



**bel**<sup>®</sup>

POWER | PROTECT | CONNECT

# Needham Conference

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January 13, 2022



# 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 2020 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.

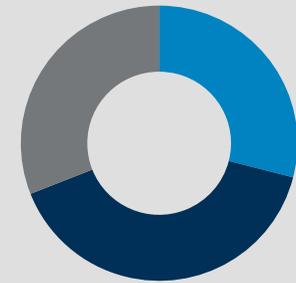
Forward-Looking Statements can be identified by such words as "anticipates," "believes," "plan," "assumes," "could," "should," "estimates," "expects," "intends," "potential," "seek," "predict," "may," "will" and similar references to future periods. All statements other than statements of historical 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 2020 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 since 1949.**

Applications for our products are primarily found in the military, aerospace, networking, medical, industrial and cloud industries.

**Annual Sales of  
\$512M**



**Cinch Connectivity Solutions**

**Magnetic  
Solutions**

**Power Solutions  
& Protection**



# Bel Presents an Attractive Investment Opportunity

Attractive End Markets with Long-Term Tailwinds

Blue-Chip Customer Base

Global Low-Cost Manufacturing

Well-Positioned to Capture Market Share in Large, Fragmented Market

Strong and Consistent Free Cash Flow Generation

Conservative Financial Profile



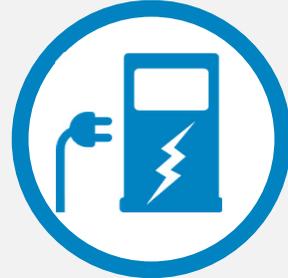
# Why Bel?



Strong  
Backlog

**\$390M**  
at 9/30/21

**up 150%**  
from 12/31/20



Attractive  
End Markets

Aerospace/Defense  
Network & Cloud  
Electric Vehicles  
Medical  
Rail



Robust R&D  
Pipeline

**605**  
new products  
introduced in 2020  
- vs -  
**270**  
in 2019



Global  
Customer Reach

**3** continents  
**15** countries  
**32** locations

# Diverse End-Markets & Blue-Chip Customer Base



Network & Cloud

36%

CISCO, Hewlett Packard Enterprise, DELL EMC, ORACLE



Military & Aerospace

14%

LOCKHEED MARTIN, Raytheon, THALES, Honeywell



Industrial/EV

18%

PHILIPS, Carrier, JOHN DEERE, ALSTOM, United Technologies, TESLA



Distribution

32%

AVNET, Mouser Electronics, Digi-Key

# Numerous Organic Growth Drivers...



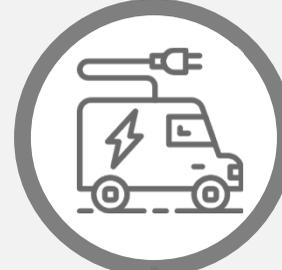
## Military & Aerospace

- Munitions
- Commercial and military aircraft
- 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)

# Cinch Connectivity Solutions

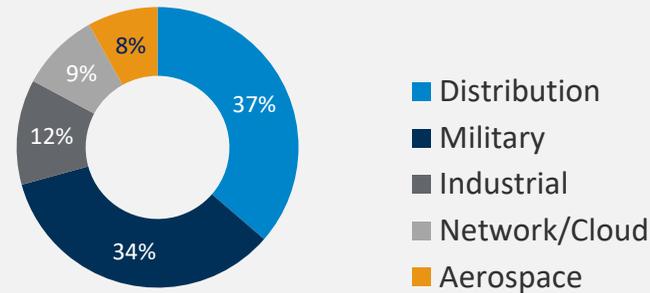
## Products

- **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 Market<sup>1</sup>



## Select Customers



## Select Competitors



## Sales<sup>2</sup>



## Backlog<sup>3</sup>



<sup>1</sup> Sales by End Market based on management estimates

<sup>2</sup> Data for trailing-twelve months ended September 30, 2021 (\$ in millions)

<sup>3</sup> Data as of December 31, 2020 and September 30, 2021 (\$ in millions)

