Trisha Tuntland: Hello, everyone, and welcome to the Littelfuse 2021 Investor and Analyst Event. For those that I have not met, my name is Trisha Tuntland, Head of Investor Relations at Littelfuse and your host for today's event.

A few items before we get started. In the platform, you'll have the best user experience if you've closed other programs and applications so that you're only using Google Chrome or Firefox. That will enable you to leverage the platform without any type of user difficulties. That will give you a better experience.

You probably also realized when we were logging in that you can customize your windows. If you've elected to customize and then in fact realized you closed a window that you do want to have open, you can always refresh. There's icons in the middle of your screen. You'll see one that's more a gray color in a back (URL). That will enable you to restore the screen and it will appear as when you logged in, so you'll have all of your windows back.

So, I would just remind you of those items as we continue throughout the event. That will give you a better user experience.

Of course, our preference would have been to see you today in person in New York as originally intended. So, when we're planning this even some time ago, we had hoped that we would be at the Nasdaq headquarters. But in fact, we've had to transition, like a lot of our areas of our business, to a virtual environment. The team has done a lot of great work and this has all come together very nicely and we're happy to spend today with you.

So, we consider this a viable alternative in lieu of being in person, but it does allow us to timely communicate to our investor communications and that's an important aspect of our outreach. We realized there's also competing priorities and we appreciate you joining us and prioritizing Littelfuse.

Before we begin on slide two, there's a number of disclaimers, safe harbor, and non-GAAP financial measures. Please read these at your convenience. And then also, visit our investor relations page of our corporate website for more information and all of our filings as well as the presentation. It is posted on the investor relations page and there will be a webcast available after the live event for replay.

On slide three, we have our agenda for today. So, we'll spend two hours together and we are happy to have this opportunity to speak with your about Littelfuse. First, we'll hear from Dave Heinzmann, our President and CEO, on the company's growth strategy. Then, we'll from Matt Cole who will introduce our M&A strategy.

We will then take a very brief, 10-minute break and follow with Meenal Sethna, and she, Executive Vice President and CFO, will provide our financial objectives. Dave will provide a summary. And after the summary, we will conduct a Q&A session.

So, I'd like to remind you that during the presentation throughout the event, you can submit questions through the Q&A functionality in the platform. So, there's a question and answer's window that you should see. And again, if you've lost that window, you would just want to restore the platform using that icon in the center of your screen. But at anytime, you can submit questions and we're happy to take those at the end of our prepared remarks in the Q&A session.

One more item on slide four, as announced in this morning's press release, we reaffirmed our previously-issued guidance for the first quarter of 2021.

And now, I would like to turn the event over to Dave Heinzmann, our President and CEO for commentary on our growth strategy. Dave, please continue.

Dave Heinzmann: Thanks Trisha. Good morning and thanks for joining us today. I'm delighted to have the opportunity to speak with you about our company strategy. While we prefer to have done this live, face-to-face, it's a great alternative as we've modified how we do a lot of our business in today's world.

My section, I'll spend a little of time reminding those newcomers but also those who have followed us in the past who we are as a company. I'll talk a little bit about the accomplishments of our previous strategy and introduce the new five-year strategy.

Turning now to slide six, a little bit about who we are. Littelfuse is a $1.45 billion industry tech company who is very focused on empowering our customers to build a sustainable, connected, and safer world. Our strong global presence allows us to utilize a deep technical and application experience and expertise to support more than 100,000 in customers in the industrial, transportation, and electronics markets.

Our strategies have demonstrated an ability to realize growth beyond that of the end markets that we serve. With that, let's move on to slide seven.

We take a minute and step back and look at our results of our previous strategy. I'd like to talk about some of the accomplishments we've had. We've worked hand-in-hand with key customers and developed and launched innovative new market-leading technologies. We've expanded the breadth of our portfolio and technologies that are truly valued by our customers.

We've deepened critical relationships with leading OEMs and channel partners. We've continued expansion of the markets in the geographies that we serve. All of these accomplish with the support of strategic acquisitions. These accomplishments have allowed us to create a solid foundation for continued growth while delivering significant value to all of our stakeholders.

So now let's view slide eight. On slide eight, this is just a view of the Littelfuse share performance versus the Russell 1000 over the last 5 to 10 years. We've very pleased with our best-in-class TSR over the last 5 to 10 years, and believe that the new five-year strategy that we'll share with you today will continue to allow us to significantly outperform the market in the five years and beyond.

So, let's move on to slide nine. Here in slide nine, I'd like to begin to kind of build out the new five-year strategy that we have. For those of you that followed Littelfuse over the past several years, you'll see that this is really a five-year growth strategy that is ultimately a continuation of the journey we started a few years ago.

We believe the success of our previous strategies have placed us in a strong position to continue to drive profitable double-digit growth for the next five years and beyond. Our strategy is rooted in structural growth themes. These themes, which we identified a few years ago of a sustainable, connected, and safer world, is what we build our strategy around.

These are multi-decade trends. And if anything, they're even stronger today than they were a few years ago when we identified them with particular increasing progress and sustainability and connectivity.

And on slide 10, I'll discuss what those – how those translate into growth drivers for Littelfuse. While our customer base is quite wide, we have positioned ourselves to drive significant content gains and targeted high-growth markets. We've had success in the past and we'll continue to utilize strategic acquisitions that support our efforts to better serve these strategic high growth markets.

As a result, we are confident in our ability to deliver outcomes that we view on slide 11. Our foundation, which is built around these structural themes of sustainable, connected, and safer world, will allow these growth drivers to enable long-term, double-digit growth through normal business cycles while delivering best-in-class profitability and top-tier shareholder returns.

Next, I'd like to introduce the financial framework for this five-year strategy on slide 12. As you can see, it's very similar to that of the previous strategy that this framework is similar and Meenal will go through it in a bit more detail and share each piece of it. But I'd to spend a little of time and kind of catch the highlights.

It all starts with double-digit growth. And double-digit growth is attained by us focusing on high-growth applications that allow us to grow faster than the markets that we serve. And between the 5 to 7 percent of acquisition growth that we're focused on, we feel that will support and sustain ongoing efforts to drive that 5 to 7 percent organic growth.

This organic growth should yield high-teens operating margins and with execution and EBITDA from 21 to 23 percent, near-term mid-teens ROIC with execution driving our ROIC to high-teens within the five-year strategy. We feel this strategy will allow a balanced use of free cash flow with the primary use being for value-added acquisitions but also up to 40 percent being returned to shareholders as well.

Now, let's move to slide 13. The structural growth themes of sustainability, connectivity, and safety, and high-growth applications within these themes will drive organic growth opportunities well beyond the broader markets that we serve that will likely grow at a bit above the global GDP rate of 2 to 3 percent.

The high-growth applications that we're focused on – there are a few examples here. So, if you look within sustainability or renewable energy and an increasing focus on energy storage are certainly high-growth opportunities for us. Electrification, this is electrification across all of the markets we serve, but certainly a big driver within the transportation segment for us.

And power efficiency and optimization, we also see sustainability efforts across all three of the markets we serve. Now, increasing connectivity is another growth driver for us across the entire ecosystem of the significant amount of data that is collected. It is then transmitted. It is manipulated. It is stored and used. So, that certainly impacts our business very broadly.

Safety, which is a core part of who Littelfuse is, is improving the safety and reliability of our customers' products continues to evolve and increase in priority. And simply with the electrification of many activities and many devices that are coming, the increased electrification requires more and more protection and more sophisticated protection which allows us to drive these higher levels of growth beyond global GDP levels of the broader markets that we serve.

So, moving on – I'd like to move on to talk about our primary markets on slide 14. We're past five years. We've worked very hard to create a more diverse and balanced business. This illustration here shows the three end markets that we serve between transportation, electronics, and industrial.

In the last five years, we've worked to build a balance where about a third of our revenues are driven out of the transportation space in the markets that are listed here in passenger vehicles, material handling, et cetera. Also in the electronics portion of our business is about 33 percent or about a third of business in that portion of the business. And then in the industrial end market also is about a third of our revenues.

So, we believe that a good balance between the markets we serve is health for the long-term functions of our business and opportunity for us. And certainly, this balance approach has also expanded the addressable market well beyond $15 billion that we serve.

I'll now talk a bit more in detail about each of the end markets and we'll begin on slide 15. We expect our industrial market to grow – the industrial market itself to grow a bit above GDP, but our focus on high-growth applications will drive a mid-single-digit CAGR for our business in the industrial space. Factory automation, renewable energy are high-growth markets we are well positioned within.

As you can see from the list of technologies, we used to serve these high-growth markets, we've utilized acquisitions to enhance our market with these customers. So, these product range and our deep systems' level of technical support for customers position us well for growth.

