



1st Quarter 2018 Earnings Call

May 7, 2018

CUI Global, Inc.

NASDAQ:CUI

Presented by

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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.

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 March 31, 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 of the Company's Condensed Consolidated Financial Statements found in its Form 10-Q filed on May 7, 2018.

Summary Financial Highlights

For the 3 Months Ended March 31,			
	<u>2018</u>	<u>2018</u>	<u>2017</u>
	<u>(ASC 606)</u>	<u>(ASC 605)</u>	<u>(ASC 605)</u>
Total revenues	\$22.0	\$21.7	\$17.8
Gross Profit	\$6.6	\$6.0	\$5.7
Gross Profit %	29.9%	27.5%	31.9%
Consolidated Net loss	\$(3.3)	\$(3.8)	\$(3.9)

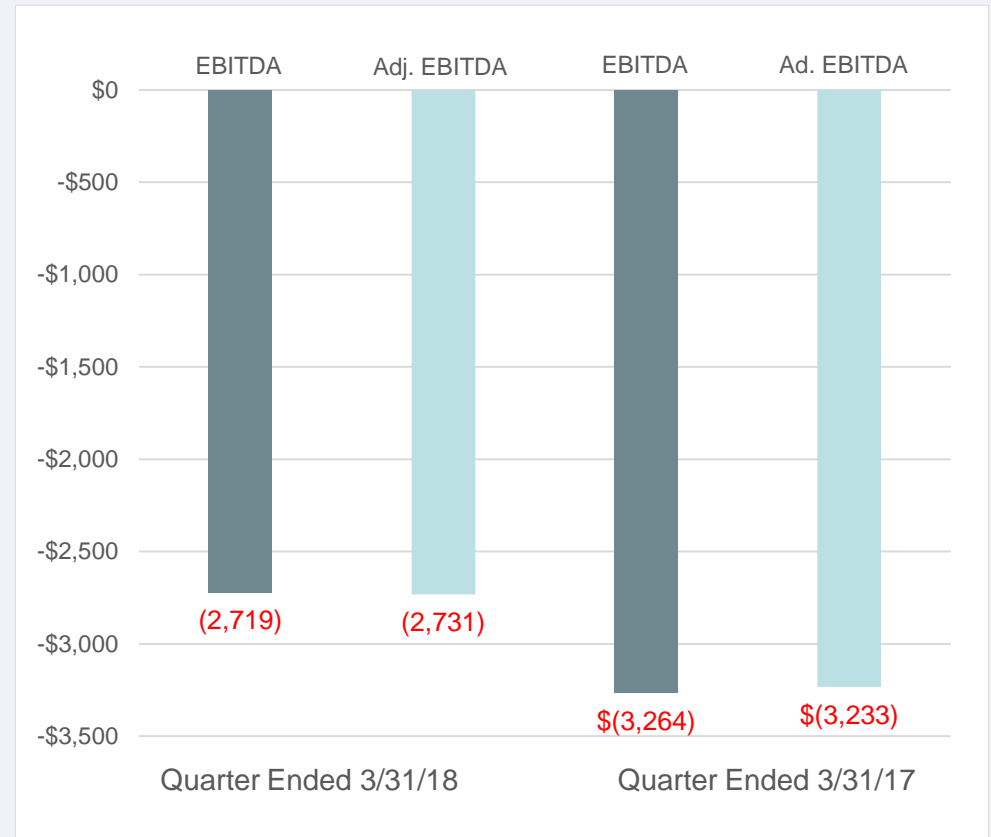
Record consolidated backlog of \$43.8 million; up \$11 million sequentially

- **Power & Electromechanical segment:**
 - 30.7% gross margin in Q1
 - Unaudited backlog of \$26.1 million at March 31, 2018
- **Energy segment:**
 - 27.3% gross margin in Q1
 - Unaudited backlog of \$17.7 million at March 31, 2018

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

EBITDA Comparison

- EBITDA for the first quarter 2018 was \$(2.7) million versus EBITDA of \$(3.3) million for first quarter 2017.
- Adjusted EBITDA for the first quarter 2018 was \$(2.7) million versus adjusted EBITDA of \$(3.2) million for the first quarter 2017.



**In thousands*

Balance Sheet Highlights

(\$ in Millions)

As of March 31, 2018	
Cash, cash equivalents and restricted cash	\$10.2
Total Debt	\$9.5
Shareholders' Equity	\$56.8

Energy – Opportunities for Revenue Optionality

KEY OPPORTUNITIES

- Europe:
 - UK – Recent certification of GasPT opens entire market to solution
 - 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 provide industry validation to build demand
- GasPT for process control application
 - Imminent restart of GasPT certification process with global turbine manufacturer expected
 - Certification to add GasPT to manufacturer's BoM; enables CUI Global to pursue large retrofit market globally

AWAITING RESTART OF 3,300-UNIT GASPT CONTRACT IN ITALY

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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