# Case Study: Commercial Aerospace



**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)

# Power Solutions & Protection

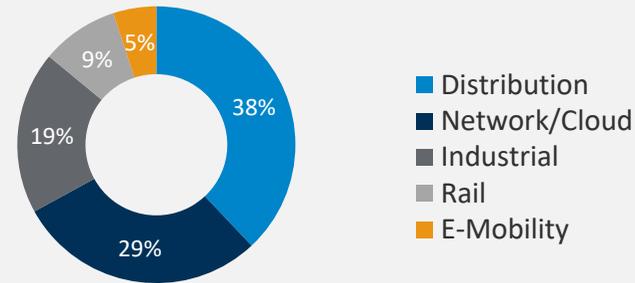
## Products

- 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 Market<sup>1</sup>



## Select Customers



## Select Competitors



## Sales<sup>2</sup>



## Backlog<sup>3</sup>

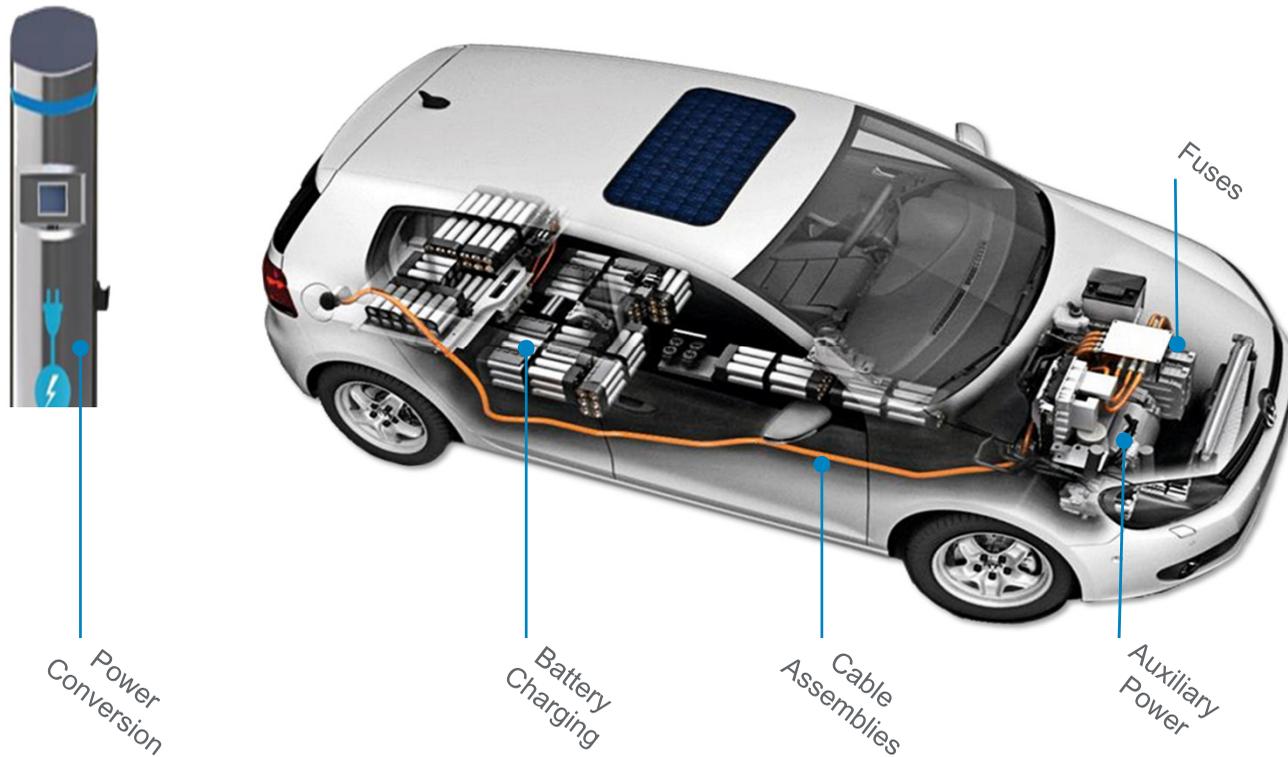


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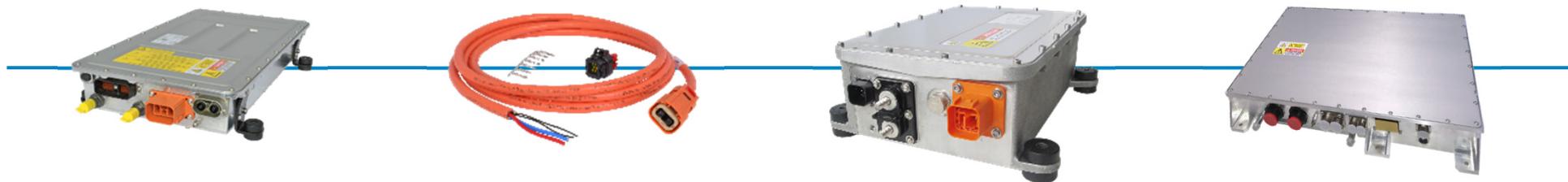
<sup>3</sup> Data as of December 31, 2020 and September 30, 2021 (\$ in millions)

