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# 4Q 2022 Earnings Conference Call

February 8, 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.

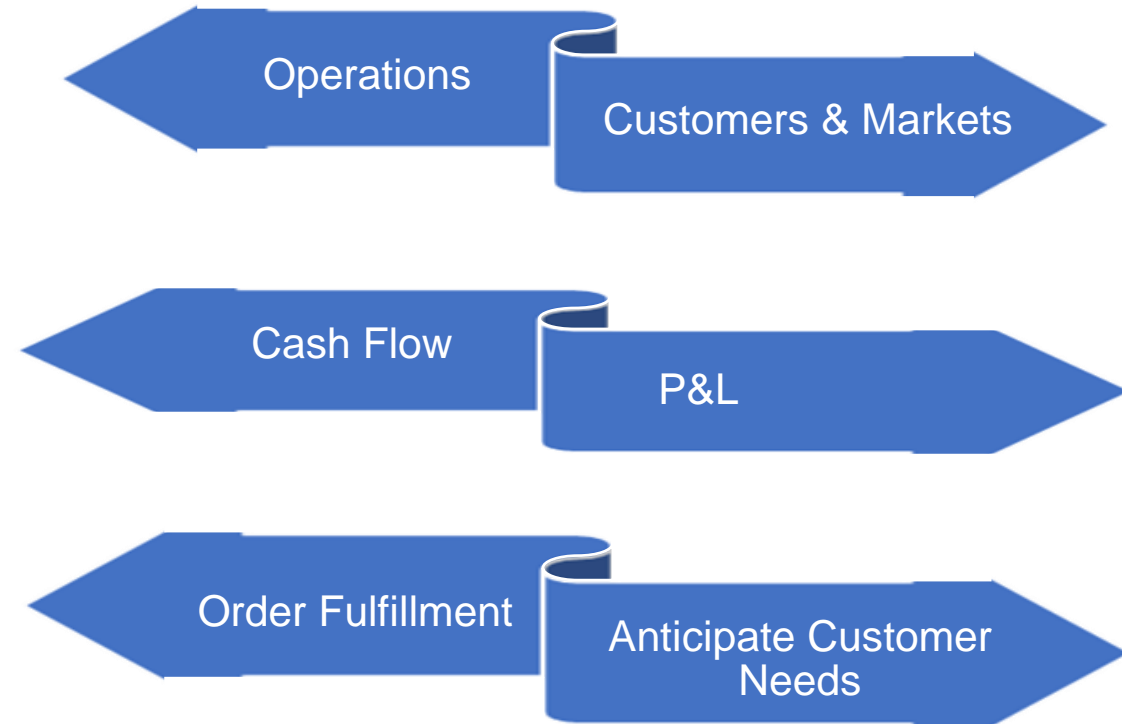
# New CEO Introduction

- 32-year career at Vishay, spanning engineering, marketing, sales, operations and business development
- Vishay has:
  - Pristine balance sheet
  - Broad product portfolio
  - Global manufacturing locations, 86% outside China
  - Well positioned for growing electrification trends

Vishay

Yesterday

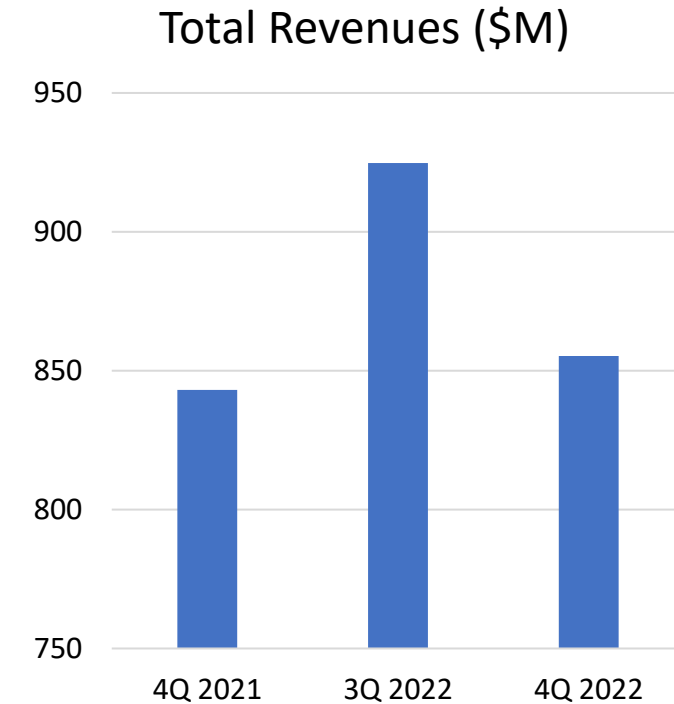
Tomorrow



*Think Customer First*

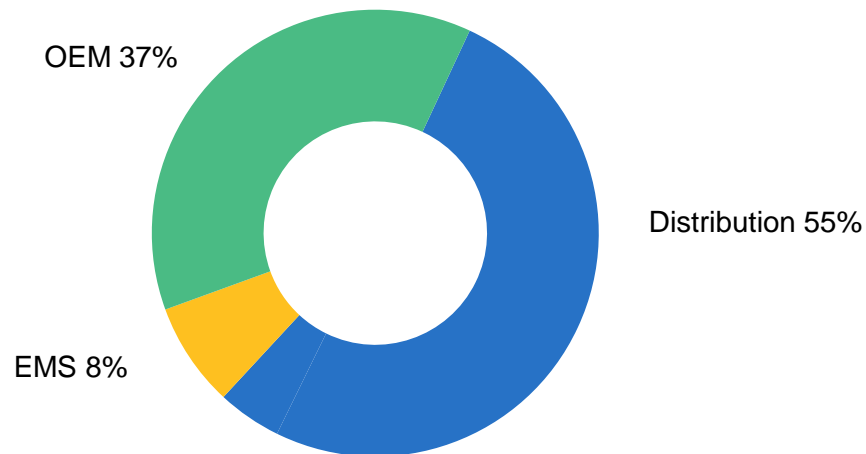
# Highlights

- 4Q 2022 revenues of \$855.2 million
- 4Q 2022 EPS of \$0.51; adjusted EPS of \$0.69
- 4Q 2022 book-to-bill of 0.94
- Backlog at quarter end of 8.3 months for semis and 7.8 months for passives
- FY 2022 capex of \$325.3 million
- FY 2022 free cash flow of \$160.2 million
- FY 2022 total stockholder return of \$140.2 million

