

Fourth Quarter and Fiscal 2023 Financial Results

Diodes Incorporated (DIOD)

Plano, TX, USA

February 6, 2024



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 2024, we expect revenue to be approximately \$305 million plus or minus 3 percent; we expect GAAP gross margin to be 34.0 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 28.7 percent of revenue, plus or minus 1 percent; we expect non-GAAP net interest income to be approximately \$2.0 million; we expect our income tax rate to be 18.0 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 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,; 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.

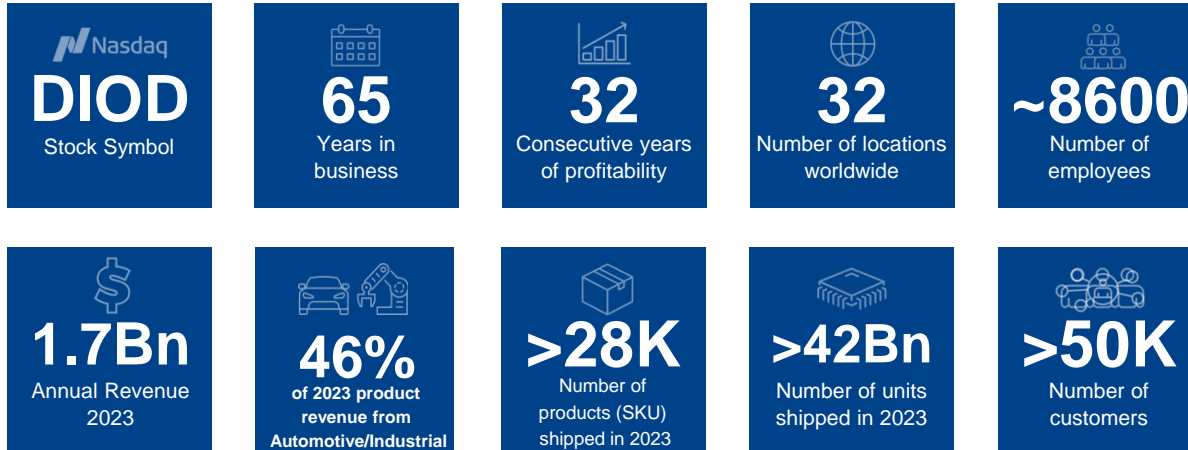
This presentation also contains non-GAAP measures. See the Company’s press release on February 6, 2024 titled, “Diodes Incorporated Reports Fourth Quarter and Fiscal 2023 Financial Results” for detailed information related to the Company’s non-GAAP measures and a reconciliation of GAAP net income to 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

