Methode Electronics, Inc.
Investor Relations Presentation

April 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



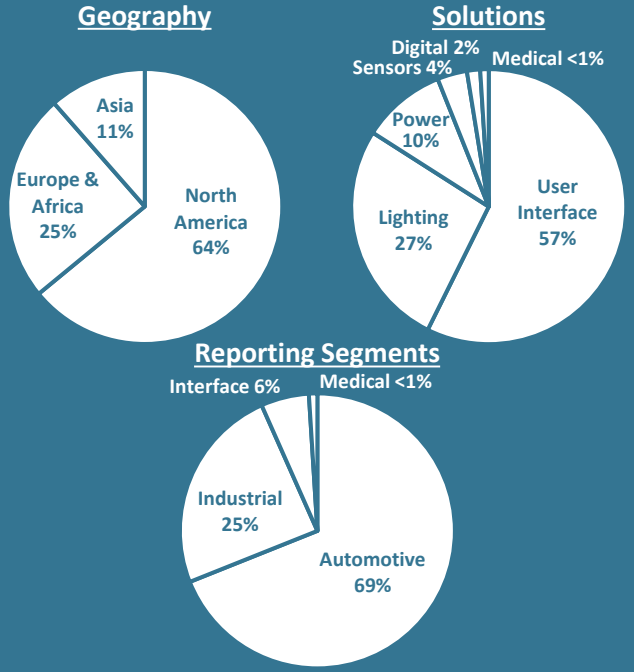
To supplement the company's financial statements presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Methode uses certain non-GAAP financial measures, such as EBITDA, Free Cash Flow, Net Debt, and Adjusted Net Sales. Reconciliation to the nearest GAAP 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.

Methode at a Glance

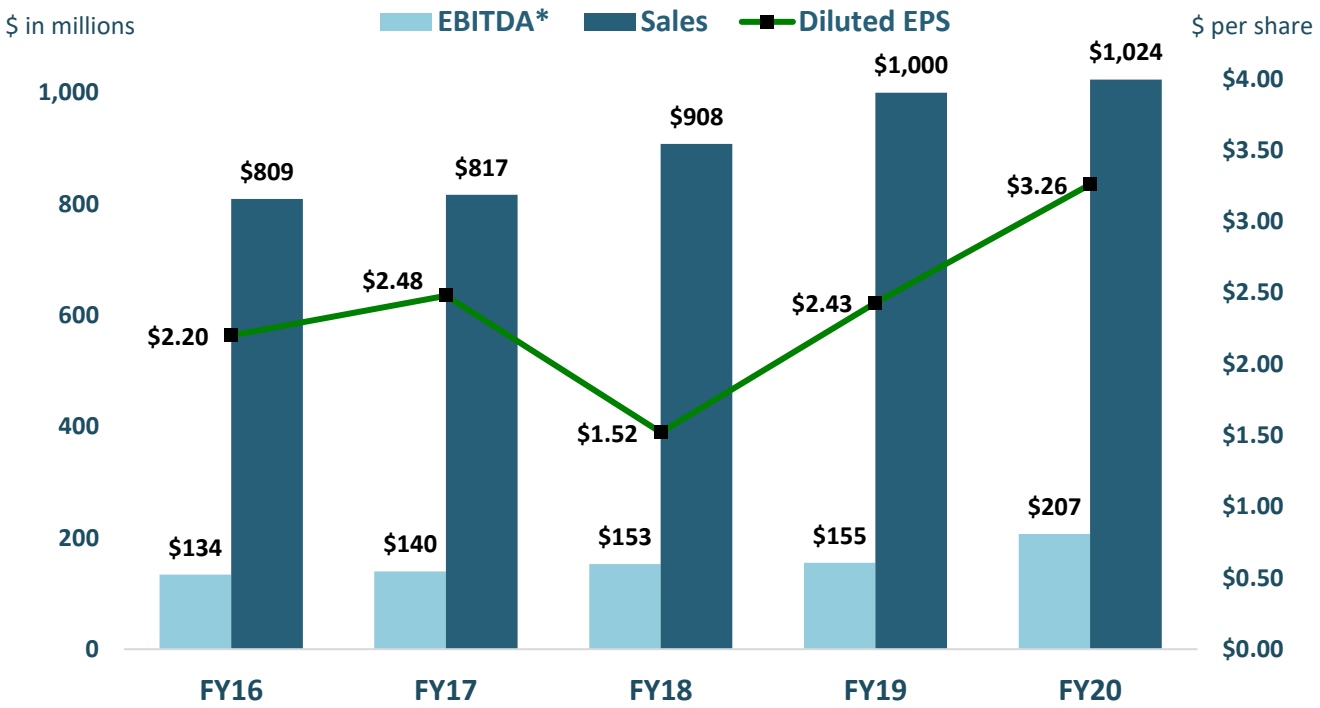
A leading developer and manufacturer of custom-engineered solutions and application-specific products utilizing the latest technologies for the transportation, industrial and medical markets.