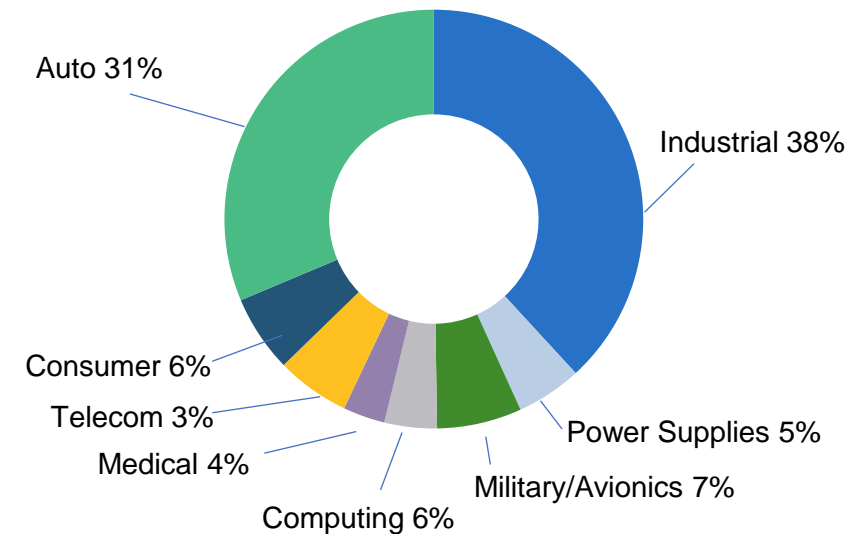


# 4Q 2022 Revenue Mix

Sales Channels



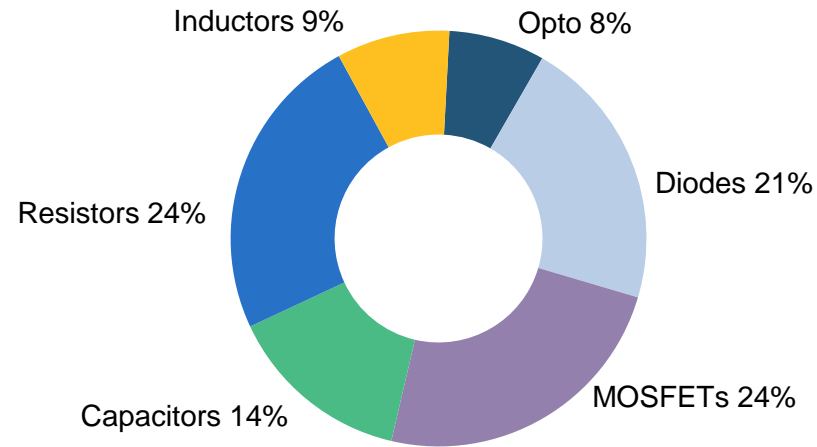
End Markets



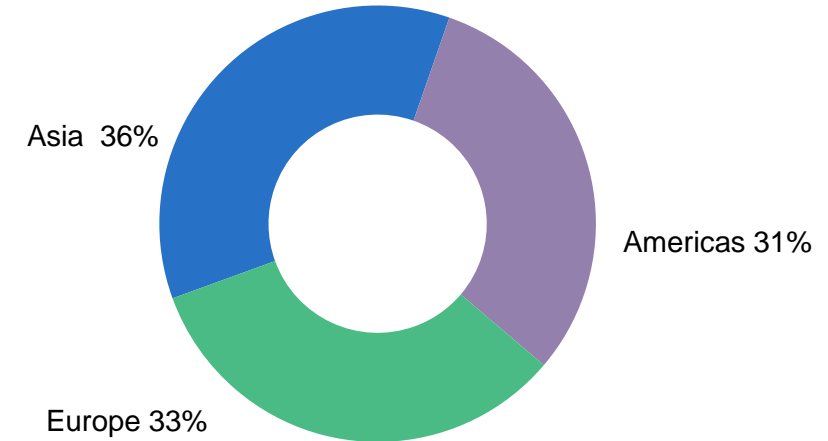
- Indications of inventory correction in 12.4% decline of sales to distribution versus 3Q 2022
- Automotive revenues declined 6.4% versus 3Q 2022, which had spiked due to catch up in MOSFETs volume out of Shanghai facility
- Industrial revenues declined 10.0% versus 3Q 2022 in connection with lower sales to distribution

