



# Q1 2024 EARNINGS RELEASE

April 30, 2024

 **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

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Dave Heinzmann, President & CEO

# EXECUTIVE SUMMARY

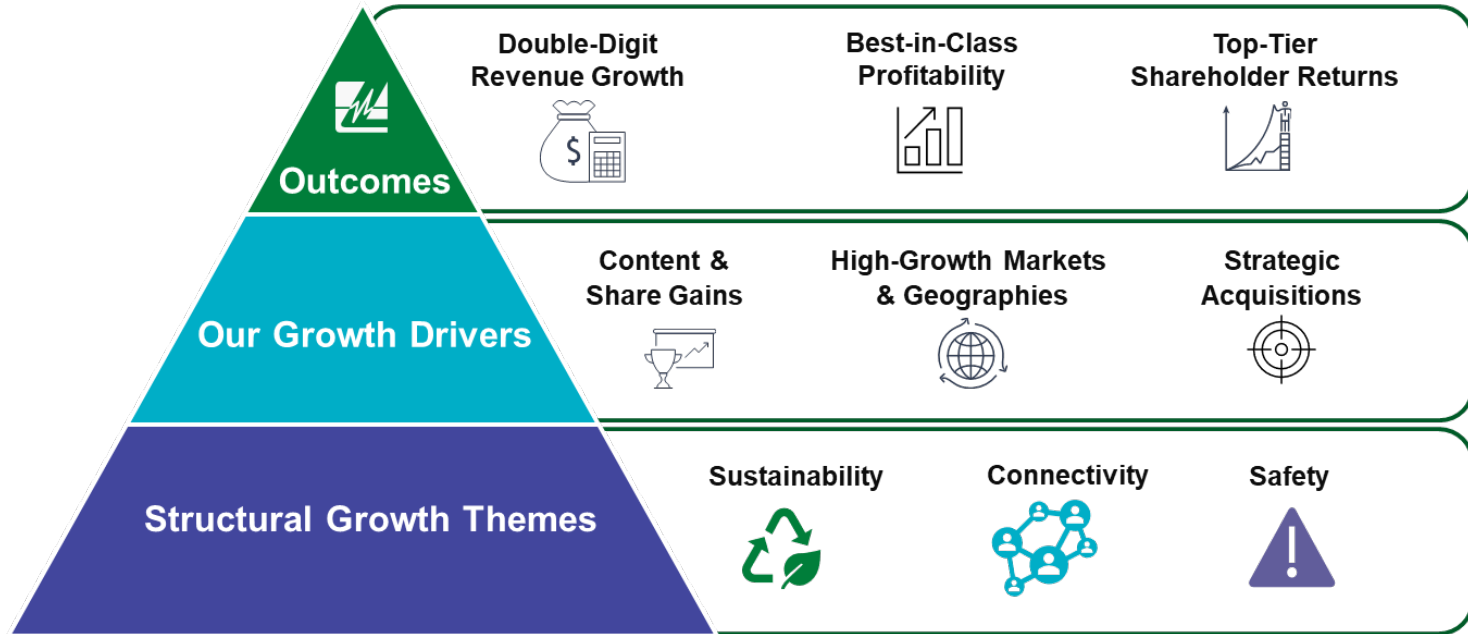
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- Executing in a continued dynamic environment
  - Q1 Sales exceed the high end of guidance
  - Adjusted EPS in-line with guidance
  - Strong cash generation, well-positioned balance sheet
- Ongoing momentum from portfolio diversification and optimization initiatives
  - Resilient Electronics segment margins
  - Rebounding Transportation segment margins
- Continued confidence in expected return to growth during 2024

Execution & new business momentum support long-term growth strategy

# 2021 – 2025 **GROWTH STRATEGY**

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



Our capabilities, investments & diversification deliver significant value

# ELECTRONICS END MARKETS

## EXECUTING WHILE DRIVING INNOVATIONS

### Q1 2024 Highlights

- Leading technology enabler for a broad & growing base of customers
  - Solid design win momentum supporting new customer product launches
- Ongoing soft consumer demand; stable medical exposure
- Delivering on a diverse set of customer opportunities across structural growth themes
  - Safety-critical medical win in China
  - Space related communications win in NA
  - Telecom / data center wins across multiple regions



