FISCAL 2020 FOURTH QUARTER AND FULL YEAR FINANCIAL RESULTS

June 30, 2020

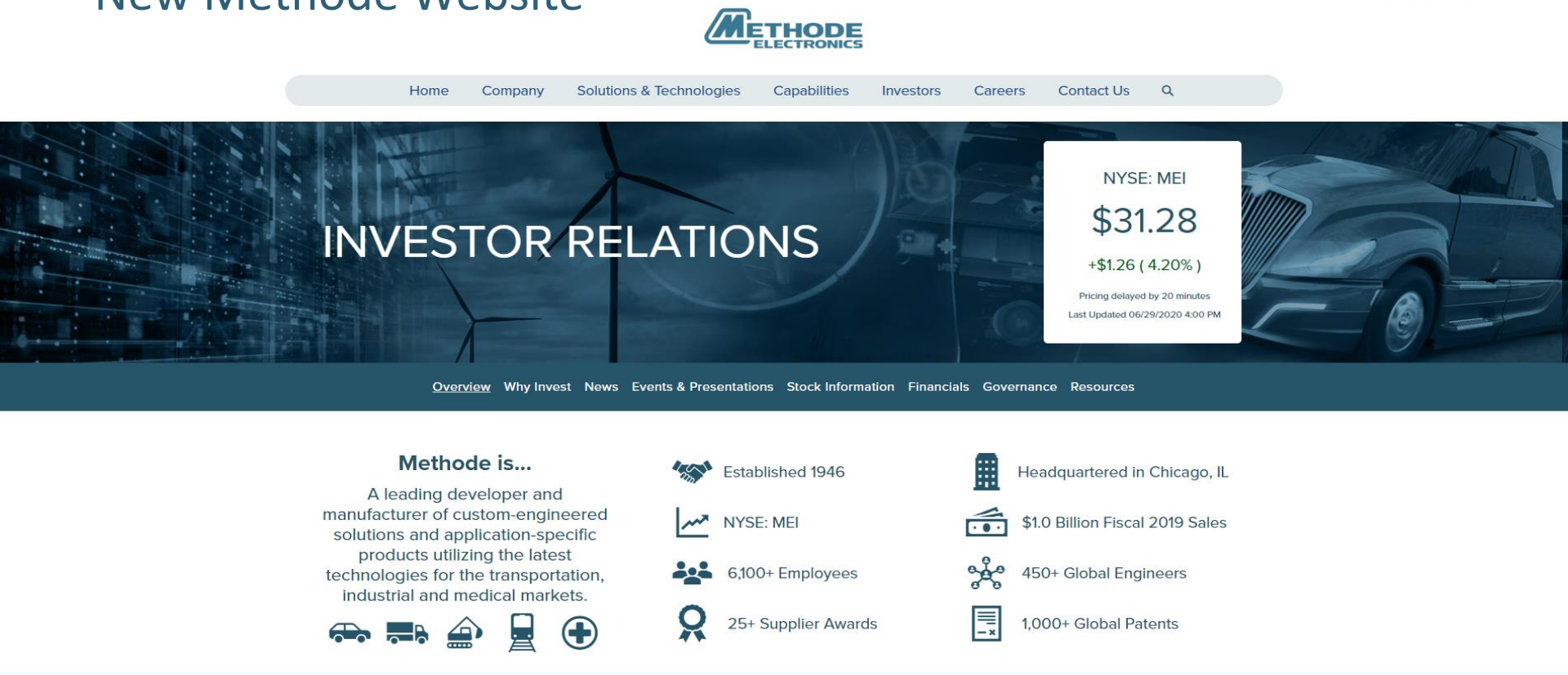
Forward-Looking Statements

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 press release 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 the automotive, appliance, commercial vehicle, computer and communications industries; (3) dependence on a small number of large customers, including two large automotive customers; (4) international trade disputes resulting in tariffs and our ability to mitigate tariffs; (5) timing, quality and cost of new program launches; (6) ability to withstand price pressure, including pricing reductions; (7) failure to attract and retain qualified personnel; (8) ability to successfully market and sell Dabir Surfaces products; (9) currency fluctuations; (10) customary risks related to conducting global operations; (11) costs associated with environmental, health and safety regulations; (12) ability to withstand business interruptions; (13) recognition of goodwill and long-lived asset impairment charges; (14) ability to successfully benefit from acquisitions and divestitures; (15) investment in programs prior to the recognition of revenue; (16) dependence on the availability and price of materials; (17) dependence on our supply chain; (18) judgments related to accounting for tax positions; (19) income tax rate fluctuations; (20) ability to keep pace with rapid technological changes; (21) impacts to our information technology systems; (22) ability to avoid design or manufacturing defects; (23) costs associated with reorganization activities; (24) ability to compete effectively; (25) ability to protect our intellectual property; (26) success of Grakon and/or our ability to implement and profit from new applications of the acquired technology; (27) significant adjustments to expense related to our performance-based stock awards in our long-term incentive plan; (28) ability to manage our debt levels and any restrictions thereunder; and (29) impact to interest expense from the replacement or modification of LIBOR.