# 4Q 2022 Revenue Mix

Business Segments



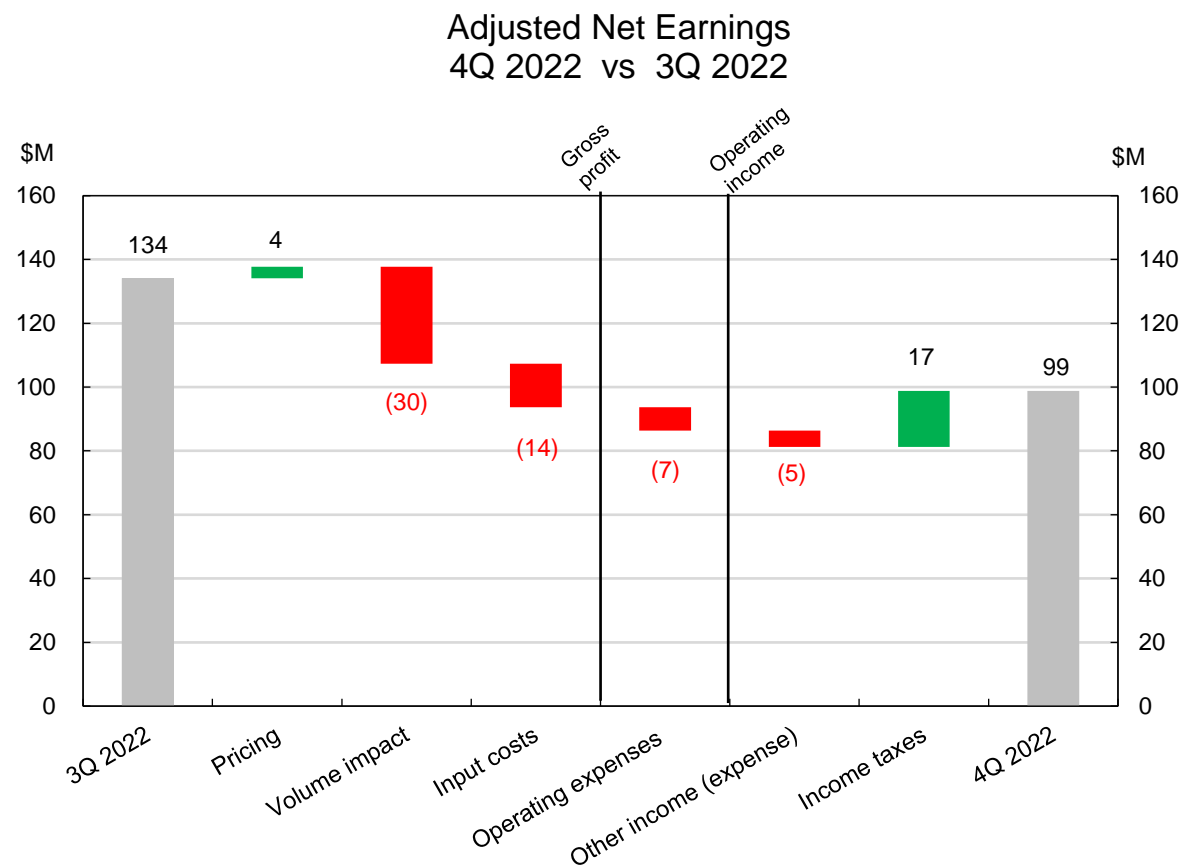
Regions



- Revenues in Asia declined 12.8% due to a decline of sales to distribution versus 3Q 2022; POS in Asia down modestly

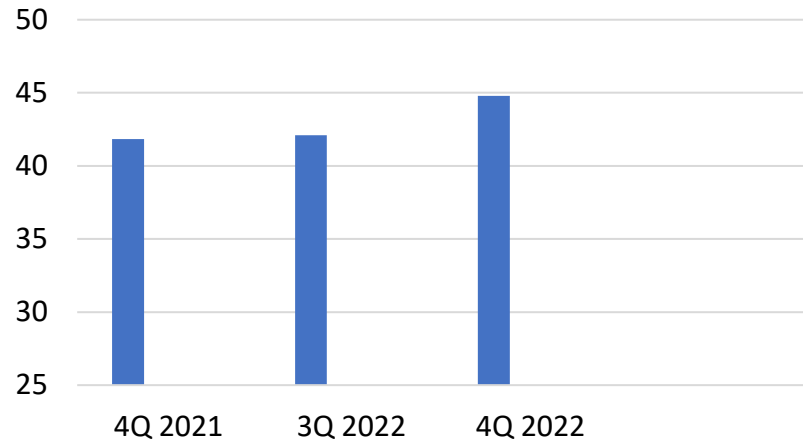
# 4Q 2022 Income Statement Highlights

- Gross margin of 29.1%
- Operating expenses of \$113.8 million
- Operating margin of 15.8%
- EBITDA margin of 20.0%
- EPS of \$0.51; adjusted EPS of \$0.69

