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# 1Q 2023 Earnings Conference Call

May 10, 2023

## 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 income, adjusted gross margin, adjusted operating income, adjusted operating margin, adjusted earnings per share, free cash, EBITDA, adjusted EBITDA, and EBITDA margin.

**“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, the direct impact of the COVID-19 outbreak, 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 profit”** is gross profit determined in accordance with GAAP (net revenues 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, the direct impact of the COVID-19 outbreak, and unusual inventory write-downs. The measurement is used by Management to evaluate the performance of our business segments, as well 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 gross margin”** is “adjusted gross profit” expressed as a percentage of net revenues.

**“Adjusted operating income”** 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. The measurement is used by Management to evaluate our performance. Reconciling items to arrive at adjusted gross profit are also considered in the calculation of adjusted operating income; 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 operating margin”** is “adjusted operating income” expressed as a percentage of net revenues.

**“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.

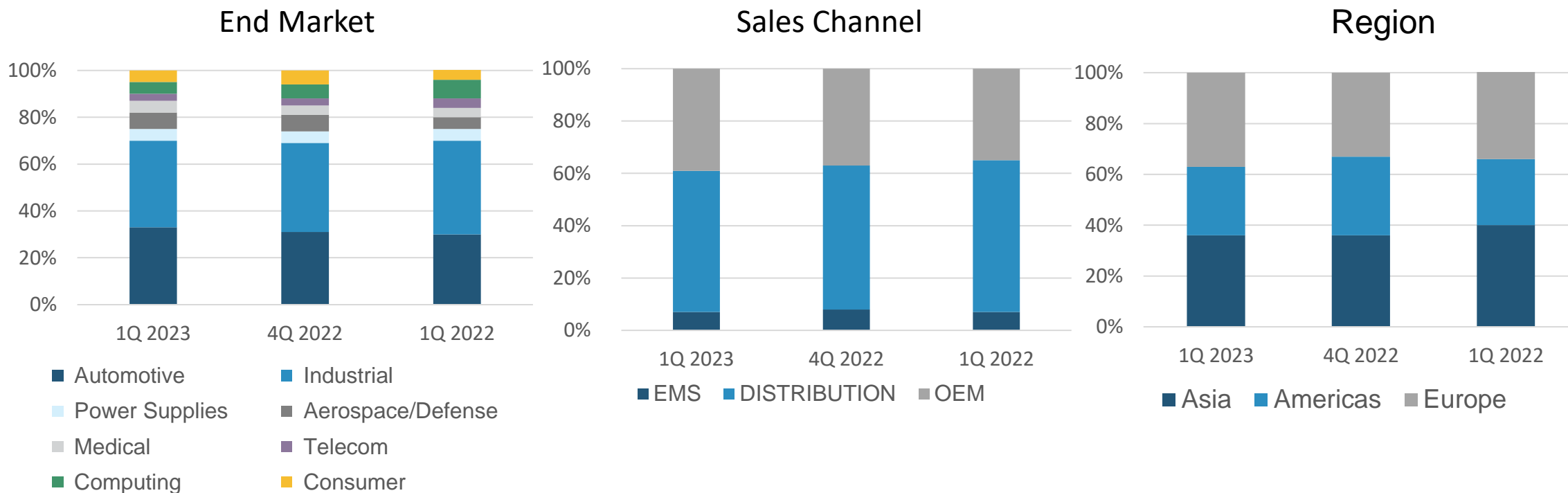
**“EBITDA”** is earnings before interest income and expense, provision for income taxes, depreciation expense, and amortization expense. Management believes that EBITDA provides additional information with respect to a company’s performance and ability to meet its future capital expenditures and working 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 our revolving credit facility.

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

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.

# Revenue Mix – By End Market, Sales Channel, & Region



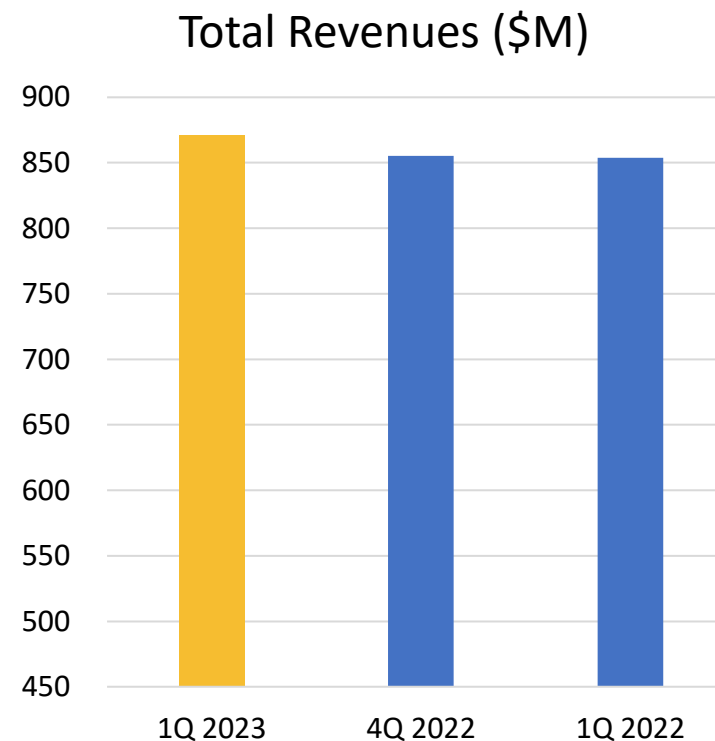
- Auto revenues increased QoQ by 6% while Industrial revenues stayed flat.
- Medical and aerospace/defense revenues reached an all-time highs in 1Q 2023.

- Inventory in distribution remained at 19 weeks while sales to distribution remained flat quarter over quarter.
- OEM revenues increased by 6% QoQ mostly on higher Automotive revenues.
- EMS revenues declined 7% QoQ due to inventory rebalancing.

