



bel

POWER | PROTECT | CONNECT

Needham Conference

January 15, 2021

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 2019 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

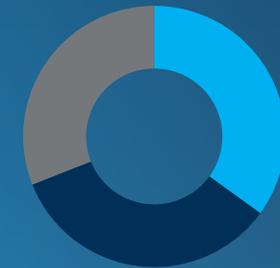
such words as "anticipates," "believes," "plan," "assumes," "could," "should," "estimates," "expects," "intends," "potential," "seek," "predict," "may," "will" and similar references to future periods. All statements other than statements of historical facts included in this report regarding our strategies, 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 2019 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.

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
\$465M ***



**Cinch Connectivity
Solutions**

**Magnetic
Solutions**

**Power Solutions
& Protection**



Why Investors Choose Bel



Gross Margin Expansion

25.9%

in 9 mos-20

- vs -

22.5%

in 2019



Constant Eye on
Costs

\$10 million

of cost savings
implemented in
2019 and 9 mos-20,
\$3M of which is
incremental to 2021



Free Cash Flow Expansion

\$30.3M

in 9 mos-20

- vs -

\$14.5M

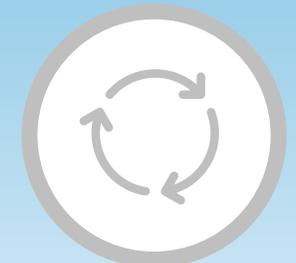
in full year
2019



Continuous Deleveraging

\$28 million

of debt paid
down in 2020

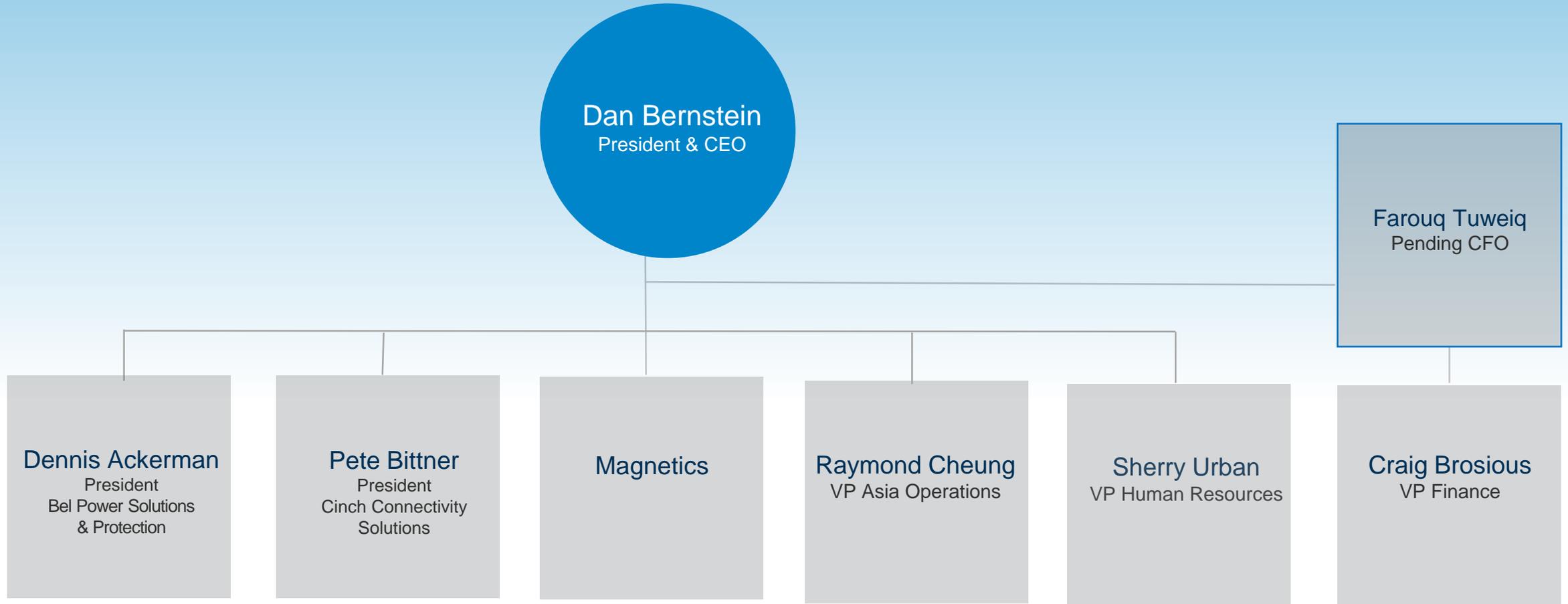


Return to
Shareholders

\$3 million

per year historically
returned to
shareholders in
dividends

Lean Management Team



Appointment of New CFO

- Mr. Tuweiq brings to Bel analytical and transactional experience that will greatly enhance our ability to execute our growth strategy.
- In the capacity of Director, Investment Banking – Industrials Group at BMO Capital Markets, he focused on M&A for companies in this sector.
- Prior financial and accounting positions held at Schneider Electric and Ernst & Young.
- He earned his MBA in Finance at Georgetown University, McDonough School of Business and has an MS in Accounting from Michigan State University.



