



# 4<sup>th</sup> Quarter and Full Year 2019 Earnings Call

*March 30, 2020*

*CUI Global, Inc.*

***NASDAQ:CUI***

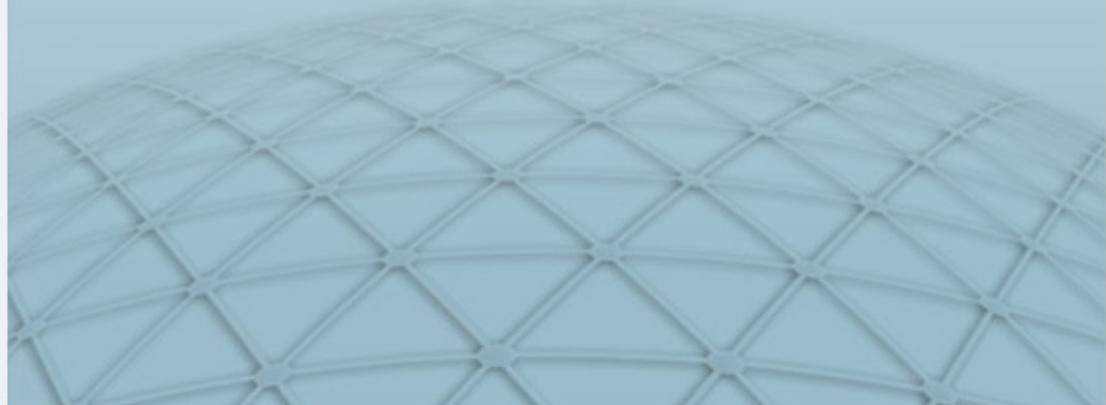
## **Presented by**

**James F. O'Neil III**

*Vice Chairman and Chief Executive Officer*

**Daniel N. Ford**

*Chief Financial Officer*



## 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.*

# Summary Financial Highlights

(\$ in Millions, except percentage data)

	For the 3 months ended December 31,		For the year ended December 31,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues	\$5.7	\$7.4	\$23.5	\$20.3
Gross Profit (loss)	\$1.5	\$(0.5)	\$5.8	\$2.6
Gross Profit %	26.0%	(6.6)%	24.7%	12.6%
Operating Loss	\$(4.9)	\$(8.9)	\$(16.0)	\$(22.1)

## Balance Sheet and Backlog (at 12/31/19)

(\$ in Millions)

Cash, cash equivalents	\$23.4
Total Stockholders' Equity	\$43.1
Backlog	\$9.6

# Business Initiatives

- ✓ Sold domestic Power and Electromechanical operations to strengthen balance sheet and position CUI as a 100% energy business
- ✓ Right-sized U.K. operations to reflect current business environment
- ✓ Expanded business development efforts to capitalize on:
  - ✓ Promising new opportunities: GasPT analyzers, biomethane to grid, and mercury measurement system projects
  - ✓ New customers (Fortune 100 Energy Companies)
- ✓ Launched new VE Technology Sampling Probe with huge success
- ✓ Formed wholly-owned subsidiary, Orbital Power Services, to launch electric transmission and distribution services

# Recent Developments – Reach Construction Group Acquisition

## Reach Construction Group: industry-leading solar construction company

- Engineering, procurement and construction (“EPC”) company with expertise in the renewable energy industry
- Reach has contractual backlog for 2020 exceeding \$100 million

## Transaction Highlights

Purchase Price	~\$37 M
Funding	Mix of third-party debt and company equity
Expected timing	April close, subject to routine closing conditions

## Strategic Rationale and Expected Benefits:

- Expanding CUI Global’s energy business into the rapidly growing renewable energy industry, particularly building on Reach’s established relationships that currently exist with solar developers and panel manufacturers in the utility scale solar market
- Diversifying Reach’s current capabilities into a broader set of service offerings in the energy infrastructure market
- Enhancing CUI’s revenue while contributing positive net earnings

## **Companies with:**

1. Positive EBITDA and margins that are better than the industry average;
2. Revenue visibility;
3. Good outlook for growth;
4. Leaders with demonstrated excellence in operations management;
5. Growth constrained by their balance sheet.

CUI GLOBAL

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