

# Third Quarter 2023 Financial Results Diodes Incorporated (DIOD)

November 8, 2023



# Safe Harbor Statement

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements containing forward-looking words such as “expect,” “anticipate,” “aim,” “estimate,” and variations thereof, including without limitation statements, whether direct or implied, regarding expectations of that for the fourth quarter of 2023, we expect revenue to be approximately \$325 million plus or minus 3 percent; we expect GAAP gross margin to be 35.0 percent, plus or minus 1 percent; non-GAAP operating expenses, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets, are expected to be approximately 26.5 percent of revenue, plus or minus 1 percent; we expect net interest income to be approximately \$2.0 million; we expect our income tax rate to be 18 percent, plus or minus 3 percent; shares used to calculate diluted EPS for the fourth quarter are anticipated to be approximately 46.6 million. Potential risks and uncertainties include, but are not limited to, such factors as: the risk that the COVID-19 pandemic may continue and have a material adverse effect on customer demand and staffing of our production, sales and administration facilities; the risk that such expectations may not be met; the risk that the expected benefits of acquisitions may not be realized or that integration of acquired businesses may not continue as rapidly as we anticipate; the risk that the cost, expense, and diversion of management attention associated with the LSC acquisition may be greater than we currently expect; the risk that we may not be able to maintain our current growth strategy or continue to maintain our current performance, costs, and loadings in our manufacturing facilities; the risk that we may not be able to increase our automotive, industrial, or other revenue and market share; risks of domestic and foreign operations, including excessive operating costs, labor shortages, higher tax rates, and our joint venture prospects; the risks of cyclical downturns in the semiconductor industry and of changes in end-market demand or product mix that may affect gross margin or render inventory obsolete; the risk of unfavorable currency exchange rates; the risk that our future outlook or guidance may be incorrect; the risks of global economic weakness or instability in global financial markets; the risks of trade restrictions, tariffs, or embargoes; the risk that the coronavirus outbreak or other similar epidemics may harm our domestic or international business operations to a greater extent than we currently anticipate; the risk of breaches of our information technology systems; and other information, including the “Risk Factors” detailed from time to time in Diodes’ filings with the United States Securities and Exchange Commission.

This presentation also contains non-GAAP measures. See the Company’s press release on November 8, 2023 titled, “Diodes Incorporated Reports Third Quarter Fiscal 2023 Financial Results” for detailed information related to the Company’s non-GAAP measures and a reconciliation of GAAP net income to non-GAAP net income.



DISCRETE  
ANALOG  
LOGIC  
MIXED-SIGNAL

# About Diodes Incorporated

Diodes delivers high-quality (analog, discrete, logic, and mixed signal) semiconductor products to the world's leading companies in the automotive, industrial, computing, consumer electronics, and communications markets



**Vision: Profitability Growth to Maximize Shareholder Value**

**Our Core Values: Integrity, Commitment, Innovation**

- Goal 1: \$1B Market Cap ✓
- Goal 2: \$1B Annual Revenue ✓
- Goal 3: \$1B Gross Profit
- Goal 4: \$1B Profit Before Tax

