

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 4, 2019

DIODES INCORPORATED
(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

002-25577
(Commission
File Number)

95-2039518
(IRS Employer
Identification No.)

4949 Hedgcoxe Road, Suite 200, Plano, TX
(Address of Principal Executive Offices)

75024
(Zip Code)

Registrant's Telephone Number, Including Area Code: (972) 987-3900

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2, below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.66 2/3	DIOD	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 4, 2019, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, (the "Company"), as well as Brett R. Whitmire, Chief Financial Officer, Emily Yang, Vice President, Worldwide Sales and Marketing, and Laura Mehrl, Director of Investor Relations, participated in a conference call to discuss the Company's third quarter 2019 financial results. A recording of the conference call has been posted on the Company's website at www.diodes.com, and copy of a transcript of the conference call is furnished as Exhibit 99.1 to this report.

In the earnings conference call, the Company utilizes financial measures and terms not calculated in accordance with generally accepted accounting principles in the United States ("GAAP") in order to provide investors with an alternative method for assessing the Company's operating results in a manner that enables investors to more thoroughly evaluate its current performance as compared to past performance. The Company also believes these non-GAAP measures provide investors with a more informed baseline for modeling the Company's future financial performance. Management uses these non-GAAP measures for the same purpose. The Company believes that investors should have access to the same set of tools that management uses in analyzing results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results and may differ from similar measures used by other companies. For a description, and reconciliation with GAAP, of these non-GAAP measures see the Company's press release dated November 4, 2019, announcing the Company's third quarter 2019 financial results, a copy of which was furnished as Exhibit 99.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 4, 2019.

Item 7.01 Regulation FD Disclosure.

The transcript of the earnings conference call furnished as Exhibit 99.1 also provides an update on the Company's business outlook, that is intended to be within the safe harbor provided by the Private Securities Litigation Reform Act of 1995 (the "Act") as comprising forward looking statements within the meaning of the Act.

The information furnished in this Item 7.01, including the exhibit incorporated by reference, will not be treated as "filed" for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section. This information will not be deemed incorporated by reference into any filing under the Securities Act, or into another filing under the Exchange Act, unless that filing expressly refers to specific information in this Report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated November 4, 2019
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 7, 2019

DIODES INCORPORATED

By /s/ Brett R. Whitmire
Brett R. Whitmire
Chief Financial Officer




Exhibit 99.1

THOMSON REUTERS STRETEVENTS



CORPORATE PARTICIPANTS

Brett R. Whitmire Diodes Incorporated - CFO
Emily Yang Diodes Incorporated - VP of Worldwide Sales & Marketing
Keh-Shew Lu Diodes Incorporated - CEO, President & Director

CONFERENCE CALL PARTICIPANTS

Gary Wade Mobley Wells Fargo Securities, LLC, Research Division - Senior Analyst
Shawn Matthew Harrison Longbow Research LLC - Senior Research Analyst
Leanne K. Sievers Shelton Group - President

PRESENTATION

Operator
Good afternoon, and welcome to Diodes Incorporated Third Quarter 2019 Financial Results Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded today, Monday, November 4, 2019.

I would now like to turn the call over to Leanne Sievers of Shelton Group Investor Relations. Leanne, please go ahead.

Leanne K. Sievers - Shelton Group - President
Good afternoon, and welcome to Diodes' Third Quarter 2019 Financial Results Conference Call. I'm Leanne Sievers, President of Shelton Group, Diodes' Investor Relations firm.

Joining us today from Taiwan are Diodes' President and CEO, Dr. Keh-Shew Lu; Chief Financial Officer, Brett Whitmire; Vice President of Worldwide Sales & Marketing, Emily Yang; and Director of Investor Relations, Laura Mehrl.

Before I turn the call over to Dr. Lu, I'd like to remind our listeners that the results announced today are preliminary as they are subject to the company finalizing the closing procedures and customary quarterly review by the company's independent registered public accounting firm. As such, these results are unaudited and subject to revision until the company files its Form 10-Q for the third quarter of 2019.

