

# Q2 2021 EARNINGS RELEASE

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July 28, 2021

 **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 growth, adjusted operating margin, adjusted diluted earnings per share, adjusted income taxes, adjusted effective tax rate, and free cash flow. 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 and ability to generate cash 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

# Q2-21 KEY THEMES

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- Ongoing strong execution within an unprecedented environment
  - Supporting customers while navigating complex operating environment
  - Working to mitigate impact of higher input costs
  - Exceptional teamwork & strong business fundamentals
- Continued strength across broad range of electronics, transportation & industrial end markets
- Record quarter of performance
  - Delivered record revenue & adjusted EPS
  - Strong operating margins & operating leverage

# INDUSTRIAL END MARKETS POSITIONED FOR CONTINUED GROWTH

## Q2-21 Highlights

- Ongoing strength across HVAC, industrial automation, renewable energy & energy storage systems
- Captured several new design wins
- Integration of Hartland Controls going very well
  - Capitalizing on strong HVAC demands
  - Confident combined businesses will unlock other opportunities across industrial applications

## Q2-21 Key Design Wins



- Industrial Automation
- Renewable Energy
- HVAC

# TRANSPORTATION END MARKETS

## EXTENDING OUR LEADERSHIP POSITION

### Q2-21 Highlights

- Strong demand, content growth from EVs & well-equipped passenger vehicles
- Design activity continues at a robust pace
  - Leveraging technical expertise & close customer relationships
- Continued momentum in commercial & passenger EVs
  - Broad design wins
- Ongoing investments across eMobility strategies

### Q2-21 Key Design Wins



- xEV & EV Charging Infrastructure
- High-End Passenger Cars & SUVs
- EV Commercial Truck
- Material Handling

# ELECTRONICS END MARKETS LEVERAGING OUR LEADERSHIP

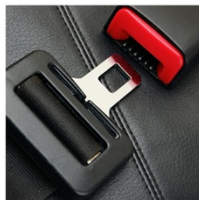
## Q2-21 Highlights

- Volume & content growth from favorable end market trends
  - Data center & communications infrastructure
  - Building & home automation
  - Consumer electronics
- Robust design activity
  - Secured a broad range of business wins
- Ongoing electronification
  - Expanded opportunity pipeline

## Q2-21 Key Design Wins



- Battery Protection, Notebook PCs
- Telecom, Data Center & Cloud Infrastructure
- Electric Bicycles



# FINANCIAL UPDATE

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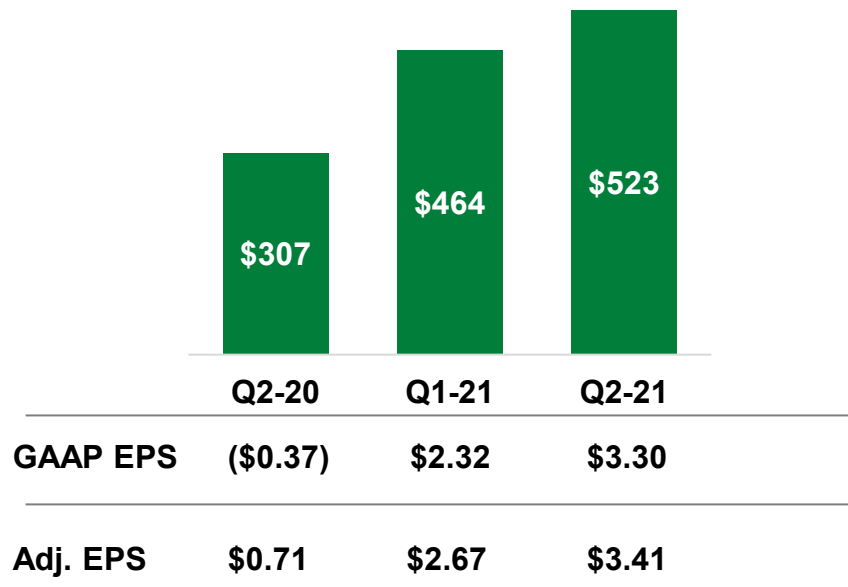
Meenal Sethna, EVP & CFO



# Q2-21 FINANCIAL PERFORMANCE

(in millions)

