



# Q4 2023 EARNINGS RELEASE

January 30, 2024

 **Littelfuse®**  
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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

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Dave Heinzmann, President & CEO

# EXECUTIVE SUMMARY

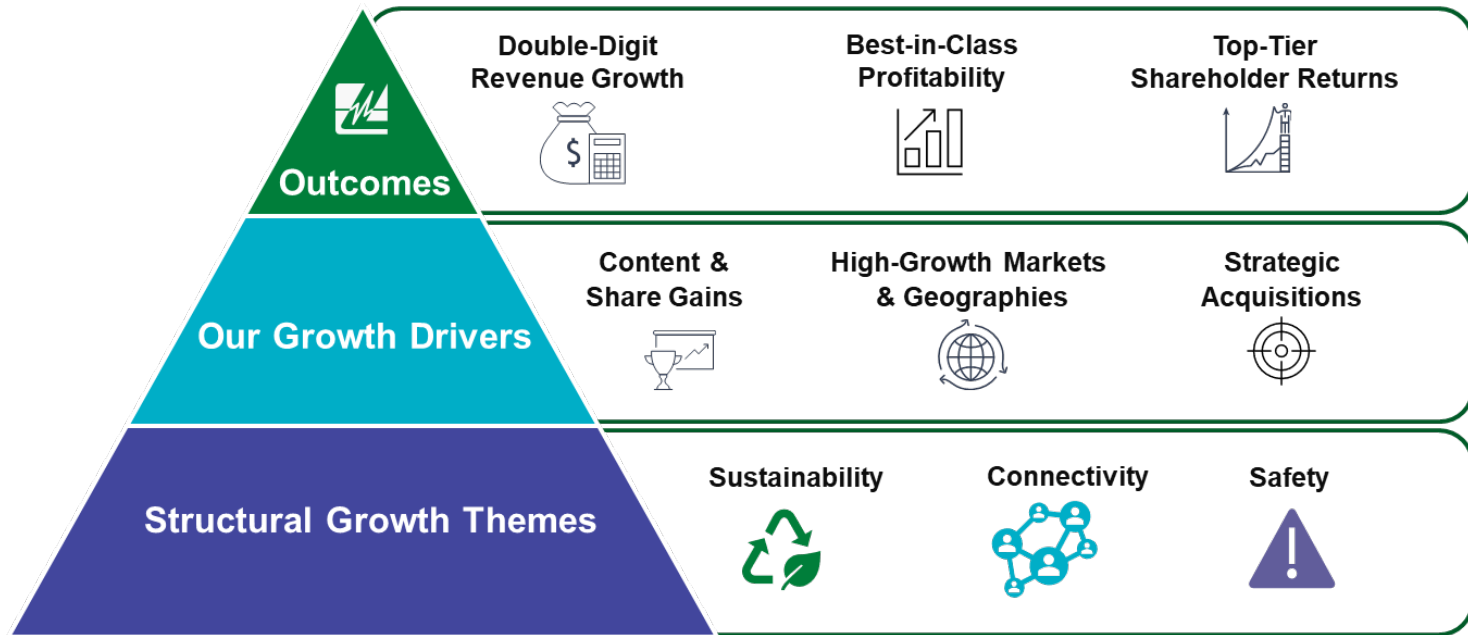
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- Resilient performance & record cash generation
  - Revenue \$2.4 billion
    - -6% YoY despite channel destocking; reflects portfolio diversification, technology leadership
  - Adj. Operating Margin 16.5%; reflects continued focus on operational execution
  - Record cash generation
- Secured meaningful new business wins across diverse end markets
- Looking ahead...return to growth during 2024
  - Well positioned to execute, drive long-term profitable growth
  - Strong balance sheet, financial capacity supports active and disciplined M&A strategy