# Case Study: eMobility



*Agriculture & Farm Equipment, Buses, Food Trucks, Hybrid & Electric Vehicles, Light Duty Commercial Vehicles, Marine & Boats, Medium & Heavy-Duty Commercial Vehicles, Off Road Vehicles, Work Trucks*

Ranges from \$1,500-\$15,000 of Installed Power per Vehicle



**Featured Products**



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# Case Study: Railway



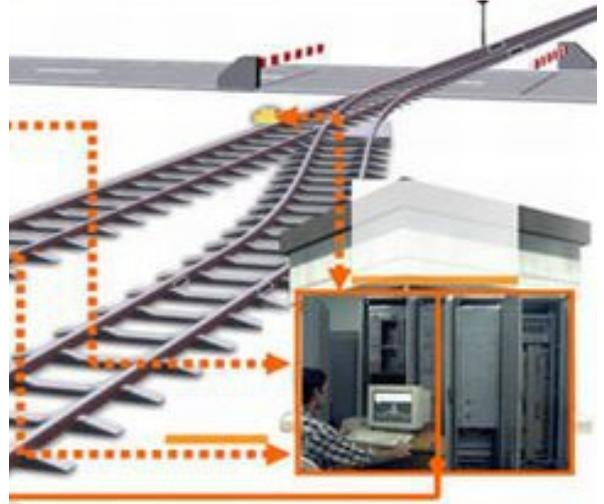
AC/USB Power Plug, Door Control, HVAC, Toilet Systems, Windshield Wiper/Defroster, On-Board WLAN, Lighting, Fire Safety Systems, etc

Battery Charging

Brake System

Train Control System

Headlights



Point Machine

Level Crossing Barriers

Railway Signal

Control / Computer Room

Axle Counting

GSM-R

## Rolling Stock Applications

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



## Trackside Applications



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# Magnetic Solutions

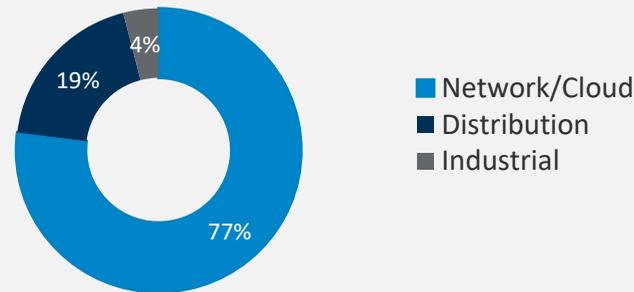
## Products

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

## Applications

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

## Sales by End Market<sup>1</sup>



## Select Customers



## Select Competitors



## Sales<sup>2</sup>



## Backlog<sup>3</sup>



<sup>1</sup> Sales by End Market based on management estimates

<sup>2</sup> Data for trailing-twelve months ended September 30, 2021 (\$ in millions)

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# Case Study: Cisco 9400

*The Catalyst 9400 Series is the next generation of the industry's most widely deployed enterprise switching platform... These modular access switches are built for security, IoT, and cloud. They deliver state-of-the-art high availability, support up to 9 Tbps, provide the latest in 90-watt UPOE+, and form one of the building blocks for SD-Access, Cisco's leading enterprise architecture.*  
- Cisco website



## Internal Board level components:

- Fuses
- DC/DC isolated board mount converters
- DC/DC point-of-load converters
- Passive jack communications ports

## Multiport ICMs

- 1G to 10G port speeds
- 15-90W PoE capability

# Financial Overview



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# Operating Dynamics & Conditions

## Industry Wide

## Bel Specific

Tailwinds

- Supply constraints and increased demand
- Change in our working habits in the long term?
- Fundamental changes in end markets including EV, electrification, 5G, Automation, IoT
- Electrification of legacy sectors and end markets
- Focus on environmentally-friendly technology and investments

- Commitment to demonstrably enhance margin profile
- Record bookings and backlog
  - Bookings: \$223M orders received in Q3-21 (up 184% from Q3-20)
  - Backlog: \$390M as of 9/30/21 (up 140% from 9/30/20)
- Meaningful ramp up in Commercial Air, with ample runway for growth to achieve pre-Covid levels
- EV sales increased 125% from Q3-20 to \$14M in Q3-21

Headwinds

- Supply chain challenges to persist in the near to mid-term including shipping and raw materials
- Geopolitical concerns between the west and China
- Labor availability and competition for talent
- China operating conditions including labor availability and rolling power outages