# INDUSTRIAL END MARKETS POSITIONED FOR LONG TERM GROWTH

## Q1 2024 Highlights

- Softening broad based industrial demand
  - Seeing areas of excess OEM inventory
- Long term growth drivers intact
  - Supported by infrastructure spend, increasing electrical efficiency requirements & decarbonization
- Design momentum driven by engineering expertise & broad product portfolio
  - Charging infrastructure application wins across multiple regions and applications
  - Energy storage win for renewables application supporting sustainability growth theme
  - Continued industrial safety design win momentum driven by advancing regulations





# TRANSPORTATION END MARKETS

## BALANCED CAPABILITIES ACROSS APPLICATIONS

### Q1 2024 Highlights

- Continued auto content momentum supported by product breadth and global customer reach
  - Content per vehicle expansion in China
  - High voltage traction supported by innovative product pipeline
- Technology leadership and operational scale enable continued customer traction
  - Multi-technology win for onboard charging application in Europe
  - High voltage wins across NA, China, Korea
  - Multi-technology win for electric commercial truck customer







# FINANCIAL UPDATE

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Meenal Sethna, EVP & CFO

# Q1 2024 TOTAL COMPANY FINANCIAL PERFORMANCE

(in millions)

## Revenue



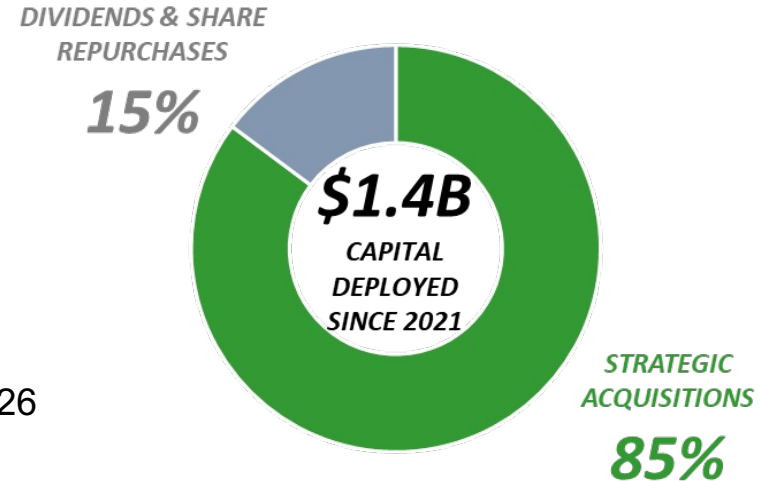
	Q1-23	Q1-24
GAAP EPS	\$3.54	\$1.93
Adj. EPS	\$3.64	\$1.76
Adj. EBITDA%	24.6%	17.1%

## Highlights

- Revenue (-12%) vs PY / organic
  - ~2% portfolio pruning headwind
- GAAP op margin 10.3%; Adj op margin 11%
- Effective tax rate: GAAP 13%; Adj. 19.3%
  - Includes one-time discrete benefits
- Operating cash flow \$57m, +7% vs PY; Free cash flow \$42m

# CASH GENERATION & CAPITAL DEPLOYMENT

- Well-positioned business model & execution drive robust long-term cash generation
  - Disciplined approach to working capital
- Strong cash generation & balance sheet support capital deployment strategy
  - Consolidated net leverage ratio ~1.4x
  - Prioritizing growth investments
  - Driving long-term shareholder value
- Q1 '24 deployment - returned \$32m to shareholders
  - Even split between dividends and share repurchases
  - Subsequent \$23m in Q2 share repurchases through 4/26
- Consistent prioritization of capital deployment
  - Organic investments
  - Strategic acquisitions
  - Dividends and share repurchases

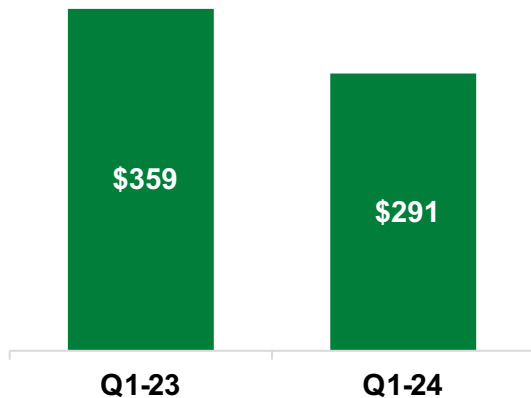


# Q1 2024 ELECTRONICS SEGMENT

## FINANCIAL PERFORMANCE

(in millions)

