



Needham Midwest NDRS  
September 18-19, 2018

(NASDAQ: BELFB)

(NASDAQ: BELFA)

# Safe Harbor Statement

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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 2017 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 2017 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. These products are primarily used in the network, cloud infrastructure, military, aerospace, medical, industrial and telecom industries.

## Annual Sales of \$505M\*

### Power Solutions & Protection

\$162M in sales (32%)



### Connectivity Solutions

\$177M in sales (35%)



### Magnetic Solutions

\$166M in sales (33%)

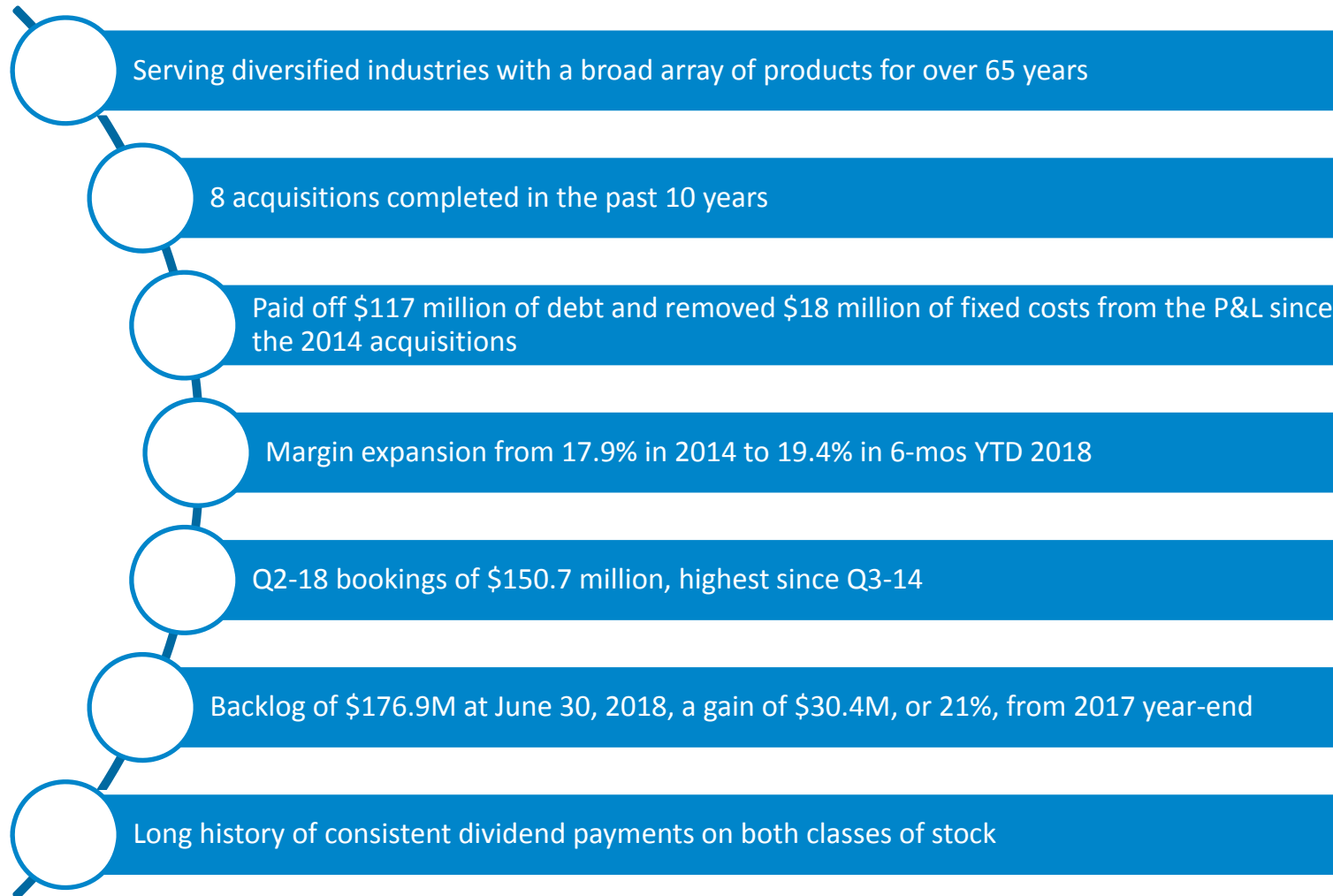


\* Trailing 12 months ending 6/30/18



# Bel at a Glance

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# Diverse End-Markets and Blue Chip Customer Base