- Historically extended lead times – ~4x longer than normal in some product lines
- Higher material costs– Q3-21 Gross Profit margin was lower by ~3.6%
- FX adversely impacted COGS given the stronger RMB and Peso

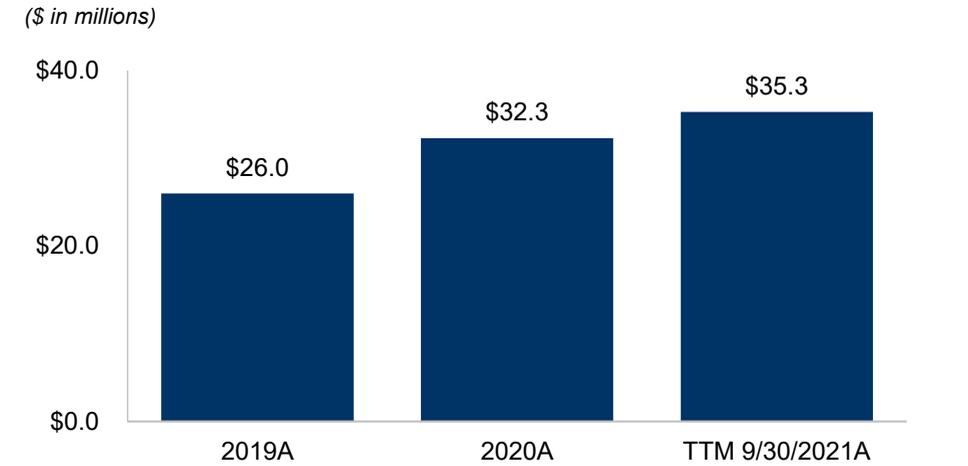


# Historical Financial Performance

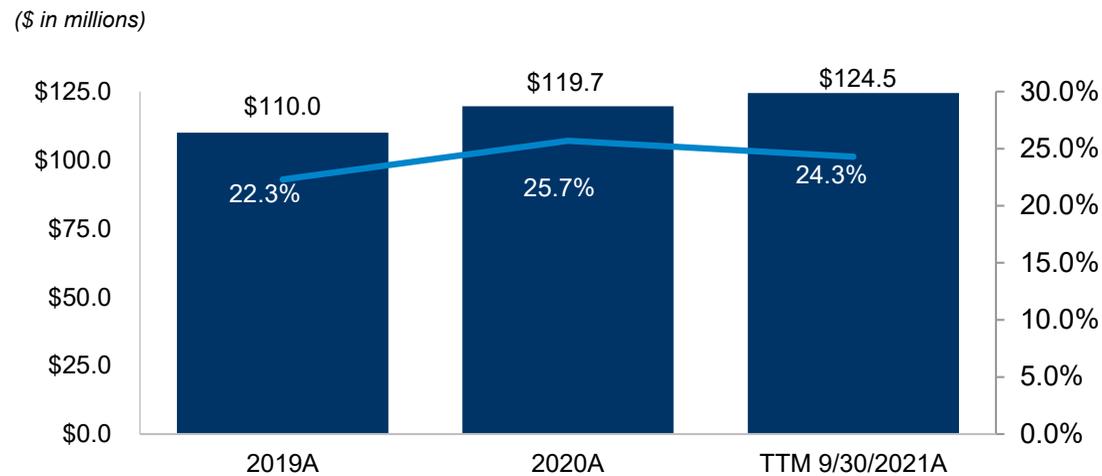
## Historical Revenue



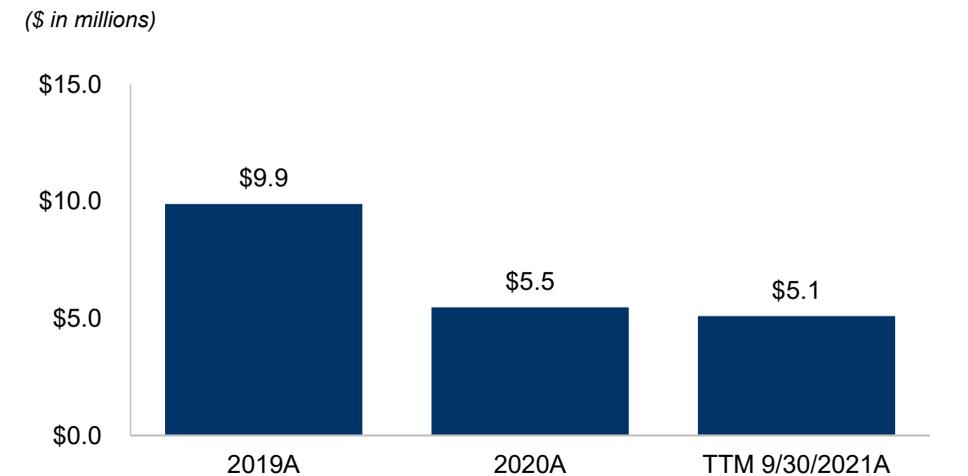
## Historical Adjusted EBITDA



## Historical Gross Margin



## Historical Capital Expenditures



# Financial Summary: Q3

\$ in millions, except EPS amounts	Q3-21	Q3-20	Change
<b>Sales</b>	\$147	\$124	18.1%
<b>Gross margin</b>	24.5%	26.8%	-230 bps
<b>Operating margin</b>	6.0%	6.5%	-50 bps
<b>EBITDA as % of sales</b>	8.6%	9.4%	-80 bps
<b>Adj EBITDA<sup>(1)</sup> as % of sales</b>	8.6%	9.5%	-90 bps
<b>GAAP EPS (BELFB)</b>	\$0.47	\$0.61	-23.0%
<b>Non-GAAP EPS (BELFB)<sup>(1)</sup></b>	\$0.51	\$0.62	-17.7%

