



FISCAL 2021

THIRD QUARTER FINANCIAL RESULTS

March 4, 2021

Forward-Looking Statements



This presentation contains certain forward-looking statements, which reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements are subject to the safe harbor protection provided under the securities laws. Methode undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in Methode's expectations on a quarterly basis or otherwise. The forward-looking statements in this presentation involve a number of risks and uncertainties. The factors that could cause actual results to differ materially from our expectations are detailed in Methode's filings with the Securities and Exchange Commission, such as our annual and quarterly reports. Such factors may include, without limitation, the following: (1) impact from pandemics, such as the COVID-19 pandemic; (2) dependence on our supply chain, including semiconductor and resin suppliers; (3) dependence on the automotive, appliance, commercial vehicle, computer and communications industries; (4) dependence on a small number of large customers, including two large automotive customers; (5) recognition of goodwill and long-lived asset impairment charges; (6) timing and magnitude of costs associated with restructuring activities; (7) international trade disputes resulting in tariffs and our ability to mitigate tariffs; (8) timing, quality and cost of new program launches; (9) ability to withstand price pressure, including pricing reductions; (10) failure to attract and retain qualified personnel; (11) ability to successfully market and sell Dabir Surfaces products; (12) currency fluctuations; (13) customary risks related to conducting global operations; (14) costs associated with environmental, health and safety regulations; (15) ability to withstand business interruptions; (16) ability to successfully benefit from acquisitions and divestitures; (17) investment in programs prior to the recognition of revenue; (18) dependence on the availability and price of materials; (19) judgments related to accounting for tax positions; (20) income tax rate fluctuations; (21) adjustments to compensation expense for performance-based awards; (22) ability to keep pace with rapid technological changes; (23) breaches to our information technology systems; (24) ability to avoid design or manufacturing defects; (25) ability to compete effectively; (26) ability to protect our intellectual property; (27) success of recent acquisitions and/or our ability to implement and profit from new applications of the acquired technology; (28) ability to manage our debt levels and any restrictions thereunder; and (29) impact to interest expense from the replacement or modification of LIBOR.

Non-GAAP Financial Measures



To supplement the company's financial statements presented in accordance with generally accepted accounting principles in the United States ("GAAP"), Methode uses certain non-GAAP financial measures, such as EBITDA, Free Cash Flow, Net Debt, and Adjusted Net Sales. Reconciliation to the nearest GAAP measures of all non-GAAP measures included in this presentation can be found at the end of this presentation. Management believes EBITDA is useful to investors as it is a measure that is commonly used by other companies in our industry and provides a comparison for investors to the company's performance versus its competitors. Management believes Free Cash Flow is a meaningful measure to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures, which are both necessary to maintain the company's asset base and which are expected to generate future cash flows from operations. Prior to Fiscal 2021 the definition of Free Cash Flow was net income plus depreciation and amortization less capital expenditures. Management believes Net Debt is a meaningful measure to investors because management assesses the company's leverage position after considering available cash that could be used to repay outstanding debt. Management believes Adjusted Net Sales is useful to investors to compare results across periods. Methode's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

FY21 Q3 Business Highlights

Quarterly Performance

Sales of \$295 Million

Sales Up 8% on Run Rate Basis*

Gross Margin Headwinds

Global Auto

Growth in EV and Asia

Strong Power, Lighting, & User Interface Awards



Electric Vehicle Growth

Over 12% of Q3 Consolidated Sales

Expecting >10% in FY21

Expecting Mid-Teens % in FY22

Balance Sheet

Strong Free Cash Flow and Net Debt Reduction

Ample Liquidity and Low Leverage

COVID-19 & Supply Chain Disruptions

Potential Near-Term Impact

* See Appendix for reconciliation to GAAP

FY21 Q3 Select Business Awards

(Expected annual sales)