Network & Cloud 45%	Military & Aerospace 15%	Industrial 15%	Distribution 25%
			
<p><b>ORACLE</b></p> <p><b>CISCO</b></p> <p><b>facebook</b></p> <p><b>Hewlett Packard Enterprise</b></p>	<p><b>BOEING</b></p> <p><b>LOCKHEED MARTIN</b></p> <p><b>Raytheon</b></p> <p><b>THALES</b></p>	<p><b>ALSTOM</b></p> <p><b>BOMBARDIER</b></p> <p><b>Carrier</b> <small>United Technologies</small></p> <p><b>PHILIPS</b></p>	<p><b>AVNET</b></p> <p><b>AVNET</b></p> <p><b>Digi-Key</b> <small>ELECTRONICS</small></p> <p><b>MOUSER</b> <small>ELECTRONICS</small></p>

# Power Solutions & Protection

## Products

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



## Applications

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

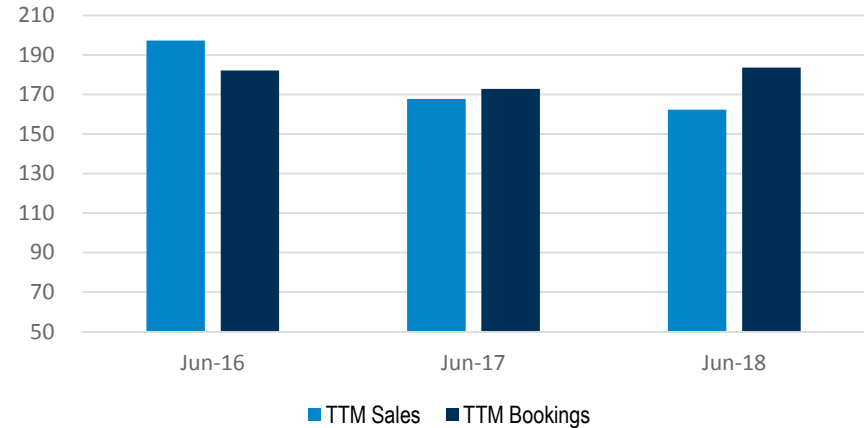


## Customers

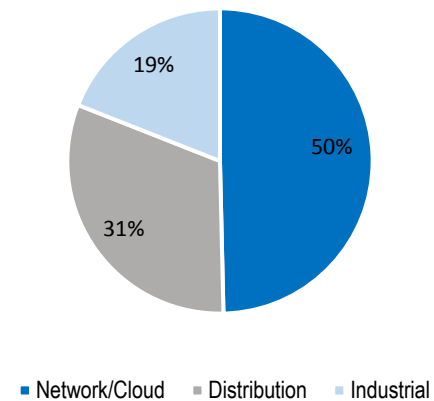


(\$ in millions)

