



Third Quarter 2021 Financial Results Diodes Incorporated (DIOD)

November 3, 2021

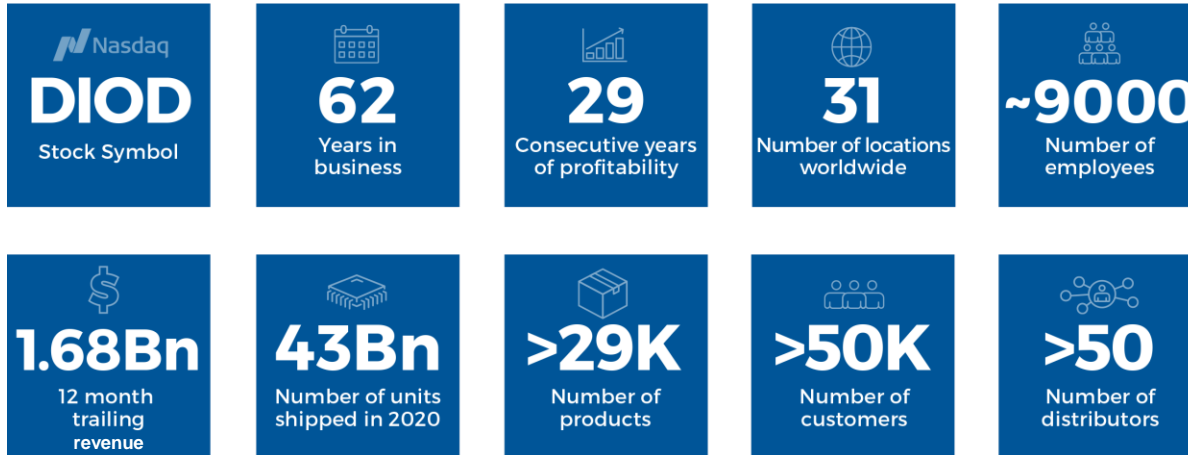


Any statements set forth herein that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements include, but are not limited to, statements regarding updates to Diodes Incorporated's fourth quarter 2021 business outlook as of November 3, 2021, which include the following: expect revenue to be approximately \$476 million, plus or minus 3.0 percent; expect GAAP gross margin to be 38.7 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 21.0 percent of revenue, plus or minus 1 percent; expect non-GAAP net interest expense to be approximately \$1.2 million; expect 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 46.2 million; purchase accounting adjustments for Pericom and previous acquisitions of \$3.4 million after tax are not included in these non-GAAP estimates; and other statements identified by words such as "estimates," "expects," "projects," "plans," "will," and similar expressions.

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 Lite-On Semiconductor Corp. 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 operation costs, labor shortages, higher tax rates, and our joint venture prospects; the risk that we may not continue our share repurchase program; 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 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 3, 2021 titled, "Diodes Incorporated Reports Third Quarter 2021 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.

Diodes delivers high-quality semiconductor products to the world's leading companies in the consumer electronics, computing, communications, industrial, and automotive markets



Vision: Profitability Growth to Maximize Shareholder Value

Our Core Values: Integrity, Commitment, Innovation

- **Revenue** - a record **\$471.4 million**; increasing 52% year-over and 7% sequentially
- **GAAP gross profit** - a record **\$181.2 million**; increasing 63% year-over and 13% sequentially
- **GAAP gross profit margin** - a record **38.4%**; increasing 250bp year-over-year and 210bp sequentially
- **GAAP net income** - a record **\$68.4 million**, or **\$1.50** per diluted share, improving 194% year-over and 23% sequentially
- **Non-GAAP net income** - a record **\$67.3 million**, or **\$1.47** per diluted share, improving 137% year-over and 23% sequentially
- **EBITDA** was a record **\$114.5 million**, or 24.3% of revenue
- Achieved **cash flow** from operations of \$98.9 million and \$57.8 million of free cash flow, including \$41.1 of capital expenditures. Net cash flow was a negative \$10.1 million, including the pay down of \$49.7 million of total debt