Electric & Hybrid Electric Vehicles

- AC Motor Busbar Assembly for U.S. Auto OEM
- High Voltage Power Unit for U.S. Commercial Truck OEM
- DC Dispenser for U.S. Charging Station OEM
- HVAC Control Module for European Auto OEM
- Busbar for European Auto OEM

} \$14M



LED Lighting (non-EV)

- LED Ambient Lighting for U.S. Auto OEM
- LED Ambient Lighting for Asian Tier 1 Auto Supplier
- LED Ambient Lighting for U.S. Auto OEM

} \$7M



e-Bikes

- Torque Sensor for European Powertrain OEM
- Torque Sensor for Japanese e-Bike OEM
- Torque Sensor for European Powertrain OEM

} \$12M

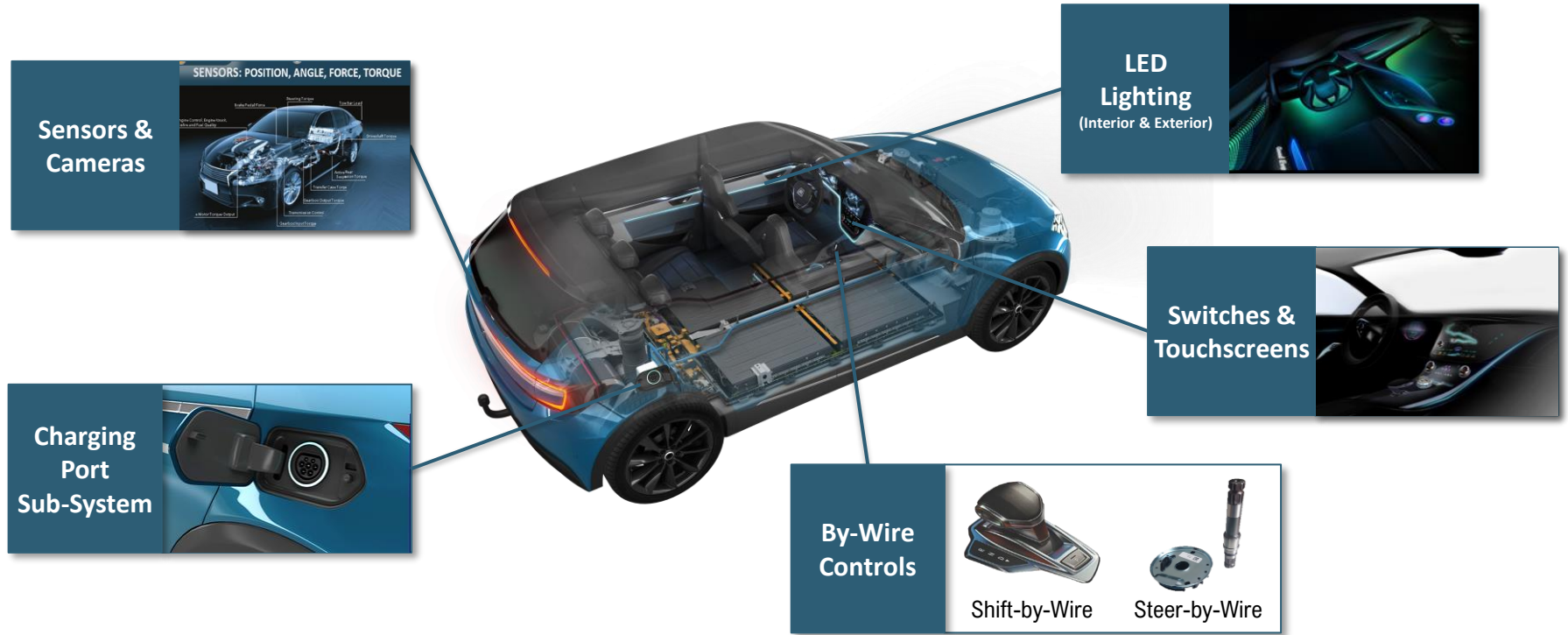


Other Auto (non-EV)