Farouq Tuweiq
Chief Financial Officer

Effective
February 15, 2021

Diverse End-Markets & Blue-Chip Customer Base



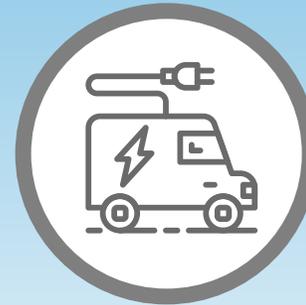
Network & Cloud

40%



Military & Aerospace

33%



Industrial/EV

15%



Distribution

12%



Cinch Connectivity Solutions

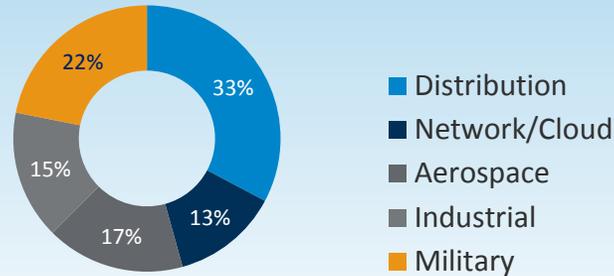
Products

- **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
- Transportation
- Construction (premise wiring)
- Oil and Gas

Sales by End Market¹



Customers



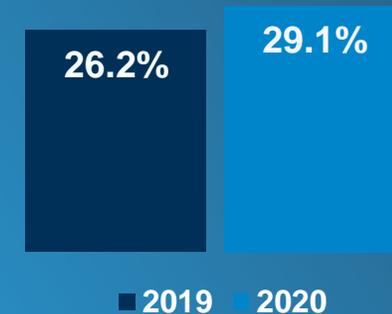
¹ Sales by End Market based on management estimates

² Data reflects first nine months of 2020 vs first nine months of 2019 (\$ in millions)

Sales²



Gross Margin²



Power Solutions & Protection

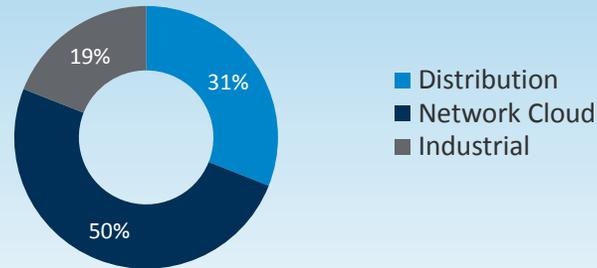
Products

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

Applications

- Networking and data storage
- Industrial
- Rail
- Lighting
- Medical
- Electric vehicles and equipment
- Consumer

Sales by End Market¹



Customers



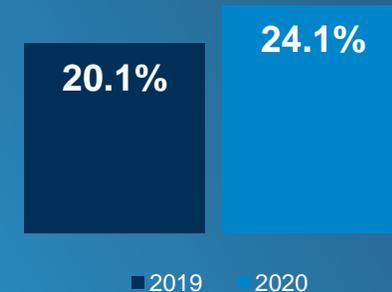
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Sales²



Gross Margin²

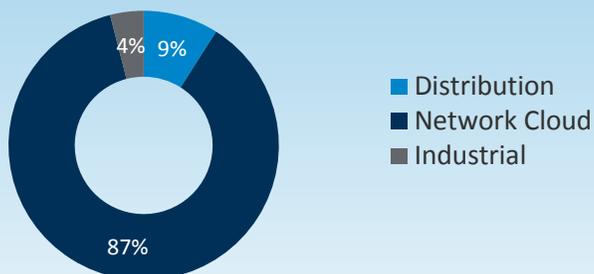


Magnetic Solutions

Products

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

Sales by End Market¹



Applications

- Data and Telecommunications
(Networking Infrastructure Switching,
Servers and Storage Devices)
- Industrial
- Medical
- Alarm and Security Systems
- Lighting
- Home Networking

Customers



Sales²



Gross Margin²



¹ Sales by End Market based on management estimates

² Data reflects first nine months of 2020 vs first nine months of 2019 (\$ in millions)

Numerous Organic Growth Drivers...