- Established 1946
- Headquartered in Chicago, IL
- NYSE: MEI
- $1.0 Billion Fiscal 2020 Sales
- 6,000+ Employees
- 450+ Global Engineers
- 25+ Supplier Awards
- 1,000+ Patents

Fiscal 2020 Sales



Historical Growth



FY16 - FY20 CAGR	
Sales	6.1%
EBITDA*	11.5%
Diluted EPS	10.6%

** See Appendix for reconciliation to GAAP*

Growth and Improved Portfolio Mix Driving Earnings Performance

Global Footprint



Cost-Efficient Manufacturing Footprint with Proximity to Strategic Markets

ESG Overview



Robust Governance Framework

Supporting ethical, inclusive and beneficial actions for stakeholders



Commitment to Safe Operations

Demonstrated history of operational safety and quality



Emphasis on Clean Tech

New business focused on Electric Vehicles and LED Lighting solutions

SUSTAINALYTICS

ESG Risk Rating

13.6 Low Risk

Negligible	Low	Med	High	Severe
0-10	10-20	20-30	30-40	40+

MSCI ESG RATINGS

AA

CCC	B	BB	BBB	A	AA	AAA

Building Upon Track Record of Responsibility

Enhancing Investor Engagement
New ESG-focused Investor Relations webpage

Aligning Operations with ESG
Holding the core belief that corporate responsibility is good for the world and good for business too

Independent and Engaged Board
Active Board of Directors represents range of diverse perspectives and business experiences

Zero:

- Product safety recalls
- Material environmental or administrative proceedings
- Raw materials sourced from conflict regions

Investment Thesis

Exposure to Key Market Trends

- Electrification & Sustainability
  - EV, Commercial Vehicles
- Automation & Safety
  - Sensors, Remote Controls
- Information Technology
  - Cloud Computing

Product Portfolio Management

- Focused on Systems Integration vs. Components
- Auto Volume Provides Scalability for Other Markets
- Key Technology Solutions Leveraged across Verticals

Operational & Quality Excellence

- Lean & Vertical Integration Drive Competitive Cost Position
- World Class Quality (Single-Digit PPM)
- Global Footprint in Proximity to Key End Markets

Strong Balance Sheet Focus

- Balanced Capital Allocation (65% Growth Oriented)
- Strong Cash Flow (4-Year CAGR 6%)
- Low Leverage (Net Debt/EBITDA < 1)

Methode's strategy is to design and engineer solutions that incorporate our broad range of field-proven innovative technologies and then utilize our global manufacturing capabilities to provide differentiated value for our customers in our key markets.

Strategic Priorities



Customer & Program Diversification
- Capitalize on Exposure to Trends in EV, Commercial Vehicle, & Cloud Computing
- Leverage Power, LED Lighting, and Sensor Technology across Customer Base
- Increase Investment in Field Sales, Process, and Incentives



Organic & Inorganic Growth
- Leverage Existing Technology Solutions to Address Customer Needs
  - Increase Content per Vehicle
  - Leverage Auto Technology into Non-Auto Markets
  - Cross-sell into Existing Customers
- Proactive Acquisitions in Industrial, Opportunistic in Transportation & Medical



Financial Improvement
- Margin Expansion via Improved Product Mix & Operational Efficiencies
- Leverage SG&A on Sales Volume Growth
- Reduce Working Capital % of Sales through Lean Manufacturing