Longer Term \$B 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

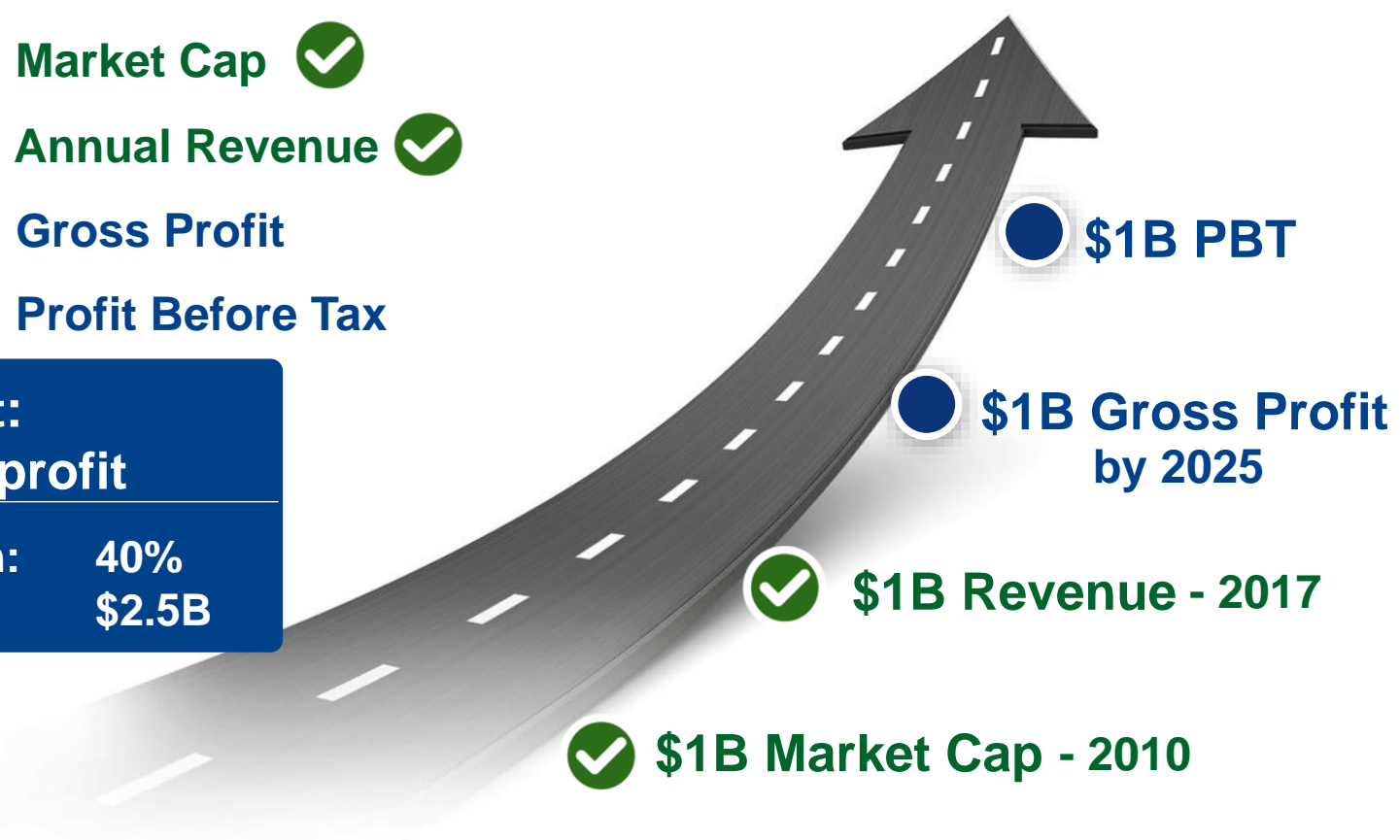
Gross Margin: 40%
Revenue: \$2.5B

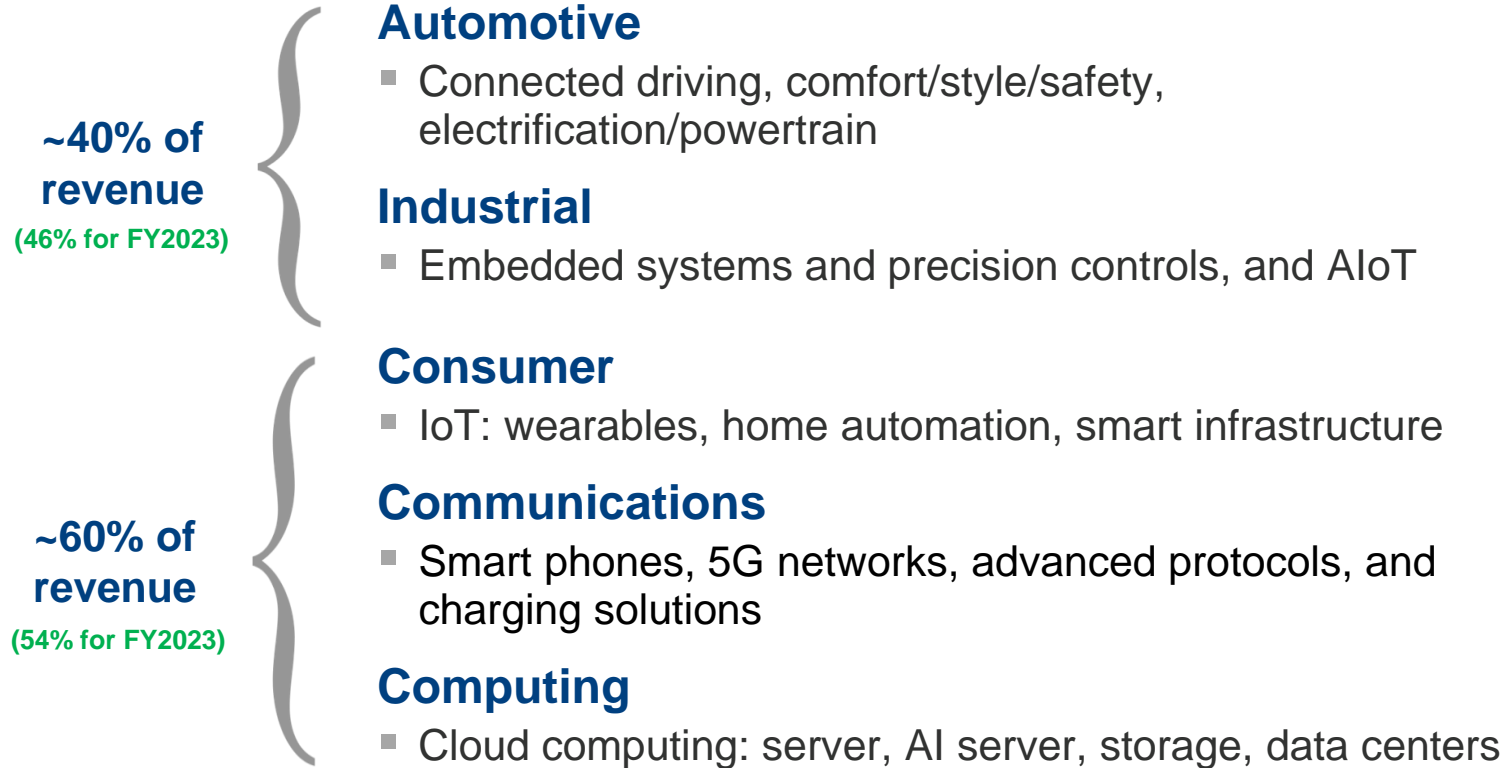