Record performance across all financial metrics



2nd consecutive quarter of gross margin expansion above 210 basis points



Automotive revenue grew 65% YoY and 7% QoQ → 30% 8-year CAGR



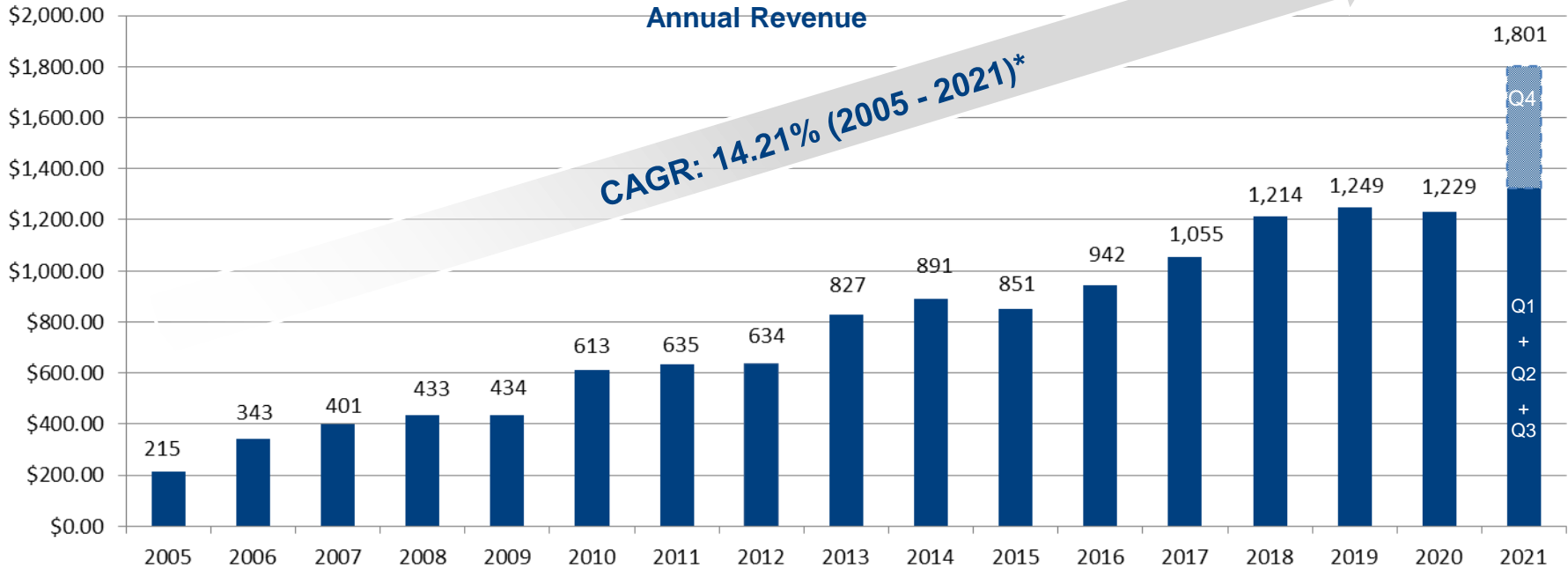
Pericom products achieved 4 consecutive quarters of growth



Favorably positioned with global manufacturing footprint to strategically expand capacity and reduce costs