**2025 Target:**  
**\$1B Gross profit**

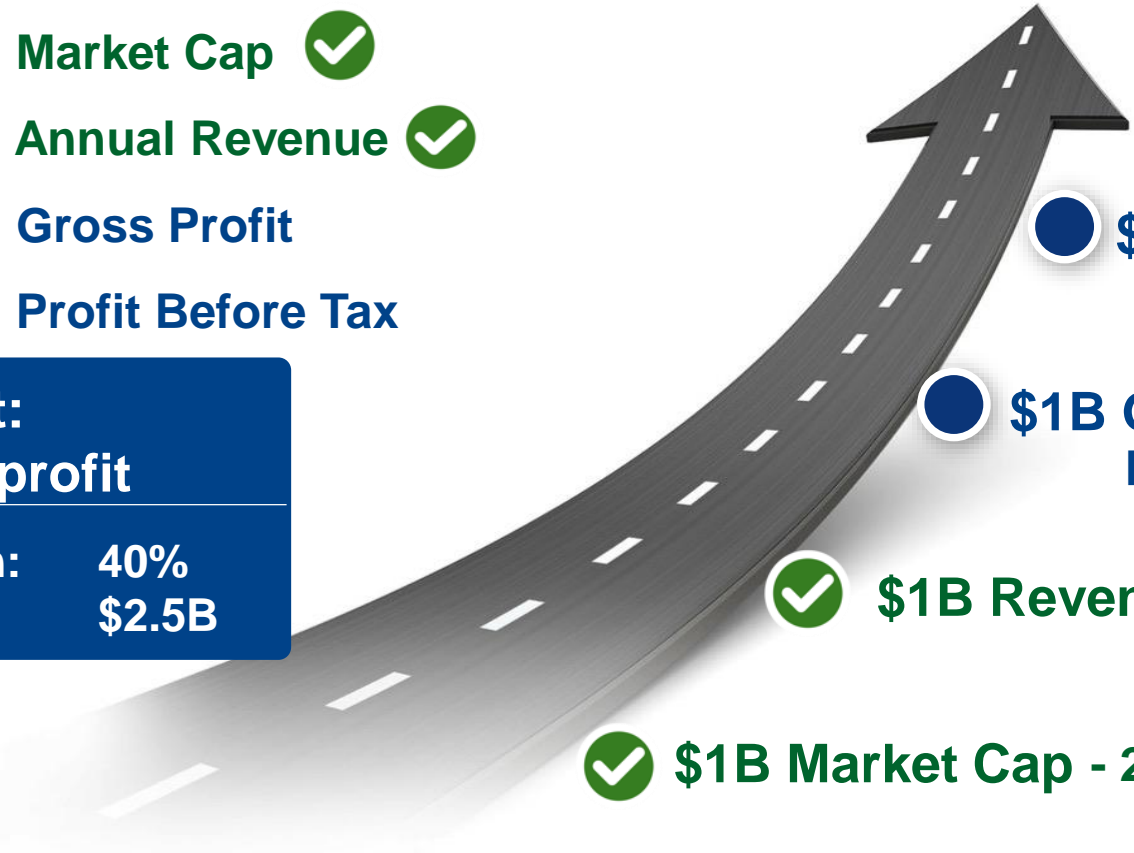
**Gross Margin: 40%**  
**Revenue: \$2.5B**

✓ \$1B Market Cap - 2010

✓ \$1B Revenue - 2017

● \$1B Gross Profit by 2025

● \$1B PBT



**~40% of  
revenue**

(45% for Q3 2023)

## Automotive

- Connected driving, comfort/style/safety, electrification/powertrain

## Industrial

- Embedded systems and precision controls, and IIoT

## Consumer

- IoT: wearables, home automation, smart infrastructure

## Communications

- Smart phones, 5G networks, advanced protocols, and charging solutions

## Computing

- Cloud computing: server, AI server, storage, data centers


**~60% of  
revenue**

(55% for Q3 2023)