Solid results in a dynamic macroeconomic environment

# 2021 – 2025 **GROWTH STRATEGY**

## **EMPOWERING** A SUSTAINABLE, CONNECTED, AND SAFER WORLD



Our capabilities, investments & diversification deliver significant value

# REVISITING OUR 2021 – 2025 FRAMEWORK

## EXECUTING ON OUR **GROWTH STRATEGY**

REVENUE	EARNINGS	CASH FLOW	ROIC	CAPITAL ALLOCATION
<ul style="list-style-type: none"><li>• Double-digit revenue CAGR</li><li>• 5 – 7% organic</li><li>• 5 – 7% from acquisitions</li></ul>	<ul style="list-style-type: none"><li>• EPS growth &gt; revenue growth</li><li>• 17 – 19% operating margins</li><li>• 21 – 23% EBITDA margins</li></ul>	<ul style="list-style-type: none"><li>• 100%+ free cash flow conversion</li><li>• Capital expenditures 4 – 5% of revenue</li></ul>	<ul style="list-style-type: none"><li>• 5-year goal: high-teens ROIC %</li><li>• Near-term objective: mid-teens ROIC %</li></ul>	<ul style="list-style-type: none"><li>• Return 40% of free cash flow to shareholders</li><li>• Remainder to focus on acquisitions</li></ul>
'20 – '23 Sales CAGR: +18%	'20 – '23 EPS CAGR: +22%	'20 – '23 FCF CAGR: +23% 106% Conversion	'20 – '23 ROIC Upper-teens %	~\$1.2B+ Capital Deployed

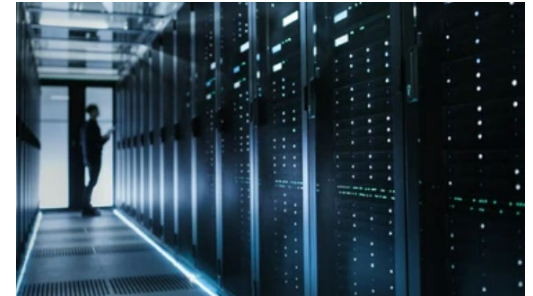
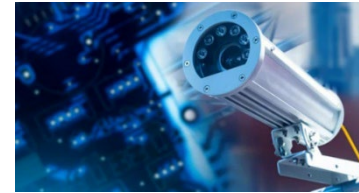
# ELECTRONICS END MARKETS

## RESILIENT PERFORMANCE, LONG-TERM TAILWINDS

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### 2023 Highlights

- Benefiting from increasingly diversified portfolio & technology leadership
  - Continued execution driving resilient Electronics margins
- Expecting destocking to continue into the year...return to growth during 2024
- Continued robust design activity highlighted by data center, medical & building solutions



# INDUSTRIAL END MARKETS

## MEANINGFUL TRACTION ACROSS DIVERSE SECTORS

### 2023 Highlights

- Breadth of technical expertise driving momentum across broad base of industrial sector exposures
  - Strength from energy storage, industrial drives & power supplies
- Near term softness – HVAC, construction
- Customer activity & new business wins support long-term growth
  - Renewables, infrastructure, power supply & industrial safety key beneficiaries of secular megatrends
  - Strong design win cadence into 2024





# TRANSPORTATION END MARKETS

## WELL ROUNDED TECHNOLOGY LEADERSHIP

### 2023 Highlights

- Balanced content momentum driving strong global passenger vehicle growth
  - Ongoing electrification & core low voltage momentum
  - Electronification remains key secular growth theme
  - Strong core product traction in China
- Continued portfolio optimization
  - Product line pruning & cost actions will position CV for long-term highly profitable growth
  - Sensor product line review
  - Ramping current sensor investment in advance of launches
- Transportation design wins remain robust in 2023
  - Driven by electrification + electronification advancements
  - Customers investing in secular megatrends...our solutions are key enablers of industry evolution





# FINANCIAL UPDATE

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Meenal Sethna, EVP & CFO

# Q4 2023 TOTAL COMPANY FINANCIAL PERFORMANCE

(in millions)