### Revenue



Op Margin	25.1%	13.0%
Adj. EBITDA%	30.7%	19.8%

### Highlights

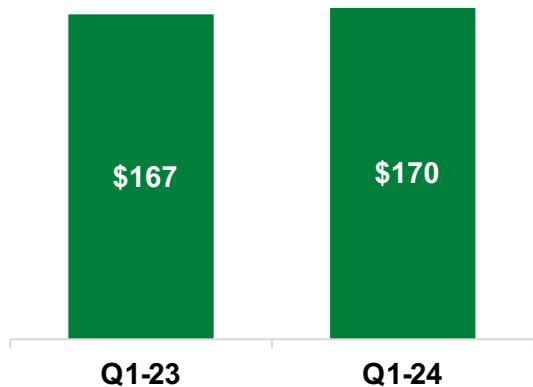
- Revenue (-19%) vs PY / organic
  - Passive Products (-10%); Semiconductor (-25%)
- Continued channel inventory destocking, nearing inflection point
- Maintaining resilient profitability through inventory rebalancing via diversification and improved cost structure
- Margin improvements expected as demand reaccelerates

# Q1 2024 TRANSPORTATION SEGMENT

## FINANCIAL PERFORMANCE

(in millions)

### Revenue



Op Margin	5.1%	9.5%
Adj. EBITDA%	11.9%	14.6%

### Highlights

- Revenue growth +2% / organic +3%
  - ~6% portfolio pruning headwind
- Passenger vehicle +10% / organic +12%
  - Content & product launches; led by China
- Commercial vehicle (-5%) / organic (-6%)
  - Headwind from ongoing distribution inventory rebalancing; portfolio pruning
- Structural actions improved profitability
  - Pricing, product pruning, cost reduction actions
  - Sequential improvements op margin +480bps, adj. EBITDA margin +380bps

# Q1 2024 INDUSTRIAL SEGMENT

## FINANCIAL PERFORMANCE

(in millions)

### Revenue



Op Margin	20.3%	6.5%
Adj. EBITDA%	24.3%	11.9%

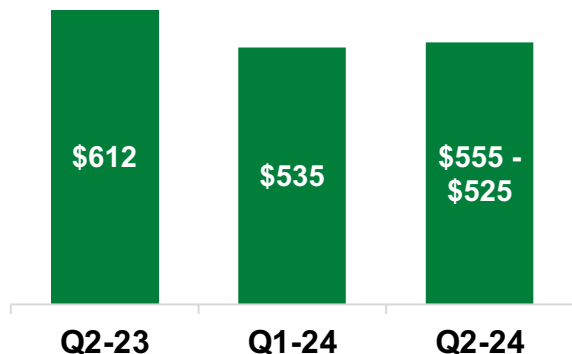
### Highlights

- Revenue (-13%) / organic (-14%)
  - Softer industrial markets...Construction / MRO, renewables (solar, EV infrastructure)
  - OEM inventory levels remain elevated
- Footprint optimization initiatives to expand capacity and enhance long term profitability
- Expect progressive margin recovery in coming quarters

# Q2 2024 GUIDANCE

(in millions)

## Revenue



GAAP EPS	\$2.79	\$1.93	-
Adj. EPS	\$3.12	\$1.76	\$1.65 - \$1.85

## Highlights

- Macro view...expect continued dynamic environment
  - Ongoing channel inventory destock, nearing inflection
  - Expanded weakness in industrial end markets
  - Inflationary trends continue
- Sales \$525 - \$555m
  - +1% sequentially
  - By segment: Flat Electronics; Industrial & Transportation slightly up
  - (-1%) F/X headwind vs. PY
- Expected adj. effective tax rate ~23%
- Adj. EPS \$1.65 - \$1.85
  - Stock comp retirement provisions (\$0.30) EPS, (-170bps) margin headwind
  - F/X: (\$0.16) EPS, (-90bps) margin headwind vs. PY