## Revenue & EPS



## Highlights

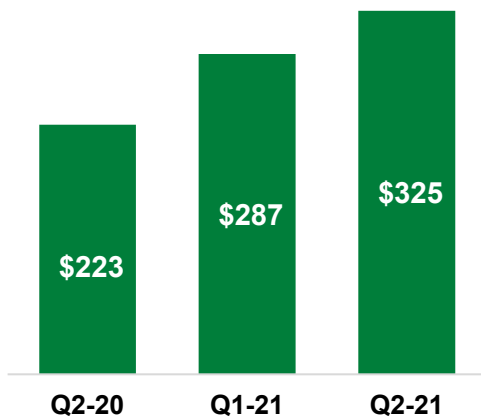
- Net sales +13% sequential, +11% excl. Hartland acquisition
  - +70% vs prior year, +57% organic
- GAAP operating margin 18.4%; adjusted operating margin 19.5%, +240bps sequential
  - Seq. incremental margins 38%
- Effective tax rate: GAAP 13.8%; adjusted 14.8%
- Free cash flow \$58m; \$94m YTD
- 10% increase in quarterly cash dividend: \$0.53
  - 12% CAGR since inception

# Q2-21 SEGMENT PERFORMANCE

(in millions)

## Electronics Segment

Revenue

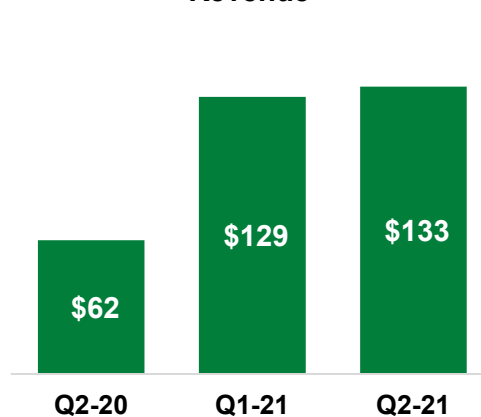


Op Margin	Q2-20	Q1-21	Q2-21
	14.6%	19.4%	22.8%

- Revenue +14% sequential
- Benefitting from volume & content growth across broad range of end markets, as well as solid price realization

## Automotive Segment

Revenue

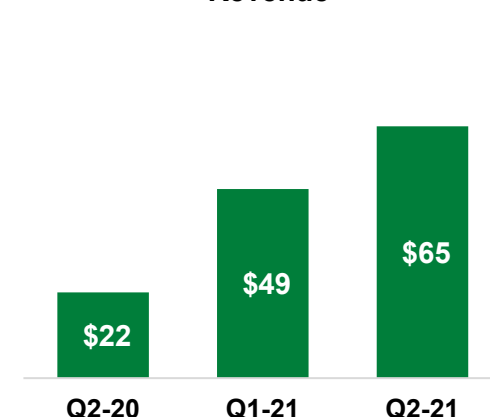


Op Margin	Q2-20	Q1-21	Q2-21
	(14.3%)	15.8%	14.4%

- Revenue +4% sequential
- Impacted most by higher commodity prices & lower price realization due to customer structures

## Industrial Segment

Revenue



Op Margin	Q2-20	Q1-21	Q2-21
	(0.1%)	7.2%	12.9%

- Revenue +33% sequential
- Improvement from manufacturing footprint optimization & solid acquisition performance

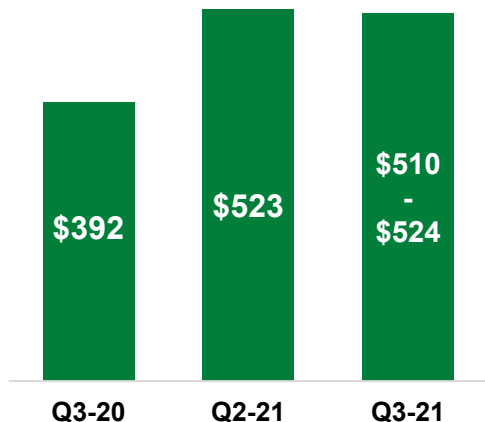
Productivity improvements driving elevated capacity to meet customer requirements



# Q3-21 GUIDANCE

(in millions)

## Revenue & EPS



Adj. EPS	\$2.16	\$3.41	\$3.07 - \$3.23
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## Highlights

- Key assumptions
  - Incorporates known customer/supplier supply chain impacts
  - No new material COVID disruptions
- Total Q3 revenue down 1% sequentially at midpoint
- Q3 adjusted EPS at midpoint down 8% sequentially
  - 15 cents unfavorable non-operating comps
  - Increasing input cost headwinds
  - 16% tax rate assumed
- Q4 / Full year 2021
  - Q4 revenue seasonally down, but better than typical seasonality
  - Full year:
    - Adjusted operating margins 17-19%
    - Adjusted effective tax rate 16-17%

# KEY TAKEAWAYS

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- Strong first half performance within an ongoing dynamic market environment
- H2 demand remains strong, supported by order backlog & bookings
- Sound business fundamentals
- Well-positioned for continued profitable growth consistent with long-term strategy

