



# FINANCIAL RESULTS

Q2 2018



A **WORLD OF**  
**SOLUTIONS™**



## NOTES ON FORWARD-LOOKING STATEMENTS

Comments in this presentation other than statements of historical fact may constitute forward-looking statements. Words such as “believe,” “estimate,” “will be,” “will,” “would,” “expect,” “anticipate,” “plan,” “project,” “intend,” “could,” “should” or other similar words or expressions often identify forward-looking statements. Such statements are based on current expectations only, and are subject to certain risks, uncertainties and assumptions, many of which are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those anticipated, estimated or projected. Factors that could cause actual results to materially differ are described in our filings with the U.S. Securities and Exchange Commission, including our annual reports on Form 10-K and quarterly reports on Form 10-Q, specifically in the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors.” The Company undertakes no obligation to update any forward-looking statements.

## NON-GAAP FINANCIAL MEASURES

Management uses measures which are not recognized in accordance with U.S. generally accepted accounting principles (“GAAP”) to evaluate its business, and may refer to such measures in this presentation. These measures are considered “non-GAAP financial measures” under the U.S. Securities and Exchange Commission rules. These non-GAAP financial measures are intended to supplement our GAAP measures of performance and liquidity. These non-GAAP measures may include: adjusted net earnings, adjusted gross margin, adjusted operating margin, adjusted earnings per share, free cash, cash available to enhance stockholder value, EBITDA, Adjusted EBITDA, EBITDA margin, breakeven point, contribution margin, and various measures and metrics “excluding VPG”.

“**Adjusted net earnings**” is net earnings (loss) determined in accordance with GAAP, adjusted for various items that Management believes are not indicative of the intrinsic operating performance of the Company, such as restructuring and severance costs, asset write-downs, impairment of goodwill, and other significant charges or credits that are important to understanding our intrinsic operations. The measurement is used by Management to evaluate our performance, and also is a key performance metric for executive compensation. Reconciling items to arrive at adjusted net earnings are more fully described in the Company’s annual report on Form 10-K and its quarterly reports on Forms 10-Q.

“**Adjusted gross margin**” is gross margin determined in accordance with GAAP (net revenue less costs of products sold and certain other period costs), adjusted to exclude items that Management believes are not indicative of the intrinsic operating performance of the Company, such as losses on purchase commitments and unusual inventory write-downs. It may be expressed in dollars or as a percentage of net revenue. The measurement is used by Management to evaluate the performance of our business segments, as well as the business as a whole. Reconciling items to arrive at adjusted gross margin are also considered in the calculation of adjusted operating margin and adjusted net earnings. Such reconciling items are more fully described in the Company’s annual report on Form 10-K and its quarterly reports on Forms 10-Q.

“**Adjusted operating margin**” is operating income determined in accordance with GAAP, adjusted for items that Management believes are not indicative of the intrinsic operating performance of the Company. It may be expressed in dollars or as a percentage of net revenue. The measurement is used by Management to evaluate our performance. Reconciling items to arrive at adjusted gross margin are also considered in the calculation of adjusted operating margin; and reconciling items to arrive at adjusted operating margin are also considered in the calculation of adjusted net earnings. Such reconciling items are more fully described in the Company’s annual report on Form 10-K and its quarterly reports on Forms 10-Q.

“**Adjusted earnings per share**” is “adjusted net earnings” divided by the weighted average diluted shares outstanding for a period, adjusted for the effect of reconciling items, if applicable, on the diluted weighted average shares outstanding. For example, some potential common shares which are anti-dilutive to the computation of GAAP earnings per share may be dilutive after considering reconciling items.

“**Free cash**” is cash generated from operations in excess of our capital expenditure needs and net of proceeds from the sale of assets. Management uses this measure to evaluate our ability to fund acquisitions, repay debt, and otherwise enhance stockholder value through stock buy-backs or dividends.

“**Cash available to enhance stockholder value**” is “free cash” less cash paid for acquisitions (including acquisition-related restructuring) and less debt principal payments. While internal growth and targeted acquisitions also enhance stockholder value through the generation of “free cash”, Management uses this measure to evaluate our ability to fund further enhancements to stockholder value, such as stock buy-backs or dividends.

“**EBITDA**” is earnings before interest income and expense, provision for income taxes, depreciation expense, and amortization expense. Management believes that EBITDA provides additional information with respect to a company’s performance and ability to meet its future capital expenditures and working capital requirements, particularly when evaluating acquisition targets.

“**Adjusted EBITDA**” is EBITDA adjusted for relevant reconciling items used to calculate adjusted net earnings (described above). Adjusted EBITDA is substantially similar to, but not identical to, a measure used in the calculation of financial ratios required for covenant compliance under Vishay’s revolving credit facility.

