

CUI GLOBAL

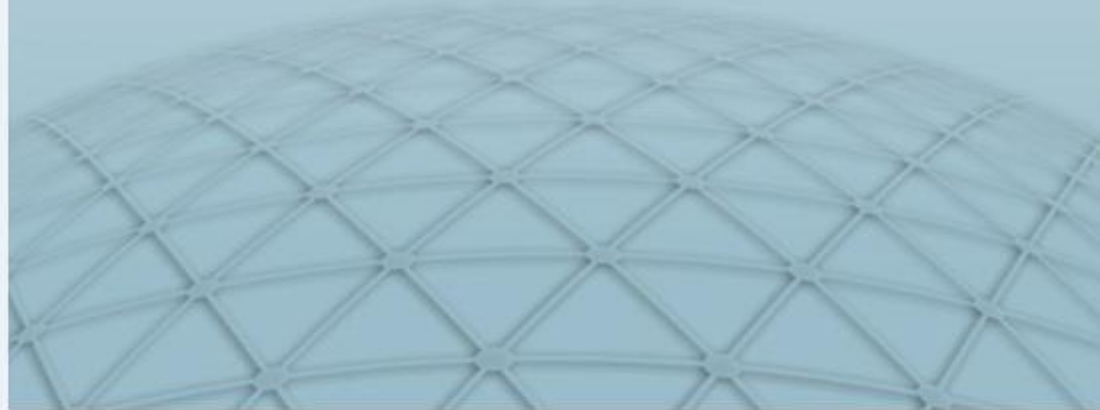
4th Quarter 2015 Earnings Call

March 15, 2016
NASDAQ:CUI

Presented by

William Clough
President & CEO

Daniel Ford
CFO/COO Energy Division



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.

Fourth Quarter and Full Year 2015 Summary

	For the Years Ended December 31			For the 3 Months Ended December 31		
	<u>2015</u>	<u>2014</u>	% Change	<u>2015</u>	<u>2014</u>	% Change
Revenue	\$86.7M	\$76.0M	+14%	\$21.9M	\$18.6M	+18%
Gross Profit	\$32.3M	\$28.6M	+13%	\$8.4M	\$5.8M	+43%
Gross Profit %	37%	38%	(1%)	38%	31%	+7%
SG&A (% of sales)	38%	34%	+4%	39%	35%	+4%
Consolidated Net (loss)	\$(6.0)M	\$(2.8)M	(114%)	\$(1.3)M	\$(1.9)M	+29%
Adjusted Net Income (loss)	\$(2.9)M	\$2.0M	(45%)	\$(0.5)M	\$(1.0)M	+52%

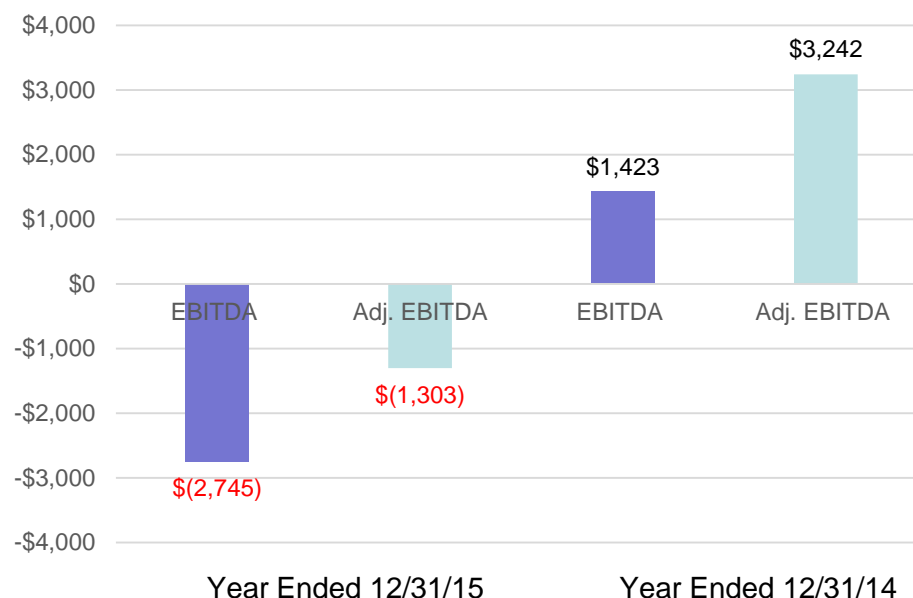
- Revenue for the full fiscal year of 2015 increased 14% to \$86.7 million, as compared to \$76.0 million the previous year
- For the fourth quarter, revenue increased 18% to \$21.9 million, as compared to \$18.6 in the fourth quarter of 2014
- Gross profit margin was 37% in 2015, as compared to 38% in 2014
- Gross profit margin for the fourth quarter was 38%, compared to 31% in the prior year quarter
- Power and Electro-Mechanical segment unaudited backlog of \$19.7 million as of December 31, 2015
- Energy segment unaudited backlog of \$12.5 million as of December 31, 2015