Increasing Content Per Vehicle

EV Expected to be > 10% of FY21 Total Sales, Growing to Mid-Teens % in FY22



Internal Combustion Engine (ICE) Vehicles

- User Interface
- Interior & Exterior Lighting
- Sensors

ICE $x



Battery & Hybrid Electric Vehicles

- User Interface
- Interior & Exterior Lighting
- Sensors
- Power Distribution

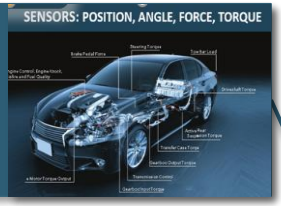
HEV $1.2-1.7x

BEV $2.0-2.5x

Transition from Internal Combustion to EV is a Content Tailwind

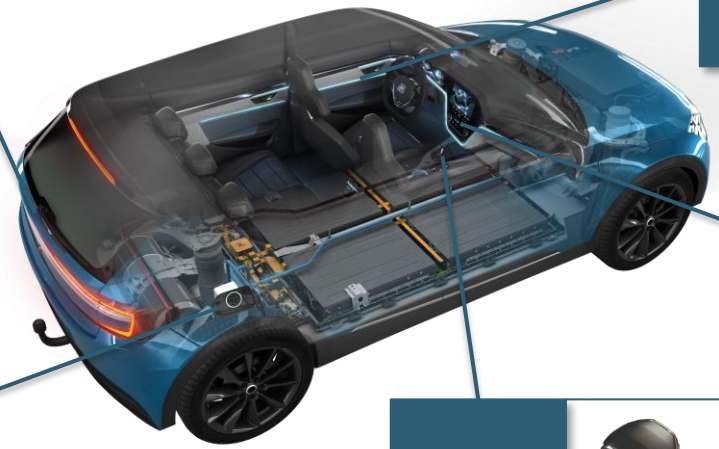
EV Solutions for the “Top Hat”

Sensors & Cameras



LED Lighting
(Interior & Exterior)





Switches & Touchscreens



Charging Port Sub-System



By-Wire Controls


Shift-by-Wire

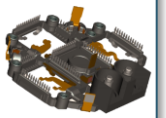

Steer-by-Wire

EV Solutions for the “Skateboard”

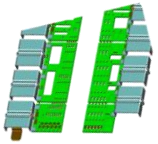
Inverter & Charger

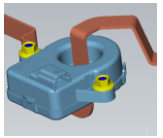


Molded Busbar Sub-Assemblies



Battery Monitoring



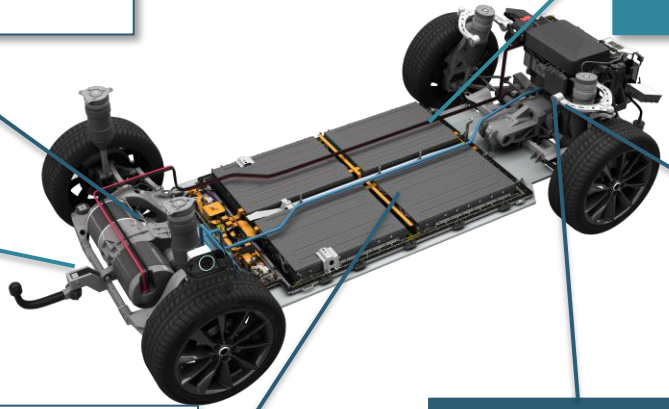


Current Sensors

Sensors



Position & Torque Sensors



Electric Motors





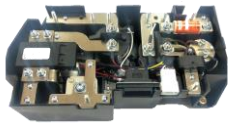
Busbars & Power Connectors

Battery Module Connections



Busbars & Connectors

Battery Disconnect & Power Distribution



BDU



PDU

Leveraging Power Distribution and Sensor Toolbox

Solutions & Technologies

User Interface

Brands

METHODE AUTOMOTIVE SOLUTIONS

touchsensor

Grakon

HETRONIC
A METHODE ELECTRONICS COMPANY

Products





Touch Panels
Touchscreens
Ergo-Switches
Ergo-Knobs
Center Stacks
Center Consoles
Door Switches

Overhead Consoles
Access Modules
Ind. Remote Controls
Video Feedback
Safety Stop
Gauges
Mechatronic Modules

Growth Drivers

1. **Electric Vehicles**
2. **User Information**
3. **Video Feedback**
4. **Worker Safety**
5. **Heavy Lift Drones**

Customers

ASTON MARTIN, 长安汽车, DONGFENG, FCA, Ford, GM, Great Wall, JAGUAR, LAND ROVER, mazda, PSA PEUGEOT CITROËN, McLaren, MITSUBISHI MOTORS, NISSAN, RENAULT, ROLLS ROYCE, OPEL, SAIC, SUZUKI, ADM, Ferrari, VOLVO, YULON, STELLAR, Altec, Manitowoc, TPS, KLW, JCB, HALLIBURTON, TEREX

