



# Q1 2022 EARNINGS RELEASE

May 3, 2022

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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 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

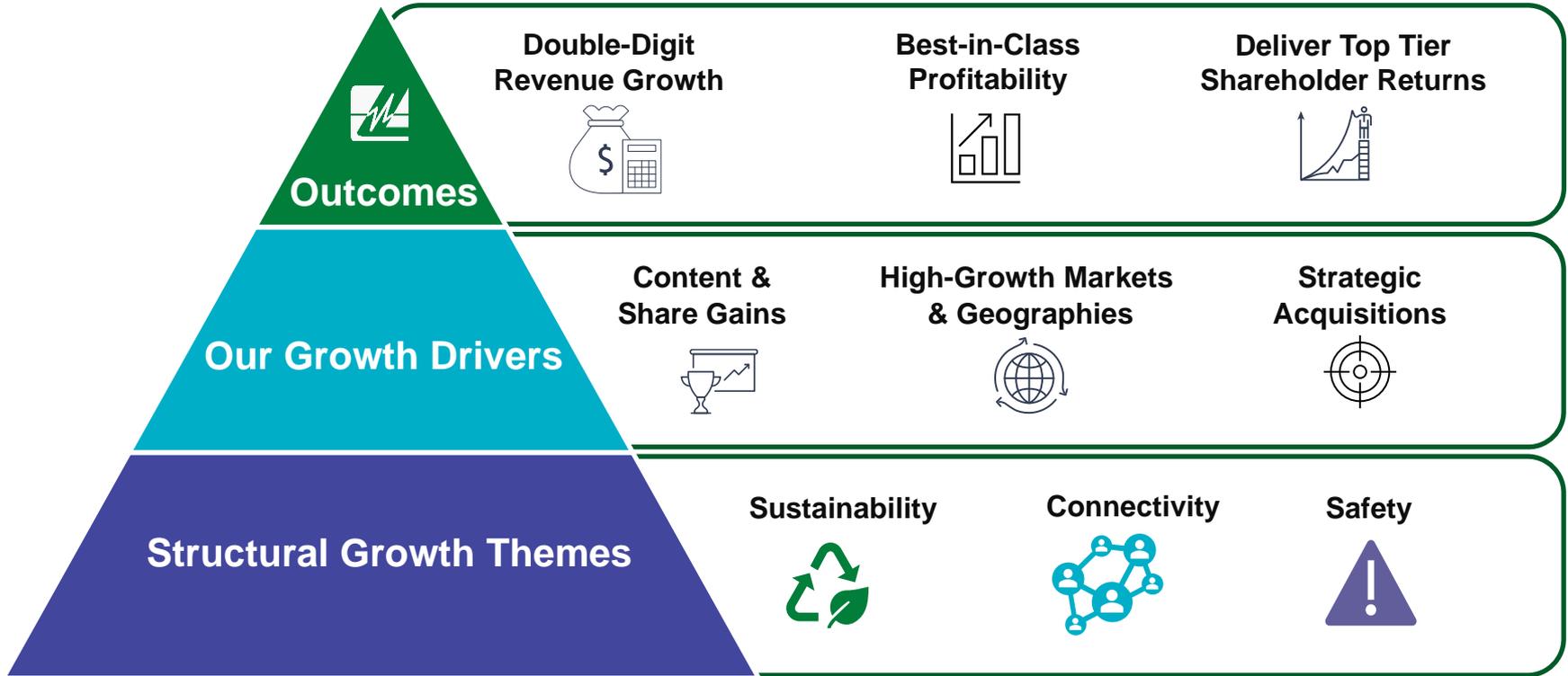
# Q1 2022 HIGHLIGHTS

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- Tremendous start to this year, building on success in 2021
  - Record quarterly results; substantially above expectations
    - YoY: Revenue +34%; Adjusted Earnings +87%
    - Adjusted Operating Margin 25.6%
- Outperformed markets served
- Organic growth trajectory combined with strategy-led acquisitions continue to strengthen & diversify business
- Extremely well positioned to further capitalize on current & future growth opportunities within the global structural themes of sustainability, connectivity, & safety

# 2021 – 2025 **GROWTH STRATEGY**

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



# LITTELFUSE ACCELERATING GROWTH STRATEGY WITH STRATEGIC ACQUISITION OF C&K SWITCHES



- Leading designer & manufacturer of high-performance electromechanical switches & interconnect solutions with over 90 years of experience
- Annualized sales of over \$200 million; EBITDA margins of ~20%
- Headquartered in Waltham, MA, with facilities located around the world
- \*Targeting late second quarter close, pending customary closing conditions & regulatory approvals

