

Ultralife Corporation

Investor Presentation



Michael D. Popielec
PRESIDENT & CEO

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CFO & TREASURER

Updated February 9, 2017

IMPORTANT REMINDER – FORWARD LOOKING STATEMENTS

- This presentation may contain forward-looking statements based on current expectations that involve a number of risks and uncertainties.
- The Company cautions investors not to place undue reliance on forward-looking statements, which reflect the Company's analysis only as of today's date.
- The Company undertakes no obligation to publicly update forward looking statements to reflect subsequent events or circumstances.
- Further information on these factors and other factors that could affect the Company's financial results is included in the Company's Securities & Exchange Commission (SEC) filings, including the latest Annual Report on Form 10K.

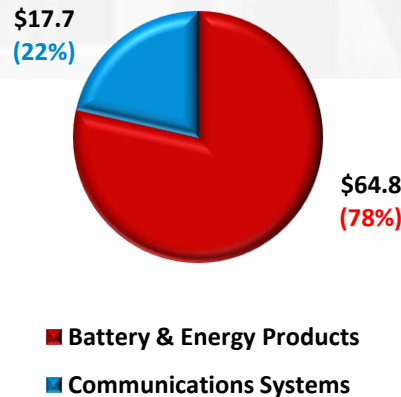
BUSINESS OVERVIEW

**An Industry Leader in Providing
Power Solutions and Communications Systems Worldwide
To Customers for Mission Critical Applications**

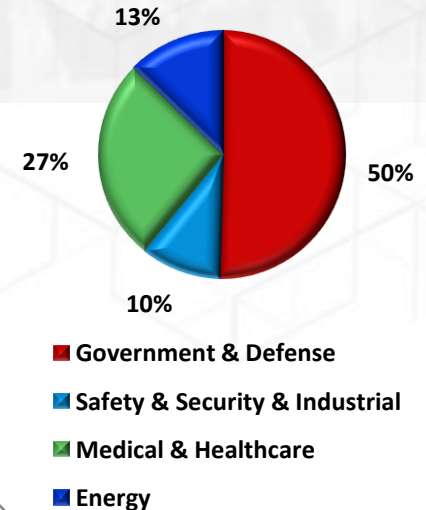
History & Background

- Founded in 1991
- Headquarters - Newark, NY
- Employees – 560
- NASDAQ - ULBI
- Business Segments:
 - Battery & Energy Products
 - Communications Systems
- 2016 Revenues: \$82.5M
- 2016 Operating Profit: \$3.8M
- 2016 EBITDA: \$7.5M
- 2016 EPS: \$0.23

2016 Revenues by Business Segment



2016 Revenues by Market Segment



INVESTMENT HIGHLIGHTS

HIGH CALIBER EXECUTIVE TEAM SUCCESSFULLY RE-POSITIONED BUSINESS

- Restored Profitability and Cash Flow Generation
- Strengthened Balance Sheet and Capital Structure

POSITIONED TO CAPITALIZE ON APPEALING LONG-TERM GLOBAL GROWTH OPPORTUNITIES

- Product Portfolio of Innovative Integrated Solutions Ground in Military Heritage
- Durable Relationships with Commercial OEMs, Defense Primes and SOF Community

PROVEN SCALABLE BUSINESS MODEL WITH STRONG GROSS MARGIN AND SG&A LEVERAGE

EXECUTING BUSINESS STRATEGY TO DRIVE EARNINGS GROWTH

- Expand Geographic and Market Reach; Commercial Diversification; Introduce New Products
- Convert Sizeable Large Order Pipeline
- Supplement Organic Growth with Select Accretive Acquisitions