# 3QFY23 Performance


Revenue

**\$404.6M**

 -13.4% Q-Q

GAAP Gross Profit

**\$155.9M**

 -20.2% % Q-Q


GAAP Gross Margin

**38.5%**

 - 330 bps Q-Q


Non-GAAP EPS

**\$1.13**

 - 28.9% Q-Q

Non-GAAP  
Net Income

**\$52.5M**

 -28.4% Q-Q

EBITDA

**\$90.6M**

22.4% of Revenue

Cash Flow from Ops

**\$50.1M**

12.4% of Revenue

Strong Balance Sheet

**\$308M/\$53M**

Cash/Debt



**Automotive revenue remained at record 19% of product revenue**



**Achieved 26% of product revenue in the Industrial market**



**Automotive and Industrial totaled 45% of product revenue, exceeding 2025 target of 40%**



**\$308 million in cash and cash equivalents**

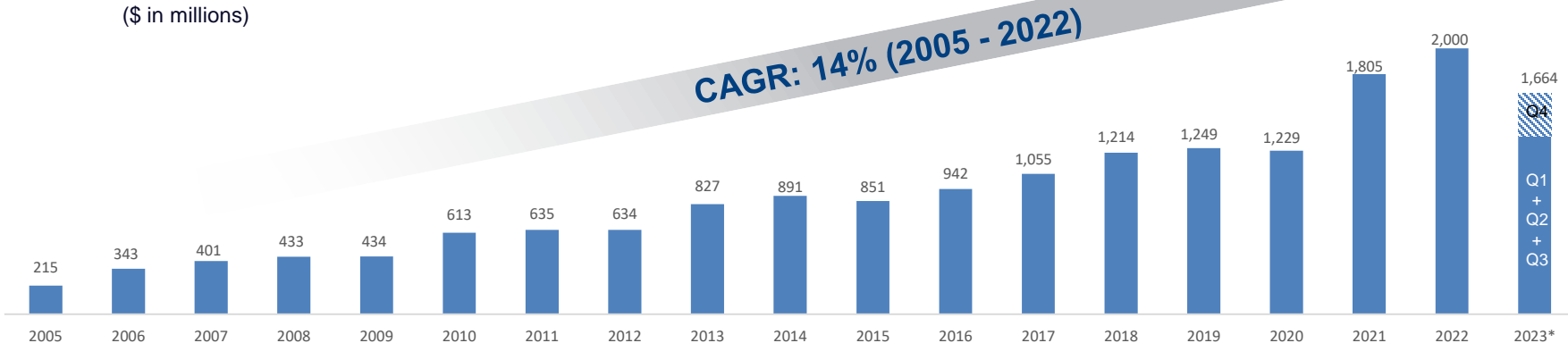


**Total debt ~\$53 million**

## Track record of Continued Outperformance

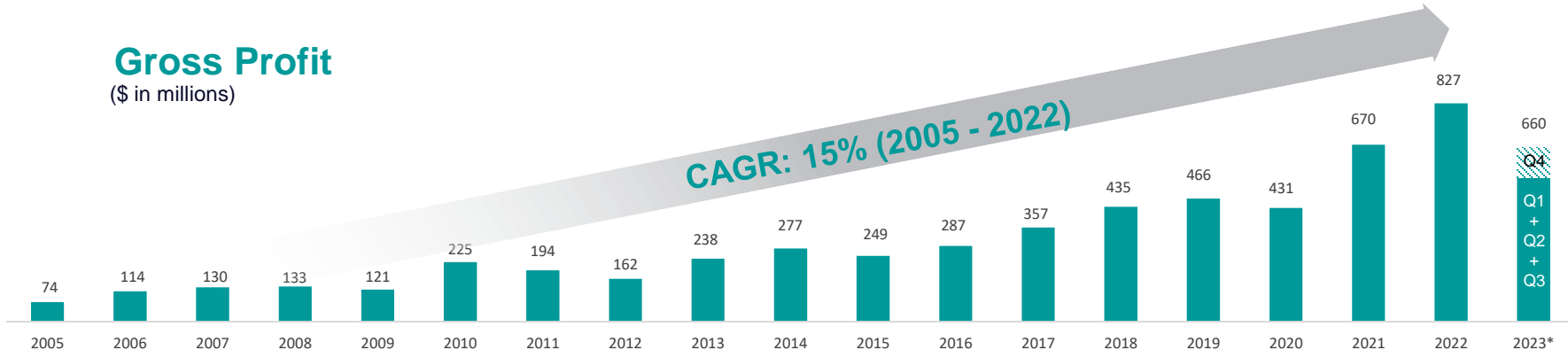
### Annual Revenue

(\$ in millions)



