



The DNA of tech.™

3Q 2023 Earnings Conference Call

November 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.

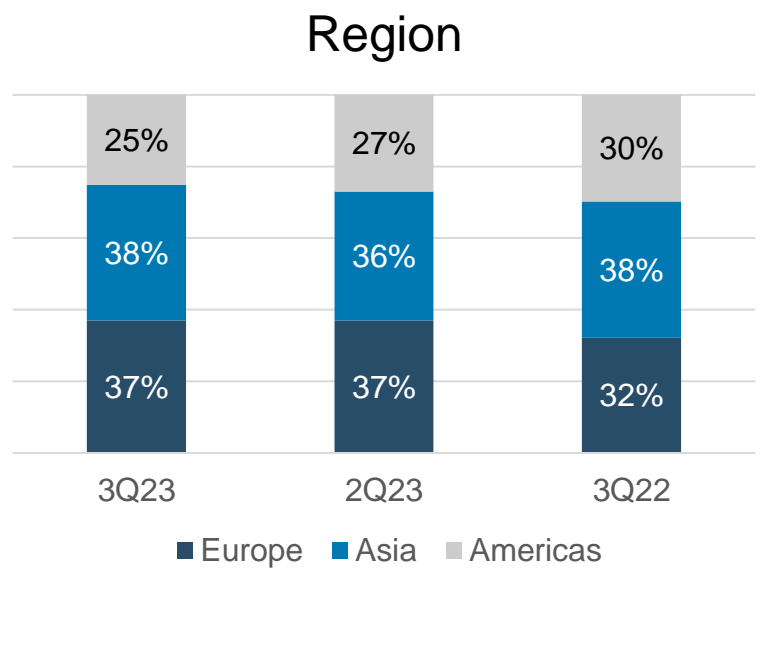
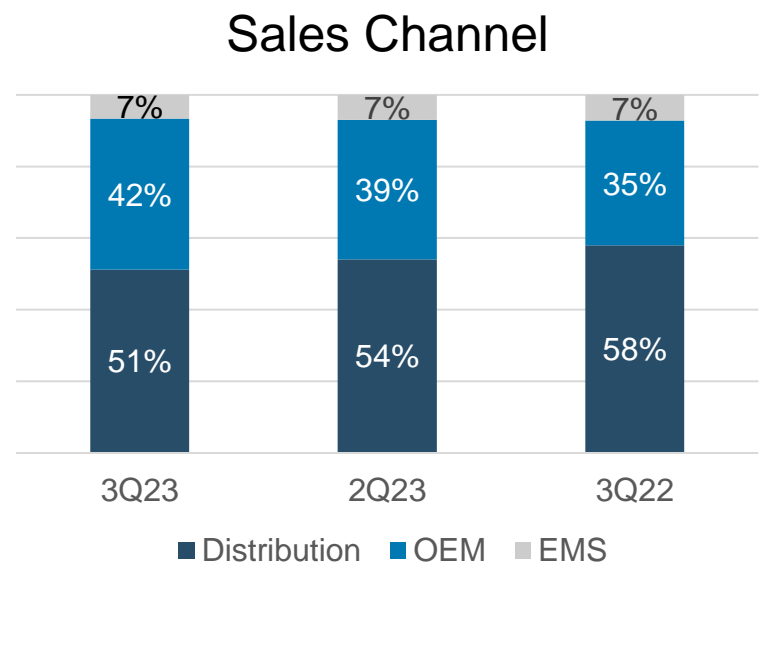
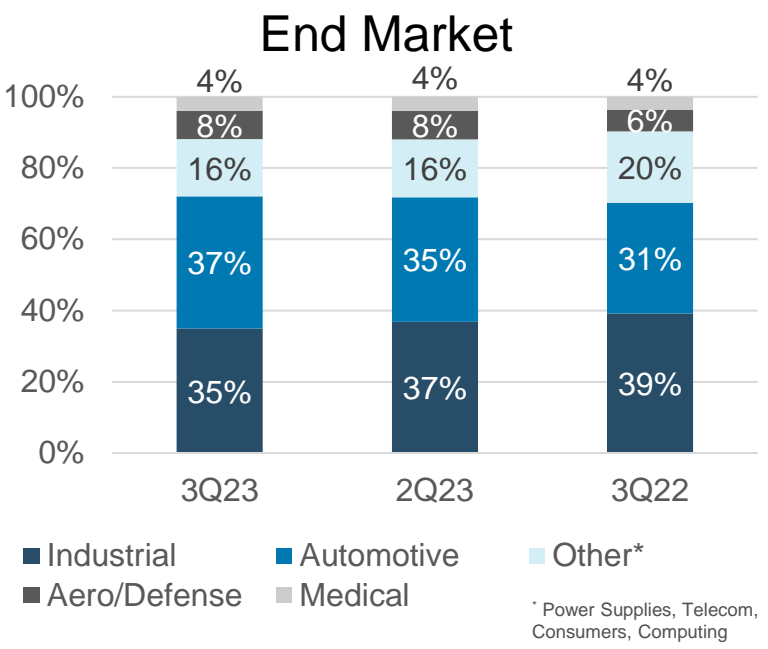
“EBITDA” is earnings before interest income and expense, provision for income taxes, depreciation expense, and amortization expense. Management believes that EBITDA provides additional information with respect to a company’s performance and ability to meet its future capital expenditures and working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