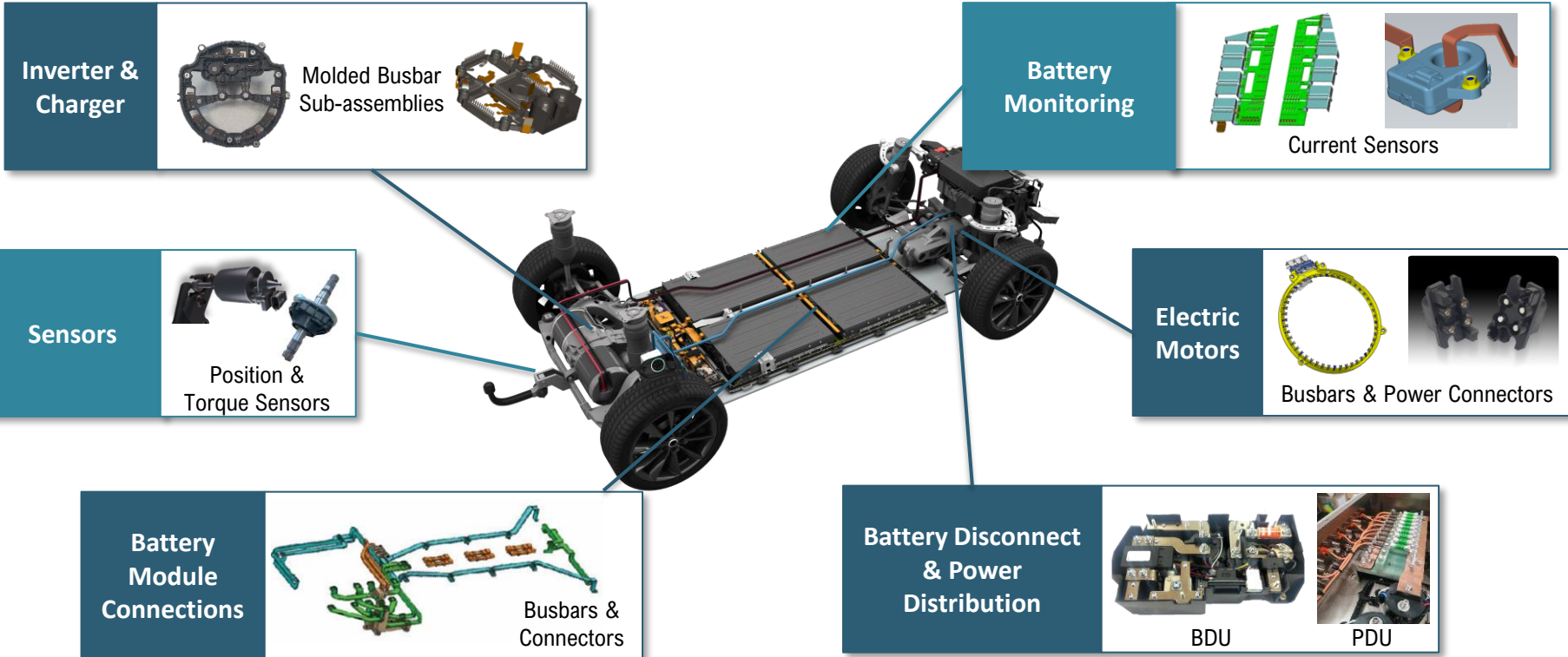
- Center Console for a Japanese Auto OEM
- HVAC Control Module for European Auto OEM

} \$20M

EV Solutions for the “Top Hat”