So, I'd like to talk a little about factory automation and the renewable space. So, as you can see by the illustration of the technologies that we bring to customers, in fact with automation, they've evolved over the last few years. So, a few years ago, really, our passive protection components were really all that we brought to serve those customers.

But you can see with the build out of our sensor platform, we build – we bring multiple sensor technologies to those customers. And power semiconductors are another area where we bring more values to those applications really driven from the acquisition of IXYS three years ago that have allowed us to enhance what we can bring and the problems we can solve for customers in the factory automation side.

Renewable energy and really the increasing energy storage focus is another area where you see we have a long list of technologies that we bring. Just to illustrate a little bit about how we do this, I'll give you an example, in 2020, where we had a long-term customer with Littelfuse to build systems for their renewable energy space. And in that business, we had designed industrial fuses and fuse holders. We've been doing business with them for quite some time.

As we brought the IXYS power semiconductor business onto the Littelfuse portfolio, we're able to then create that value with customer and bringing them power semiconductors to be used in those systems. So, great story of how we are able to bring in more technologies to create more value for our customers and ultimately drive significant growth for them and for us.

Moving on to slide 16, I'd like to talk a little bit more about the HVAC market and kind of actions we've taken recently to increase our abilities in that space. So, HVAC is another high-growth application where we have been focused and continue to be focused really driven out of their strong efforts to drive energy efficiency, and more recently, a very strong focus on improving air quality.

So, this is another case where we have supplementing our organic growth effort with the acquisition of Hartland Controls. Matt will talk a little bit more about that acquisition in his section as well. But organically and with the addition of Hartland Controls, we've now built out greater than $100 million business within the HVAC industry. And we have increased our addressable TAM to about $2 billion across all of the products and product categories that we use to serve that space.

Now, let's turn our attention to the transportation end markets on slide 17. The technologically evolving transportation market creates our highest-growth space where we expect to organically grow high single-digits. The technology evolution in both the passenger car and commercial vehicle space will allow us market outgrowth of 300 to 400 bases points driven by content increases on our products. We have the technical expertise and reputation and broad portfolios to support customers and address their electrification as well as their advanced electronics needs.

I will spend a bit of time on additional slides on the passenger vehicle side. But before we go into that, I want to talk a little bit about material handling, so commercial vehicle side of our business here where you can see we offer several different technologies to spaces in the material handling world.

So, here's another good example where we had good relationship with material handling equipment manufacture and designed in power distribution systems and things with them. We are able to recently bring our power semiconductor business (on board) and enable them to build out a higher efficiency and a higher speed charging system for their vehicles. And we did that with the use of our power semiconductor portfolio, so another good example of how we bring multiple technologies to a unique customer and create more value in that situation.

I'd like to spend some time kind of additionally on slides 18 and 19 to really kind dive in to and highlight some of the opportunities in the passenger car (world). So, this first slide here really illustrates the systems and applications on a traditional ICE engine, 12-volt vehicle where you see that there is like fluid management where our sensor products are designed in to support those applications.

Comfort and safety systems, whether it be safety systems in and around the seat in the vehicle or in the HVA system – HVAC system to allow them to improve the comfort as well as the efficiency of the application. Broad-based applications across kind of the automotive electronics space and then certainly within our core business, which is protection of the electrical distribution system in the vehicle. So, our core business in the electrical distribution system, our average content for Littelfuse products in those applications is approaching about $5 per vehicle.

Next, let's move on to slide 19 where we really talk about e-mobility and kind of the conversion to electrification of vehicles. The opportunity for Littelfuse with e-mobility is that many of these applications, shown here on this slide, are incremental who are core historical offerings that increase our on-vehicle content by three to up to eight times and also creates unique infrastructure opportunities.

So, if you look at the illustration here, we find some of our largest opportunities in the onboard charging systems and the high voltage power distribution systems within the vehicle where we've got great opportunity. We also have our opportunity in the battery management and even have components within the battery packs themselves.

Also unique is the fact that the off-board EV charging infrastructure also really creates a unique opportunity not only for our historical products but also for power semiconductor applications as well. So, this will drive an accelerating organic growth opportunity for Littelfuse.

Moving on to the electronics end markets, let's move to slide 20. Our electronics end markets are very broad-based. They grow slightly more than global GDP. But our focus on high growth applications allow us to sustain a mid-single-digit growth rate in the coming five years. Our broad offering that we have built out to key acquisitions in organic activities is particularly well suited for high-growth applications such as building technology and the data com infrastructure. So, I'll spend a little bit of time talking about that.

You look at building technologies where we have a strong presence. Again, we have traditional passive components that we sell into that space, but we also have solid-state relays and power semiconductors that are built into security systems, cameras, built into things like your video doorbell. We've also added the capabilities with magnetic sensors which are used extensively in security systems as well. So, we've really built out a nice portfolio of technologies that we can bring to those key high-growth customers.

The collection of data and increasing communication certainly has also fed kind of the overall ecosystem with opportunities for us in data centers as well as base stations and the telecommunication networks that we serve. So, we serve those with our traditional passive products as well as power semiconductors in that space as well. So, those are just kind of a couple of examples of high-growth spaces within the electronics end markets.

Let's continue and talk a little bit about our go-to-market strategy related to the electronics products on slide 21. As you can see from the previous slides, deep technology relationships with leading OEMs will drive organic growth rates well beyond general markets. Also important though is our strategic distribution partnerships to allow us access broad portfolio to reach a very large customer base of over 100,000 in customers each and every month.

These things go hand-in-hand or quite complementary. Often, we're working with an OEM and developing solutions for their next-generation products. It's great we get that design activity and we get good design wins. That OEM may choose to use (EMS) to manufacture the product or they may choose to fulfill through distribution channels in that business.

So, our strong relationships and business on the distribution partnerships helps facilitate and serve the need of that customer but also, as I talk about that 100,000 end customers we serve every months, those are businesses that are served very well often by our distribution partners, not only for their ability to actually manage and get products to those 100,000 end customers, but often, they're taking a lead in reaching some of those smaller customers and those broader customers that give us the opportunity to design in our products through the support of those distribution partners.

So, we see these as quite complementary. We see them both as critical for our success moving forward.

Now, let's kind of move over and talk a little bit about the – so, the use of these channels is a strength and critical element of our operational and commercial excellence in addition to other important aspects that we'll talk about on slide 22.

At the end of the day, customers must choose to work with Littelfuse. So, our operational and commercial excellence are recognized regularly by our customers and make Littelfuse the supplier of choice. These things change over time and Littelfuse is well equipped to adapt to the needs and the opportunities that are created in working with our customers.

So, we talk about digital transformation, which I'll spend a little bit of time with next or our technical application expertise. Certainly, we've learned a great deal on the last year during the pandemic situations where we relied very heavily historically on direct customer face-to-face engagement particularly at the engineering levels to work with our customers and design end products and applications.

What we've learned over the course of the last year driven out of necessity, but we are well positioned to do it, is other ways to work those customers and their engineering groups to win new business. So, a great example of that in our automotive business, we continue to work very hard to build out and gain a stronger foothold with Japanese OEMs.

During 2020, that was a little more challenging because we couldn't do the face-to-face work. We had a great example where utilizing all the tool sets we have, using extensive modeling for the customer, we were able to have success in getting a design win with a high-power, higher current fuse box being designed in with leading Japanese OEM. Almost all of it was done virtually.

In doing that, Japanese customers is quite challenging but also demonstrates our ability to do it. and I think moving forward what we'll find is our stronger abilities in working collaboratively across regions using different tools, doing extensive modeling for customers will become a key part of how we do business and how we win business moving forward even when the pandemic is behind us.

So, at the end of the day, I think we're positioned to do even better in engaging with our key customers and helping them solve problems and ultimately allowing us to grow businesses together.

We also continue to invest and meet our customer needs and drive our long-term organic growth. So, let's talk about that on slide 23.

So, we continue to invest in cost leadership, customer-driven innovation, digital customer experiences, and the quickly evolving e-mobility space. So, customer-driven innovation and ongoing cost leadership have certainly been a hallmark of how Littelfuse has grown our business historically, so we continue to invest in that and see that as critical and core for our success.

But digital customer experience, this is an area that's also evolved in the last year. So, prior to the pandemic period, we began to invest in improving our digital customer experience. And the experiences of last year led us to increase our level of investment and accelerate our activities there as we've learned and seen the successes of people designing our products in a more virtual way. And certainly, the incoming generations of engineers are far more comfortable accessing data and getting all the information they need off the web. So, we're working to enhance our modeling, enhance our capabilities to better support that next generation of engineers that come into our customer base.