## Revenue



GAAP EPS	\$3.74	\$1.71
Adj. EPS	\$3.34	\$2.02
Adj. EBITDA%	22.7%	19.6%

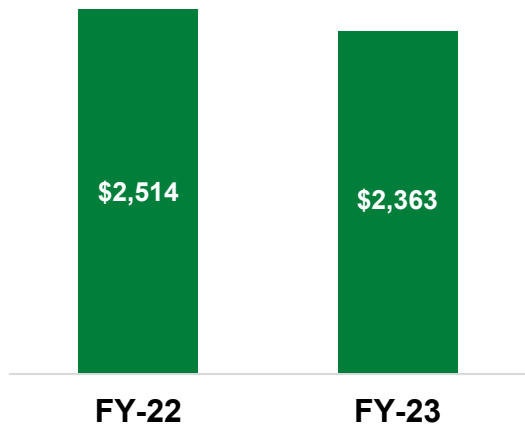
## Highlights

- Revenue (-13%) vs PY, Organic (-14%)
  - F/X +1%
- GAAP op margin 12.1%; Adj op margin 13.2%, (-420bps) vs PY
- Operating cash flow \$144m; Free cash flow \$121m
- Effective tax rate: GAAP 27.3%; Adj. 26.1%
  - Includes YTD true-up for full year tax rate adjustment

# FY 2023 TOTAL COMPANY FINANCIAL PERFORMANCE

(in millions)

## Revenue



GAAP EPS	\$14.94	\$10.34
Adj. EPS	\$16.87	\$11.74
Adj. EBITDA%	26.4%	22.3%

## Highlights

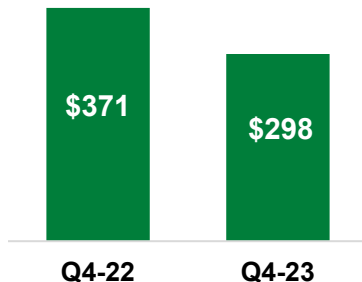
- Revenue (-6%) vs PY, Organic (-10%)
- GAAP op margin 15.3%; Adj. op margin 16.5%, (-520bps) vs PY
  - Ex. F/X impact, ~17% adj. op margin
- Effective tax rate: GAAP 21.0%; Adj. 20.1%
  - +150bps higher than projected, earnings mix shifts across jurisdictions
- Operating cash flow \$457m; Free cash flow \$371m
  - Both records for the company
  - Free cash flow conversion of net income 143%
- YE 2023 net debt to EBITDA leverage 1.3x

# Q4 2023 ELECTRONICS SEGMENT

## FINANCIAL PERFORMANCE

(in millions)

### Q4 2023 Revenue



Op Margin	24.8%	18.0%
EBITDA%	29.9%	24.7%

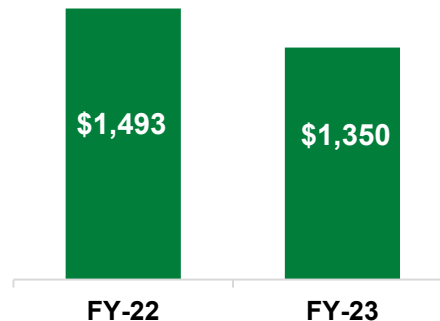
- Revenue (-20%) / Organic (-21%)
  - Continued channel destocking, distributor inventory weeks declining
  - Worked through semiconductor backlog
- Consumer & increasing industrial end market softness
  - Solid auto market demand



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See appendix for GAAP to non-GAAP reconciliation

### FY 2023 Revenue



Op Margin	28.9%	22.3%
EBITDA%	33.5%	28.1%

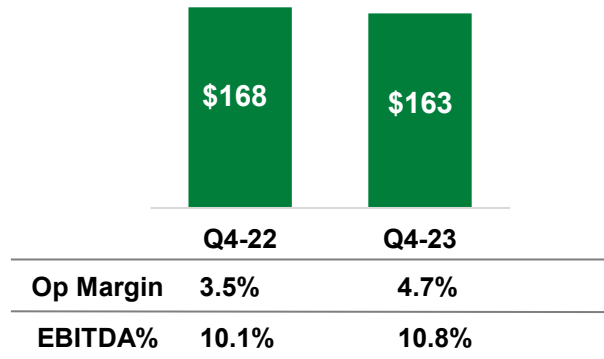
- Revenue (-10%) / Organic (-16%)
- Extended channel destocking
- Resilient profitability through inventory rebalancing...diversification, execution, improved cost structure