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



- Auto revenues increased 2% QoQ and 10% YoY on sustained demand for electronic content
- Industrial decreased 9% QoQ and 18% YoY on inventory adjustments and macroeconomic uncertainties
- Aerospace/defense decreased slightly QoQ but increased in 19% YoY on strong demand from military spending and commercial aviation

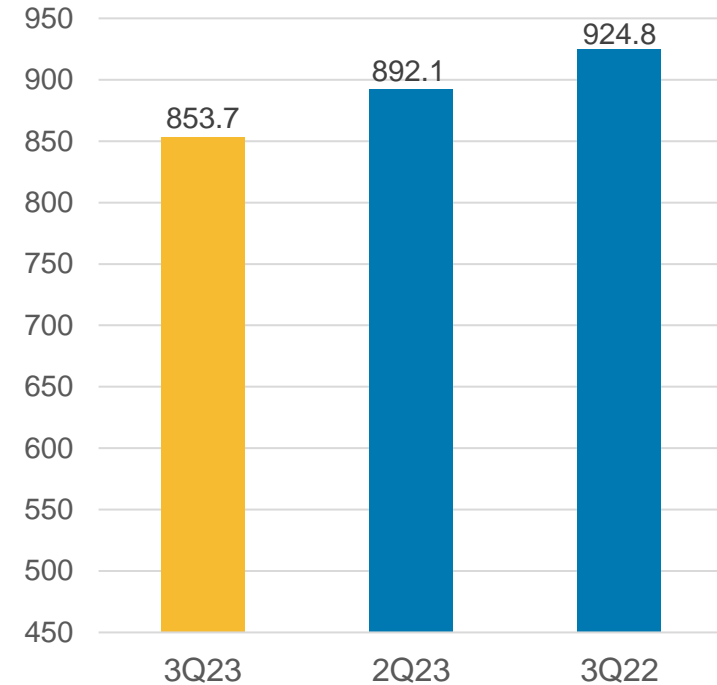
- Distribution revenues declined 10% QoQ on inventory adjustments and soft end market order activity
 - Inventory in distribution 24 weeks; POS decreased 7% QoQ
- OEM revenues grew 4% QoQ and 11% YoY on strong demand from automotive customers
- EMS revenues declined 6% QoQ and 14% YoY due to inventory adjustments

- QoQ: Asia flat, Americas down 11%; Europe down 3%
- YoY: Asia down 8%; Americas down 22%; Europe up 6%