“**EBITDA Margin**” is “adjusted EBITDA” divided by net revenues.

“**Breakeven point**” represents the quantity of output where total revenues and total operating costs are equal (in other words, where the operating income is zero). Management uses this measurement in evaluating our cost structure.

“**Contribution margin**,” sometimes referred to as “variable margin,” is calculated as net revenue less costs that vary with respect to quantity produced (or another output-related driver). It may be expressed in dollars or as a percentage of net revenue. Management uses this measure to determine the amount of profit to be expected for any increase in revenues in excess of the break-even point.

**Measurements “excluding VPG”** reflect the historical businesses which are still part of Vishay today. The Company spun-off VPG on July 6, 2010. While VPG does not qualify as a “discontinued operation” under GAAP, Management believes that certain evaluations “excluding VPG” are meaningful, particularly when evaluating growth and other performance metrics. Historical VPG data is reported as a separate operating segment in Vishay’s annual report on Form 10-K and its quarterly reports on Forms 10-Q during the periods it was included in Vishay’s consolidated financial statements: This discrete data is the basis to calculate any measurements “excluding VPG”. These measures do not have uniform definitions and accordingly, these measures, as calculated by Vishay, may not be comparable to similarly titled measures used by other companies. Such measures should not be viewed as alternatives to GAAP measures of performance or liquidity. However, Management believes such measures are meaningful to an evaluation of our business, as described above.



## HIGHLIGHTS Q2 2018

- Revenues Q2: \$761 million.
- Gross margin Q2: 29.9%.
- Operating margin Q2: 16.2%.
- EPS Q2: \$0.65; adjusted EPS: \$0.54.
- Guidance Q3: Revenues \$755 to \$795 million and gross margins of 29.0%-30.0%, based on Q2 x-rates.
  
- Repatriated \$274 million net of related foreign taxes.
- 28% normalized effective tax rate expected for 2018 (31% in Q1 2018).
  
- Distribution:
  - Inventory turns worldwide of 3.7.
  - Point of Sales worldwide for Q2 2018 increased by 14% year over year.



# \$600 CONVERTIBLE NOTES DUE 2025 ISSUED JUNE 2018

- \$600 million principal amount of 2.25% converts, due 2025.
- All net proceeds used to repurchase \$220 million principal amount of 2040 and of \$69 million principal amount of 2042 converts.

Convertible Debt Instruments		Principal Amount in million	Annual Cash Interest <sup>1</sup> in million	Conversion Price	Average Conversion Price
as of March 31, 2018	Convertible Debentures, due 2040	\$275	\$6	\$12.91	
	Convertible Debentures, due 2041	\$150	\$3	\$17.69	
	Convertible Debentures, due 2042	\$150	\$3	\$10.98	
	<b>Convertible Debt Instruments, due 2040 to 2042</b>	<b>\$575</b>	<b>\$13</b>		<b>\$13.65</b>
as of June 30, 2018	Convertible Notes, due 2025	\$600	\$14	\$31.49	
	Convertible Debentures, due 2040	\$55	\$1	\$12.86	
	Convertible Debentures, due 2041	\$150	\$3	\$17.63	
	Convertible Debentures, due 2042	\$81	\$2	\$10.94	
	<b>Convertible Debt Instruments, due 2025 to 2042</b>	<b>\$886</b>	<b>\$20</b>		<b>\$26.11</b>

1) Annual cash interest rate for all converts 2.25%

 **Lower tax rate, increased average conversion price  
(= lower sharecount for EPS), higher interest.**



## NORMALIZED EFFECTIVE TAX RATE 28%

- Following the US tax reform, Vishay's normalized effective tax rate was **expected in Q1 to be 31% for the year.**
- Due to the unusual tax benefit related to the settlement of some of the converts, US GAAP tax rate was -6% for Q2 and 12.5% YTD.
- The normalized effective tax rate excluding this and other unusual tax items was approximately 28% YTD, resulting for **Q2 in a rate of 25%.**
- **The normalized effective rate for the full year is expected to be 28%.**

Our consolidated effective tax rate is based on an assumed level and mix of income among our various taxing jurisdictions. A shift in income could result in significantly different results.



# CASH REPATRIATION AND RELATED FOREIGN TAX

- Plan to repatriate approximately \$1.2 billion of cash with foreign withholding and other taxes of approximately \$225 million.
- Q2 2018 received \$274 million in the US  
Used to pay down “revolver,” intercompany debts and US transition tax.
- In 2018 expect to pay \$164 million in related foreign taxes impacting cash flow from operations.**

in million	Gross amount repatriated	Foreign withholding & other taxes <sup>1</sup>	Net cash to US <sup>1</sup>
	<b>\$1,200</b>	<b>\$225</b>	<b>\$975</b>
Q2 2018	\$366	\$92	\$274
Q3 2018	\$522	\$72	\$450
2019 and later	\$312	\$61	\$251

1) All future amounts stated are approximations, subject to exchange rate changes.