✓ **\$1B Market Cap - 2010**

✓ **\$1B Revenue - 2017**

● **\$1B Gross Profit by 2025**

● **\$1B PBT**

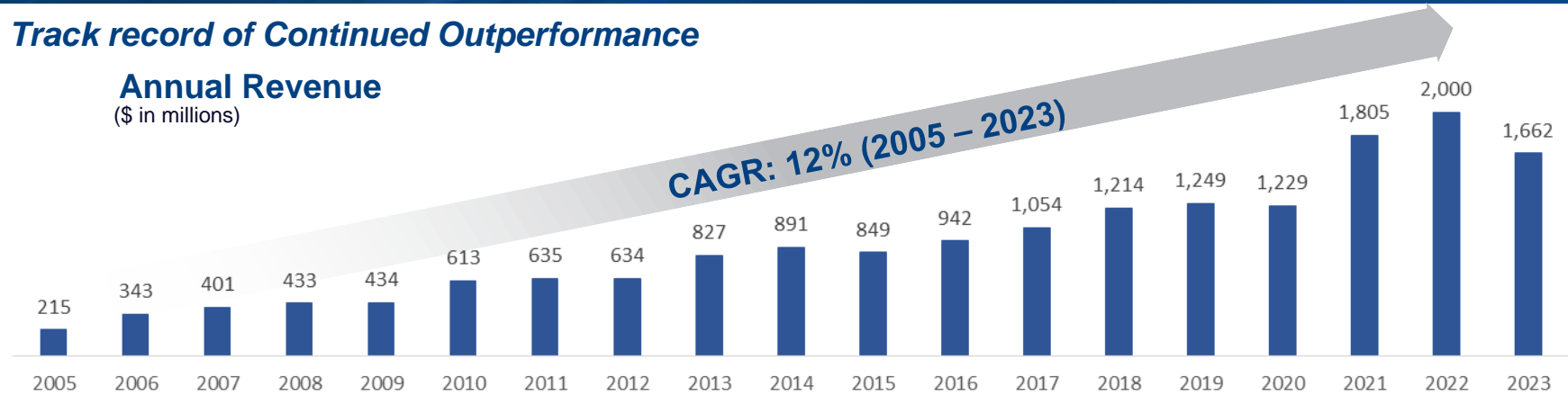