In addition, management's prepared remarks contain forward-looking statements, which are subject to risks and uncertainties, and management may make additional forward-looking statements in response to your questions. Therefore, the company claims the protection of the safe harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995. Actual results may differ from those discussed today and, therefore, we refer you to a more detailed discussion of the risks and uncertainties in the company's filings with the Securities and Exchange Commission, including forms 10-K and 10-Q. In addition, any projections as to the company's future performance represent management's estimates as of today, November 4, 2019. Diodes assumes no obligation to update these projections in the future as market conditions may or may not change, except to the extent required by applicable law.

Additionally, the company's press release and management statements during this conference call will include discussions of certain measures and financial information in GAAP and non-GAAP terms. Included in the company's press release are definitions and reconciliations of GAAP to non-GAAP items, which provide additional details. Also, throughout the company's press release and management's statements during this conference call, we refer to net income attributable to common stockholders as GAAP net income.

For those of you unable to listen to the entire call at this time, a recording will be available via webcast for 90 days in the Investor Relations section of the Diodes' website at www.diodes.com.



And now, I'll now turn the call over to Diodes' President and CEO, Dr. Keh-Shew Lu. Dr. Lu, please go ahead.

Keh-Shew Lu - Diodes Incorporated - CEO, President & Director

Thank you, Leanne. Welcome everyone, and thank you for joining us today. Diodes achieved another quarter of record financials, resulting in increased profitability and cash flow from operations. Our 9-month revenue grew 5.4% over the same period last year, while earnings increased over 30%. This growth is especially notable at a time during which our served market was down more than 6.5%. EBITDA also set a new quarterly record and represents the second consecutive quarter to exceed a \$300 million annual run rate as it approaches 25% of total revenue. Further, gross margin remains above 37% of revenue as product mix continues to benefit from record revenue in the automotive end market, which remains at 10% of total revenue, as well as our Pericom-branded IC products.

I would also like to take this time to provide an update on our proposed acquisition of Lite-On Semiconductors. As recently announced, Lite-On Semiconductors shareholders approved the proposed acquisition at the special meeting of shareholders on October 25th. Diodes has also made necessary regulatory filings in U.S., Taiwan and China. In China especially, we are awaiting feedback from the government, and at this time, are not aware of any issues that would delay the closing at the expected date in April 2020.

To conclude, I'm very pleased with our year-to-date performance as we carefully navigate the seasonal softness and the inventory adjustments that are typical of our industry as we approach year-end. Longer-term, I believe Diodes remains well positioned to continue delivering consistent profitability growth with an ongoing focus on content gains in high-growth areas such as connected cars, high-end servers and storage, 5G as well as IoT.

With that, let me now turn the call over to Brett to discuss our third quarter financial results and our fourth quarter 2019 guidance in more detail.

Brett R. Whitmire - Diodes Incorporated - CFO

Thanks, Dr. Lu, and good afternoon, everyone. As part of my financial review today, I will focus my comments on the sequential change for each of the line items and would refer you to our press release for a more detailed review of our results as well as the year-over-year comparisons.

Revenue for the third quarter 2019 was a record \$323.7 million compared to \$322 million in the second quarter 2019. Gross profit for the third quarter remained a record \$122 million or 37.7% of revenue compared to the prior quarter of \$122 million or 37.9% of revenue. GAAP operating expenses for the third quarter 2019 were \$73.3 million or 22.7% of revenue and \$68.8 million or 21.3% of revenue on a non-GAAP basis, which excluded \$4.5 million of amortization of acquisition-related intangible asset expenses. This compares with GAAP operating expenses in the second quarter 2019 of \$73.5 million or 22.8% of revenue and \$69 million or 21.4% of revenue on a non-GAAP basis.

Total other income amounted to approximately \$20,000 for the quarter, including \$2.6 million of other income, \$272,000 of interest income, largely offset by \$2 million of interest expense and \$822,000 of foreign currency losses. Income before taxes and noncontrolling interest in the third quarter 2019 was a record \$48.7 million compared to \$47.9 million in the previous quarter. Turning to income taxes. Our effective income tax rate for the third quarter was approximately 21.8%.