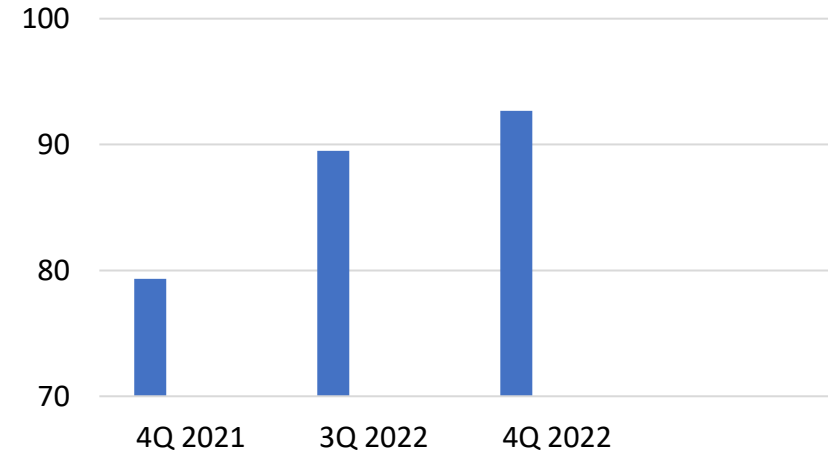


# 4Q 2022 Cash Conversion Cycle

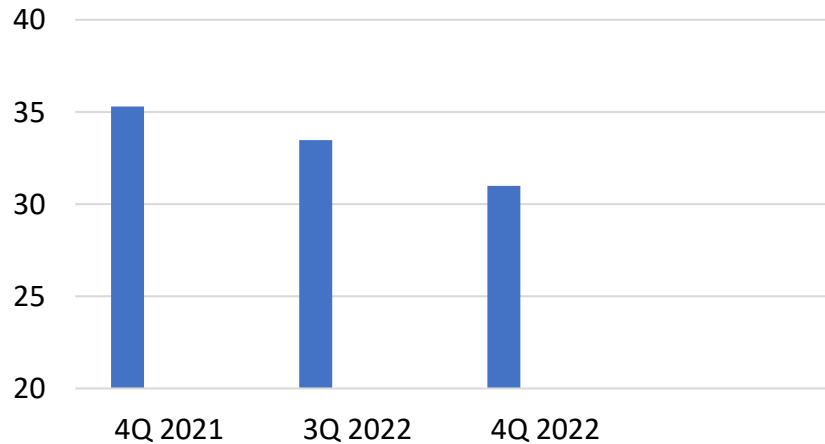
DSO



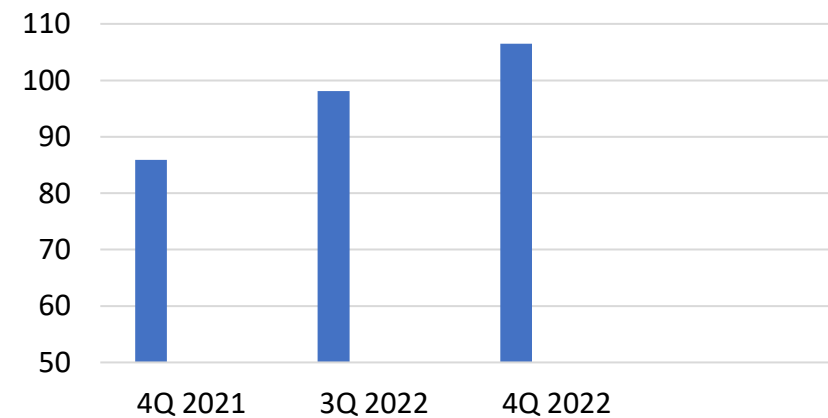
DOI



DPO



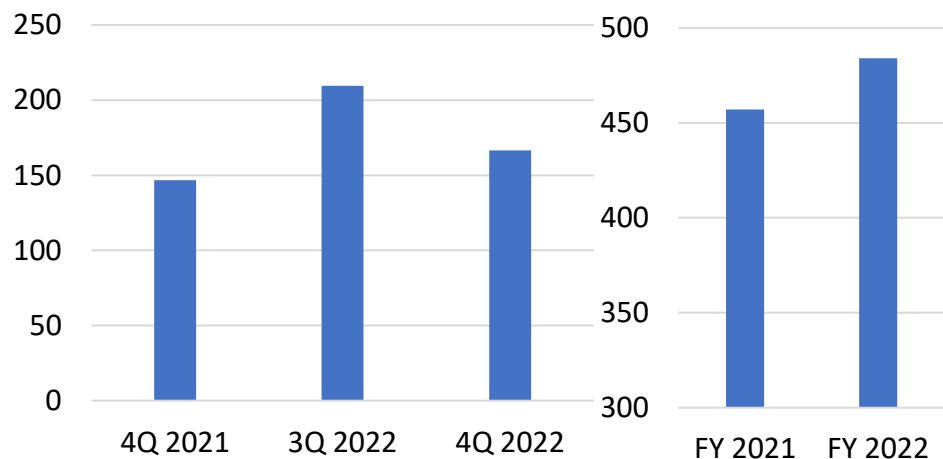
Cash Conversion Cycle



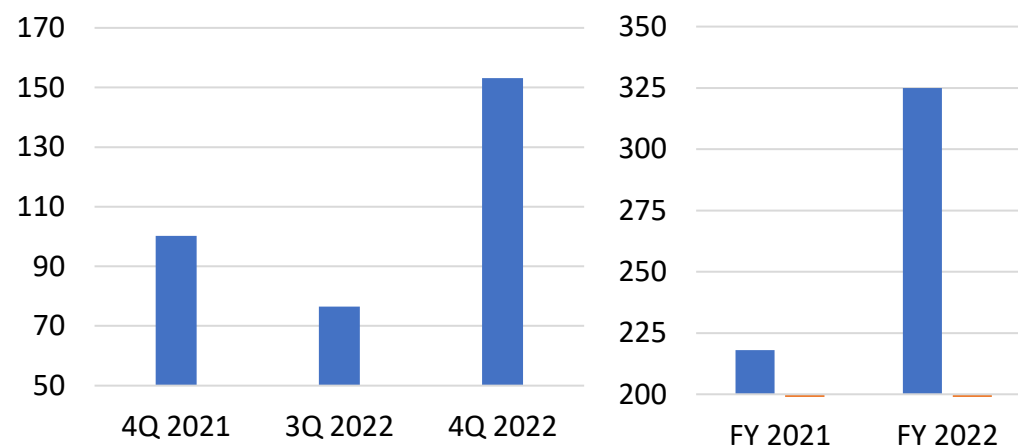


# Consistently Strong Cash Flow Generation

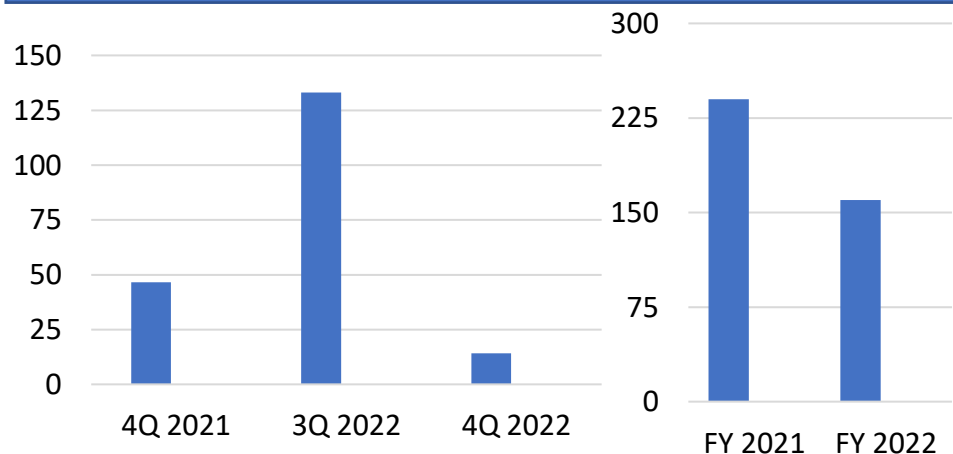
## Cash Flow from Operations (\$/M)