Continued Outperformance of Served Markets

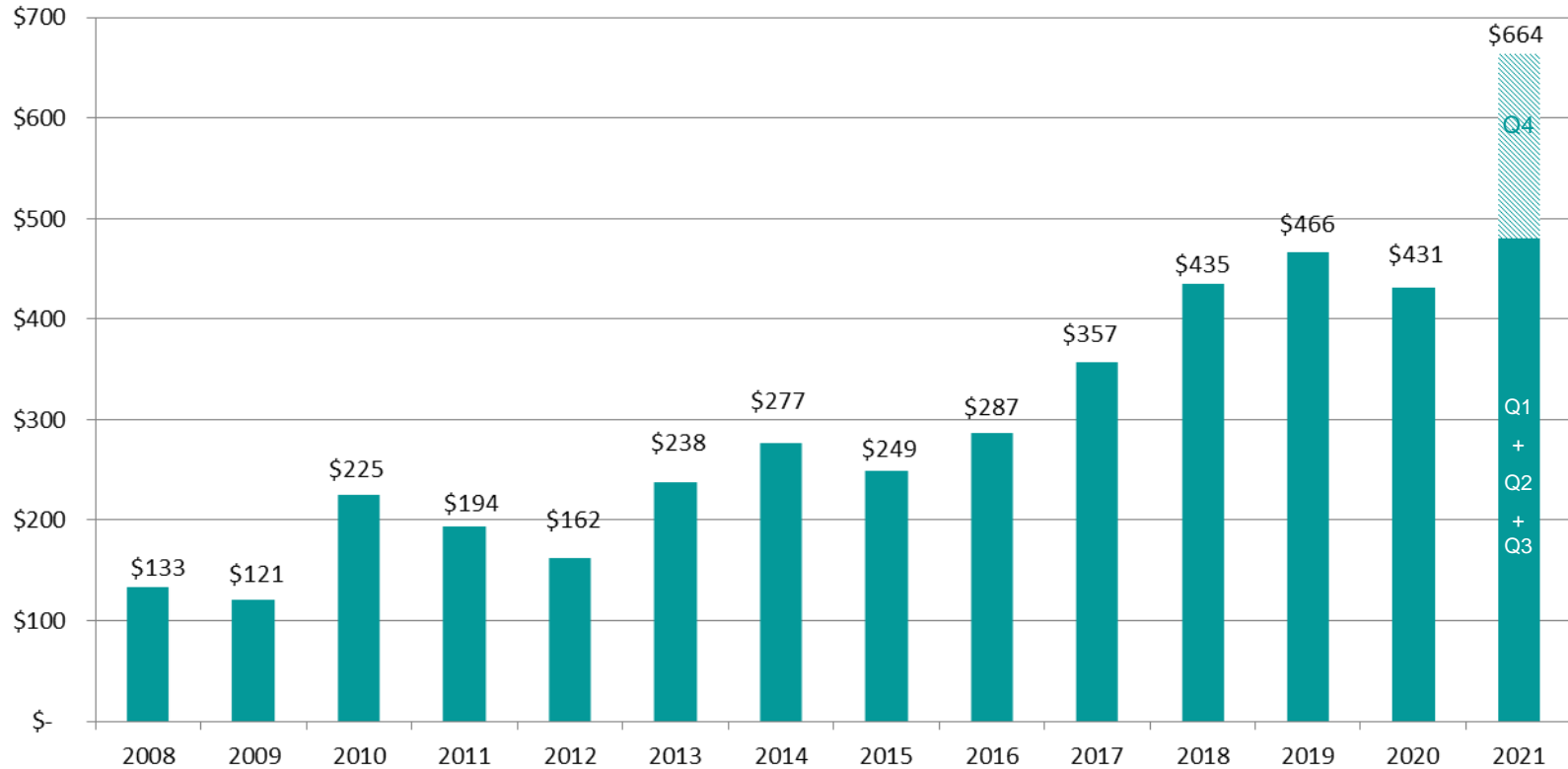
(\$ in millions)



* Revenue for 2021 is based on Q1-Q3 result and Q4 guidance

Expanding Profitability Growth

(\$ in millions)

