



bel

POWER | PROTECT | CONNECT

LD Micro Investor Conference

December 11, 2019

(Nasdaq: BELFB) (Nasdaq: BELFA)



Safe Harbor Statement

The Company's consolidated operating results are affected by a wide variety of factors that could materially and adversely affect revenues and profitability, including the risk factors described in Item 1A of our 2018 Annual Report on Form 10-K. As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect its business, consolidated financial condition, operating results, and common stock prices. Furthermore, this document and other documents filed by the Company with the Securities and Exchange Commission ("SEC") contain certain forward-looking statements under the Private Securities Litigation Reform Act of 1995 ("Forward-Looking Statements") with respect to the business of the Company. Forward-Looking Statements are necessarily subject to risks and uncertainties, many of which are outside our control, that could cause actual results to differ materially from these statements. Forward-Looking Statements can be identified by

such words as "anticipates," "believes," "plan," "assumes," "could," "should," "estimates," "expects," "intends," "potential," "seek," "predict," "may," "will" and similar references to future periods. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial conditions, operations, costs, plans and objectives are Forward-Looking Statements. These Forward-Looking Statements are subject to certain risks and uncertainties, including those detailed in Item 1A of our 2018 Annual Report on Form 10-K, which could cause actual results to differ materially from these Forward-Looking Statements. The Company undertakes no obligation to publicly release the results of any revisions to these Forward-Looking Statements which may be necessary to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Any Forward-Looking Statement made by the Company is based only on information currently available to us and speaks only as of the date on which it is made.

Bel Celebrates 70 Years



Celebrating 70 years in business and 35 years as a Nasdaq-listed company

About Bel

Bel (NASDAQ: BELFA/BELFB) designs, manufactures and markets a broad array of products that power, protect and connect electronic circuits.

These products are primarily used in the network, cloud infrastructure, military, aerospace, medical, industrial and telecom industries.

Annual Sales of \$520M*

* Trailing twelve months ended 9/30/19



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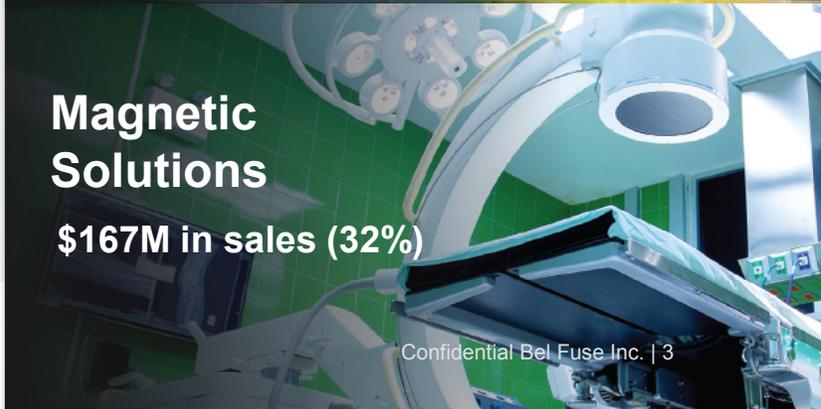
**Power Solutions
& Protection**

\$175M in sales (34%)



**Connectivity
Solutions**

\$178M in sales (34%)



**Magnetic
Solutions**

\$167M in sales (32%)

Bel at a Glance



70 years

serving diversified industries with a broad array of products



9 acquisitions

completed in the past 7 yrs



Paid off

\$120 million

of debt and removed over \$22 million of fixed costs from the P&L since the 2014 acquisitions



Free cash flow expansion

-\$1.5M  **\$13.8M**

in 2018

in TTM
9/30/19



Global restructuring

\$4.6 million

of cost savings implemented in first nine months of 2019



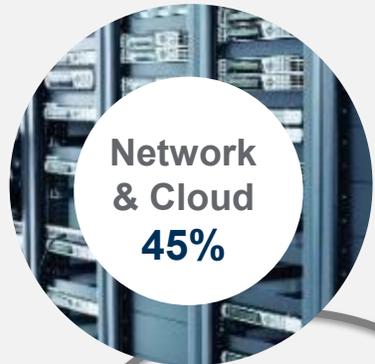
Backlog of

\$143 million

at September 30, 2019

Long history of consistent dividend payments on both classes of stock

Diverse End-Markets & Blue Chip Customer Base



Network & Cloud
45%

ORACLE
CISCO
Hewlett Packard Enterprise
facebook
DELL EMC



Distribution
25%

AVNET
Newark
Dig-Key
Electro
MOUSER ELECTRONICS
PEI-Genesis



Military & Aerospace
15%

BOEING
LOCKHEED MARTIN
THALES
Raytheon



Industrial
15%

BOMBARDIER
ALSTOM PHILIPS
Carrier
United Technologies

Connectivity Solutions

Products

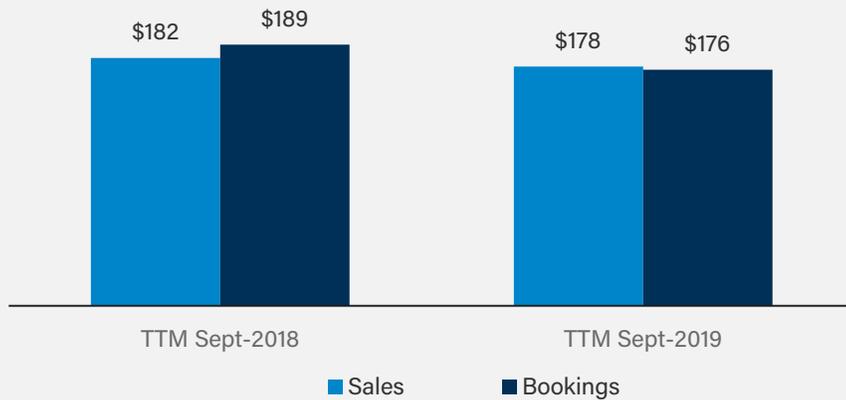
- **Harsh Environment Fiber Optics**
High-speed transceivers and media converters
Expanded beam optical connectors
- **Copper-based Connectors and Cable Assemblies:**
Mil-spec circular and rectangular
RF (radio frequency) and Ethernet connectivity

Applications

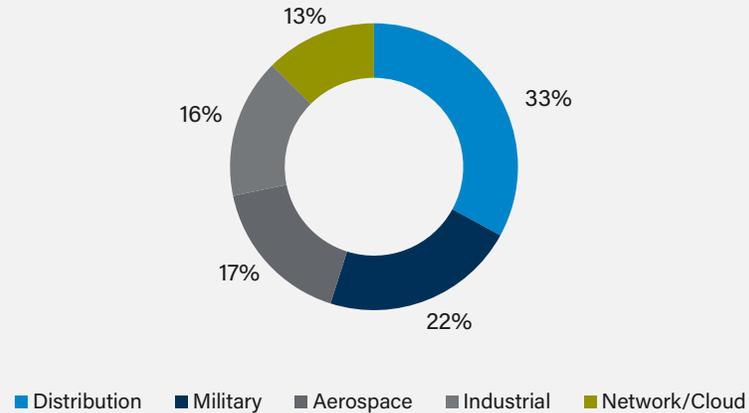
- **Military and Aerospace**
- **Industrial**
- **Data Communications**



Connectivity Solutions
Sales & Bookings (\$ in millions)