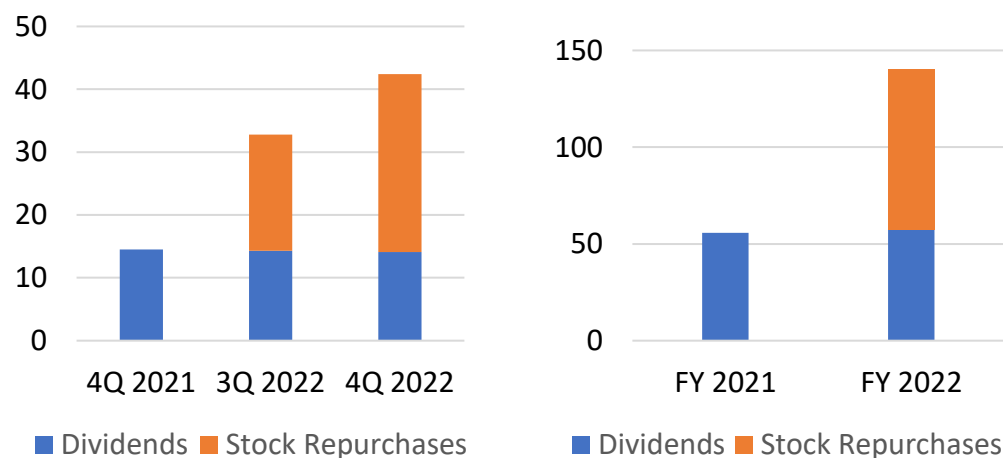
## Capex (\$/M)



## Free Cash Flow (\$/M)



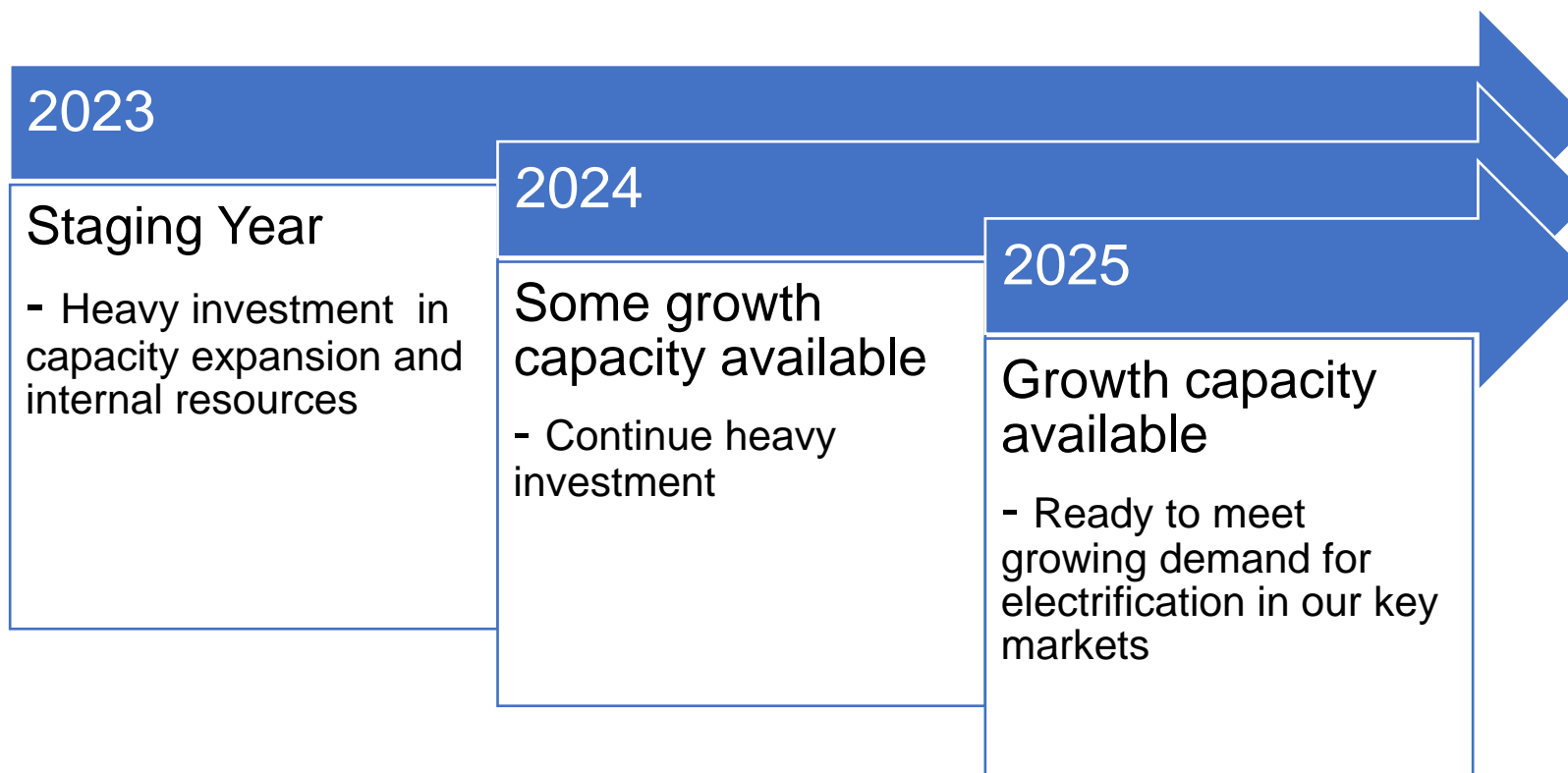
## Stockholder Returns (\$/M)