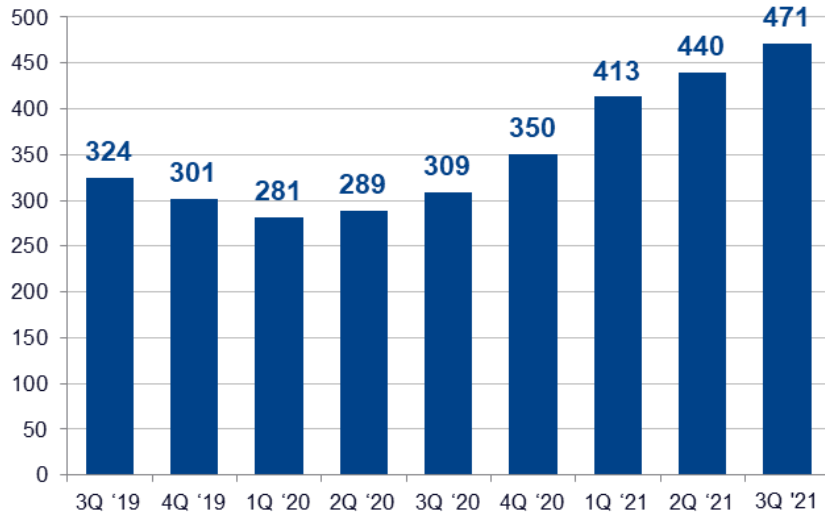


* Gross Profit for 2021 is based on Q1-Q3 result and Q4 guidance

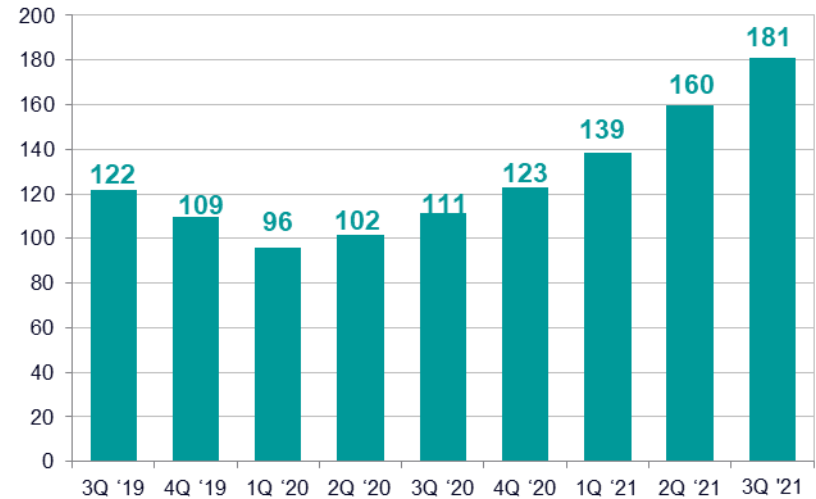


DISCRETE
ANALOG
LOGIC
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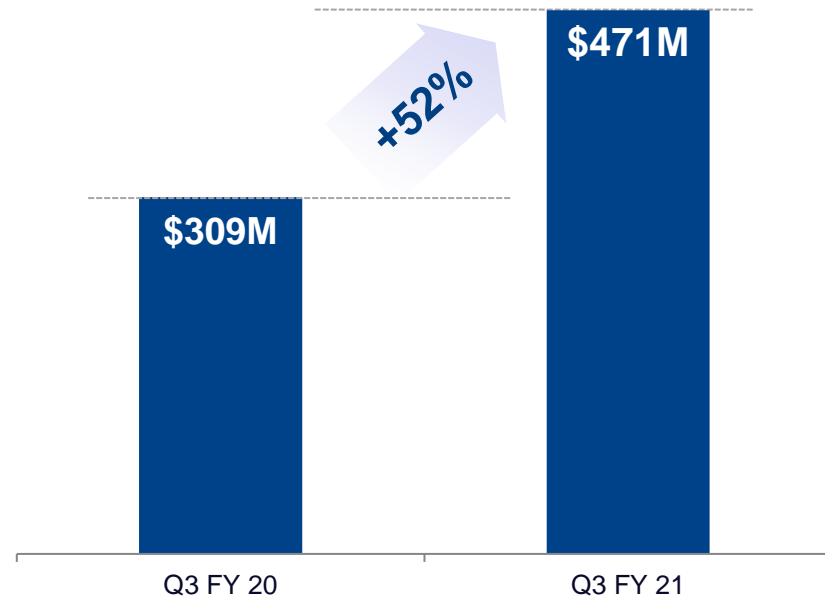
Quarterly Revenue (\$ Millions)