# CASH FLOW IMPACTED BY CASH REPATRIATION

in millions	Q2 2018	TTM Q2 2018	Year 2017
Depreciation	\$37	\$151	\$149
Amortization	\$3	\$13	\$14
U.S transition tax	(\$14)	(\$14)	
Repatriation taxes	(\$92)	(\$92)	
Cash from operations	(\$9)	\$279	\$369
CapEx	\$48	\$198	\$170
Free Cash *	(\$49)	\$89	\$200

\* Cash flows from operations less capital expenditures plus proceeds from sale of property and equipment

**BOTH Q2 AND TTM Q2 INCLUDE ABOUT \$106 MILLION CASH TAXES  
RELATED TO CASH REPATRIATION AND US TAX REFORM.**



# SHARECOUNT FOR EPS CALCULATION

	in million	Average Stock Price	Projected Diluted Shares
Total shares outstanding	144	\$12.00	145
Related to RSUs etc.	< 1	\$13.00	146
		\$14.00	147
		\$15.00	147
		\$16.00	148
		\$17.00	149
		\$18.00	149
		\$19.00	150
		\$20.00	151
		\$21.00	151
		\$22.00	152
		\$23.00	153
		\$24.00	153
		\$25.00	154
		\$26.00	154
		\$27.00	155
		\$28.00	155
		\$29.00	155
		\$30.00	156
		\$31.00	156
		\$32.00	156
		\$33.00	157
		\$34.00	158
		\$35.00	159

The three converts issued 2010-12 become dilutive once the average stock price is higher than the lowest conversion price:

For an average stock price below \$10.94 there is no dilution due to the converts.

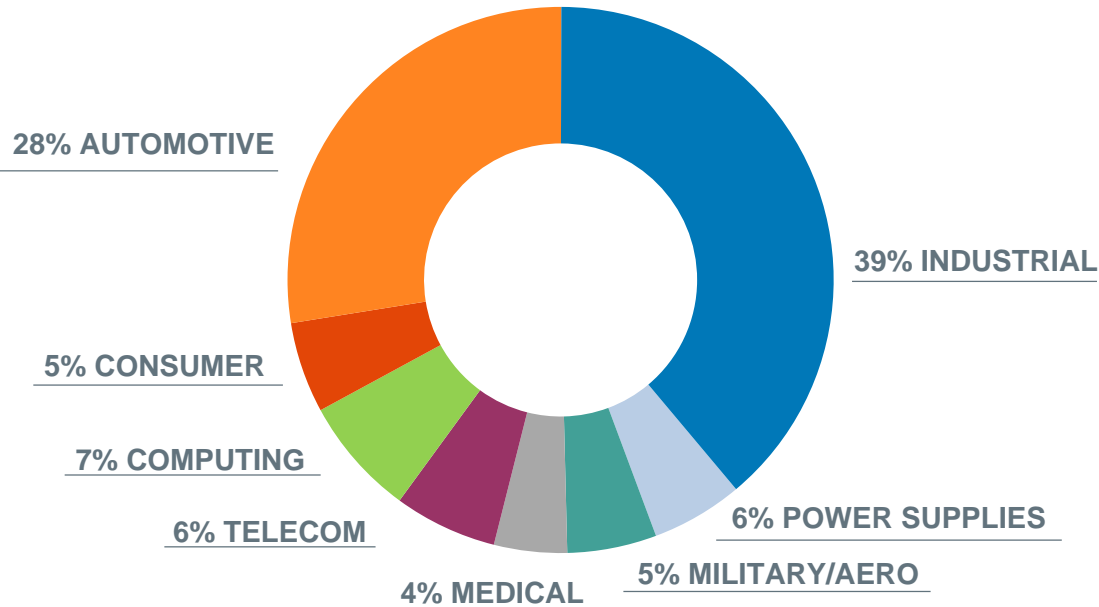
The table to the right summarizes the approximate number of shares for diluted EPS calculation.

See Item 7.01 of current report on Form 8-K filed with the Securities and Exchange Commission on August 7, 2018 for additional important information about the parameters which impact the computation of shares expected to be used in the diluted EPS computation.