# Guidance

- 1Q 2023 total revenue range: \$825 million - \$865 million.
- 1Q 2023 gross profit margin range: 28.0% +/- 50 basis points.
- 1Q 2023 operating expenses: \$116 million – \$119 million.  
FY 2023 \$475 million - \$485 million (at current exchange rates).
- FY 2023 normalized effective tax rate: ~30%.
- FY 2023 total stockholder return: committed to return at least 70% of annual free cash flow or at least \$100 million.

# Overview of 2023 - 2025



**Committed to investing ~\$1.2 billion in capex between 2023 and 2025**

# 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

# Tax Structure

To sustainably fund our growth plan and stockholder return policy by providing greater access to the Company's offshore cash balances

- During 4Q 2022, the Company changed its indefinite reinvestment assertion on substantially all unremitted earnings in Germany
- Recorded additional tax expense of \$60 million in 4Q 2022
- Substantially all of these taxes would be withholding and foreign taxes on cash remitted to the US, as such dividends are generally not subject to US federal income tax
- Amounts will be repatriated only as needed, with cash taxes paid at those times
- Change in indefinite reinvestment assertion on historical earnings also impacts our assertion on future earnings, which will impact our effective tax rate in future periods
- Expect a normalized effective tax rate for full year 2023 of approximately 30%

# 4Q 2022 Segment Results (\$/M)

## MOSFETs

	Revenues	Oper. Inc.
4Q 2022	206.0	63.7
3Q 2022	225.2	71.9
4Q 2021	171.3	40.2
FY 2022	762.3	228.7

## Diodes

	Revenues	Oper. Inc.
4Q 2022	181.8	36.1
3Q 2022	209.0	51.4
4Q 2021	192.1	39.5
FY 2022	765.2	176.4

## Opto

	Revenues	Oper. Inc.
4Q 2022	64.0	12.9
3Q 2022	73.4	22.0
4Q 2021	78.4	21.3
FY 2022	296.4	85.5

## Resistors

	Revenues	Oper. Inc.
4Q 2022	205.2	51.8
3Q 2022	207.4	61.6
4Q 2021	190.0	48.7
FY 2022	832.8	235.3

## Inductors

	Revenues	Oper. Inc.
4Q 2022	75.2	21.8
3Q 2022	83.5	22.6
4Q 2021	81.8	21.6
FY 2022	331.1	93.5

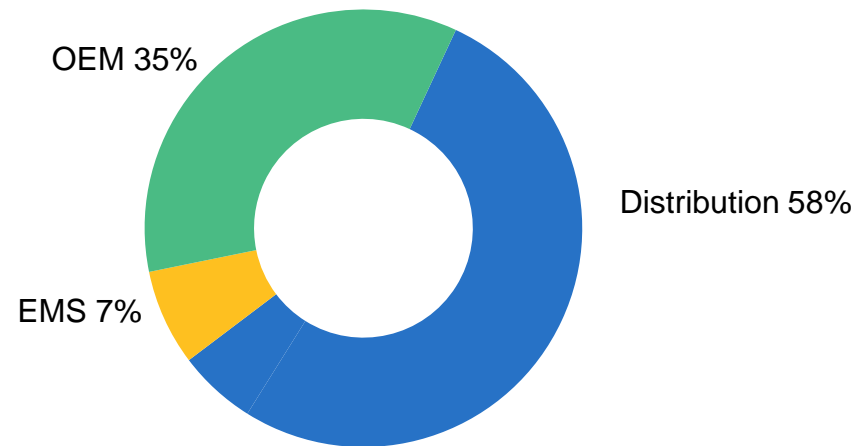
## Capacitors

	Revenues	Oper. Inc.
4Q 2022	123.2	24.5
3Q 2022	126.2	25.3
4Q 2021	129.4	22.9
FY 2022	509.6	104.8