AMPLE LIQUIDITY TO FUND ORGANIC GROWTH; DOMESTIC NOL'S OF \$71 MILLION

SIGNIFICANT BOARD AND MANAGEMENT OWNERSHIP

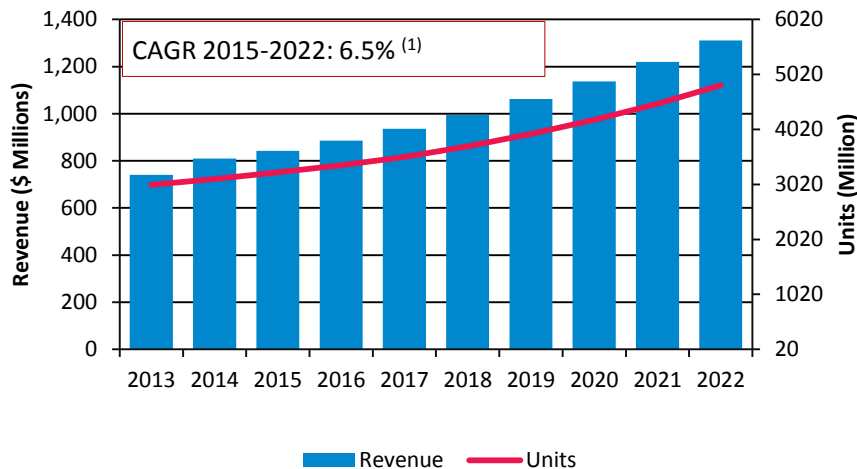
SOLID FOUNDATION FOR BUILDING SHAREHOLDER VALUE

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INDUSTRY GROWTH TRENDS - LITHIUM BATTERIES

Lithium Manganese Dioxide Segment: Unit Shipment and Revenue Forecast, Global, 2013-2022

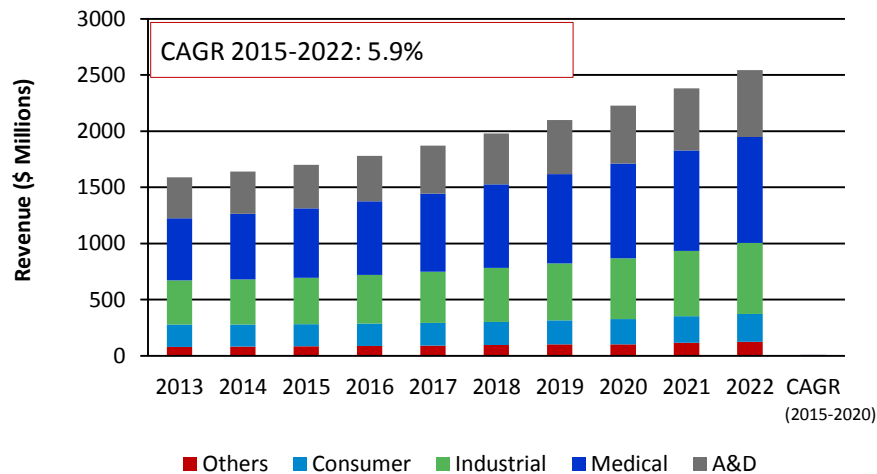
Key Takeaway: The cost-effective battery chemistry is suitable for all applications areas and has the highest adaption rate among the primary lithium batteries globally.



(1), Unit Shipment CAGR, 2015-2022 = 5.8%

Total Primary Lithium Battery Market: Revenue Forecast by End Users, Global, 2013-2020

Key Takeaway: Medical and A&D applications drive demand followed by Industrial Equipment. The migration to rechargeable lithium-ion is a steady process, which will have long-term impact.