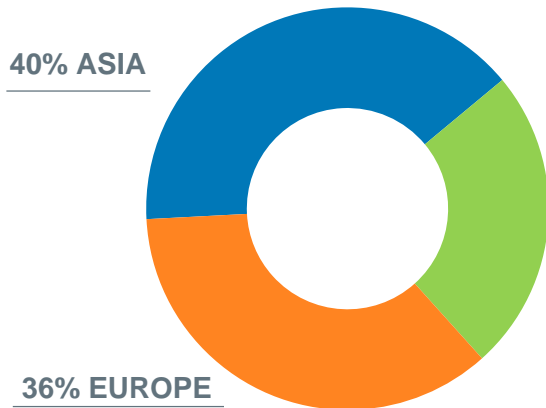




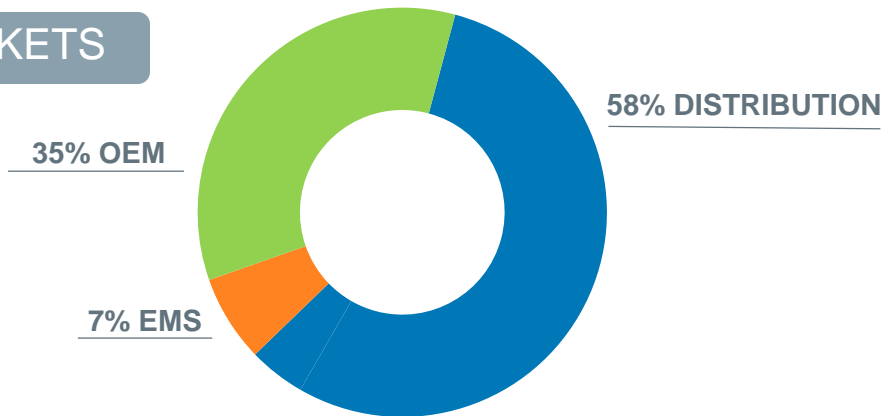
# SALES SPLIT Q2 2018



▶ END MARKETS



GEOGRAPHY



▶ SALES CHANNELS



# APPENDIX



# QUARTERLY FINANCIAL RESULTS

in millions, except per share amounts	Q2 2018	Q1 2018	Q2 2017*
Net revenues	\$761	\$717	\$643
Gross profit	\$227	\$205	\$174
	29.9%	28.6%	27.0%
Operating income (loss)	\$123	\$104	\$85
	16.2%	14.5%	13.2%
Net earnings (loss) attributable to Vishay stockholders	\$103	\$62	\$56
Weighted average shares outstanding for EPS	158	160	155
EPS	\$0.65	\$0.39	\$0.36
EBITDA	\$144	\$138	\$121
	18.9%	19.3%	18.9%

\*Recast for the retrospective adoption of ASUs 2014-09 and 2017-07



# ADJUSTED QUARTERLY FINANCIAL RESULTS

in millions, except per share amounts	Q2 2018	Q1 2018	Q2 2017*
Net revenues	\$761	\$717	\$643
Gross profit	\$227	\$205	\$174
	29.9%	28.6%	27.0%
Adjusted operating income	\$123	\$104	\$85
	16.2%	14.5%	13.3%
Adjusted net earnings attributable to Vishay stockholders	\$86	\$64	\$55
Weighted average shares outstanding for adjusted EPS	158	160	155
Adjusted EPS	\$0.54	\$0.40	\$0.36
Adjusted EBITDA	\$161	\$138	\$122
	21.2%	19.3%	19.0%

\*Recast for the retrospective adoption of ASUs 2014-09 and 2017-07



# RECONCILIATION OF GAAP TO ADJUSTED

in millions	Q2 2018	Q1 2018	Q2 2017*
GAAP NET EARNINGS (loss) attributable to Vishay stockholders	\$103	\$62	\$56
<u>Reconciling items affecting operating income</u> Restructuring and severance costs	-	-	\$1
<u>Reconciling items affecting other income (expense)</u> Gain on early extinguishment of debt	17	-	-
<u>Reconciling items affecting tax expense (benefit)</u> Enactment of TCJA Effects of cash repatriation program Change in deferred taxes due to early extinguishment of debt Tax effects of pre-tax items above	12 (\$9) (\$34) (\$4)	- \$1 - -	- - (\$1) - -
ADJUSTED NET EARNINGS attributable to Vishay stockholders	\$86	\$64	\$55