- QoQ: Asia up 1%, Europe up 15% (partly due to fx impacts) and Americas down 11% on lower sales to distribution
- YoY: Asia down 10%, Americas up 6%, and Europe up 13%

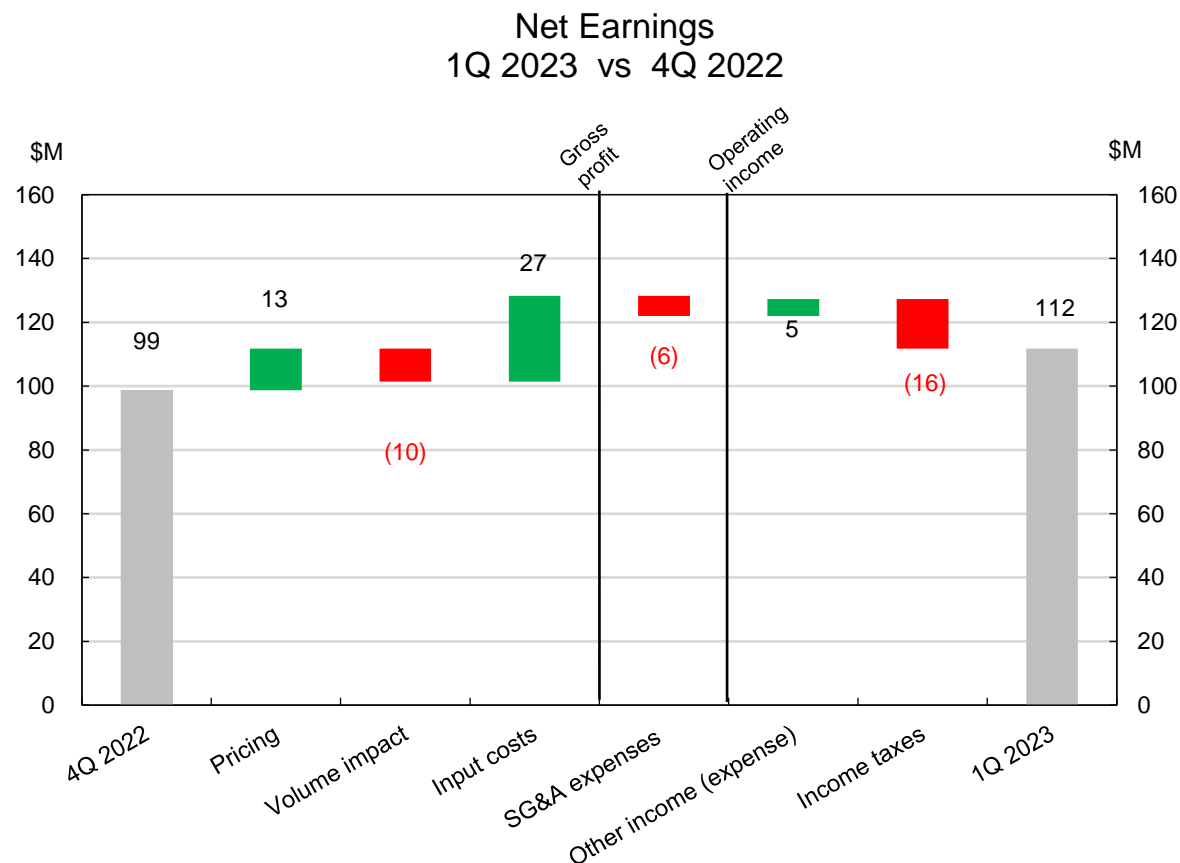
# 1Q 2023 Highlights

- 1Q 2023 revenues of \$871.0 million
- 1Q 2023 EPS of \$0.79
- 1Q 2023 book-to-bill of 0.84
- Backlog at quarter end was 7.5 months
- Returned a total of \$34.2 million to stockholders
- Extension of \$750 million revolving credit facility to May 2028



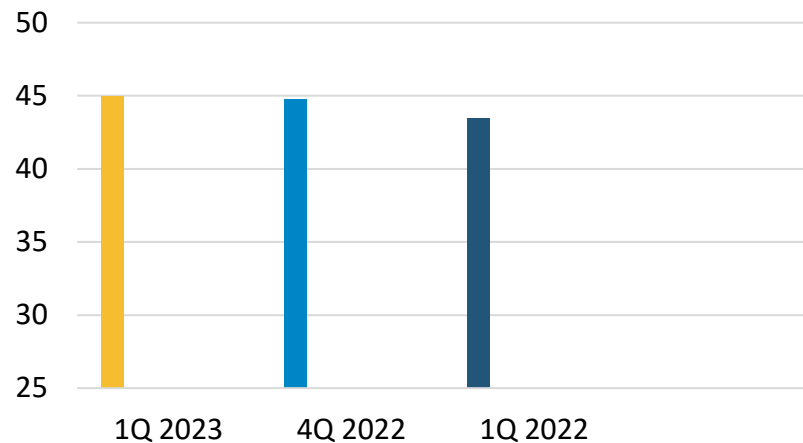
# 1Q 2023 Income Statement Highlights

- Gross margin of 32.0%
- SG&A expenses of \$120.1 million
- Operating margin of 18.2%
- EBITDA margin of 22.9%
- EPS of \$0.79