Connectivity Solutions
Sales by End Market¹



Customers



Power Solutions & Protection

Products

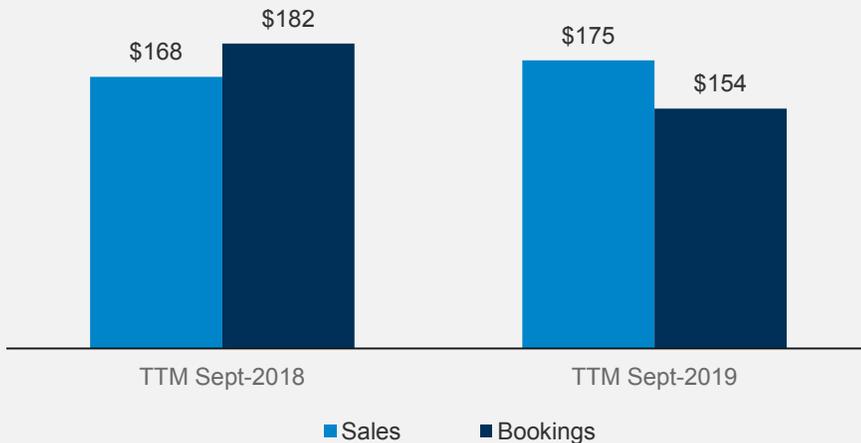
- Front-end (AC-DC) power supplies
- Board mount power (BMP)
- Industrial power products
- e-Mobility converters and inverters
- Circuit protection

Applications

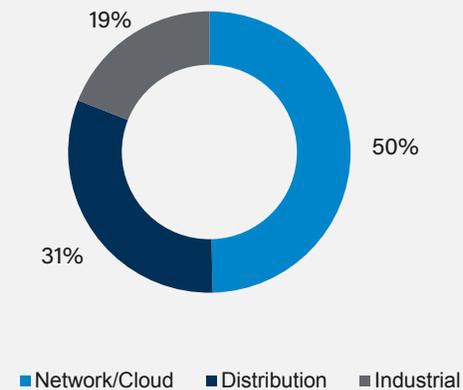
- Servers, storage and networking
- Industrial and Transportation
- Lighting and Consumer



Power Solutions and Protection
Sales and Bookings (\$ in millions)



Power Solutions and Protection
Sales by End Market¹



Customers



Magnetic Solutions

Products

- Integrated Connector Modules (ICMs)
- Power Transformers
- Power Inductors
- Discrete Components

Applications

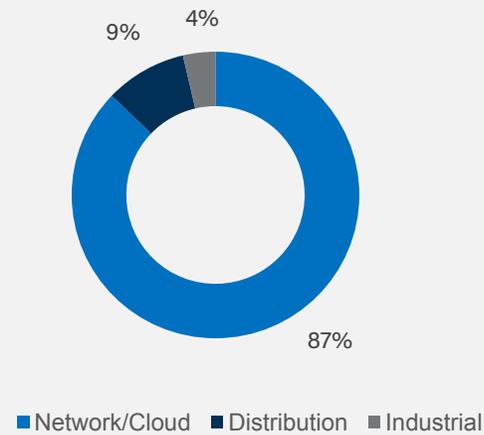
- Data Communications
- Industrial
- Medical



Magnetic Solutions
Sales & Bookings (\$ in millions)



Magnetic Solutions
Sales by End Market[1]



Customers



Growth Drivers

- **Military & Aerospace**

- Positions on key programs, including JSF, AEGIS, Patriot, F16
- Boeing 737 & 737 Max
- Next generation rectangular connectors (C-ENX, C-DMX)



- **Networking & High Performance Computing**

- Data center and blockchain customer growth
- Expanding ICM PoE portfolio to 90W
- High power conduction-cooled solutions



- **E-Mobility**

- Full range of DC/DC converter, DC/AC inverter & onboard chargers
- Over 200 customers in the last 4 years
- Customer base consist of big OEM automotive, mining, marine and construction companies



- **Distribution**

- Bel is a top 25 manufacturer at Digi-Key, Mouser & Newark
- NPI strategy driving product depth & customer growth
- 3 years of 20% growth in catalog distributor sales



Growth Driver: Acquisition



Acquired Company	Year	Products	Revenue	Purchase
CUI Global's Power Business*	2019	Power	\$37M	\$32M
BCMZ Precision Engineering Limited	2018	Connectivity	\$3M	\$2.6M
Emerson Network Power Connectivity Solutions*	2014	Connectivity	\$78M	\$98M
ABB/Power-One Power Solutions*	2014	Power	\$194M	\$117M
TE's Coil Wound Magnetics Business*	2013	Magnetics	\$75M	\$22.4M
Array Connector	2013	Connectivity	\$10M	\$10M
GigaCom Interconnect	2012	Connectivity	\$2M	\$2.7M
Fibreco Limited	2012	Connectivity	\$7M	\$13.7M
Powerbox Italia S.R.I.	2012	Power	\$4M	\$3M
Safran/Cinch Connectors*	2010	Connectivity	\$52M	\$37.5M
Galaxy Power	2005	Power	\$18M	\$18M
Netwatch s.r.o	2005	Connectivity	\$2M	\$1.5M
Insilco Passive Components Group*	2003	Magnetics	\$70M	\$35M
APC UK	2003	Power	\$5M	\$5.5M
E-Power/Current Concepts	2001	Power	\$3M	\$6.2M
Lucent Transformers + Inductor Group*	1998	Magnetics	\$35M	\$30M

*Blue denotes > Divestitures acquired



Recent Acquisition: CUI Power Group



Purchase price of \$32M cash
financed through credit line



Closed December 3, 2019



Bel acquired power supply and
power conditioning product division
and assets from CUI Global



TTM sales of \$37M
through 9/30/19



- Cost savings of \$500K identified to date
- Accretive to Bel's earnings by Q2 / 2020
- Expansion of our position at key e-catalog distributors
- Enhance Bel's gross margin profile
- Alternative business model

CUI Inc. Power Group

CUI will complement Bel's current e-catalog channel position for all Bel\Cinch products, while rounding out the Power product offered in the differentiated markets and applications.



Consumer

- TVs & Cameras
- Computers
- Cell Phones & Mobile Devices
- Gaming Stations/Consoles
- Other Home Electronics
- Light-Emitting Diode (LED) Lights



IoT

- Smart Home
- Smart Retail
- Wearables
- Connected Health
- Industrial Internet
- Smart Appliances