GAAP net income for the third quarter of 2019 was a record \$38.1 million or \$0.73 per diluted share compared to net income of \$36.3 million or \$0.70 per diluted share in the second quarter 2019. The share count used to compute GAAP diluted EPS for the third quarter 2019 was 51.9 million shares. Non-GAAP adjusted net income in the third quarter was a record \$41.9 million or \$0.81 per diluted share, which excluded, net of tax, \$3.7 million of non-cash acquisition-related intangible asset amortization costs. This compares to non-GAAP adjusted net income of \$40 million or \$0.77 per diluted share in the second quarter 2019.

EBITDA for the third quarter was a record \$78.3 million or 24.2% of revenue compared to \$77.1 million or 23.9% of revenue in the prior quarter. We have included in our earnings release a reconciliation of GAAP net income to non-GAAP adjusted net income and GAAP net income to EBITDA, which provides additional details.



Cash flow generated from operations was \$67.2 million for the third quarter 2019. Free cash flow was \$41.8 million, which included \$25.4 million for capital expenditures. And net cash flow in the third quarter was a negative \$17.1 million, which includes a paydown of \$52.6 million of long-term debt.

Turning to the balance sheet. At the end of third quarter, cash and cash equivalents plus short-term investments totaled approximately \$226 million. Working capital was \$465 million, and long-term debt, including the current portion, was \$119 million. In terms of inventory, at the end of third quarter, total inventory days increased to 104 in the quarter compared to 100 last quarter. Total inventory dollars amounted to approximately \$230.8 million, which reflects \$5 million increase in raw materials, \$2.8 million increase in finished goods and \$100,000 increase in work-in-process. Finished goods inventory days were 27 in the quarter compared to 26 in the second quarter 2019. Capital expenditures on a cash basis for the third quarter 2019 were \$25.4 million or 7.9% of revenue and within our target model of 5% to 9% of revenue.

Now turning to our outlook. For the fourth quarter, we expect revenue to be approximately \$300 million, plus or minus 2%, which at the midpoint represents annual growth of 2.8% even in the overall weak market environment and continued outperformance of our served market. We expect GAAP gross margin to be 36.5%, plus or minus 1%. Non-GAAP operating expenses, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets, are expected to be approximately 22% of revenue, plus or minus 1%. We expect net interest expense to be approximately \$2 million. Our income tax rate is expected to be 21%, plus or minus 3%. And shares used to calculate diluted EPS for the fourth quarter are anticipated to be approximately 52.5 million. Please note that purchase accounting adjustments of \$3.7 million after-tax for Pericom and previous acquisitions are not included in these non-GAAP estimates.

With that said, I will now turn the call over to Emily Yang.

Emily Yang - Diodes Incorporated - VP of Worldwide Sales & Marketing

Thank you, Brett, and good afternoon. Looking more closely at third quarter revenue, POS revenue was up driven by strong demand in Asia. Distributor inventory in terms of weeks was down in the quarter and within our normal range of 11 to 14 weeks, which is where we expect it to remain near-term. Global sales for the third quarter: Asia represented 74% of revenue; Europe, 17%; and North America, 9%. In terms of our endmarkets, industrial was once again our largest representative end market at 28% of revenue; consumer, 24%; communication, 22%; computing, 16%; and automotive, 10% of revenue.

Now let me review the end markets in greater detail. Starting with our automotive market, revenue reached another record as we continue to gain increasing traction and content in this key focus area for Diodes. We also expanded our product portfolio by introducing exciting new products for multiple product lines, including MOSFET, crystals, LED drivers, TVS, Zener diodes, protection products, bipolar junction transistors, SBR and sensors.

Diodes also recently released our XRQ family of crystals qualified to AEC-Q200 Grade 1 requirements targeting auto applications that demand frequency accuracy under harsh environments. Additionally, Diodes' leading PCI Express 4.0 solution and USB Type-C solutions for signal MUXing and signal integrity continued to see growth in emerging automotive applications like instrument cluster, infotainment and assisted driving information. In fact, PCI Express has become the interface of choice for the backbone transmission of engine control units, ADAS, navigation, telematic and infotainment systems. Diodes is well positioned to address this need with a variety of products designed to support the PCI Express protocol. Diodes is the only supplier to offer PCI Express 4.0 Clock Generators and Clock Buffers with AECQ Grade 2 105 C ambient temperature support.