Track record of Continued Outperformance

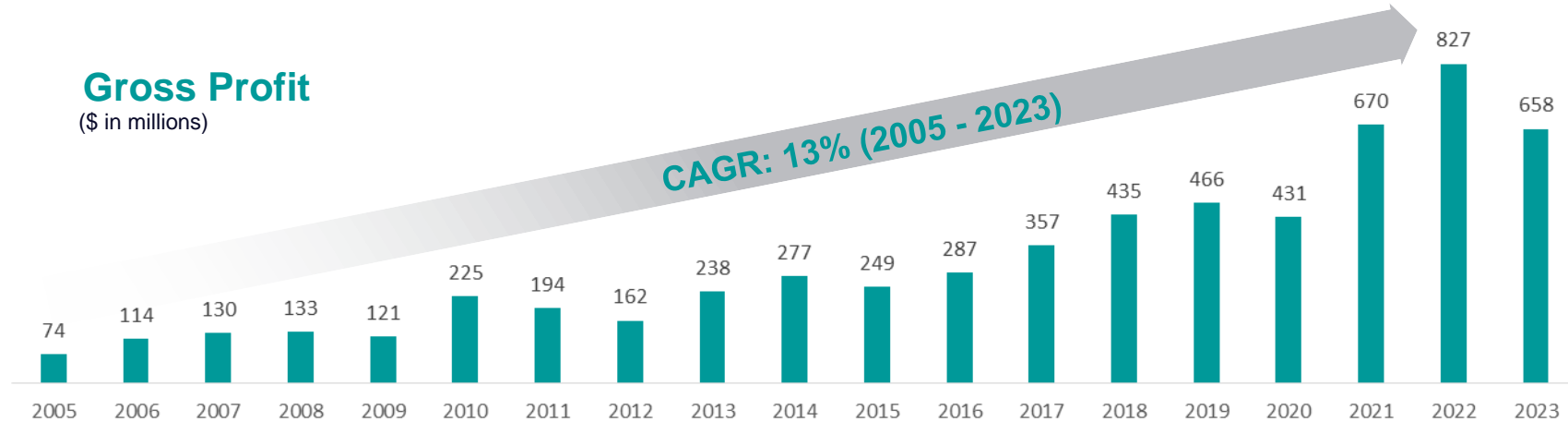
Annual Revenue

(\$ in millions)



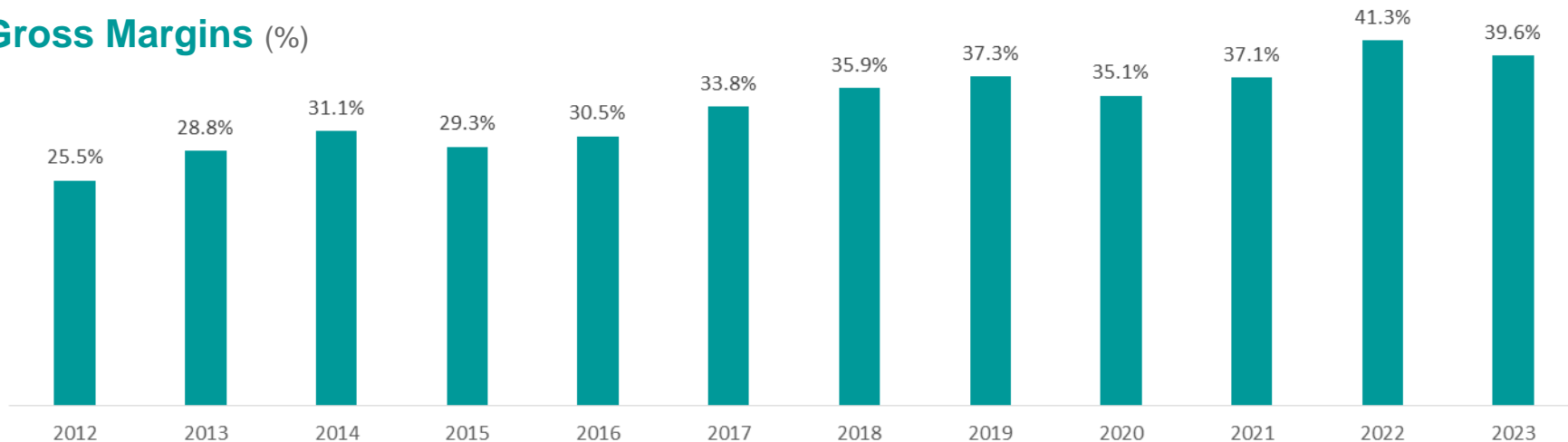
Gross Profit

(\$ in millions)