3Q 2023 Highlights

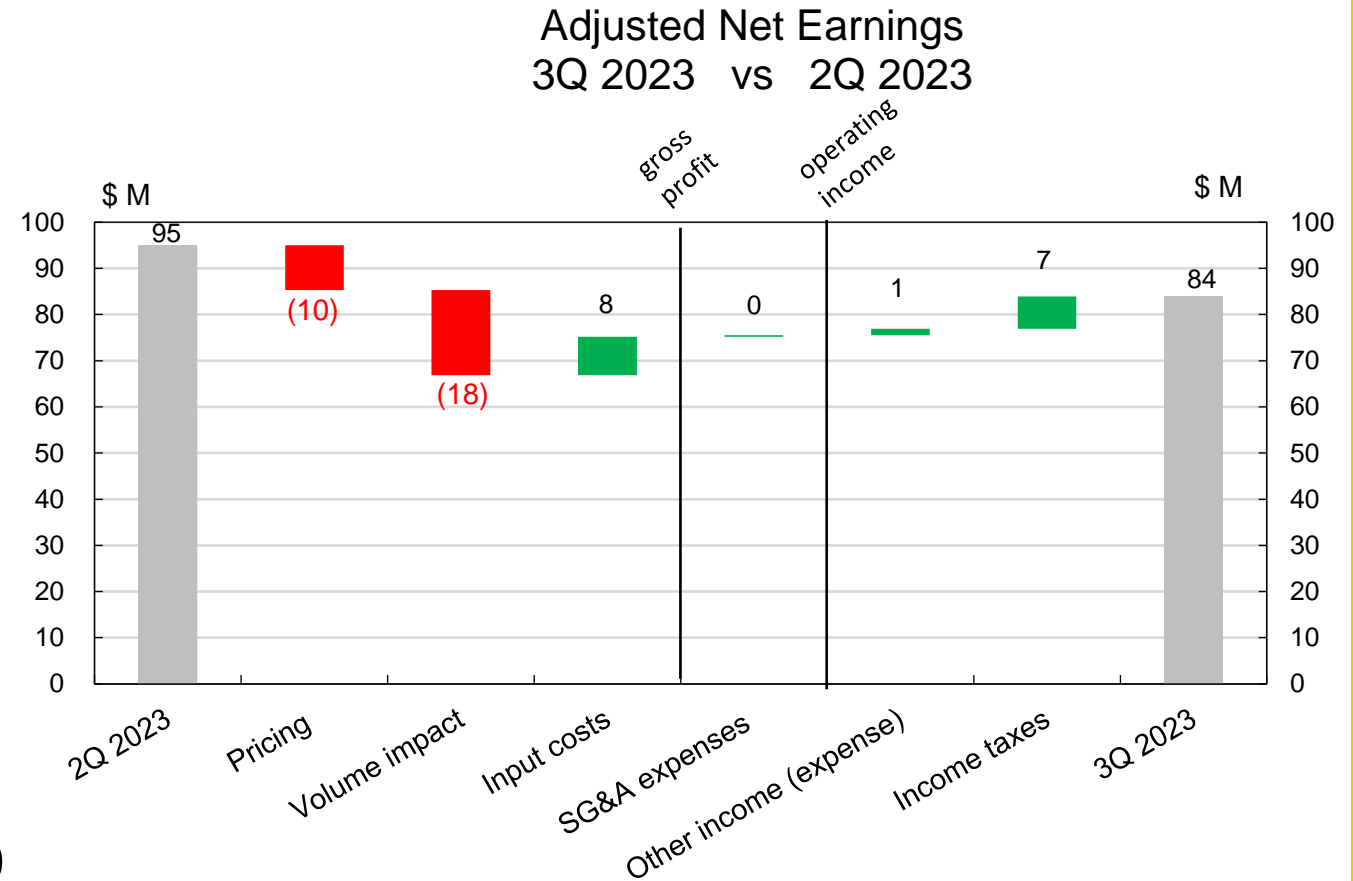
- 3Q 2023 revenues of \$853.7 million
- 3Q 2023 EPS of \$0.47; adjusted EPS of \$0.60
- 3Q 2023 book-to-bill of 0.63
- Backlog at quarter end was 5.5 months
- Returned a total of \$31.1 million to stockholders

Total Revenues (\$M)



3Q 2023 Income Statement Highlights

- Gross margin of 27.8%
- SG&A expenses of \$122.5 million
- Operating margin of 13.5%
- Adjusted EBITDA margin of 18.7%
- EPS of \$0.47; adjusted EPS of \$0.60



Segment Results (\$/M)

MOSFETs

	Revenues	Gross Margin	Book to Bill
3Q 2023	\$205.0	33.5%	0.50
2Q 2023	\$207.4	34.7%	0.68
3Q 2022	\$225.2	36.9%	0.78

Diodes

	Revenues	Gross Margin	Book to Bill
3Q 2023	\$176.8	26.7%	0.58
2Q 2023	\$174.7	23.4%	0.54
3Q 2022	\$209.0	27.0%	0.79

Opto

	Revenues	Gross Margin	Book to Bill
3Q 2023	\$64.4	28.1%	0.57
2Q 2023	\$64.4	24.2%	0.70
3Q 2022	\$73.4	35.3%	0.57

Resistors

	Revenues	Gross Margin	Book to Bill
3Q 2023	\$199.9	24.6%	0.65
2Q 2023	\$222.4	29.0%	0.74
3Q 2022	\$207.4	32.9%	1.08