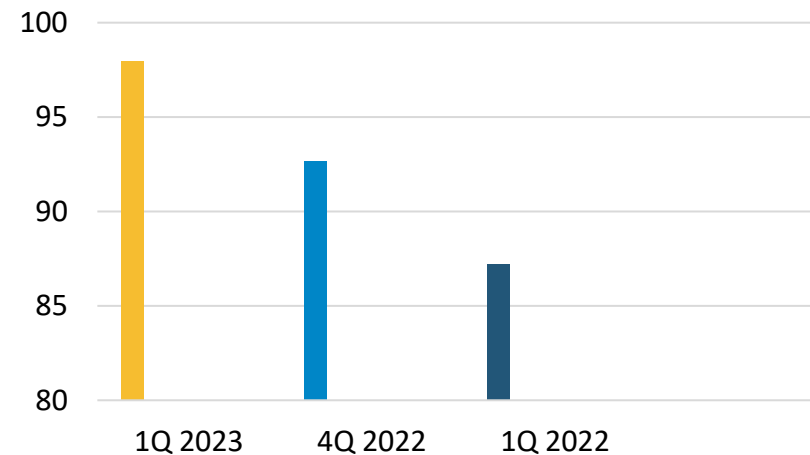


# Cash Conversion Cycle

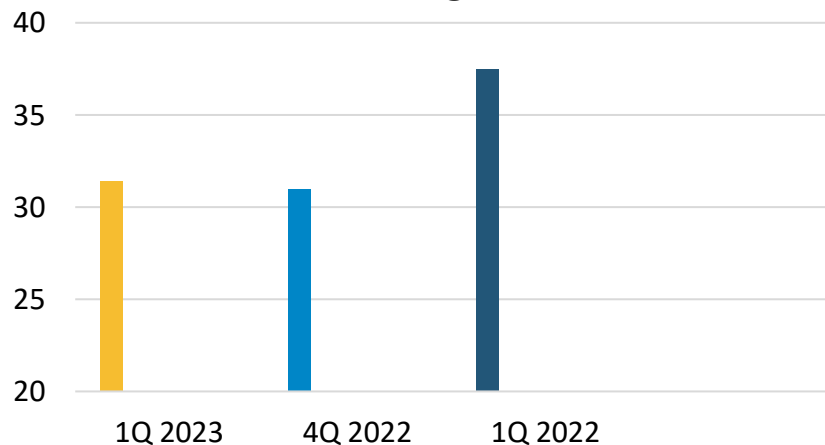
## DSO



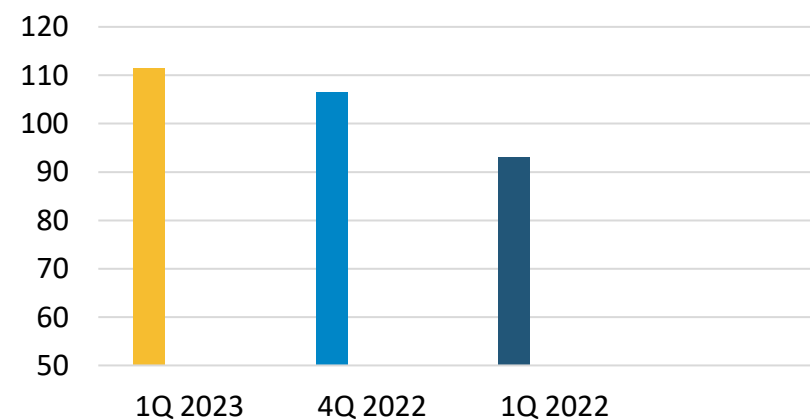
## DIO



## DPO

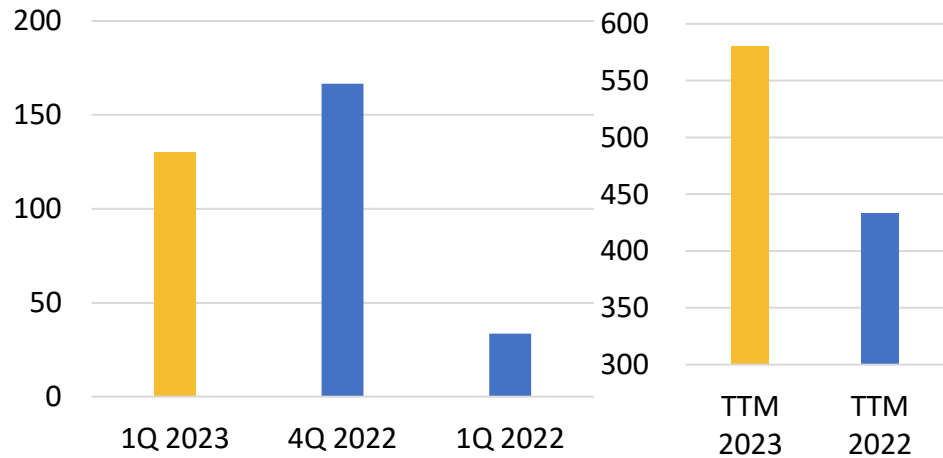


## Cash Conversion Cycle

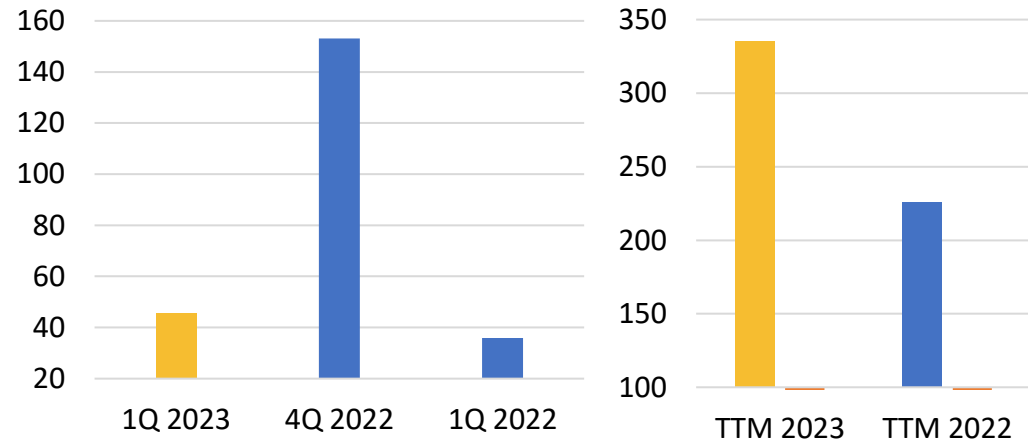


# Consistently Strong Cash Flow Generation

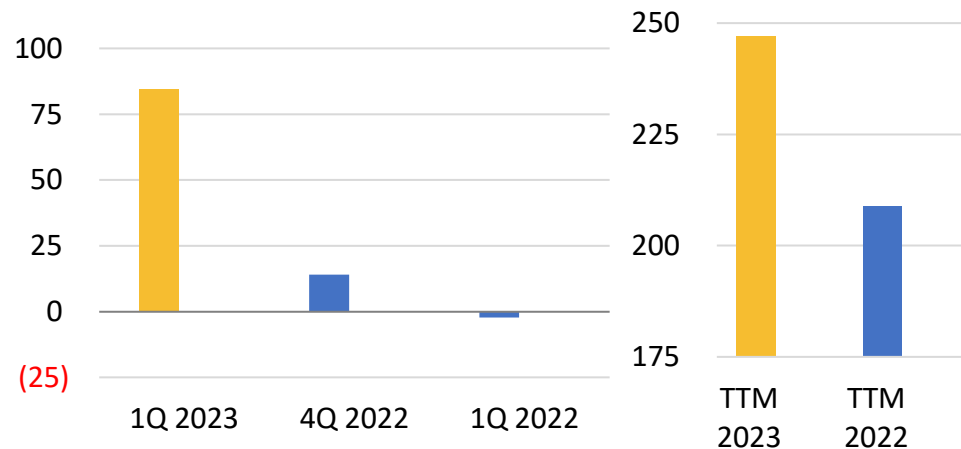
## Cash Flow from Operations (\$/M)



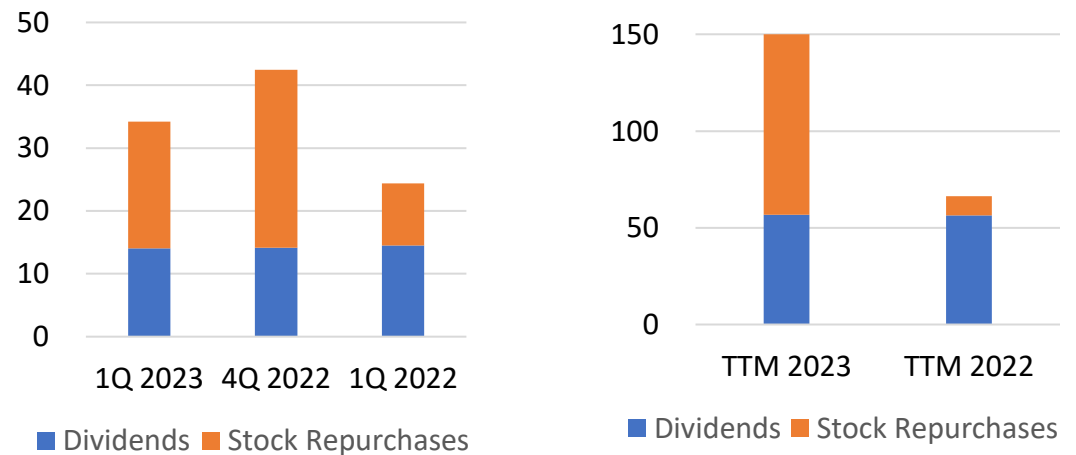
## Capex (\$/M)



## Free Cash Flow (\$/M)



## Stockholder Returns (\$/M)



# Guidance

- 2Q 2023 total revenue range: \$860 million - \$900 million.
- 2Q 2023 gross profit margin range: 29.0% +/- 50 basis points.
- 2Q 2023 SG&A: \$125 million plus/minus \$2 million.  
FY 2023 \$475 million - \$485 million (at current exchange rates).
- FY 2023 normalized effective tax rate: ~28%.
- FY 2023 total stockholder return: committed to return at least 70% of annual free cash flow (at least \$100 million for FY 2023)



# Near Term Initiatives

1. Develop go-to-market strategies for 30 key product lines across all business segments
2. Increase capacities
  - Internal: increase capex to ~\$385 million in 2023, primarily on expansion projects
  - External: outsource production of commodity products to subcontractors
3. Enhance channel management
4. Invest in internal resources add - customer-facing engineers, fill gaps in technology and market coverage
5. Promote the full breadth of Vishay's portfolio through solution selling
6. Institute organizational and cultural change— Think Customer First