### Gross Profit

(\$ in millions)

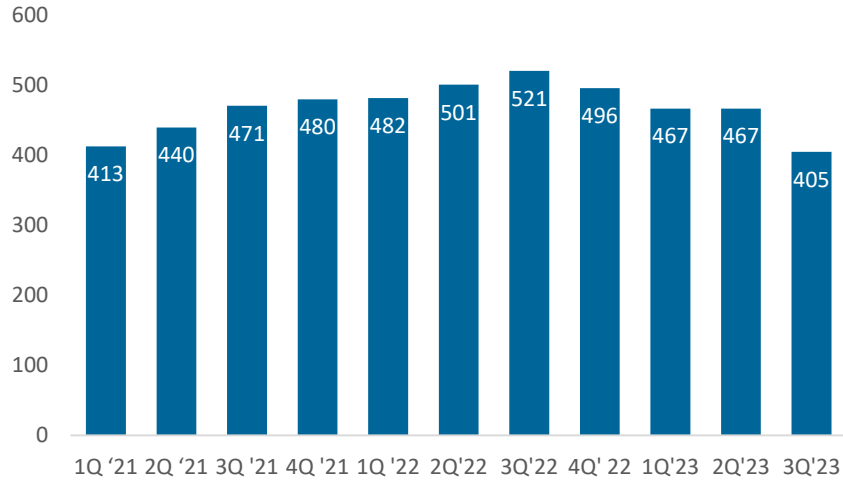


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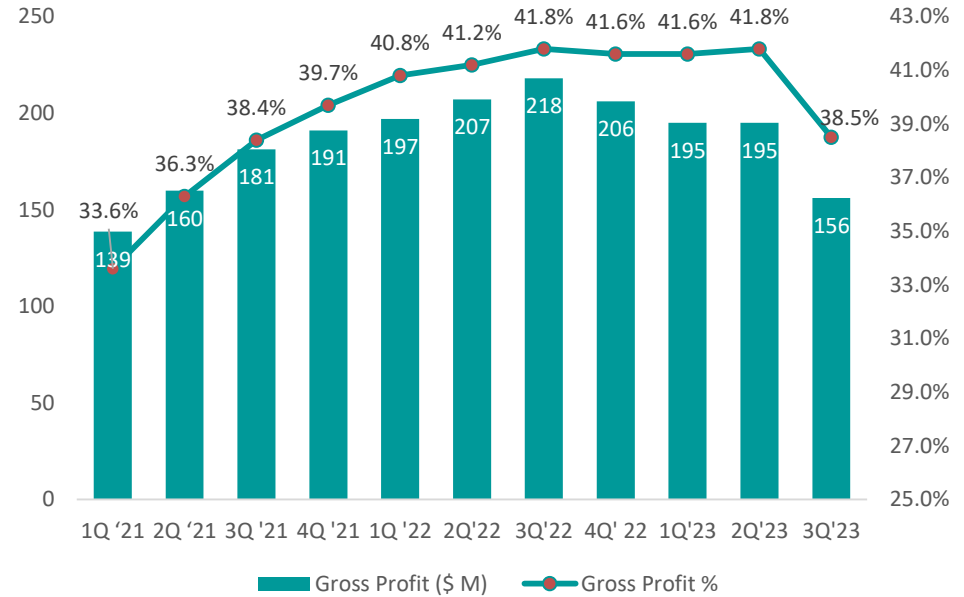
\* Revenue/Gross Profit for 2023 are based on Q1-Q3 results and Q4 guidance provided on November 8, 2023