Inductors

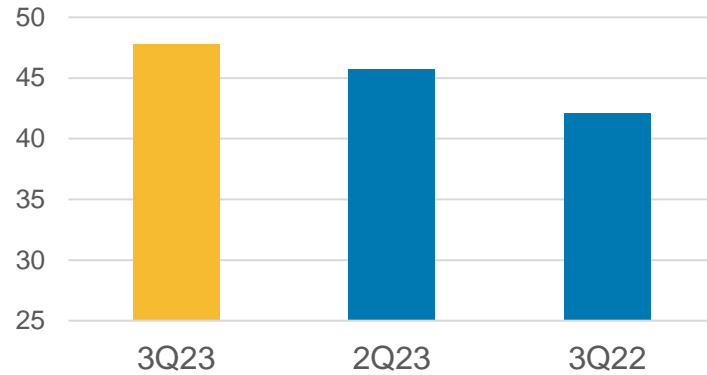
	Revenues	Gross Margin	Book to Bill
3Q 2023	\$89.9	31.7%	0.85
2Q 2023	\$89.2	34.5%	0.84
3Q 2022	\$83.5	30.8%	1.02

Capacitors

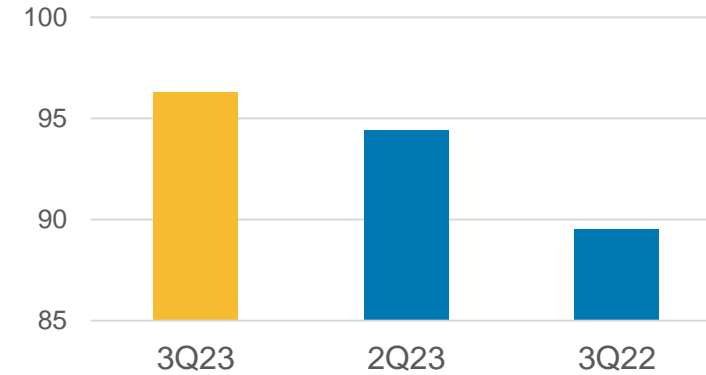
	Revenues	Gross Margin	Book to Bill
3Q 2023	\$117.6	22.1%	0.75
2Q 2023	\$133.9	25.1%	0.70
3Q 2022	\$126.2	23.7%	0.95

Cash Conversion Cycle

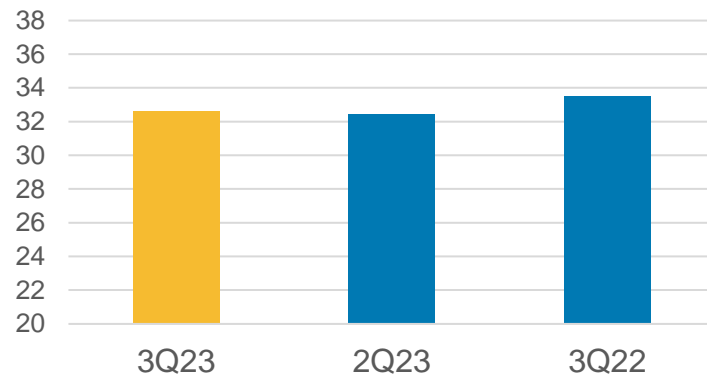
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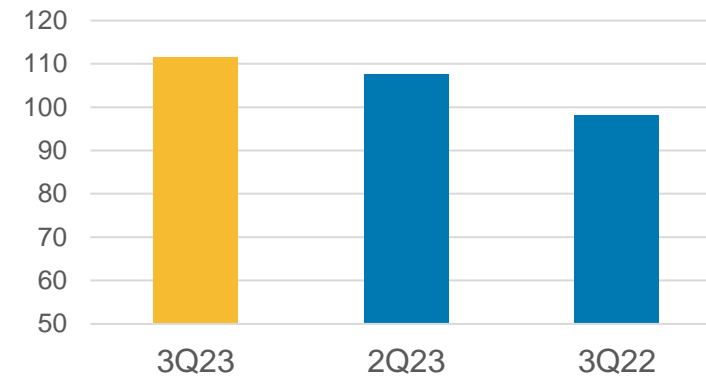
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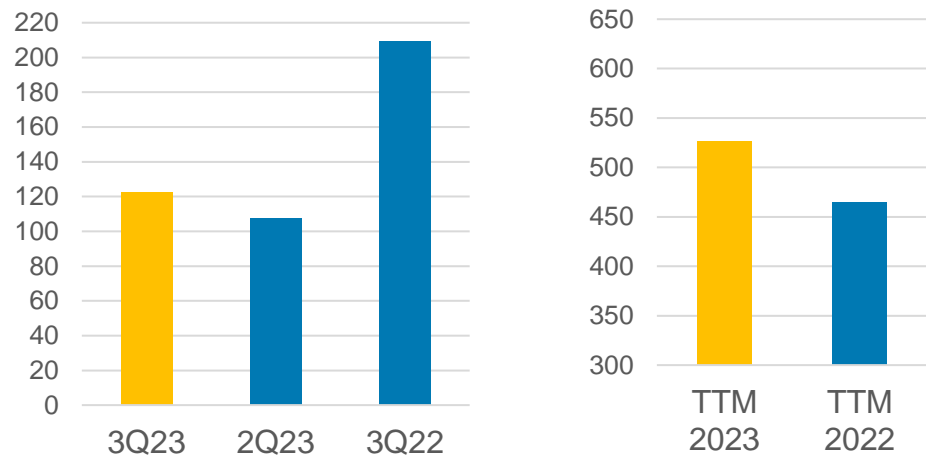