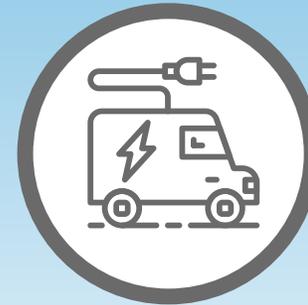
Military & Aerospace

- Positions on key defense programs: JSF – AEGIS – Patriot B2B – FA-18
- Mobile Communication
- Data Encryption



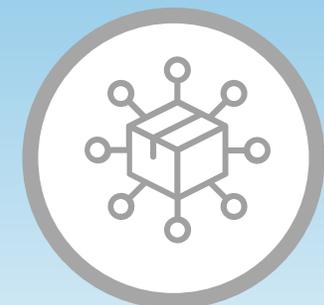
Networking & High-Performance Computing

- Artificial Intelligence
- 5G
- Open Compute Network Infrastructure
- High power conduction-cooled solutions



E-Mobility

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



Distribution

- Increases product accessibility to developers of tomorrow's technology
- Growth driven by new product introductions
- Bel is a top 15 supplier overall at Digi-Key (#1 in power)

Recent Acquisition: rms Connectors

rms Connectors was formed in the 1990's after licensing technology from Cinch Inc. (which Bel acquired in 2010). rms Connectors was a primary competitor of Bel's within the commercial aerospace end market. They sell direct to a shared main OEM customer and through a network of value-added distribution partners.



Closed January 11, 2021



YTD Dec 2020 (estimate):

- Sales: \$8M (pre-COVID: \$15-16M)
- EBITDA margin: 5% (pre-COVID: 20%)



Purchase price of \$8.5M funded with cash on hand



Expected Benefits

- Expected to be accretive to EBITDA in Q2-2021
- No incremental SG&A expense; operations will be consolidated into existing facilities
- Acquisition of state-of-the-art manufacturing equipment
- Substantial upside once commercial aerospace rebounds

Pending Acquisition: EOS

EOS is the leading seller of miniature, high efficiency power solutions. Based in Mumbai, India, EOS has approximately 400 associates and is an existing supplier to Bel.



Agreement signed on November 25, 2020
Anticipated closing in Q1-21



Financial Profile:
- Annual Sales: **\$12M** (pre-COVID: **\$14-15M**)
- EBITDA margin: **6%+**



Purchase price of \$7M cash to be funded through a combination of cash on hand and/or credit line



Expected Benefits

- Expected to be accretive to EBITDA on Day 1
- Extends Bel's manufacturing footprint outside of China with a turnkey operation
- Broadens Bel's power product portfolio with industrial and medical products
- Access to the fast-growing India market for all of Bel's products