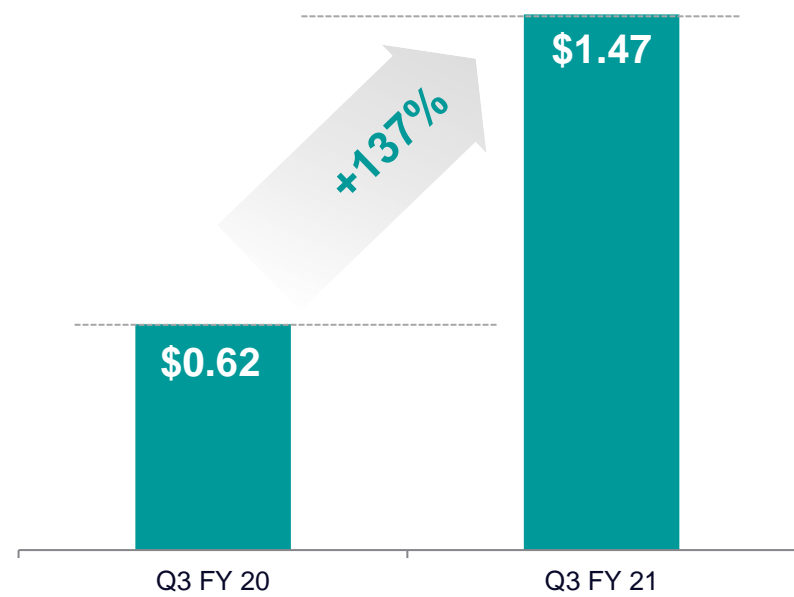
Quarterly Gross Profit (\$ Millions)



Revenue



Non-GAAP EPS



On-Track to Achieve Longer Term Targets

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

2025 Targets

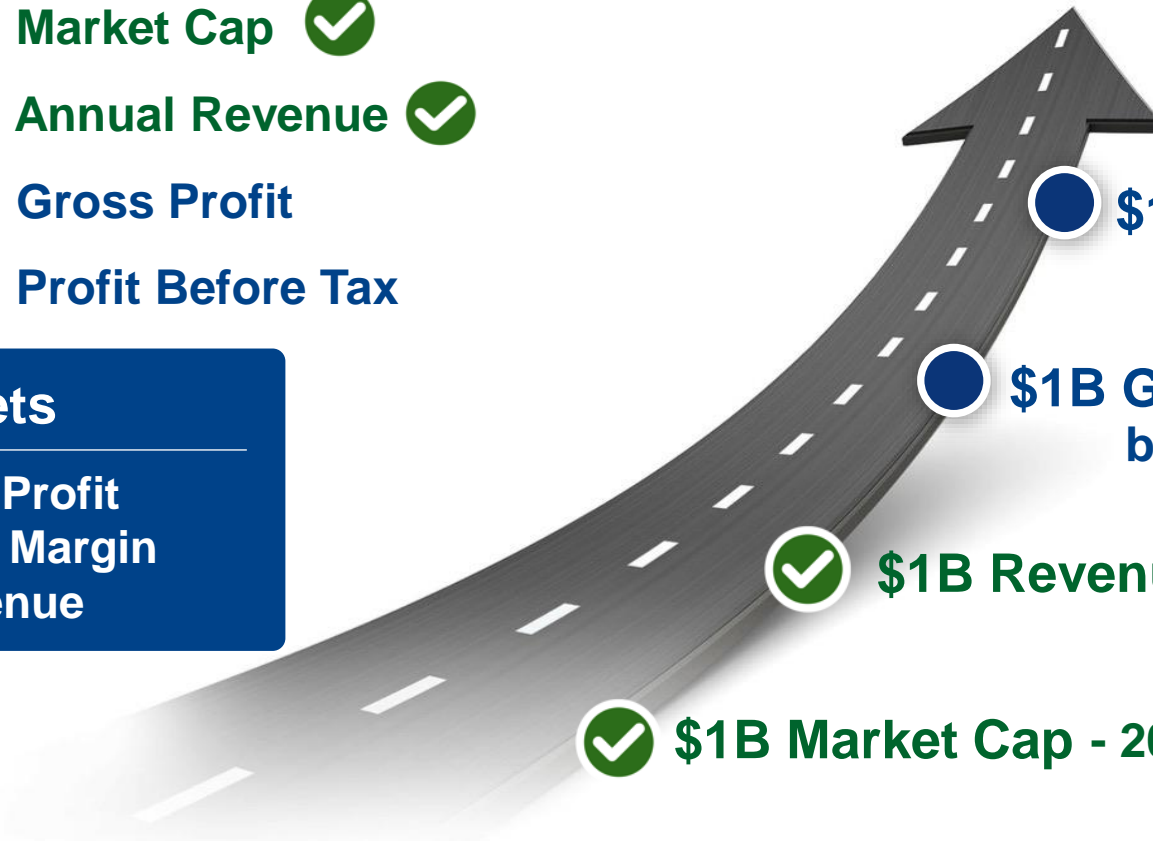
\$1B - Gross Profit
40% - Gross Margin
\$2.5B - Revenue