Cash Conversion Cycle

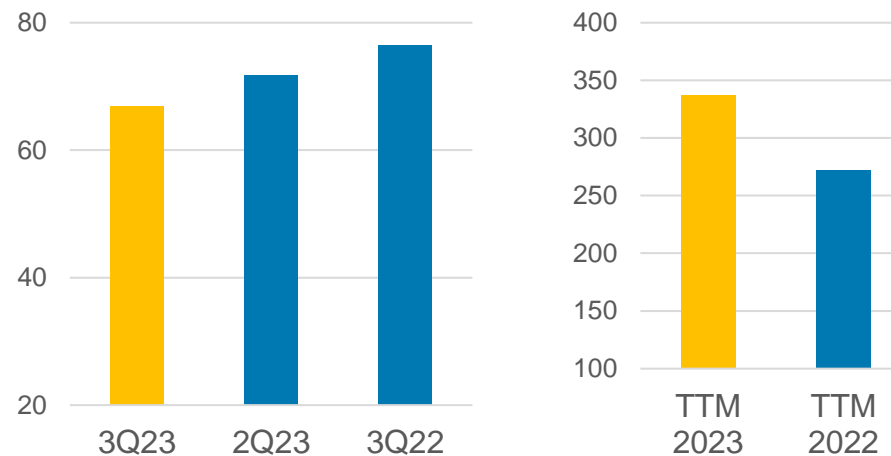


Consistently Strong Cash Flow Generation

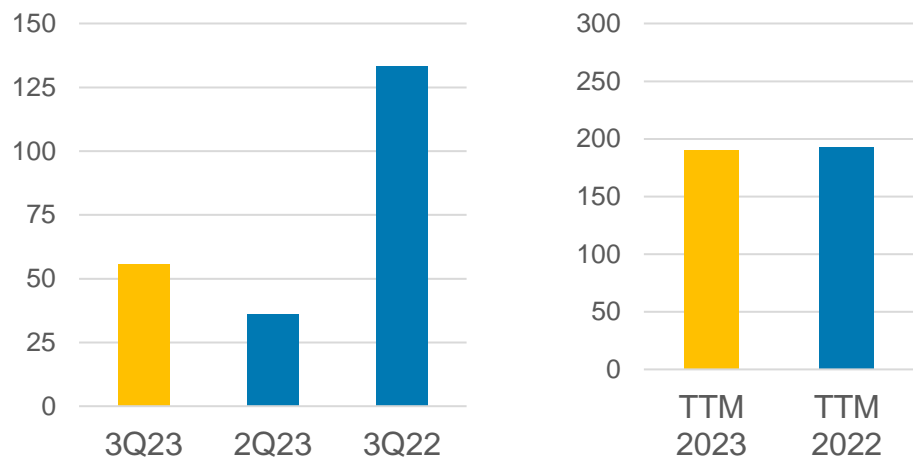
Cash Flow from Operations (\$/M)