Industrial

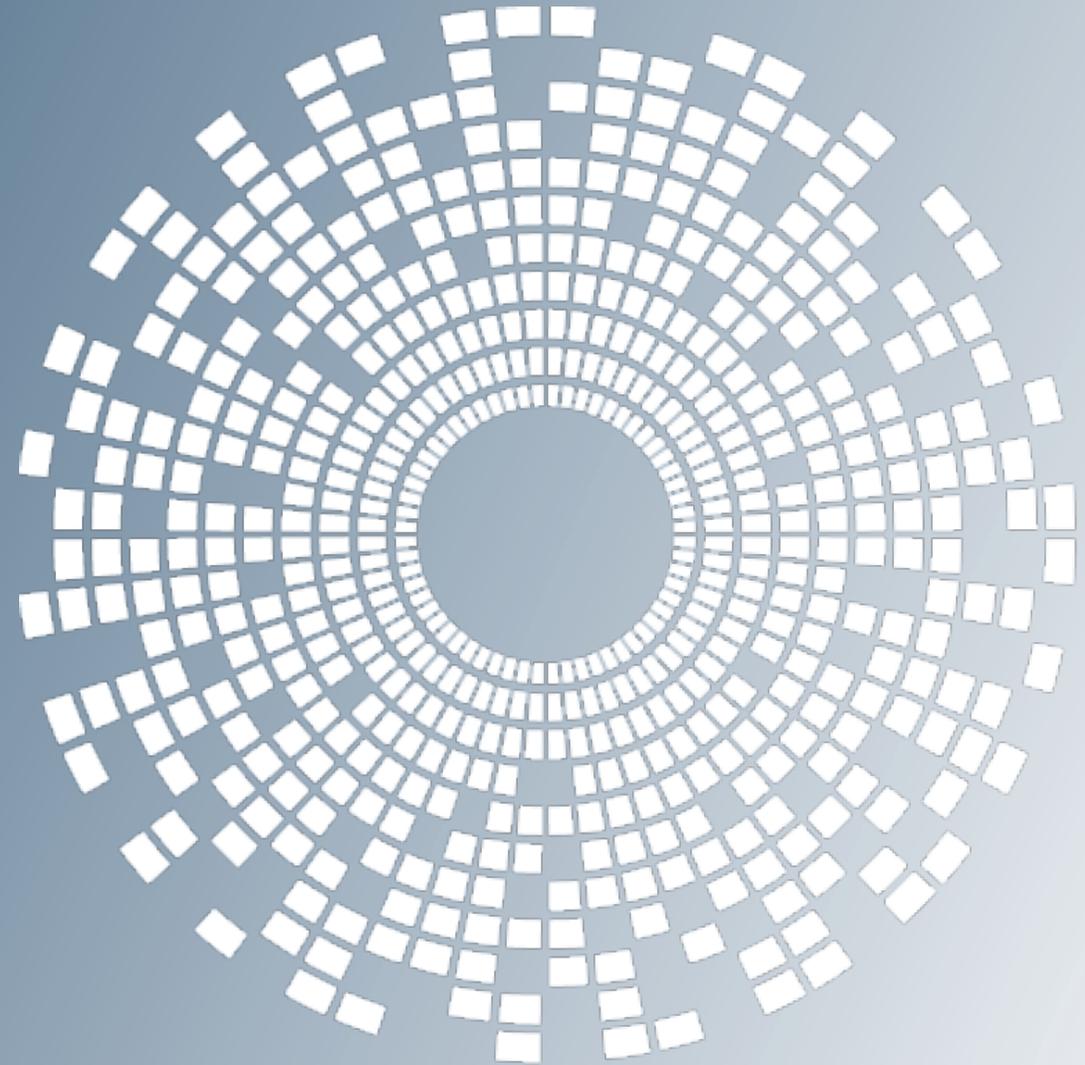
- Laser Cutting
- Industrial Printers
- Welding & Engraving
- Drilling & Marking
- Battery Chargers
- Bulk Power Systems
- Cladding & Surface Treatment



Medical

- Imaging Equipment
- Anesthesiology
- Surgical Devices
- Diagnostic Equipment
- Patient Beds
- Home Healthcare
- Ultrasound

Financial Overview



Industry Drivers: Impact on Bel

		Tariffs	Material Shortages
Business Impact to Bel		<ul style="list-style-type: none"> - Additional duties incurred - Passed along as surcharge to customers 	<ul style="list-style-type: none"> - Long lead times from Bel's suppliers - Material costs increased due to heightened demand
Impact on Customers		<ul style="list-style-type: none"> - Customers paying up to a 20% surcharge for our product 	<ul style="list-style-type: none"> - Customers were unable to acquire parts they needed on a timely basis
Customer Response		<ul style="list-style-type: none"> - Ordered product for shipment in advance of tariffs taking effect (largely in 2018 ahead of 1/1/19) 	<ul style="list-style-type: none"> - Customers placed same order with multiple vendors to secure fastest route
Financial Impact to Bel	2018	<ul style="list-style-type: none"> - Tariff itself: net neutral to Bel - Higher sales volume due to acceleration of orders/shipments 	<ul style="list-style-type: none"> - Increased order volume - Bel purchased heightened levels of raw materials at a higher cost to meet expected customer demand - Material costs in P&L increased some
	2019	<ul style="list-style-type: none"> - Tariff itself: net neutral to Bel - Lower sales volume as customers work through excess inventory on hand from 2018 	<ul style="list-style-type: none"> - Cancellation of orders that had been double booked - Product shipping in 2019 contains the higher material costs, particularly in Q2/Q3 (45% of sales vs. 42% in 2018) - Led to lower GM%

Sales History - TTM

<i>(dollars in thousands)</i>	Sept-17	Sept-18	Sept-19	% change '18-'19
Magnetics Solutions	161,416	175,293	167,424	-4%
Power Solutions & Protection	161,611	167,737	174,815	5%
Connectivity Solutions	167,186	182,359	177,779	-3%
Total	\$ 490,213	\$ 525,389	\$ 520,018	-1%

Bookings History - TTM

<i>(dollars in thousands)</i>	Sept-17	Sept-18	Sept-19	% change '18-'19
Magnetics Solutions	165,192	204,218	140,107	-31%
Power Solutions & Protection	171,353	182,161	153,957	-15%
Connectivity Solutions	168,313	189,439	175,984	-7%
Total	\$ 504,858	\$ 575,818	\$ 470,048	-18%

