

CUI GLOBAL

2nd Quarter 2017 Earnings Call

August 9, 2017

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.

Summary Financial Highlights

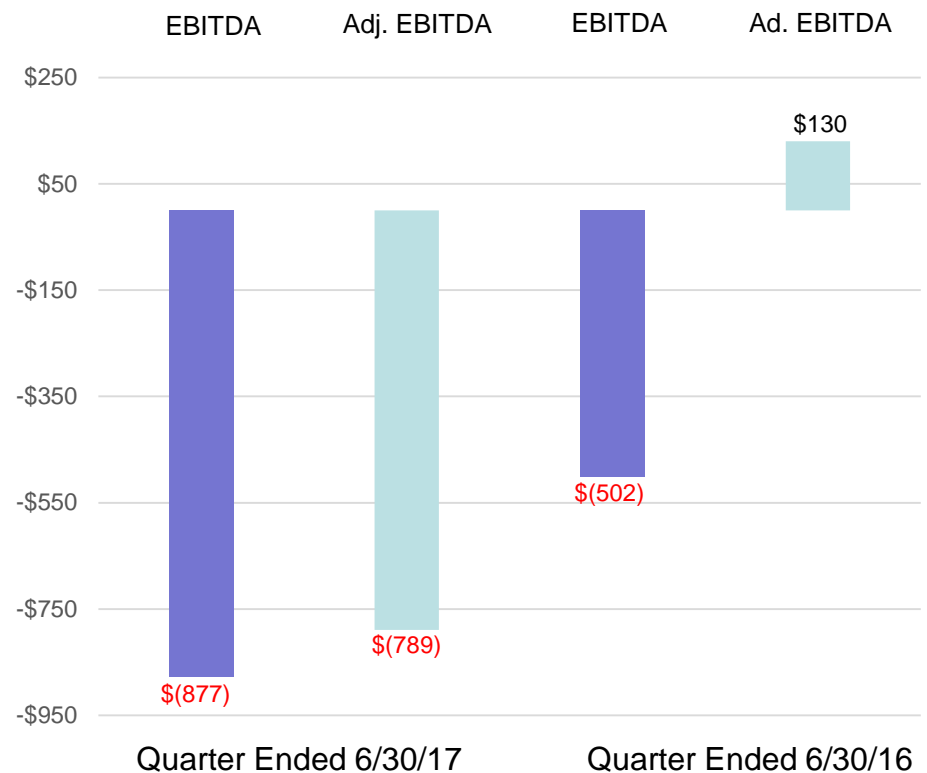
For the 3 Months Ended June 30,			For the Six Months ended June 30,		
	<u>2017</u> (unaudited)	<u>2016</u>		<u>2017</u>	<u>2016</u>
Revenue	\$22.5	\$23.1	Revenue	\$40.3	\$43.8
Gross Profit	\$8.2	\$9.2	Gross Profit	\$13.9	\$17.2
Gross Profit %	37%	40%	Gross Profit %	35%	39%
SG&A (% of sales)	39%	39%	SG&A (% of sales)	43%	42%
Consolidated Net (loss)	\$(1.6)M	\$(1.5)M	Consolidated Net (loss)	\$(5.4)	\$(4.1)
Adjusted Net income (loss)	\$(1.1)M	\$(0.6)M	Adjusted Net income (loss)	\$(4.6)	\$(2.6)

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

- Power and Electromechanical segment:
 - 36% gross margin in Q2
 - Unaudited backlog of \$19.2 million at June 30, 2017
- Energy segment:
 - 39% gross margin in Q2
 - Unaudited backlog of \$16.4 million at June 30, 2017

EBITDA Comparison

- EBITDA for the second quarter 2017 was \$(0.9) million versus EBITDA of \$(0.5) million for second quarter 2016.
- Adjusted EBITDA for the second quarter 2017 was \$(0.8) million versus adjusted EBITDA of \$0.1 million for the second quarter 2016.



**In thousands*

Balance Sheet Highlights

(\$ in Millions)

As of June 30, 2017

Cash and Equivalents	\$1.8
Total Debt	\$9.8
Shareholders' Equity	\$44.8

Financial Flexibility

- \$3M* from potential sale & leaseback of Oregon HQ
- \$5M* from unlevered UK HQ
- \$4.0M Wells Fargo line of credit
- £1.5M Wells Fargo overdraft facility
- \$100M shelf registration

**Management estimates*

Energy Segment: Market Update

GasPT

- As a Fiscal Monitoring Solution
 - ENGIE
 - 1,000-GasPT tender submitted
 - For biomethane-to-grid applications
 - Snam Rete Gas
 - Tariff issue unresolved; recently reaffirmed commitment to deployment as part of its €600+ million capital infrastructure plan
- Future Billing Project UK (via DNV GL)
 - Initial Network Innovation Project deployment has been very positive
 - Project could ultimately require thousands of custom GasPTs
- North America
 - Seeking certification from Measurement de Canada
 - Alberta field trial commencing in September; Potential contract similar scope to Snam Rete
- As a Process Control Solution
 - Large Turbine Manufacturer
 - Conclusion of testing anticipated in Q4
 - Certification thereafter would result in:
 1. Inclusion in BoM for large frame turbines
 2. Ability to sell GasPT to adjacent groups within manufacturer as a preferred vendor of a certified product
 3. Ability to sell to 25,000 turbines in-field as an approved product under the manufacturer's warranty



Odorizer Product

- Update: field trial scheduled for September
 - ENGIE
 - Indications of interest to deploy over own gas transmission network
 - Will include product in business development efforts to China
 - Snam Rete Gas
 - Indications of interest to purchase 1,300 units
 - Project committed to as part of its €600+ million capital infrastructure plan

VE Sampling System

- Recent demonstration of capability at Southwest Research has generated new opportunities
 - Currently in multiple sales cycles



Power and Electromechanical Segment: Market Update

ICE Technology

- ICE Switch

- Power monitoring and switching system
- Complimentary to ICE Block
 - Certifications received - UL/cUL and TUV 60950-1
 - 8/9/17 – production release announced



- ICE Block

- Currently in beta and sample testing
- Feedback to date in line or better than expected
- Currently seeking product certifications, including an approved product under the manufacturer's warranty



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