Note: All figures are rounded. The base year is 2015. Source: Frost & Sullivan

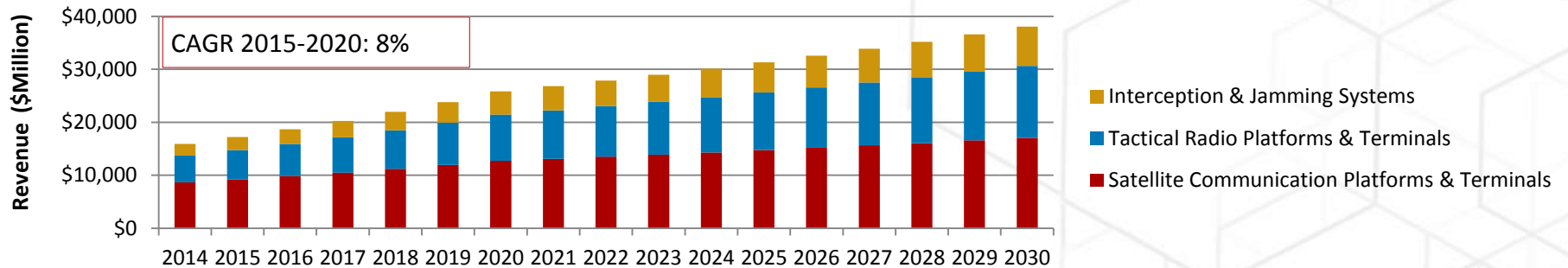
**APPEALING LONG-TERM INDUSTRY GROWTH PROJECTIONS
ACROSS DIVERSE MARKETS**



INDUSTRY GROWTH TRENDS – COMMUNICATIONS SYSTEMS

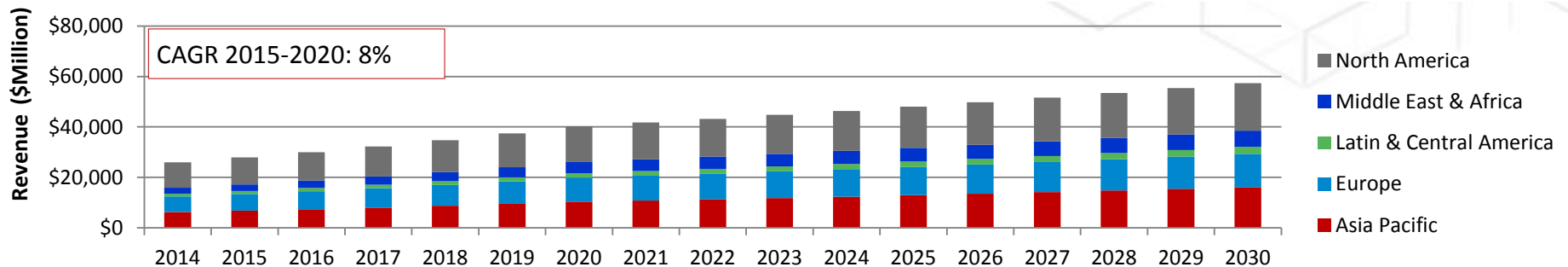
Global Military Communications Revenue by Primary Submarkets: 2015-2030

With a global revenue value of over \$25B predicted in 2020, these primary military communications sectors form one of the fastest growth markets in the defense industry value chain



Global Military Communications Revenue by Region 2015-2030

CAGR: 2015 – 2020 – 8%; United States will maintain it's position as largest market with the Middle East & Asia Pacific Regions expected to witness higher growth rates than the rest of the world