<sup>1</sup> These financial measures exclude the impact of costs associated with acquisition-related costs, restructuring charges, write-off of deferred financing costs and gain on sale of properties.

# Financial Summary: YTD September

\$ in millions, except EPS amounts	YTD Sept-21	YTD Sept-20	Change
<b>Sales</b>	\$396	\$350	13.4%
<b>Gross margin</b>	24.0%	25.8%	-180 bps
<b>Operating margin</b>	5.0%	3.7%	130 bps
<b>EBITDA as % of sales</b>	8.3%	6.9%	140 bps
<b>Adj EBITDA<sup>(2)</sup> as % of sales</b>	6.9%	7.0%	-10 bps
<b>GAAP EPS (BELFB)</b>	\$1.37	\$0.76	80.3%
<b>Non-GAAP EPS (BELFB)<sup>(1)</sup></b>	\$0.96	\$0.79	21.5%

<sup>1</sup> These financial measures exclude the impact of costs associated with acquisition-related costs, restructuring charges, write-off of deferred financing costs and the impact of gain on sale of properties.

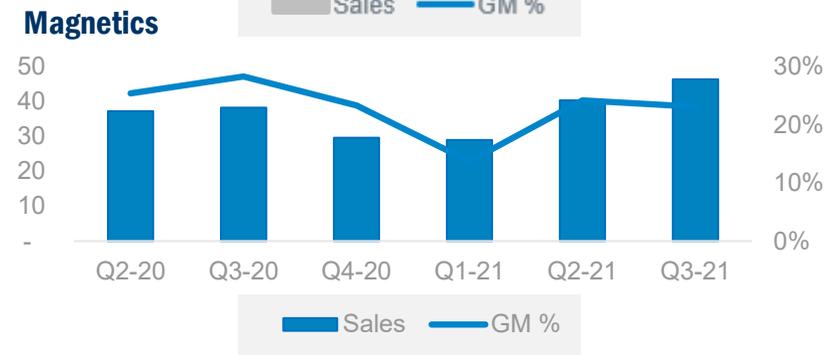
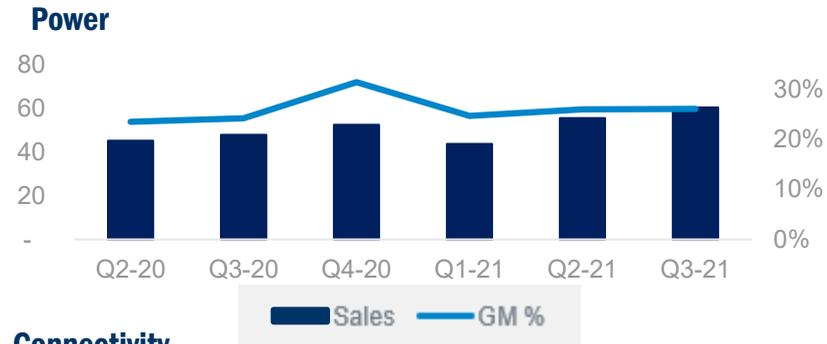