## Power Solutions & Protection Sales & Bookings



## Power Solutions and Protection Sales by End Market<sup>[1]</sup>

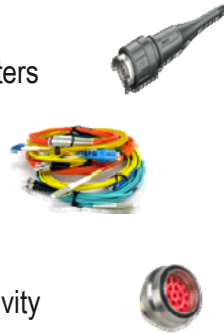


[1] Sales by End Market based on management estimates

# 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
- Data Communications
- Industrial

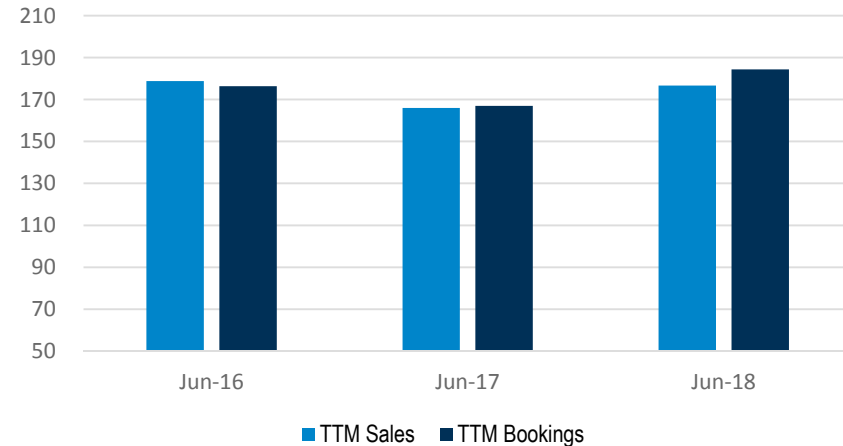


## Customers

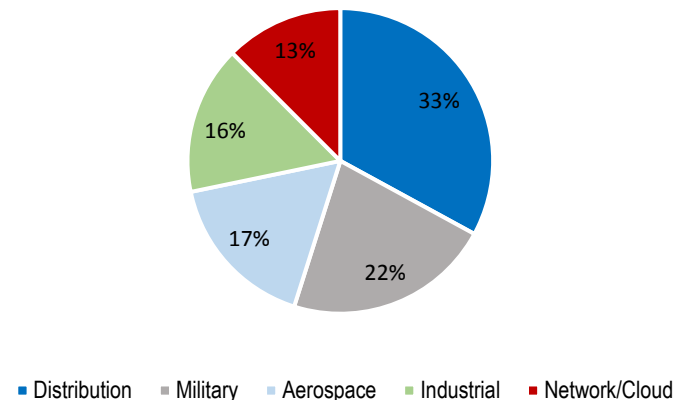


(\$ in millions)

## Connectivity Solutions Sales & Bookings



## Connectivity Solutions Sales by End Market<sup>[1]</sup>



[1] Sales by End Market based off of management estimates

# Magnetic Solutions

## Products

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



## Applications

- Computer and Networking
- Data Communications
- Industrial
- Medical

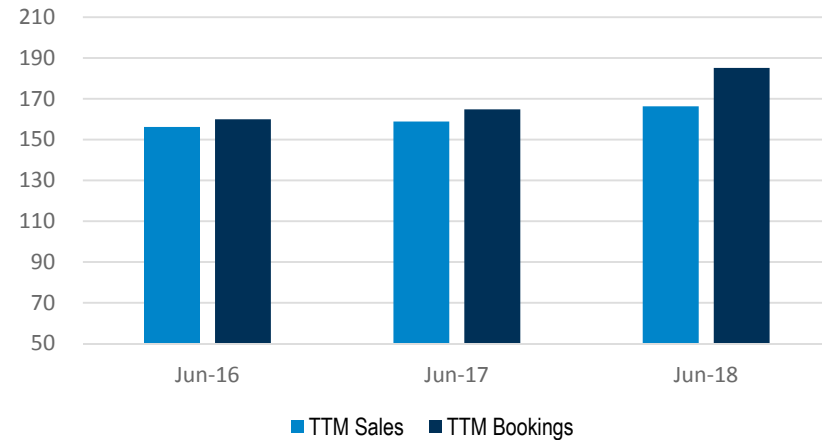


## Customers

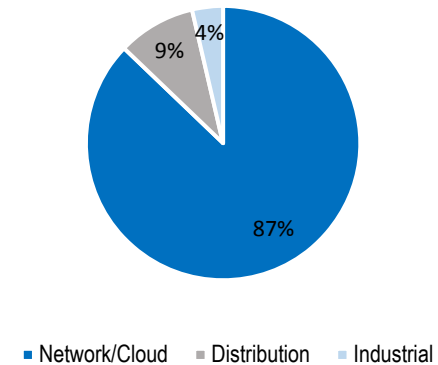


(\$ in millions)

## Magnetic Solutions Sales & Bookings



## Magnetic Solutions Sales by End Market<sup>[1]</sup>





# Growth Driver: Blockchain/Cloud/Networking



Providing innovative power conversion and connectivity solutions to many of the leading networking companies

New customers in blockchain technology segment in 2018 leading to over \$3M of new revenue in 1H'18

Revenue from our power products that support Cloud applications is up over 65% from 1H'18 vs 1H'17

Share leader at the world's largest hardware manufacturer for our magnetic products in next-gen switching platforms

# Growth Driver: Military & Aerospace



Increased spending in communications, encryption and munitions supported by strong domestic and international backlog

Well positioned on key programs: AEGIS, Patriot, AIM 9X, F16, MFoCs

Steady increase in build rates of commercial aircraft over next 4 years

Well-positioned for transition from copper to fiber on commercial and military aircraft

# Growth Driver: Distribution



29% of consolidated sales are through our distribution partners

Focus on catalog houses, the demand creators of our industry, where we've seen 24% of TTM y/y sales growth.

