



2nd Quarter 2018 Earnings Call

August 6, 2018

CUI Global, Inc.

NASDAQ:CUI

Presented by

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Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are subject to risks and uncertainties that could cause actual results to vary materially from those projected in the forward-looking statements.

The company may experience significant fluctuations in future operating results due to a number of economic, competitive, and other factors, including, among other things, our reliance on third-party manufacturers and suppliers, government agency budgetary and political constraints, new or increased competition, changes in market demand, and the performance or reliability of our products.

These factors and others could cause operating results to vary significantly from those in prior periods, and those projected in forward-looking statements. Additional information with respect to these and other factors, which could materially affect the company and its operations, are included in certain forms the company has filed with the Securities and Exchange Commission.

Adoption of ASC Topic 606

Effective January 1, 2018, CUI Global adopted Accounting Standards Update (ASU) No. 2014-09, 'Revenue from Contracts with Customers' (Topic 606), utilizing the modified retrospective method. In this presentation the Company also provides its results for the three months ended June 30, 2018 under old revenue rules, ASC Topic 605 (Topic 605), as required under the modified retrospective transition method to allow easier comparison with prior results.

For a detailed explanation of revenue recognition under both Topic 606 and Topic 605, please refer to Note 2 and 3 of the Company's Condensed Consolidated Financial Statements found in its Form 10-Q filed on August 6, 2018.

Summary Financial Highlights

For the 3 Months Ended June 30,			
	<u>2018</u>	<u>2018</u>	<u>2017</u>
	(ASC 606)	(ASC 605)	(ASC 605)
Total revenues	\$23.1	\$21.8	\$22.5
Gross Profit	\$7.6	\$7.1	\$8.2
Gross Profit %	33.0%	32.5%	36.6%
Consolidated Net loss	\$(4.8)	\$(5.2)	\$(1.6)

For the 6 Months Ended June 30,		
<u>2018</u>	<u>2018</u>	<u>2017</u>
(ASC 606)	(ASC 605)	(ASC 605)
\$45.1	\$43.5	\$40.3
\$14.2	\$13.0	\$13.9
31.5%	30.0%	34.5%
\$(8.0)	\$(9.0)	\$(5.4)