E-mobility is another area where we've been investing in it wherein, we continue to increase our investment not only for the passenger car market but also the growing opportunity within commercial vehicle electrification and then ultimately the infrastructure to support that that often shows up with industrial customers or automotive customers as well.

So, we're very comfortable that we're investing in the right places. These investments will support our best-in-class growth while supporting our customers' efforts to build more sustainable businesses.

So finally, let me comment on our commitment to ESG on slide 24. So, Littelfuse is very focused on the long-term value for all shareholders of a robust ESG strategy.

If you've seen the presentation so far, sustainability and safety are core to our overarching strategy and let me give you a little bit of an example on how we're supporting customers on their efforts as well.

So, in sustainability and in the environmental side of things, we've had ongoing relationships with key appliance manufacturers that serve the global markets. And our products have been very instrumental in helping them to increase better energy efficiency in their appliances. And often, our sensors are used to reduce, for instance, the amount of water that might be used in a dish washer or a washing machine.

I kind of had a unique experience and opportunity during 2020 where we're working with one of the leading appliance manufacturers globally. And through designing a different type of sensor assembly for them, we were able to materially reduce the amount of raw materials they needed to produce their end product.

Interestingly enough, that actually kind of made its way up the chain within our customer, made it up to their director of sustainability and it really helped them to meet some of their requirements internally. And so, that's certainly helped us win the business. It helped our customer meet some of their sustainability requirements. So, we see those types of situations regularly and we see those as great win-win situations for the customers and for us.

Within Littelfuse, we're very focused on diverse people, bold solutions, and sustained success. And we believe our teams are striving towards that on a daily basis.

So with that, I'd like to turn the event over to Matt Cole, our Senior Vice President of E-Mobility and Corporate Strategy. He'll give you some commentary on our M&A strategy. Matt?

Matt Cole: Great. Thanks, Dave, and thanks to all of you for joining us today. I'm excited to have this opportunity to walk through our M&A strategy with you and we'll get started on slide 26 and take a quick look back at our acquisition history.

Since 2012, we've deployed roughly $1.7 billion in capital and acquired about $800 million of revenues at the time of acquisition. However, more than these financial elements, what these companies really enable is our ability to continue to grow at above-market rates primarily through the extension of our portfolio and to new spaces and increasing our participation in attractive end markets.

We've seen this most notably in the establishment of our sensor portfolio as well as creating a broader industrial end market presence with our acquisition of IXYS. And as Dave mentioned, we've recently added Hartland Controls and we view that acquisition as an ongoing continuation of that them and we'll give you a little more detail on that fit and how we got there later in this section.

But overall, we view our success in M&A as a result of our discipline to set strategic priorities and execute them. So, moving on to page 27, we'll begin to outline those priorities for you.

The main objective of our M&A strategy is to develop an acquisition pipeline that supports and sustains our ambition for organic growth above market rates. We, therefore, absolutely take a strategy-first approach to developing, evaluating, and cultivating our final potential targets.

And as a result, as you look over the items on this page, you'll find it reads to be like an executive summary of the five-year strategy that Dave just walked us through; a focus on higher growth markets and applications like green technologies, industrial-commercial vehicle end markets.

But this focus on sustaining a higher organic growth rate can also be applied to geographic markets, markets that maybe growing in and of them – growing faster and in and of themselves like India or markets like Korea and Japan where we might be underrepresented today but provide an opportunity to drive market share gains by gaining a larger local presence.

And finally, leveraging all the great aspects of Littelfuse that makes us who we are, how we add value to our customers today, and becomes that final bit of the calculus, that again, with the end goal of supporting and sustaining the momentum of an organic growth rate above market.

Now, we firmly believe that with these priorities as the lens for sustained M&A pipeline that we can achieve a 5 to 7 percent inorganic growth CAGR, over this five-year strategic plan horizon, which complements our 5 to 7 percent organic growth rates resulting in a double-digit growth that Dave mentioned.

So, while this page provides a high-level guidance for developing our pipeline, the real work begins by turning that guidance into a broad and robust funnel. Now, the way this works in practice for us is that our business teams will take these identified markets and then conduct an in-depth mapping of the key applications in these spaces. We then do a lot of screening of adjacent technologies and companies that might either help round out our position in those applications and ecosystems or somehow, otherwise, enable or further our strategy in our key target spaces.

We'll dive a little deeper to see how this really works in practice on the following page 28. So, our recent acquisition of Hartland Controls is a great case study for this approach. Now, I first joined Littelfuse in 2015 and leading our industrial segment. So, coming in new, we did a pretty deep, deep dive on the strategy where to grow.

Through that process, we identified HVAC is a market with attractive fundamentals. It was a good fit with our core competencies but also where we had some runway for growth. So, we established and put in our motion for organic growth strategy for HVAC. But at the same time, we also did a lot of work around identifying and working through adjacent technologies that fit within that application that might accelerate success.

So, one of the specific things we did and we still do is what we call the follow-the-wire exercise. So, if we have a fuse or a relay in an application, what are the components that are on either side of that component?

Now, I know it sounds very simple but it's also very effective. And through that process, contactors came out as a specific technology to target. We screened companies. Eventually, we were able to develop a relationship with a couple of Hartland Controls owners.

And after a few years' of cultivating that relationship, we were ultimately able to close the deal earlier this year. And the acquisition of Hartland really starts to position us as a leader in the HVAC space, whereas, Dave mentioned earlier. We now have about $100 million business with a nice offering of complementary products in a growing $2 billion market.

But one thing I want to make sure to point out here is that this is not just about gaining share of wallet. This basket of products is what allows us to develop a stronger application expertise that then becomes a competitive advantage at a higher level. So, we're not just competing on individual product spec against individual product spec.

In addition to this clear application fit, this business also fits right in our wheelhouse from a competency perspective. Dave also discussed our overall go-to-market strength. And here, we believe that we can leverage that capability to pick up more business for Hartland Controls and their aftermarket. And in addition, about 80 percent of Hartland's revenues today are in North America. And so, we believe we can leverage our global reach to drive additional growth for their products.

And last but not least, we'll be able to add their contactors to our growing portfolio of products for EV charging infrastructure, which is another key strategic topic for us. So, overall, a great fit. We're very proud. We're very happy to have them as part of the Littelfuse family.

And now, moving forward to page 29, we'll summarize some final guiding principles. So, as we've discussed, our strategy is to use M&A as a tool as a way to support and sustain above-market organic growth for our businesses. When we do this right, our organic growth strategy and our inorganic strategies will complement each other.

So, when we align our target funnel with our business strategies, we develop a systemic pipeline of largely tuck-ons or bolt-ins that complement the strategy as well as our existing businesses. And again, Hartland Controls is a great example of how that works in practice for us.

In addition to helping sustain higher organic growth, we also believe that by-and-large we can usually make these businesses a little bit better. And that by being part of the broader Littelfuse, we can ultimately improve the margins of those businesses and make them more competitive.

And finally, while every deal is different, we do target to achieve double-digit operating margins and ROIC no later than your five resulting not just in growth but profitable growth that creates value for all of our stakeholders.

And so now, we'll wrap up the M&A section on page 30 and highlight why do we think we're going to be successful here. Well, first and foremost, we have a financial wherewithal to achieve our inorganic growth targets. It would be tough to execute the strategy if we did not actually have the capital to deploy to it and we're in a great position. We've got a very strong balance sheet and Meenal will cover more of that in a bit in her section.

But second, we believe strongly that the probability of deal success is highly correlated to the overall strategic fit of the business. That strategic fit that we've just talked about a lot is ultimately what is going to drive synergies and value creation.

And then, speaking of value creation, that becomes the guiding principle then for our due diligence and integration processes. We have really good processes that allow us to make sure that we're prioritizing the right things in diligence as well as in integration. And this ability to link our detailed action plans to our priorities for value creation is something that we view as a very critical capability since every deal is going to be different.

And finally, we are investing and focusing additional resources, working, again, as I said, working very hard to ensure a robust sustainable pipeline because ultimately, the stronger our funnel the more strategic optionality we're going to have and more successful we'll be in the future.

So, that wraps up our M&A discussion. And with that, I'll hand the event back to Trisha. Thank you.

Trisha Tuntland: Thanks, Matt. At this time, we will take a brief 10-minute break and after, we will share our financial objectives. You will hear music during the break. When the music stops, that is your cue or signal that we will begin the next presentation.

We'll be back shortly, let's say around 9:51 Central Time. And at that time then we'll start with Meenal Sethna, our Executive Vice President and CFO. So, we'll be back shortly. Thank you.