Source: SNS Research

**APPEALING LONG-TERM INDUSTRY GROWTH PROJECTIONS
ACROSS DIVERSE MARKETS**



LOCATIONS



ULTRALIFE®

**HEADQUARTERS &
BATTERY & ENERGY PRODUCTS**

Newark, New York
280,000 Sq. Ft.
ISO 9001; 14001 & 13485 Certified
150 Employees

accutronics
AN ULTRALIFE COMPANY

Staffordshire, UK
25,000 Sq. Ft.
ISO 9001 & 13485 Certified
60 Employees



ULTRALIFE®
INDIA JOINT VENTURE

Bangalore, India
10 Employees

ULTRALIFE®
COMMUNICATIONS SYSTEMS

Virginia Beach, VA
35,000 Sq. Ft.
ISO 9001 Certified
25 Employees



ABLE®
AN ULTRALIFE COMPANY

Shenzhen, China
100,000 Sq. Ft.
ISO 9001; 14001 & 13485 Certified
315 Employees

**STRATEGIC LOCATIONS IN AMERICAS, EUROPE & ASIA
IDEALLY POSITIONED TO SERVICE GLOBAL CUSTOMERS**

ULTRALIFE®
BATTERY AND ENERGY PRODUCTS

MARKET SEGMENTS SERVED



GOVERNMENT & DEFENSE – 50% of 2016 Revenues

Applications Include - Soldier Worn Power for Communications, Centralized Power & Distribution, Portable & Vehicle Based Chargers, Emergency Rescue Power, RF Amplifiers, Integrated Communications Systems and Accessories



MEDICAL & HEALTHCARE – 27% of 2016 Revenues

Applications Include – Power for Medical Carts, Portable Ventilators, Delivery Pumps & Devices, AED's, EEG/ECG Monitors, Ultrasound & CPAP/BIPAP, Remote Patient Monitoring, Surgical Drills & Tools, Digital X-Ray Imaging, Blood Analyzers



ENERGY – 13% of 2016 Revenues

Applications Include – Power for Stand-By Power, Remote Locations, First Responders/Disaster Relief, Energy Storage, Forward Operating Bases, Military Telecom, Construction Sites, Marine



SAFETY, SECURITY & INDUSTRIAL – 10% of 2016 Revenues

Applications Include – Power for Smoke/Carbon Monoxide Detectors, Smart Metering, Intrusion Detection Systems, Toll Pass & Telemetry, Asset Tracking/RFID, Emergency Lighting and Beacons, Wireless Motion Detectors

**DIVERSE GLOBAL END MARKETS DEMANDING ADVANCED,
HIGHEST QUALITY POWER AND COMMUNICATIONS SOLUTIONS**

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PRODUCT PORTFOLIO - BATTERY & ENERGY PRODUCTS

Government & Defense

Ultralife's batteries, chargers & accessories are specifically designed to remain reliable under the toughest conditions and built to withstand the harsh environments often found in military combat



RECHARGEABLE BATTERIES

2590's, Conformal UBBL35, Land Warrior

CHARGERS

2-Bay, Desktop, 12-Bay

Safety, Security & Industrial

Over 25 years of proven performance under pressure in the most critical situations and hazardous conditions



9 VOLT

Over 100 Million Units Sold Worldwide



CYLINDRICAL CELLS



THINCELL

Over 20 UL Certified ThinCell Models Available Off-The-Shelf

Ultralife Manufactures both Lithium Manganese & Lithium Thionyl Chloride Chemistries

Energy

Energy solutions that provide reliable fuel savings and emissions reduction for a variety of applications



MULTI-KILOWATT MODULES



LEAD ACID REPLACEMENT

6V & 12V Models Available



ACCUTRONICS

Intelligent Power Vault

Medical

Ultralife's medical batteries & power systems provide maximum safety and reliability in critical, life-saving situations



MEDICAL CART POWER SOLUTIONS



CUSTOM MEDICAL BATTERIES



ACCUTRONICS

CMX Series Batteries
(Multiple IEC62133 Certified Versions Available Off-The-Shelf)

GROWING PORTFOLIO OFFERING COMPLEX LITHIUM POWER SOLUTIONS TO EXPANDING GLOBAL CUSTOMER BASE

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PRODUCT PORTFOLIO – COMMUNICATION SYSTEMS

20 & 50/75 Watt Amplifiers

Ultralife delivers man-portable and vehicle amplifiers supporting all modern & legacy waveforms in multiple variants for specific mission sets



A-320V3 /V3A

30-512 MHz Amplifier
(Supports ANW2™, SRW, and
Legacy Waveforms)



A-7500

75-Watt Multimode Amplifier
(Supports ASCM, ANW2™, SRW, and
Legacy Waveforms)

