



3rd Quarter 2017 Earnings Call

November 9, 2017

CUI Global, Inc.

NASDAQ:CUI

Presented by

William J. Clough
President & Chief Executive Officer

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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.

Summary Financial Highlights

For the 3 Months Ended September 30,

	2017 (unaudited)	2016 (unaudited)
Revenue	\$21.8	\$23.3
Gross Profit	\$7.4	\$8.6
Gross Profit %	34%	37%
SG&A (% of sales)	38%	35%
Consolidated Net (loss)	\$(1.9)	\$(0.5)
Adjusted Net income (loss)	\$(1.5)	\$(0.1)

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

- **Power and Electromechanical segment:**
 - 34% gross margin in Q3
 - Unaudited backlog of \$18.1 million at September 30, 2017

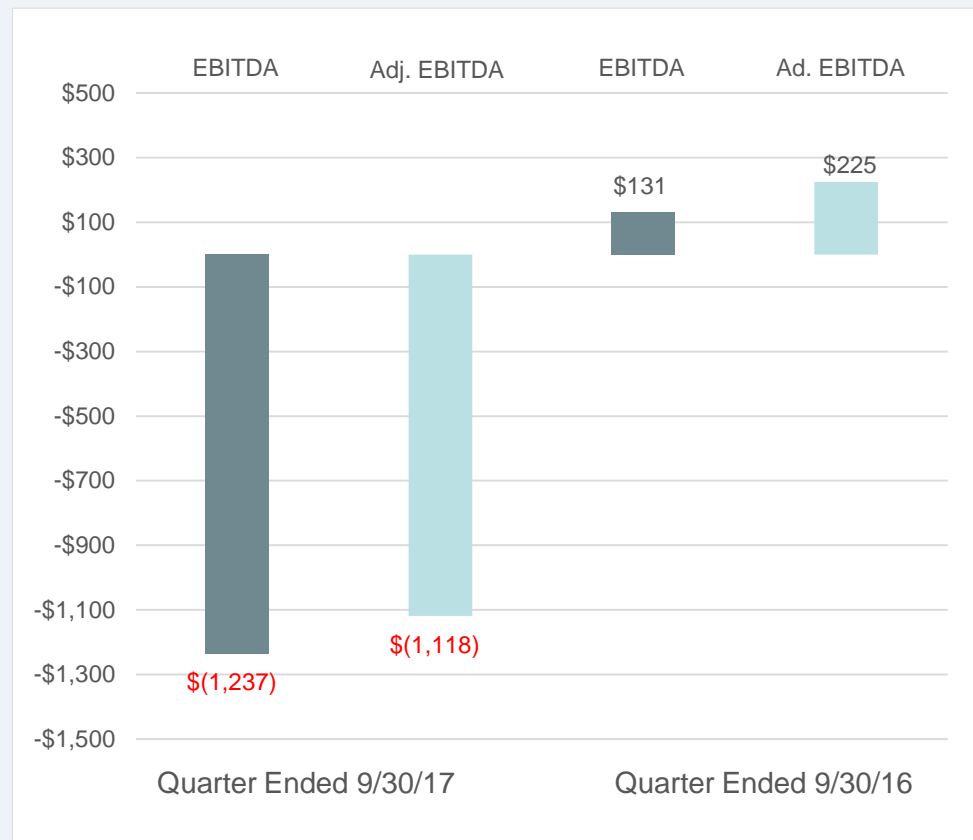
For the 9 Months ended September 30,

	2017 (unaudited)	2016 (unaudited)
Revenue	\$62.1	\$67.1
Gross Profit	\$21.3	\$25.8
Gross Profit %	34%	39%
SG&A (% of sales)	41%	39%
Consolidated Net (loss)	\$(7.3)	\$(4.7)
Adjusted Net income (loss)	\$(6.1)	\$(2.7)

- **Energy segment:**
 - 34% gross margin in Q3
 - Unaudited backlog of \$13.7 million at September 30, 2017

EBITDA Comparison

- EBITDA for the third quarter 2017 was \$(1.2) million versus EBITDA of \$0.1 million for third quarter 2016.
- Adjusted EBITDA for the third quarter 2017 was \$(1.1) million versus adjusted EBITDA of \$0.2 million for the third quarter 2016.