Hello everyone and welcome back. Let's continue with today's event. As a reminder, you could submit your questions during the event using the Q&A functionality in the platform. I would now like to turn the event over to Meenal Sethna, our Executive Vice President and CFO for commentary on our financial objectives. Meenal, please continue.

Meenal Sethna: Great. Thanks, Trisha, and good morning everyone. Thanks for joining us. I realized today it's been about a year since our last in-person investor conference or NDR and I'm really looking forward to the time when we can get back together in person again. But in the meantime, I'm really happy that we have these virtual venues and platforms that we can still connect and communicate with one another.

What I'm going to cover over the next several slides is really you've heard from Dave and Matt talking about our overall strategy, how we expect to grow. But what I'm going to talk about are the financial objectives we have around that strategy for the next five years.

As a reminder, a number of the financial metrics I'll be referring to are adjusted or non-GAAP numbers today. So, let's start with slide 33. I thought it will be helpful to talk about what's really happened and what do we work through as a company over the past strategic plan that we had laid out back in 2016.

As you know, Dave touched on this, but we laid out a pretty robust strategy back in 2016 similar to what you're hearing today with the double-digit sales growth followed by very strong margin and cash profile.

When we step back and take a look at 2017 to 2019, our strategy was on course even with the weak automotive and electronics and market cycles that we saw in 2019. We had laid a path a number of execution steps that we had put in place to still drive that double-digit sales – the double-digit sales growth as well as that strong margin profile and cash generation and we took a number of steps during that time to make sure we were well positioned coming out of that 2019 cycle both from a cost-structure perspective as well as cultivating an acquisition pipeline that Matt talked about.

Then 2020 came around. And we realized it required a different focus and a different set of priorities for us really that were more near-term in orientation but ones that would set us up for long-term success. Our goals for 2020 were really around balancing profit preservation while continuing to reinvest for future growth and with that, a near-term focus on liquidity and cash generation.

We emerged from 2020 in a position of increased financial strength, which was our end goal really as we got through 2020. And as we look forward with our next five-year strategy, we feel good about where we're situated. Our portfolio is strong. Our business fundamentals and portfolio – business fundamentals remain strong as well.

And when we stepped back and we looked at the financial objectives that we had set up about four years ago, we feel these are still the right objectives. They're achievable for us and we have the portfolio and the path forward to execute on those.

So, let me spend some time on those on slide 34. You saw Dave covered some highlights on this and I'll cover a few other areas in a little bit more detail. You heard all of our speakers talked about double digit revenue growth and that's been a hallmark of something we've been focused on not just from the last strategy but (nearly) the past decade.

Really focusing on industry-leading organic growth of 5 to 7 percent and then using the right acquisitions with the right strategy to sustain in support that level of organic growth. We continue to focus on earnings growth where we have leverage off of revenue growth. So, EPS growth higher than our sales growth, high teens operating margins and low 20 percent range EBITDA margins from earnings perspective.

And then from a cash flow perspective, I'll talk more about this in some of our later slides but that continues to remain a hallmark of the company with our free cash conversion over 100 percent of net income in a consistent basis. And it really goes to the quality of earnings that we have as a company.

I'll spend a little bit more time later talking about ROIC or return on invested capital which really is not a new goal or a new focus of ours but we'll talk about the steps that we're taking on our path to a mid-teens into a high teens ROIC over this five-year period.

And then lastly, our capital allocation remains fairly consistent with where it's been over the past few years. It's heavier weighted towards inorganic growth as we feel that really drives the shareholder value you expect from us but also recognize that we have a number of shareholders that are also looking for a return of capital. And we have programs and steps in place where we can do that as well through dividends and a periodic share buyback.

So, let's move on to slide 35, talking now about our product segments. So, you heard Dave talked about the end markets that we participate in across our electronics, transportation and industrial and markets. I'm going to spend some time touching on our reported product segments which are really based on our product technology. And what I want to share with you is how do they contribute to the strategy and what are the objectives we laid out for those product segments.

So, I'm going to start with our largest segment, our electronics product segment. In 2020, we finished over $900 million in sales and really this comprises – it's comprised of our circuit protection business, our semiconductor business including the IXYS acquisition that we made in 2018 and a portfolio of sensors as well.

This is a business that we expect from a sales perspective to grow in a mid-single digit range, mid-single digit CAGR versus a benchmark for this business is really a global GEP. When we think about the growth catalyst for this business, it's really breadth. It comes to breadth of the customers that we have, breadth of applications and end markets that we're participating in and content growth from secular themes, sustainability, connectivity and safety. All of which apply to this particular business.

It's that breadth and the opportunities we have across our electronics business portfolio that really gives us comfort and the path forward to grow this business in the mid-single digits above that global GDP benchmark. And then when it relates to profitability, our targets for this business is the upper teens operating margin to 20 percent.

And in addition to the profit being generated from growth in a number of areas I talked about, this is also a business that focuses very heavily around pricing and the product management strategy mainly because of the breadth of customers we have, the global nature of this business, the number of applications. And so it requires really customized strategies as we think about the breadth of this business.

So, let's move on to slide 36 and I'll talk a little bit now about our automotive product segment. And this is our segment that sells both passenger and commercial vehicle products. When we think about the growth for this business, this is a business we expect to grow sales in the high single digit range.

Basically 3 to 400 basis point outgrowth over market coming from both content increases, from ongoing electrification that drives content growth as well as a number of the high growth end markets at this segment participates and you heard us talked about eMobility but also across the commercial vehicle space in areas like material handling.

We also think that there's continued opportunity for us from a geographic expansion perspective and Matt touched on some of this – as part of our M&A strategy, looking at expanding our presence in places across Asia like in China as well as increasing our presence, maybe where we're underpenetrated in other countries such as Japan or Korea or India.

From an operating margin perspective, our target remains the mid-teens for the automotive product segment and really some margin expansion led by the return of growth. And I say that because while we have seen some recent quarters where volumes had come back and sales have come back, we're still running at levels below a couple of years ago. So, really seeing that return of sustained growth as well as ongoing work that we do around supply chain simplification.

You heard us talked about our cost position and improving our cost position many times through work we do around manufacturing, whether that's footprint activity or automation that we put in place in many of our manufacturing sites, but it also incorporates work that we're doing around improving our logistics and simplifying our logistics and other supply chain operations as well as looking where might we be able to insource production from some suppliers that we – because we think we can do that effectively.

So, let's move on to slide 37, talking about our industrial product segment. I thought a better reflection of this segment would be to share with you a pro forma revenue that includes our Hartland acquisition from last month. And so now, this segment as a 2020 pro forma revenue of $180 million.

In addition to the Hartland business which we now added into this segment, this includes our legacy circuit protection products, fuses as well as protection relays and some temperature sensors and now of course contactors that we have really supporting overall some heavier industrial markets including HVAC.

For this business, we believe the market benchmark isn't closer to U.S. GDP because it still is heavily leaning towards a U.S. base today but we expect we can grow this business in the mid-single digit CAGR. From a sales perspective again because of things we've been talking about over the past few years, geographic expansion growth outside North America as well as customer extensions, looking at other opportunities and other go-to market channels that we have to sell our products as well as focusing on high-growth markets.

This has been a big segment that's been very focused on renewables and energy storage and automation and really enabling our customers around sustainability opportunities that really helped them as they think about their goals as well. When we think about an operating margin target for this business, we continue to target a high-teens profile.

We generally been in that profile the past few years, putting 2020 aside because of some of the impacts that we've seen from COVID but we do expect recovery of this segment when we think about a post-COVID world where our – we'll see cost come out, additional cost that we're spending today to keep our employee safe and healthy as it relates to COVID as well as some recovery of end markets that this business sells into.

As an example, nonresidential construction or mining and those are areas whereas we see those markets start to improve, they're quite profitable for us and we will also see some margin expansion there. So, why don't we move ahead to slide 38?

And I'll touch on now a little bit around cash and liquidity and the foundation that we have for our growth strategy. If you take a look at the past several years from a free cash flow perspective, this has really been a foundation for us as a company when we think about what we really need to be able to enable, (to spur) that growth strategy we have.

We wanted to be able to reinvest in a company from an organic perspective and to pursue acquisitions, we really go after the cash flow to really make sure we have that foundation to fund what we want to do as a company. You've seen a general increase in the cash generation that we have not just from the absolute dollars but also from a free cash flow conversion as a percentage of net income.

And despite some of the challenging times that we had in 2019 where we saw free cash flow decline from the prior year, because of the end market cycles that we were in during 2019, we work hard to maintain our focus on working capital and capital expenditure prioritizations to mitigate that decline which unfortunately we also did a lot of the same in 2020, had been very successful in generating a strong cash flow during that period. We expect our trend of free cash flow conversion to be over 100 percent, given the work that we have been doing and will continue to do to drive this type of cash flow level.