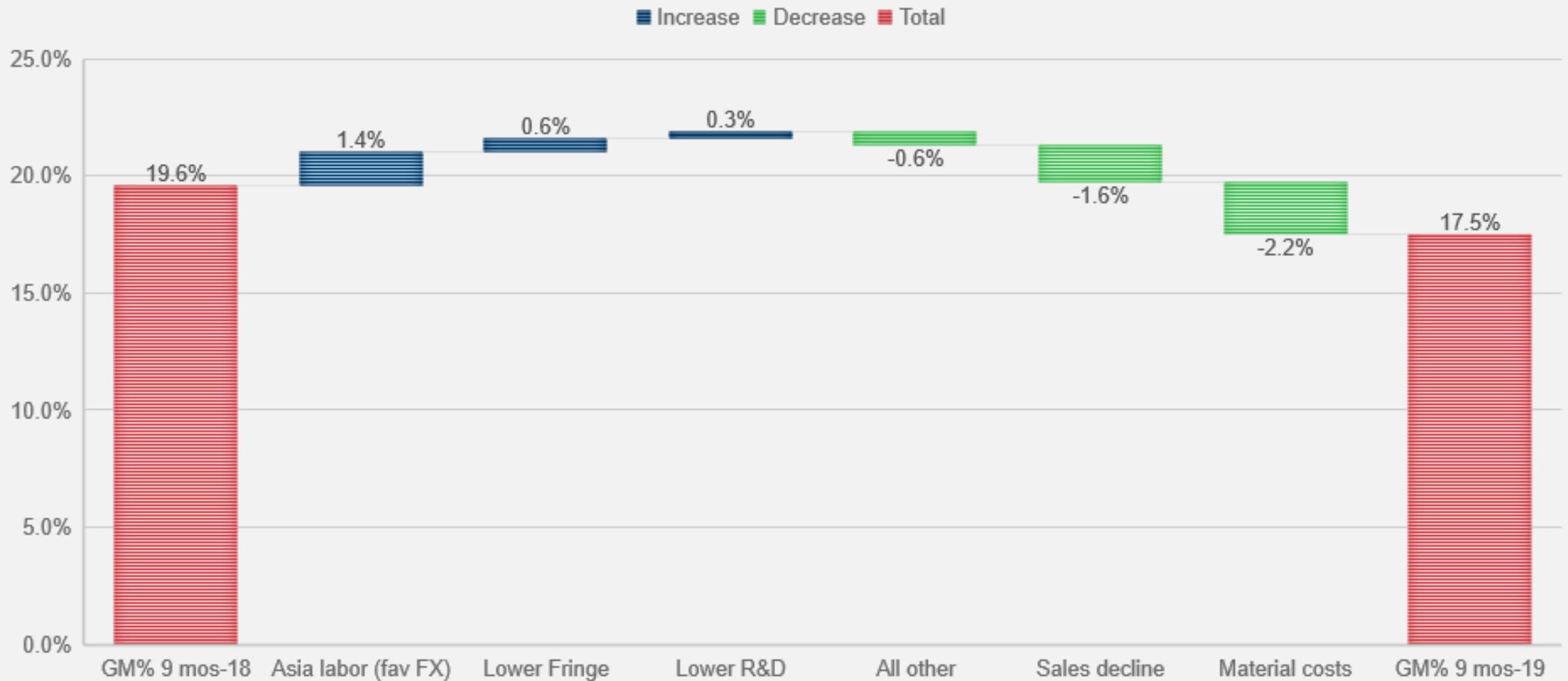
Financial Summary – 9 months

\$ in millions, except EPS amounts	9 mos-19	9 mos-18	Change
Sales	\$377	\$405	-7%
Gross margin⁽¹⁾	17.5%	19.6%	-210 bps
Operating margin	0.8%	5.3%	-450 bps
EBITDA as % of sales	4.0%	8.6%	-460 bps
Adj EBITDA⁽²⁾ as % of sales	6.1%	9.0%	-290 bps
GAAP EPS (BELFB)	(0.19)	1.40	nm
Non-GAAP EPS (BELFB)⁽²⁾	0.46	1.28	-64%

¹ Bel's financial statement presentation includes R&D costs within COGS, and as a result, is a factor in reducing gross margin. This presentation may differ from that of our peers.

² These financial measures exclude the impact of costs associated with a non-cash goodwill impairment charge and our ERP system implementation and restructuring charges.

Gross Margin Bridge



2019 Cost Savings Initiatives

Cost savings implemented throughout 2019 have helped us to preserve our margins in times of revenue contraction

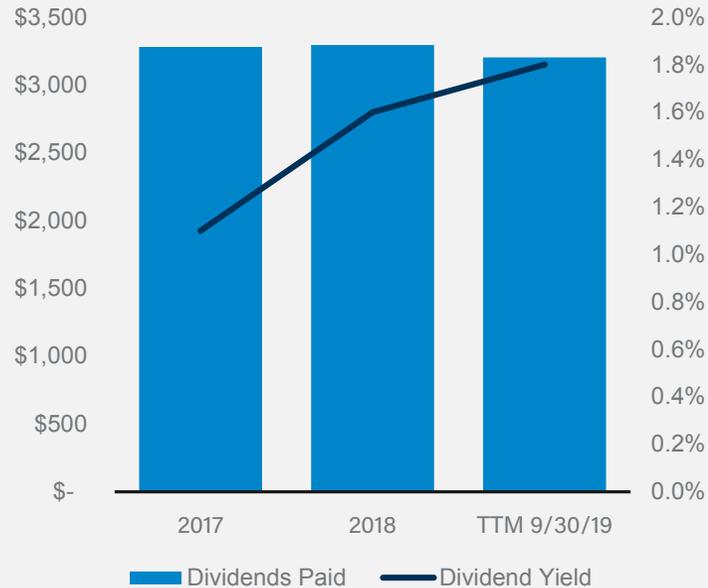
Region	Product Group	P&L Classification	Cost Reduction Action	Annual Savings	Savings in Effect
Europe	Power	R&D	Headcount reduction	\$1.2M	Q3-2019
Asia	Power	R&D	Headcount reduction	\$0.6M	Q3-2019
North America	Magnetics	COGS	Transitioned Signal manufacturing operations to DR and moved warehouse operations to Glen Rock, PA	\$0.5M	Q3-2019
Asia	All	COGS	Indirect headcount reduction	\$1.4M	Q4-2019
Asia	All	COGS	Indirect headcount reduction	\$0.9M	Q4-2019
			<u>Total Annual Savings Implemented through Q3-2019</u>	<u>\$4.6M</u>	

Balance Sheet Metrics

\$ in millions	September 2019	December 2018
Cash	\$65	\$54
Debt	112	114
Equity	171	176
Working Capital	192	185
Current Ratio	3.2 to 1	2.7 to 1
Inventory Turns	3.7x	3.7x
DSO	58 days	59 days
Leverage Ratio	1.94x	2.18x

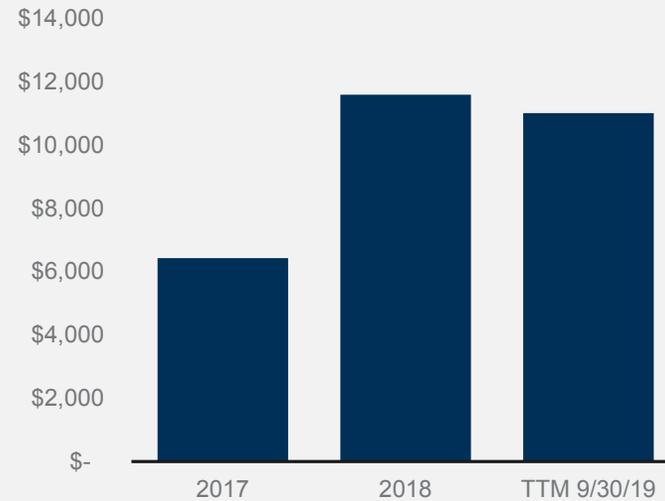
Capital Allocation

Dividends



- Consistent historical quarterly dividend payments
- Dividend yield at 12/4/19 = 1.7%

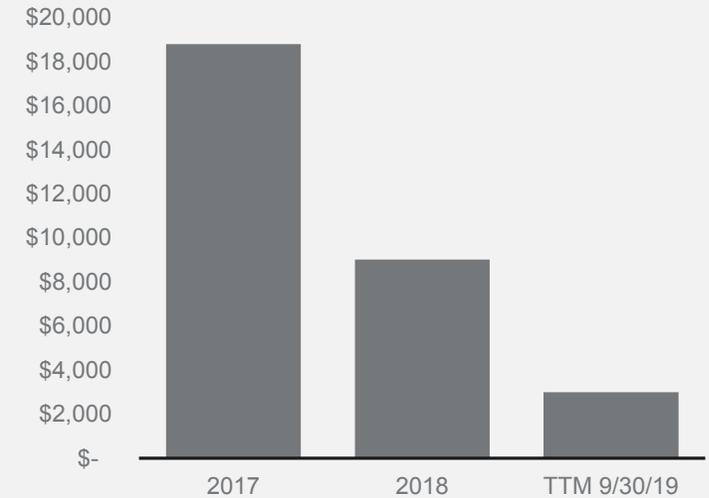
Capex



New equipment purchases to:

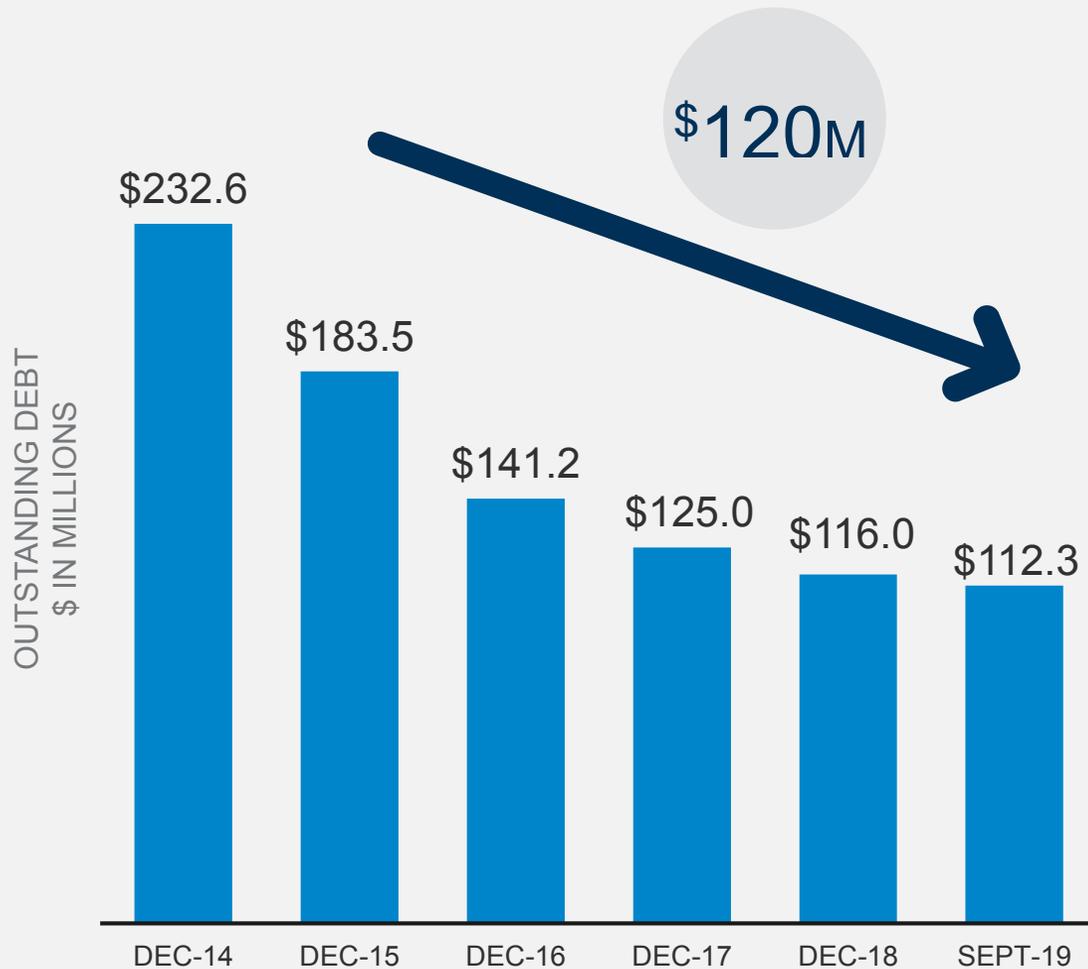
- Increase production throughout
- Expand automation
- Support new programs

Debt Repayments



- \$123M of debt repaid in last 4 years
- Current debt balance = \$112M (in our comfort zone; debt reduction no longer a priority use of cash)

War Chest



Repayment of Debt

- Borrowed \$235M in 2014 for the Power Solutions and CCS acquisitions
- Repaid \$120M by 9/30/19

Additional Borrowing Capacity under Credit Agreement

- Additional borrowing capacity under revolver, which can be used for future acquisitions
- Maturity date of December 2022
- Interest rate at 9/30/19 of 3.81%
- Leverage ratio at 9/30/19 of 1.94x (vs. ceiling of 3.00x)
- Fixed charge coverage ratio at 9/30/19 of 1.40x (vs. floor of 1.25x)

Active Shelf Registration

- Enables Bel to raise up to \$140M through a secondary equity offering
- An active Shelf Registration shortens the timeframe needed to raise funds

Share Information

Key Statistics (as of 12/4/19)

Stock Price	BELFA: \$13.96 BELFB: \$16.95
Total Shares Outstanding	12,277,000
Market Cap	\$202M
Enterprise Value	\$249M



