Littelfuse

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April 30, 2013

Littelfuse Reports First Quarter Results

CHICAGO--(BUSINESS WIRE)-- Littelfuse, Inc. (NASDAQ:LFUS) today reported sales and earnings for the first quarter of 2013.

First Quarter Highlights

- Sales for the first quarter of 2013 increased 8% sequentially and 6% year over year to $170.9 million. The increase in sales was broad based, as all businesses and all geographies grew compared to the prior year.
- On a GAAP basis, first quarter 2013 earnings were $0.66 per diluted share. This includes a non-cash charge of $10.7 million pre-tax ($0.29 per share after tax) to write off the remaining equity investment and loan balance for Shocking Technologies, which is in Chapter 7 bankruptcy. Earnings per share for the first quarter of 2012 were $0.80.
- Sales and order trends by business unit were as follows:
  - Electronics sales increased 3% year over year due primarily to low channel inventories and improving market sentiment. While all regions had at least modest growth, the largest increase was in Europe reflecting partial recovery from a very weak first quarter of 2012.
  - Automotive sales increased 13% year over year due to the acquisitions of Accel and Terra and growth in the passenger vehicle business led by Asia. This was partially offset by the commercial vehicle business which, while showing signs of recovery, still declined 10% compared to the first quarter of 2012 (excluding Terra).
  - Electrical sales grew 4% year over year due to growth in power fuses primarily reflecting increased sales into the solar market.
  - The electronics book-to-bill ratio for the first quarter of 2013 increased to 1.18 compared to 1.16 in the first quarter of 2012.
- Cash provided by operating activities was $16.0 million for the first quarter of 2013 compared to $7.9 million for the first quarter of 2012 reflecting improved margins and strong working capital performance. Capital expenditures for the first quarter of 2013 were $5.5 million compared to $3.2 million for the first quarter of 2012.
- The previous share repurchase authorization expired on April 30, 2013 and was replaced with a one million share repurchase authorization effective through April 2014.
- As previously announced, the company has entered into a definitive agreement to acquire Hamlin, Inc. from Key Safety Systems for $145 million in a cash transaction. The purchase price represents approximately 8.2 times trailing EBITDA. This transaction is expected to close by the end of May.

"The broad-based sales increase in the first quarter coupled with improving book-to-bill is encouraging," said Gordon Hunter, Chief Executive Officer. "Although several of our end markets are still relatively weak, we are becoming more confident in our belief that the second and third quarters will show normal seasonal strength."

Outlook

- Sales for the second quarter of 2013 are expected to be in the range of $177 to $187 million which represents 1% to 6% growth compared to the second quarter of 2012.
- Earnings for the second quarter of 2013 are expected to be in the range of $1.03 to $1.18 per diluted share.
- Both the sales and earnings guidance above excludes Hamlin. If the Hamlin transaction closes on schedule at the end of May, it is expected that it would add approximately $7 million to sales and be slightly accretive to earnings for the second quarter, excluding acquisition-related costs.

Dividend

The company will pay a cash dividend of $0.20 per common share on June 6, 2013 to shareholders of record at the close of business on May 20, 2013.

Conference Call Webcast Information

Littelfuse will host a conference call today, Tuesday, April 30, 2013 at 11:00 a.m. Eastern/10:00 a.m. Central time to discuss the first quarter results. The call will be broadcast live over the Internet and can be accessed through the company's website: www.littelfuse.com. Listeners should go to the website at least 15 minutes prior to the call to download and install any necessary audio software. The call will be available for replay through June 30, 2013 and can be accessed through the website listed above.