Integrated Systems

Ultralife offers integrated systems to support a wide range of Handheld and Manpack radios



MRC-VIPER

AN/PRC-154 Adapter



LPAS-320U

Lightweight Portable
Amplification System



MC4

Mobile C4I System



A-320HVA

Handheld
Vehicle Adapter



MRC-UVA

Universal
Vehicle Adapter

Power Supplies & Accessories

Ultralife offers a power supply & accessory for nearly every transceiver in use today by DoD



MRC-93

Lithium-Ion



MRC-UPU0006

AN/PRC-117G



MRC-185

ROVER III & IV



A-301-150

Satellite Radio Combiner



MRC-67A

Amplified Speaker

GLOBAL PORTFOLIO OFFERING RADIO AGNOSTIC ADVANCED RF AND
INTEGRATED SYSTEMS SOLUTIONS VITAL TO DEFENSE OF US AND ALLIES

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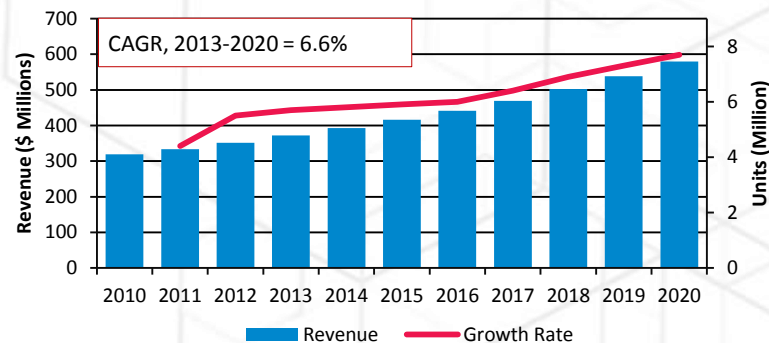
EXPANDED BATTERY & ENERGY PRODUCTS

ACCUTRONICS ACQUISITION – JANUARY 2016

- Accutronics is a UK-Based Leading Designer and Manufacturer of Smart Batteries and Charger Systems for High-Performance, Feature-Laden Portable and Handheld Medical Devices Servicing the EU
- Strong Strategic Fit with Ultralife:
 - Future Organic Growth in Portable Medical Devices
 - Expedites Access to EU Markets
 - Strong New Product Pipeline
 - Expertise, Skilled Resources
 - Well Run, Leaned Out, Profitable Business
 - Allows Immediate Focus on Growth & 2-Way Sales Synergies
 - EU Presence to Grow G&D Sales
 - Logistical Support for EU 9-Volt Distribution
- Integration Now Complete; EU Growth Plan Underway
- Positive EPS Accretion in First Year (2016)
- Provides Strong Template for Future M&A

Lithium-ion Battery Segment: Revenue Forecast, Global, 2010-2020

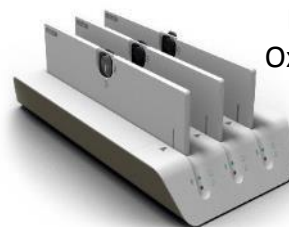
Key Takeaway: Lithium-ion batteries have huge potential for adoption in upcoming wireless surgical devices and small devices demanding high power and energy density.



Note: All figures are rounded. The base year is 2015. Source: Frost & Sullivan

PRODUCT APPLICATIONS:

Digital Imaging
Ventilators
Anesthesia
Endoscopy
Patient Monitoring
Oxygen Concentration
Aspiration



STRATEGIC AND FINANCIAL FIT PROVIDING “2-WAY” SALES SYNERGIES

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STRATEGIC RE-POSITIONING

KEY STRATEGIC MOVES: 2011 - 2015

Refined Portfolio & Consolidated Facilities



Globalized Overall Business Approach



Implemented New Product Development (NPD) Cadence to Drive Organic Growth & Market Diversification