New product launches in 2018 led to increased breadth (sku's on the shelf) and depth of inventory with key partners

Added over 2,800 new end customers through distribution in 2018

# Growth Driver: E-Mobility



Revenue from Products that support HEV applications has more than doubled from 1H'18 vs 1H'17

Dedicated HEV product design and production line in our Slovakia facility

Customer count has doubled since the end of 2017

Fuses Approved on Tesla Model 3

# Growth Driver: Acquisitions

Acquired Company	Year	Products	Revenue	Purchase
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

\* Divestitures acquired



# Major Competitors

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

# Financial Overview

# Historical Financial Highlights

	Net Sales	Gross Margin	EBITDA Margin	D&A	Capital Spending	Free Cash Flow <sup>(2)</sup>
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% <sup>(3)</sup>	21,778	8,223	30,380
2017	491,611	20.8%	8.2%	20,718	6,425	17,695
TTM 6/30/18	505,287	19.8%	8.0%	19,562	10,052	15,692

<sup>(1)</sup> 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.

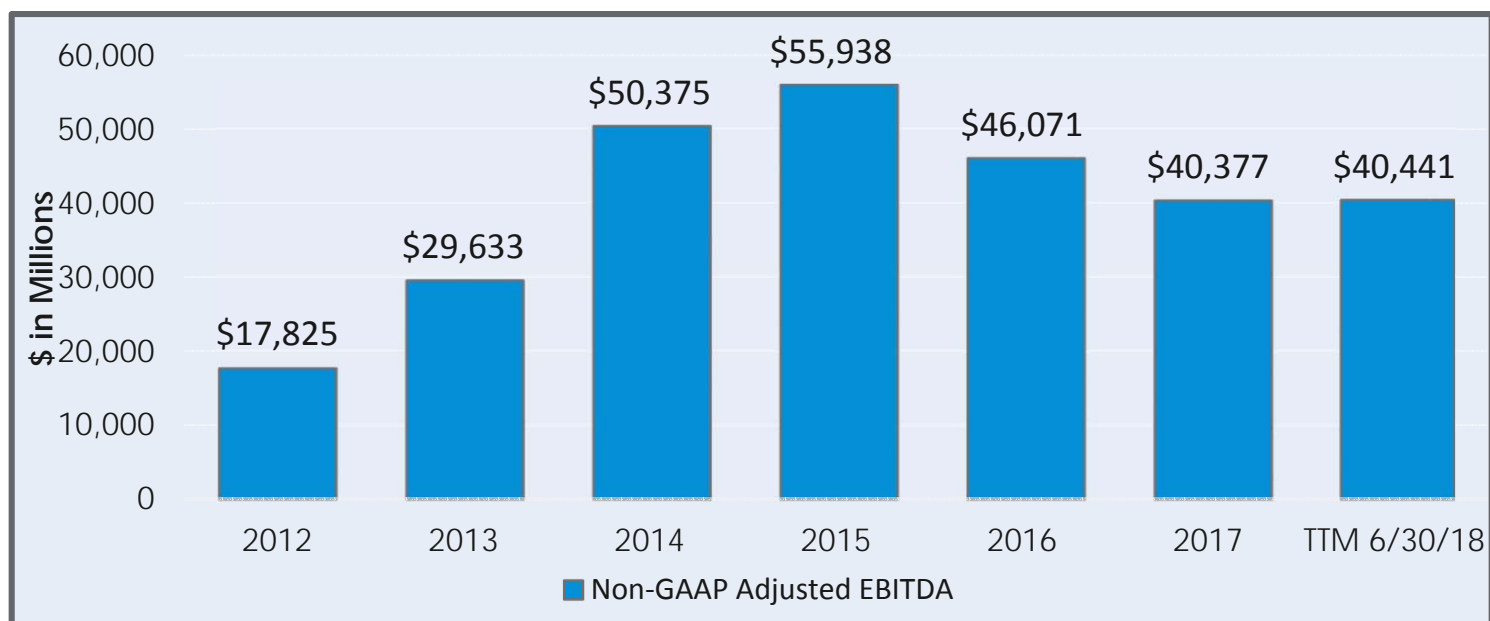
<sup>(2)</sup> Free cash flow as presented above represents net cash provided by operating activities less cash paid for capital expenditures.