So, let's move on to slide 39 and let me talk now about really the questions that I get which had been around more recently how do you feel now post-pandemic? Do you feel you have the balance sheet? Are you well-positioned to talk to me about the liquidity you have as a company? And overall I would say we're very well-positioned, starting with the cash generation that I just mentioned on the last slide and also our 2020 goals that we had set up for ourselves to emerge stronger and better situated for growth.

So, we took a number of actions during 2020 and ended the year with $700 million of cash on the balance sheet which we've already started to deploy in the first quarter with the Hartland acquisition. We had significant debt capacity including an updated credit facility that we were able to update in the early part of 2020 and that's a $700 million credit facility.

And on top of that when you take a look at the right side of the screen, we have a fairly balanced and conservative debt ladder where we have a limited number of near term maturities. And we feel very comfortable with the progress that we made in all these areas that we're able to sustain the growth strategy we have with the balance sheet we put in place.

All of that is complemented as well with an attractive cash tax rate that we've really driven over the past several years and that's, again, another reason that our cash generation has leveled into where it is today. And we projected 18 to 20 percent tax rate range going forward for the next five years, assuming the current regulatory environment around the world.

And then lastly when it comes to our business, we targeted debt to EBITDA ratio in the 1-1/2 to 2-1/2 times ratio. We feel that given our business, the end markets that we're in and the cycles that we know we will likely go through over a period of time, that balances, those cycles with a little conservatism yet still gives us plenty of capital to redeploy back into the business.

So moving on to slide 40, I wanted to talk a little bit more about the growth investments. You heard Dave talking some detail about what we're doing around organic growth investments and Matt highlighted more around the inorganic but just a couple of other items I wanted to add here. When we talk about our priorities for deployment of cash, first and foremost for us, it is for organic investments.

And we think about return on organic investments tend to be very, very strong. For us, our guiding light and our guiding objective is really to drive that industry leading organic profile. So, we reinvest in programs that drive revenue growth. As an example, you heard Dave touched on some of the investments we've been making that we're accelerating now around digital investments that will enable our customers make it easier for them to do business with us.

We want to be able to advance our internal capabilities around technological development. For example in the eMobility space, we're continuing to invest more and more in that space as we continue to breakdown new opportunities that we see emerging where we can play a role for our customers and delivering value there. We expect our R&D to range in the 4 to 5 percent of sales, so that we can continue to reinvest for additional capabilities across our portfolio, and also to enhance productivity.

You know, we talked a lot about productivity, efficiency and cost leadership and I would say we talked about it in two different areas. We talked about it when we think about our manufacturing and supply chain overall. And we invest capital in our factory as an example to automate processes, to enhance efficiency, to improve quality and yield which does both, right?

It focuses on both productivity and cost leadership but more and more there's technological investment that we're making in our – that support our – call it our operating expenses. And this would be around areas like data automation and even areas around artificial intelligence where these days it's all about data. We collect a lot of data; we have a lot of data with our 100,000 customers.

What do we do that – with that information, how do we better understand it, how do we use it continue to build the relationships and create value for our customers? How do we think about efficiency of processes that we have in the company, so that our people can spend more time focused on growth and our growth initiatives versus lower value add processes.

So, those are some of the many organic investments we make and I spent quite a bit of time talking about inorganic investments and I would summarize that for us as we're focused on adding the right acquisitions to our portfolio to sustain and supplement our organic growth.

And then lastly when we talked about return of capital to shareholders, we do that in two mechanisms. One is through our dividend. We had our dividend now since 2010 is when we initiated that. Since that time, our dividends grown about 12 percent, the 12 percent CAGR over that period and it's an important mechanism for us to return capital to our shareholders.

Overall, we've always talked about growing our dividend in line with earnings and you can generally expect that from us over the next five-year period. And then share repurchases, you've also heard me talked in the past about share repurchases being more opportunistic.

We're not the company that sets up a program at the beginning of the year with the targeted number of shares to buy. But rather, you're more likely to see us in the market when our stock is down, when we believe the market is missing something about the company and we had some excess capital to deploy.

So, moving on to slide 41, let me talk a little bit about ROIC or return on invested capital. It's always been a focus for us and we historically demonstrated our ability to operate return – to operate with a return on invested capital profile in the mid to upper teens range. As we sit here today, our ROIC remains well above our cost of capital but what we had seen over the past few years is two broad happenings that have impacted our ROIC.

One is when you make larger acquisitions and, in our case, IXYS was quite a large acquisition for us as a company. It takes longer to drive the returns up to the target range. It's been a focus of ours, it's something that we had been executing against when we talked about driving the cost synergies and the expectations around the cost synergies. We made good progress on those and we're in the process of completing the last portion of those synergies which are more supply chain oriented.

And then the other – the other piece for the IXYS acquisition has also been around growth, right? That's an acquisition that we purchased not just to focus on the portfolio we have today in the end markets we had at that time but how do we grow our business in more of the end markets that the IXYS business had been in the industrial end markets.

When I think about the other event that's impacted our ROIC over the past couple of years, it's been the 2019 end market cycle that I referred to. And really around not just the 2019 end market cycle but also the pandemic which impacted our growth in related profits over a two-year period.

So, what's our path forward when we think about ROIC getting to mid-teens followed by then the high teens during this five-year period? It's around executing our drivers to expand operating income growth and margins because in the end, it's about operating income dollars.

And so we're focused on improving our cost post-COVID, we expect a normalization. It may take a little time but we expect cost to come back out of the business. We'll be completing those IXYS supply chain synergies I mentioned which don't just give us a cost benefit but also give us capacity expansion as well.

And then lastly, recovery of the organic growth trajectory. So, those are in the near term actions and activities that we will expect to take us to that mid-teens range and then just to continue growth, whether that's organic growth from our 5 to 7 percent range that we talked about and also coming from the bolt-on acquisitions that we targeted as well.

And in this case, you heard Matt say this, but I think it bears – it's worth repeating which is the acquisition (for us), we focused on both strategy and on the financial metrics. And our goals, our year-five goals for all of our acquisitions, these bolt-on acquisitions, our double-digit operating margin and double-digit ROIC by year five. We're confident in our path forward for 2023 is that first milestone and then beyond that as well. We've operated at these higher ROIC levels and we know the steps that we need to take to get there.

So, let's move on to my last slide, slide 42 and just wanted to go back one last time and talk about this framework again. You know in the end, these financial goals are not new to us, they're not new to you. They're largely the same that we've been discussing for the past several years as a company.

It's also the same roadmap we've been using for almost a decade now and that roadmap is delivered at TSR CAGR of more than 20 percent over that time. We believe the secular themes that Dave talked about, sustainability, connectivity and safety are further amplified in a post-COVID world and will really help us achieve these goals that we set out for ourselves. And as I look across our enterprise, our businesses remained strong. We have the right portfolio in place and the right priorities to achieve these goals.

And with that, I'll turn it back to Dave for some final closing comments.

Dave Heinzmann: Thanks Meenal. I appreciate that update. Now let's closed the loop and summarize our five-year strategy and the value we'll bring before opening the call up for questions. So slide 44 please?

We worked very hard to position our business to truly empower a sustainable, connected and safer world for our customers and their end customers. This positioning supported with ongoing strategic acquisitions will drive double digit profitable growth and top-tier shareholder returns in the coming years.

Let's turn to slide 45 and talk about why we're confident in our ability to deliver this value. We're often asked why our customers choose to partner with Littelfuse. It's truly because we bring unique value to them. While none of these individual competitive advantages is completely unique to Littelfuse, we believe the strong combination of these six characteristics positions us very well to deliver unique value to our customers.

In conclusion, the entirety of what we shared with you today is what makes Littelfuse a compelling investment proposition and it's reflected on slide 46. While we're confident in our ability to create unique value for our customers, we strongly believe that we also create a sustained source of value creation for our shareholders.

We're well-positioned within the structural growth themes that we've outlined with very diverse end markets that we serve. We're focused on high-growth applications and enable above market organic growth through a cycle. We have high value, high opportunity product portfolio. We continue to have and build on deep customer and distributor relationship. We demonstrated industry leading profitability and cash generation.

We have a strong track record of success with value added strategic acquisitions. We have global technical expertise and application knowledge that brings value to our customers and priority – prioritizing ESG for long-term shareholder value. None of these happens without strong execution and a diverse leadership team.

We appreciate your interest in our business and in our strategy and I'll now hand it back, back over to Trisha to facilitate our Q&A session. Thanks.