Also in the automotive market, we continue to see success with our proprietary SBR technology as well as MOSFET design-ins. These products are suitable for a wide range of applications in Connected Driving (ADAS; Telematics and Infotainment); Powertrain (covering conventional hybrid and electric vehicles); and Battery Management Systems. In addition, we saw new design wins for our Gate Driver ICs for in-car charging systems for portable equipment such as phones and tablets. We also saw growth in our TVS product in cameras and ADAS systems and for our multichip array products using engine diagnostic test systems. Diodes also had multiple design wins and revenue growth from our newly introduced LED driver in rear light and air filter applications.



In our largest representative end market of industrial, our momentum continued with new design win activities across many applications such as metering, DC fans, power tools and power supply as well as home appliances, including e-lock applications. Our Glass Passivation Process (GPP) rectifier and bridge rectifier products experienced strong growth in applications, including pumps, mixers, aeration systems and measurement systems. In the third quarter, revenue increased for our linear-mode discrete LED drivers in various commercial and industrial lighting applications. Bipolar transistors also continued to be in demand for industrial applications where they are often used for voltage regulation and driving the gates of power devices such as MOSFET and IGBT.

Additionally, we continue to expand our market position in industrial PC by expanding design-in activities with our low-power PCI Express 2.0 Packet Switch. Our product's low-power performance gives Diodes a leading position in the small-lane count port expansion applications. We are also seeing USB Type-C adoption into medical equipment with our HDMI over the Type-C Crossbar Switch design-in for transporting video images to monitors over a USB Type-C interface. Diodes also introduced during the quarter our universal high-speed crossbar switch that supports the latest protocols such as PCI Express 4.0, Thunderbolt 3, SuperSpeed USB 20-gigabits per second and 10 GBase-KR. It provides an almost universal solution to routing high-speed signals up to 20 gigabits per second. Further, with the rapid adoption of high-speed interfaces across multiple end applications in the IoT industry, ESD protection is becoming more and more important for such data links. Multiple design wins in third quarter confirm Diodes' leading position in the ESD protection devices.

Turning to consumer. This market continues to be a strong area for Diodes' SBR Schottky and GPP rectifier, growing both sequentially and year-over-year. We saw increased momentum for new applications like smart speakers, wireless chargers, gaming PC power, white goods, Protection Circuit Modules for reverse polarity protection and the IP phone market. Low-leakage CSP products are increasingly used in the battery packs of portable devices to boost battery life. Also in the quarter, Diodes' protection product continued to gain traction in various panel applications such as mobile panels, TV panels, monitor panels and notebook panels.

In the communication market, as reported last quarter, we continue to see design win expansion of our products in the 5G applications like CPE, Small Cell, Base station, Base Band Units (BBU) and Remote Radio Units (RRU) for higher speed, increased bandwidth and improved power density. We also saw additional design wins in 5G applications for discrete, power management, clocks and connectivity products, including USB ReDrivers and switches. Power density is one of the key concerns for 5G smartphones, and Diodes has been actively engaged in this market with our comprehensive small footprint DFN and CSP MOSFET portfolio. Also in the communication market, we continued to see revenue growth from mobile handset applications for our products like tight-tolerance Zener diodes, high-voltage fast-switching diodes, low-leakage signal diodes and fast-recovery GPP rectifiers. In addition, our protection products continued to be our key growth area driven by USB Type-C adoption in mobile phone applications.

Lastly, in the computing market, revenue grew in notebook/PC applications for our TVS products, high-current LDOs, tight-tolerance Zener diodes, rectifiers and small-signal fast-switching diodes. Our signal integrity solutions continue to maintain a leadership position as they are well recognized by CPU partners. With adoption of USB Type-C in notebook and PC applications, we are seeing this area as the next big growth engine for protection and connectivity products from our Pericom product line.