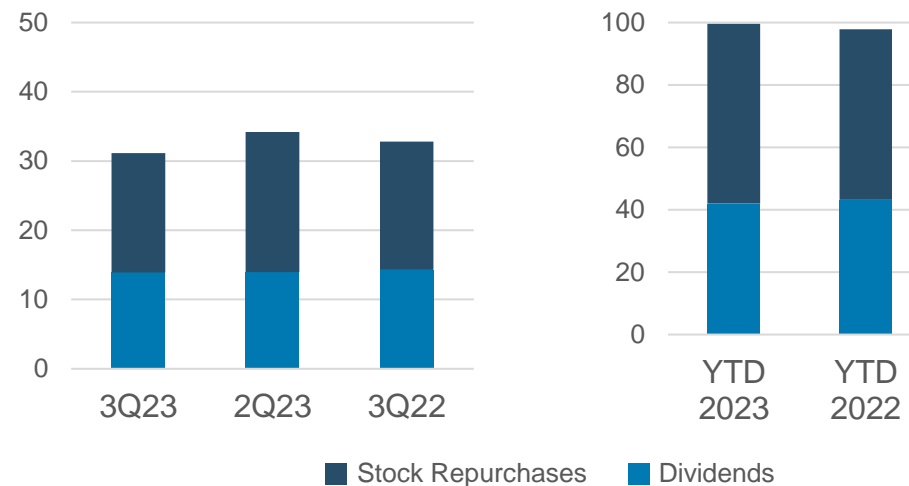
Capex (\$/M)



Free Cash Flow (\$/M)



Stockholder Returns (\$/M)



Debt-related transactions – 3Q 2023

- Issued \$750 million principal amount of new 2.25% convertible notes, due 2030

Use of Proceeds (in millions)	
Repurchase of Convertible Notes due 2025 (Principal amount: \$370 M)	\$387
Capped call transactions	94
Pay-down of revolver	185
Other corporate purposes	64
Issuance costs	20

- Refinanced existing converts due 2025, for 5 additional years at same coupon interest rate
- Capped call transactions mitigate potential dilution by increasing effective conversion price of the notes to \$43.98
- Reduced revolver balance to zero, reducing future interest expense
- Enhances US liquidity position to execute growth initiatives

Guidance

- 4Q 2023 total revenue range: \$770 million - \$810 million.
- 4Q 2023 gross profit margin range: 25.5% +/- 50 basis points.
- 4Q 2023 SG&A: \$125 million plus/minus \$2 million.
FY 2023 approx. \$490 million (at current exchange rates).
- FY 2023 normalized effective tax rate: ~28.5%.
- FY 2023 total stockholder return: committed to return at least 70% of annual free cash flow

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 ~\$350 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

