

CUIGLOBAL

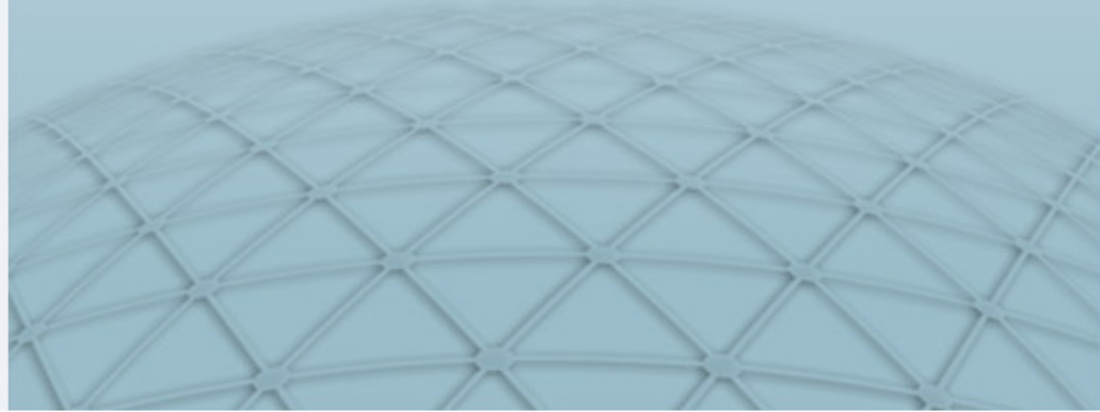
# 3rd Quarter 2015 Earnings Call

November 10, 2015  
*NASDAQ: CUI*

**Presented by**

William Clough  
President & CEO

Daniel Ford  
CFO



## 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.*

# Q3 and Year to Date 2015 Summary

	For the 3 Months Ended September 30		For the 9 Months Ended September 30	
	2015	2014	2015	2014
Revenue	\$24.9M	\$21.4M	\$64.8M	\$57.5
Gross Profit	\$9.4M	\$8.0M	\$23.9M	\$22.7
Gross Profit %	38%	37%	37%	40%
SG&A (% of sales)	32%	32%	38%	34%
Consolidated Net (loss)	\$(59)K	\$(349)K	(\$4.6)M	(\$903)K
Adjusted Net Income (loss)	\$506K	\$1.4M	(\$2.4)M	\$3.0M

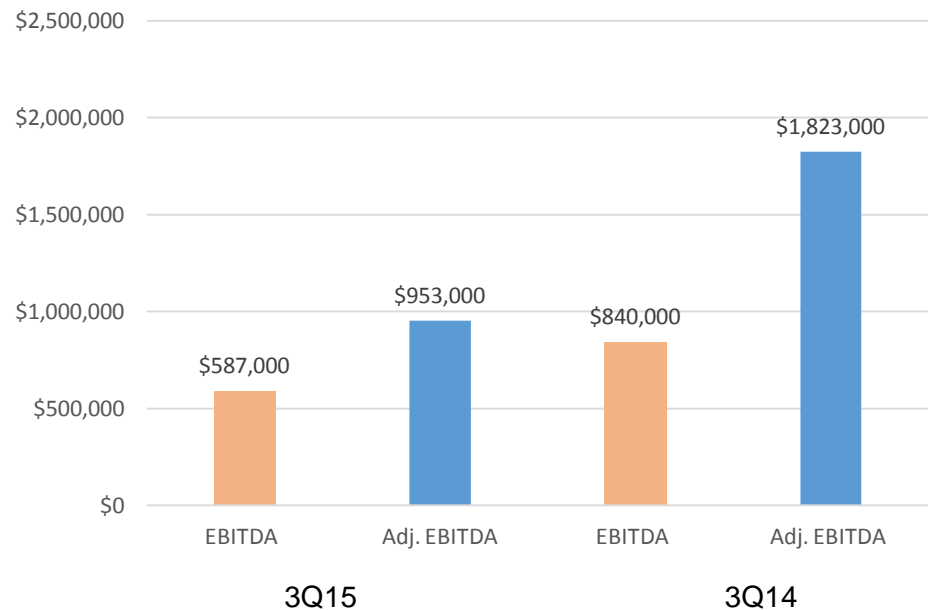
- Q3 Revenue was \$24.9 million, up 17%; YTD Revenue was \$64.8 million, up 13%
- Q3 Gross Profit margin was 38% vs. 37%; YTD Gross Profit margin was 37% vs. 40%
- Q3 Consolidated net loss of \$(59) thousand or \$(0.00) per share vs. \$(349) thousand or \$(0.02) per share; YTD Consolidated net loss of \$(4.6) million or \$(0.22) vs. \$(903) thousand or \$(0.04) per share
- Power and Electro-Mechanical segment unaudited backlog of \$23.5 million as of September 30, 2015
- Gas segment unaudited backlog of \$15.3 million as of September 30, 2015