# Financial Summary: YTD September

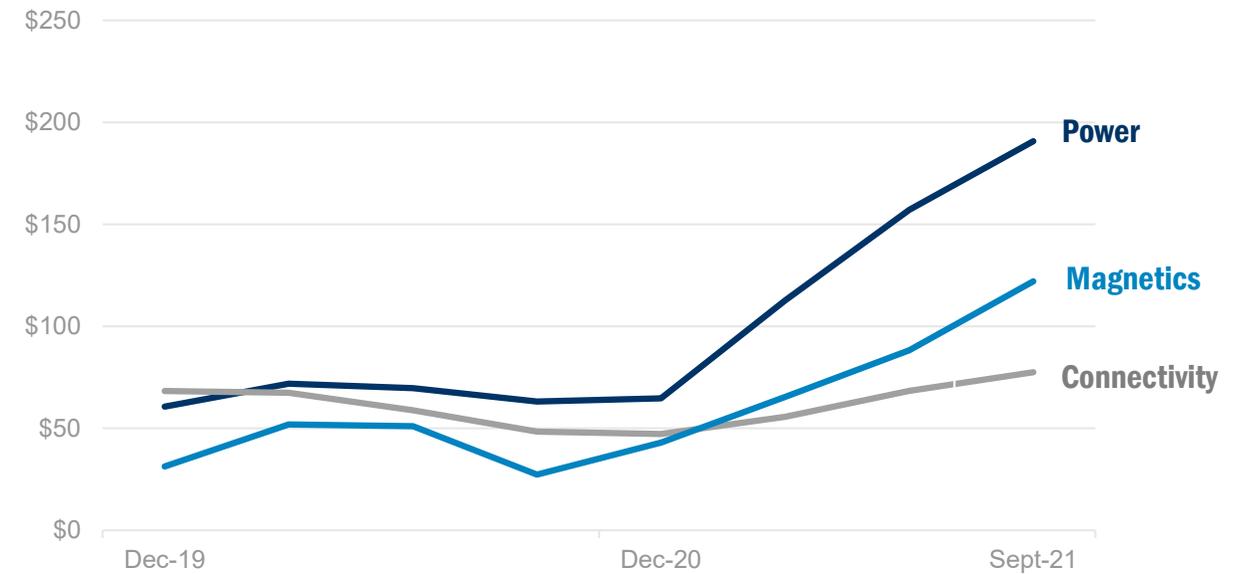
<b>\$ in millions</b>	<b>September 2021</b>	<b>December 2020</b>
<b>Cash</b>	\$62	\$85
<b>Debt</b>	113	116
<b>Equity</b>	200	186
<b>Working Capital</b>	209	193
<b>Current Ratio</b>	3.0 to 1	3.2 to 1
<b>Inventory Turns (excl R&amp;D)</b>	3.5x	3.4x
<b>DSO</b>	54 days	57 days
<b>Leverage Ratio</b>	2.40x	2.46x

# Sales & Backlog by Product Group

## SALES IN MILLIONS



## BACKLOG IN MILLIONS



- **Power - backlog up 195% from 12/31/20**
- **Connectivity - backlog up 64% from 12/31/20**
- **Magnetics - backlog up 184% from 12/31/20**