Deployed Lean Principles Globally



Institutionalized Leveraged Growth Business Model Targets: "30-5-5-10=10%"*



RESULTS THRU 2016

- Two Global Growth Business Segments
- Strategic USA, China, and EU Operations
- Footprint Reduction from 680K to 440K Sq Ft

- International Sales Mix from 30% to 45%
- Transition of 9-Volt Production to China
- Acquisition of Accutronics (UK) in Jan 2016

- NPD in Last 3 Years - 40% of Sales
- Commercial Sales Contribution from 20% to 50%
- Medical Sales Contribution from 3% to 27%
- VIPER Program Win & Follow-On (\$10.4 Million)

- Gross Margin Improvement to 30%+
- Reduction of Discretionary Spending
- Inventory Reductions/Cash Generation

- Nine Consecutive Profitable Quarters
- Transition from Restructuring to Growth
- Cash for NPD, M&A and Share Repurchases

* (30% GM – 5% R&D/NPD – 5% Selling – 10% G&A = 10% OM)

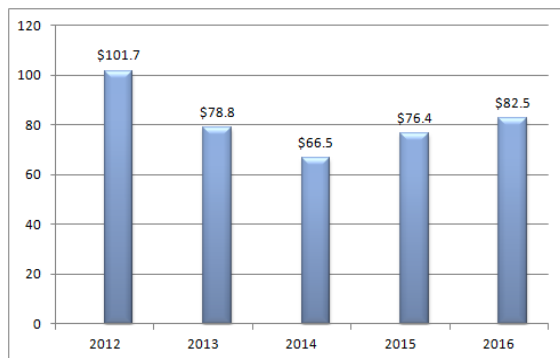
STRATEGIC REPOSITIONING COMPLETED; GROWTH NOW TOP PRIORITY

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INCOME STATEMENT IMPROVEMENTS

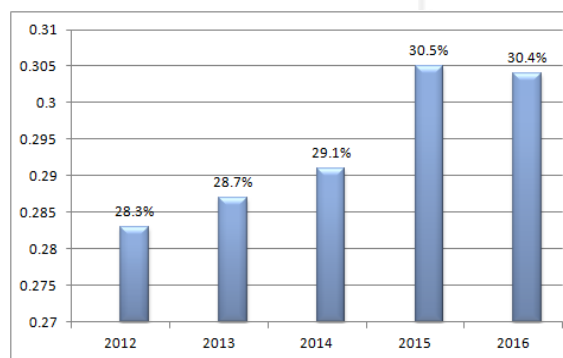
REVENUE (\$/Millions)

2016 Sales Growth of 8%



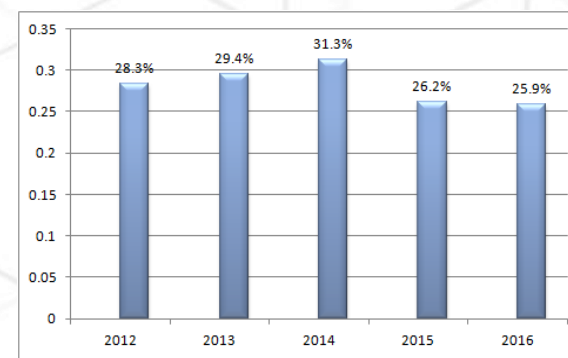
GROSS MARGIN (Percent)

Value Proposition Validation



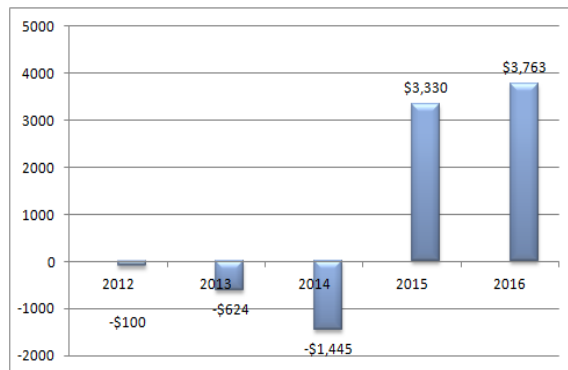
OPERATING EXPENSES (Percent to Sales)