2020 Highlights



Operational through
COVID

**100% of
manufacturing
factories
operational despite
COVID**



Marketing Initiatives

**2020 Totals
NPI Series: 97
NPI Part #s: 595
Stocked Part #s: 436**



CUI Acquisition

**\$30M sales 9-mos
2020 (40% growth y/y)
17.8% EBITDA**



Strong End Markets

**Defense, Medical,
Networking, Electric
Vehicles (EV)**

Financial Overview



Financial Summary: Q3-20

\$ in millions, except EPS amounts

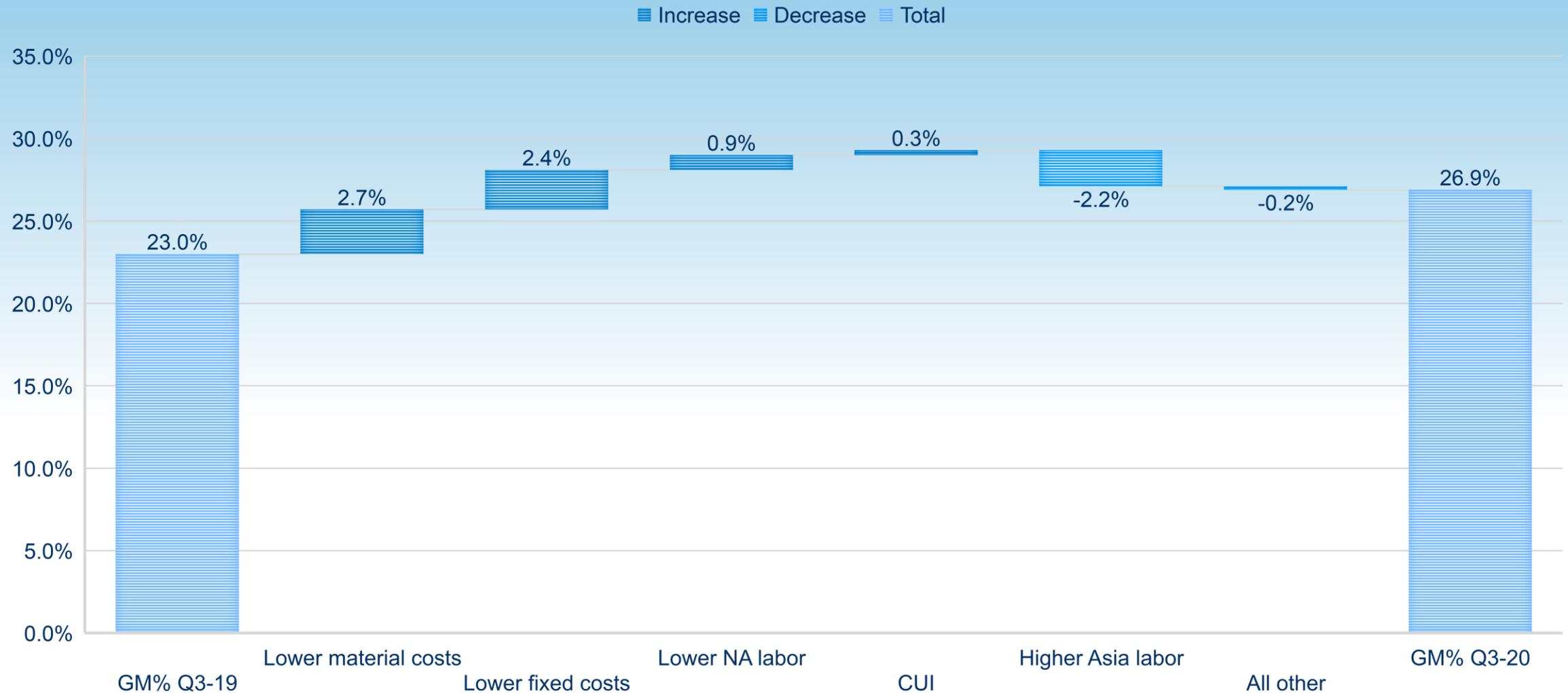
	Q3-20	Q3-19	Change
Sales	\$124	\$124	0%
Gross margin	26.9%	23.0%	390 bps
Operating margin	7.1%	-4.2%	nm*
EBITDA as % of sales	9.4%	-0.4%	nm*
Adj EBITDA⁽²⁾ as % of sales	9.5%	7.1%	240 bps
GAAP EPS (BELFB)	\$0.61	(\$0.53)	nm*
Non-GAAP EPS (BELFB)⁽¹⁾	\$0.62	\$0.20	210%

¹ These financial measures exclude the impact of costs associated with acquisition-related costs, ERP system implementation expenses and restructuring charges, and the impact of gain on sale of property.

* Not meaningful. Q3-19 operating margin, EBITDA and GAAP EPS include the effects of an \$8.9M goodwill impairment charge.