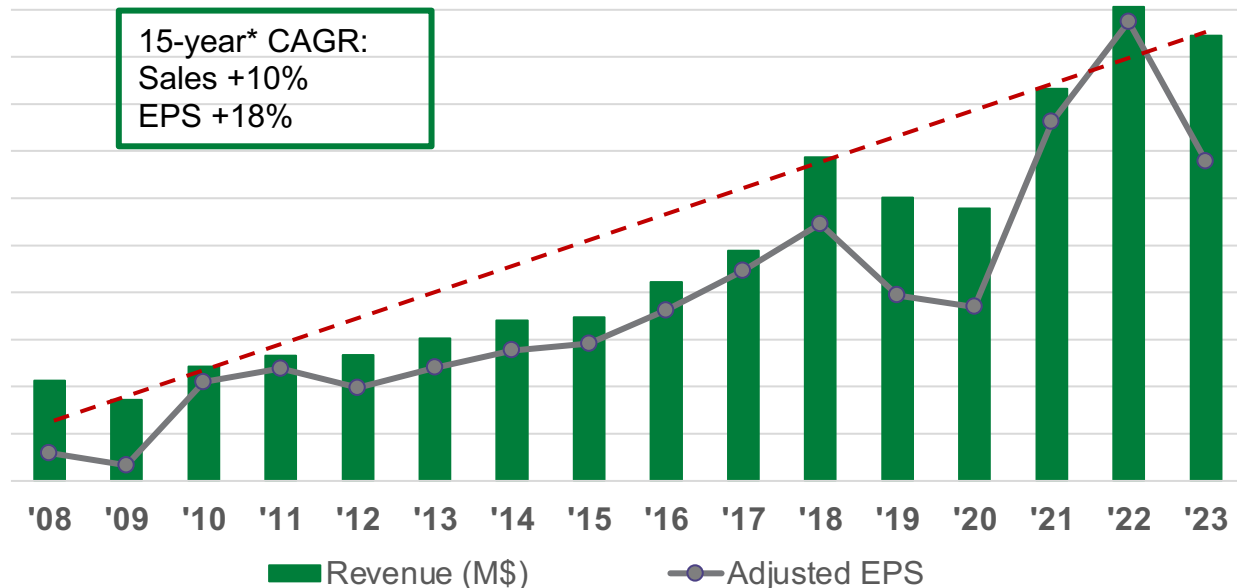


# FULL YEAR 2024 CONSIDERATIONS / EXPECTATIONS

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- F/X: (-1%) headwind to sales; (\$0.50) EPS, (-70bps) margin headwind at current rates
- Expect return to sales growth during 2024, including portfolio initiatives headwind
  - Pruning impact...(-2%) Company, (-5%) Transportation Segment (heavier Comm. Vehicle)
- Full year '24 margin expectations impacted by elongated inventory destocking cycle and end market weakness
  - Company adj. operating margin in mid-teens
  - By segment...Electronics upper-teens; Industrial mid-teens; Transportation continued improvement, high single-digits at year end
- Other Assumptions
  - \$64m amortization expense; \$39m interest expense
  - Adj. effective tax rate ~22%
- Expect 100% free cash flow conversion
  - Projecting ~\$100m 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

	Q1-24	Q1-23
GAAP diluted EPS	\$ 1.93	\$ 3.54
EPS impact of Non-GAAP adjustments (below)	(0.17)	0.10
Adjusted diluted EPS	<u>\$ 1.76</u>	<u>\$ 3.64</u>

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

	Q1-24	Q1-23
Acquisition-related and integration costs (a)	\$ 0.9	\$ 3.3
Restructuring, impairment and other charges (b)	3.2	1.9
Gain on sale of fixed assets (c)	(0.3)	—
Non-GAAP adjustments to operating income	3.8	5.2
Other loss (income), net (d)	0.2	(0.2)
Non-operating foreign exchange gain	(5.0)	(1.7)
Non-GAAP adjustments to income before income taxes	(1.0)	3.3
Income taxes (e)	3.3	0.9
Non-GAAP adjustments to net income	<u>\$ (4.3)</u>	<u>\$ 2.4</u>
Total EPS impact	<u>\$ (0.17)</u>	<u>\$ 0.10</u>

## Adjusted operating margin / Adjusted EBITDA reconciliation

	Q1-24	Q1-23
Net income	\$ 48.5	\$ 88.7
Add:		
Income taxes	7.3	20.2
Interest expense	9.6	9.6
Foreign exchange gain	(5.0)	(1.7)
Other income, net	(5.3)	(6.2)
GAAP operating income	\$ 55.0	\$ 110.6
Non-GAAP adjustments to operating income	3.8	5.2
Adjusted operating income	<u>\$ 58.8</u>	<u>\$ 115.8</u>
Amortization of intangibles	15.8	16.9
Depreciation expenses	16.7	17.6
Adjusted EBITDA	<u>\$ 91.3</u>	<u>\$ 150.3</u>
Net sales	\$ 535.4	\$ 609.8
Net income as a percentage of net sales	9.1 %	14.5 %
Operating margin	10.3 %	18.1 %
Adjusted operating margin	11.0 %	19.0 %
Adjusted EBITDA margin	17.1 %	24.6 %

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

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

(c) 2024 amount included \$0.3 million gain from the sale of a building within the Transportation segment.