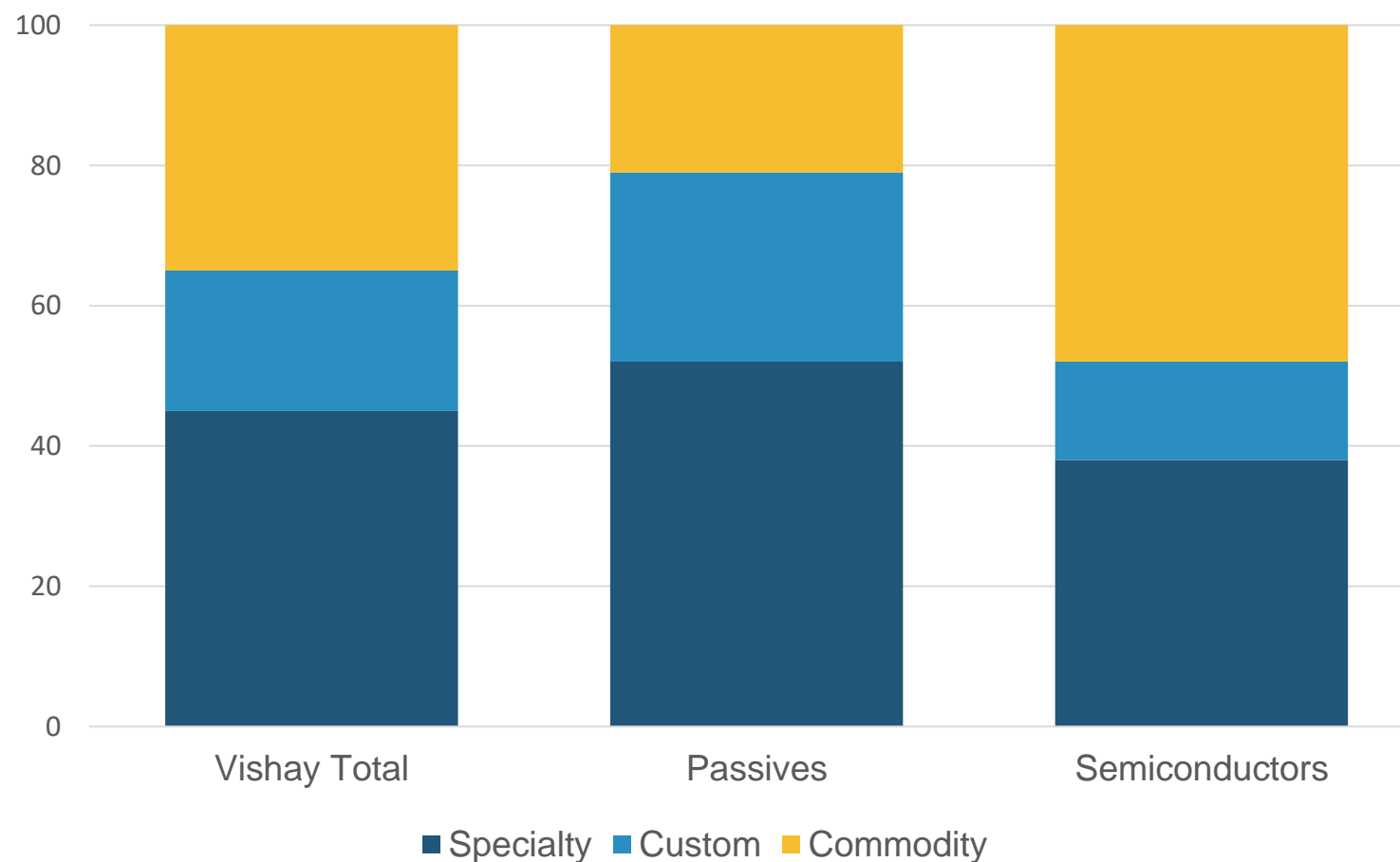
# 2023 Takeaways

By the end of 2023			
Qualified subcontractors	Implemented go-to-market strategies for 30 key products	600V and 1200V planar SiC MOSFETs samples available	Prepare 3-year strategic plan

# APPENDIX

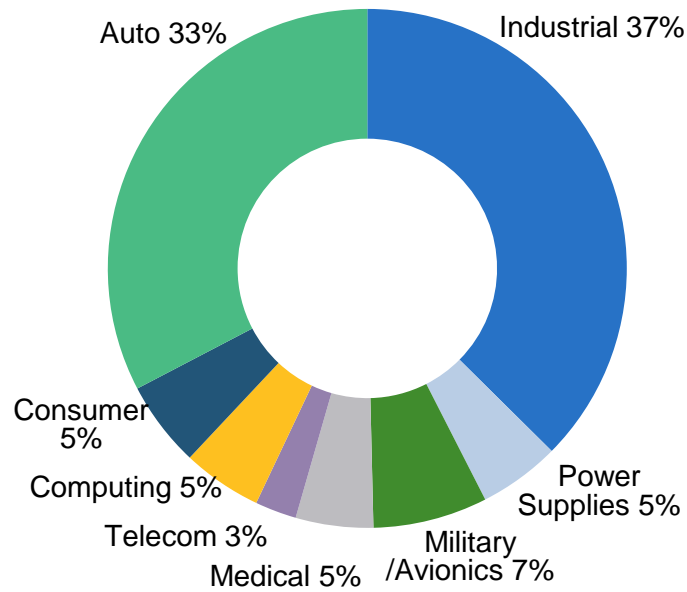
# More than 60% of Revenues for Specialty and Custom