**In thousands*

Balance Sheet Highlights

(\$ in Millions)

As of September 30, 2017*	
Cash and Equivalents	\$0.8
Total Debt	\$11.6
Shareholders' Equity	\$43.7

**Excludes approximately \$19 million of net proceeds generated from public offering of common stock closed on October 23, 2017 and subsequent pay down of outstanding balance on line of credit.*

Key Developments – Snam Rete Gas

GasPT: For Fiscal Monitoring

- 3,300 GasPT contract awarded on February 11, 2016
- 400 GasPT units delivered in 2016
- 50 GasPT units installed
- Deployment delayed due to Italian regulatory matter
- July €310.0 million EIB loan reaffirmed commitment to project
- August 2017 tariff resolutions published
- CUI has received confirmation that orders will resume
- At 100 units a month Energy division is profitable
- Ultimate Deployment = 7,000 units (€130.0 million)



SRG: €15.0 Billion Mkt Cap

Italy's leading company in the transport and dispatching of natural gas.

“San Donato Milanese, July 26, 2017 - Snam signed a loan agreement of EUR 310 million with the European Investment Bank (EIB) for funding some projects aimed at boosting the Italian gas system, making the network even saferThe loan is intended for investments for an estimated total cost of over €600 million and mainly concern: . . . the updating of measurement systems located at the network's redeployment points through the acquisition of natural gas measurement plants by final customers”

“San Donato Milanese, 4 August 2017 - The Regulatory Authority for Electricity Gas and Water (AEEGSI) has published the Resolution n. 575/2017/R/gas which sets out the tariff criteria for the gas transmission activity during the Transitory Period 2018-2019.”

Key Developments – ENGIE

GasPT: For Fiscal Monitoring

1,000-GasPT tender submitted (June 26th, 2017)

- 2 year contract at 500/year
- \$20M+ multi-year revenue potential
- Biomethane-to-grid applications
- Telemetry solution

Finders' Fee Agreement: **Executed**

- Introduction to PetroChina
- Storage – Pipeline – LNG

Odorizer Technology:

- Development agreement: **Executed**
- SRG = 1,300 units for initial deployment



ENGI: €34 Billion Market Cap

One of Europe's largest energy companies with 150,000 employees and €65B in revenue



PetroChina

PTR: \$205 Billion Market Cap

China's largest oil producer with 50,000 km of natural gas pipelines

Key Developments – DNV GL

GasPT: For Fiscal Monitoring

Future Billing Project U.K.:

- Initial Network deployment has been very positive
- Project Study (2015) = £1.5 million
- 8 GasPTs used in £2.1 million project extension
- Ofgem approval, phase 2 field trial announced on October 4th (see page 71 of Stage Gate Report)
- [Stage Gate Report](#)
 - Deployment of as many as 45,000 GasPT units
 - Initial bid of £500,000,000 over 15 years
- Future Billing Project France (ENGIE):
 - Initial deployment of as many as 100,000 units
- Future Billing Project Western Europe:
 - DNV GL predicts value €6.0 to €7.0 billion



DNV-GL

DNV GL: 23.3 B NOK Revenue
Leading advisor to the global oil and gas industry
with 13,500 employees and 350 offices in more
than 100 countries.



**Future Billing
Methodology**

Our vision

The graphic features a large blue circle on the left containing a white water drop icon. A horizontal line of blue and green dots connects this circle to a cluster of various icons on the right, including a factory, a water drop, and a document. The background is black with a grid of green and blue dots in the top left corner.

Key Developments – ICE Technology

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 announced on October 17, 2017



ICE Block

- Currently in beta and sample testing
- Feedback to date in-line or better than expected
- Currently seeking product certifications



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

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