# Share Information

## Key Statistics (as of 1/12/22)

Stock Price BELFA: \$15.64  
BELFB: \$13.93

Total Shares Outstanding 12,406,000

Market Cap \$176M

Enterprise Value \$227M



Outstanding shares  
**2,145,000**

Outstanding shares  
**10,260,000**

**21** Institutions | **911,000** shares (42%)

**155** Institutions | **7,540,000** shares (73%)

Quarterly dividends  
**\$0.06** / share

Quarterly dividends  
**\$0.07** / share

**20%** held by insiders

**3%** held by insiders

# Q&A



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# Appendix



# Today's Presenters



**Farouq Tuweiq**  
*Chief Financial Officer*

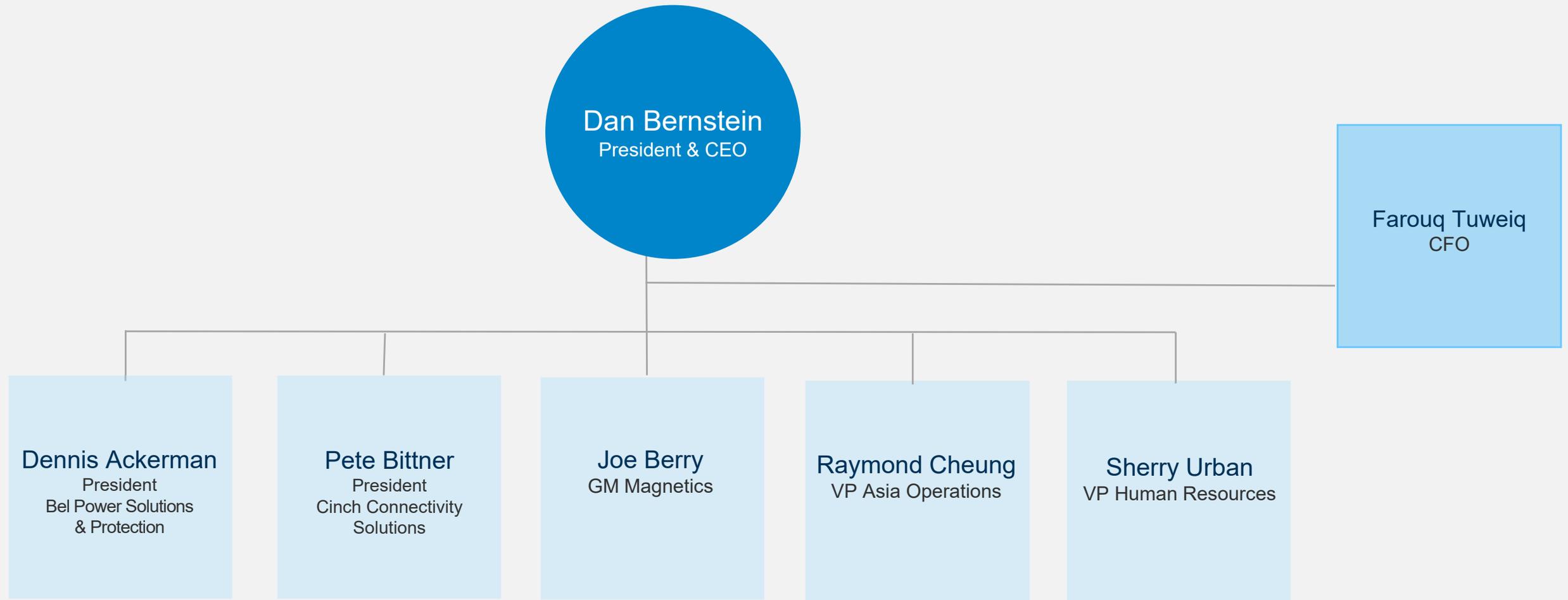
- Mr. Tuweiq became the Company's Chief Financial Officer in January of 2021
- Previously, Mr. Tuweiq worked at BMO Capital Markets, where he led and helped build the Industrial Technology Investment Banking practice
- Mr. Tuweiq earned his BA in Finance and MS in Accounting from Michigan State and his MBA from Georgetown University



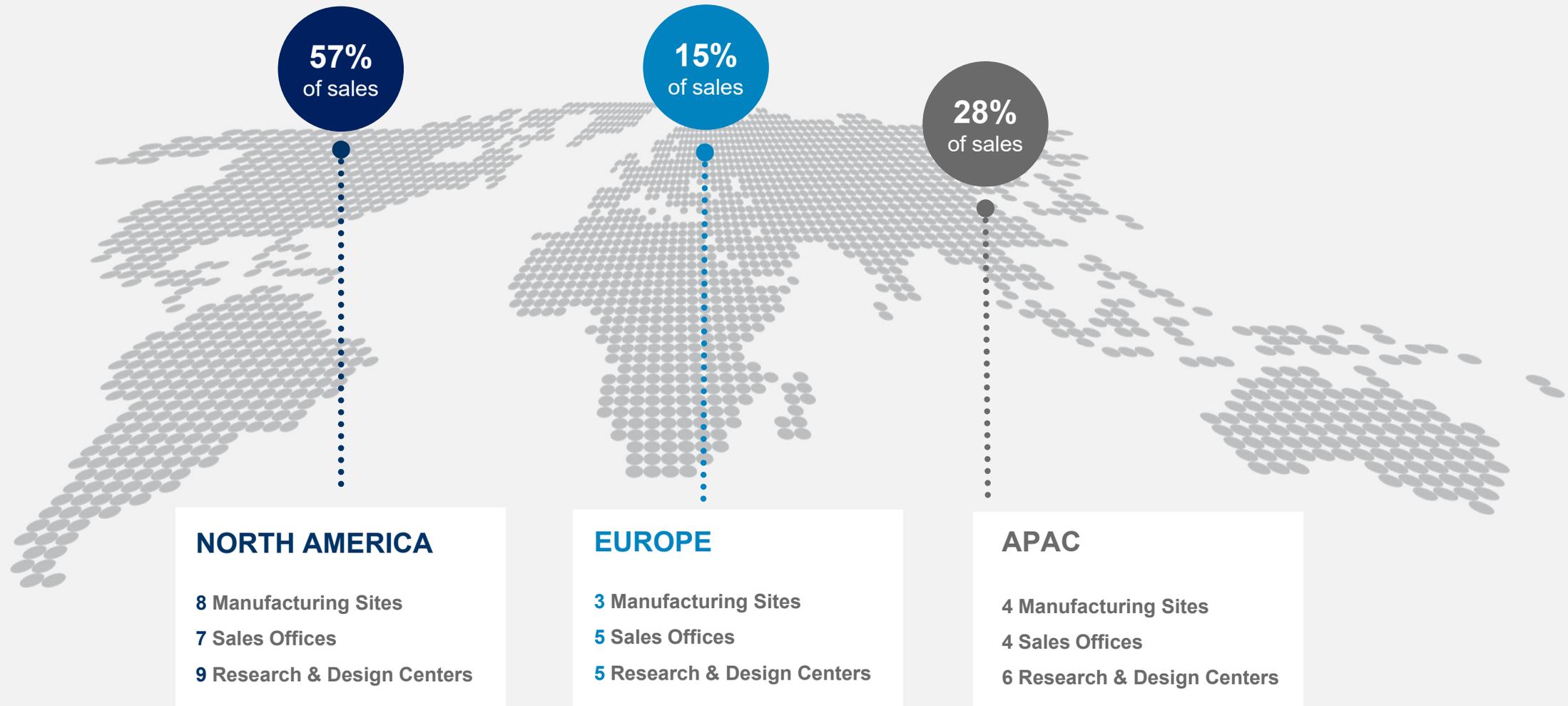
**Lynn Hutkin**  
*Director of Financial Reporting*