Solutions & Technologies



Brands

Grakon

PACIFIC INSIGHT

Products



Forward (Head, Fog)
Rear & Center Stop
Ambient/Dome
Signal
Task/Reading/Visor
Warning/Safety/Strobe
Backlighting
Projection
Work Lamps
Lighting Control Modules

Growth Drivers

1 **LED Lighting**

2 **Commercial Vehicle Cabs**

3 **Driver and Vehicle Safety**

4 **Brand Differentiation**

Customers

ALEXANDER DENNIS, BOMBARDIER, DAIMLER, Ford, CARRUS, CAT, DAF, HARLEY-DAVIDSON, ARE, GM, GILLIG, MACK, MAN, Meyer, NAVISTAR, TOYOTA, CARTER, SCANIA, Peterbilt, FREIGHTLINER, VOLVO, KENWORTH

Solutions & Technologies

Sensors

Brands

METHODE SENSOR TECHNOLOGIES

Products



- Linear Position
- Displacement
- Fluid Level
- Torque
- Force & Load
- Speed & Angle
- Discrete & Analog
- Switching
- Proximity
- Hidden Switches

Growth Drivers

1. **e-Bikes**
2. **Driver and Vehicle Safety**
3. **Automation**
4. **Health & In-Home Fitness**

Customers

BOSCH, thun, KONGSBERG, OLI, YAMAHA, SCHAEFFLER, MAGNA, KONGSBERG AUTOMOTIVE, RENAULT, SGM, FCA, BMW, NISSAN, BRP

Solutions & Technologies

Power Distribution

Brands

METHODE POWER SOLUTIONS

Products



Busbars
Contacts
Connectors
Cabling
Heat Sinks

Cold/Chill Plates
Lead Frames
Bypass Switch
Battery Disconnects
Power Stacks

Growth Drivers

1. **EV Power Management**
2. **Electrification**
3. **Cloud Computing**
4. **Renewable Energy**

Customers

United Technologies, Lockheed Martin, Flextronics, GE, Bombardier, Raytheon, Schneider Electric, Volkswagen, Rockwell Automation, Boeing, Johnson Controls, GM, Bosch, SGM, Alstom, Mitsubishi Motors, Corvus Energy, Nissan, Renault, Grundfos, Honeywell

Solutions & Technologies

Digital Data

Brands

dataMate
A METHODE ELECTRONICS COMPANY

Products



1G Copper Transceivers
10G Copper Transceivers
g.hn & g.fast Modules
Micro-DPUs
Cages

Growth Drivers

1 **Information Technology**

2 **Cloud Computing**

3 **Broadband**

4 **e-Commerce**

Customers

CISCO, Juniper Networks, ADTRAN, Extreme, TELUS, Hewlett Packard Enterprise, DELL, Allied Telesis, C1 Champion One, alcatel