Trisha Tuntland: Thanks Dave. We'll use the remainder of our time together for Q&A. As a reminder, you could submit your questions through the Q&A functionality in the platform.

And our first question comes from David Kelley from Jefferies. This is directed to Dave. You have talked in the past about the changing competitive landscape in EVs. Looking at slide 19, could you frame for us how you should think about the competitive landscape across segments?

Dave Heinzmann: Sure. Thanks, great question and so when we look at our opportunity within eMobility and in the automotive space, we talked about the fact that we expect high-single digit growth. Well, the bulk of that outgrowth, that 3 to 400 basis points of outgrowth really is coming from the eMobility opportunities that we've kind of talk to on slide 19.

While we really enjoy historically and continue to enjoy in our core circuit protection business in 12-volt systems, by far our market-leading position that is a market share that is likely not sustainable for the high voltage portion of the opportunity. So, we expect to continue to maintain the market share we have in the low-voltage side.

But we do expect that just the dynamics between the OEMs and the tier 1's and the suppliers to the – tiers 2 to the tiers 1, that we likely won't have the same market share in the high-voltage side as we have in the low-voltage side.

We fully expect to continue to be the leader in that space and we'll take advantage of that and we think we're well-positioned to demonstrate that continued leadership there. But just the market dynamics really make it difficult to have the same sort of market shares we enjoy in the low-voltage side of the business.

Trisha Tuntland: Thanks Dave. And there's some other related question coming from the buy side, so – also related to vehicle electrification. Can we touch on the competitive landscape with larger players focused in that area as well like in Eaton and other new entrants targeting the space like (the core)? How will that impact our growth and our profitability potentially? And I guess in addition to that not only the growth and profitability but then what happens with the EV markets if they hit a consolidation phase?

Dave Heinzmann: Sure. Yes, so I think first of all I think we're well-positioned – we're uniquely position to target those markets from the aspect of many of the competitors. They were seeing – which are large, very solid competitors are moving into that space to compete with us and to compete in other ways. We're uniquely qualified to support our end customers from two perspectives.

One is (particularly) when you look at high-voltage aspects and eMobility. There's the need to take really industrial types of technologies that are – that are really focused to high-voltage uniquely bring them to an automotive setting in a way that is safe and reliable. So often those competitors who have an industrial background have limited experience in a circuit protection sort of need in an automotive setting.

You know, we have significant experience there. We have a history in the industrial high-voltage space as well. So, we're uniquely qualified to kind of combine those two capabilities and support that business. So, will they have a space within there, some of those large competitors? Sure. We still have demonstrated the ability to lead in our market share in that space and expect to continue to lead and actually (how) we increase our market share over the coming years on the high-voltage side of things.

So, we're confident in the – and feel that ultimately profitability of the high-voltage sorts of opportunities in eMobility are quite similar to the profit profile in our core in the automotive segment. So, we don't see it necessarily detracting or adding significantly to the – to our margin profile but have quite a similar margin profile there.

Trisha Tuntland: Great. Thanks Dave. We have a question coming from the sell side from Christopher Glynn from Oppenheimer. And this one, Matt, is directed to you. So, we mentioned geographic penetration is one of the funnels or opportunities for acquisitions and we cited the specific countries of India, Korea, Japan.

And the question is around, what is it about those countries specifically, why India, Korea, Japan, why are we targeting those and why have identified those as specific gaps? And then in addition to that, how do we think about regional competition within those countries?

Matt Cole: Sure, sure. Yes, thanks Chris, great question. Starting with India, India as I mentioned growing faster in it of itself but there's also a bit more of that geopolitical made in India, for India that informs that strategy a little bit. With Korea and Japan, it's a little more different where sizeable market, sizeable markets in automotive and general industrial applications.

In Japan just wanting to appear more Japanese and having that broader footprint with more engineering, more quality resources would help there. In Korea specifically, also good automotive expertise but it's also, you know, we talked about just the general concept of batteries, both in automotive but then in general purpose electronics and battery management systems and optimizing the life of a battery. And there's a lot of – a lot of battery activities specifically in Korea and again sizeable market and we just think there's more opportunity there for us.

Trisha Tuntland: Great. Thanks Matt. Meenal, a question has come in from Matt Sheerin at Stifel, a question on the electronics operating margin targets. So, we're guiding to mid-teens to 20 percent but not until 2019 where we consistently above the 20 percent. So is this because of a product mix from acquisitions that has changed the profitability profile of electronics?

Meenal Sethna: Sure. So, maybe just to clarify, we generally talked about for several years now a targeted margin profile for that business in the high teens, up to 20 percent. And by that, I mean that I mean that in – there will be some periods of time where we have favorable mix where we'll see 20 percent. I know there had been some quarters where we've seen even higher than that but I'd say our general average over that time is really the upper teens to 20 percent.

What does for us is that it allows us to reinvest in the business, right? And you heard me talked a lot about, you heard Dave talked about the organic growth investments we want to make, especially now as we have a broader semiconductor portfolio as part of the electronic segment.

We want to make sure that we're putting in the right investments into that business, so that we can continue to drive growth. We expect it to be in the target operating margins that we set, even going back to the 2016 strategy that we had laid out.

Trisha Tuntland: Great. Thanks Meenal. And from the buy side, Dave, can we discuss the off-board charging opportunity for Littelfuse? So what type of dollar content is there, and maybe Matt this is more relevant into your eMobility area, but what type of dollar content do we see in the off-board charging applications? Thank you.

Dave Heinzmann: Yes, so clearly, it's a significant opportunity. Big parts of that show up in our electronics and our industrial segments. They don't necessarily from a reporting segment standpoint show up in automotive but clearly they're driven out of the auto industry are the transportation industry.

And there really three levels of charging that are out there, there's level one which is kind of – it's really think about, if you're buying EV, the core that comes with your vehicle that you plug in to the wall for long, slow charging. In that type and application, we may have a content of a dollar, dollar and (a half), so relatively low content that's kind of protecting that charger cable.

And there's level two which is (at) higher voltage level and that kind and that kind of steps up again our content that brings this up to maybe $2.00 to $3.00 of content in a level two charging. Then ultimately, the level three charging which is the high-speed, DC to DC charging which is where there's a lot of focus on today and a lot of evolution and investment being made to be able to charge the vehicle battery in a very short period of time. That's where things step up significantly.

Where our content can be $100, particularly driven out of the power of semiconductor offerings that we have coming out of our core but also out of the IXYS technology we acquired. So, certainly steps up on the content increase as you get to the high-speed charging in the level three charging. As a reminder though when you look at volumes of chargers out there, certainly the volumes of charger start dropping pretty rapidly when you go from level one to level two to level three.

Level three chargers are quite expensive and they really – they're not something somebody is going to put in their home. They're being installed along roadside and those sorts of settings to be able to do high-speed charging. So, great opportunities in all three segments of that, our types of chargers but certainly the biggest opportunity is – as you go up into the DC charging.

Trisha Tuntland: Thanks Dave. And we have a follow-up question from David Williams from Loop Capital, and Matt, this would be directed for you. How impactful as we think about electric vehicles and our M&A strategy? Is there a void right now in the portfolio where we might participate for electric vehicles? Is there an opportunity or what areas are we targeting specifically as it relates to EVs and M&A?

Matt Cole: Sure, (inaudible). Yes, I would say there's a specific technology void that if we said, oh, if we had this, that will be great. It's really more focusing around the applications that we talked about, right? So, things that fit within that ecosystem that we're focusing on like the on-board charger or the battery management system or the battery protection system where the power transmission system that inverters and the DC to DC converter.

So to the extent there's products that would help us create more value through those applications, we're interested in them but I would say there's no huge missing hole that we said, hey, we got to fill that. It's more about rounding out the strong protection portfolio that we've already got today.

Dave Heinzmann: Yes, Matt, I just like to add also that really – so the organic growth pattern that we laid out there and the strategy that shows the high single digit growth from an organic perspective in the transportation segment, that's not dependent on future acquisitions. We have the technologies today to support that. Obviously, if we find the acquisitions that enhance our capabilities there, that could drive that growth rate even higher.

Trisha Tuntland: Thanks Matt, thanks Dave. A question from the buy side, so as we think about growth rates across the portfolio and Meenal this might be for you, in terms of circuit protection, sensors and power control, if you were to parse those out, what are the growth rates or opportunities looked like in those specific areas, circuit protection, sensors and power control? How should they think about those growth rates?

Meenal Sethna: Sure. You know, what I would say is we're really trying to step back and what you heard us talked about in this strategy is really focusing on the broader portfolio products we have and the growth across end markets or in certain high growth end markets. So, we're not really parsing it out as much by technology anymore because we think really where we can bring success to our customers and add value for our customers is by the breadth of the portfolio.