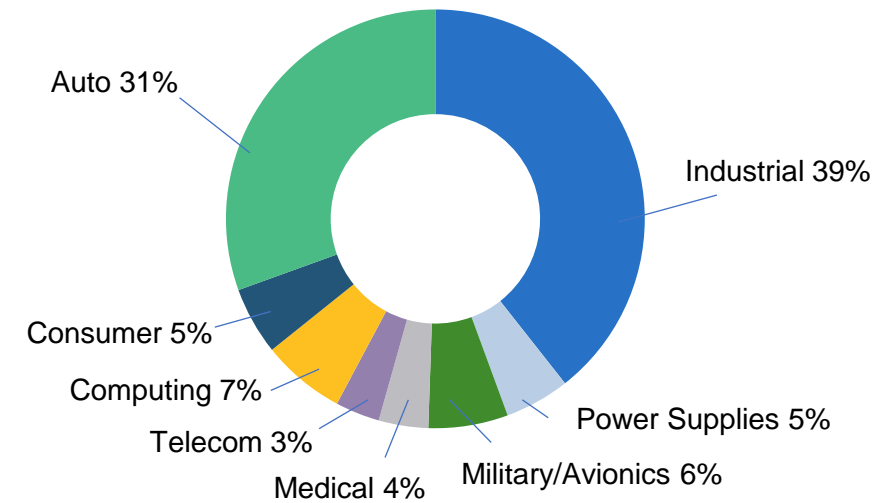


# FY 2022 Revenue Mix

## Sales Channels

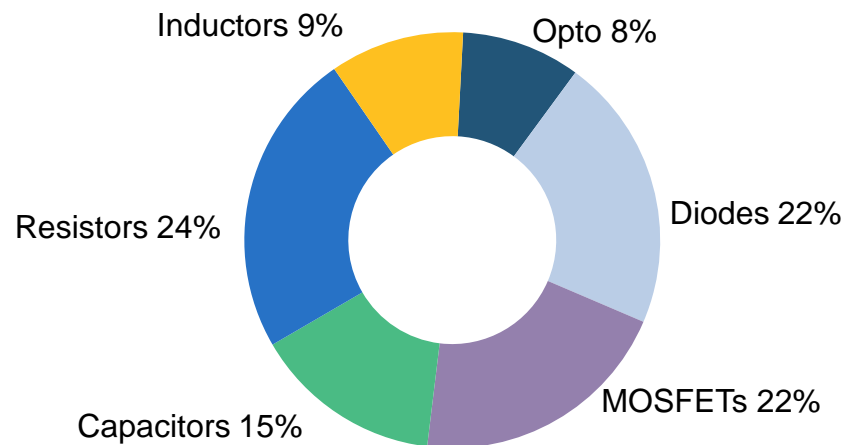


## End Markets

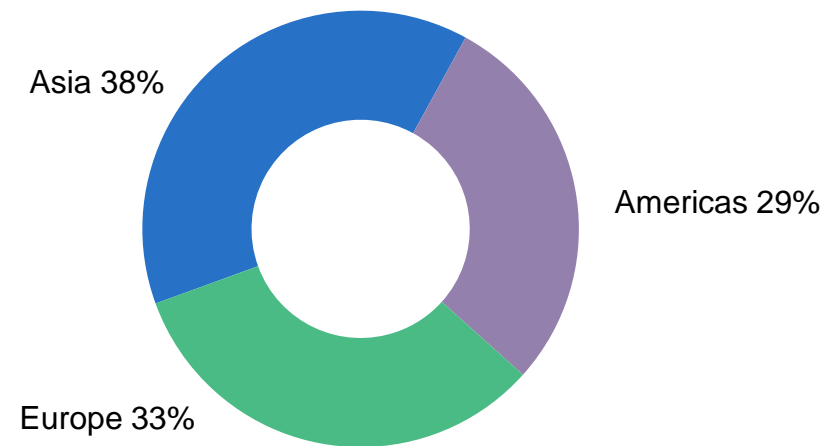


# FY 2022 Revenue Mix

## Business Segments



## Regions



# Broad Customer Base

## OEM



## EMS



## DISTRIBUTION



# Broadest Line of Discrete Semiconductors and Passive Components

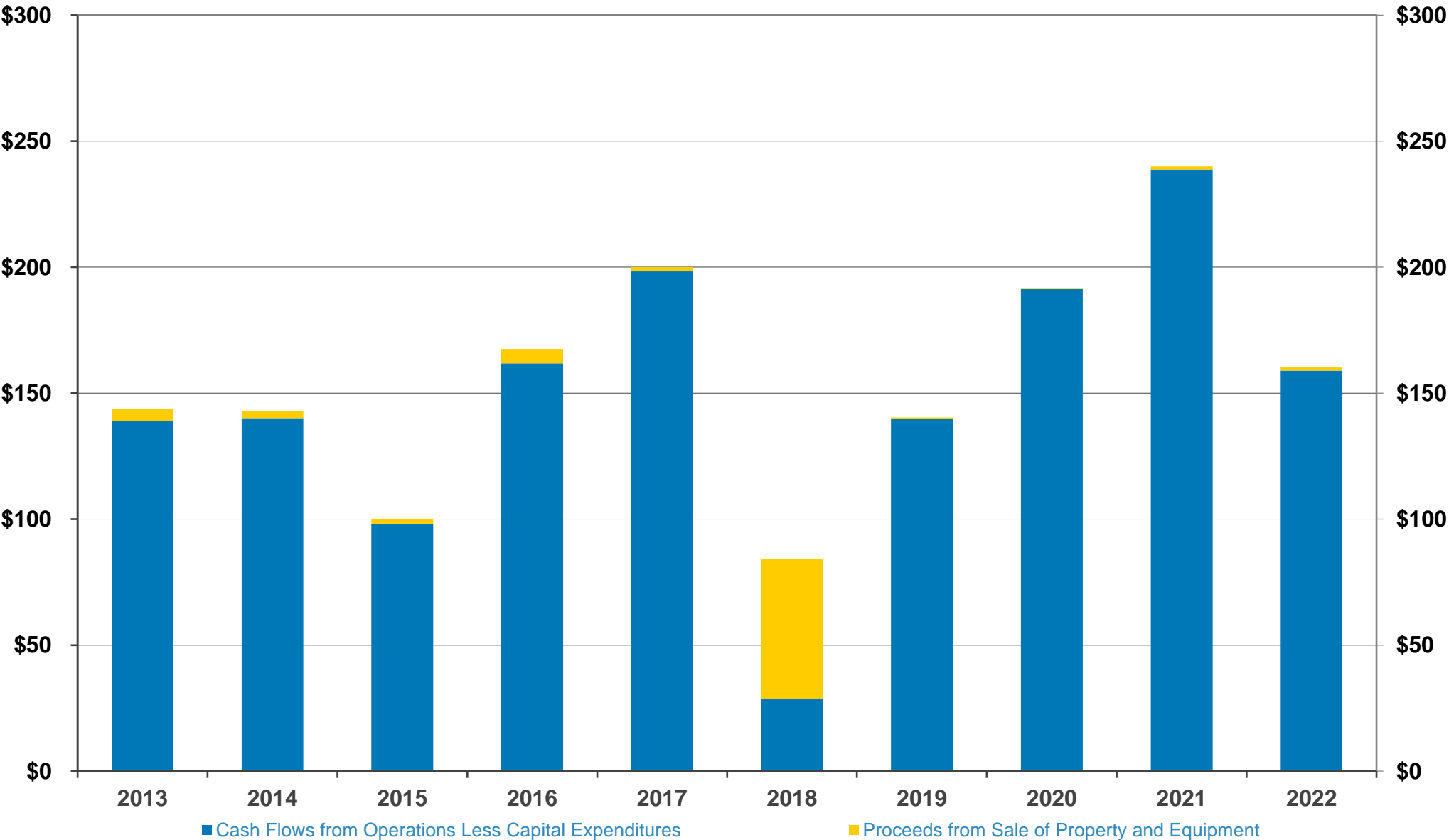
	SEMICONDUCTORS						PASSIVE COMPONENTS					
	DIODES		MOSFETs		OPTO		CAPACITORS		RESISTORS		INDUCTORS	
	Rectifiers	Small Signal TVS/ESD	MOSFETs	Power ICs	IR Comp., Sensors	Opto-couplers	Aluminum, Ceramic	Power, Film, Tantalum	Film, Power	SMD Resistors	Variable, Sensors	Inductors, Magnetics
<b>VISHAY</b>	●	●	●	○	●	●	○	●	●	●	○	●
Bourns		○								○	●	●
Broadcom					○	●						
Cyntec									○	○		●
Diodes Inc.	●	○	○	●								
Infineon	○	○	●	●								
KOA									●	●		○
Kyocera/AVX	○						●	●				○
Murata							●				○	●
Nichicon							●	○			○	
Nexperia	○	●	○	●								
ON Semi	●	●	●	●	○	●						
Panasonic						○	●	●		●	○	●
Renesas	○	○	●	●		●						
Rohm	●	○	○	○	○			○		●		
Sharp					○	○						
ST Micro	●	●	●	○	○							
Taiyo Yuden							●					●
TDK/EPCOS							●	●			●	●
Toshiba	○	○	●	●	○	●						
Yageo/Kemet							●	●	○	●		●