Gross Margin Bridge: Q3-20



Global Cost Savings Program

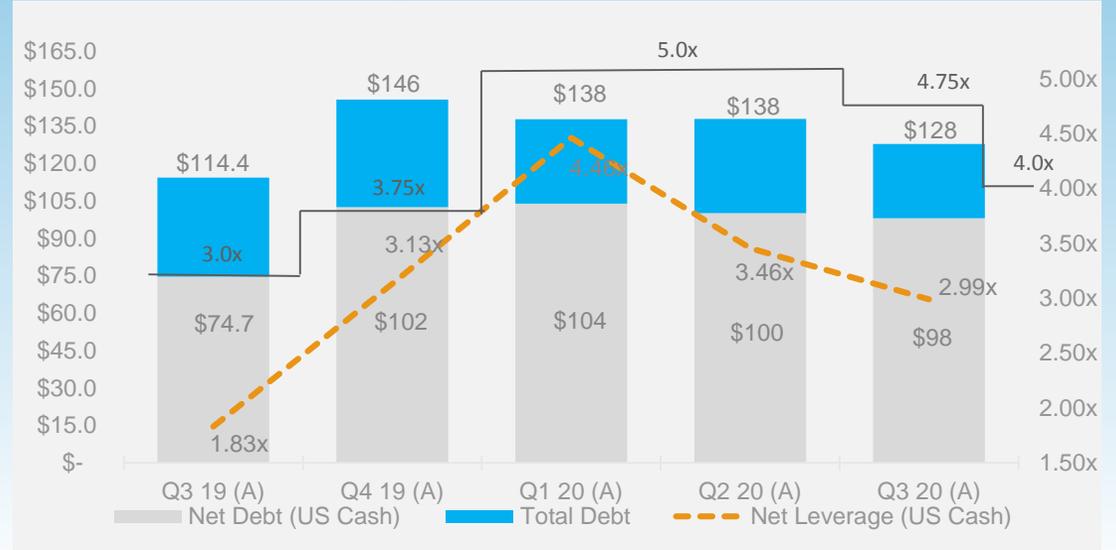
Region	Product Group	P&L Classification	Cost Reduction Action	Annual Savings	Savings in Effect
All	All	COGS/R&D	2019 Activities (combined)	\$4.6M	Q3/Q4-2019
Asia	Magnetics	COGS	Indirect headcount reduction	\$0.6M	Q1-2020
Asia	Connectivity	SG&A	Closed Shanghai office	\$0.5M	Q1-2020
North America	Power	SG&A	Indirect headcount reduction	\$0.1M	Q3-2020
Europe	Power	R&D	Closure of Switzerland R&D facility	\$3.0M	Q4-2020
Europe	Power	SG&A	Closure of Germany sales office	\$0.6M	Q2-2021
North America	Power/Mag	SG&A	North America Sales reorganization	\$0.5M	Q4-2020
Total Annual Savings Implemented in 2019 & 9 mos-20				\$10.0M	

Gross Margin Trend



Credit Metrics

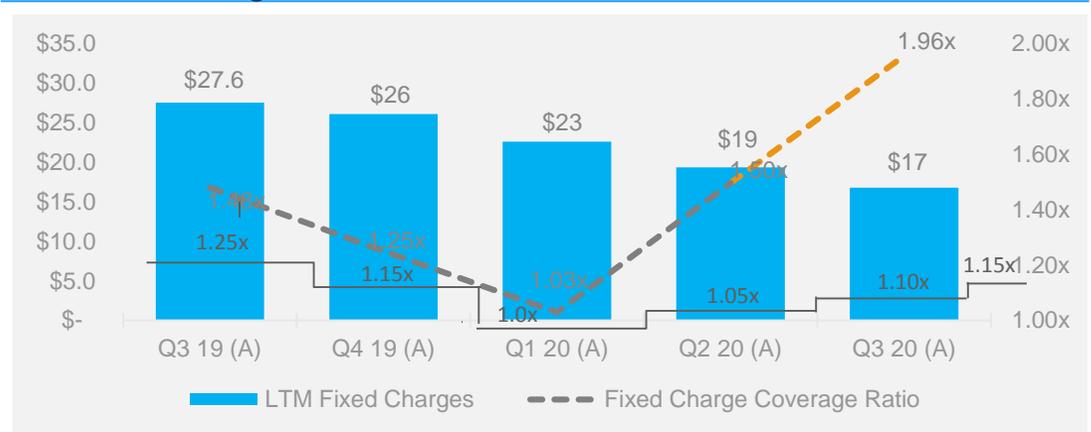
Total Debt and Net Leverage [US Cash] (\$ in millions)



Cash by Region (\$ in millions)



LTM Fixed Charges and FCC Ratio (\$ in millions)



Credit Agrmt EBITDA - LTM (\$ in millions)



Share Information

Key Statistics (as of 1/13/21)