<sup>(3)</sup> Excludes the effect of a \$106M impairment charge on goodwill and other intangible assets recorded in the first half of 2016. Without adjusting for this factor, EBITDA margin for 2016 is (10.8)%.





# Reconciliation of Net Earnings to EBITDA



	2012	2013	2014	2015	2016	2017	TTM 6/30/18
Net earnings (loss)	\$ 2,373	\$ 15,908	\$ 8,603	\$ 19,197	\$ (64,834)	(11,897)	(10,432)
Interest expense	16	156	3,978	7,588	6,662	6,802	6,318
Income tax (benefit) provision	(1,376)	(743)	1,167	6,535	(17,718)	21,540	21,995
Depreciation and amortization	9,113	12,382	20,367	23,008	21,778	20,718	19,562
Non-GAAP EBITDA	\$ 10,126	\$ 27,703	\$ 34,115	\$ 56,328	\$ (54,112)	\$ 37,163	\$ 37,443
Non-cash impairment charge	-	-	-	-	105,972	-	-
Restructuring charges	6,075	1,686	1,832	2,114	2,087	308	182
Gain on sale of property	-	-	-	-	(3,092)	-	-
Acquisition-related costs and settlements	1,283	933	13,411	(3,628)	(5,155)	350	150
IT migration, rebranding, ERP costs	-	-	1,017	1,124	371	2,556	2,666
Storm damage	341	(689)	-	-	-	-	-
Non-GAAP Adjusted EBITDA	\$ 17,825	\$ 29,633	\$ 50,375	\$ 55,938	\$ 46,071	\$ 40,377	\$ 40,441



# Balance Sheet Highlights

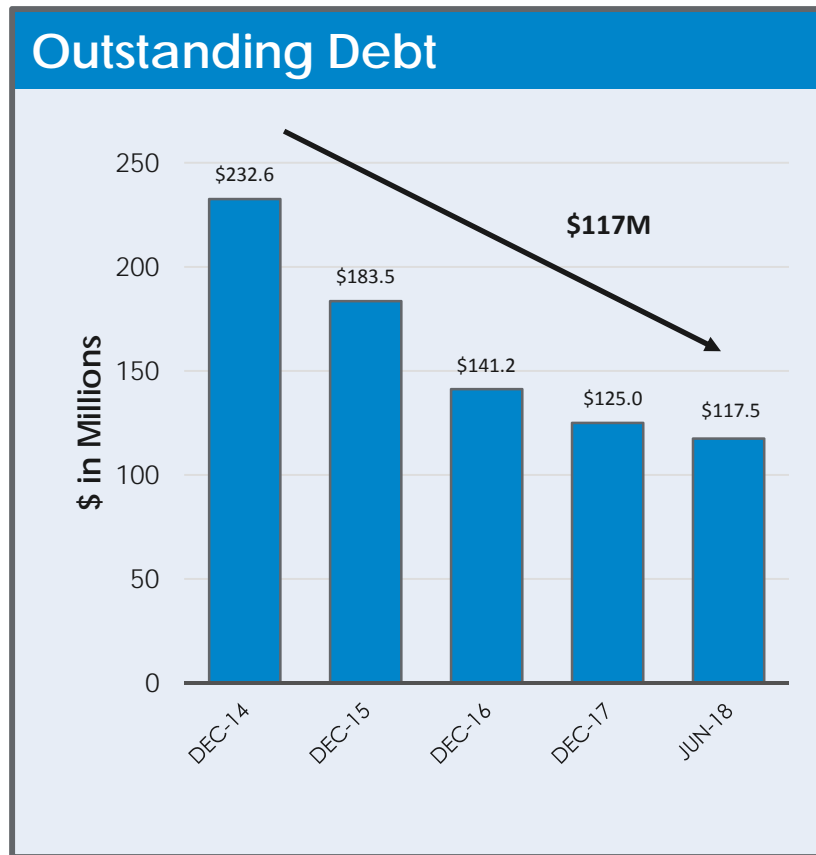
(\$000, except per share information)	6/30/18	12/31/17	12/31/16
Cash and Cash Equivalents	\$55,730	\$69,354	\$73,411
Total Current Assets	279,120	266,099	255,442
Total Assets	436,748	431,265	426,740
Current Liabilities (excl. current portion of LTD)	93,699	84,659	80,932
Total Debt	115,464	122,694	141,245
Stockholders' Equity	163,297	157,960	158,434
Working Capital	182,915	178,799	159,349
Current Ratio	2.9 to 1	3.0 to 1	2.8 to 1
Book Value per Share <sup>(1)</sup>	\$13.59	\$13.13	\$13.17
Dividend Yield <sup>(2)</sup>	1.3%	1.1%	0.9%