## C&K\* brings to Littelfuse:

- Strong global presence in target end markets including industrial, automotive & datacom
- Complementary go-to-market models – enhances partnership with distribution channels
- Expanded product portfolio – serves as a platform for future growth
- Technology leadership in high-precision manufacturing, miniaturization & haptics
- Expanded operational footprint, with added capabilities in France & Vietnam

# EXECUTING GROWTH STRATEGY

## \$1B IN CAPITAL DEPLOYMENT ON STRATEGIC ACQUISITIONS\*

	 <b>\$100M+ Sales</b> Jan 2021	 <b>\$180M+ Sales</b> Nov 2021	 <b>Technology Enabler</b> Apr 2022	 ** <b>\$200M+ Sales</b> Closing Pending
 <b>Accelerate Success in Higher Growth Applications &amp; Markets</b>	<ul style="list-style-type: none"> <li>• HVAC</li> <li>• E-mobility</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial vehicle electrification</li> <li>• 5G telecom</li> <li>• Datacom</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial vehicle electrification</li> <li>• E-mobility</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial</li> <li>• Automotive</li> <li>• Datacom</li> </ul>
 <b>Expand Geographic Penetration</b>		<ul style="list-style-type: none"> <li>• Asia based customer expansion in commercial vehicles</li> </ul>		<ul style="list-style-type: none"> <li>• Expanded operational footprint, with added capabilities in France &amp; Vietnam</li> </ul>
 <b>Leverage Core Competencies</b>	<ul style="list-style-type: none"> <li>• Expansion of OEM customer base</li> <li>• Strengthens design &amp; engineering expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of OEM customer base</li> <li>• Enhances partnership with distribution channels</li> <li>• Strengthens design &amp; engineering expertise</li> <li>• Expands software &amp; firmware capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthens design &amp; engineering expertise</li> <li>• Expands software &amp; firmware capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Enhances partnership with distribution channels</li> <li>• Technology leadership in high-precision manufacturing, miniaturization &amp; haptics</li> </ul>

# INDUSTRIAL END MARKETS POSITIONED FOR CONTINUED GROWTH

## Q1 2022 Highlights

- Increased business wins with expanded product portfolio
  - New technologies to address
    - Electrical safety standards
    - Power requirements
  - Sales synergies from acquisitions
- Accelerated growth in target markets
  - Food & beverage safety
  - Renewables & energy storage systems
  - HVAC
- Enabling customers' focus on safety & sustainability
  - Increasing product content with leading customers



# TRANSPORTATION END MARKETS

## EXTENDING OUR LEADERSHIP POSITION

### Q1 2022 Highlights

- Continued market outgrowth from increased product content driven by electrification & electronification
- Broad design wins across passenger & commercial transportation markets & electric vehicle charging infrastructure
  - xEVs
  - Heavy-duty truck & bus / construction / agriculture
- Leveraging capabilities & products from Carling Technologies acquisition to grow business wins
- Acquisition of Embed expands software design, engineering & technical expertise

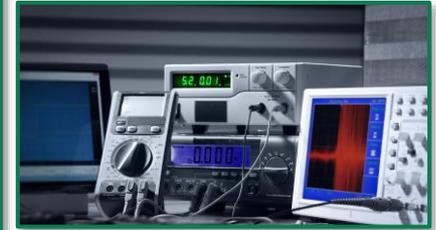


# ELECTRONICS END MARKETS

## LEVERAGING OUR LEADERSHIP

### Q1 2022 Highlights

- Significant growth from innovative products targeting key end markets
- Capitalized on complexity & proliferation of electronics content centered around connectivity; broad design wins
  - Data centers & telecom infrastructure
  - Appliances
  - Building technologies
  - General purpose electronics
- Announced C&K Switches acquisition – serves as a platform for continued growth
  - Expands product portfolio & capabilities
  - Enhances partnership with distribution channels





# FINANCIAL UPDATE

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Meenal Sethna, EVP & CFO

# Q1 2022 FINANCIAL PERFORMANCE

(in millions)

## Revenue & EPS



GAAP EPS	\$2.32	\$4.70
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Adj. EPS	\$2.67	\$4.99
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## Highlights

- Record financial performance, above high end of guidance on sales & earnings
- Revenue +34% vs prior year, +22% organic
  - Strength across all segments, led by Electronics
  - Stronger demand, improved shipping rate, had risk adjusted Q1 forecast for COVID outbreaks
- GAAP operating margin 24.2%; Adjusted operating margin 25.6%, +850 bps vs prior year
  - Positive price/cost, volume leverage, ongoing lower discretionary spend
- Adjusted EPS +87% vs prior year
- Effective tax rate: GAAP 12.4%; Adjusted 17.3%
- Operating cash flow \$52M; Free cash flow \$22M