Use of 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 measures. Reconciliation to the nearest GAAP measures of all non-GAAP measures included in this presentation are provided in the presentation. 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. The company believes that these non-GAAP measures are useful because they (i) provide both management and investors meaningful supplemental information regarding financial performance by excluding certain expenses that may not be indicative of recurring core business operating results, (ii) permit investors to view Methode's performance using the same tools that management uses to evaluate its past performance, reportable business segments and prospects for future performance and (iii) otherwise provide supplemental information that may be useful to investors in evaluating Methode.

New Methode Website



FY20 Highlights

(Dollars in millions except per share amount; FY20 results include 53 weeks and FY19 results include 52 weeks)

Sales		
FY19	FY20	YoY Change
$1,000.3	$1,023.9	2.4%

Net Income		
FY19	FY20	YoY Change
$91.6	$123.4	34.7%

Diluted Earnings Per Share		
FY19	FY20	YoY Change
$2.43	$3.26	34.2%

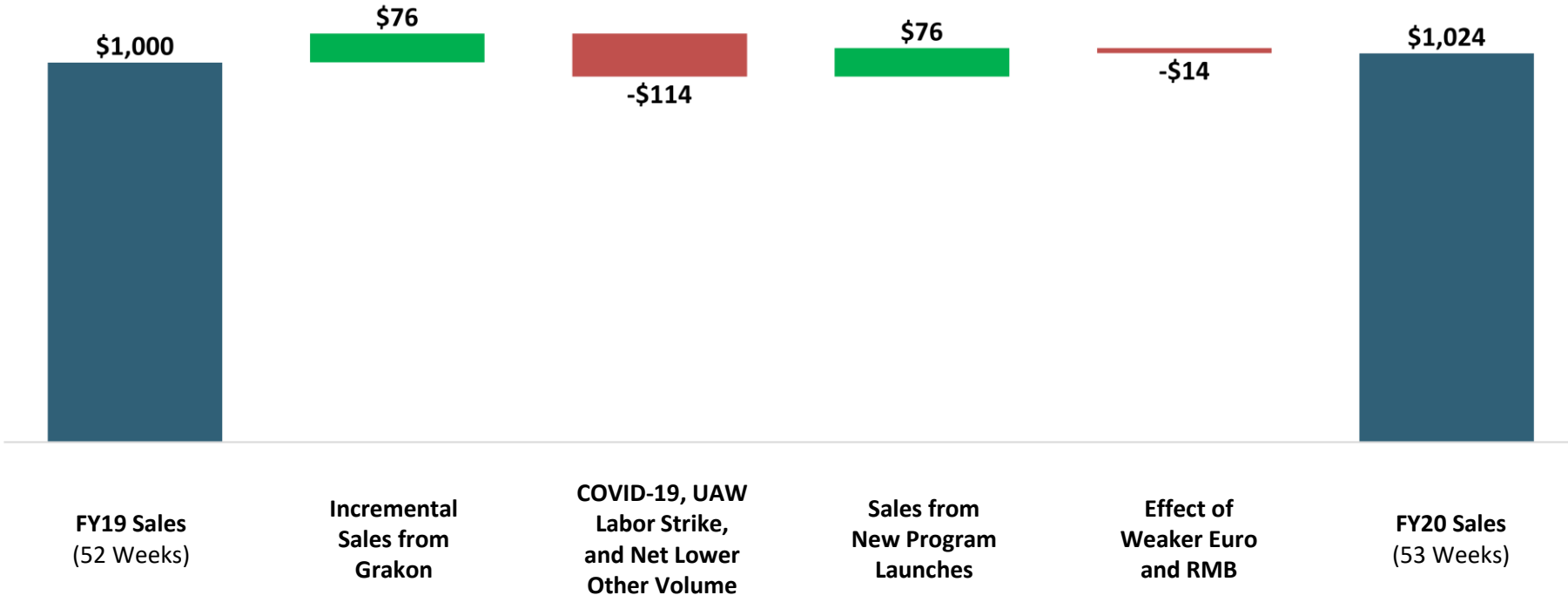
Adjusted Net Income*		
FY19	FY20	YoY Change
$111.5	$117.8	5.7%