Continued Base Cost Productivity



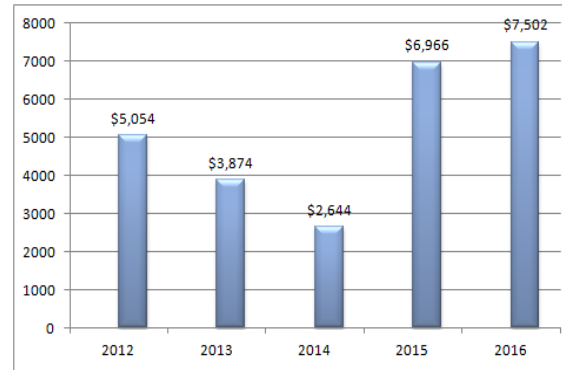
OPERATING PROFIT (\$/000s)

2016 Operating Profit Improves 13%



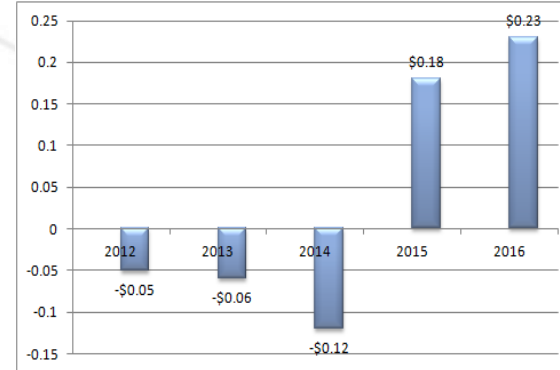
ADJUSTED EBITDA (\$/000s)

EBITDA Provides Funding for Growth



EARNINGS PER SHARE (\$/Share)

2016 EPS Improves 28%



BUSINESS MODEL LEVERAGE DEMONSTRATED IN 2015 AND 2016

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WORKING CAPITAL IMPROVEMENTS

(\$ Million)	2012	2013	2014	2015	2016
Working Capital	\$43.9	\$46.6	\$45.6	\$41.1	\$38.2
Current Ratio	3.2	4.9	5.1	4.8	4.4
Working Capital to Assets	45%	52%	52%	50%	45%
Cash	\$10.1	\$16.5	\$17.9	\$14.5	\$10.7
Debt	\$0	\$0	\$0	\$0	\$0
Inventory*	\$30.4	\$26.1	\$26.1	\$23.8	\$23.5
Cash Provided by EBITDA	\$5.1	\$3.9	\$2.6	\$7.0	\$7.5

* Inventory reduction of \$1.8M or 8% when Excluding Accutronics from the 2016 Year-End Balance

Solid Liquidity and Cash Generation to Fund Future Revenue Growth and Strategic Capital Expenditures

- (1) Cash Replenishment to \$10.7M in 2016 through Operating Performance and Core Inventory Reduction
- (2) Acquisition of Accutronics for \$11.2M in 2016 Funded Through Cash-On-Hand - \$11.2M
- (3) Share Repurchase Program (2.6M Shares Representing 15% Share O/S) Funded in 2014 – 2016 Through Cash-On-Hand - \$10.6M

STRONG FINANCIAL POSITION PROVIDES FINANCIAL FLEXIBILITY



VISION REALIZATION: 2016 - ONWARD

VISION

Through 2-3x GDP Organic Growth and M&A
Provide Scale for Operating Leverage &
Profitability Improvement

Capitalize on New Revenue Streams to Fully
Offset G&D Lumpiness and Sustain Growth

Continue Capture of Communications Systems
Major Project Wins from Multi-Year Set-up
Efforts