# PRIORITIZED DEPLOYMENT OF CASH

## GROWTH INVESTMENTS DRIVE INCREASING VALUE FOR SHAREHOLDERS

### ORGANIC INVESTMENTS

Programs that:

- Drive revenue growth
- Advance internal capabilities
- Enhance productivity
- Maintain cost leadership

### INORGANIC INVESTMENTS

- Strategic acquisitions to enhance organic growth
- Value driven integration drives target financial returns
- Additional resources to drive M&A execution

### RETURN TO SHAREHOLDERS

#### Dividends

- 10+ years of growing dividend
- 12% CAGR since inception
- Grow in line with earnings

#### Share Repurchases

- Opportunistic
- Excess cash available to deploy

# Q1 2022 SEGMENT PERFORMANCE

(in millions)

## Electronics Segment

Revenue

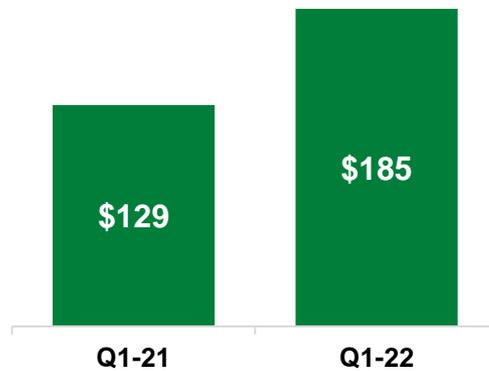


Op Margin	Q1-21	Q1-22
	19.4%	33.0%

- Revenue growth +28% / organic +29%
- +1360bps margin expansion...price/cost, fav. mix, vol. leverage, op. efficiencies
- Project average mid 20's op margin % in current market dynamics

## Transportation Segment\*

Revenue



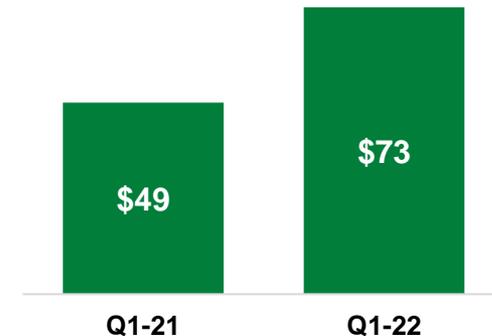
Op Margin	Q1-21	Q1-22
	15.8%	14.3%

- Revenue growth +44% / organic +3%
- Comm. vehicle +21% organic
- Pass. vehicle (-3%), outperformed car build
- Op margin performance offset headwind from metals inflation, Carling margin dilution

\*Formerly known as Automotive Product Segment

## Industrial Segment

Revenue



Op Margin	Q1-21	Q1-22
	7.2%	17.1%

- Revenue growth +50% / organic +32%
- ~1000 bps margin expansion... operational performance, price/cost, vol. leverage

# Q2 2022 GUIDANCE

(in millions)

## Revenue & EPS



**GAAP EPS**

**\$3.30**

\*

**Adj. EPS**

**\$3.41**

**\$3.95 - \$4.11**

## Highlights

- Market Dynamics
  - Broad strength across end markets
  - Decline in auto car build projections
  - China COVID lockdowns impacting operations & customers/suppliers (mainly Electronics segment)
- Q2-22
  - Sales +15% vs prior year, +7% organic
    - ~300bps f/x headwind
    - ~300bps China COVID headwind
  - EPS +18% vs prior year
    - China COVID lockdown costs...operations & employee support
    - (-30) cents stock compensation accounting provisions
    - Adjusted effective tax rate ~16.5%
- Forecast excludes C&K Switches & interest expense for new debt

# 2022 FULL YEAR CONSIDERATIONS

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- ~\$50 million sales f/x headwind
- Expect to stay positive price/cost for full year in current market conditions
- ~\$50M non-cash amortization expense (excluding C&K)
- ~\$18M interest expense at current rates (excluding new debt)
- Adjusted effective tax rate 16% – 18%
- ~100% free cash flow conversion
- ~\$110m – \$120m capital expenditures
- C&K Switches: Annual sales \$200+m, historical EBITDA margins ~20%
  - Expect to close late in 2nd quarter
  - Expect C&K will continue to be accretive after including non-cash deal amortization