# Q3 and Year to Date 2015 Financial Overview

- Gross profit for the quarter was \$9.4 million, or 38% as compared to \$8.0 million, or 37% in 2014 and \$23.9 million, or 37% for the year to date period versus \$22.7 million, or 40% during the prior year
- For Q3 and year to date, the power and electro-mechanical segment generated gross profit margins of 39% and 38%, respectively, while the gas segment generated gross profit margins of 35% for both periods
- Q3 SG&A increased to \$7.9 million or 32% of revenues vs. \$6.8 million or 32% of revenues for Q314. Year to date, SG&A increased to \$24.5 million or 38% of revenues vs. \$19.5 million or 34% of revenues in the prior year period
- Operating activities generated negative cash flow of \$7.2 million during the nine months ended September 30, 2015, vs. positive cash flow of \$1.2 million for the same period in 2014
- As of September 30, 2015, CUI Global held cash and cash equivalents of \$6.2 million and short term investments of \$500 thousand
- 20,805,241 common share outstanding at the end of the quarter

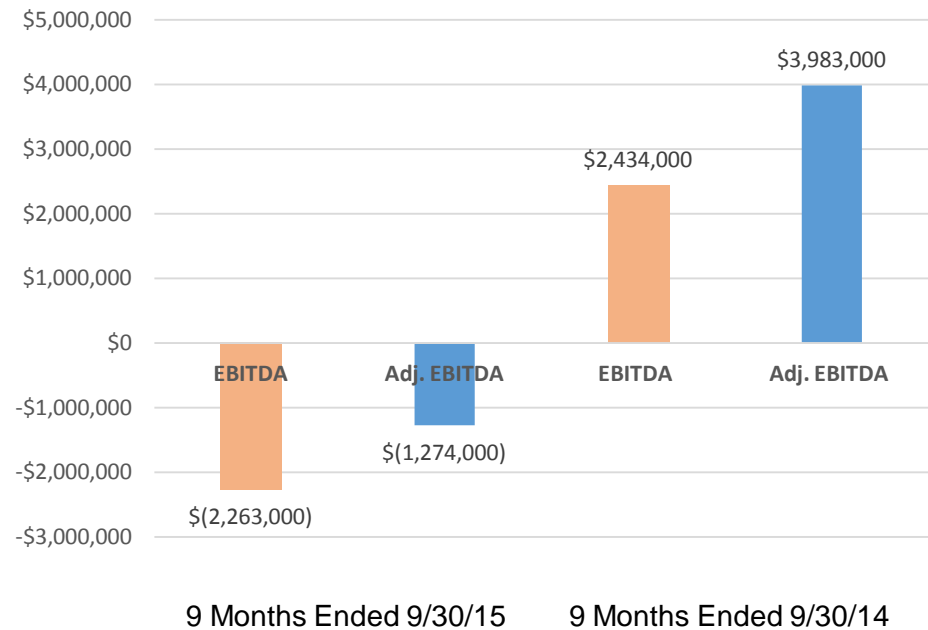
# Q3 EBITDA: 2015 vs. 2014

- EBITDA for Q3 2015 was \$587 thousand or \$0.03 per share vs. \$840 thousand or \$0.04 per share for Q3 2014
- Adjusted EBITDA for Q3 2015 was \$953 thousand or \$0.05 per share vs. \$1.8 million or \$0.09 per share for Q3 2014



