

Fourth Quarter and Fiscal 2022 Financial Results Diodes Incorporated (DIOD)

February 6, 2023



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 first quarter of 2023, we expect revenue to be approximately \$467 million plus or minus 3 percent; we expect GAAP gross margin to be 41.0 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 22.2 percent of revenue, plus or minus 1 percent; we expect non-GAAP net interest expense to be approximately \$2.5 million; we expect our income tax rate to be 19.0 percent, plus or minus 3 percent; shares used to calculate diluted EPS for the first quarter are anticipated to be approximately 46.5 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 February 6, 2023 titled, “Diodes Incorporated Reports Fourth Quarter and Fiscal 2022 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.

About Diodes Incorporated

Diodes delivers high-quality (discrete, analog, 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

- **Revenue** - a record **\$2.0 billion**; increasing 10.8% year-over
- **GAAP gross profit** - a record **\$827.2 million**; increasing 23.4% year-over-year
- **GAAP gross profit margin** - **41.3%**; increasing 420bp year-over-year
- **GAAP net income** – a record **\$331.3 million**, improving 44.8% year-over-year
- **GAAP EPS**– a record **\$7.20** per diluted share, improving 44.0% year-over-year
- **Non-GAAP adjusted net income** - a record **\$339.0 million**, increasing 42.9% year-over-year
- **Non-GAAP EPS**– a record **\$7.36** per diluted share, improving 42.1% year-over-year
- **EBITDA** – a record **\$520.4 million**, or 26.0% of revenue
- **Cash flow** - a record \$392.5 million from operations
- **Free cash flow** - \$180.8 million, including \$211.7 million of capital expenditures
- **Net cash flow** - negative \$25.7 million, which includes net pay-down of \$112.3 million of total debt



Delivered 10.8% annual growth over 2021 and achieved record financial performance across all metrics in 2022



Achieved 9th consecutive quarter of year-over-year growth



Achieved record revenue in the Automotive and Industrial markets



Automotive revenue increased 40% over 2021 and reached 15% of product revenue for 2022



Automotive and Industrial totaled 42% of product revenue, exceeding 2025 target of 40%, and up from 35% in 2021

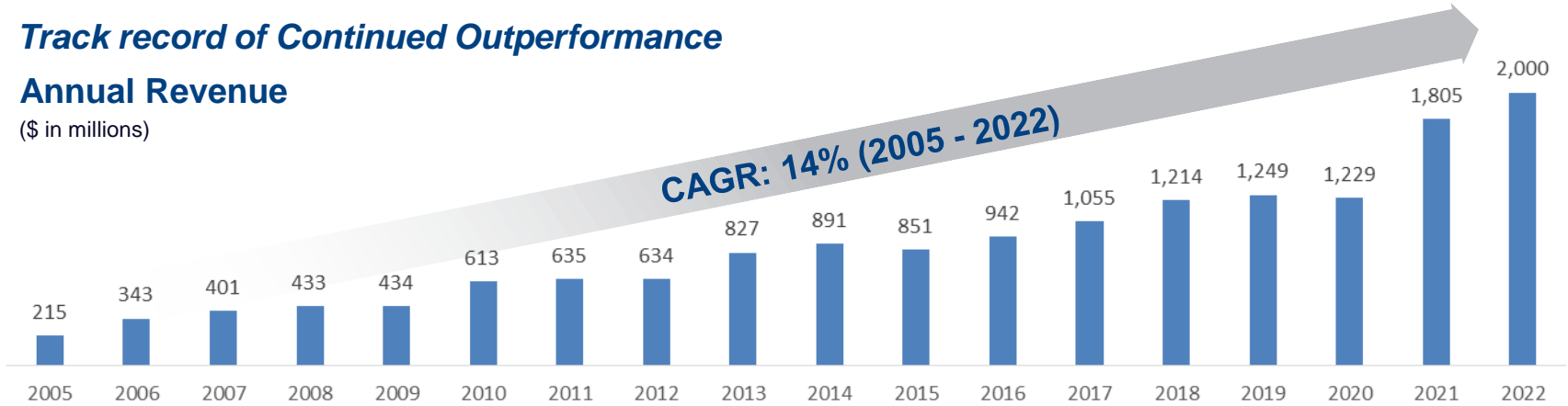
- **Revenue** - **\$496.2 million**; increasing 3.3% year-over and down 4.8% sequentially
- **GAAP gross profit** - **\$206.2 million**; increasing 8.1% year-over-year and down 5.3% sequentially
- **GAAP gross profit margin** - **41.6%**; increasing 190bp year-over-year and down 20bp sequentially
- **GAAP net income** – **\$92.1 million**, improving 40.5% year-over-year and 6.6% sequentially or **\$2.00** per diluted share, improving 39.6% year-over-year and 6.2% sequentially
- **Non-GAAP net income** - **\$79.6 million**, improving 8.6% year over year and down 13.7% sequentially or **\$1.73** per diluted share, improving 7.9% year-over-year and down 13.7% sequentially
- **EBITDA** - **\$129.6 million**, or 26.1% of revenue
- **Cash flow from operations** - \$102.9 million
- **Free cash flow** - \$39.1 million, including \$63.8 million of capital expenditures
- **Net cash flow** - negative \$44.7 million, including the pay down of \$114.1 million of total debt