✓ **\$1B Market Cap - 2010**

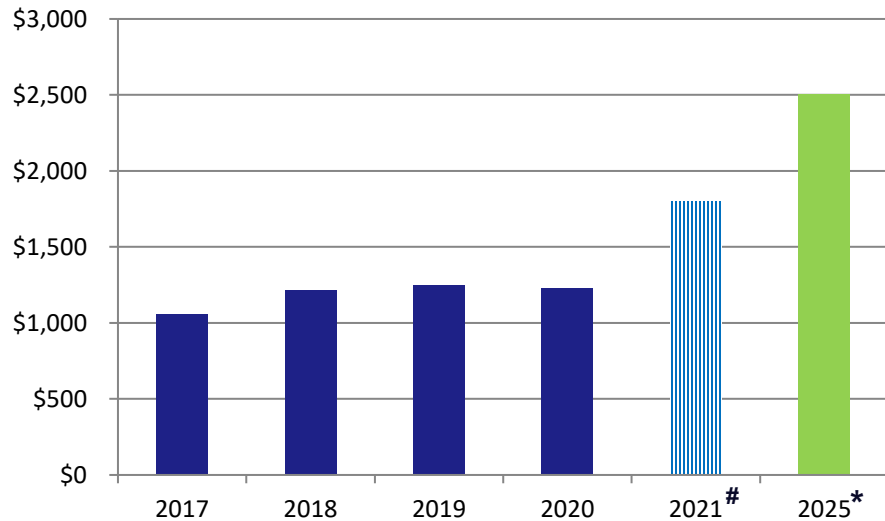
✓ **\$1B Revenue - 2017**

● **\$1B Gross Profit by 2025**

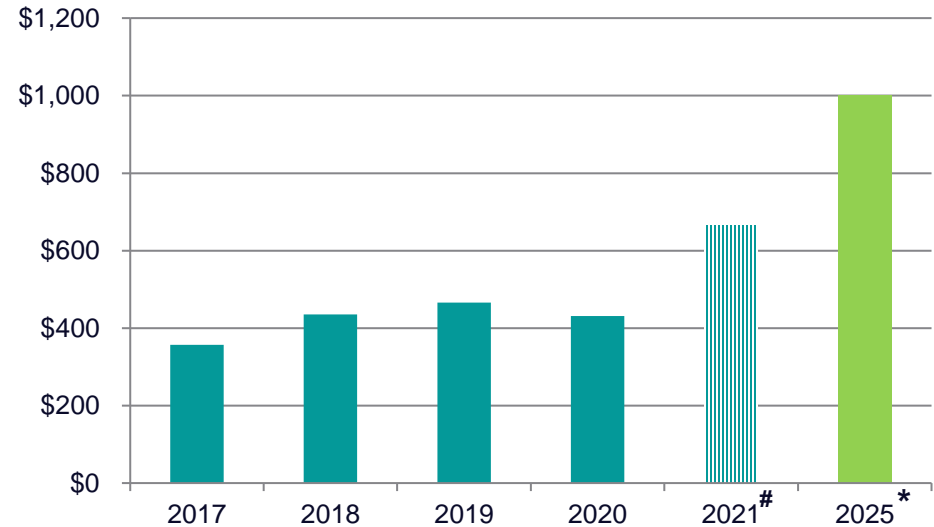
● **\$1B PBT**



Revenue (\$ Millions)

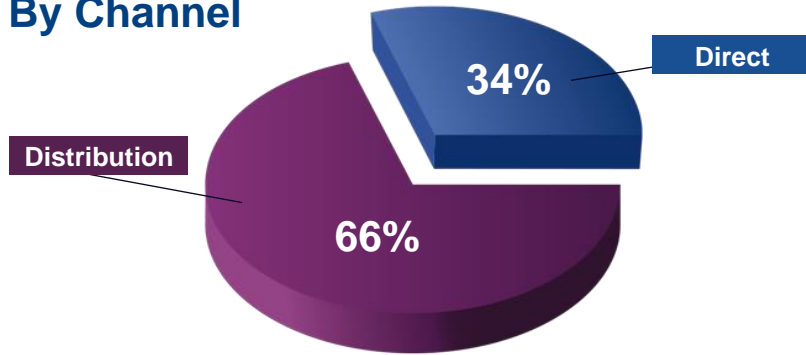


Gross Profit (\$ Millions)