(1) Represents book value per share on a combined basis for Class A and Class B.

(2) Represents average dividend yield for Class A and Class B common stock.



# War Chest



- **Repayment of Debt:**
  - Borrowed \$235M in 2014 for the Power Solutions and CCS acquisitions
  - Repaid \$117M by 6/30/18
- **Refinanced Credit Agreement in Q4-17:**
  - Additional borrowing capacity under revolver, which can be used for future acquisitions (increased from \$50M to \$75M)
  - Reduction in amortization payments provides flexibility for uses of U.S. cash
  - More favorable pricing grid (reduced by 25 bps)
  - Extends maturity date to December 2022
- **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 9/10/18)	
Stock Price	BELFA: \$23.73 BELFB: \$27.80
Total Shares Outstanding	12,013,764
Market Cap	\$325.1M
Enterprise Value	\$384.9M

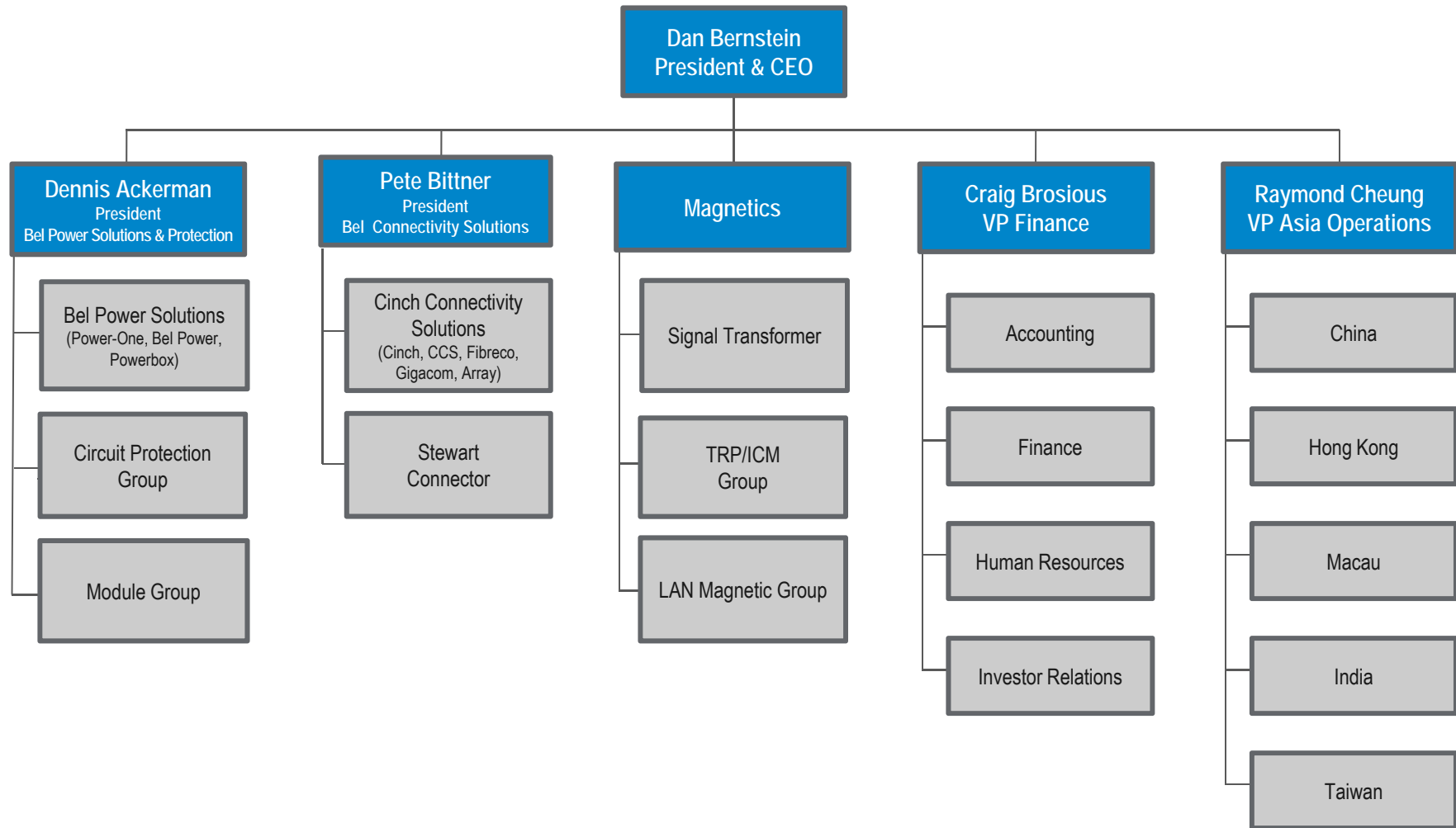
Class A  NASDAQ: BELFA	2,174,912 shares outstanding
	19 institutions own ~ 958,813 shares (44%)
	Quarterly dividends \$0.06 per share
	21% held by insiders
Class B  NASDAQ: BELFB	9,838,852 shares outstanding
	108 institutions own ~ 7,238,219 shares (73%)
	Quarterly dividends \$0.07 per share
	3% held by insiders