\*Recast for the retrospective adoption of ASUs 2014-09 and 2017-07



# LONG TERM DEBT

as of June 30, 2018

in millions	Outstanding Debt	Comments	Interest
Long term incl. current portion	\$680		
Revolving Debt	\$96	Available through December 10, 2020	LIBOR plus 1.50%
Convertible Notes, due 2025	\$489	<b>\$600 million principal amount;</b> debt discount of \$111 million amortized to income statement as additional non-cash interest	<b>Cash coupon 2.25% of principal or \$14 million annually;</b> GAAP interest expense (incl. amortization of discount) based on 5.5% of net carrying amount
Convertible Debentures, due 2040-2042	\$114	<b>\$286 million principal amount;</b> debt discount of \$173 million amortized to income statement as additional non-cash interest	<b>Cash coupon 2.25% of principal or \$6 million annually;</b> GAAP interest expense (incl. amortization of discount) based on 8.00%, 8.375% resp. 7.50% of net carrying amount
Deferred Financing Costs	(\$19)		



# BOOK-TO-BILL DETAIL

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Book-to-bill VISHAY	1.17	1.22	1.28	1.11	1.27
Book-to-bill distribution	1.23	1.28	1.40	1.15	1.43
Book-to-bill OEMs	1.08	1.16	1.13	1.06	1.06
Book-to-bill semiconductors	1.06	1.26	1.40	1.13	1.34
Book-to-bill passive components	1.29	1.18	1.15	1.09	1.20
Book-to-bill Americas	1.29	1.25	1.14	1.04	1.19
Book-to-bill Asia	1.09	1.22	1.40	1.15	1.38
Book-to-bill Europe	1.18	1.23	1.23	1.12	1.20



# OPERATIONAL METRICS

	Q2 2018	Q1 2018	Q4 2017*	Q3 2017*	Q2 2017*
Change in ASP vs. prior year total Vishay	0.7	(0.9)	(2.3)	(2.4)	(2.8)
Change in ASP vs. prior year semis	1.0	(0.8)	(2.7)	(2.7)	(3.4)
Change in ASP vs. prior year passives	0.3	(0.9)	(1.9)	(2.1)	(2.1)
FX effect on revenues vs. previous quarter	(\$7)	\$10	\$1	\$13	\$6
Backlog at quarter end	\$1,595	\$1,499	\$1,320	\$1,122	\$1,034
Backlog in months	6.3	6.3	5.9	5.0	4.8