Expanding Profitability Growth

Track record of Continued Outperformance

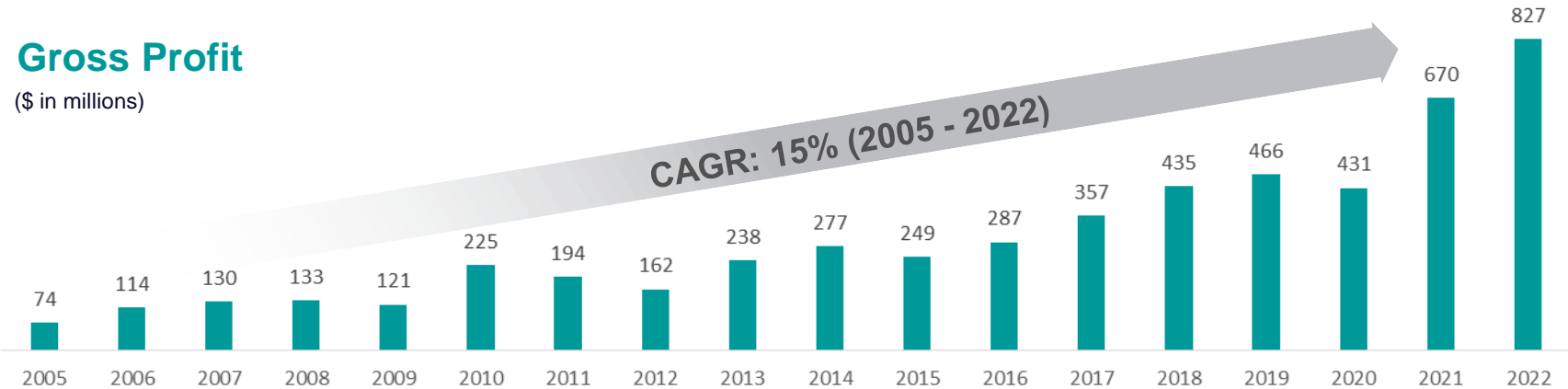
Annual Revenue

(\$ in millions)