# YTD EBITDA: 2015 vs. 2014

- EBITDA for year to date 2015 was \$(2.3) million or \$(0.11) per share vs. \$2.4 million or \$0.12 per share for the first nine months of 2014
- Adjusted EBITDA for year to date 2015 was \$(1.3) million or \$(0.06) per share vs. \$4.0 million or \$0.19 per share for the first nine months of 2014



# GasPT<sup>®</sup> Sales Q3 2015

- 7 installed in 3<sup>rd</sup> Quarter
- Making progress with larger GasPT opportunities
  - Europe
  - North America



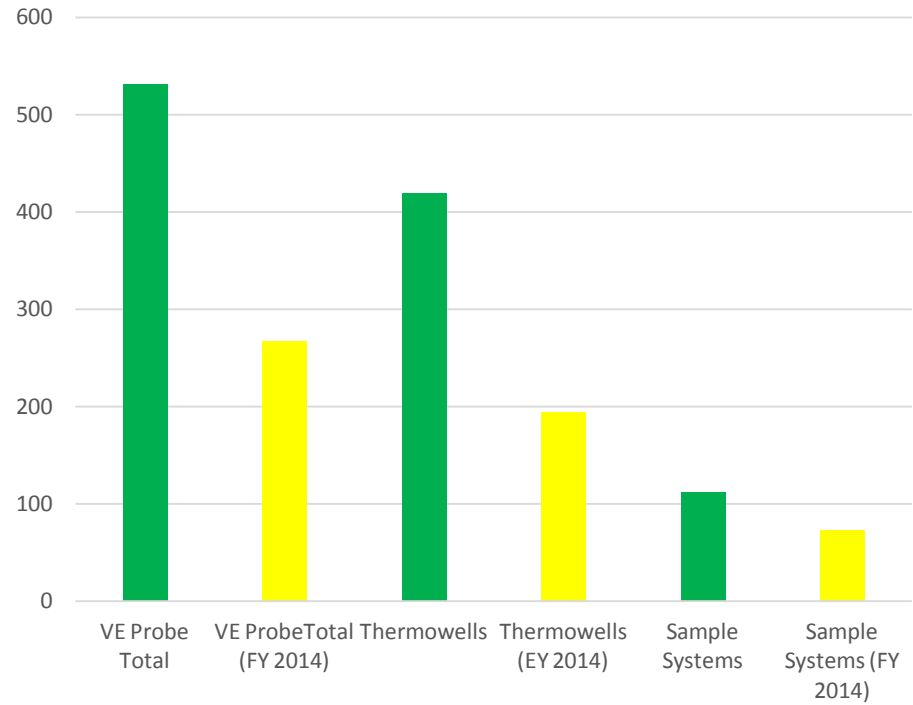
*Providing Quick, Accurate Energy Metering Across North America & Europe*



# VE Technology® Sales Q3 2015

## Total Units Sold Through Q3:

VE probe total: 531  
VE thermowells: 419  
VE sampling systems: 112



*Only technology capable of providing the real-time data needed to properly operate gas turbines & gas fired compressor engines.*



# Highlights of Q3 2015 Events

- Received long-awaited Request for Quote (“RFQ”) from large Italian pipeline transmission company for as many as 3,000 GasPT units;
- Delivered initial mercury sensor devices to Gorgon LNG Project in Queensland, Australia;
- Successfully awarded 4 additional bio-methane orders;
- Received PO’s from large UK natural gas transmission company for ten additional IRIS kiosks;
- Received the 2015 M&A Award for “U.S. Manufacturing Acquisition of the Year” from Acquisition International;
- Appointed experienced oil & gas executive, Joseph A. Mills, as an independent director of the company; and,
- Formally opened its new 46,000 square foot Manufacturing/R&D Facility at its UK Headquarters in Staffordshire near Stone.