Financial Overview

- Quarterly gross profit was 38% or \$8.4 million as compared to 31% or \$5.8 million in the fourth quarter of 2014; FY2015 gross profit was 37% or \$32.3 million as compared to 38% or \$28.6 million the same period of 2014
 - Power and Electro-Mechanical segment generated a gross profit margin of 37% for the full year and 35% for the fourth quarter
 - Energy segment generated a gross profit margin of 37% for the full year and 44% for the fourth quarter
- SG&A as a percentage of total revenue increased to 38% for 2015 as compared to 34% in 2014
- Operating activities generated a negative cash flow of \$6.3 million during the year ended December 31, 2015, versus negative cash flow of \$3.1 during the year ended December 31, 2014
- Net loss of \$6.0 million for the year ended December 31, 2015 vs. a net loss of \$2.8 million in 2014
- At December 31, 2015 the Company had cash and cash equivalents of \$7.3 million
- 20,806,219 common share outstanding at the end of the year compared to 20,747,740 for the 2014 year end

EBITDA Comparison

- EBITDA for the full year 2015 was \$(2.7) million or \$(0.13) per share versus \$1.4 million or \$0.07 per share for the full year 2014.
- Adjusted EBITDA for the year full year 2015 was \$(1.3) million or \$(0.06) per share versus \$3.2 million or \$0.16 per share for the full year 2014.



In thousands

GasPT[®] Sales in FY 2015

- **36** units invoiced & installed in 2015
- PO's for an additional **430** units received
- More New Product Sales in 4th Quarter 2015 than in all of 2014
 - **138%** revenue increase for OGS from 2014 to 2015

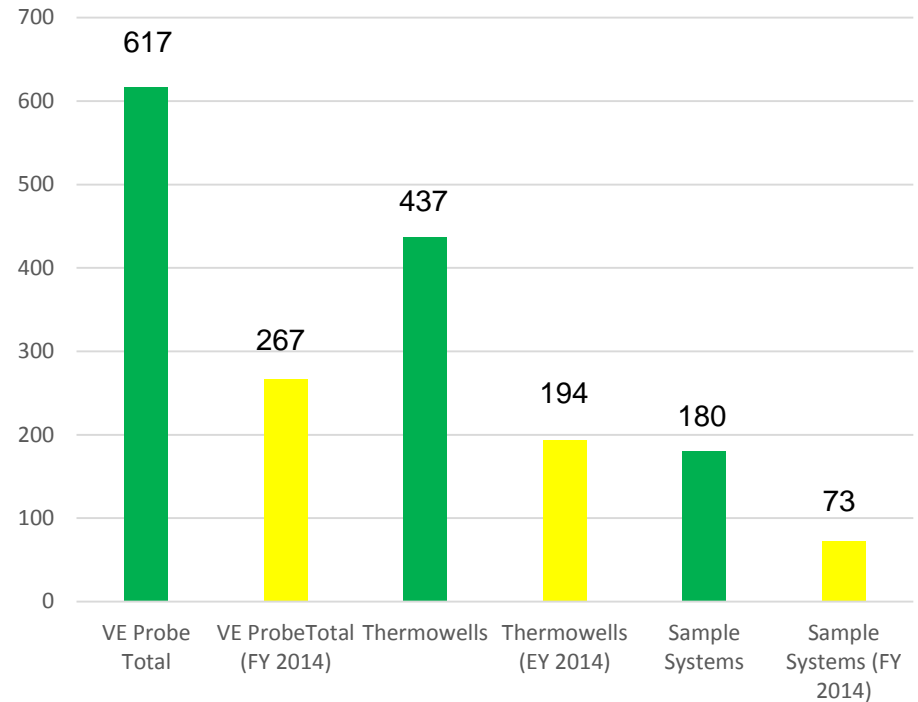
Providing Quick, Accurate Energy Metering Across North America & Europe



VE Technology® Sales – FY 2015

Total Units Sold FY 2015:

- VE probe total: **617**
- VE thermowells: **437**
- VE sampling systems: **180**