- Ms. Hutkin joined Bel in 2007, was promoted to Director of Financial Reporting in 2017 and was additionally appointed as the Company's Secretary in 2021
- Previously, Ms. Hutkin was Director of External Financial Reporting and Human Resources for CD&L, Inc.
- Ms. Hutkin earned her BS of Accountancy from Bentley College and is an active CPA

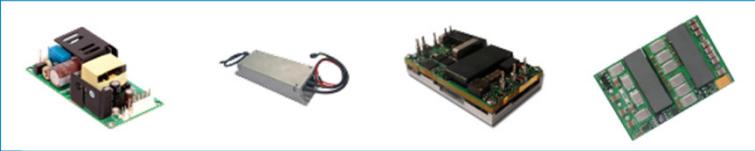
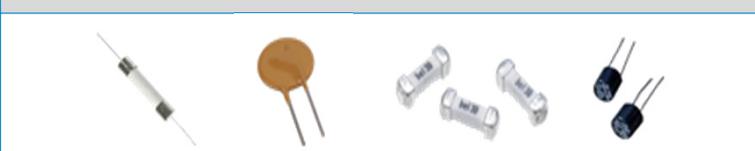
# Management Organizational Structure



# Global Presence



# Product Set Overview

Power Solutions & Protection (40% of Net Sales)	Connectivity Solutions (31% of Net Sales)	Magnetic Solutions (29% of Net Sales)
<p>Front-Ends &amp; Board-Mount Power</p> 	<p>Passive Connectors</p> 	<p>Integrated Connector Modules</p> 
<p>Industrial</p> 	<p>Connectors &amp; Cable Assemblies</p> 	<p>Power Transformers</p> 
<p>External Power</p> 	<p>RF Connectors / Microwave Components</p> 	<p>Power Inductors &amp; Transformers</p> 
<p>Module &amp; Circuit Protection</p> 	<p>USB Connectors and Cable Assemblies</p> 	<p>Discrete Components</p> 

The Bel family of products has provided innovative, application specific solutions and unparalleled service to diversified markets for ~70 years, establishing Bel as a world leader in Magnetics, Power Solutions & Protection and Interconnect



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# Bel's ESG Journey: Underway



## Environmental

- Minimize our impact on the environment
- Create a more sustainable tomorrow
- Make changes big & small to reduce consumption



## Social

- Diversity and inclusion at all levels
- All perspectives, opinions are encouraged to be heard
- Giving back to our global community is a priority



## Governance

- Trust, integrity & accountability at all levels of the organization
- Continual alignment of our policies, practices and priorities to align with the best interests of our associates, shareholders, and other stakeholders

Bel is committed to creating a better tomorrow by understanding how our actions impact the world around us.

We accomplish this through tangible steps, big and small, that can be taken to invest in our communities, minimize the impact to our environment and ensure alignment of interest of all parties.

As an organization that thrives on learning and continuous improvement, Bel welcomes and embraces this journey.



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