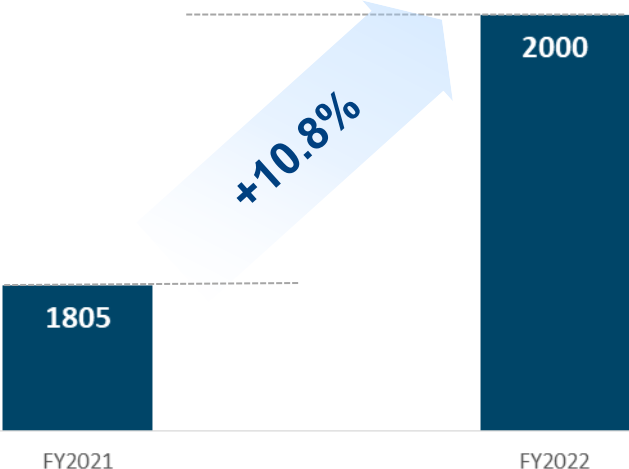
Gross Profit

(\$ in millions)

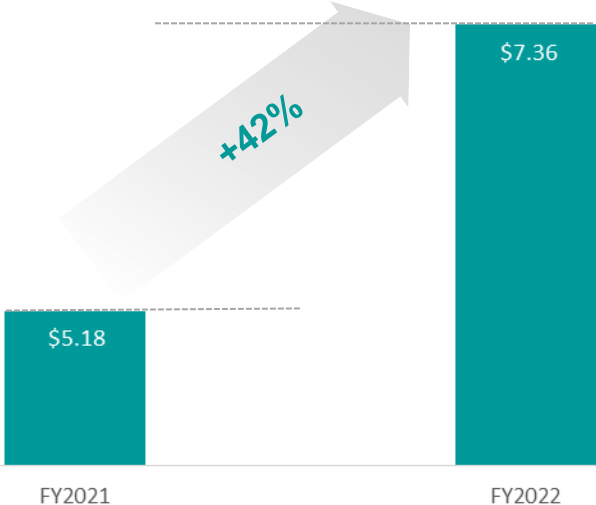


Driving Significant Operating Leverage

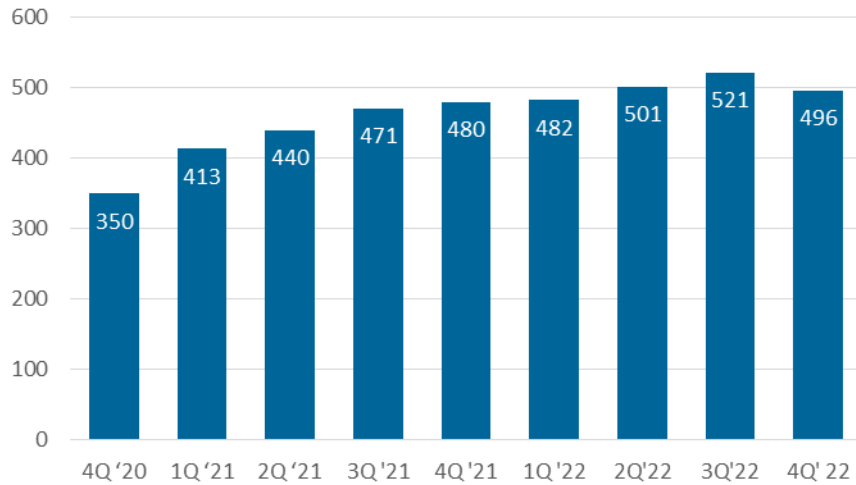
Revenue (\$ Millions)