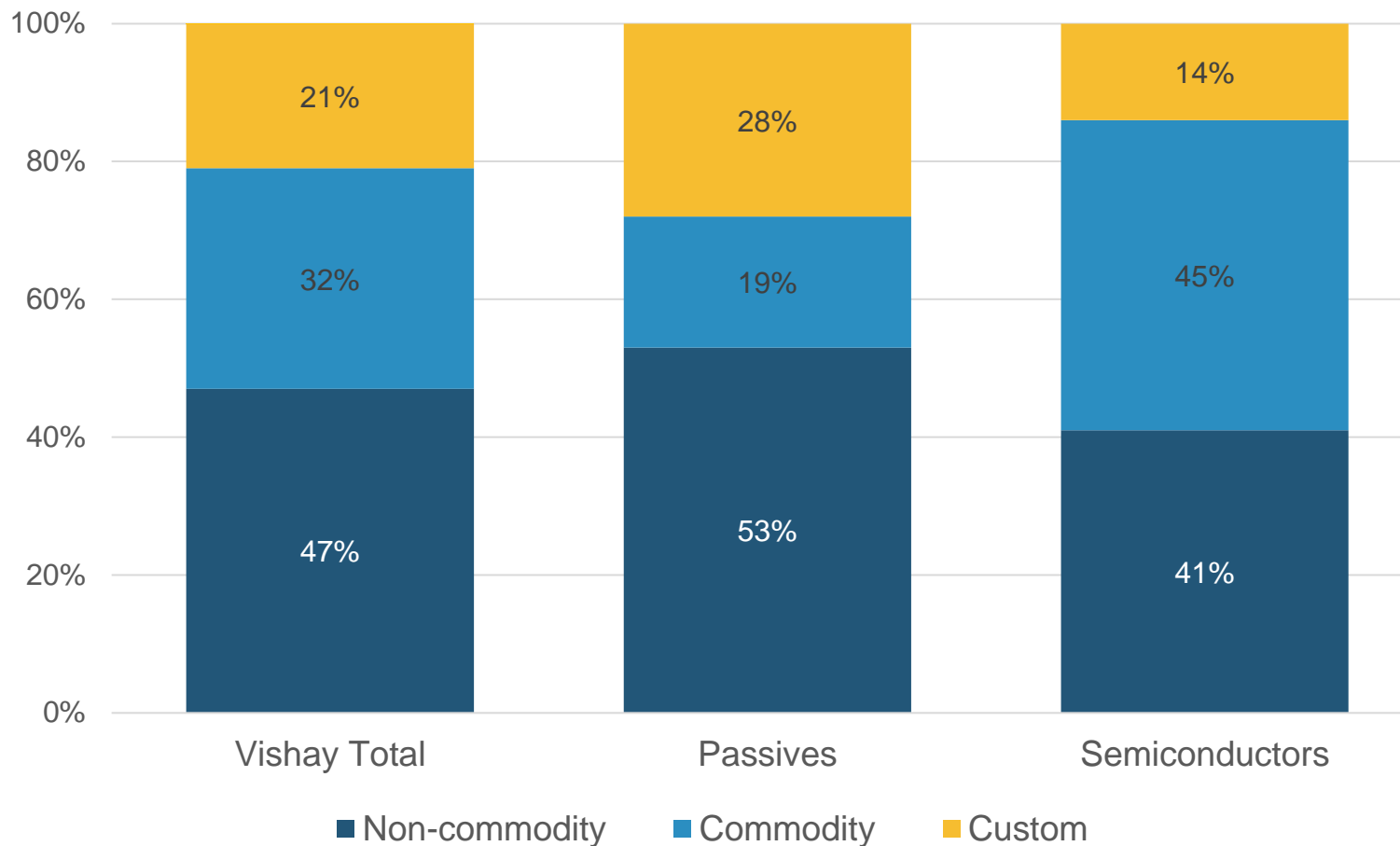
2023 Takeaways

By the end of 2023			
Qualified subcontractors	Implemented go-to-market strategies for 30 key products	650V and 1200V planar SiC MOSFETs samples available	Prepare 3-year strategic plan

APPENDIX

More than 60% of Revenues for Non-Commodity and Custom

12 Trailing Months 3Q23



Commodity products: completely interchangeable with competitors' products
Non-commodity products: small number of competitors with similar products (qualifications such as automotive, military, UL)
Custom products: designed for and sold to a specific customer

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	3Q 2023	2Q 2023	3Q 2022
Net revenues	\$853.7	\$892.1	\$924.8
Cost of products sold	616.0	634.6	635.3
Gross profit	237.6	257.5	289.5
Gross margin	27.8%	28.9%	31.3%
SG&A	122.5	122.9	106.4
Operating income	115.1	134.6	183.1
Operating margin	13.5%	15.1%	19.8%
Other income (expense):			
Interest expense	(7.2)	(6.4)	(4.1)
Loss on early extinguishment of debt	(18.9)	-	-
Other	7.4	5.3	2.1
Total other income (expense) - net	(18.6)	(1.1)	(2.0)
Income before taxes	96.5	133.5	181.1
Income tax expense	30.6	38.1	40.6
Net earnings	65.9	95.4	140.6
Less: net earnings attributable to noncontrolling interests	0.4	0.4	0.5
Net earnings attributable to Vishay stockholders	\$65.5	\$95.0	\$140.1
Diluted earnings per share attributable to Vishay stockholders	\$0.47	\$0.68	\$0.98
Weighted average shares outstanding - diluted	140.0	140.5	143.4
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	3Q 2023	2Q 2023	3Q 2022
GAAP net earnings attributable to Vishay stockholders	\$65.5	\$95.0	\$140.1
<u>Reconciling items affecting other income (expense):</u>			
Loss on early extinguishment of debt	\$18.9	-	-
<u>Reconciling items affecting tax expense (benefit):</u>			
Effects of changes in uncertain tax positions	-	-	(\$5.9)
Tax effects of pre-tax items above	(0.5)	-	-
Adjusted net earnings	\$83.9	\$95.0	\$134.1
Adjusted weighted average diluted shares outstanding	140.0	140.5	143.4
Adjusted earnings per diluted share	\$0.60	\$0.68	\$0.93