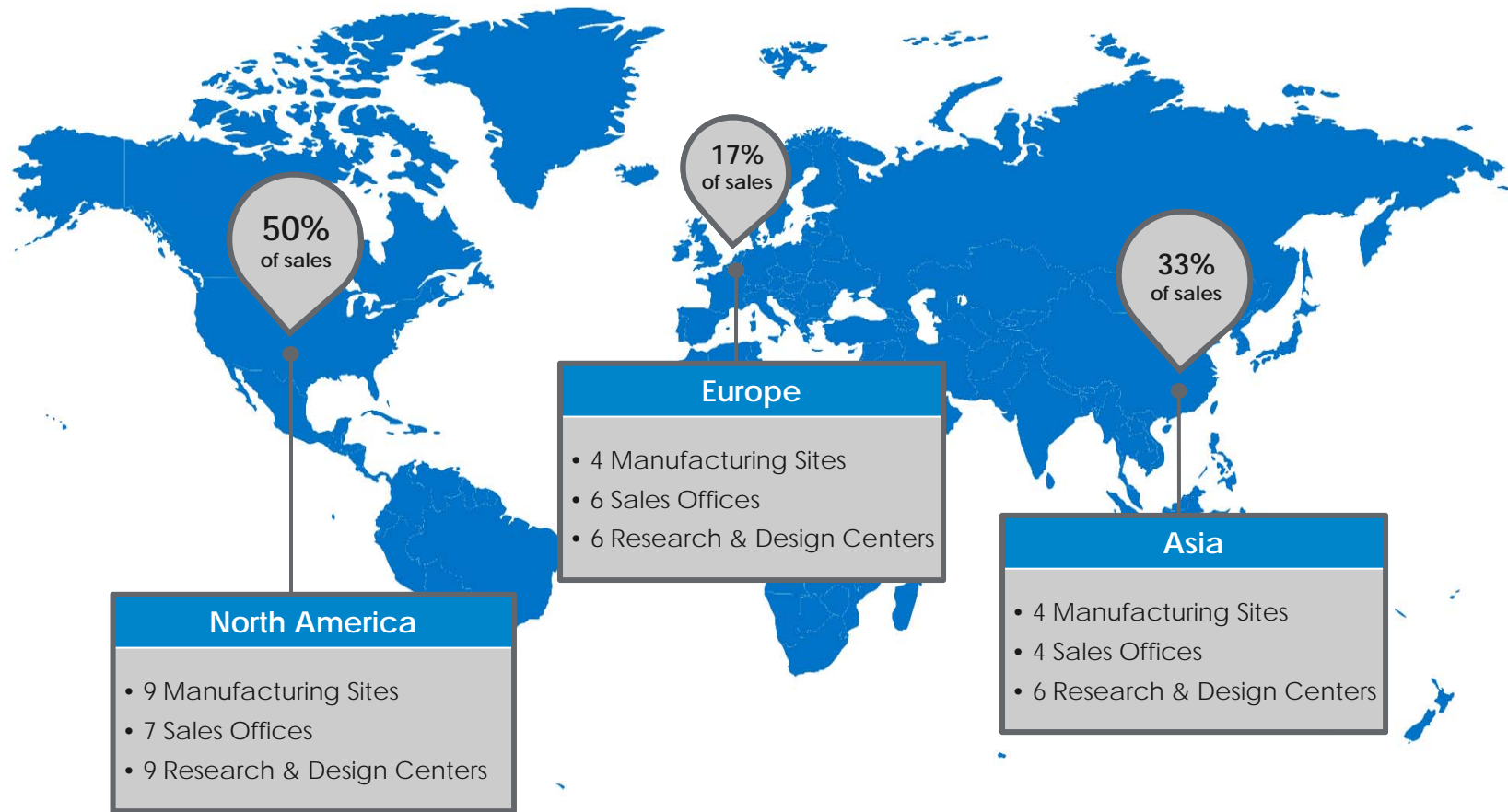
**Q&A**

# Appendix

# Corporate Organization



# Global Presence





# Case Study – Boeing 737 & 737MAX



**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)



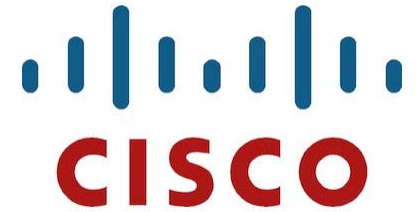
**FQIS (7)**  
(used in fuel tank to  
monitor fuel quantity)

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



# Case Study - Cisco

## Cisco Nexus 7000 Switch



10-Gig ICMs

Internal Board level components include

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

Multiport 1-Gig ICMs