Revenues 2022

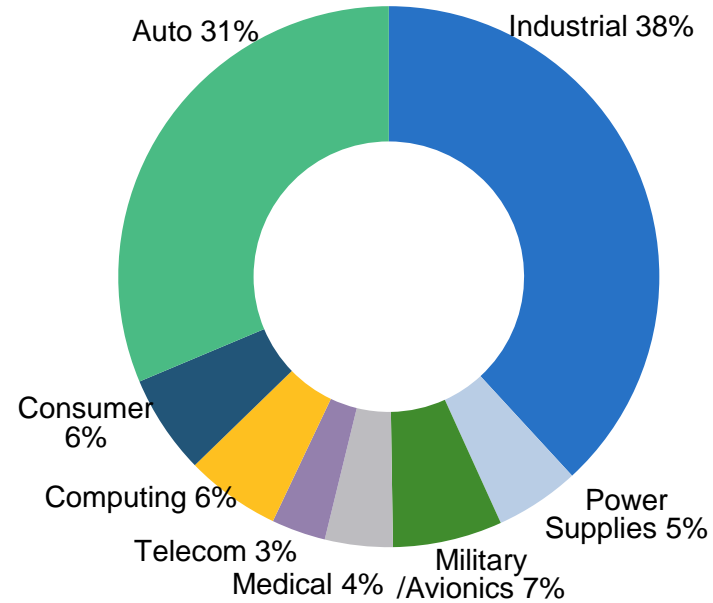


# Revenue Mix – End Markets

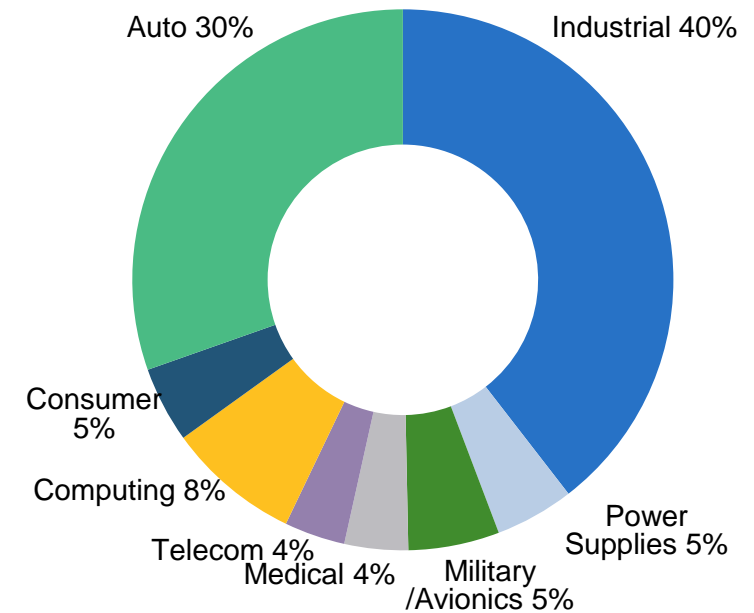
1Q 2023



4Q 2022

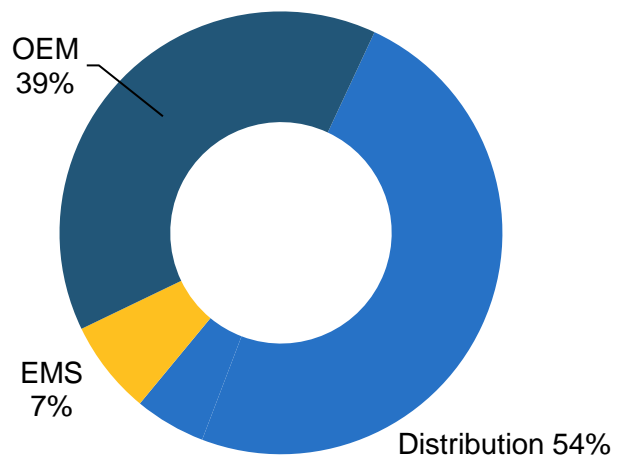


1Q 2022

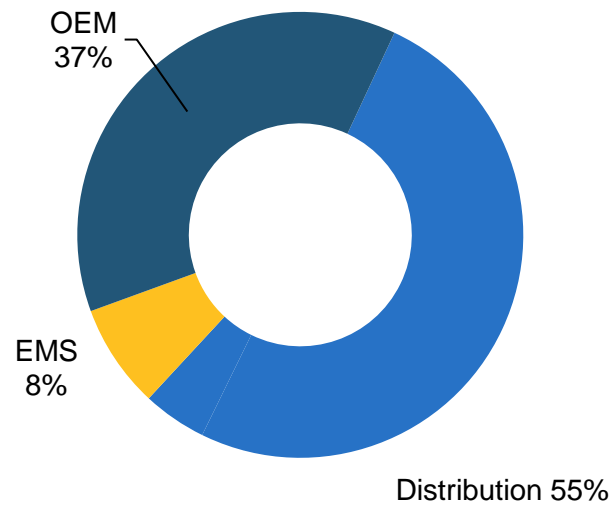


# Revenue Mix – Sales Channels

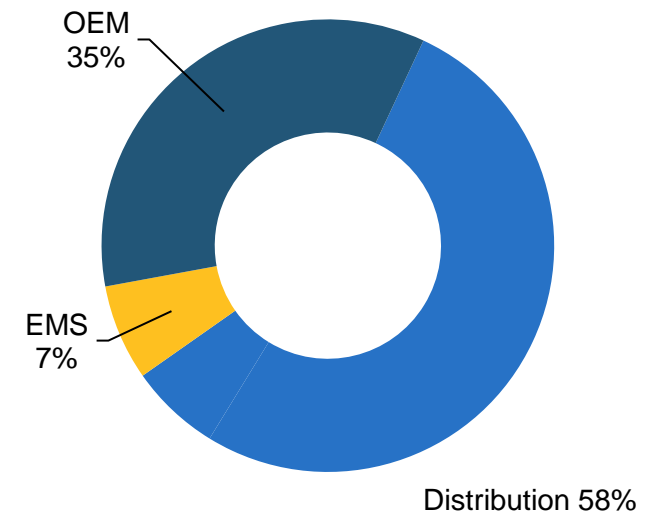
1Q 2023



4Q 2022

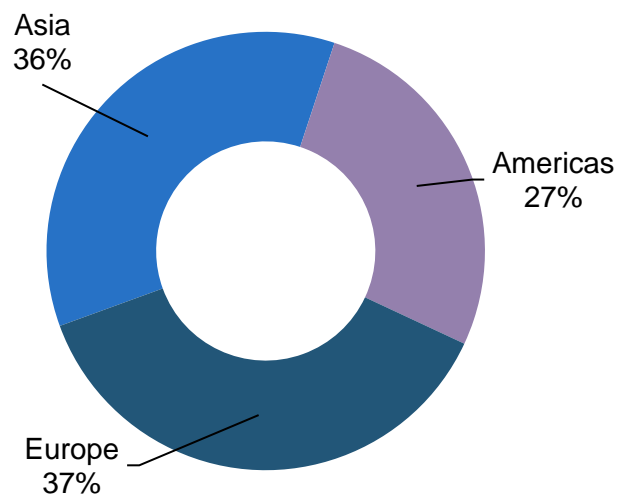


1Q 2022

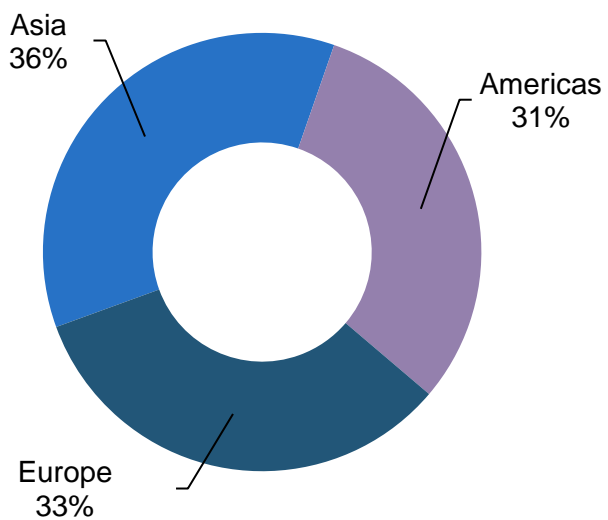


# Revenue Mix - Regions

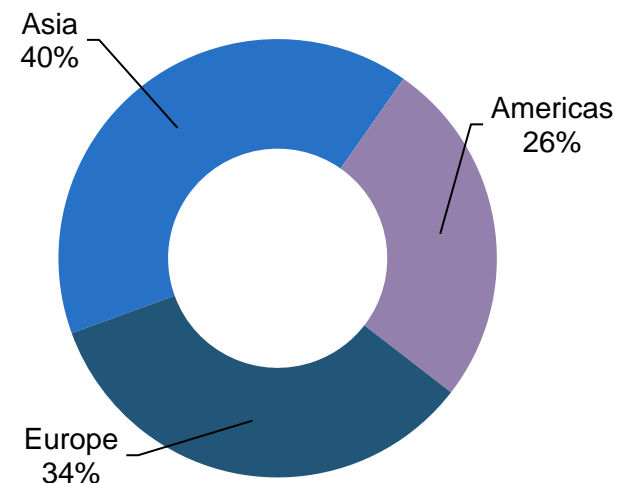
1Q 2023



4Q 2022



1Q 2022



# Segment Results (\$/M)

## MOSFETs

	Revenues	Gross Margin
1Q 2023	\$198.2	36.8%
4Q 2022	206.0	37.5%
1Q 2022	172.7	34.0%

## Diodes

	Revenues	Gross Margin
1Q 2023	\$175.7	27.4%
4Q 2022	181.8	23.4%
1Q 2022	182.3	25.1%

## Opto

	Revenues	Gross Margin
1Q 2023	\$60.4	36.3%
4Q 2022	64.0	28.1%
1Q 2022	81.0	40.0%

## Resistors

	Revenues	Gross Margin
1Q 2023	\$223.1	33.2%
4Q 2022	205.2	28.3%
1Q 2022	207.0	28.3%

## Inductors

	Revenues	Gross Margin
1Q 2023	\$80.3	29.5%
4Q 2022	75.2	32.1%
1Q 2022	82.8	30.0%

## Capacitors

	Revenues	Gross Margin
1Q 2023	\$133.3	28.5%
4Q 2022	123.2	23.7%
1Q 2022	128.0	25.2%



# Broad Customer Base

## OEM



## EMS



## DISTRIBUTION



# BROADEST LINE OF DISCRETE SEMICONDUCTORS AND PASSIVE COMPONENTS

	Semiconductors						Passive Components					
	Diodes		Mosfets		Opto		Capacitors		Resistors		Inductors	
	Rectifiers	Small Signal TVS/ESD	Mosfets	Power ICs	IR Comp., Sensors	Opto-couplers	Aluminum, Ceramic	Power, Film, Tantalum	Film, Power	SMD Resistors	Variable Sensors	Inductors, Magnetics