# KEY TAKEAWAYS

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- Accelerated start to delivering on five-year strategic goals
- Prioritizing resources to drive growth within global structural themes of sustainability, connectivity, & safety
- Talented associates, investments for growth & operational excellence will deliver ongoing value for all stakeholders
- Strong Q2 outlook reflects continued double-digit sales & earnings growth

# Q&A



# APPENDIX



# SUPPLEMENTAL FINANCIAL INFORMATION

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

<b>Non-GAAP EPS reconciliation</b>		
	Q1-22	Q1-21
GAAP diluted EPS	\$ 4.70	\$ 2.32
EPS impact of Non-GAAP adjustments (below)	0.29	0.35
Adjusted diluted EPS	\$ 4.99	\$ 2.67

<b>Non-GAAP adjustments - (income) / expense</b>		
	Q1-22	Q1-21
Acquisition-related and integration costs (a)	\$ 3.8	\$ 0.8
Purchase accounting inventory adjustments (b)	4.8	3.5
Restructuring, impairment and other charges (c)	0.2	0.4
Gain on sale of fixed assets (d)	—	(1.9)
Non-GAAP adjustments to operating income	8.8	2.8
Non-operating foreign exchange loss	7.7	6.8
Non-GAAP adjustments to income before income taxes	16.5	9.6
Income taxes (e)	9.5	0.8
Non-GAAP adjustments to net income	\$ 7.0	\$ 8.8
Total EPS impact	\$ 0.29	\$ 0.35

<b>Adjusted operating margin / Adjusted EBITDA reconciliation</b>		
	Q1-22	Q1-21
Net sales	\$ 623.3	\$ 463.8
GAAP operating income	150.6	\$ 76.5
Add back non-GAAP adjustments	8.8	2.8
Adjusted operating income	\$ 159.4	\$ 79.3
Adjusted operating margin	25.6 %	17.1 %
Add back amortization	12.7	10.5
Add back depreciation	15.6	13.7
Adjusted EBITDA	\$ 187.7	\$ 103.5
Adjusted EBITDA margin	30.1 %	22.3 %

<b>Net sales reconciliation</b>				
	Q1-22 vs. Q1-21			
	Electronics	Transportation	Industrial	Total
Net sales growth	28 %	44 %	50 %	34 %
Less:				
Acquisitions	— %	44 %	19 %	14 %
FX impact	(1)%	(3)%	(1)%	(2)%
Organic net sales growth	29 %	3 %	32 %	22 %

(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. 2021 quarter-to-date included a \$1.9 million gain from the sale of a building in the Electronics segment.

(e) 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.

# 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>Q1-22</b>	<b>Q1-21</b>
Income taxes	\$ 16.6	\$ 15.0
Effective rate	12.4 %	20.6 %
Non-GAAP adjustments - income taxes	9.5	0.8
Adjusted income taxes	\$ 26.1	\$ 15.8
Adjusted effective rate	17.3 %	19.2 %
<b>Free cash flow reconciliation</b>		
	<b>Q1-22</b>	<b>Q1-21</b>
Net cash provided by operating activities	\$ 51.7	\$ 50.2
Less: Purchases of property, plant and equipment	(29.8)	(14.7)
Free cash flow	\$ 21.9	\$ 35.4

# SUPPLEMENTAL FINANCIAL INFORMATION CONT'D

## LITTELFUSE, INC.

### SUPPLEMENTAL FINANCIAL INFORMATION

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

#### Non-GAAP EPS reconciliation

	Q2-21
GAAP diluted EPS	\$ 3.30
EPS impact of Non-GAAP adjustments (below)	0.11
Adjusted diluted EPS	<u>\$ 3.41</u>

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

	Q2-21
Acquisition-related and integration costs (a)	\$ 0.5
Purchase accounting inventory adjustments (b)	3.3
Restructuring, impairment and other charges (c)	0.8
Loss (gain) on on sale of fixed assets (d)	1.0
Non-GAAP adjustments to operating income	5.6
Other expense, net (e)	0.5
Non-operating foreign exchange (gain) loss	(1.7)
Non-GAAP adjustments to income before income taxes	4.4
Income taxes (f)	1.7
Non-GAAP adjustments to net income	<u>\$ 2.7</u>
Total EPS impact	<u>\$ 0.11</u>

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

(b) reflected in cost of sales.

(c) For the fiscal year ended December 26, 2020, the Company presented restructuring, impairment and other charges as a separate caption in the Consolidated Statements of Net Income. Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements.

(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) 2021 amount included \$0.5 million of impairment charges on certain other investments. 2020 amount included \$1.8 million increase in coal mining reserves and \$0.2 million charge for an asset retirement obligation related to the disposal of a business in 2019.

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