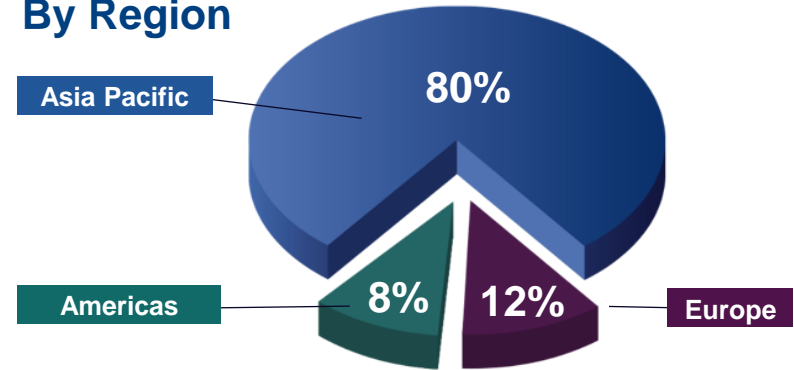


Revenue Profile for Third Quarter 2021

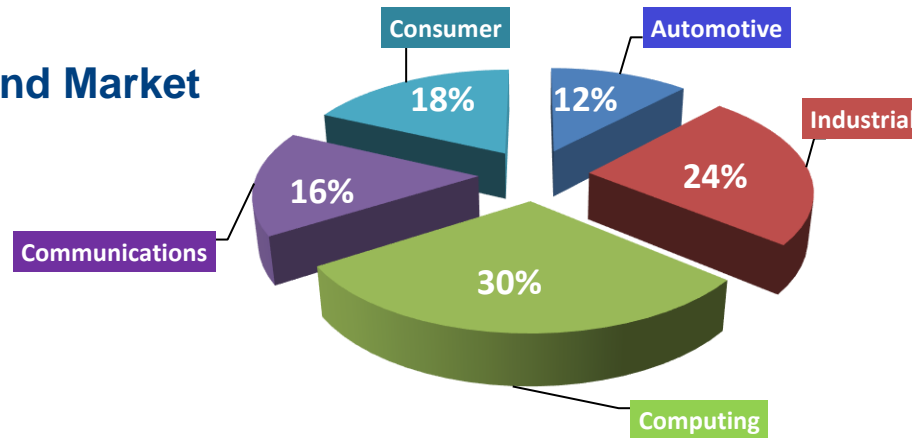
By Channel



By Region



By End Market



Income Statement – Record Performance

(\$ in millions, except per share amounts)	3Q20	2Q21	3Q21
Net sales	309.5	440.4	471.4
Gross profit (GAAP)	111.1	159.8	181.2
Gross profit margin % (GAAP)	35.9%	36.3%	38.4%
Net income (GAAP)	27.2	55.4	68.4
Net income (non-GAAP)	32.8	54.6	67.3
EPS (non-GAAP)	0.62	1.20	1.47
Cash flow from operations	39.7	93.9	98.9
EBITDA (non-GAAP)	63.3	99.4	114.5

(\$ in millions)	Dec 31, 2019	Dec 31, 2020	Sept 30, 2021
Cash/Cash equivalents/restricted cash plus short-term investments	264	327	292
Inventory	236	307	322
Current Assets	810	1,024	1,064
Total Assets	1,639	1,980	2,042
Total Debt (L/T, S/T, Line of Credit)	111	451	252
Total Liabilities	487	963	825
Total Equity	1,153	1,016	1,217

- **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 and Pericom products
 - Investment for technology leadership in target products, fab processes, and advanced packaging

- **Revenue to increase to ~\$476 million, +/- 3.0%**
 - A record on both an organic and consolidated basis for a combined increase of about 1% sequentially at the mid-point
 - Better than typical seasonality of down 5%
- **GAAP gross margin of 38.7%, +/- 1%** on a consolidated basis
- **Non-GAAP operating expenses 21.0% of revenue, +/- 1%**, which are GAAP OpEx adjusted for amortization of acquisition-related intangible assets
- **Net Interest expense of ~\$1.2 million**
- **Income tax rate to be 18%, +/- 3%**
- Shares used to calculate diluted EPS approximately **46.2 million**