Vishay	●	●	●	○	●	●	○	●	●	●	○	●
Bourns		○								○	●	●
Broadcom					○	●						
Cyntec									○	○		●
Diodes Inc.	●	○	○	●								
Infineon	○	○	●	●								
KOA									●	●		○
Kyocera/AVX	○						●	●				○
Murata							●				○	●
Nichicon							●	○			○	
Nexperia	○	●	○	●								
ON Semi	●	●	●	●	○	●						
Panasonic						○	●	●		●	○	●
Renesas	○	○	●	●		●						
Rohm	●	○	○	○	○							
Sharp					○	○						
ST Micro	●	●	●	○	○							
Taiyo Yuden							●	●			●	●
Toshiba	○	○	●	●	○	●						
Yageo/Kemet							●	●	○	●		●

Source: Company estimates

● = Major Position

○ = Minor Position

# P&L

In millions, except per share amounts	1Q 2023	4Q 2022	1Q 2022
Net revenues	\$ 871	\$ 855	\$ 854
Cost of products sold	592	606	595
Gross profit	279	249	259
Gross margin	32.0%	29.1%	30.3%
SG&A	120	114	113
Operating income	159	135	146
Operating margin	18.2%	15.8%	17.1%
Other income (expense):			
Interest expense	(5)	(4)	(4)
Other	3	(3)	(6)
Total other income (expense) - net	(2)	(7)	(10)
Income before taxes	157	128	136
Income tax expense	45	55	32
Net earnings	112	73	104
Less: net earnings attributable to noncontrolling interests	408	413	377
Net earnings attributable to Vishay stockholders	\$ 112	\$ 73	\$ 104
Diluted earnings per share attributable to Vishay stockholders	\$ 0.79	\$ 0.51	\$ 0.71
Weighted average shares outstanding - diluted	141	142	146
Cash dividends per share	\$ 0.10	\$ 0.10	\$ 0.10