Battery & Energy Products Accretive
Acquisitions

Capital Structure, Operating Cash Generation &
Working Capital Management to Fund Organic
Growth and Ongoing M&A

REALIZATION

Aspire For Double Digit Revenue Growth and
Operating Margin Rate
- 13% Op Profit Growth on 8% Sale Increase in 2016

New Products, Customers, Markets, Geographies,
Commercial \geq 50%
- Medical YOY Composition from 12% to 27% in 2016

Harvest \$300M Opportunity Pipeline
- Began with VIPER Wins Shipped in 2016 (\$10.4M)

Quickly Gain Scale, Market Access, Technology,
New Products, Skilled Resources
- Began with Accutronics Acquisition in 2016

Efficient Cash Stewardship with ROI Focus on All
Spending
- Replenishment of Cash to \$10.7M in 2016

**OVERARCHING GOALS – 10%+ OPERATING MARGINS;
DOUBLE DIGIT REVENUE GROWTH; 2X TO 3X STOCK PRICE**

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2017 GROWTH INITIATIVES

LAUNCH OF KEY NEW PRODUCTS

- Transformational Opportunities - Portable Medical, "IoT" & Asset Tracking Applications
- Advanced RF & Integrated Communications Systems Solutions Vital to Our Defense

GROW MEDICAL THROUGH "2-WAY SALES SYNERGIES" WITH ACCUTRONICS

- Utilize Global Footprint and Proven Reliability to Increase Activity with Medical OEM's

SECURE FOLLOW-ON ORDERS TO VIPER PROGRAM AND PURSUE OTHER LARGE PROGRAM WINS

- Increased Program Opportunities Via Strong Relationships with Major Defense OEM's

GLOBALIZE SALES, NEW PRODUCT DEVELOPMENT AND SOURCING CAPABILITIES

- Capitalize on Global Synergies Between US, UK and China

BROADENED DIGITAL MARKETING WITH NEW WEBSITE

- Increase Reach with Penetration of New Markets and Geographies thru Social Media

CEO DIRECT CUSTOMER & SALES FORCE EXECUTION PLAN

- Continue to Build Long-Term Relationships at the Highest Levels



DISCIPLINED EXECUTION - PERFORMANCE CULTURE, CLEAR STRATEGIES & PRIORITIES, LINE OF SIGHT LEADERSHIP, ACCOUNTABILITY

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EXECUTIVE ENTERPRISE EXPERTISE



MICHAEL D. POIELEC

Chief Executive Officer & Director

- Appointed Ultralife President & CEO in December 2010
- General Electric Executive and Company Officer – Americas, Asia, Europe; Public Company Group President for Portfolio of Manufacturing Companies; Chief Operating Officer for Office Automation Distributor
- Extensive In-Country Global P&L, Revenue Growth and Manufacturing Experience
- Customer Collaboration Focused New Product Development, Analysis & Market Positioning
- Broad Scale Lean Sigma Process Implementation
- Creates and Engages Multi-Functional Management Teams Within a Disciplined Operating Cadence



PHILIP A. FAIN

Chief Financial Officer & Treasurer

- Appointed Ultralife CFO & Treasurer in November 2009
- Vast Financial Experience in Restructuring and Building Profitable Global Companies through Organic Growth and M&A
- Strong Operational and Business Development Focus - VP of Finance – Ray Ban Sunoptics for Luxottica SpA, and Senior VP of Finance – Global Eyewear for Bausch & Lomb. Led Process to Acquire Some of the World’s Most Sought After Sunglass Companies and Brands
- Extensive Global Corporate Finance Background
- CPA – Arthur Andersen Audit & Consulting Services

**EXPERIENCED, DEDICATED EXECUTIVE LEADERSHIP – TURNAROUNDS,
ORGANIC GROWTH, ACQUISITIONS & INTEGRATIONS, SHAREHOLDER VALUE**





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