\*Recast for the retrospective adoption of ASUs 2014-09 and 2017-07

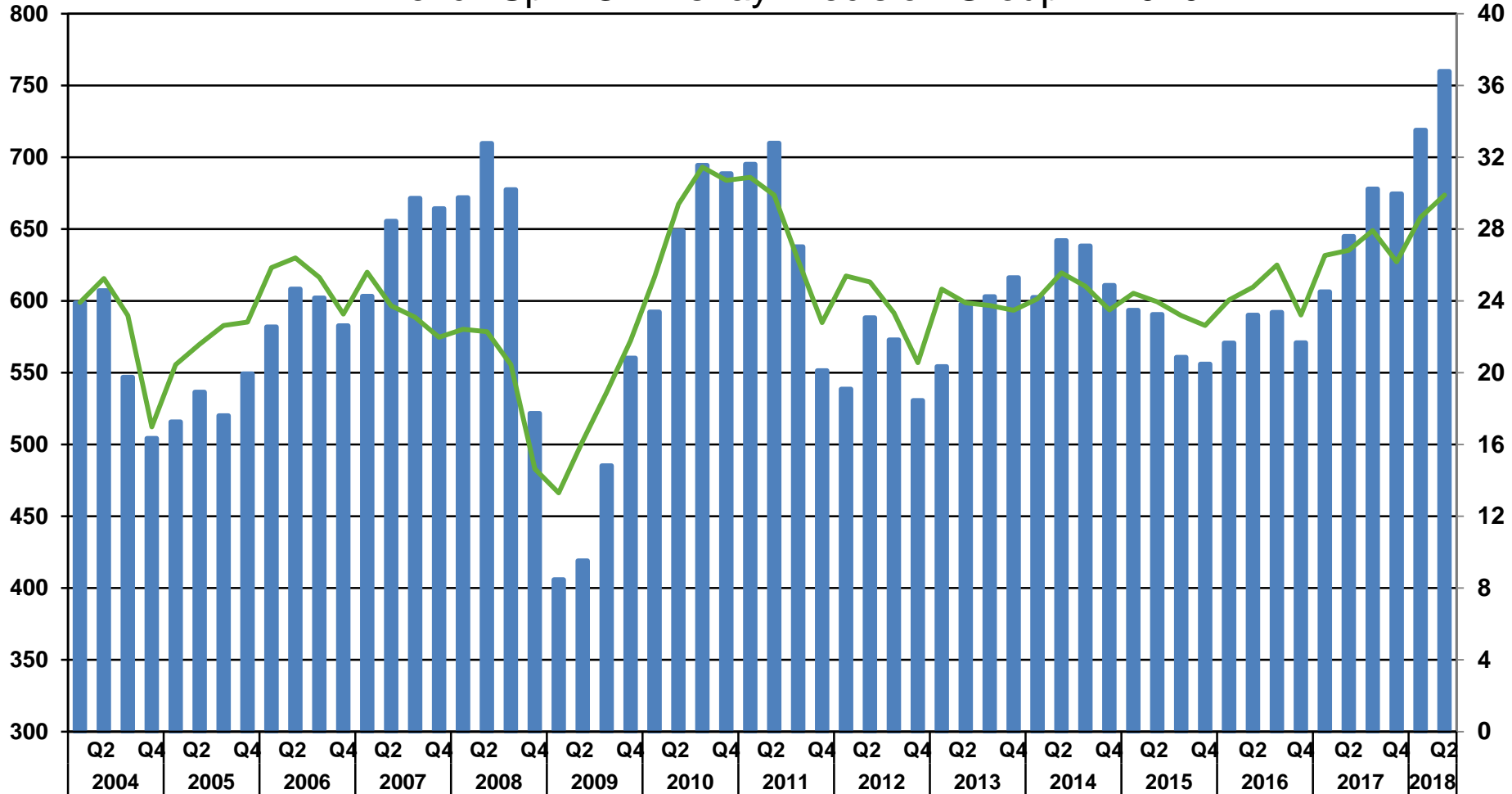




# VISHAY REVENUES AND GROSS MARGIN % QUARTERLY

\$ in millions

excl. Spin-Off Vishay Precision Group in 2010