# Reconciliation of GAAP net earnings to Adjusted net earnings

In millions, except for per share amounts	1Q 2023	4Q 2022	1Q 2022
GAAP net earnings attributable to Vishay stockholders	\$112	\$73	\$104
<u>Reconciling items affecting tax expense (benefit):</u>			
Effect of change in indefinite reversal assertion	-	\$60	-
Effects of changes in valuation allowances	-	(\$34)	-
Adjusted net earnings	\$112	\$99	\$104
Adjusted weighted average diluted shares outstanding	141	142	146
Adjusted earnings per diluted share	\$0.79	\$0.69	\$0.71

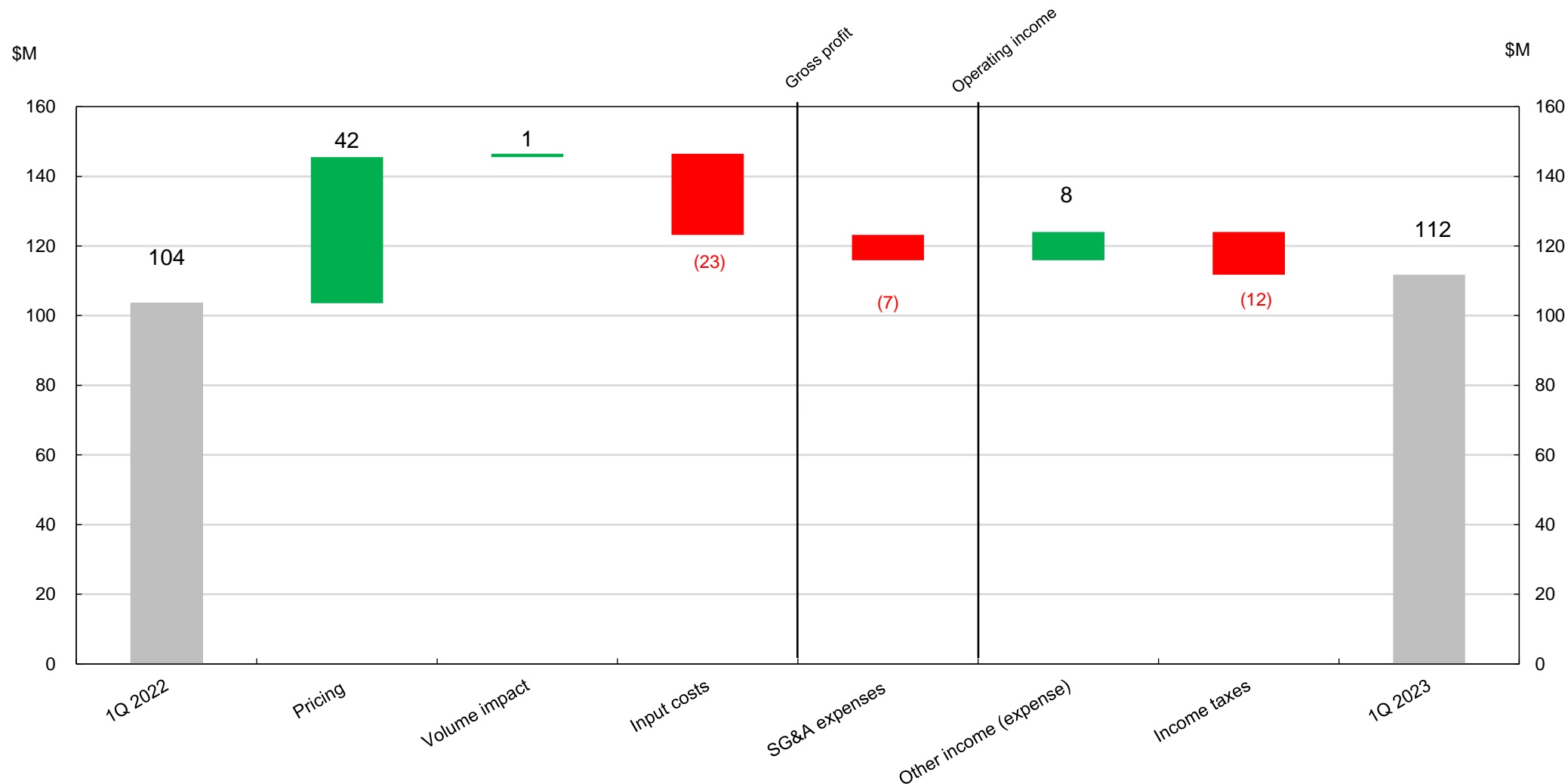
# Reconciliation of Free Cash

In millions	1Q 2023	4Q 2022	1Q 2022
Net cash provided by operating activities	\$130	\$166	\$34
Proceeds from sale of property and equipment	\$0	\$1	\$0
Less: Capital expenditures	(\$46)	(\$153)	(\$36)
Free cash	\$85	\$14	(\$2)

# Reconciliation of EBITDA and Adjusted EBITDA

In millions	1Q 2023	4Q 2022	1Q 2022
GAAP net earnings attributable to Vishay stockholders	\$112	\$73	\$104
Net earnings attributable to noncontrolling interests	\$0	\$0	\$0
Net earnings	\$112	\$73	\$104
Interest expense	\$5	\$4	\$4
Interest income	(\$6)	(\$4)	(\$1)
Income taxes	\$45	\$55	\$32
Depreciation and amortization	\$43	\$43	\$41
EBITDA	\$199	\$171	\$181
<u>Reconciling items</u>	-	-	-
Adjusted EBITDA	\$199	\$171	\$181
Adjusted EBITDA margin**	22.9%	20.0%	21.2%
** Adjusted EBITDA as a percentage of net revenues			

# Net Earnings Adjusted – 1Q 2023 vs 1Q 2022





# Thank you