- Purchase accounting adjustments related to amortization of acquisitions-related intangible assets of \$3.4 million, after tax, for previous acquisitions is not included in these non-GAAP estimates

**Guidance as provided on November 3, 2021*

DIODES
INCORPORATED

Thank you

www.diodes.com

GAAP to Non-GAAP Reconciliation

For the nine months ended Sept 30, 2021	COGS	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP					\$ 163,250
Diluted earnings per share (Per-GAAP)					\$ 3.59
Adjustments to reconcile net income to non-GAAP net income:					
Amortization of acquisition-related intangible assets		12,139		(2,227)	9,912
Acquisition-related costs		2,265		(475)	1,790
Gain on LSC investments			(14,838)	2,968	(11,870)
Restructuring costs		961		(144)	817
Non-GAAP					\$ 163,899
Diluted shares used in computing earnings per share					45,507
Non-GAAP diluted earnings per share					\$ 3.60

Note: Included in GAAP and non-GAAP net income was approximately \$19.7 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 improved by \$0.43 per share.

GAAP to Non-GAAP Reconciliation

For the nine months ended Sept 30, 2020	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				\$ 68,353
Diluted earnings per share (Per-GAAP)				\$ 1.30
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	12,249		(2,249)	10,000
Acquisition-related financing costs		6,118	(1,343)	4,775
Acquisition-related costs	1,124		(230)	894
Board-member retirement costs	1,705		(358)	1,347
Non-GAAP				\$ 85,370
Diluted shares used in computing earnings per share				52,612
Non-GAAP diluted earnings per share				\$ 1.62

Note: Included in GAAP and non-GAAP net income was approximately \$13.4 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 improved by \$0.25 per share.