Stock Price

BELFA: \$14.71
BELFB: \$16.41

Total Shares
Outstanding

12,359,000

Market Cap

\$200M

Enterprise Value

\$243M

Class A
NASDAQ: BELFA

Voting Class



Outstanding shares
2,145,000

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

Quarterly dividends
\$0.06 / share

21% held by insiders

Class B
NASDAQ: BELFB

Non-voting Class



Outstanding shares
10,234,000

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

Quarterly dividends
\$0.07 / share

3% held by insiders

Stock Trend: BELFB – 5 years

5-yr high
\$33.10

5-yr low
\$6.60

Book Value as
of 9/30/20
\$14.46

Closing Price on
1/13/21
\$16.41



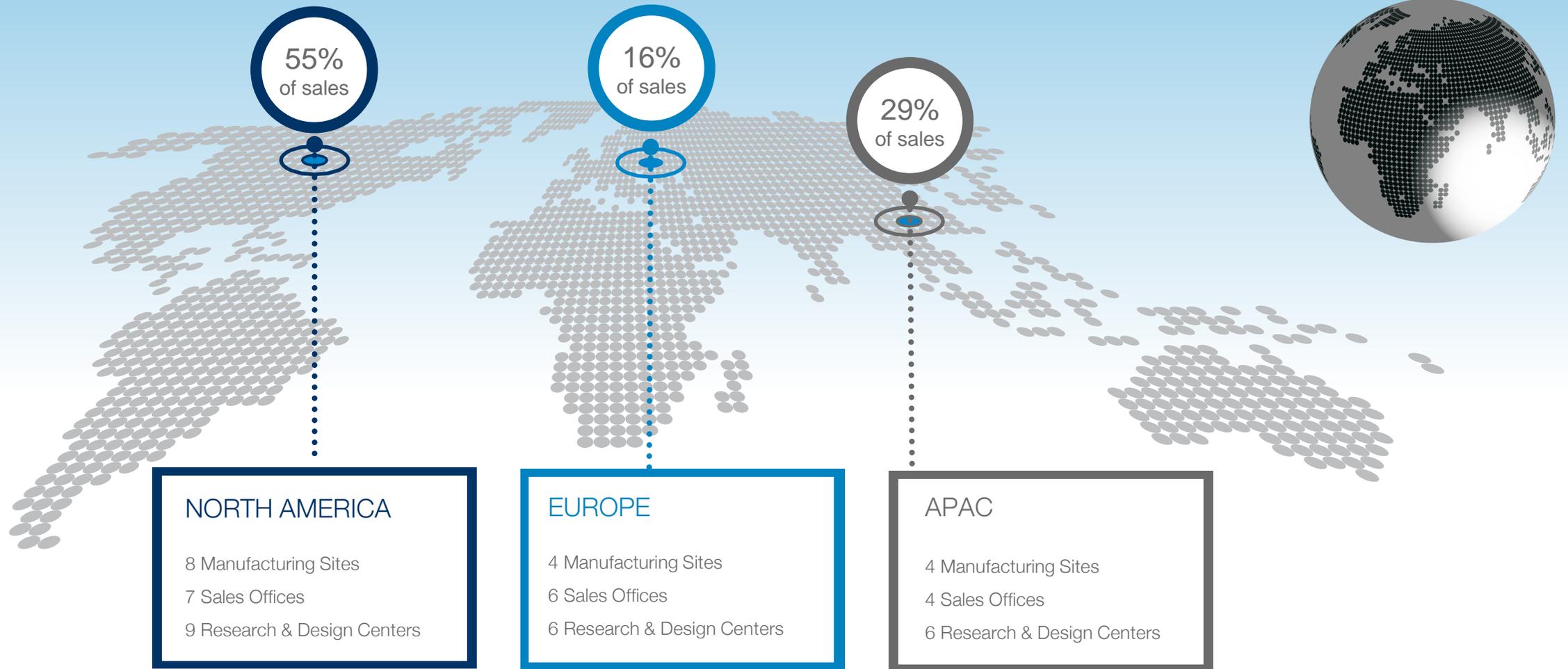
Q&A



Appendix



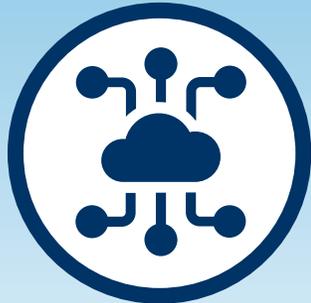
Global Presence



Diverse Offerings

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

Acquisitions



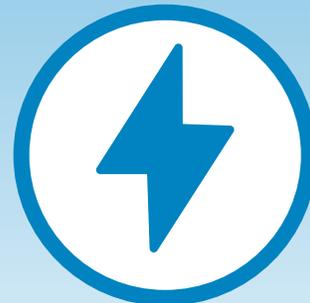
CONNECTIVITY

Spin-offs Acquired:

- Emerson Network Power Connectivity Solutions (2014)
- Safran/Cinch Connectors (2010)

Private Companies Acquired:

- BCMZ Precision Engineering Ltd. (2018)
- Array Connector (2013)
- GigaCom Interconnect (2012)
- Fibreco Limited (2012)



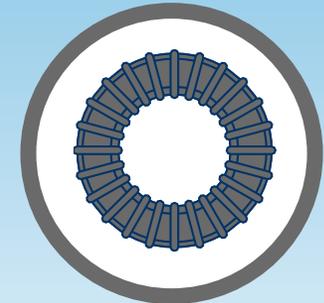
POWER

Spin-offs Acquired:

- CUI Global's Power Business (2019)
- ABB/Power-One Power Solutions (2014)

Private Companies Acquired:

- Powerbox Italia S.R.L. (2012)
- Galaxy Power (2005)
- APC UK (2003)
- E-Power/Current Concepts (2001)



MAGNETICS

Spin-offs Acquired:

- TE's Coil Wound Magnetics Business (2013)
- Insilco Passive Components Group (2003)
- Lucent Transformers & Inductor Group (1998)

Sales & Bookings

(dollars in millions)

SALES	Q3-19	Q3-20	% change '19-'20	TTM Sept-18	TTM Sept-19	TTM Sept-20	% change '19-'20
Magnetics Solutions	40	38	-4%	175	167	142	-15%
Power Solutions & Protection	40	48	19%	168	175	165	-6%
Connectivity Solutions	44	38	-13%	182	178	158	-11%
Total	\$ 124	\$ 124	0%	\$ 525	\$ 520	\$ 465	-11%

BOOKINGS	Q3-19	Q3-20	% change '19-'20	TTM Sept-18	TTM Sept-19	TTM Sept-20	% change '19-'20
Magnetics Solutions	37	14	-61%	204	140	136	-3%
Power Solutions & Protection	31	41	29%	182	154	162	5%
Connectivity Solutions	44	28	-37%	190	176	140	-20%
Total	\$ 112	\$ 83	-26%	\$ 576	\$ 470	\$ 438	-7%

BACKLOG	Sept-18	Sept-19	Sept-20	% change '19-'20
Magnetics Solutions	57	30	27	-8%
Power Solutions & Protection	69	52	63	20%
Connectivity Solutions	59	61	48	-21%
Total	\$ 185	\$ 143	\$ 138	-3%

Financial Summary: 9 mos-20

\$ in millions, except EPS amounts	9 mos-20	9 mos-19	Change
Sales	\$350	\$377	-7.3%
Gross margin	25.9%	22.8%	310 bps
Operating margin	3.8%	0.7%	310 bps
EBITDA as % of sales	6.9%	4.0%	290 bps
Adj EBITDA ⁽²⁾ as % of sales	7.0%	6.1%	90 bps
GAAP EPS (BELFB)	\$0.76	(\$0.19)	nm*
Non-GAAP EPS (BELFB) ⁽¹⁾	\$0.79	\$0.46	72%

* Not meaningful. 9 mos-19 operating margin, EBITDA and GAAP EPS include the effects of an \$8.9M goodwill impairment charge

Financial Drivers: Q3-20

Favorable

- Addition of CUI sales of \$10.9M in Q3-20 at a 15.2% EBITDA margin
- Variable costs within COGS down (52.8% of sales in Q3-20 vs 54.2% of sales in Q3-19), primarily due to shift in product mix (declines in power products with high material content; increase in high-margin CUI product and connectivity products going into military applications)
- Fixed costs within COGS down \$3.1M (\$25.6M in Q3-20 vs. \$28.7M in Q3-19), largely due to \$2.3M reduction in overhead costs and \$0.7M of lower support labor and fringe expense (receipt of \$0.9M in funds from Chinese government related to COVID-19 relief program).
- FX had minimal impact in COGS vs. Q3-19, as USD appreciation against the MXN (14%) largely offset depreciation against EUR (5%), GBP (5%) and RMB (1%)
- Tariff refunds from US Government \$400k
- R&D expenses were lower by \$400k vs Q3-19 due to cost savings from recent restructuring efforts, offset by unfavorable FX environment in Q3-20
- \$500k reduction in travel expenses vs. Q3-19
- \$600k favorable fluctuation in gain/loss on cash surrender value of COLI (gain in Q3-20 of \$700k vs. gain in Q3-19 of \$100k)

Unfavorable

- Excluding CUI, sales were down \$10.9M:
 - Connectivity sales ↓ by \$6.0M (\$5.3M decline in commercial aerospace, \$3.0M reduction in sales through distribution, \$1.6M decline in sales into industrial applications, offset by gains of \$3.6M in military applications)
 - Magnetic sales ↓ by \$1.5M (ICM's down \$1.3M & Signal down \$500k, offset by increase in discrete sales of \$300k)
 - Excluding CUI, Power sales ↓ by \$3.4M (reduced sales to datacenter customer (\$3.2M), distribution down \$1.1M, networking customer down \$1.1M; DC/DC down \$1.4M; partially offset by increased fuse revenue of \$1.4M and increase in AC/DC sales of \$400k)
- FX loss of \$1M in Q3-20 vs. FX gain of \$600k in Q3-19 (unfavorable swing in Other Income/Expense of \$1.6M)