Outstanding shares
2,145,000

Outstanding shares
10,132,000

25
Institutions | **1,100,000**
shares (51%)

161
Institutions | **7,860,000**
shares (78%)

Quarterly dividends
\$0.06 / share

Quarterly dividends
\$0.07 / share

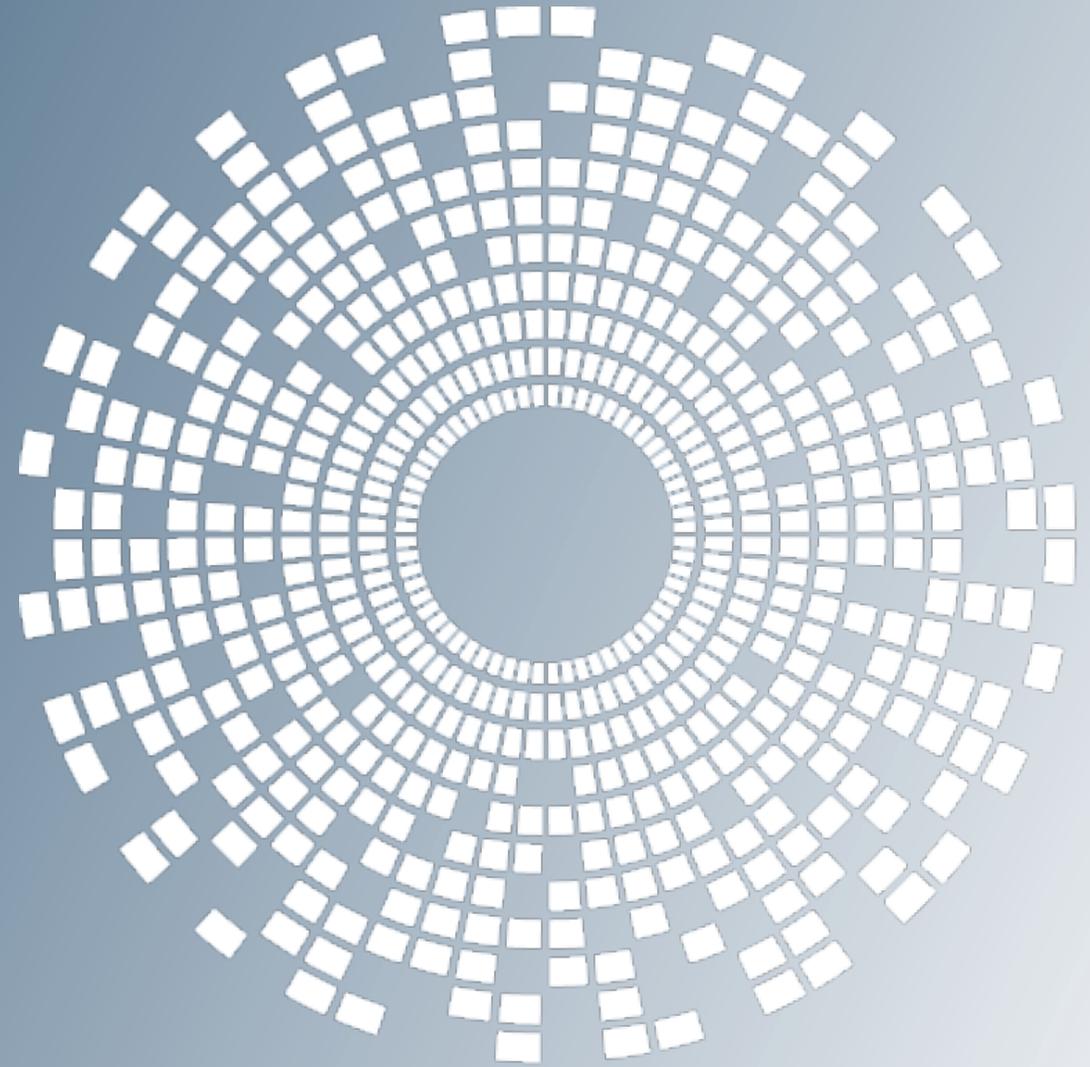
21% held by insiders

3% held by insiders

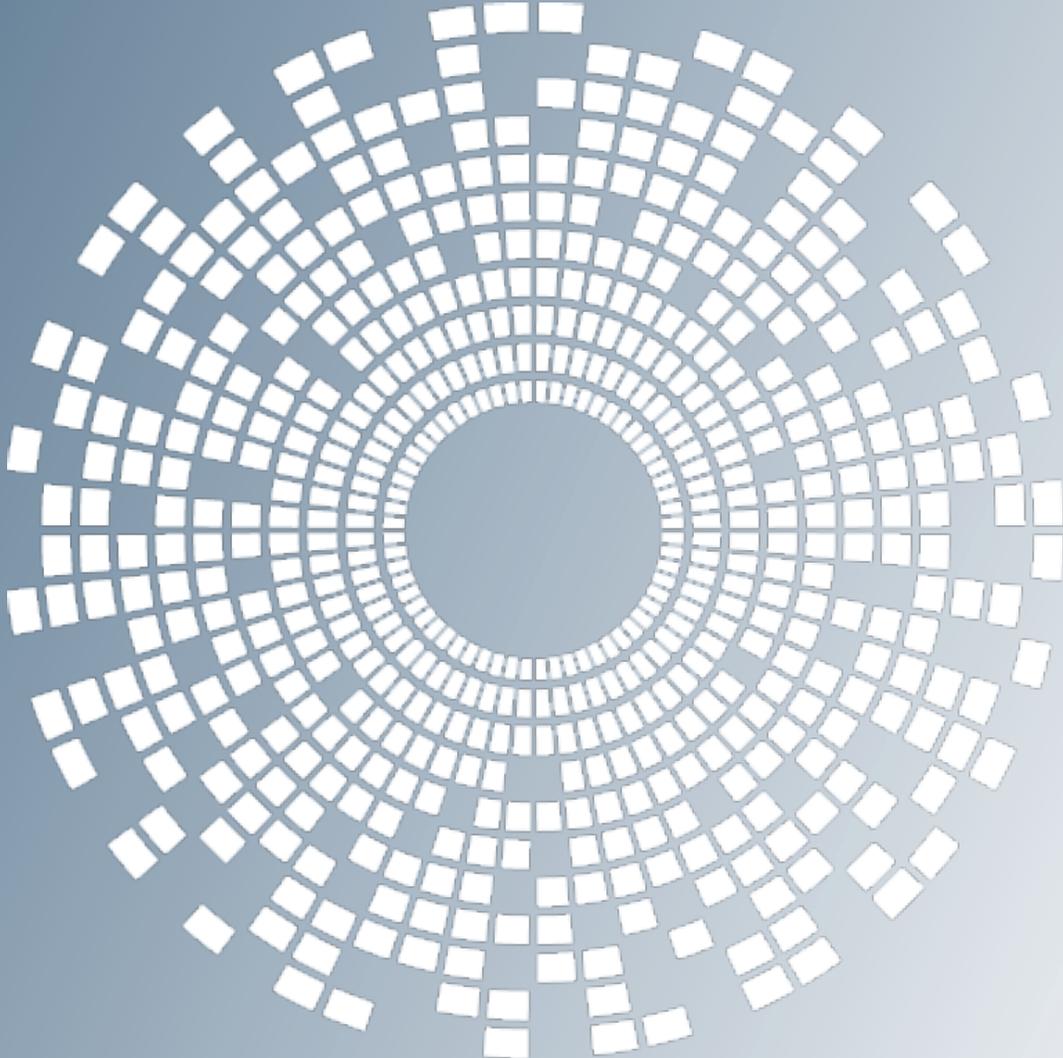
2019 BELFB Stock Trend



Q&A



Appendix



Historical Financial Highlights

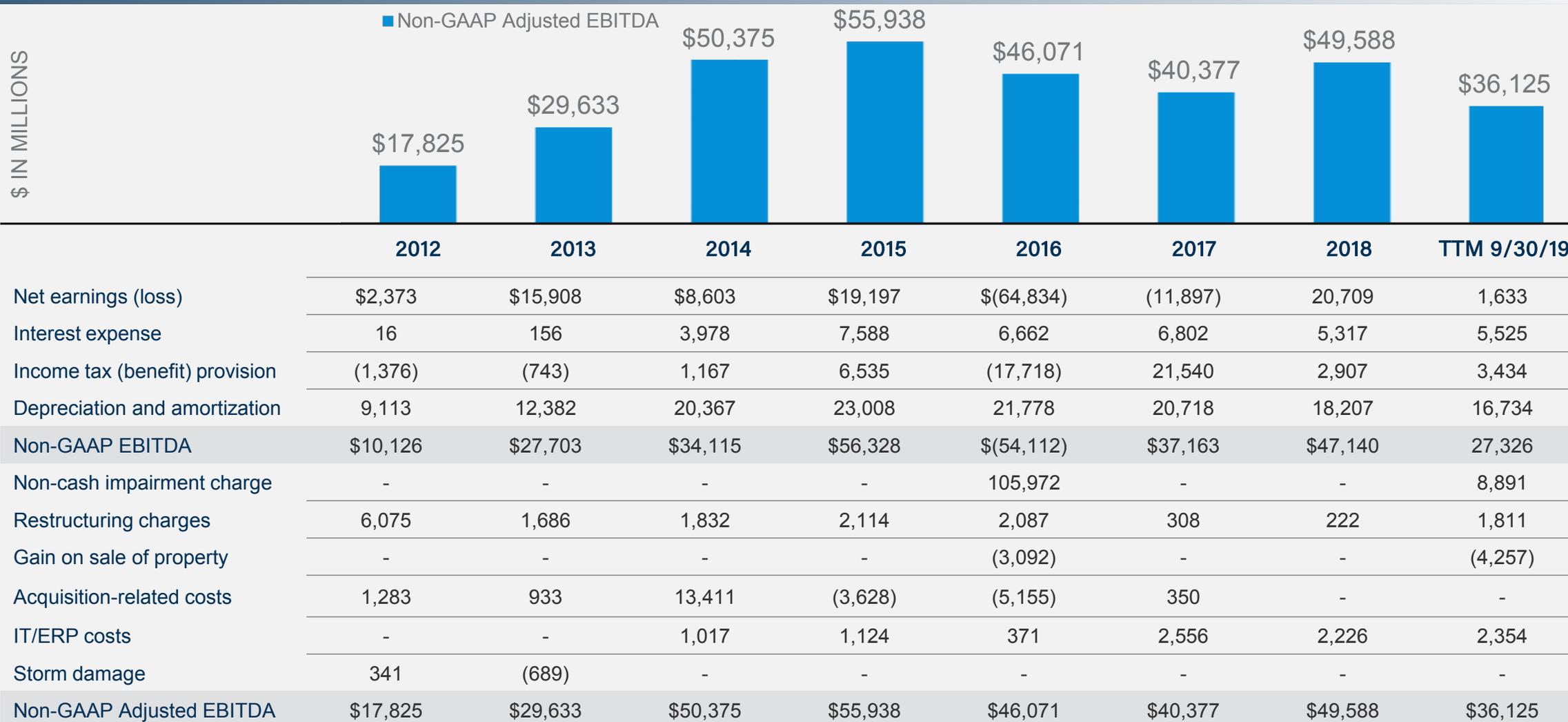
	Net Sales	Gross Margin	EBITDA Margin ¹	D&A	Capital Spending	Free Cash Flow ²
2012	\$286,594	16.2%	3.5%	\$9,113	\$4,744	\$6,865
2013	\$349,189	17.8%	7.9%	12,382	6,940	\$3,641
2014	\$487,076	17.9%	7.0%	20,367	9,042	\$13,415
2015	\$567,080	19.2%	9.9%	23,009	9,891	\$55,898
2016	\$500,153	20.0%	10.4% ³	21,778	8,223	\$30,380
2017	\$491,611	20.8%	7.6%	20,718	6,425	\$17,695
2018	\$548,184	20.0%	8.6%	18,207	11,594	-\$1,497
TTM 9/30/19	\$520,018	18.5%	7.0%	16,734	11,012	13,844