And so, we're really trying to change the lens in which we're looking at it is more by application and even our businesses are much more focused on because we got a broad portfolio of products that we added to over the past 10 years, how do we think about that. So, you heard Dave and Matt talked about a number of high-growth end markets I did for the segments as well and we're really talking about a number of different products that would add to growth in those end markets.

Trisha Tuntland: Thanks Meenal. From the sell side, we have Nik Todorov from Longbow. Dave, penetrating the Japan auto market has been a target of ours for a while. Can we talk about progress that we're seeing and wins and can we talk about what has change and what are we doing differently in terms of trying to see future progress specific to Japan auto market?

Dave Heinzmann: Sure. Great question, Nik. The auto space in Japan has always been an area where Japanese OEMs is our weakest position within our traditional automotive business, really driven out of the fact that our largest competitor is a Japanese tier one that's part of the Toyota (inaudible). So, it makes it challenging, so we view penetrating and growing our business with Japanese OEMs as a long-term strategy.

A few years ago when we acquired the Polyswitch from TE Connectivity that enhanced our ability to address Japanese market because they had a good core business selling protection devices into small and medium-sized motors for the automotive space, particularly in Japan. In fact, the engineering team and the manufacturing is in Japan supporting of Japanese customers.

So, it enhanced our capabilities and it enhanced our ability to support Japanese auto customers like Japanese auto customers need to be supported. So, that enhanced our ability but still long-term journey, so we have begun to win business in Japan. Just one example during the presentation where really our unique ability with our technologies to give a more efficient packaging or a high current power distribution box with a leading OEM in Japan has led us to win a piece of business there that we booked in 2020.

Now, that won't hit revenue for another couple of years in any significant way was a great example of design lens. We've won business with sensors with Japanese OEMs as well. So while we don't expect to kind of get to our market shares we have typically in Europe and North America and China anytime soon, we're making good steady progress there.

And what I found in my history in the electronic side working with Japanese customers is, once you get the design win, demonstrate success to support for that customer, that increases our confidence to give you the next opportunity, and so we'll build that overtime. So, it's great opportunity, we're making good progress but it's still going to be a long journey to kind of continue to go that (route).

Trisha Tuntland: Good, thanks Dave. We have Luke Junk from Baird. He has a question. Please expand on the three to eight times content opportunity you highlighted on an

EV versus an ICE-powered train. So, he's looking for clarity around what components do the low and high end of those ranges incorporate in terms of Littelfuse's product portfolio.

Dave Heinzmann: So, Matt, why don't you take that?

Matt Cole: Yes, sure. The biggest bulk of the content is really our traditional circuit protection fusing technology. We've also got some of our traditional passes in items like that but it's really, when you look through the product mix, the vast majority of it is fuses that we specifically designed for some of those applications but that's the biggest piece of our content.

Dave Heinzmann: Yes and I think the other part of that story, right, as we say three times to eight times, that's a pretty big range, right? And so that range is really driven by sophistication in the amount of electrification that takes place. So when we talk about two or three times, our core $5.00 per content in circuit protection, that's really on like the hybrid side. And you go into plug-in hybrid, it gets a little higher than that.

When you start getting up to the six times, eight times, that's really driven out of battery electric vehicles which is certainly a long-term high-growth area but when you think about the number of vehicles produced that are electric vehicles or XEV types of vehicles, still today the highest percentage of those are actually hybrids but certainly the growth rates are higher in the battery electric vehicles. So, that also gives us the range of content opportunity.

Trisha Tuntland: Thanks Dave, thanks Matt. From the buy side, a couple of questions to you on the M&A funnel. So, one of them around competition specific to the electronic space, are we seeing more competition as it relates to M&A within electronics applications?

And then in addition to that, when we're thinking about the pipeline, one how do we cultivate it more specifically beyond your prepared remarks, Matt, but then also what are the things that would be characteristics of those opportunities that are in the funnel today?

Matt Cole: Yes, so at a really technical level, we got almost a CRM system for our funnel targets. We facilitate between our corporate teams and our business unit teams, regular formal dialogues, checking off who's going to do what, what's the next action of these. We have so many opportunities in front of us because we service so many different applications and we service so many different spaces that we got – we got a lot of work to run through.

So, we just really spent a lot of time calling through that and making sure that we're focusing on the right technologies. And that's really it. It's not rocket science, right? It's really about doing the work in the application, understanding where we might be able to add a little additional value, and then just literally grinding through it, embrace the grind and drive through it.

Trisha Tuntland: Great. Thanks, Matt.

Matt Cole: And (inaudible) there was a question also on the – just from like head. I don't think we've seen less or more competition. I think it's always been there, right? These are attractive and we've highlighted. We are in attractive spaces with a lot of tailwinds behind. We have a lot of great trends. And so these are going to be attractive spaces that get competitive.

Trisha Tuntland: Yes, and that question was more – it was specific to electronics, which I think that would be consistent with your response. No additional competition that we're seeing specific in electronics applications.

Matt Cole: Not at this time.

Trisha Tuntland: And then, Meenal, a follow up, also thinking about the M&A landscape and funnel. This comes from Nick Todorov from Longbow. So, how are we thinking about balancing the objectives of enhancing the growth of the business versus not overpaying, given the current high valuations that are out there today in today's market?

Meenal Sethna: Sure. I mean, that's – we see higher valuations today, but frankly, we were even pre-pandemic, we were I think the same conversations about valuations, right? So it's – it's like the question of the competitive landscape, right? It's always there. And so part of it is our internal one. It's our internal discipline about, hey, what do we think is a fair value for this business based on what we know about the business, but also the value that we can drive from that business because in many cases, we've talked about it's not just about cost synergies.

It's about adding and sustaining to our organic growth trajectory. So, we're taking a look at the value and from multiple levels and seeing where we can drive that. And then what are we willing to pay for it where we can still get the returns that we've set out for ourselves, which are again, by year five, getting to that double digit operating margin in our OIC profile.

Trisha Tuntland: Thanks Meenal. We have a question from Karl Ackerman, from Cowen and company and she's wondering specifically as it relates to semiconductors and passive components. There's been a lot of headlines around tight supply particularly for eight inch wafers and that's expected to continue for some time.

So as we think about companies and Littelfuse who have in-house manufacturing capacity and product breath, how do we think about that capacity build internally versus what we might be outsourcing externally? And he is thinking in terms of supporting a magnitude of $500 billion of quarterly revenue. Would we be able to meet that demand with our capacity today or are we making investments to build out capacity specific to semiconductors?

Dave Heinzmann: Sure, I can take that. And certainly, there's a lot of information out, a lot of discussion today about shortages particularly shortages I'd say impact the auto industry on certain semiconductor products. First of all, we would say for our core products, inclusive of our semiconductor products, our lead times have extended but not in an unreasonable way.

They really – you've read about, you've seen people talk about the book to build levels they're having at times right now, which are very high. So bookings are quite strong, many of them booked out over time because there are these concerns? Well, if capacities fill up, I want to make sure I'm in line to get product when I need it.

So sometimes customers are booking out further than they normally do. What I would say for our business, yes, you'll see us probably have a higher capital expense on capacity this year. It is certainly more than last year, as many of the projects that we kind of had planned for last year, we push off because of the demand cycle dropping down related to the pandemic.

But we're continuing to invest, whether it's in our passive side or our semiconductor side for increasing our capacity, specifically to increase capacity to support the targeted markets that we serve. So, we think we're in a reasonably good position. You've also heard us talk a little bit about the (access) business had an overly complex supply chain.

So, we've been working to address that supply chain and simplify it. That's ongoing work we're going through right now. So, it certainly has an impact and supply limitations in the market can have an impact on us, but we're not seeing a material problem for our ability to grow either our passes or our semiconductor portion of our business.

Trisha Tuntland: Thank you, Dave. (Chris Glenn) from Oppenheimer. Given the secular growth prospects for your portfolio of technologies and the global business confidence in those themes, what is your sense of timing? Is it right for regional competitors to invest in targeting those high growth, global opportunities? So will we, in fact, see with some of these higher growth, structural themes potential emergent suppliers?

Dave Heinzmann: Yes, I think that's certainly – it's a good question and it's a dynamic situation where these are great growth themes. So, particularly, you get a lot of energy around like eMobility, right? So, you see a lot of discussion, a lot of energy around that, and there are a lot of companies that are investing in ability to participate in that.

What we find is, historically, and we still see it today, often, the strength that we bring in applications like eMobility or other high growth areas is our unique experience level and our broad global footprint to support customers, wherever they're at in the world. I often use the example in the auto space, but it happens in other parts of our business as well.