Adj. Diluted Earnings Per Share*		
FY19	FY20	YoY Change
$2.96	$3.12	5.4%

** See Appendix for reconciliation to GAAP*

FY20 Sales Drivers

(Dollars in millions; FY20 results include 53 weeks and FY19 results include 52 weeks)



FY20 Q4 Business Awards – $36 Million

- Lead-frame for U.S. auto transmission OEM - $8.0 M annually
- Incremental application of a Busbar program for an EV application - $5.5 M annually
- AC Power Connector for an EV application - $4.5 M annually
- Incremental application of a Brake Tappet (Complex Insert Molding) for an auto brake OEM - $4.5 M annually
- Incremental application of a HVAC Control Panel for an European auto OEM - $3.5 M annually
- Busbar program for a Japanese auto OEM - $2.4 M annually
- Torque Sensor for a Chinese e-bike sharing program - $2.3 M annually
- Lead-frame for Chinese auto transmission OEM - $2.0 M annually
- Integrated Tailgate Module (ITM) initial program for an Japanese auto OEM - $1.7 M annually
- Valve Contact CIM (Complex Insert Molding) for an European auto OEM - $1.6 M annually

FY20 Q4 Highlights

(Dollars in millions except per share amount)

Sales		
FY19 Q4	FY20 Q4	YoY Change
$266.0	**$210.6**	**(20.8%)**

Net Income		
FY19 Q4	FY20 Q4	YoY Change
$22.6	**$30.1**	**33.2%**

Diluted Earnings Per Share		
FY19 Q4	FY20 Q4	YoY Change
$0.60	**$0.79**	**31.7%**

Adjusted Net Income*		
FY19 Q4	FY20 Q4	YoY Change
$23.5	**$25.4**	**8.1%**

Adj. Diluted Earnings Per Share*		
FY19 Q4	FY20 Q4	YoY Change
$0.62	**$0.67**	**8.1%**

** See Appendix for reconciliation to GAAP*

FY20 Q4 Financial Results

Gross Margins

- Favorable sales mix in the Automotive and Industrial segments
- Increased sales in the Interface segment

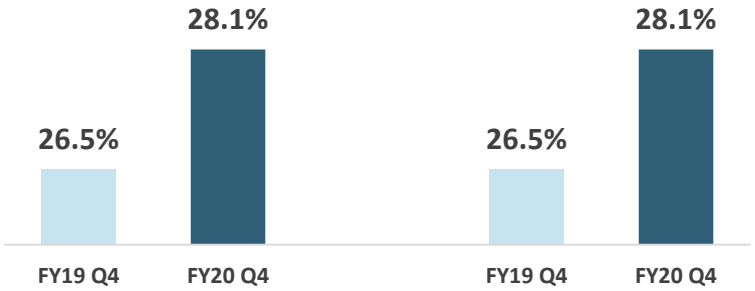
Partially offset by:

- Lower sales volumes in the Automotive and Industrial segments due to COVID-19

Adjusted Gross Margins*

Excludes:

- Expense for initiatives to reduce costs and improve operational profitability



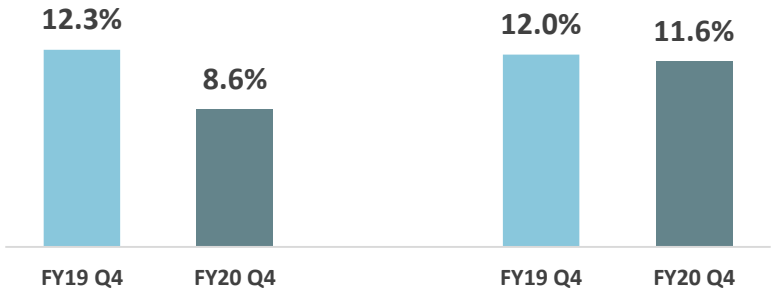
S&A

- Lower stock award amortization expense
- Lower salaries from COVID-19 cost saving actions
- Lower expenses from performance-based compensation

Adjusted S&A*

Excludes:

- Acquisition-related costs
- Expense for initiatives to reduce costs and improve operational profitability
- Long-term incentive plan accrual adjustments



** See Appendix for reconciliation to GAAP*

FY20 Financial Results

Gross Margins

- Benefit of Grakon sales
- Benefits from initiatives to reduce costs and improve operational profitability