# Q4 2023 TRANSPORTATION SEGMENT

## FINANCIAL PERFORMANCE

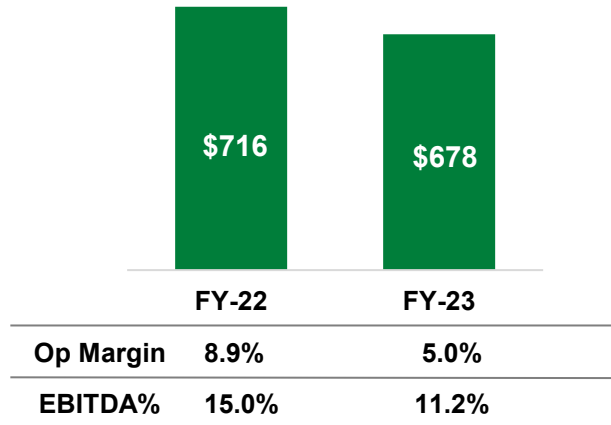
(in millions)

### Q4 2023 Revenue



- Revenue (-3%) / Organic (-5%)
- Passenger vehicle +6% / Organic +5%
  - China launch momentum; content outgrowth
- Commercial vehicle (-12%) / Organic (-13%)
  - Ongoing inventory rebalancing; product line pruning

### FY 2023 Revenue



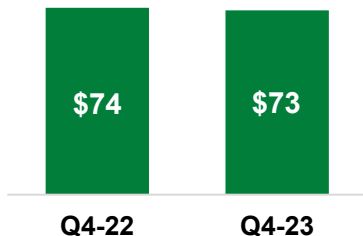
- Revenue (-5%) / Organic (-5%)
- Passenger vehicle: Organic +4%: Well-rounded content momentum, continued core product traction in China
- Commercial vehicle: Organic (-14%): Inventory rebalancing
- Ongoing portfolio review...comm. vehicle, auto sensors
- Expect progressive margin improvement through 2024
  - Positioning for strong long-term growth & profitability

# Q4 2023 INDUSTRIAL SEGMENT

## FINANCIAL PERFORMANCE

(in millions)

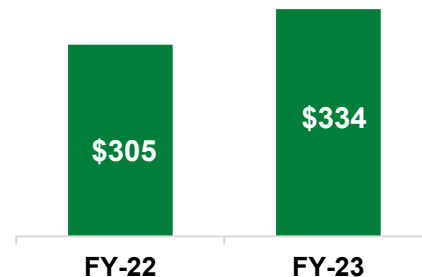
### Q4 2023 Revenue



	Q4-22	Q4-23
Op Margin	12.0%	12.7%
EBITDA%	14.9%	18.2%

- Revenue (-1%) / Organic (-5%)
- Weaker end market demand outlook; Residential HVAC, construction/MRO & pockets of OEM excess inventory
- Continued strong demand for energy storage, industrial drives

### FY 2023 Revenue



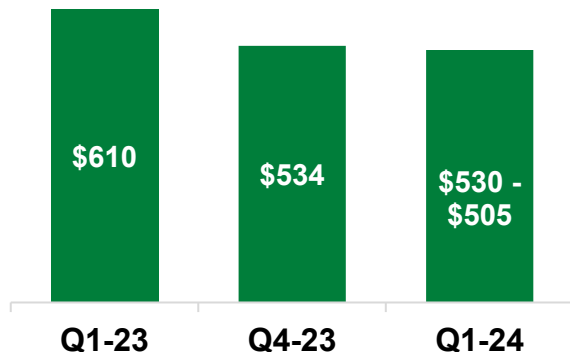
	FY-22	FY-23
Op Margin	16.0%	16.4%
EBITDA%	18.9%	21.1%

- Revenue +10% / Organic +5%
- Tailwinds from focus on higher growth markets, price realization, & operational execution
- Several manufacturing & supply chain footprint initiatives in progress for growth & margin expansion