Source: Company estimates

● = Major Position

○ = Minor Position

# Strong Generation of Free Cash



# Reconciliation of GAAP net earnings to Adjusted net earnings

in millions, except for per share amounts	4Q 2022	3Q 2022	4Q 2021
GAAP net earnings attributable to Vishay stockholders	\$73	\$140	\$37
<u>Reconciling items affecting tax expense (benefit):</u>			
Effects of changes in uncertain tax positions	-	(\$6)	-
Effects of changes in valuation allowances	(\$34)	-	-
Effect of change in indefinite reversal assertion	\$60		
Change in tax laws and regulations	-	-	\$53
Adjusted net earnings	\$99	\$134	\$90
Adjusted weighted average diluted shares outstanding	142	143	146
Adjusted earnings per diluted share	\$0.69	\$0.93	\$0.62

# Reconciliation of GAAP net earnings to Adjusted net earnings

in millions, except for per share amounts	FY 2022	FY 2021
GAAP net earnings attributable to Vishay stockholders	\$429	\$298
<u>Reconciling items affecting gross profit:</u>		
Impact of the COVID-19 pandemic	\$7	-
<u>Other reconciling items affecting operating income</u>		
Impact of the COVID-19 pandemic	\$1	-
<u>Reconciling items affecting tax expense (benefit):</u>		
Effects of changes in uncertain tax positions	(\$6)	-
Effects of changes in valuation allowances	(\$34)	(\$6)
Effect of change in indefinite reversal assertion	\$60	-
Change in tax laws and regulations	-	\$45
Tax effects of pre-tax items above	(\$2)	-
Adjusted net earnings	\$454	\$337
Adjusted weighted average diluted shares outstanding	144	146
Adjusted earnings per diluted share	\$3.16	\$2.32

# Reconciliation of Free Cash

in millions	4Q 2022	3Q 2022	4Q 2021
Net cash provided by operating activities	\$166	\$209	\$147
Proceeds from sale of property and equipment	\$1	-	-
Less: Capital expenditures	(\$153)	(\$76)	(\$100)
Free cash	\$14	\$133	\$46



# Reconciliation of Free Cash

in millions	FY 2022	FY 2021
Net cash provided by operating activities	\$484	\$457
Proceeds from sale of property and equipment	\$1	\$1
Less: Capital expenditures	(\$325)	(\$218)
Free cash	\$160	\$240

# Reconciliation of EBITDA and Adjusted EBITDA

in millions	4Q 2022	3Q 2022	4Q 2021
GAAP net earnings attributable to Vishay stockholders	\$73	\$140	\$37
Net earnings attributable to noncontrolling interests	-	\$1	-
Net earnings	\$73	\$141	\$37
Interest expense	\$4	\$4	\$4
Interest income	(\$4)	(\$2)	-
Income taxes	\$55	\$41	\$77
Depreciation and amortization	\$43	\$40	\$42
EBITDA	\$171	\$224	\$160
<u>Reconciling items</u>			
Impact of the COVID-19 pandemic	-	-	-
Adjusted EBITDA	\$171	\$224	\$160
Adjusted EBITDA margin**	20.0%	24.2%	18.9%
** Adjusted EBITDA as a percentage of net revenues			

# Reconciliation of EBITDA and Adjusted EBITDA

in millions	FY 2022	FY 2021
GAAP net earnings attributable to Vishay stockholders	\$429	\$298
Net earnings attributable to noncontrolling interests	\$2	\$1
Net earnings	\$430	\$299
Interest expense	\$17	\$18
Interest income	(\$8)	(\$1)
Income taxes	\$163	\$136
Depreciation and amortization	\$164	\$167
EBITDA	\$767	\$618
<u>Reconciling items</u>		
Impact of the COVID-19 pandemic	\$7	-
Adjusted EBITDA	\$774	\$618
Adjusted EBITDA margin**	22.1%	19.1%
** Adjusted EBITDA as a percentage of net revenues		



# Thank you