About Littelfuse

Founded in 1927, Littelfuse, Inc., the worldwide leader in circuit protection, offers the industry's broadest and deepest portfolio of circuit protection products and solutions. Littelfuse devices protect products in virtually every market that uses electrical energy, from consumer electronics to automobiles to industrial equipment. In addition to its Chicago, Illinois, world headquarters, Littelfuse has more than 30 sales, distribution, manufacturing and engineering facilities in the Americas, Europe and Asia. Technologies offered by Littelfuse include Fuses; Gas Discharge Tubes (GDTs); Positive Temperature Coefficient Devices (PTCs); PulseGuard® ESD Suppressors; SIDACtor® Devices; Silicon Protection Arrays (SPA®); Switching Thyristors; TVS Diodes and Varistors. The company also offers a comprehensive line of highly reliable Electromechanical and Electronic Switch and Control Devices for commercial and specialty vehicles and Sensors for automobile safety systems, as well as Protection Relays and underground Power Distribution Centers for the safe control and distribution of electricity.

For more information, please visit the Littelfuse website: littelfuse.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995.

The statements in this press release that are not historical facts are intended to constitute "forward-looking statements" entitled to the safe-harbor provisions of the PSLRA. These statements may involve risks and uncertainties, including, but not limited to, risks relating to product demand and market acceptance, economic conditions, the impact of competitive products and pricing, product quality problems or product recalls, capacity and supply difficulties or constraints, coal mining exposures reserves, failure of an indemnification for environmental liability, exchange rate fluctuations, commodity price fluctuations, the effect of the company's accounting policies, labor disputes, restructuring costs in excess of expectations, pension plan asset returns less than assumed, integration of acquisitions and other risks which may be detailed in the company's other Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual results and outcomes may differ materially from those indicated or implied in the forward-looking statements. This report should be read in conjunction with information provided in the financial statements appearing in the company's Annual Report on Form 10-K for the year ended December 29, 2012. For a further discussion of the risk factors of the company, please see Item 1A. "*Risk Factors*" to the company's Annual Report on Form 10-K for the year ended December 29, 2012.

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LITTELFUSE, INC.
Net Sales and Operating Income by Business Unit
(In thousands of USD, unaudited)

	First Quarter		
	2013	**2012**	**% Change**
Net Sales			
Electronics	$ 79,415	$ 77,055	3%
Automotive	59,385	52,626	13%
Electrical	32,118	30,897	4%
Total net sales	$ 170,918	$ 160,578	6%

	First Quarter		
	2013	**2012**	**% Change**

Operating Income			
Electronics	$ 12,143	$ 10,112	20%
Automotive	9,483	9,505	(0%)
Electrical	6,491	6,207	5%
Total operating income	$ 28,117	$ 25,824	9%
Interest expense	376	423	
Investment impairment [(1)]	10,678	525	
Other (income) expense, net	(909)	101	
Income before taxes	$ 17,972	$ 24,775	(27%)

(1) Impairment and loan losses from investment in Shocking Technologies.

LITTELFUSE, INC.
Condensed Consolidated Balance Sheets
(In thousands of USD, except share amounts)

	March 30, 2013 (Unaudited)	December 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 246,895**	$ 235,404
Short-term investments	**8,344**	-
Accounts receivable, less allowances	**107,044**	100,559
Inventories	**71,372**	75,580
Deferred income taxes	**10,874**	11,890
Prepaid expenses and other current assets	**15,857**	16,532
Assets held for sale	**5,500**	5,500
Total current assets	**465,886**	445,465
Property, plant and equipment:		
Land	**6,328**	6,243
Buildings	**55,159**	54,559
Equipment	**309,975**	304,954
	371,462	365,756
Accumulated depreciation	**(251,162)**	(244,845)
Net property, plant and equipment	**120,300**	120,911
Intangible assets, net of amortization:		
Patents, licenses and software	**10,521**	11,144
Distribution network	**18,243**	18,964
Customer lists, trademarks and tradenames	**17,738**	18,704
Goodwill	**131,850**	133,592
	178,352	182,404
Investment in unconsolidated entity	**-**	8,666
Other investment	**11,572**	10,327
Deferred income taxes	**9,826**	8,090
Other assets	**1,878**	1,865
Total assets	**$ 787,814**	$ 777,728
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 29,582**	$ 27,226
Accrued payroll	**13,374**	20,540
Accrued expenses	**9,703**	11,062

Accrued severance	**776**	1,033
Accrued income taxes	**8,196**	11,559
Current portion of long-term debt	**94,000**	84,000
Total current liabilities	**155,631**	155,420
Accrued post-retirement benefits	**17,692**	22,338
Other long-term liabilities	**13,820**	12,412
Total equity	**600,671**	587,558
Total liabilities and equity	**$ 787,814**	$ 777,728

Common shares issued and outstanding of 22,145,423 and 22,029,446 at March 30, 2013 and December 29, 2012, respectively.