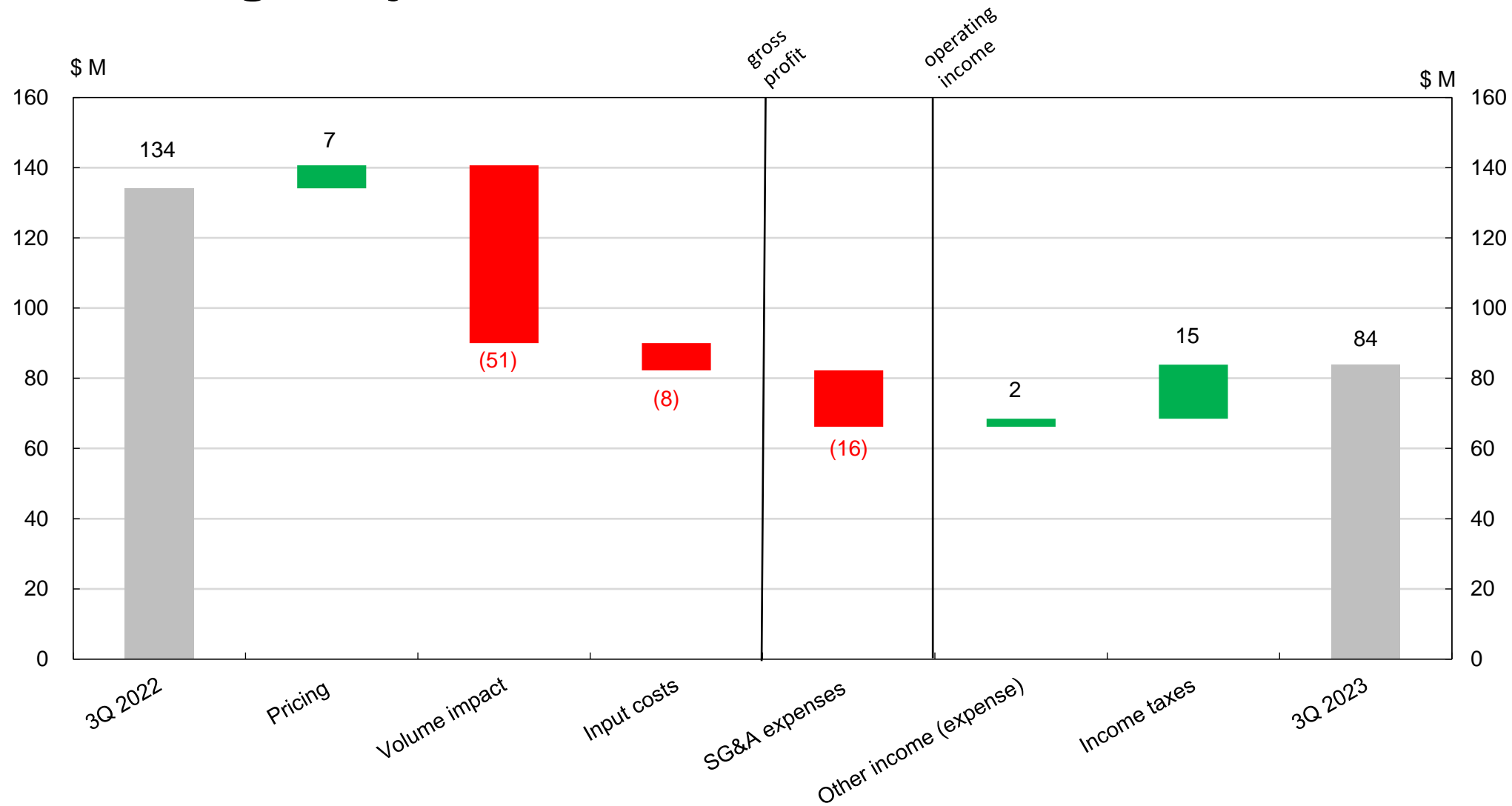
Reconciliation of Free Cash

In millions	3Q 2023	2Q 2023	3Q 2022
Net cash provided by operating activities	\$122.3	\$107.2	\$209.5
Proceeds from sale of property and equipment	0.0	0.7	0.1
Less: Capital expenditures	(66.8)	(71.7)	(76.5)
Free cash	\$55.5	\$36.2	\$133.1

Reconciliation of EBITDA and Adjusted EBITDA

In millions	3Q 2023	2Q 2023	3Q 2022
GAAP net earnings attributable to Vishay stockholders	\$65.5	\$95.0	\$140.1
Net earnings attributable to noncontrolling interests	0.4	0.4	0.5
Net earnings	\$66.0	\$95.4	\$140.6
Interest expense	\$7.2	\$6.4	\$4.1
Interest income	(9.2)	(6.3)	(1.8)
Income taxes	30.6	38.1	40.6
Depreciation and amortization	46.2	44.4	40.3
EBITDA	\$140.7	\$178.0	\$223.7
<u>Reconciling items</u>			
Loss on early extinguishment of debt	18.9	-	-
Adjusted EBITDA	\$159.6	\$178.0	\$223.7
Adjusted EBITDA margin**	18.7%	19.9%	24.2%
**adjusted EBITDA as a percentage of net revenues			

Net Earnings Adjusted – 3Q 2023 vs 3Q 2022



Vishay – The DNA of tech.™