# Q1 2024 GUIDANCE

(in millions)

## Revenue



GAAP EPS	\$3.54	\$1.71	-
Adj. EPS	\$3.64	\$2.02	\$1.65 - \$1.85

## Highlights

- Expect market challenges to continue into 2024
  - Electronics & Comm. Vehicle...channel inventory destocking
  - Further weakness in industrial end markets
  - Consumer market & China remain soft
- Q1 Sales: \$505m - \$530m
  - (-15%) vs PY
  - Decline across electronics & industrial segments
  - Moderate growth in transportation
- Q1 EPS \$1.65 - \$1.85
  - Adj. tax rate ~20.5%

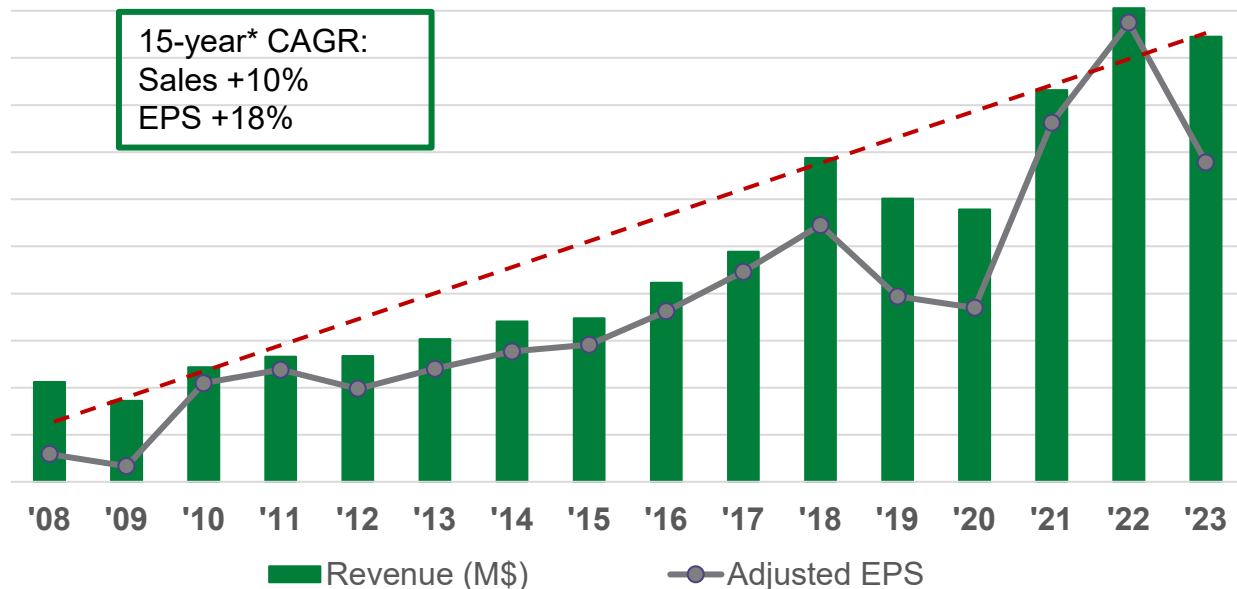


## FULL YEAR 2024 CONSIDERATIONS / EXPECTATIONS

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- F/X – immaterial impact to FY sales / ~\$.07 earnings headwind at current rates
- 2024 Sales & Margin assumptions
  - Return to sales growth during 2024, despite portfolio pruning headwind
    - ~2 - 3% Company impact
    - ~6 - 8% Transportation Segment impact (heavier weighting towards Comm. Vehicle business)
  - Maintain FY company adj. operating margin in upper teens; By segment:
    - Electronics >20%; Industrial upper teens; Transportation progressive improvement, high single digits by year end
- Other Assumptions
  - \$66m amortization expense; \$40m interest expense
  - Adj. effective tax rate ~21%, expect to remain in low 20% range going forward
- Expect 100% free cash flow conversion
  - Projecting ~\$100 - \$110m investment in capital expenditures