AC/DC Front-End Power

\* Bel content \$496/unit, depending on configuration

# Case Study – Railway

## Rolling Stock Applications

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



Brake System

Train Control System

Headlights

Battery Charging

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

Railway Signal

Level Crossing Barriers

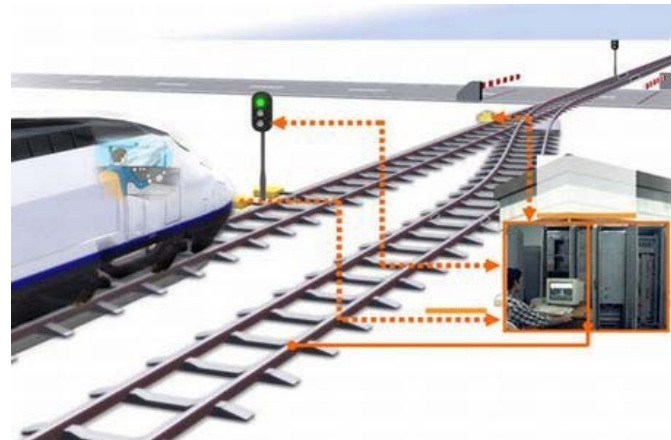
Point Machine

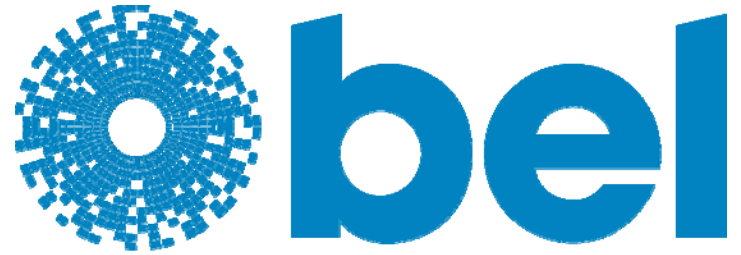
GSM-R

Axle Counting

Control / Computer Room

## Trackside Applications





POWER | PROTECT | CONNECT