LITTELFUSE, INC.
Consolidated Statements of Comprehensive Income
(In thousands of USD, except per share data, unaudited)

	For the Three Months Ended	
	March 29, 2013	March 31, 2012
Net sales	**$ 170,918**	$ 160,578
Cost of sales	**106,312**	99,716
Gross profit	**64,606**	60,862
Selling, general and administrative expenses	**29,202**	28,409
Research and development expenses	**5,715**	5,161
Amortization of intangibles	**1,572**	1,468
	36,489	35,038
Operating income	**28,117**	25,824
Interest expense	**376**	423
Impairment and loan loss in unconsolidated affiliate	**10,678**	525
Other (income) expense, net	**(909)**	101
Income before income taxes	**17,972**	24,775
Income taxes	**3,178**	7,212
Net income	**$ 14,794**	$ 17,563
Net income per share:		
Basic	**$ 0.67**	$ 0.81
Diluted	**$ 0.66**	$ 0.80
Weighted average shares and equivalent shares outstanding:		
Basic	**22,095**	21,608
Diluted	**22,366**	21,929

Diluted Net Income Per Share		
Net income as reported	**$ 14,794**	$ 17,563
Less: income allocated to participating securities	**(19)**	(49)
Net income available to common shareholders	**$ 14,775**	$ 17,514
Weighted average shares adjusted for dilutive securities	**22,366**	21,929
Diluted net income per share	**$ 0.66**	$ 0.80
Comprehensive income	**$ 10,968**	$ 27,031

LITTELFUSE, INC.
Consolidated Statements of Cash Flows
(In thousands of USD)

	For the Three Months Ended	
	March 29, 2013 (Unaudited)	March 31, 2012
OPERATING ACTIVITIES:		
Net income	**$ 14,794**	$ 17,563
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**6,232**	6,481
Amortization of intangibles	**1,572**	1,468
Impairment and loan loss in unconsolidated affiliate	**10,678**	525
Non-cash inventory charge[(1)]	**-**	205
Stock-based compensation	**1,779**	1,365
(Gain) loss on disposal of fixed assets	**(24)**	7
Excess tax benefit on stock-based compensation	**(467)**	(475)
Changes in operating assets and liabilities:		
Accounts receivable	**(9,745)**	(14,017)
Inventories	**3,632**	(1,713)
Accounts payable	**2,452**	8,552
Accrued expenses (including post retirement)	**(4,619)**	(5,543)
Accrued payroll and severance	**(7,319)**	(7,728)
Accrued taxes	**(3,946)**	1,275
Prepaid expenses and other	**1,026**	(101)
Net cash provided by operating activities	**16,045**	7,864
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	**(5,453)**	(3,244)
Purchase of short-term investments	**(8,478)**	(4,616)
Proceeds from sale of property, plant and equipment	**9**	21
Net cash used in investing activities	**(13,922)**	(7,839)
FINANCING ACTIVITIES:		
Proceeds from debt	**15,000**	17,000
Payments of revolving credit facility	**(5,000)**	(5,500)
Cash dividends paid	**(4,410)**	(3,888)
Proceeds from exercise of stock options	**5,283**	4,217
Excess tax benefit on stock-based compensation	**467**	475

Net cash provided by financing activities	**11,340**	12,304
Effect of exchange rate changes on cash and cash equivalents	**(1,972)**	2,347
Increase in cash and cash equivalents	**11,491**	14,676
Cash and cash equivalents at beginning of period	**235,404**	164,016
Cash and cash equivalents at end of period	**$ 246,895**	$ 178,692

(1) Purchase accounting adjustment related to acquisitions.

Littelfuse, Inc.
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Source: Littelfuse, Inc.

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