Speaking of our Pericom IC product line, as Dr. Lu mentioned in his comments, we once again achieved another quarter of record revenue from these products, which is a testament to Diodes' ability to leverage our global sales channel and cross-selling opportunities we have been able to achieve across our customer base. We also achieved strong revenue growth for load switches in PC and mobile applications combined with increasing design wins for our higher-breakdown voltage products for applications such as Power-over-Ethernet, server power and data center.

In summary, our achievement of record results in the third quarter is a further testament to Diodes' consistent execution and the increasing benefits from our total solution sales approach and content expansion at key customers. Further, as indicated by our fourth quarter guidance, we expect full year revenue to grow 2.8% over 2018, which is further evidence of our continuous outperformance of our served markets. We look forward to the additional opportunities afforded by the proposed acquisition of Lite-On Semiconductor in terms of broadened product offerings as well as wafer and packaging capacity to further support our future growth.

With that, we'll now open the floor to questions. Operator?



QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Gary Mobley with Wells Fargo Securities.

Gary Wade Mobley - Wells Fargo Securities, LLC, Research Division - Senior Analyst

I want to start by asking about the gross margin assumption for the fourth quarter. With gross margin expected to decrease about 120 basis points quarter-over-quarter, curious to know how much of that is underutilization of manufacturing versus pricing on a like-for-like basis for products.

Keh-Shew Lu - Diodes Incorporated - CEO, President & Director

Well, Gary, majority actually is coming from underutilization. Right now, our model is 95% for AT, and we could probably go down another 5% for utilization of AT and probably 5% to 10% for wafer fab, okay? Our ASP actually is quite stable. If you remember, we're using the model as 1.5% down to 2% per quarter, ASP 1.5% to 2% down per quarter. That's our model. And we are looking at probably about the same kind of rate. And basically the reason from an ASP point of view can be within a model is really for a commodity down more. But if I look at the automotive and Pericom ICs, in third quarter, they all have their record of -- from automotive and from Pericom ICs and also those high GP products. So from -- we expect that kind of product area will continue. And therefore, commodity, yes, go down, but the higher GP products will go up. Therefore, our ASPs within the model.

Gary Wade Mobley - Wells Fargo Securities, LLC, Research Division - Senior Analyst

Okay. As a follow-up question, I want to ask about seasonality for the first quarter. Typically, in the first calendar of any calendar and fiscal year, you see somewhere in the neighborhood of a 3% sequential revenue decline. Just given what you know today about timing of the Chinese New Year and maybe demand trends or whatnot, how should we call the seasonal trends in the first quarter relative to revenue? And then with respect to OpEx, one would think that you would show an increase in OpEx sequentially in the first quarter because of payroll taxes and whatnot. But in recent years, you've basically trended flat in the first quarter on a sequential basis. So how should we call the OpEx change as we look into Q1, Brett?

Keh-Shew Lu - Diodes Incorporated - CEO, President & Director

Okay, Gary. Again, from a seasonality point of view, our 1Q typically is 5%, okay? And so we will expect this year similar to that kind of drop, but we are not sure yet. But from the market point of view, for which we can see probably similar to that kind of drop, it's about 5%, okay? From the operational cost point of view, actually, it's going to be more coming from underloading cost, okay? Not from the -- that's the GP. Okay? And from the salary operational costs, we have 2 cost up points. One is in July, which is more the -- for the direct up -- more for the indirect employee like our engineer and our managers, that typically is up in the July -- 1st of July. Then for the operator or operation point of the manufacturing, then it's in January or right within the Chinese New Year, so it will be in 1Q. So yes, that one operation will be down, operation cost would be up a bit slightly.

Operator

(Operator Instructions) Our next question comes from Shawn Harrison with Longbow Research.



Shawn Matthew Harrison - Longbow Research LLC - Senior Research Analyst
Congratulations on the strong results.

Keh-Shew Lu - Diodes Incorporated - CEO, President & Director
Thank you, Shawn.

Shawn Matthew Harrison - Longbow Research LLC - Senior Research Analyst
If you look at the guidance in terms of the sequential change for the December quarter, are there any end-market verticals that you would anticipate to perform better or worse than the implied sequential decline?