¹ EBITDA as calculated by the Company represents earnings before interest, taxes, depreciation and amortization. EBITDA margin as presented above is calculated by dividing EBITDA by net sales.

² Free cash flow as presented above represents net cash provided by operating activities less cash paid for capital expenditures.

³ Excludes the effect of a \$106M impairment charge on goodwill and other intangible assets recorded in 2016 and \$8.9M in TTM 9/30/19. Without adjusting for this factor, EBITDA margin for 2016 is (10.8)% and EBITDA margin for TTM 9/30/19 is 5.3%.

Reconciliation of Net Earnings to EBITDA



Financial Drivers – 9 months 2019

Favorable

- FX was favorable in COGS vs. 9 mos-18, as USD appreciated against:
 - EUR by 6%
 - GBP by 6%
 - RMB by 5%
- Labor costs as % of sales went down due to favorable FX environment (11.5% of sales in 9 mos-18 vs 10.6% of sales in 9 mos-19)
- R&D expenses were lower by \$1.4M vs 9 mos-18 due to cost savings from recent restructuring efforts and favorable FX environment in 2019
- Legal and professional fees lower by \$680k
- 9 mos-19 period had \$3M of lower incentive comp vs 2018 period

Unfavorable

- Sales down \$28M (7%) from 9 mos-18
 - Connectivity sales ↓ by \$8.9M (largely over-inventoried distribution)
 - Magnetic sales ↓ by \$18M (large OEM program over-inventoried)
 - Power sales ↓ by \$1.2M (blockchain customer down \$6M, offset by gains at networking and industrial customers)
- Material costs still higher vs. 9 mos-18, but showed some improvement from Q2-19 to Q3-19
 - 44.2% of sales 9 mos-19
 - 42.0% of sales 9 mos-18
 - Unfavorable impact on GM of \$8.3M (GM% is lower by 2.2%)
- FX gain in 9 mos-19 of \$500k vs. FX gain in 9 mos-18 of \$2.4M (unfavorable variance on SG&A of \$1.9M)
- GW impairment charge of \$9M in Q3-19