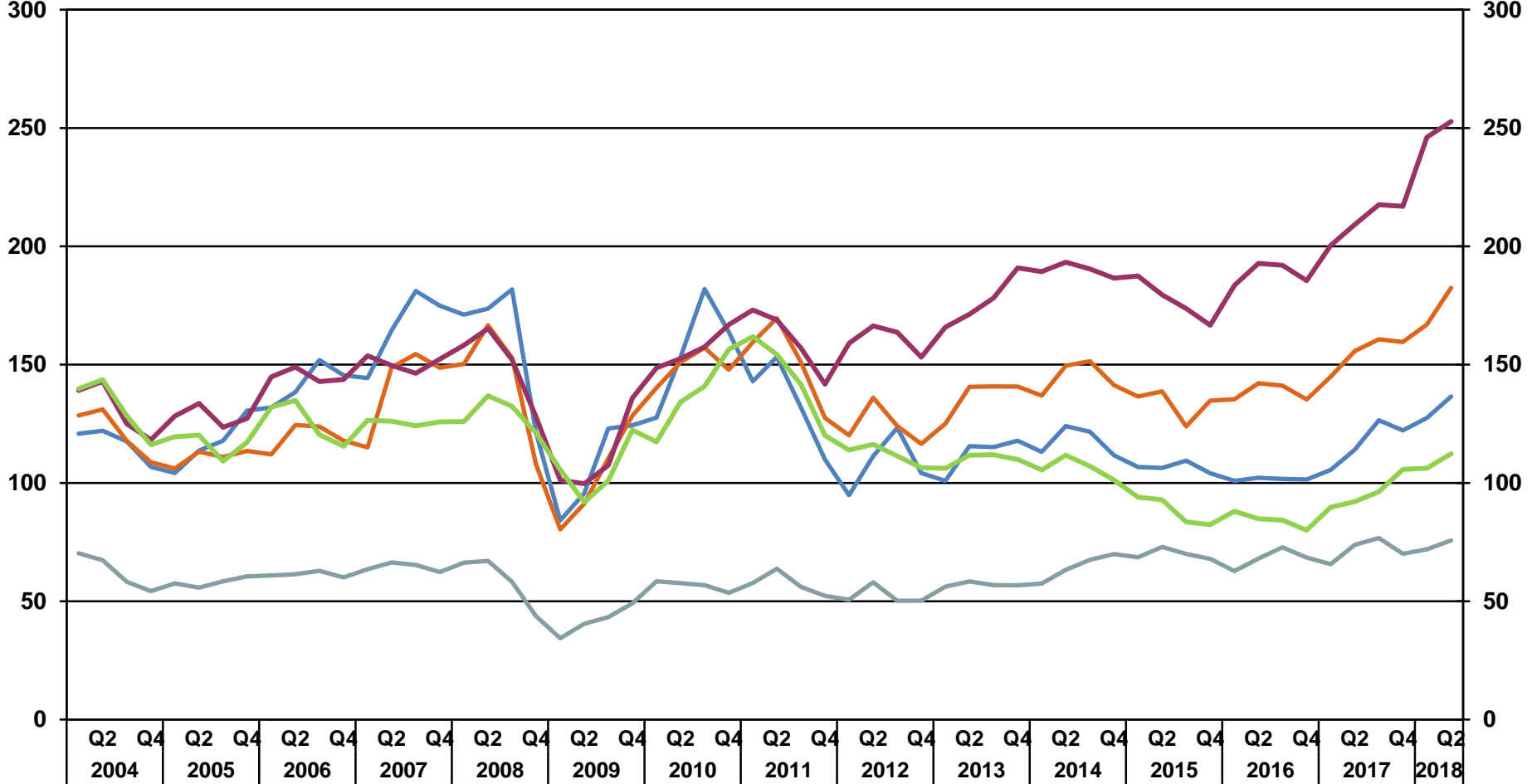
SALES GM %



# VISHAY REVENUES QUARTERLY BY PRODUCT SEGMENT

\$ in millions

\$ in millions

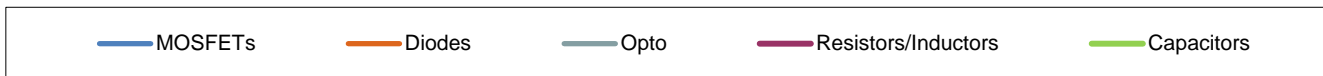
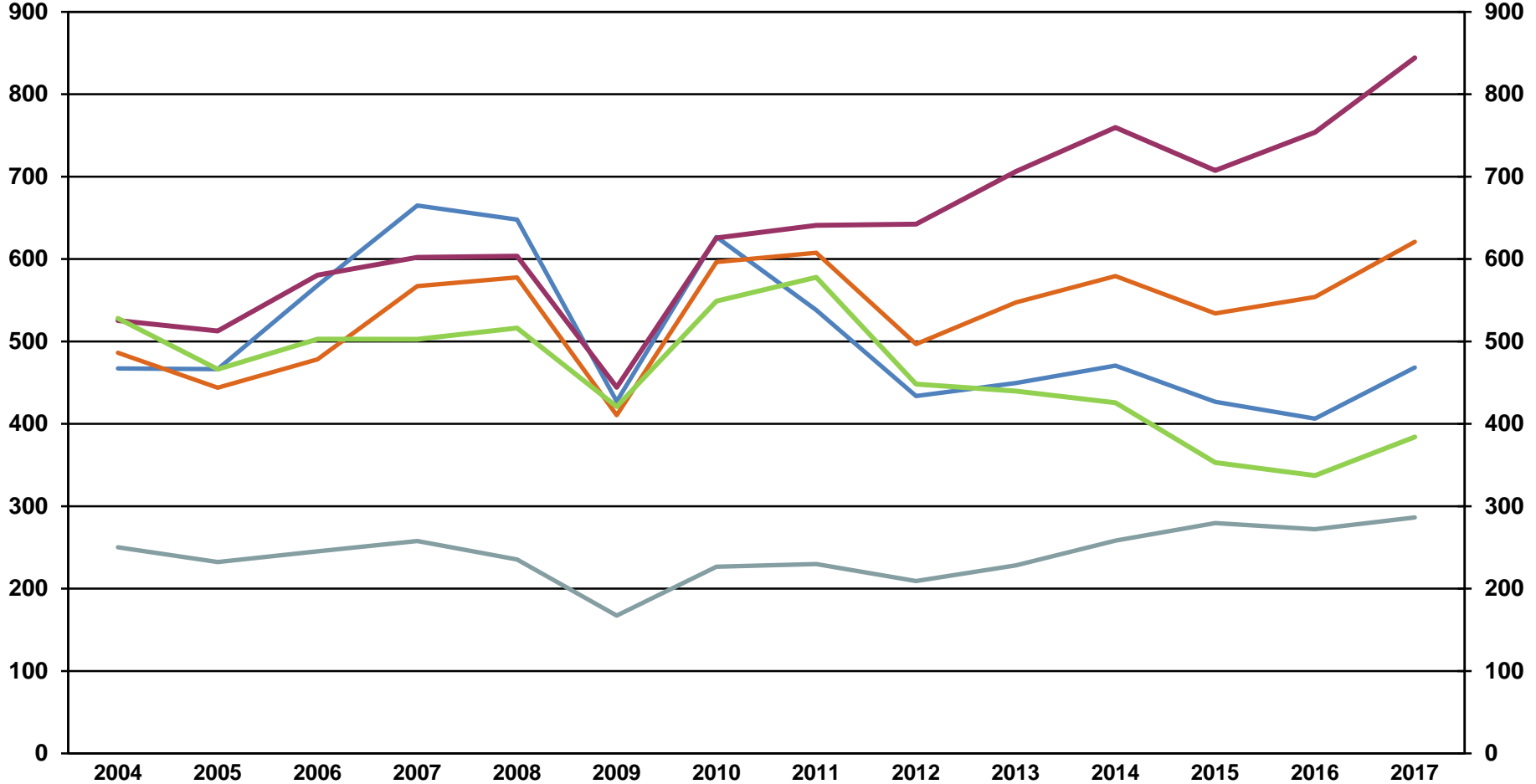




