the one-time net benefit of \$7.2 million that resulted from the dissolution of one of the Company's affiliates.

Adjusted operating margin / Adjusted EBITDA reconciliation

	Q1-23	Q1-22
Net sales	\$ 609.8	\$ 623.3
GAAP operating income	\$ 110.6	\$ 150.6
Add back non-GAAP adjustments	5.2	8.8
Adjusted operating income	\$ 115.8	\$ 159.4
Adjusted operating margin	19.0 %	25.6 %
Add back amortization	16.9	12.7
Add back depreciation	17.6	15.6
Adjusted EBITDA	<u>\$ 150.3</u>	<u>\$ 187.7</u>
Adjusted EBITDA margin	24.6 %	30.1 %

Net sales reconciliation

	Q1-23 vs. Q1-22			
	Electronics	Transportation	Industrial	Total
Net sales (decline) growth	(2)%	(10)%	16 %	(2)%
Less:				
Acquisitions	12 %	1 %	4 %	7 %
FX impact	(2)%	(3)%	(1)%	(1)%
Organic net sales (decline) growth	<u>(12)%</u>	<u>(8)%</u>	13 %	<u>(8)%</u>

SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

LITTELFUSE, INC.

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Income tax reconciliation	
	Q1-23
Income taxes	\$ 20.2
Effective rate	18.5 %
Non-GAAP adjustments - income taxes	0.9
Adjusted income taxes	\$ 21.1
Adjusted effective rate	18.8 %
Free cash flow reconciliation	
	Q1-23
Net cash provided by operating activities	\$ 53.4
Less: Purchases of property, plant and equipment	(25.7)
Free cash flow	\$ 27.7

SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

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Consolidated Total Debt	As of April 1, 2023
Consolidated Total Debt	\$ 1,004.9
Unamortized debt issuance costs	4.6
Consolidated funded indebtedness	1,009.5
Cash held in U.S. (up to \$400 million)	79.9
Net debt	\$ 929.6
Consolidated EBITDA	Twelve Months Ended April 1, 2023
Net Income	\$ 344.4
Interest expense	31.6
Income taxes	73.3
Depreciation	67.1
Amortization	59.8
Non-cash additions:	
Stock-based compensation expense	23.5
Purchase accounting inventory step-up charge	10.8
Unrealized loss on investments	7.5
Impairment charges	4.5
Other	56.9
Consolidated EBITDA (1)	\$ 679.4

Consolidated Net Leverage Ratio (as defined in the Credit Agreement) * 1.4x

* Our Credit Agreement and Private Placement Note with maturities ranging from 2023 to 2032, contain financial ratio covenants providing that if, as of the last day of each fiscal quarter, the Consolidated Net Leverage ratio at such time for the then most recently concluded period of four consecutive fiscal quarters of the Company exceeds 3.50:1.00, an Event of Default (as defined in the Credit Agreement and Private Placement Senior Notes) is triggered.

The Credit Agreement and Private Placement Senior Notes were amended in Q2 2022 and now allow for the addition of acquisition and integration costs up to 15% of Consolidated EBITDA and the netting of up to \$400M of Available Cash (Cash held by US Subsidiaries).

(1) Represents Consolidated EBITDA as defined in our Credit Agreement and Private Placement Senior Notes and is calculated using the most recently concluded period of four consecutive quarters.

Note: Total will not always foot due to rounding.

SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

LITTELFUSE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(In millions of USD except per share amounts - unaudited)

Adjusted EBITDA by Segment	Q1-23			Q1-22		
	Electronics	Transportation	Industrial	Electronics	Transportation	Industrial
GAAP operating income	\$ 90.2	\$ 8.5	\$ 17.1	\$ 120.6	\$ 26.3	\$ 12.5
Add:						
Add back amortization	10.2	4.5	2.2	6.8	4.7	1.2
Add back depreciation	9.6	6.8	1.2	8.6	6.0	1.0
Adjusted EBITDA	\$ 110.0	\$ 19.8	\$ 20.5	\$ 136.0	\$ 37.0	\$ 14.7
Adjusted EBITDA Margin	30.7 %	11.9 %	24.3 %	37.2 %	20.1 %	20.1 %

SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

LITTELFUSE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(In millions of USD except per share amounts - unaudited)

<u>Non-GAAP EPS reconciliation</u>	
	Q2-22
GAAP diluted EPS	\$ 3.48
EPS impact of Non-GAAP adjustments (below)	0.78
Adjusted diluted EPS	<u>\$ 4.26</u>
<u>Non-GAAP adjustments - (income) / expense</u>	
	Q2-22
Acquisition-related and integration costs (a)	\$ 4.8
Purchase accounting inventory adjustments (b)	—
Restructuring, impairment and other charges (c)	0.6
Loss (gain) on sale of fixed assets (d)	—
Non-GAAP adjustments to operating income	<u>5.4</u>
Other (income) expense, net (e)	(0.5)
Non-operating foreign exchange loss (gain)	<u>14.1</u>
Non-GAAP adjustments to income before income taxes	19.0
Income taxes (f)	<u>(0.4)</u>
Non-GAAP adjustments to net income	<u>\$ 19.4</u>
Total EPS impact	<u>\$ 0.78</u>

(a) reflected in selling, general and administrative expenses ("SG&A").

(b) reflected in cost of sales.

(c) reflected in restructuring, impairment and other charges.

(d) reflected in SG&A, a loss of \$1.0 million recorded during the second quarter of 2021 for a total year-to-date gain of \$0.9 million from the sale of a building within the Electronics segment 2021.

(e) 2022 amount included \$0.5 million gain from the sale of a building within Transportation segment. 2021 amount included \$0.5 million of impairment charges on certain other investments.

(f) reflected the tax impact associated with the non-GAAP adjustments and the one-time net benefit of \$7.2 million that resulted from the dissolution of one of the Company's affiliates.

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	<u>Fourth Quarter</u>
(in thousands)	<u>2022</u>
Operating Margin	
Electronics	24.8 %
Transportation	3.5 %
Industrial	12.0 %

Adjusted EBITDA by Segment	Q4-22		
	Electronics	Transportation	Industrial
GAAP operating income	\$ 91.9	\$ 5.9	\$ 8.9
Add:			
Add back amortization	10.2	4.4	1.2
Add back depreciation	9.0	6.7	1.0
Adjusted EBITDA	<u>\$ 111.1</u>	<u>\$ 17.0</u>	<u>\$ 11.1</u>
Adjusted EBITDA Margin	29.9 %	10.1 %	14.9 %