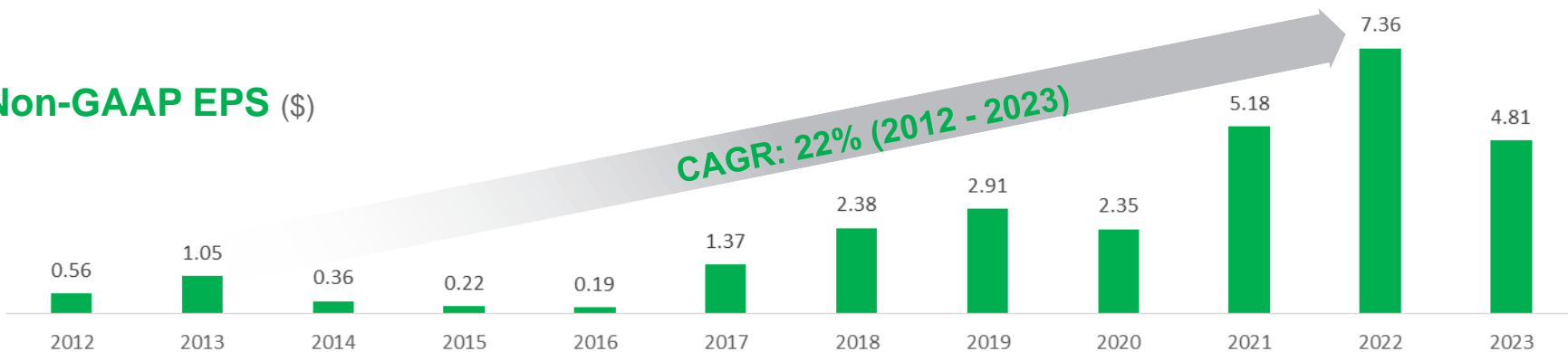


Gross Margins and EPS

Gross Margins (%)



Non-GAAP EPS (\$)



- **Revenue** - **\$1.7 billion**; compared to \$2.0 billion in 2022
- **GAAP gross profit** - **\$658.2 million**; compared to \$827.2 million in the prior year
- **GAAP gross profit margin** - **39.6%**; percent from 41.3 percent in 2022
- **GAAP net income** – **\$227.2 million**, compared to the \$331.3 million last year
- **GAAP EPS** – **\$4.91** per diluted share, compared to \$7.20 per diluted share in 2022
- **Non-GAAP adjusted net income** - **\$222.8 million**, compared to \$339.0 million in 2022
- **Non-GAAP EPS** – **\$4.81** per diluted share, compared to \$7.36 per diluted share in 2022
- **EBITDA** – **\$404.2 million**, or 24.3 percent of revenue
- **Cash flow** - \$280.9 million from operations
- **Free cash flow** - \$130.1 million, including \$150.8 million of capital expenditures
- **Net cash flow** - negative \$22.6 million, which includes net pay-down of \$124.3 million of total debt



Automotive revenue 19% of product revenue



Seven consecutive quarters of automotive and industrial product revenue above our target model of 40 percent



Automotive and Industrial totaled 46% of product revenue, exceeding 2025 target of 40%



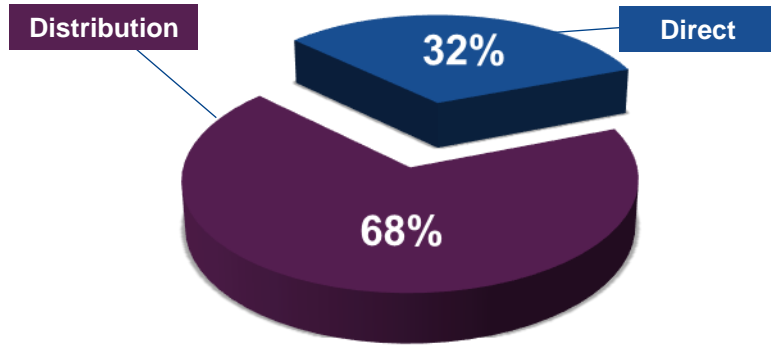
\$329 million in cash and cash equivalents*