# VISHAY REVENUES YEARLY BY PRODUCT SEGMENT

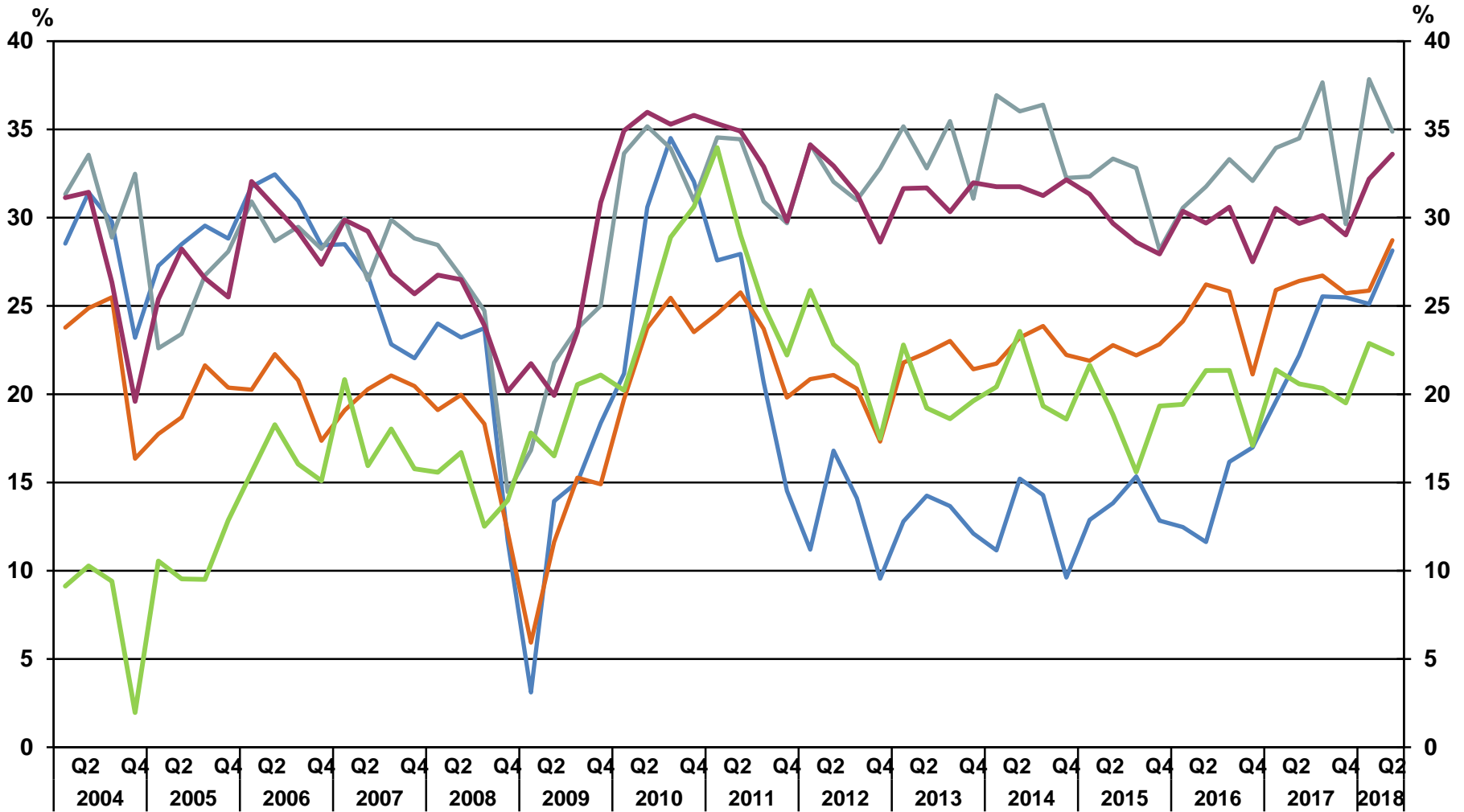
\$ in millions

\$ in millions





# VISHAY GROSS MARGINS QUARTERLY BY PRODUCT SEGMENT





# VISHAY GROSS MARGINS YEARLY BY PRODUCT SEGMENT