We're everyday meeting with engineers and customers and solving problems and helping them set up their next designs for their next generation products. And while we would never share what one OEM is doing to solve a problem, where they are headed with another OEM, our experience base, because of our global presence and our global footprint with all the leading customers, gives us a very strong position to add unique value to customers whatever region area.

So, will there be regional competition? Sure, we've dealt with – and you think about our core electronics business and regional competition in Asia, virtually all of our competitors are regional competitors in Asia in the electronics space. But we still had great success both in Asia, but certainly globally as well with leading customers.

So yes, that will be a challenge. And with maybe one exception that we've talked about openly, which is in China, specifically, there are certain technologies or certain markets, where central government is pushing to get some independence from western suppliers. That is a newer challenge for us to deal with.

However, what we find is, at the end of the day, the Chinese OEMs need the best solution. And if we're bringing the best solution forward, we still get the design. Yes, or maybe in the past they would be comfortable giving us 100 percent share, maybe we get a leading share, but we don't get 100 percent because they want to protect their business, but we're still having success with that.

Trisha Tuntland: Thanks, Dave. As you were explaining the response, a question came in from the buy side around the footprint. So are there opportunities that Littelfuse sees in terms of expanding our footprint or do we feel well positioned today? So, a little bit of background on the footprint and how we think about the strategy.

Dave Heinzmann: Sure, yes. I think we're well positioned today. So, historically, we have worked to try to make sure we're present both from a manufacturing and an engineering support capability, close to our customers. Where are they doing the design work? Where are they doing their manufacturing? So we've worked over the years to make sure we're well aligned with that.

And whereas maybe some companies went all in on China, as an example as the place they're going to manufacture virtually everything there for the rest of the world, we see China as a critical part of our strategy, particularly China for China. But we've always had even in Asia, China plus sorts of strategies.

So we have a very strong position in the Philippines to support other activities there. We have a position in Japan to support Japan. One of the attractions of improving our – from an M&A perspective, improving our position, for instance, like in India, is at some point in time, we need to have a footprint in India to serve that market.

We'll largely likely approach that through an M&A activity that gives us a baseline to start from, but we think we're pretty well organized and established with a footprint that supports our customer base well. With that said, we evaluate it all the time. It's a changing environment and we look at that continually and evolve as our markets evolve. So I think we're in a pretty good position today.

Trisha Tuntland: Great, thanks, Dave. And that gives the color on the global footprint. So another question coming in from the buy side, Matt, is around the digital customer experience. And so maybe that plays a role in the event that there's not the infrastructure or that closeness to customers, but what they're looking for is a little bit about that investment, what value it drives for the customer. But give us some background on the evolution of the investments there. Thank you.

Matt Cole: Yes, sure. There's really a couple of aspects here. One, as we've talked about a lot, we have a very deep and wide product portfolio and we serve many applications and markets. And so a customer coming into a Littelfuse site to find – might not be able to find everything they need for a given application.

And – parts that they may not even know that they need or can get from us, they might be serving – looking for just one component.

And so what we don't want them to do is find that one component belief for behind. Obviously, second and Dave referenced this a little bit earlier, just more and more design engineers are simply only going to look online for what they want. And if they can't find it on our site or one of our partner sites or through a chat function or some other digital design tool, really, instead of calling someone on the phone or a local distributor branch, they're really just going to stay in that online environment until they can find what they need.

And obviously, now more than ever, in today's environment, it's just more and more important. And ultimately, our objective is to actually turn this into an actual differentiator for us because if we understand these applications, typically, the design engineers is designing into a specific application. Well, let's educate them on that application, everything that we can bring to bear. And again, so we're selling all five parts, and not just the one that they may be looking for that day.

Trisha Tuntland: Great. Thanks, Matt. With a question from David Kelley from Jefferies, Meenal, you referenced investment opportunities and eMobility. If we see significant acceleration in EV ramp, could that change the cadence of free cash flow conversion? In other words, could we see better free cash flow conversion later in 2021 to 2025 timeframe as EVs eventually scale?

Meenal Sethna: Yes, I would say, sort of – Dave, I think earlier on one of the questions touched on margins and we talked about the fact that as we continue to grow in EV, does that change the profile of our operating margin, say, in our automotive segment? And we said, no. We would generally expect it to be the same.

I would say the same with free cash flow, right? We've consistently as we've made investments in various parts of the business, that's part of what we balance, is making those investments yet generating the cash flow. So while you might see a little bit of variability in our free cash generation, consistently, we've been able to maintain that above net income over that 100 percent conversion off of net income and I would expect that to continue.

I think, if we would make any type of substantial bets that would change that, we'd come back and talk to our shareholders about that and why we're doing something and what we would expect something like that to deliver.

Trisha Tuntland: Great. Thanks, Meenal. A follow up question from David Kelley from Jefferies. Dave, we continue to hear about investments and build out of battery and energy storage to support the EV ramp. How should we think about Littelfuse as energy storage opportunity? And if we are weighing in factory automation versus renewables in energy storage, what do you see as the bigger driver of the mid-single digits industrial cells CAGR that we provided today?

Dave Heinzmann: Yes, so it's a good question. And I think it's probably no question that we're seeing renewables at energy storage being a higher level driver than factory automation. Factory automation certainly is a high growth market for us and opportunity, but renewable energy and energy storage as it relates to it, certainly is probably growing at a faster pace for us. And we think the market is probably growing at a faster pace there.

So the opportunities for us exist in many different parts of it. So, you think about the renewable energy, let's say solar or wind energy, you have multiple panel arrays, you have multiple wind turbines. You're pulling power from those and you have to pull those in a safe way. You're often combining that energy off of those grids, if you will, or not grids, but different arrays, combine it to a higher power level.

Often there's a lot of DC to AC conversion because you're not going to transmit that in a DC way. So, all of those things create opportunities in our core circuit protection, but also on the power conversion side, which is taking place with a lot of semiconductor products as some of our power semiconductors play a role in that as well. So, a lot of capabilities and it's everything from those two.

You have solar arrays that are moving to optimize the collection of sun and so the panels actually move as the sun moves. Well, we have sensors that are designed in those applications to track that, right, and manage that. The energy storage itself, interestingly enough, a lot of the opportunities are quite similar to batteries in vehicles. Not the same, but inside the battery packs themselves. I have a lot of similarity.

Now, we certainly had a case recently where we've had a very strong relationship with a particular strong EV manufacturers manufacturing electric vehicles, demonstrated capabilities to support them very well. They also happen to be investing in energy storage applications in large scale.

So, that engineering expertise you built there and the confidence that they had in our abilities translated to our ability to go win significant business and their energy storage efforts. So those broader capabilities kind of crossover even in between energy storage and EV, there's actually a linkage point there that is helpful.

Trisha Tuntland: Thanks, Dave. And a follow up question from the buy side also related to the power semiconductor portfolio, (byte) and markets. Is there a way to think about the end market growth specifically as it relates to the products in the portfolio? You just mentioned some of the drivers, but would we prioritize those, which will give individuals a sense of the end market opportunities in which are the most significant?

Dave Heinzmann: Sure. Right now, we're – in our power semiconductor portfolio, our strongest focus is in the industrial applications. There are many areas where we bring along with our other technologies, unique value to customers. So we see that as a quite interesting space for us to focus on.

We also see the EV infrastructure side as a very strong position for us to play within. So, those are kind of maybe the highest growth spaces that we're focused on right now, in our power semiconductor products. We're a little less focused on the hardcore traction side on vehicle today. And that's really because of the investment level and the activities that are going on with some very large competitors in that space.

So, we find – we do participate on vehicles, but we actually find niches where our power semiconductors bring some unique capabilities that we participate in that way. Everything from ignition IGBTs on the vehicle for driving the ECUs for the – for an ice type application, or whether it's a driver that's being used to drive some power semiconductors on a traction control application.

So, there are niches where we're on vehicle, but I would say our largest growth drivers in the near term are really more in the industrial and the infrastructure side.

Trisha Tuntland: Great, thanks, Dave. We are at the top of the hour. So that does conclude today's event in our allotted time. We want to thank you for the opportunity to talk with you about Littelfuse and for your interest in Littelfuse. We hope that you found this virtual platform helpful and a good user experience and also the content that we've shared with you today as it relates to our long term growth strategy.

So, we do look forward to talking with all of you again soon. And again, we really appreciate your time and thanks for prioritizing us. It's great to be with you and we do look forward to seeing you in person. So thanks team. Great job. Thanks everybody for attending and we'll keep in touch. Appreciate your time. Have a great day.

Dave Heinzmann: Thanks and stay safe.

Matt Cole: Thank you very much.

Meenal Sethna: Thanks everyone.

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