Balance Sheet Metrics

\$ in millions	September 2020	December 2019
Cash	\$81	\$72
Debt	125	144
Equity	179	168
Working Capital	195	193
Current Ratio	3.2 to 1	3.1 to 1
Inventory Turns	3.7x	3.6x
DSO	52 days	60 days
Leverage Ratio	2.99x	3.14x

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
2019	\$492,412	22.5% ⁴	-0.4%	16,471	9,891	14,559

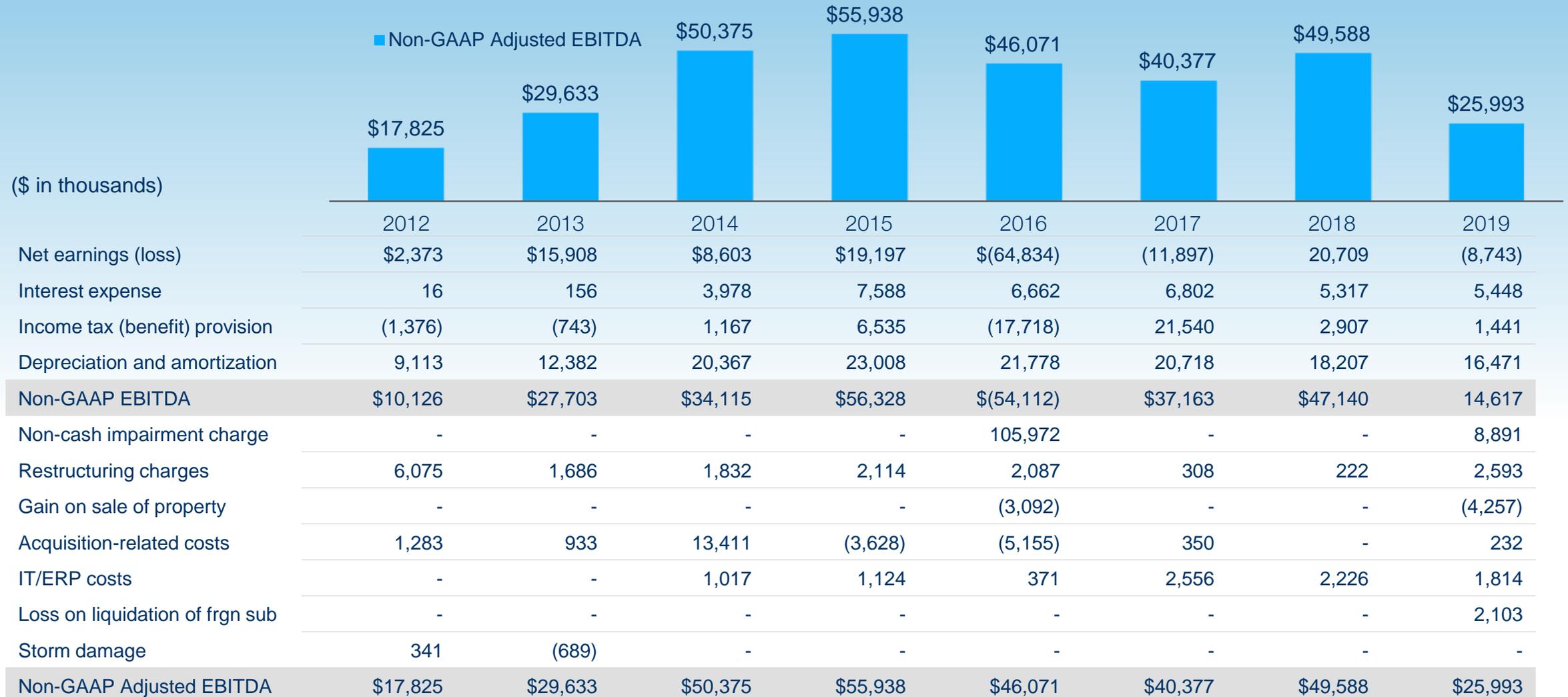
¹ EBITDA as calculated by the Company represents earnings before interest, taxes, depreciation and amortization. EBITDA margin as presented above is calculated by dividing EBITDA by net sales.

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%.

⁴ Effective with the fourth quarter 2019 reporting, R&D expense is now reflected outside of COGS and is therefore no longer a factor in arriving at gross margin. Prior year gross margin % has not been recast on this slide. The comparable 2019 GM% would have been 17.0%

Historical: Net Earnings to EBITDA





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