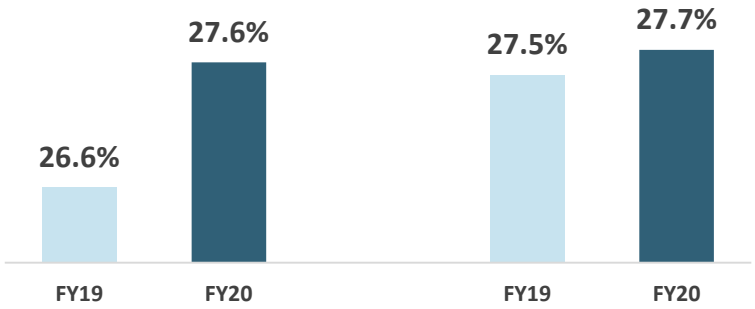
Partially offset by:

- Currency translation expense
- Impact of UAW strike at GM
- Lower volume due to COVID-19

Adjusted Gross Margins*

Excludes:

- Expense for initiatives to reduce costs and improve operational profitability
- Acquisition-related purchasing accounting adjustments



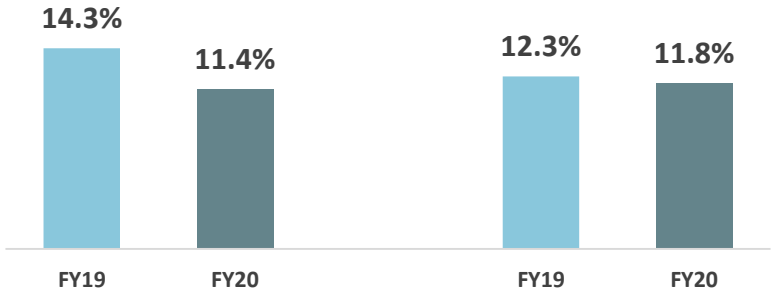
S&A

- Lower stock award amortization expense
- Lower professional fees
- Lower salaries from cost saving actions
- Benefits from initiatives to reduce costs and improve operational profitability

Adjusted S&A*

Excludes:

- Acquisition-related costs
- Expense for initiatives to reduce costs and improve operational profitability
- Long-term incentive plan accrual adjustments

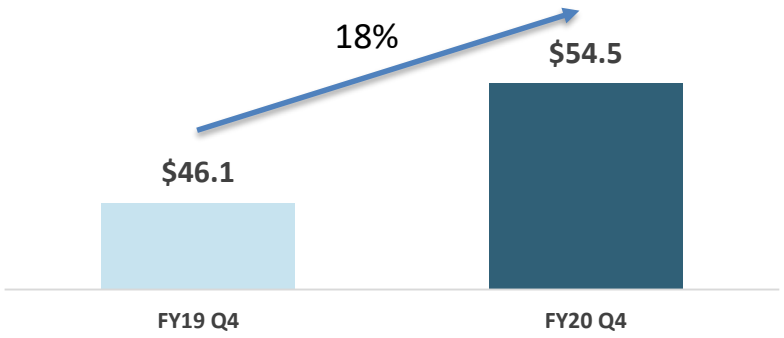


** See Appendix for reconciliation to GAAP*

FY20 Q4 Financial Results

(Dollars in millions)

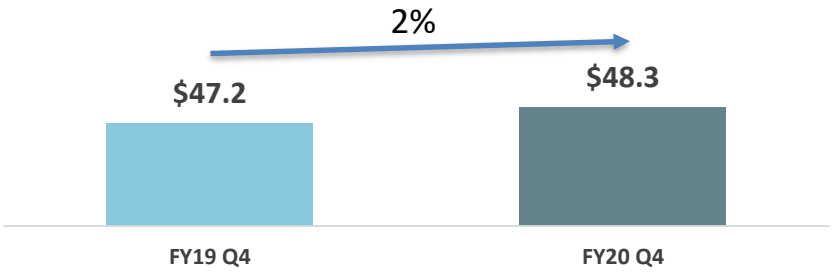
EBITDA



Adjusted EBITDA*

Excludes:

- Expense for initiatives to reduce costs and improve operational profitability
- Acquisition-related expenses
- Long-term incentive plan accrual adjustments



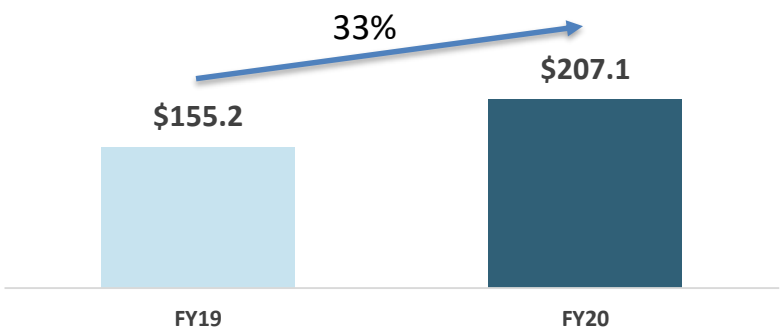
** See Appendix for reconciliation to GAAP*