# Q&A



# APPENDIX



# SUPPLEMENTAL FINANCIAL INFORMATION

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

Non-GAAP EPS reconciliation				
	Q2-21	Q2-20		
GAAP diluted EPS	\$ 3.30	\$ (0.37)		
EPS impact of Non-GAAP adjustments (below)	0.11	1.08		
Adjusted diluted EPS	\$ 3.41	\$ 0.71		
Non-GAAP adjustments - (income)/expense				
	Q2-21	Q2-20		
Acquisition-related and integration costs (a)	\$ 0.5	\$ 0.1		
Purchase accounting inventory adjustments (b)	3.3	—		
Restructuring, impairment and other charges (c)	0.8	35.6		
Loss (gain) on sale of fixed assets (d)	1.0	—		
Non-GAAP adjustments to operating income	5.6	35.7		
Other expense, net (e)	0.5	2.0		
Non-operating foreign exchange (gain) loss	(1.7)	(6.0)		
Non-GAAP adjustments to income before income taxes	4.4	31.7		
Income taxes (f)	1.7	5.4		
Non-GAAP adjustments to net income	\$ 2.7	\$ 26.3		
Total EPS impact	\$ 0.11	\$ 1.08		
Adjusted operating margin / Adjusted EBITDA reconciliation				
	Q2-21	Q2-20		
Net sales	\$ 523.5	\$ 307.3		
GAAP operating income (loss)	96.3	\$ (12.0)		
Add back non-GAAP adjustments	5.6	35.7		
Adjusted operating income	\$ 101.9	\$ 23.7		
Adjusted operating margin	19.5 %	7.7 %		
Add back amortization	10.7	9.8		
Add back depreciation	13.6	13.9		
Adjusted EBITDA	\$ 126.2	\$ 47.4		
Adjusted EBITDA margin	24.1 %	15.4 %		
Net sales reconciliation				
	Q2-21 vs. Q2-20			
	Electronics	Automotive	Industrial	Total
Net sales growth	46 %	115 %	194 %	70 %
Less:				
Acquisitions	—	—	120 %	9 %
Transfer a product line between segments	(1)%	— %	12 %	— %
FX impact	3 %	9 %	2 %	4 %
Organic net sales growth	44 %	106 %	60 %	57 %

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

#### Income tax reconciliation

	Q2-21
Income taxes	\$ 13.1
Effective rate	13.8 %
Non-GAAP adjustments - income taxes	1.7
Adjusted income taxes	\$ 14.8
Adjusted effective rate	14.8 %

#### Free cash flow reconciliation

	Q2-21	YTD-21
Net cash provided by operating activities	\$ 76.2	\$ 126.3
Less: Purchases of property, plant and equipment	(17.9)	(32.6)
Free cash flow	\$ 58.2	\$ 93.7



# 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>	
	Q1-21
GAAP diluted EPS	\$ 2.32
EPS impact of Non-GAAP adjustments (below)	0.35
Adjusted diluted EPS	<u>\$ 2.67</u>
<u>Non-GAAP adjustments - (income)/expense</u>	
	Q1-21
Acquisition-related and integration costs (a)	\$ 0.8
Purchase accounting inventory adjustments (b)	3.5
Restructuring, impairment and other charges (c)	0.4
Gain on sale of fixed assets (d)	(1.9)
Non-GAAP adjustments to operating income	2.8
Non-operating foreign exchange loss	6.8
Non-GAAP adjustments to income before income taxes	9.6
Income taxes (e)	0.8
Non-GAAP adjustments to net income	<u>\$ 8.8</u>
Total EPS impact	<u>\$ 0.35</u>
<u>Adjusted operating margin / Adjusted EBITDA reconciliation</u>	
	Q1-21
Net sales	\$ 463.8
GAAP operating income	76.5
Add back non-GAAP adjustments	2.8
Adjusted operating income	\$ 79.3
Adjusted operating margin	17.1 %
Add back amortization	10.5
Add back depreciation	13.7
Adjusted EBITDA	<u>\$ 103.5</u>
Adjusted EBITDA margin	22.3 %

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

#### Non-GAAP EPS reconciliation

	<u>Q3-20</u>
GAAP diluted EPS	\$ 2.25
EPS impact of Non-GAAP adjustments (below)	(0.09)
Adjusted diluted EPS	<u>\$ 2.16</u>

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

	<u>Q3-20</u>
Acquisition-related and integration costs (a)	\$ 0.3
Goodwill impairment charge	—
Restructuring, impairment and other charges (b)	1.3
Non-GAAP adjustments to operating (loss) income	1.6
Other expense, net (c)	0.1
Non-operating foreign exchange (gain) loss	(6.2)
Non-GAAP adjustments to income before income taxes	(4.5)
Income taxes (d)	(2.2)
Non-GAAP adjustments to net income	<u>\$ (2.3)</u>
Total EPS impact	<u>\$ (0.09)</u>