Keh-Shew Lu - Diodes Incorporated - CEO, President & Director
Well, I still believe our Pericom IC and our automotive is still going to perform quite strong, okay? We target 10% this year. And so far, we continue in 10%, and we even have a record in the third quarter. So I still expect we will continue very strong. I don't see a reason or a trend to go weaker in automotive and Pericom IC.

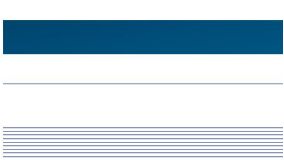
Emily Yang - Diodes Incorporated - VP of Worldwide Sales & Marketing
Right. So let me just add a little bit more, right? So overall automotive market is definitely not growing, and it's actually quite slow. So majority of the growth coming from Diodes is really coming from the content expansion that we've been really focusing on. So again, overall market is definitely not growing, it's definitely not that positive. But overall, our result has been pretty positive, really driven by the focus we've been focusing on for the last few years.

Shawn Matthew Harrison - Longbow Research LLC - Senior Research Analyst
And so I guess, the takeaway would be the other performing areas would be within your consumer electronics, communications and PCs, just seasonality plus maybe a little weaker market trends. I'm not trying to put words in your mouth, but...

Emily Yang - Diodes Incorporated - VP of Worldwide Sales & Marketing
Okay. Sorry, I assume you're talking about Q4 revenue guidance?

Shawn Matthew Harrison - Longbow Research LLC - Senior Research Analyst
Correct. Correct. I was wondering it's -- what would be maybe the weaker end markets.

Emily Yang - Diodes Incorporated - VP of Worldwide Sales & Marketing
Right. So I think overall lower revenue guidance is mainly driven by more than usual our year-end inventory adjustment, especially in Europe and North America. But if you look at our overall business in 3Q, our POS is actually up, our channel inventory is down. We actually performed better than our served market, right? So even with our Q4 guidance, our whole year estimate would still grow about 2.8%, which is still much stronger than our peers, right? So I think overall, if you look at the business, we are very confident that we're actually in good shape.



Shawn Matthew Harrison - Longbow Research LLC - Senior Research Analyst

Got you, very helpful. And then a follow-up, tax rate has continued to decline here, which is nice to see. If we look out over the next 12 to 18 months, how much further can that decline?

Brett R. Whitmire - Diodes Incorporated - CFO

Well, I would expect to continue to see some improvement there. It's hard to say exactly what that is, but we're guiding into fourth quarter to continue that momentum down. And I would expect to continue to see momentum as we go into 2020. We've been working toward a model, and we haven't gotten full entitlement of that yet.

Shawn Matthew Harrison - Longbow Research LLC - Senior Research Analyst

Okay. And then last, if I may, just is China a big regulatory approval here, that is the one that you need to see get cleared to get the deal closed in April? Or is there something else I'm missing?

Keh-Shew Lu - Diodes Incorporated - CEO, President & Director

China antitrust is the key item for us to be able to consolidate LSC, okay? We don't see they are going to turn it down. It might just be the timing, okay? We believe they'll approve it. That just may not be the time we expect. So that is the key.

Brett R. Whitmire - Diodes Incorporated - CFO

Yes, that's what we understand from the attorneys that are handling this for us. We basically addressed everything that's been asked. We provided all the information. It's just a matter of timing, working through their process, and we're just trying to keep everybody updated on that.

Keh-Shew Lu - Diodes Incorporated - CEO, President & Director

And we apply per the requirement. So just -- we do take all the action applied per order -- government requirement.

Brett R. Whitmire - Diodes Incorporated - CFO

That's right.

Operator

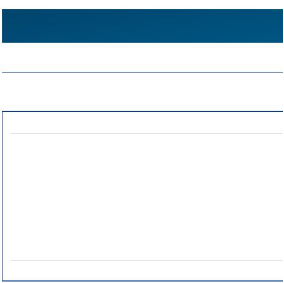
I'm not showing any further questions at this time. I would now like to turn the call back over to Dr. Keh-Shew Lu for any further remarks.

Keh-Shew Lu - Diodes Incorporated - CEO, President & Director

Thank you for your participation on today's call. Operator, you may now disconnect.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.



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