Record GAAP & Adj. EBITDA Despite $85M COVID-19 Sales Impact

FY20 Financial Results

(Dollars in millions; FY20 results include 53 weeks and FY19 results include 52 weeks)

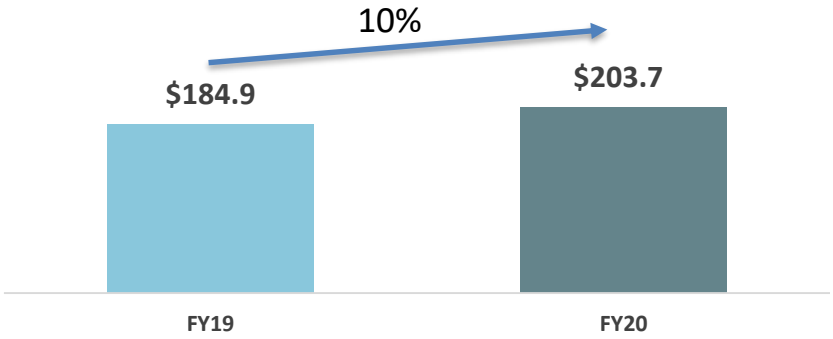
EBITDA



Adjusted EBITDA*

Excludes:

- Expense for initiatives to reduce costs and improve operational profitability
- Acquisition-related expenses
- Long-term incentive plan accrual adjustments



** See Appendix for reconciliation to GAAP*

Record GAAP & Adj. EBITDA Despite $85M COVID-19 Sales Impact

FY20 Free Cash Flow (FCF)*

(Dollars in millions)

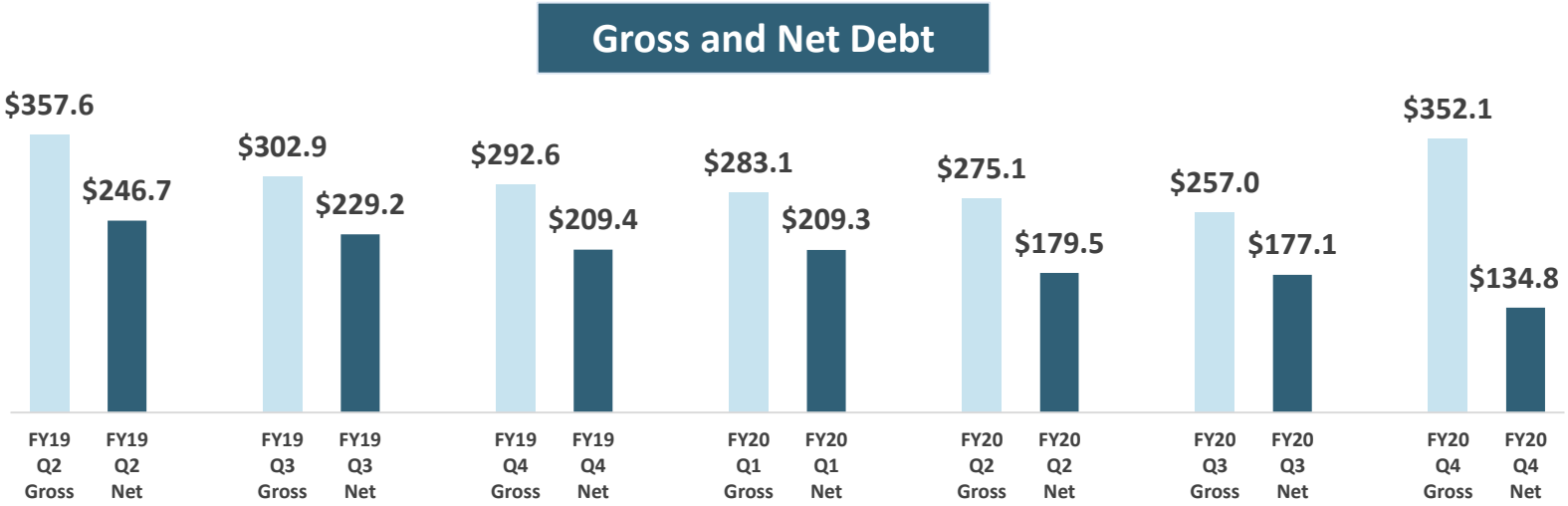


	FY19	FY20
Net Income	$91.6	$123.4
Depreciation and Amortization	$43.3	$48.3
CapEx	($49.8)	($45.1)
FCF	$85.1	$126.6

** See Appendix for reconciliation to GAAP*

Deleveraging Since Grakon Acquisition in Q2 FY19

(Dollars in millions)