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

CUI GLOBAL

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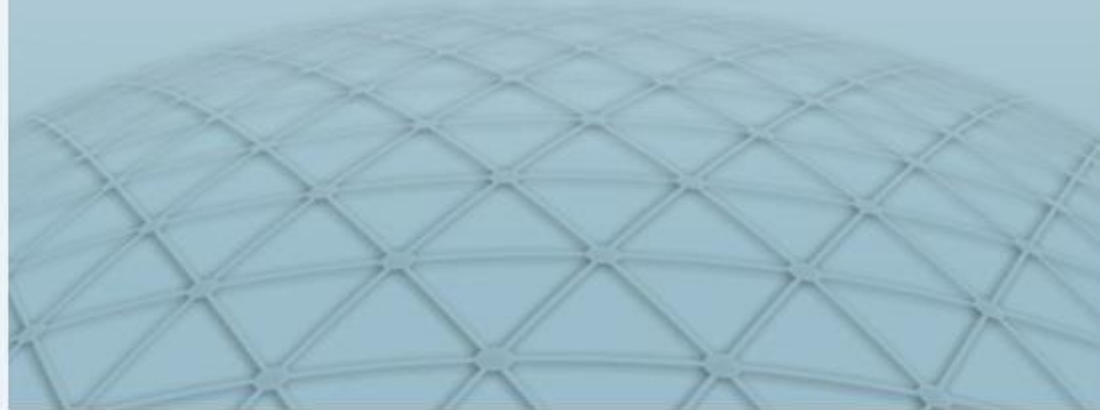
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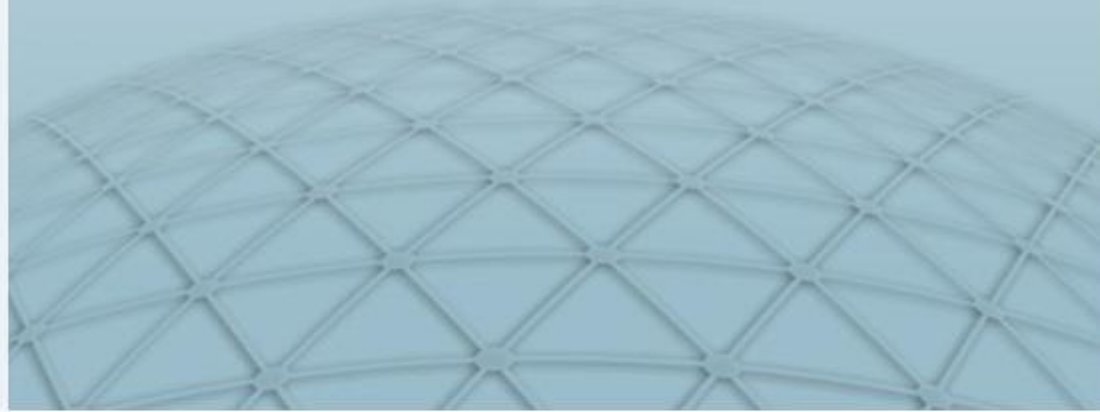
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NASDAQ:CUI

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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 December 31,		For the year ended December 31,	
	2015	2014	2015	2014
EBITDA:				
Net (loss)	\$ (1,348)	\$ (1,898)	\$ (5,987)	\$ (2,801)
Plus: Interest expense	123	128	441	508
Plus: (Benefit) provision for taxes	14	(302)	(408)	(726)
Plus: Depreciation and amortization	730	1,061	3,209	4,442
EBITDA	<u>\$ (481)</u>	<u>\$ (1,011)</u>	<u>\$ (2,745)</u>	<u>\$ 1,423</u>
Adjusted EBITDA:				
Plus: Bad debt	(9)	21	195	(39)
Plus: Unrealized (gain) loss on derivative	(65)	80	(20)	172
Plus: Stock and options issued for compensation, royalties and services	527	169	1,267	1,686
Adjusted EBITDA	<u>\$ (28)</u>	<u>\$ (741)</u>	<u>\$ (1,303)</u>	<u>\$ 3,242</u>
EBITDA per share	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>	<u>\$ (0.13)</u>	<u>\$ 0.07</u>
Adjusted EBITDA per common share	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>	<u>\$ (0.06)</u>	<u>\$ 0.16</u>
Basic and diluted weighted average common shares and common equivalent shares outstanding	<u>20,807,205</u>	<u>20,742,930</u>	<u>20,792,494</u>	<u>20,658,634</u>
Adjusted net income (loss):				
Net (loss)	\$ (1,348)	\$ (1,898)	\$ (5,987)	\$ (2,801)
Plus: Amortization expense of Orbital and CUI - Canada acquisition intangibles	353	751	1,806	3,127
Plus: Stock and options issued for compensation, royalties and services	527	169	1,267	1,686
Adjusted net income (loss)	<u>\$ (468)</u>	<u>\$ (978)</u>	<u>\$ (2,914)</u>	<u>\$ 2,012</u>
Adjusted net income (loss) per common share	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>	<u>\$ (0.14)</u>	<u>\$ 0.10</u>
Basic and diluted weighted average common shares and common equivalent shares outstanding	<u>20,807,205</u>	<u>20,742,930</u>	<u>20,792,494</u>	<u>20,658,634</u>