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



- Expanding leadership in core markets while prioritizing strategic investments to bolster diversified portfolio
- Flexible cost structure drives improved profitability through cycles
- Proven team with history of successfully executing through dynamic environments

Strong track record of top tier financial performance

# APPENDIX



# SUPPLEMENTAL FINANCIAL INFORMATION

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

## Non-GAAP EPS reconciliation

	Q4-23	Q4-22	YTD-23	YTD-22
GAAP diluted EPS	\$ 1.71	\$ 3.74	\$ 10.34	\$ 14.94
EPS impact of Non-GAAP adjustments (below)	0.31	(0.40)	1.40	1.93
Adjusted diluted EPS	\$ 2.02	\$ 3.34	\$ 11.74	\$ 16.87

## Non-GAAP adjustments - (income) / expense

	Q4-23	Q4-22	YTD-23	YTD-22
Acquisition-related and integration costs (a)	\$ 2.7	\$ 2.8	\$ 11.7	\$ 17.6
Purchase accounting inventory adjustments (b)	—	4.0	—	15.6
Restructuring, impairment and other charges (c)	3.3	5.7	16.5	10.0
Non-GAAP adjustments to operating income	6.0	12.5	28.2	43.2
Other income, net (d)	—	—	(0.2)	(0.5)
Non-operating foreign exchange loss (gain)	3.6	(15.7)	12.3	24.4
Non-GAAP adjustments to income before income taxes	9.6	(3.2)	40.3	67.1
Income taxes (e)	1.8	6.8	5.0	19.0
Non-GAAP adjustments to net income	\$ 7.8	\$ (10.0)	\$ 35.3	\$ 48.1
Total EPS impact	\$ 0.31	\$ (0.40)	\$ 1.40	\$ 1.93

## Adjusted operating margin / Adjusted EBITDA reconciliation

	Q4-23	Q4-22	YTD-23	YTD-22
Net income	\$ 42.9	\$ 93.3	\$ 259.5	\$ 373.3
Add:				
Income taxes	16.1	10.0	69.1	69.7
Interest expense	10.1	9.1	39.9	26.2
Foreign exchange loss (gain)	3.6	(15.7)	12.3	24.4
Other (income) expense, net	(8.1)	(2.6)	(19.9)	7.2
GAAP operating income	\$ 64.5	\$ 94.2	\$ 360.9	\$ 500.8
Non-GAAP adjustments to operating income	6.0	12.5	28.2	43.2
Adjusted operating income	\$ 70.5	\$ 106.7	\$ 389.0	\$ 544.0
Amortization of intangibles	16.0	15.8	65.8	55.7
Depreciation expenses	18.1	16.7	71.6	65.0
Adjusted EBITDA	\$ 104.6	\$ 139.2	\$ 526.4	\$ 664.7
Net sales	\$ 533.8	\$ 613.3	\$ 2,362.7	\$ 2,513.9
Net income as a percentage of net sales	8.0 %	15.2 %	11.0 %	14.8 %
Operating margin	12.1 %	15.4 %	15.3 %	19.9 %
Adjusted operating margin	13.2 %	17.4 %	16.5 %	21.6 %
Adjusted EBITDA margin	19.6 %	22.7 %	22.3 %	26.4 %

(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) 2023 year-to-date amount included \$0.2 million gain from the sale of a building within the Electronics segment. 2022 year-to-date amount included \$0.5 million gain from the sale of a building within the Transportation segment.

(e) reflected the tax impact associated with the non-GAAP adjustments, and 2022 year-to-date amount includes the one-time net benefit of \$11 million that resulted from losses on investments in the stock of two of the Company's affiliates. .