Lean Management Team

Dan Bernstein
President & CEO

Dennis Ackerman
President
Bel Power Solutions & Protection

Power-One, Bel Power,
Powerbox, CUI

Circuit Protection Group

Module Group

Pete Bittner
President
Cinch Connectivity Solutions

Cinch Connectivity
Solutions
Cinch, CCS, Fibreco,
Gigacom, Array, BCMZ

Stewart Connector

Magnetics

Signal Transformer

TRP/ICM Group

LAN Magnetic Group

Craig Brosious
VP Finance

Accounting

Finance

Human Resources

Investor Relations

Raymond Cheung
VP Asia Operations

China

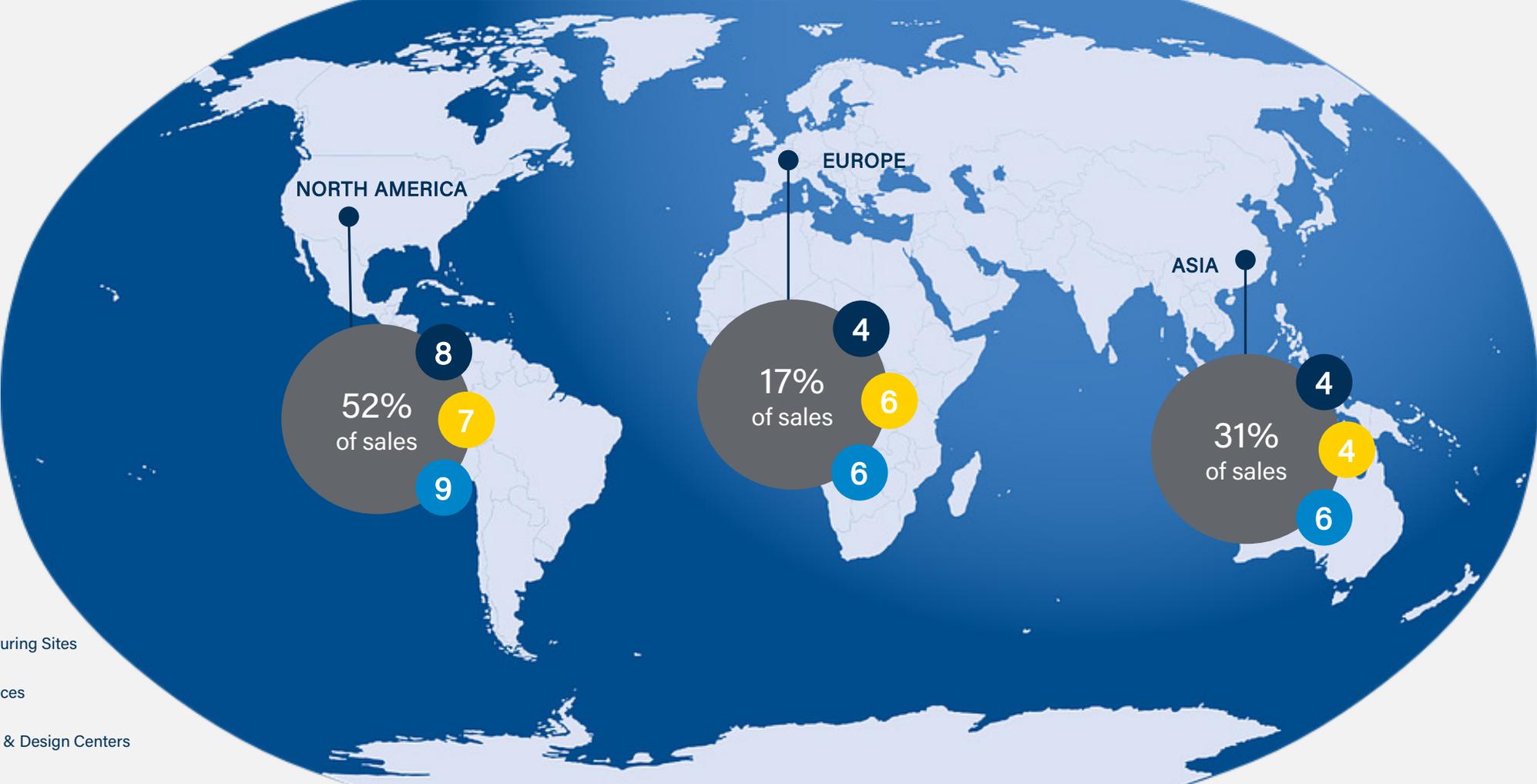
Hong Kong

Macau

India

Taiwan

Global Presence



- Manufacturing Sites
- Sales Offices
- Research & Design Centers

Diverse Offerings

	Power Solutions	Circuit Protection	Connectivity Solutions	Magnetic Solutions
Bel	●	●	●	●
Delta	●	○	●	●
TE Connectivity	○	○	●	●
Molex	○	○	●	●
Pulse Electronics (Yageo)	○	●	●	●
Bussmann (EATON)	●	●	○	●
Amphenol	○	○	●	●
Littelfuse	○	●	○	○
Artesyn	●	○	○	○
Murata	●	○	○	●

Why Bel?

- 70 years in the electronic components business
- Diversified Product Offerings
- Lean management structure
 - Greater flexibility/agility
 - Responsiveness – short chain of command
 - Quick to adapt to changing environments/technologies
- Strong Engineering & Manufacturing Capabilities-around the world

Boeing 737 & 737MAX



FQIS (7)
(used in fuel tank to monitor fuel quantity)



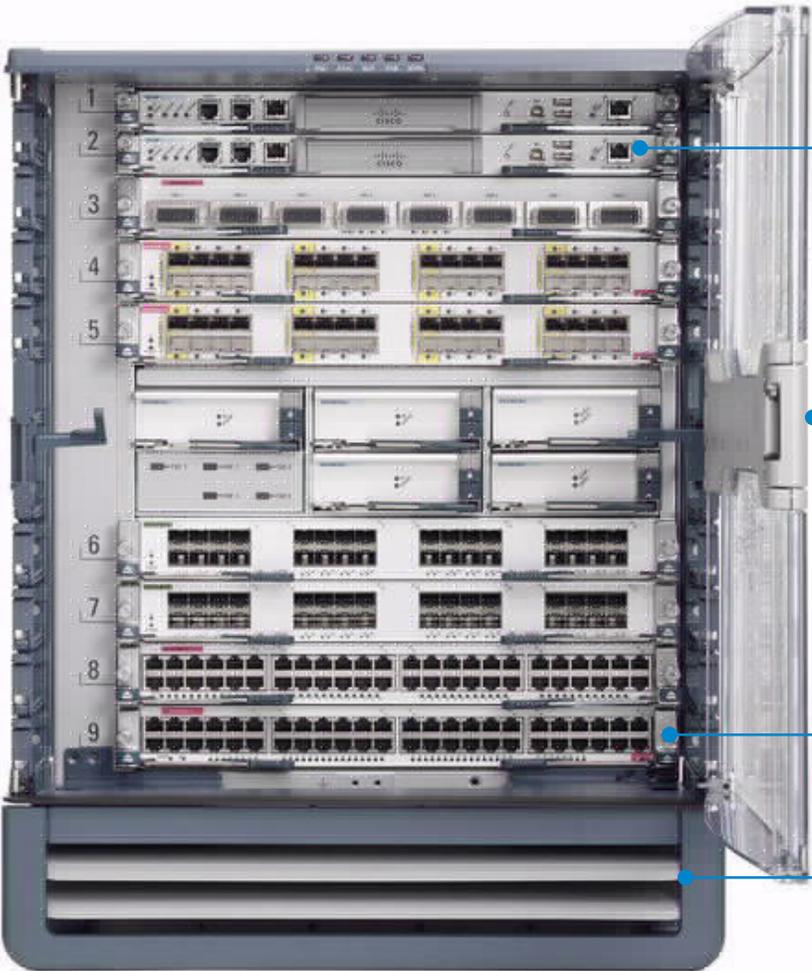
Dura-Con (4)
(used in navigation controls; carries both power and signal)



Omega (5,500)
(general avionics connector for power and signal; used throughout aircraft – undercarriage deployment hydraulics, flight controls, navigation, mechanical systems and lighting)

* Bel content \$50K per aircraft depending on configuration

Cisco Nexus 7000 Switch



10-Gig ICMs

Internal Board level components:

- Fuses
- DC/DC isolated board mount converters
- DC/DC point-of-load converters

Multiport 1-Gig ICMs

AC/DC Front-End Power



AC/USB Power Plug, Door Control, HVAC, Toilet Systems, Windshield Wiper/Defroster, On-Board WLAN, Lighting, Fire Safety Systems, etc

Battery Charging

Brake System

Train Control System

Headlights



Point Machine

Level Crossing Barriers

Railway Signal

Control Room

Control / Computer

Axle Counting

GSM-R

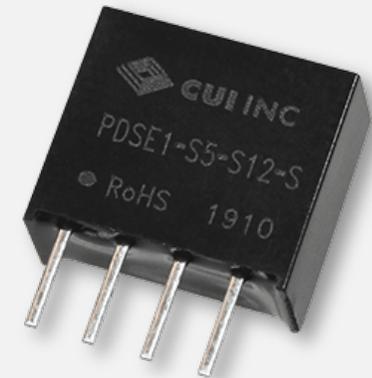
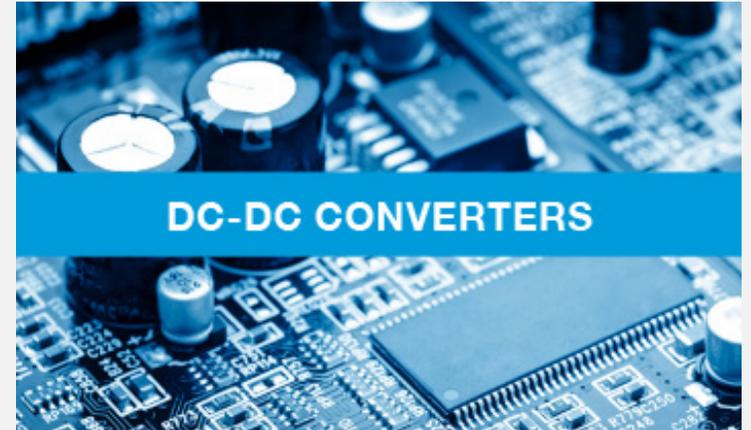
Rolling Stock Applications

Approximately \$20,000 of Installed Power per Rail Set



Trackside Applications

Power Assets of CUI Inc.





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