## Quarterly Revenue (\$ Millions)

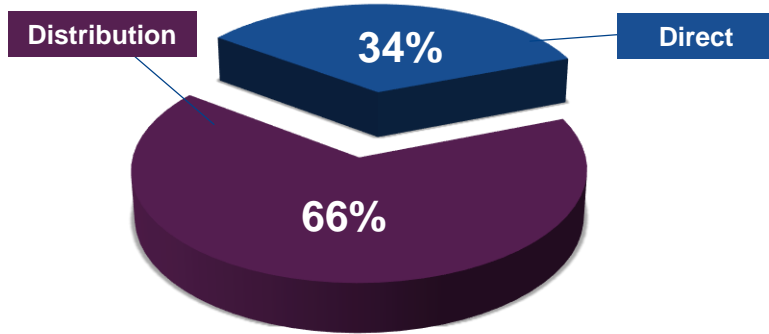


## Quarterly Gross Profit (\$ Millions)

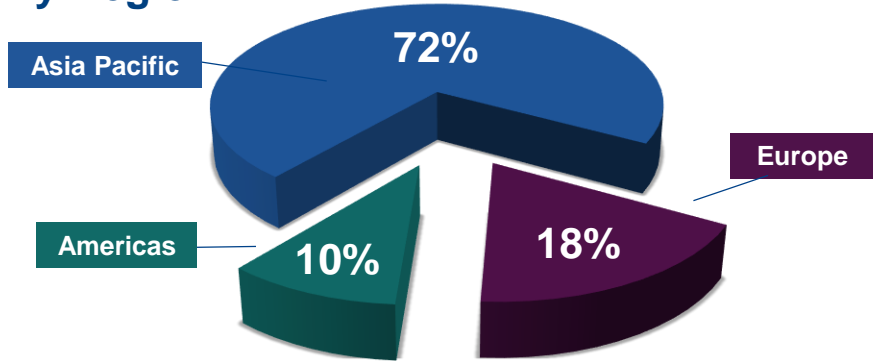


# Revenue Profile for Third Quarter 2023

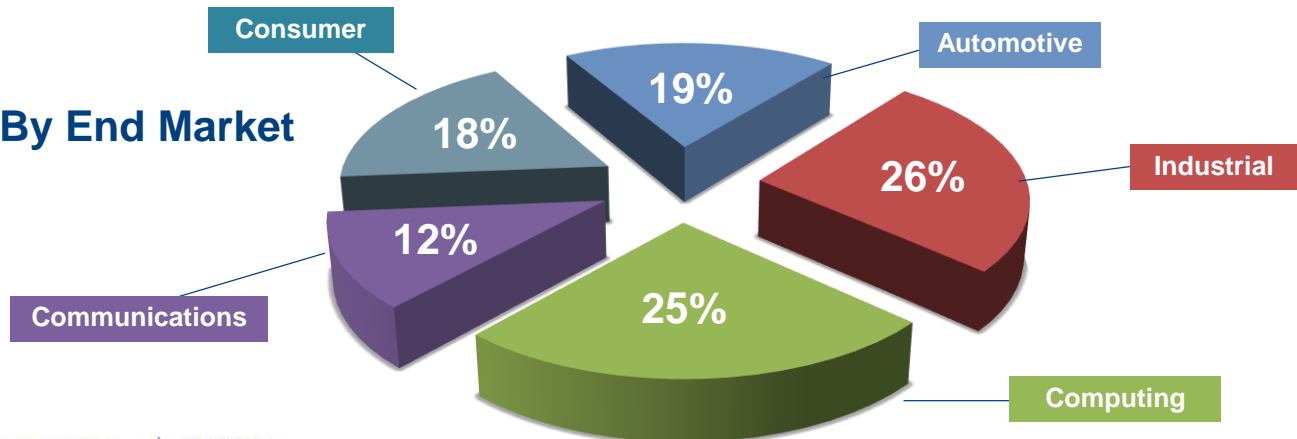
## By Channel



## By Region



## By End Market



# Income Statement – Third Quarter 2023

(\$ in millions, except per share amounts)	3Q22	2Q23	3Q23
Net sales	521.3	467.2	404.6
Gross profit (GAAP)	217.8	195.4	155.9
Gross profit margin % (GAAP)	41.8%	41.8%	38.5%
Net income (GAAP)	86.4	82.0	48.7
Net income (non-GAAP)	92.2	73.3	52.5
Diluted EPS (non-GAAP)	2.00	1.59	1.13
Cash flow from operations	132.2	92.6	50.1
EBITDA (non-GAAP)	141.9	133.5	90.6