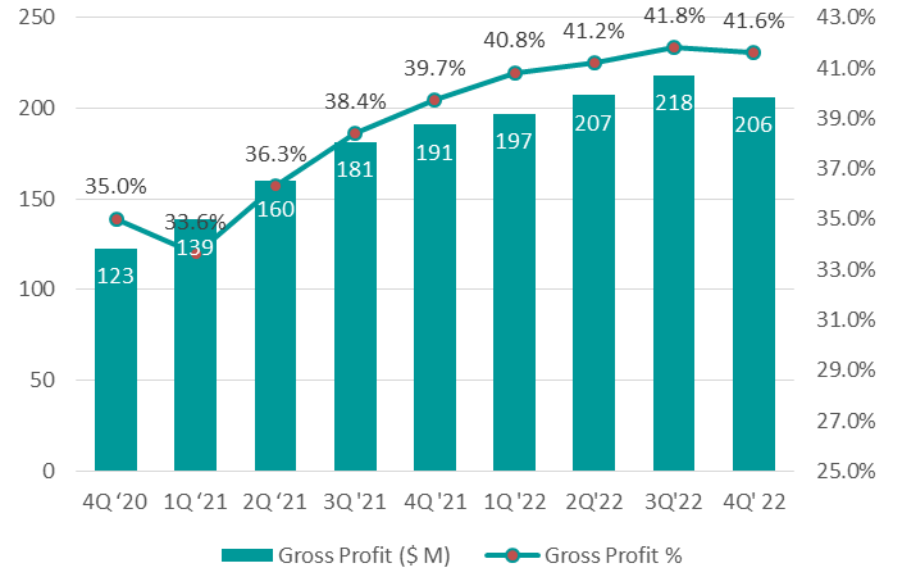
Non-GAAP EPS



Quarterly Revenue (\$ Millions)



Quarterly Gross Profit (\$ Millions)