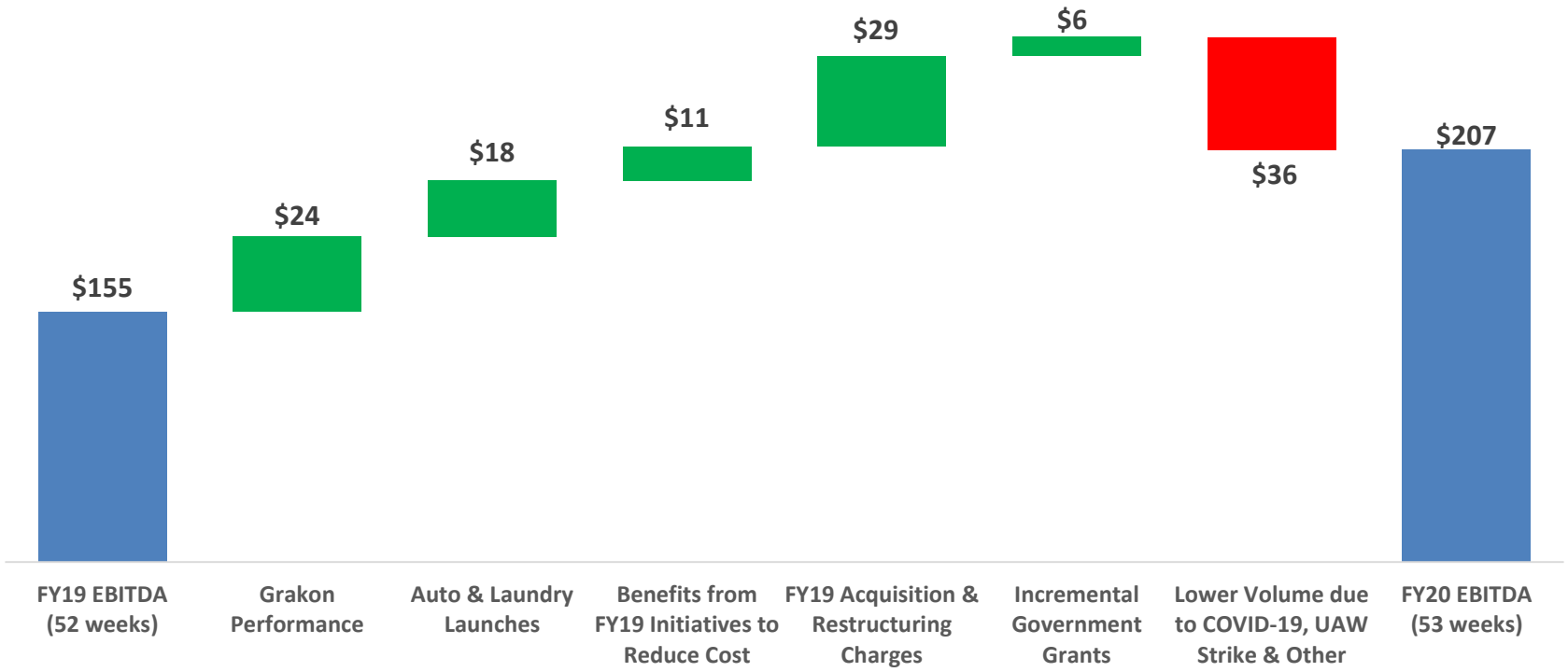


- Gross Debt / TTM EBITDA Ratio* is **1.7** at end of FY20
- Net Debt / TTM EBITDA Ratio is **0.7** at end of FY20

** As defined in the credit facility agreement*

FY20 EBITDA

(Dollars in millions; FY20 results include 53 weeks and FY19 results include 52 weeks)



Appendix

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 Adjusted Net Income, Adjusted Earnings Per Share, Adjusted Income from Operations, Adjusted Gross Profit , Adjusted Gross Margins As a Percentage of Sales, Adjusted Selling and Administrative Expenses, Adjusted Selling and Administrative Expenses as a Percentage of Sales, EBITDA, Adjusted EBITDA, and Free Cash Flow as non-GAAP measures. Reconciliation to the nearest GAAP measures of all non-GAAP measures included in this presentation can be found in this appendix. 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. The Company believes that these non-GAAP measures are useful because they (i) provide both management and investors meaningful supplemental information regarding financial performance by excluding certain expenses that may not be indicative of recurring core business operating results, (ii) permit investors to view Methode's performance using the same tools that management uses to evaluate its past performance, reportable business segments and prospects for future performance and (iii) otherwise provide supplemental information that may be useful to investors in evaluating Methode.