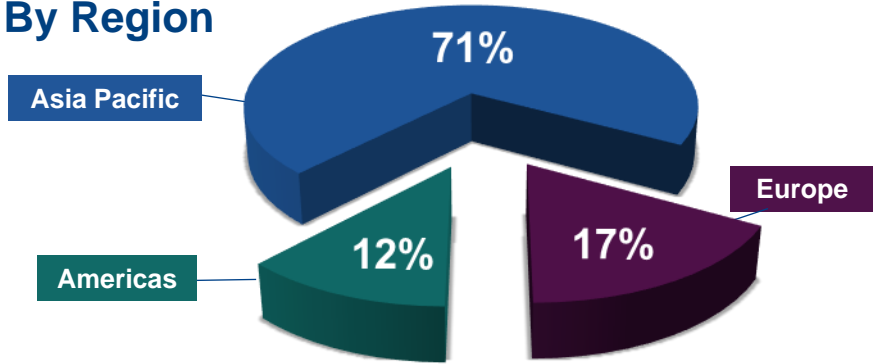
Total debt ~\$62 million

Revenue Profile for 2023

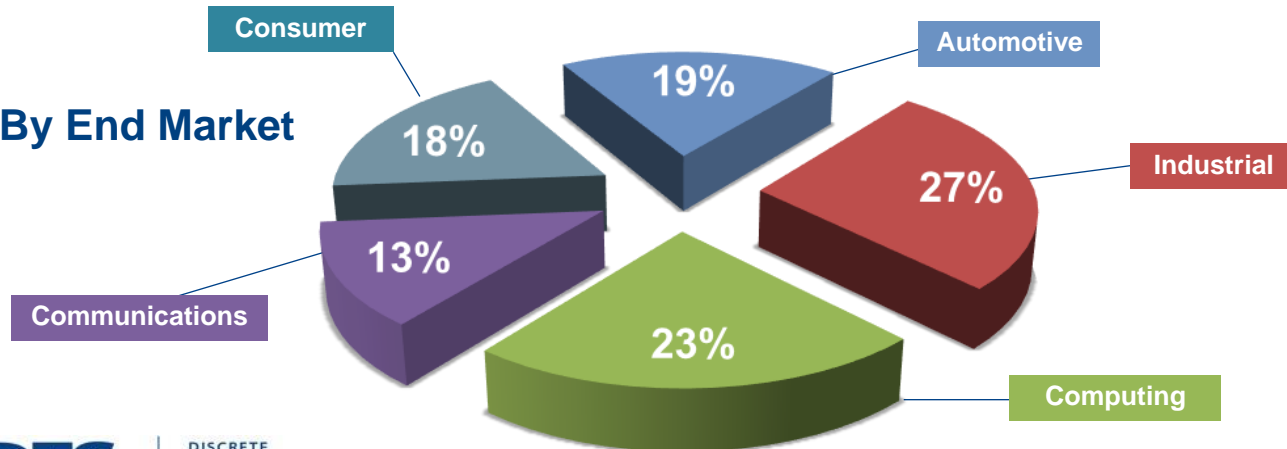
By Channel



By Region



By End Market



Revenue

\$322.7M

↓ -20% Q-Q

GAAP Gross Profit

\$112.5M

↓ -28% Q-Q

GAAP Gross Margin

34.9%

↓ - 360 bps Q-Q

Non-GAAP EPS

\$0.51

↓ -55% Q-Q

Non-GAAP
Net Income

\$23.4M

↓ -55% Q-Q

EBITDA

\$58.4M

18.1% of Revenue

Cash Flow from Ops

\$38.4M

11.9% of Revenue

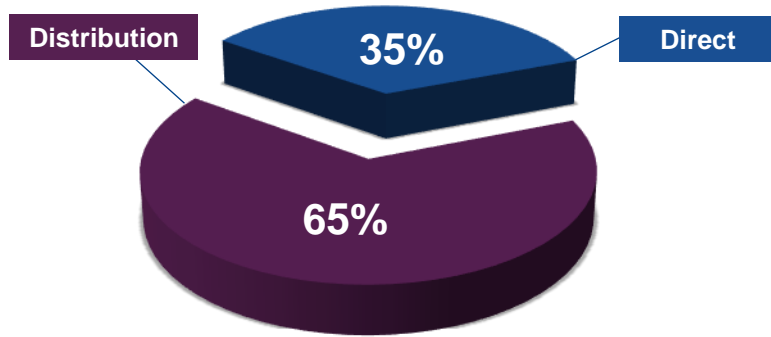
Strong Balance Sheet

\$329M/\$62M

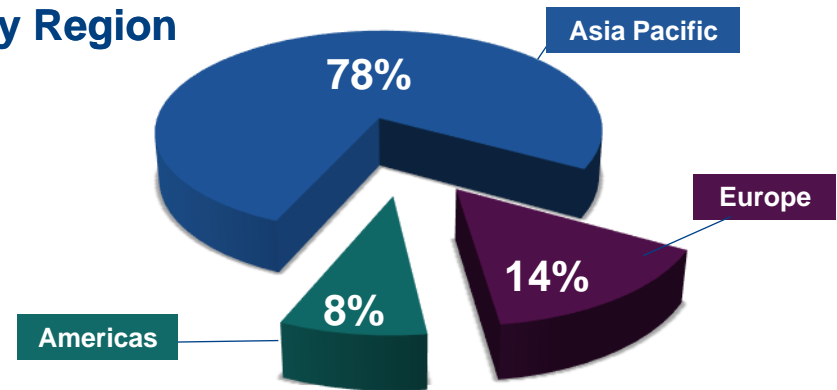
Cash*/Debt

Revenue Profile for Fourth Quarter 2023

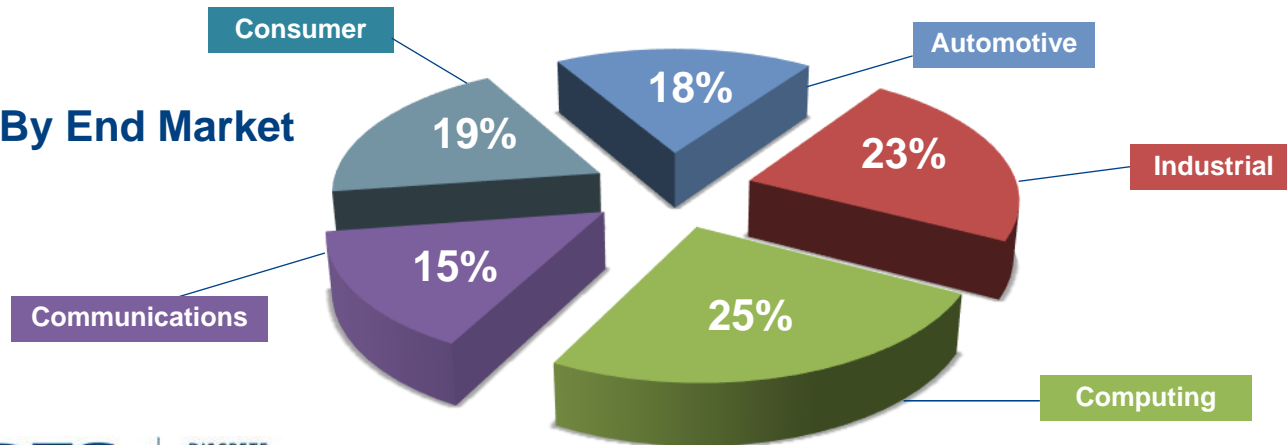
By Channel



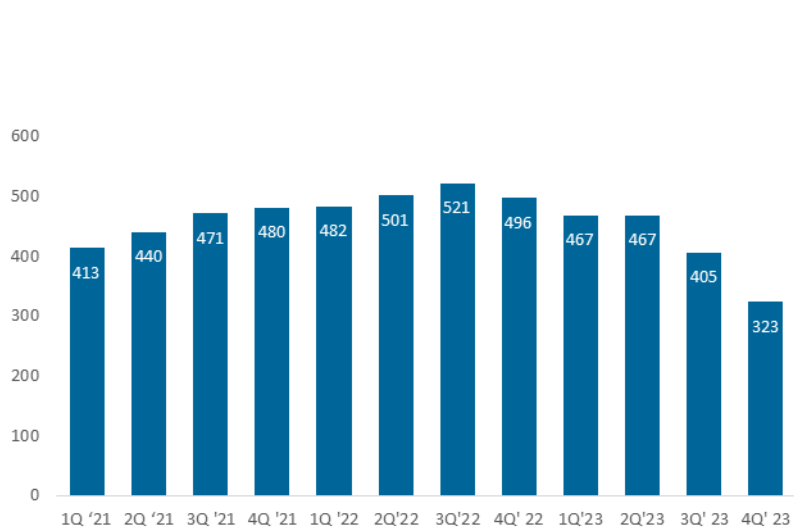
By Region



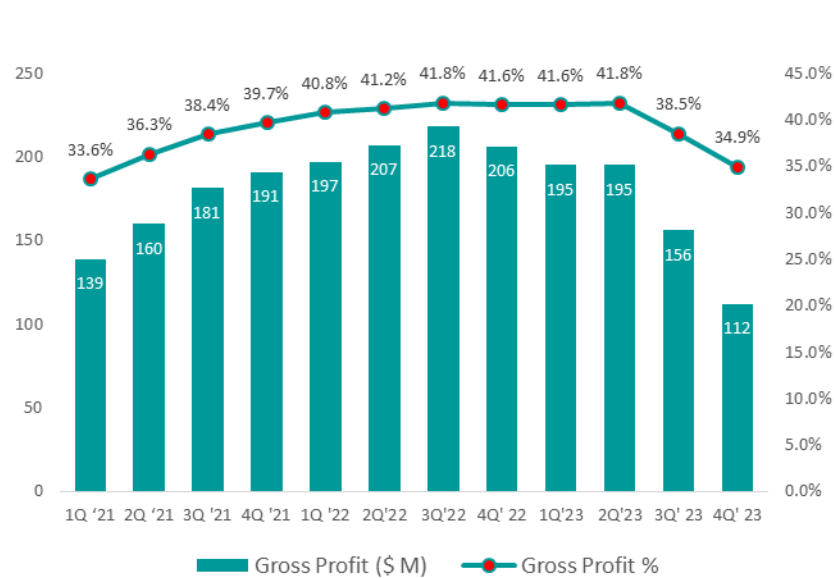
By End Market



Quarterly Revenue (\$ Millions)



Quarterly Gross Profit (\$ Millions)



Income Statement – Fourth Quarter 2023

(\$ in millions, except EPS)	4Q22	3Q23	4Q23
Net sales	496.2	404.6	322.7
Gross profit (GAAP)	206.2	155.9	112.5
Gross profit margin % (GAAP)	41.6%	38.5%	34.9%
Net income (GAAP)	92.1	48.7	25.3
Net income (non-GAAP)	79.6	52.5	23.4
Diluted EPS (non-GAAP)	1.73	1.13	0.51
Cash flow from operations	102.9	50.1	38.4
EBITDA (non-GAAP)	129.6	90.6	58.4

Balance Sheet

(\$ in millions)	Dec 31, 2021	Dec 31, 2022	Dec 31, 2023
Cash*	373	348	329
Inventory	349	360	390
Current Assets	1,188	1,162	1,187