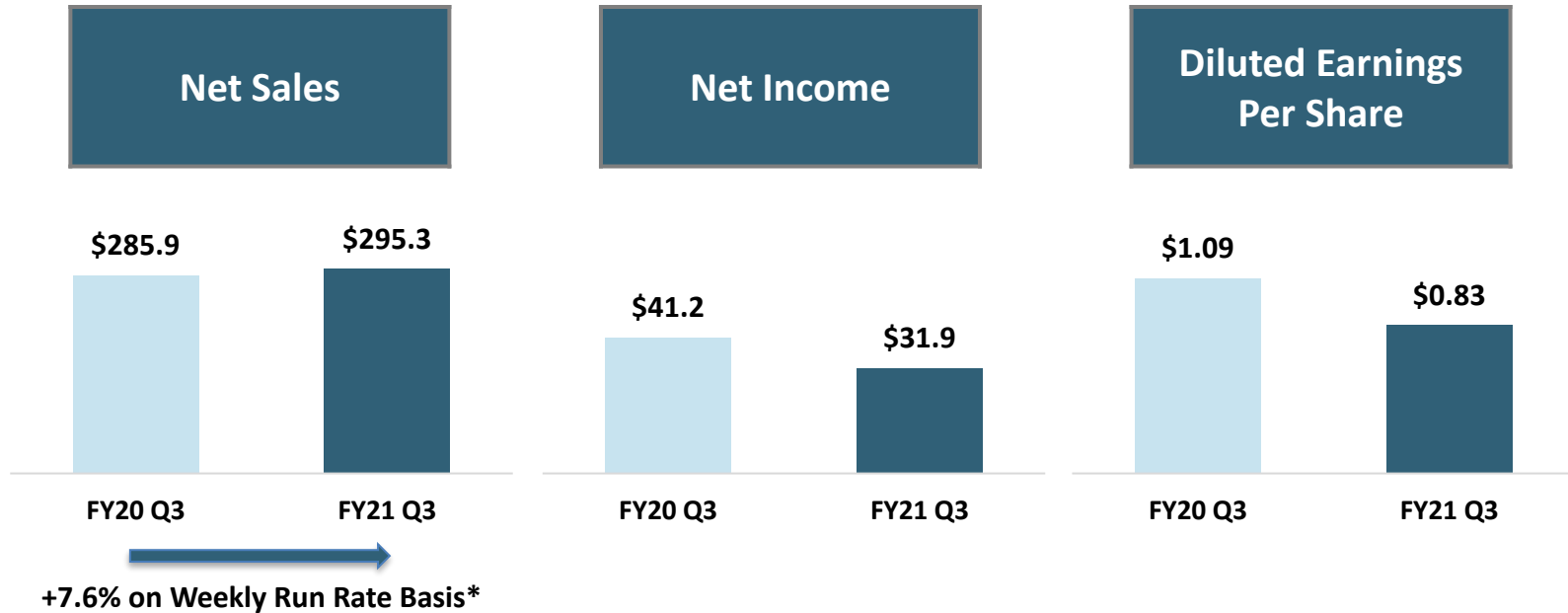
EV Solutions for the “Skateboard”



Financial Results

FY21 Q3 Financial Highlights

(Dollars in millions except per share amounts; FY21 results include 13 weeks and FY20 results include 14 weeks)



* See Appendix for reconciliation to GAAP

FY21 Q3 Financial Results



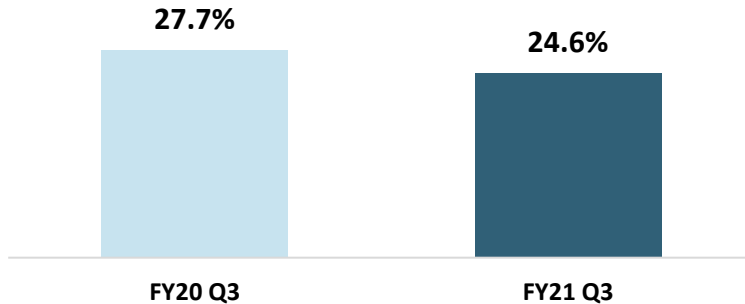
(FY21 results include 13 weeks and FY20 results include 14 weeks)

Gross Margin

- Premium freight and factory inefficiencies due to supply chain disruptions
- Tariff expense
- Product sales mix

Partially offset by:

- Favorable foreign currency translation

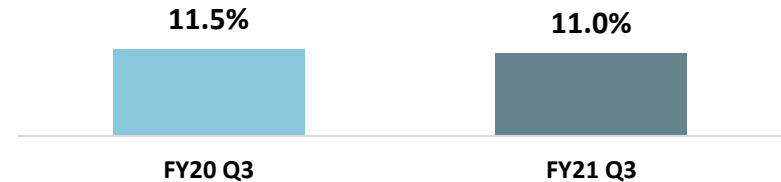


Sales & Administrative

- Lower compensation
- Lower travel expense
- Lower restructuring costs
- Favorable foreign currency translation

Partially offset by:

- Higher stock-based compensation expense



FY21 Q3 Financial Results

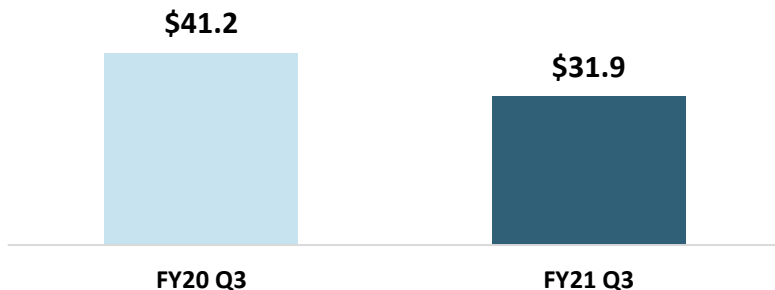
(Dollars in millions; FY21 results include 13 weeks and FY20 results include 14 weeks)

Net Income

- Supply chain disruptions
- Lower other income
- Higher income tax expense

Partially offset by:

- Favorable foreign currency translation

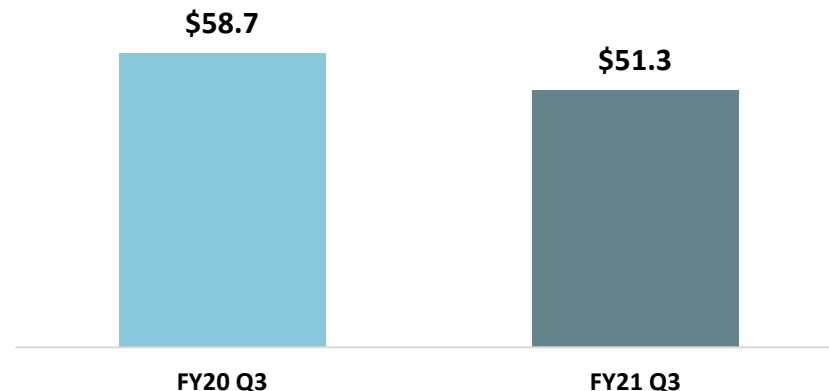


EBITDA*

- Lower income from operations
- Lower other income

Partially offset by:

- Favorable foreign currency translation



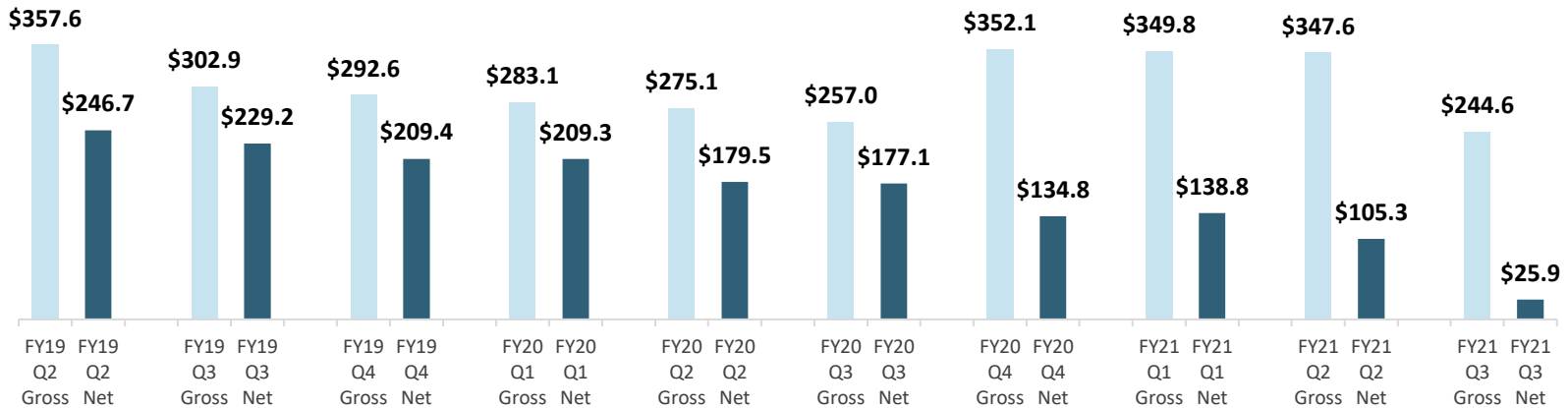
* See Appendix for reconciliation to GAAP

Deleveraging Since Grakon Acquisition in FY19 Q2

(Dollars in millions)



Gross and Net Debt



- Gross Debt / TTM EBITDA Ratio* is **1.3** at end of FY21 Q3
- Net Debt / TTM EBITDA Ratio* is **0.1** at end of FY21 Q3

* See Appendix for reconciliation to GAAP

FY21 Q3 Free Cash Flow

(Dollars in millions)



**FY21 Q3
Free Cash Flow
\$82.2**

A dark blue rectangular box containing a white icon of a stack of cash on the left and a vertical white line. To the right of the line, the text 'FY21 Q3 Free Cash Flow \$82.2' is displayed in white.

	FY21 Q3	FY20 Q3
Cash Provided by Operating Activities	\$87.1	\$14.8
Capital Expenditure	(\$4.9)	(\$8.1)
Free Cash Flow	\$82.2	\$6.7

FY21 Q4 Guidance

- **Net sales for FY21 Q4 of \$270 - \$300 million**
- **Diluted earnings per share for FY21 Q4 of \$0.60 - \$0.82**
- **Subject to a variety of risk factors including the ongoing semiconductor shortage, weather-related supply chain disruption, and COVID-19 pandemic situations**
- **Assumes tax rate at ~15%**



Thank You

Appendix



METHODE ELECTRONICS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES (Unaudited)
(in millions)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 30, 2021 (13 Weeks)</u>	<u>February 1, 2020 (14 Weeks)</u>	<u>January 30, 2021 (39 Weeks)</u>	<u>February 1, 2020 (40 Weeks)</u>
EBITDA:				
Net Income	\$ 31.9	\$ 41.2	\$ 91.2	\$ 93.3
Income Tax Expense	4.6	2.8	7.1	15.3
Interest Expense, Net	1.3	2.4	4.3	8.0
Amortization of Intangibles	4.8	4.8	14.5	14.3
Depreciation	8.7	7.5	23.7	21.7
EBITDA	<u>\$ 51.3</u>	<u>\$ 58.7</u>	<u>\$ 140.8</u>	<u>\$ 152.6</u>
	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 30, 2021 (13 Weeks)</u>	<u>February 1, 2020 (14 Weeks)</u>	<u>January 30, 2021 (39 Weeks)</u>	<u>February 1, 2020 (40 Weeks)</u>
Free Cash Flow:				
Net Cash Provided by Operating Activities	\$ 87.1	\$ 14.8	\$ 143.8	\$ 82.6
Purchases of Property, Plant and Equipment	(4.9)	(8.1)	(20.1)	(34.9)
Free Cash Flow	<u>\$ 82.2</u>	<u>\$ 6.7</u>	<u>\$ 123.7</u>	<u>\$ 47.7</u>