Adjusted Net Income and Adjusted Earnings Per Share excludes from Net Income and Earnings Per Share, respectively, expenses for initiatives to reduce overall costs and improve operational profitability, acquisition-related costs and long-term incentive plan accrual adjustments in the applicable periods.

Adjusted Income from Operations excludes from Income from Operations initiatives to reduce overall costs and improve operational profitability, acquisition-related costs and long-term incentive plan accrual adjustments in the applicable periods.

Adjusted Gross Profit and Adjusted Gross Margins as a percentage of sales exclude from gross margins as a percentage of sales expense for initiatives to reduce overall costs and improve operational profitability and acquisition related costs in the applicable periods.

Adjusted Selling and Administrative Expenses and Adjusted Selling and Administrative Expenses as a Percentage of Sales exclude from selling and administrative expenses as a percentage of sales acquisition-related costs, initiatives to reduce overall costs and improve operational profitability and long-term incentive plan accrual adjustments in the applicable periods.

EBITDA excludes from net income income tax expense, interest expense, net, amortization of intangibles and depreciation.

Adjusted EBITDA excludes from EBITDA expenses for initiatives to reduce overall costs and improve operational profitability, acquisition-related costs and long-term incentive plan accrual adjustments in the applicable periods.

Free Cash Flow is defined as net income plus depreciation and amortization of intangibles less capital expenditures.

Appendix

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
(Unaudited)
(in millions, except per share data)

Reconciliation of Non-GAAP Financial Measures for the Three Months Ended May 2, 2020 (13 Weeks)

			Acquisition-Related Costs				
	U.S. GAAP (As Reported)	Expense for Initiatives to Reduce Overall Costs and Improve Operational Profitability	Purchase Accounting Adjustments Related to Inventory	Severance	Other	Long-term Incentive Plan Accrual Adjustment	Non-U.S. GAAP Financial Measures
Gross Profit	$ 59.2	$ —	$ —	$ —	$ —	$ —	$ 59.2
Gross Margin (% of sales)	28.1%	—%	—%	—%	—%	—%	28.1%
Selling and Administrative Expenses	$ 18.2	$ (0.3)	$ —	$ —	$ —	$ 6.5	$ 24.4
Selling and Administrative Expenses (% of sales)	8.6%	(0.1)%	—%	—%	—%	3.1%	11.6%
Income from Operations	$ 36.3	$ 0.3	$ —	$ —	$ —	$ (6.5)	$ 30.1
Net Income	$ 30.1	$ 0.2	$ —	$ —	$ —	$ (4.9)	$ 25.4
Diluted Earnings per Share	$ 0.79	$ 0.01	$ —	$ —	$ —	$ (0.13)	$ 0.67

Appendix

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
(Unaudited)
(in millions, except per share data)

Reconciliation of Non-GAAP Financial Measures for the Three Months Ended April 27, 2019 (13 Weeks)

			Acquisition-Related Costs				
	U.S. GAAP (As Reported)	Expense for Initiatives to Reduce Overall Costs and Improve Operational Profitability	Purchase Accounting Adjustments Related to Inventory	Severance	Other	Long-term Incentive Plan Accrual Adjustment	Non-U.S. GAAP Financial Measures
Gross Profit	$ 70.6	$ 0.1	$ —	$ —	$ —	$ —	$ 70.7
Gross Margin (% of sales)	26.5%	—%	—%	—%	—%	—%	26.5%
Selling and Administrative Expenses	$ 32.6	$ (0.9)	$ —	$ —	$ (0.1)	$ —	$ 31.6
Selling and Administrative Expenses (% of sales)	12.3%	(0.3)%	—%	—%	—%	—	12.0%
Income from Operations	$ 33.0	$ 1.0	$ —	$ —	$ 0.1	$ —	$ 34.1
Net Income	$ 22.6	$ 0.8	$ —	$ —	$ 0.1	$ —	$ 23.5
Diluted Earnings per Share	$ 0.60	$ 0.02	$ —	$ —	$ —	$ —	$ 0.62

Appendix

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
(Unaudited)
(in millions, except per share data)

Reconciliation of Non-GAAP Financial Measures for the Fiscal Year Ended May 2, 2020 (53 Weeks)