Total Assets	2,194	2,288	2,368
Total Debt	301	185	62
Total Liabilities	892	705	558
Total Equity	1,303	1,583	1,810

* Cash and cash equivalents, restricted cash and short-term investments

- Revenue to be ~\$305 million, +/- 3.0%
- GAAP gross margin of 34.0%, +/- 1%
- Non-GAAP operating expenses 28.7% 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 **46.5 million**
- Amortization 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
 - Focus on key accounts
 - Increased focus on high-margin automotive, industrial, analog, and power discrete products
 - Investment for technology leadership in target products, fab processes, and advanced packaging
 - Accelerate fab process and product qualifications

DIODES
INCORPORATED

Thank you

www.diodes.com

Reconciliation of Net Income to Adjusted Net Income

For the three months ended December 31, 2023

(in thousands, except per share data)

(unaudited)

	Operating Expenses	Other (Income) Expense	Income Tax Provision	Net Income
Per-GAAP				\$ 25,292
Diluted earnings per share (per-GAAP)				\$ 0.55
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,806		(698)	3,108
Non-cash market-to-market investment value adjustments		(1,805)	361	(1,444)
Investment gain		(2,794)		(2,794)
Restructuring Cost	(984)		246	(738)
Non-GAAP				\$ 23,424
Diluted shares used in computing earnings per share				46,245
Non-GAAP diluted earnings per share				\$ 0.51

Note: Included in GAAP and non-GAAP net income was approximately \$5.9 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 \$0.13 per share.

GAAP to Non-GAAP Reconciliation

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 adjusted 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 adjusted diluted earnings per share would have improved by \$0.16 per share.

Reconciliation of Net Income to Adjusted Net Income

For the twelve months ended December 31, 2023

(in thousands, except per share data)

	Operating Expenses	Other (Income) Expense	Income Tax Provision	Net Income
Per-GAAP				\$ 227,182
Diluted earnings per share (per-GAAP)				\$ 4.91
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	15,282		(2,803)	12,479
Officer retirement	2,788		(571)	2,217
Non-cash market-to-market investment value adjustments		(18,267)	1,690	(16,577)
Investment gain		(3,931)	227	(3,704)
Restructuring Cost	1,583		(396)	1,187
Non-GAAP				\$ 222,784
Diluted shares used in computing earnings per share				46,311
Non-GAAP diluted earnings per share				\$ 4.81

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$24.4 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 \$0.53 per share.

GAAP to Non-GAAP Reconciliation

For the twelve months ended December 31, 2022

(in thousands, except per share data)
(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.