On-Track to Achieve Longer Term Corporate Objectives

- **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

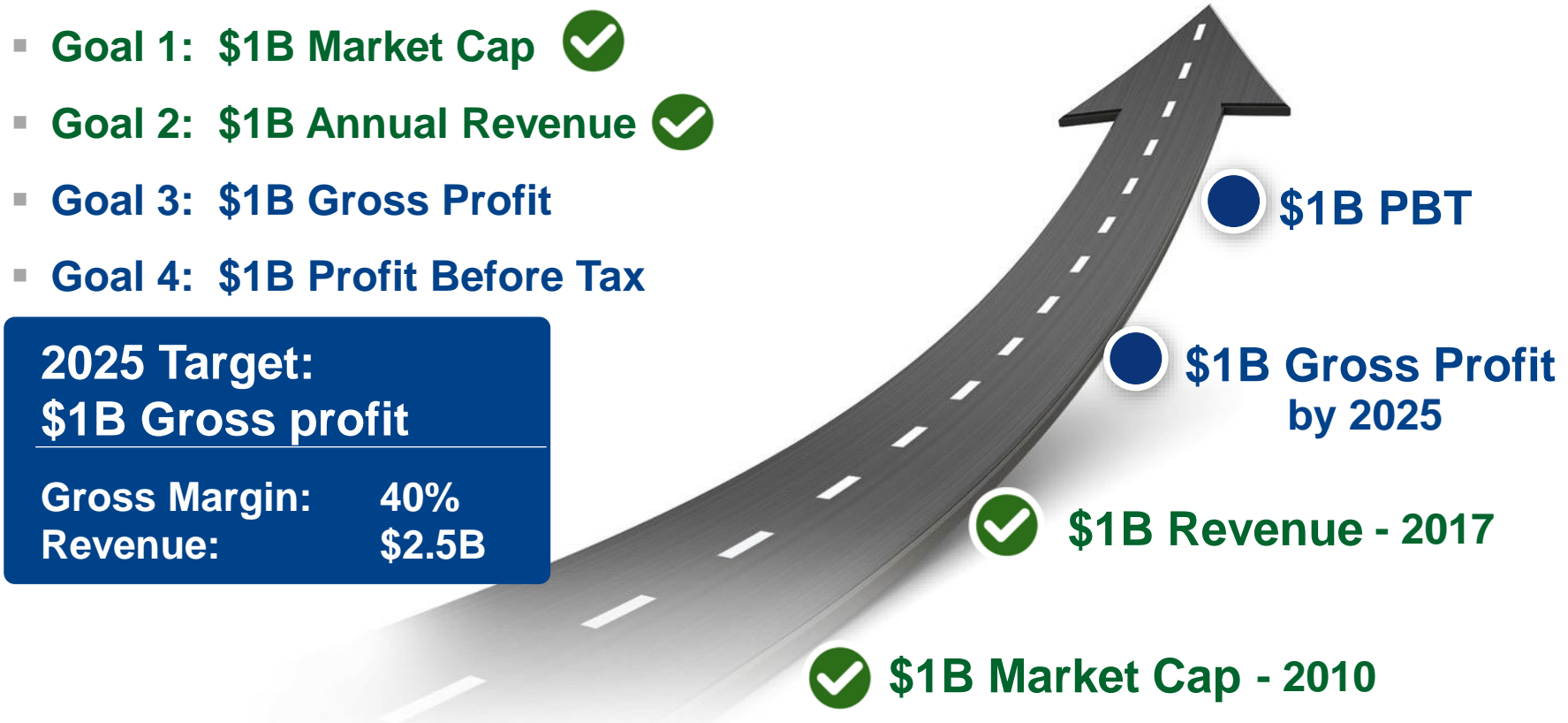
Gross Margin: 40%
Revenue: \$2.5B

✓ **\$1B Market Cap - 2010**

✓ **\$1B Revenue - 2017**

● **\$1B Gross Profit by 2025**

● **\$1B PBT**



**~40% of
revenue**
(42% for 2022)

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

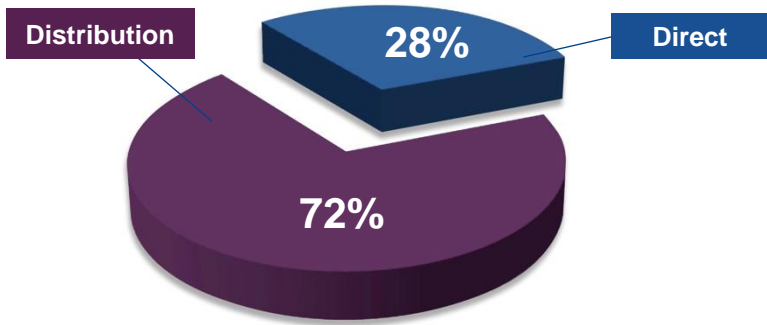
Computing

- Cloud computing: server, storage, data centers

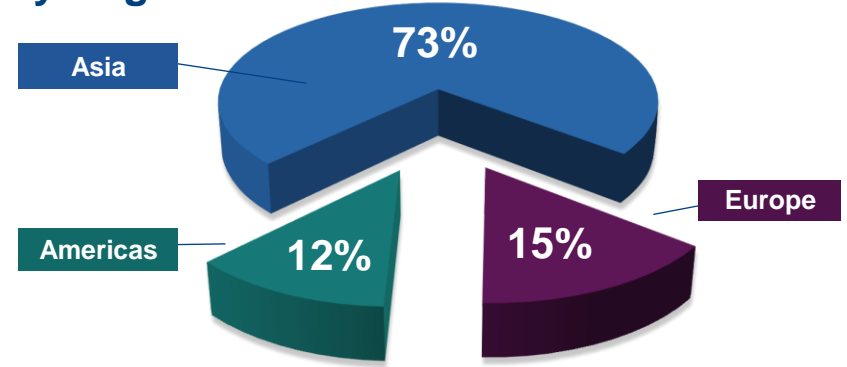
**~60% of
revenue**
(58% for 2022)