CUI GLOBAL

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# Appendix



# Reconciliation of Non-GAAP Financial Measures

*EBITDA, Adjusted EBITDA and Adjusted Net Income (loss) are a non-GAAP financial measures and are reconciled in the table below. These non-GAAP financial measures do not represent funds available for management's discretionary use and is not intended to represent cash flow from operations. EBITDA, Adjusted EBITDA and Adjusted Net Income (loss) should not be construed as a substitute for net loss or as a better measure of liquidity than cash flow from operating activities, which is determined in accordance with United States generally accepted accounting principles ("GAAP"). EBITDA, Adjusted EBITDA and Adjusted Net Income (loss) exclude components that are significant in understanding and assessing the company's results of operations and cash flows. In addition, EBITDA, Adjusted EBITDA and Adjusted Net Income (loss) are not terms defined by GAAP and as a result our measure of EBITDA, Adjusted EBITDA and Adjusted Net Income (loss) might not be comparable to similarly titled measures used by other companies. However, EBITDA, Adjusted EBITDA and Adjusted Net Income (loss) are used by management to evaluate, assess and benchmark the company's operational results and the company believes EBITDA, Adjusted EBITDA, and Adjusted Net Income (loss) are relevant and useful information which are often reported and widely used by analysts, investors and other interested parties in the company's industry. Accordingly, the company is disclosing this information to permit a more comprehensive analysis of its operating performance, to provide an additional measure of performance and liquidity and to provide additional information with respect to the company's ability to meet future debt service, capital expenditure and working capital requirements. Adjusted Net Income (loss) eliminates the amortization expenses associated with intangible assets acquired with Orbital Gas Systems Limited and CUI-Canada, as well as non-cash expenses associated with stock and stock options for compensation, royalties and services during the period ended.*

# Reconciliation of Non-GAAP Financial Measures

(in thousands, except share and per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
EBITDA:				
Net (loss)	\$ (59)	\$ (349)	\$ (4,639)	\$ (903)
Plus: Interest expense	109	127	318	380
Plus: (Benefit) provision for taxes	(188)	(64)	(421)	(424)
Plus: Depreciation and amortization	725	1,126	2,479	3,381
EBITDA	<u>\$ 587</u>	<u>\$ 840</u>	<u>\$ (2,263)</u>	<u>\$ 2,434</u>
Adjusted EBITDA:				
Plus: Bad debt	67	18	204	(60)
Plus: Unrealized (gain) loss on derivative	93	(25)	45	92
Plus: Stock and options issued for compensation, royalties and services	206	990	740	1,517
Adjusted EBITDA	<u>\$ 953</u>	<u>\$ 1,823</u>	<u>\$ (1,274)</u>	<u>\$ 3,983</u>
EBITDA per share	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ (0.11)</u>	<u>\$ 0.12</u>
Adjusted EBITDA per share	<u>\$ 0.05</u>	<u>\$ 0.09</u>	<u>\$ (0.06)</u>	<u>\$ 0.19</u>
Basic weighted average common and common equivalent shares outstanding	<u>20,802,217</u>	<u>20,673,862</u>	<u>20,787,536</u>	<u>20,630,227</u>
Adjusted net income (loss):				
Net (loss)	\$ (59)	\$ (349)	\$ (4,639)	\$ (903)
Plus: Amortization expense of Orbital and CUI - Canada acquisition intangibles	359	793	1,453	2,376
Plus: Stock and options issued for compensation, royalties and services	206	990	740	1,517
Adjusted net income (loss)	<u>\$ 506</u>	<u>\$ 1,434</u>	<u>\$ (2,446)</u>	<u>\$ 2,990</u>
Adjusted net income (loss) per common share	<u>\$ 0.02</u>	<u>\$ 0.07</u>	<u>\$ (0.12)</u>	<u>\$ 0.14</u>
Basic weighted average common and common equivalent shares outstanding	<u>20,802,217</u>	<u>20,673,862</u>	<u>20,787,536</u>	<u>20,630,227</u>