# Balance Sheet

(\$ in millions)	Dec 31, 2021	Dec 31, 2022	Sep 30, 2023
<b>Cash*</b>	<b>373</b>	<b>348</b>	<b>308</b>
<b>Inventory</b>	<b>349</b>	<b>360</b>	<b>344</b>
<b>Current Assets</b>	<b>1,188</b>	<b>1,162</b>	<b>1,183</b>
<b>Total Assets</b>	<b>2,194</b>	<b>2,288</b>	<b>2,340</b>
<b>Total Debt</b>	<b>301</b>	<b>185</b>	<b>53</b>
<b>Total Liabilities</b>	<b>892</b>	<b>705</b>	<b>581</b>
<b>Total Equity</b>	<b>1,303</b>	<b>1,583</b>	<b>1,759</b>

\* Cash, Restricted Cash and Short-term investments

- Revenue to be ~\$325 million, +/- 3.0%
- GAAP gross margin of 35.0%, +/- 1%
- Non-GAAP operating expenses 26.5% of revenue, +/- 1%, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets
- Net Interest income of ~\$2.0 million
- Income tax rate to be 18%, +/- 3%
- Shares used to calculate diluted EPS approximately **46.6 million**
- Amortization of acquisitions-related intangible assets of **\$3.1 million**, after tax, for previous acquisitions is not included in these non-GAAP estimates

- **Vision: Expand shareholder value**
- **Mission: Profitability growth to drive 20%+ operating profit**
- **Next Strategic Goal: \$1B gross profit**
- **Tactics:**
  - Total system solutions sales approach and content expansion driving growth
  - Increased focus on high-margin Automotive, Industrial, analog, and power discrete products
  - Investment for technology leadership in target products, fab processes, and advanced packaging



**Thank you**

# Reconciliation of Net Income to Adjusted Net Income

For the three months ended September 30, 2023

(in thousands, except per share data)

	Operating Expenses	Other (Income) Expense	Income Tax Provision	(unaudited) Net Income
Per-GAAP				\$ 48,720
Diluted earnings per share (per-GAAP)				\$ 1.05
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,807		(698)	3,109
Non-cash market-to-market investment value adjustments		(401)	80	(321)
Investment gain		(1,136)	227	(909)
Restructuring Cost	2,566		(642)	1,924
Non-GAAP				\$ 52,523
Diluted shares used in computing earnings per share				46,320
Non-GAAP diluted earnings per share				\$ 1.13

Note: Included in GAAP and non-GAAP net income was approximately \$4.7 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP diluted earnings per share would have increased by \$0.10 per share.



# GAAP to Non-GAAP Reconciliation

For the three months ended September 30, 2022

(in thousands, except per share data)  
(unaudited)

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
<b>Per-GAAP</b>				<b>\$ 86,386</b>
<b>Diluted earnings per share (Per-GAAP)</b>				<b>1.88</b>
<b>Adjustments to reconcile net income to non-GAAP net income:</b>				
Amortization of acquisition-related intangible assets	3,939		(721)	3,218
Acquisition-related costs	128		(27)	101
Gain on sale of manufacturing facilities		413	(62)	351
Non-cash mark-to-market investment adjustments		2,649	(530)	2,119
<b>Non-GAAP</b>				<b>\$ 92,175</b>
Diluted shares used in computing earnings per share				<b>46,014</b>
<b>Non-GAAP diluted earnings per share</b>				<b>\$ 2.00</b>

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$8.1 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have increased by \$0.18 per share.