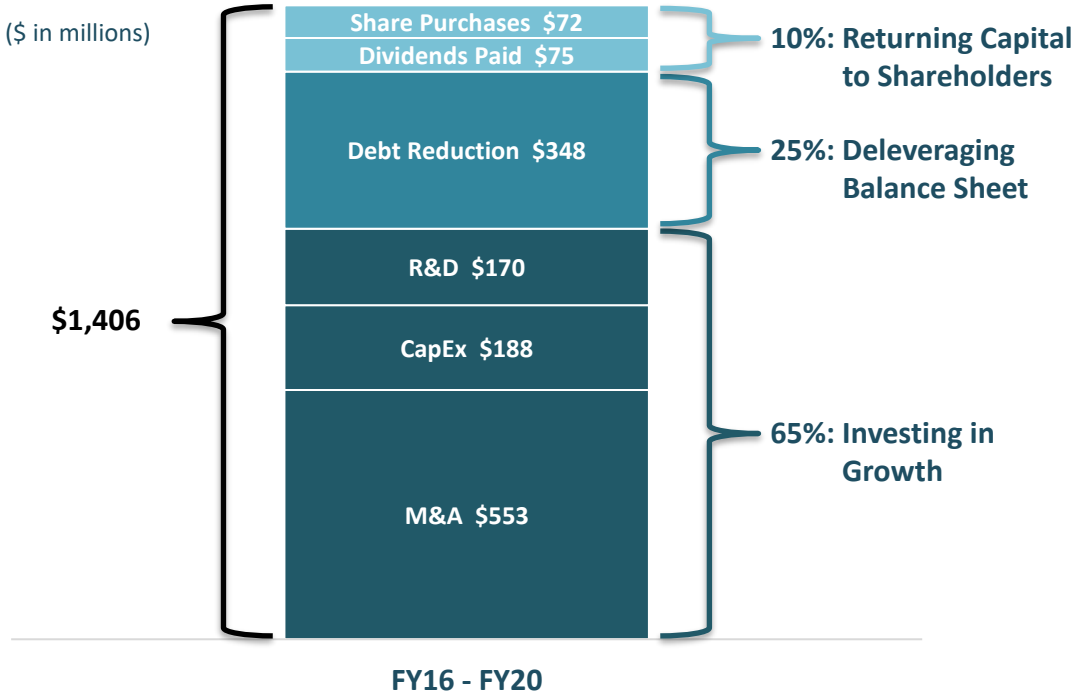
Solutions & Technologies



Medical

Brands	Products	Growth Drivers	Customers
DABIR®	 	1 Pressure Injury Prevention 2 Aging Population 3 Rising Hospital Costs 4 Long-Term Care	MD Anderson Cancer Center, Northwestern Memorial Hospital, Froedtert Health, AdventHealth, Cleveland Clinic, Houston Methodist, Department of Veterans Affair, Jackson Memorial Hospital, uchealth, Duke University Health System, Westchester Medical Center, Phoenix Children's Hospital, Loma Linda University Medical Center, Children's Medical Center, Singapore General Hospital

Capital Allocation History and Strategy



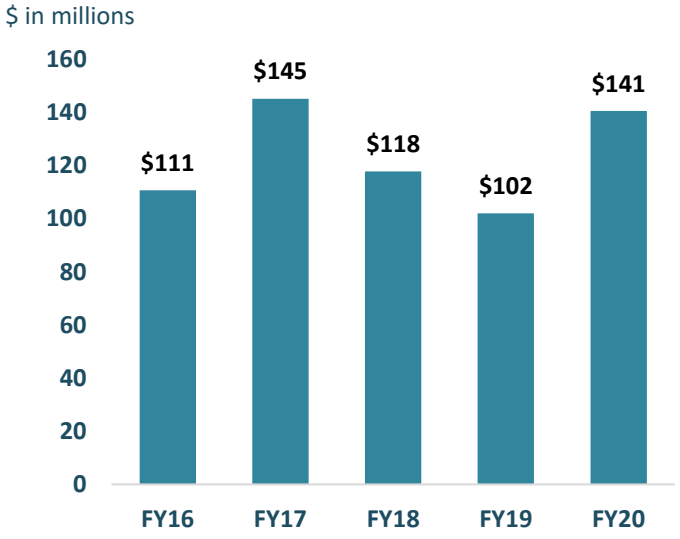
Balanced Capital Allocation Strategy

- Pay Down Debt when Appropriate
- Return Capital to Shareholders via Dividend and Share Purchases
  - Announced $100M Share Buyback Program on March 31, 2021
- Invest in Growth via R&D & CapEx
- Accretive Acquisitions

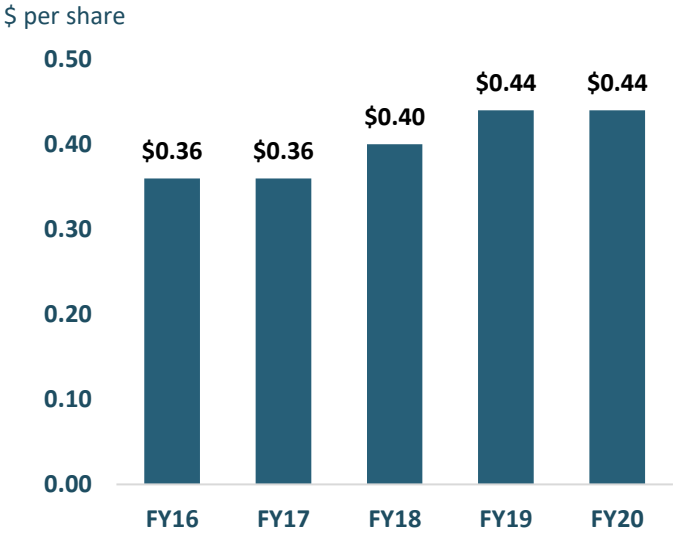
Growth Focused Capital Allocation Approach