(d) 2024 amount reflected \$0.2 million increase in coal mining reserves, while 2023 amount included \$0.2 million gain from the sale of a building within the Electronics segment.

(e) reflected the tax impact associated with the non-GAAP adjustments.

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

Net sales reconciliation	Q1-24 vs. Q1-23			
	Electronics	Transportation	Industrial	Total
Net sales (decline) growth	(19)%	2 %	(13)%	(12)%
Less:				
Acquisitions	— %	— %	1 %	— %
FX impact	— %	(1)%	— %	— %
Organic net sales (decline) growth	<u>(19)%</u>	<u>3 %</u>	<u>(14)%</u>	<u>(12)%</u>

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

#### Income tax reconciliation

	Q1-24	Q1-23
Income taxes	\$ 7.3	\$ 20.2
Effective rate	13.0 %	18.5 %
Non-GAAP adjustments - income taxes	3.3	0.9
Adjusted income taxes	\$ 10.6	\$ 21.1
Adjusted effective rate	19.3 %	18.8 %

#### Free cash flow reconciliation

	Q1-24	Q1-23
Net cash provided by operating activities	\$ 57.1	\$ 53.4
Less: Purchases of property, plant and equipment	(15.5)	(25.7)
Free cash flow	\$ 41.6	\$ 27.7

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

<b>Consolidated Total Debt</b>	<b>As of March 30, 2024</b>
Consolidated Total Debt	\$ 866.7
Unamortized debt issuance costs	3.5
Finance lease liability	0.6
Consolidated funded indebtedness	870.8
Cash held in U.S. (up to \$400 million)	157.9
Net debt	\$ 712.9
<b>Consolidated EBITDA</b>	<b>Twelve Months Ended March 30, 2024</b>
Net Income	\$ 219.1
Interest expense	39.8
Income taxes	56.2
Depreciation	70.7
Amortization	64.8
Non-cash additions:	
Stock-based compensation expense	23.8
Purchase accounting inventory step-up charge	—
Unrealized loss on investments	2.5
Impairment charges	5.8
Other	18.3
<b>Consolidated EBITDA (1)</b>	<b>\$ 501.0</b>
<b>Consolidated Net Leverage Ratio (as defined in the Credit Agreement) *</b>	<b>1.4x</b>

\* Our Credit Agreement and Private Placement Note with maturities ranging from 2024 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	Q1-24			Q1-23		
	Electronics	Transportation	Industrial	Electronics	Transportation	Industrial
GAAP operating income	\$ 37.8	\$ 16.2	\$ 4.8	\$ 90.2	\$ 8.5	\$ 17.1
Add:						
Add back amortization	9.8	3.4	2.6	10.2	4.5	2.2
Add back depreciation	10.0	5.3	1.4	9.6	6.8	1.2
Adjusted EBITDA	<u>\$ 57.6</u>	<u>\$ 24.9</u>	<u>\$ 8.8</u>	<u>\$ 110.0</u>	<u>\$ 19.8</u>	<u>\$ 20.5</u>
Adjusted EBITDA Margin	19.8 %	14.6 %	11.9 %	30.7 %	11.9 %	24.3 %

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

LITTELFUSE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

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

## Non-GAAP EPS reconciliation

	Q2-23
GAAP diluted EPS	\$ 2.79
EPS impact of Non-GAAP adjustments (below)	0.33
Adjusted diluted EPS	<u>\$ 3.12</u>

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

	Q2-23
Acquisition-related and integration costs (a)	\$ 3.8
Purchase accounting inventory adjustments (b)	—
Restructuring, impairment and other charges (c)	6.9
Non-GAAP adjustments to operating income	10.7
Other income, net (d)	—
Non-operating foreign exchange (gain) loss	(1.4)
Non-GAAP adjustments to income before income taxes	9.3
Income taxes (e)	1.0
Non-GAAP adjustments to net income	<u>\$ 8.3</u>
Total EPS impact	<u>\$ 0.33</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 YTD gain of \$0.2 million from the sale of a building within the Electronics segment in the first quarter of 2023. 2022 amount included \$0.5 million gain from the sale of a building within Transportation segment.

(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.