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

Net sales reconciliation		Q4-23 vs. Q4-22			
		Electronics	Transportation	Industrial	Total
Net sales decline		(20)%	(3)%	(1)%	(13)%
Less:					
Acquisitions		— %	— %	4 %	— %
FX impact		1 %	2 %	— %	1 %
Organic net sales growth		<u>(21)%</u>	<u>(5)%</u>	<u>(5)%</u>	<u>(14)%</u>
Net sales reconciliation		YTD-23 vs. YTD-22			
		Electronics	Transportation	Industrial	Total
Net sales (decline) growth		(10)%	(5)%	10 %	(6)%
Less:					
Acquisitions		6 %	— %	4 %	4 %
FX impact		— %	— %	1 %	— %
Organic net sales (decline) growth		<u>(16)%</u>	<u>(5)%</u>	<u>5 %</u>	<u>(10)%</u>

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

<b>Income tax reconciliation</b>		
	<b>Q4-23</b>	<b>YTD-23</b>
Income taxes	\$ 16.1	\$ 69.1
Effective rate	27.3 %	21.0 %
Non-GAAP adjustments - income taxes	1.8	5.0
Adjusted income taxes	\$ 17.9	\$ 74.1
Adjusted effective rate	26.1 %	20.1 %
<b>Free cash flow reconciliation</b>		
	<b>Q4-23</b>	<b>YTD-23</b>
Net cash provided by operating activities	\$ 144.2	\$ 457.4
Less: Purchases of property, plant and equipment	(23.0)	(86.2)
Free cash flow	\$ 121.2	\$ 371.2

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

	As of December 30, 2023
<b>Consolidated Total Debt</b>	
Consolidated Total Debt	\$ 871.9
Unamortized debt issuance costs	3.8
Finance lease liability	\$ 0.7
Consolidated funded indebtedness	\$ 876.4
Cash held in U.S. (up to \$400 million)	\$ 178.6
Net debt	\$ 697.8
<b>Consolidated EBITDA</b>	<b>Twelve Months Ended December 30, 2023</b>
Net Income	\$ 259.4
Interest expense	39.9
Income taxes	69.1
Depreciation	71.6
Amortization	65.8
Non-cash additions:	
Stock-based compensation expense	23.9
Unrealized loss on investments	0.3
Impairment charges	4.9
Other	13.4
<b>Consolidated EBITDA (1)</b>	<b>\$ 548.3</b>
<b>Consolidated Net Leverage Ratio (as defined in the Credit Agreement) *</b>	<b>1.3x</b>

\* 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.

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

Adjusted EBITDA by Segment	Q4-23			Q4-22		
	Electronics	Transportation	Industrial	Electronics	Transportation	Industrial
GAAP operating income	\$ 53.6	\$ 7.6	\$ 9.4	\$ 91.9	\$ 5.9	\$ 8.9
Add:						
Add back amortization	9.8	3.6	2.6	10.2	4.4	1.2
Add back depreciation	10.3	6.4	1.4	9.0	6.7	1.0
Adjusted EBITDA	<u>\$ 73.7</u>	<u>\$ 17.6</u>	<u>\$ 13.4</u>	<u>\$ 111.1</u>	<u>\$ 17.0</u>	<u>\$ 11.1</u>
Adjusted EBITDA Margin	24.7 %	10.8 %	18.2 %	29.9 %	10.1 %	14.9 %

Adjusted EBITDA by Segment	YTD-23			YTD-22		
	Electronics	Transportation	Industrial	Electronics	Transportation	Industrial
GAAP operating income	\$ 300.6	\$ 33.6	\$ 54.8	\$ 431.6	\$ 63.5	\$ 48.9
Add:						
Add back amortization	39.9	15.8	10.1	\$ 32.7	\$ 18.1	\$ 4.9
Add back depreciation	39.5	26.7	5.4	\$ 35.5	\$ 25.6	\$ 3.9
Adjusted EBITDA	<u>\$ 379.9</u>	<u>\$ 76.1</u>	<u>\$ 70.4</u>	<u>\$ 499.8</u>	<u>\$ 107.2</u>	<u>\$ 57.7</u>
Adjusted EBITDA Margin	28.1 %	11.2 %	21.1 %	33.5 %	15.0 %	18.9 %



# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

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

**Non-GAAP EPS reconciliation**

	Q1-23
GAAP diluted EPS	\$ 3.54
EPS impact of Non-GAAP adjustments (below)	0.10
Adjusted diluted EPS	\$ 3.64

**Non-GAAP adjustments - (income) / expense**

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

(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.