Strong Cash Flow and Dividend

Net Cash Provided by Operations
6.1% CAGR



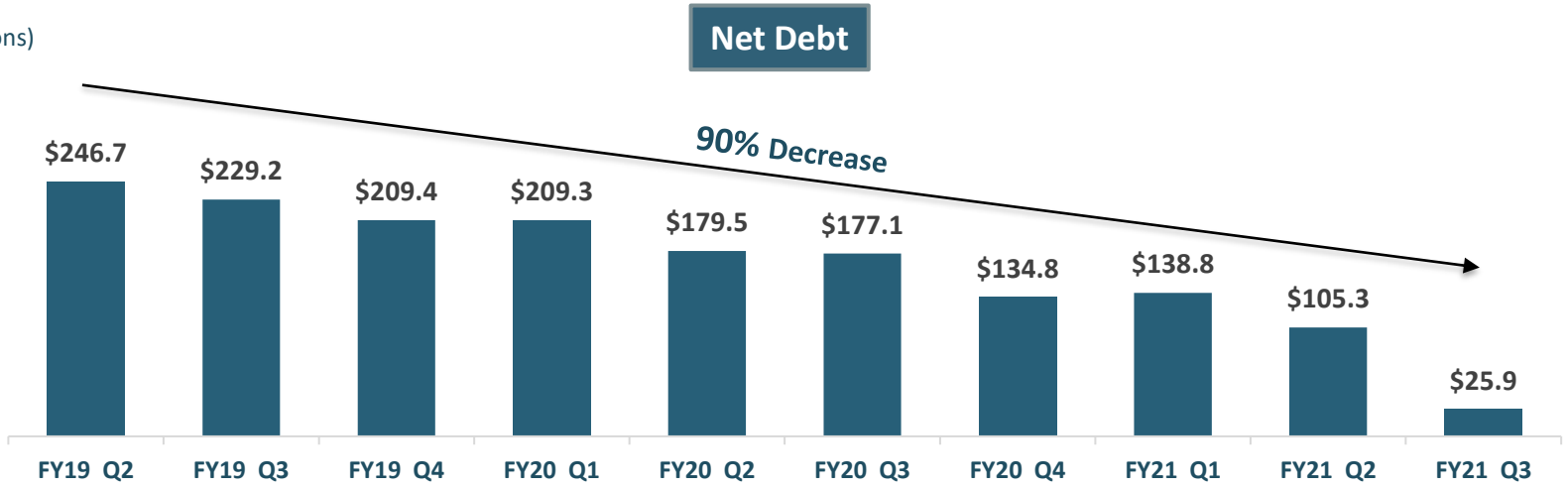
Cash Dividends Paid
5.1% CAGR



Consistent Cash Flow to Invest in Business and Return to Shareholders

Deleveraging Balance Sheet

($ in millions)



- Deleveraging Since Grakon Acquisition in FY19 Q2
- Net Debt / TTM EBITDA* of **0.1** at End of FY21 Q3
- Balance Sheet Well-Positioned for Potential M&A

** See Appendix for reconciliation to GAAP*

Flexibility to Leverage and Deleverage as Needed

Inorganic Growth Framework

Target	▪ Proactive (Companies “Not For Sale”) ▪ Opportunistic
Market	▪ Primary: Industrial ▪ Secondary: Transportation and Medical
Fit	▪ Must Align with Our Strategy (Diversification) ▪ Can Leverage Methode’s: – Technologies – Path to Market – Manufacturing Capabilities (Cost Synergies)
Deal	▪ EPS Accretive in Year 1 ▪ ROIC > WACC+ by Year 3 ▪ Clear Cost Synergies ▪ High Potential for Sales Synergies

Track Record of Disciplined Acquisition Approach

Investment Thesis

Exposure to Key Market Trends

- Electrification & Sustainability
  - EV/HEV, CV, LED Lighting
- Automation & Safety
  - Sensors, Remote Controls
- Information Technology
  - Cloud Computing

Product Portfolio Management

- Focused on Systems Integration vs. Components
- Auto Volume Provides Scalability for Other Markets
- Key Technology Solutions Leveraged across Verticals

Operational & Quality Excellence

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Thank You

Appendix

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

	FY15	FY16	FY17	FY18	FY19	FY20
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**

	FY19 Q2	FY19 Q3	FY19 Q4	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4	FY21 Q1	FY21 Q2	FY21 Q3
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**