			Acquisition-Related Costs					
	U.S. GAAP (As Reported)	Expense for Initiatives to Reduce Overall Costs and Improve Operational Profitability	Purchase Accounting Adjustments Related to Inventory	Severance	Other	Long-term Incentive Plan Accrual Adjustment	Transition tax and the impact of revaluing deferred taxes due to the change in the federal tax rate from U.S. Tax Reform	Non-U.S. GAAP Financial Measures
Gross Profit	$ 282.9	$ 0.6	$ —	$ —	$ —	$ —	$ —	$ 283.5
Gross Margin (% of sales)	27.6%	0.1%	—%	—%	—%	—%	—%	27.7%
Selling and Administrative Expenses	$ 116.8	$ (1.2)	$ —	$ —	$ —	$ 5.2	$ —	$ 120.8
Selling and Administrative Expenses (% of sales)	11.4%	(0.1)%	—%	—%	—%	0.5%	—%	11.8%
Income from Operations	$ 147.1	$ 1.8	$ —	$ —	$ —	$ (5.2)	$ —	$ 143.7
Net Income	$ 123.4	$ 1.5	$ —	$ —	$ —	$ (4.3)	$ (2.8)	$ 117.8
Diluted Earnings per Share	$ 3.26	$ 0.04	$ —	$ —	$ —	$ (0.11)	$ (0.07)	$ 3.12

Appendix

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
(Unaudited)
(in millions, except per share data)

Reconciliation of Non-GAAP Financial Measures for the Fiscal Year Ended April 27, 2019 (52 Weeks)

			Acquisition-Related Costs					
	U.S. GAAP (As Reported)	Expense for Initiatives to Reduce Overall Costs and Improve Operational Profitability	Purchase Accounting Adjustments Related to Inventory	Severance	Other	Long-term Incentive Plan Accrual Adjustment	Transition tax and the impact of revaluing deferred taxes due to the change in the federal tax rate from U.S. Tax Reform	Non-U.S. GAAP Financial Measures
Gross Profit	$ 265.8	$ 2.8	$ 5.6	$ —	$ —	$ —	$ —	$ 274.2
Gross Margin (% of sales)	26.6%	0.3%	0.6%	—%	—%	—%	—%	27.5%
Selling and Administrative Expenses	$ 142.9	$ (4.1)	$ —	$ (1.5)	$ (8.3)	$ (7.4)	$ —	$ 121.6
Selling and Administrative Expenses (% of sales)	14.3%	(0.4)%	—%	(0.1)%	(0.8)%	(0.7)%	—%	12.3%
Income from Operations	$ 106.8	$ 6.9	$ 5.6	$ 1.5	$ 8.3	$ 7.4	$ —	$ 136.5
Net Income	$ 91.6	$ 5.7	$ 4.7	$ 1.2	$ 6.9	$ 6.2	$ (4.8)	$ 111.5
Diluted Earnings per Share	$ 2.43	$ 0.15	$ 0.13	$ 0.03	$ 0.18	$ 0.17	$ (0.13)	$ 2.96

Appendix

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
(Unaudited)
(in millions, except per share data)

Reconciliation of EBITDA and Adjusted EBITDA to Net Income
(in millions)

	Three Months Ended		Fiscal Year Ended	
	May 2, 2020 (13 Weeks)	April 27, 2019 (13 Weeks)	May 2, 2020 (53 Weeks)	April 27, 2019 (52 Weeks)
Net Income	$ 30.1	$ 22.6	$ 123.4	$ 91.6
Income Tax Expense (Benefit)	10.0	7.5	25.3	12.0
Interest Expense, Net	2.1	3.3	10.1	8.3
Amortization of Intangibles	4.7	5.0	19.0	16.1
Depreciation	7.6	7.7	29.3	27.2
EBITDA	54.5	46.1	207.1	155.2
Expense for Initiatives to Reduce Overall Costs and Improve Operational Profitability	0.3	1.0	1.8	6.9
Acquisition-related Costs - Purchase Accounting Adjustments Related to Inventory	—	—	—	5.6
Acquisition-related Costs - Severance	—	—	—	1.5
Acquisition-related Costs - Other	—	0.1	—	8.3
Long-term Incentive Plan Accrual Adjustment	(6.5)	—	(5.2)	7.4
Adjusted EBITDA	$ 48.3	$ 47.2	$ 203.7	$ 184.9

Appendix

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
(Unaudited)
(in millions, except per share data)

Reconciliation of Free Cash Flow to Net Income
(in millions)

	Three Months Ended		Fiscal Year Ended	
	May 2, 2020 (13 Weeks)	April 27, 2019 (13 Weeks)	May 2, 2020 (53 Weeks)	April 27, 2019 (52 Weeks)
Net Income	$ 30.1	$ 22.6	$ 123.4	$ 91.6
Amortization of Intangibles	4.7	5.0	19.0	16.1
Depreciation	7.6	7.7	29.3	27.2
Purchases of Property, Plant and Equipment	(10.2)	(12.8)	(45.1)	(49.8)
Free Cash Flow	$ 32.2	$ 22.5	$ 126.6	$ 85.1

Thank You