Appendix



METHODE ELECTRONICS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES (Unaudited)
(in millions)

	January 30, 2021	May 2, 2020	
Net Debt:			
Short-Term Debt	\$ 15.4	\$ 15.3	
Long-Term Debt	229.2	336.8	
Total Debt	244.6	352.1	
Less: Cash and Cash Equivalents	(218.7)	(217.3)	
Net Debt	<u>\$ 25.9</u>	<u>\$ 134.8</u>	
	Three Months Ended		
	January 30, 2021 (13 Weeks)	February 1, 2020 (14 Weeks)	Growth
Adjusted Net Sales:			
Net Sales	\$ 295.3	\$ 285.9	
Effect of Currency Translation	(9.7)	—	
Impact of 14th Week	—	(20.4)	
Adjusted Net Sales	<u>\$ 285.6</u>	<u>\$ 265.5</u>	<u>7.6%</u>

Appendix



METHODE ELECTRONICS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES (Unaudited)
(in millions)

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
EBITDA:						
Net Income	\$ 101.1	\$ 84.6	\$ 92.9	\$ 57.2	\$ 91.6	\$ 123.4
Income Tax Expense	19.8	26.3	23.0	66.6	12.0	25.3
Interest (Income) Expense, Net	(0.7)	(0.7)	(0.4)	0.9	8.3	10.1
Amortization of Intangibles	1.5	2.4	2.3	5.6	16.1	19.0
Depreciation	21.9	21.5	22.0	22.5	27.2	29.3
EBITDA	\$ 143.6	\$ 134.1	\$ 139.8	\$ 152.8	\$ 155.2	\$ 207.1

	<u>FY19</u> <u>Q2</u>	<u>FY19</u> <u>Q3</u>	<u>FY19</u> <u>Q4</u>	<u>FY20</u> <u>Q1</u>	<u>FY20</u> <u>Q2</u>	<u>FY20</u> <u>Q3</u>	<u>FY20</u> <u>Q4</u>	<u>FY21</u> <u>Q1</u>	<u>FY21</u> <u>Q2</u>	<u>FY21</u> <u>Q3</u>
Net Debt:										
Short-Term Debt	\$ 15.3	\$ 15.2	\$ 15.7	\$ 15.4	\$ 15.2	\$ 15.1	\$ 15.3	\$ 15.4	\$ 15.3	\$ 15.4
Long-Term Debt	342.3	287.7	276.9	267.7	259.9	241.9	336.8	334.4	332.3	229.2
Total Debt	357.6	302.9	292.6	283.1	275.1	257.0	352.1	349.8	347.6	244.6
Less: Cash and Cash Equivalents	(110.9)	(73.7)	(83.2)	(73.8)	(95.6)	(79.9)	(217.3)	(211.0)	(242.3)	(218.7)
Net Debt	\$ 246.7	\$ 229.2	\$ 209.4	\$ 209.3	\$ 179.5	\$ 177.1	\$ 134.8	\$ 138.8	\$ 105.3	\$ 25.9

Appendix



TOTAL GROSS DEBT/EBITDA

(Dollars in Millions)

	LTM January 30 2021
Net Income	\$ 121.3
Income Tax Expense	17.2
Interest Expense, Net	6.4
Amortization of Intangibles	19.2
Depreciation	31.3
EBITDA	\$ 195.4
Short-term Debt	15.4
Long-term Debt	229.2
Gross Debt	\$ 244.6
Total Gross Debt/EBITDA	1.3

TOTAL NET DEBT/EBITDA

(Dollars in Millions)

	LTM January 30, 2021
Net Income	\$ 121.3
Income Tax Expense	17.2
Interest Expense, Net	6.4
Amortization of Intangibles	19.2
Depreciation	31.3
EBITDA	\$ 195.4
Gross Debt	\$ 244.6
Less: Cash and Cash Equivalents	(218.7)
Net Debt	\$ 25.9
Total Net Debt/EBITDA	0.1