Revenue Profile for Fourth Quarter 2022

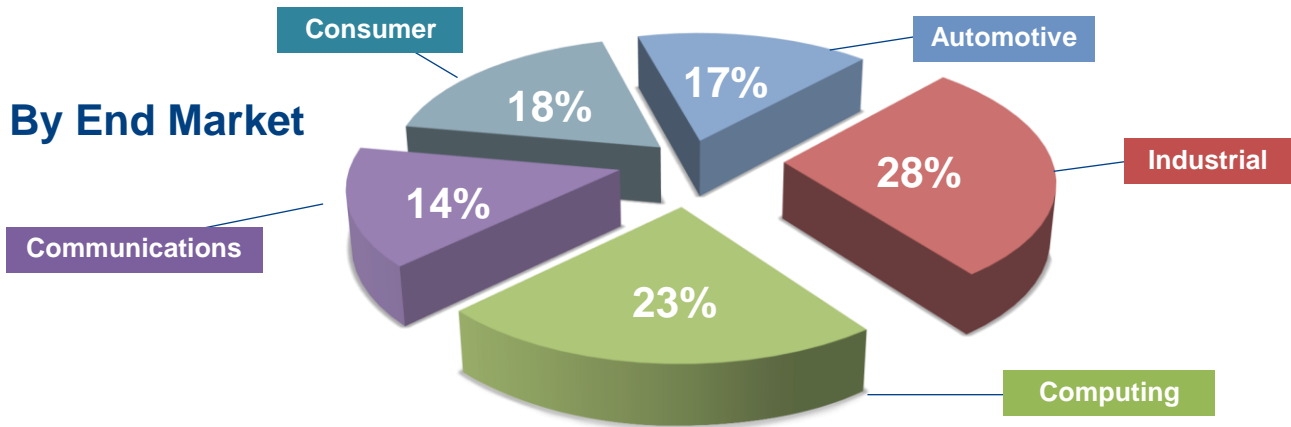
By Channel



By Region



By End Market



Income Statement – Fourth Quarter 2022

(\$ in millions, except per share amounts)	4Q21	3Q22	4Q22
Net sales	480.2	521.3	496.2
Gross profit (GAAP)	190.7	217.8	206.2
Gross profit margin % (GAAP)	39.7%	41.8%	41.6%
Net income (GAAP)	65.5	86.4	92.1
Net income (non-GAAP)	73.3	92.2	79.6
Diluted EPS (non-GAAP)	1.60	2.00	1.73
Cash flow from operations	77.6	132.2	102.9
EBITDA (non-GAAP)	139.0	141.9	129.6

Balance Sheet

(\$ in millions)	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022
Cash	327	373	348
Inventory	307	349	360
Current Assets	1,024	1,188	1,162
Total Assets	1,980	2,194	2,288
Total Debt	451	301	185
Total Liabilities	963	892	705
Total Equity	1,016	1,303	1,583

- Revenue to be ~\$467 million, +/- 3.0%
- GAAP gross margin of 41.0%, +/- 1% on a consolidated basis
- Non-GAAP operating expenses 22.2% of revenue, +/- 1%, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets
- Net Interest expense of ~\$2.5 million
- Income tax rate to be 19%, +/- 3%
- Shares used to calculate diluted EPS approximately **46.5 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 and Pericom products
 - Investment for technology leadership in target products, fab processes, and advanced packaging



DIODES
INCORPORATED

Thank you



www.diodes.com

Reconciliation of Net Income to Adjusted Net Income

For the three months ended December 31, 2022:

(in thousands, except per share data)

(unaudited)

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				\$ 92,051
Diluted earnings per share (Per-GAAP)				\$ 2.00
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,830		(700)	3,130
Loss on sale of manufacturing facilities		264	(40)	224
LSC investment related		554	(16,386)	(15,832)
Non-GAAP				\$ 79,573
Diluted shares used in computing earnings per share				46,111
Non-GAAP diluted earnings per share				\$ 1.73

Note: Included in GAAP and non-GAAP net income was approximately \$7.6 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 \$0.16 per share.

Reconciliation of Net Income to Adjusted Net Income

(in thousands, except per share data)

For the twelve months ended December 31, 2022:

(unaudited)

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				\$ 331,283
Diluted earnings per share (Per-GAAP)				\$ 7.20
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	15,610		(2,857)	12,753
Acquisition-related costs	607		(127)	480
Insurance recovery for manufacturing facility	(3,594)		719	(2,875)
Loss on sale of manufacturing facilities		677	(102)	575
LSC investment related		16,514	(19,771)	(3,257)
Non-GAAP				\$ 338,959
Diluted shares used in computing earnings per share				46,036
Non-GAAP diluted earnings per share				\$ 7.36

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$28.7 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 improved by \$0.62 per share.