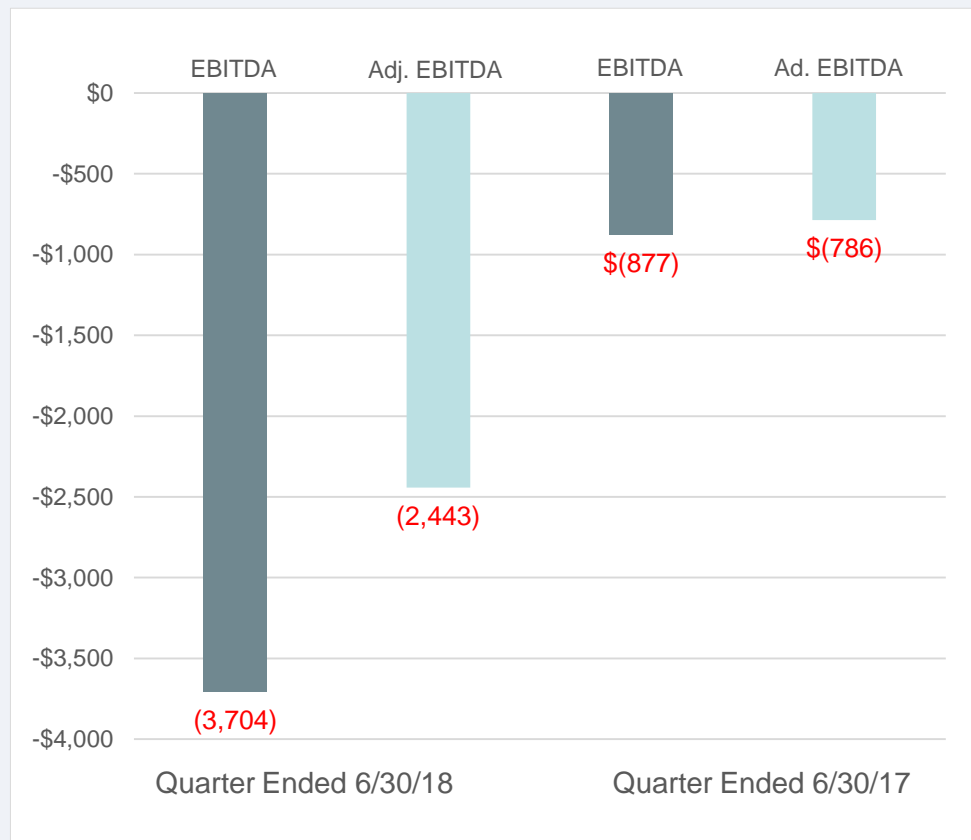
Segment Gross Margin and Backlog

- **Power & Electromechanical segment:**
 - 35.7% gross margin in Q2
 - Unaudited backlog of \$26.5 million at June 30, 2018
 - Up 31% from December 31, 2017
- **Energy segment:**
 - 13.5% gross margin in Q2
 - Unaudited backlog of \$16.9 million at June 30, 2018
 - Up 34% from December 31, 2017

(\$'s in millions, except percentage data)

EBITDA Comparison

- EBITDA for the second quarter 2018 was \$(3.7) million versus EBITDA of \$(0.9) million for second quarter 2017.
- Adjusted EBITDA for the second quarter 2018 was \$(2.4) million versus adjusted EBITDA of \$(0.8) million for the second quarter 2017.



**In thousands*

Balance Sheet Highlights

(\$ in Millions)

As of June 30, 2018	
Cash, cash equivalents and restricted cash	\$7.8
Total Debt	\$9.3
Shareholders' Equity	\$51.2

Additional Sources of Working Capital

- Untapped \$4.0M Wells Fargo line of credit
- \$1.2M available of \$2.0M Wells Fargo overdraft facility

Energy – Opportunities for Revenue Optionality

KEY OPPORTUNITIES

➤ Europe:

- Italy – Awaiting restart of 3,300-unit GasPT contract; total potential: 7,000 units
- UK – Recent certification of GasPT opens entire market to solution; demand catalyzed by May 22 passage of Domestic and Non-Domestic Renewable Heat Incentive
 - Applicable to biomethane, low-pressure off-takes, high-pressure intakes and Future Billing Methodology project
 - 100+ new biomethane terminals expected
- France – awaiting order for 1,000-unit GasPT order from ENGIE; GasPT spec'd into tender

➤ North America:

- Building demand for GasPT from leading gas producers and transporters
 - Multiple test units in-field; testing to be completing in FY18
- Building demand for VE Technology with leading energy companies
 - Recent VE Technology orders from Fortune 100 energy companies provides industry validation
- GasPT for process control application
 - GasPT certification process with global turbine manufacturer on track for late FY18/early FY2019 approval
 - Certification to add GasPT to manufacturer's BoM; enables CUI Global to pursue retrofit market globally

➤ Global:

- SAMSON AG
 - Establishes first global sales and distribution for GasPT, VE Technology and combined GasPTi analyzer
 - Provides access to previously untapped large gas markets: Russia, China, Africa, South America

Power & ElectroMechanical– ICE Technology Offers Revenue Optionality

ICE Technology

ICE Switch

- Power monitoring and switching system
- Complimentary to ICE Block
 - UL certifications received - UL/cUL and TUV 60950-1
 - Production release announced on August 9, 2017
 - First order for 950 units shipped in 1Q18



ICE Block

- Currently in Proof of Concept testing with major data center warehouse customers
- First order valued at \$2.9M announced on February 26, 2018
- UL certification secured on March 12, 2018



TAM Analysis

Small data center

- \$750,000 opportunity

Average data center

- \$2,000,000 - \$3,000,000 opportunity

Large data center

- \$30,000,000 opportunity

BUILDING A BOOK OF ORDERS IN FY18 FOR REVENUE IN FY19

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