



The DNA of tech.™

4Q 2023 Earnings Conference Call

February 7, 2024

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.

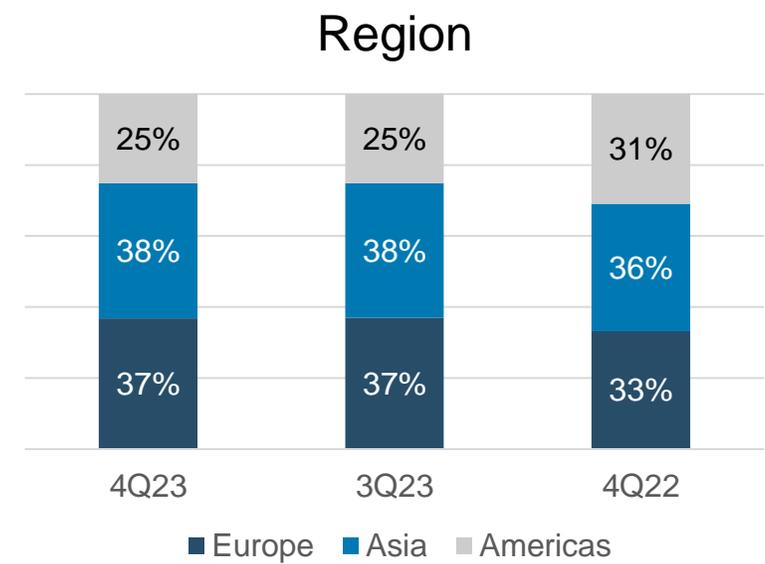
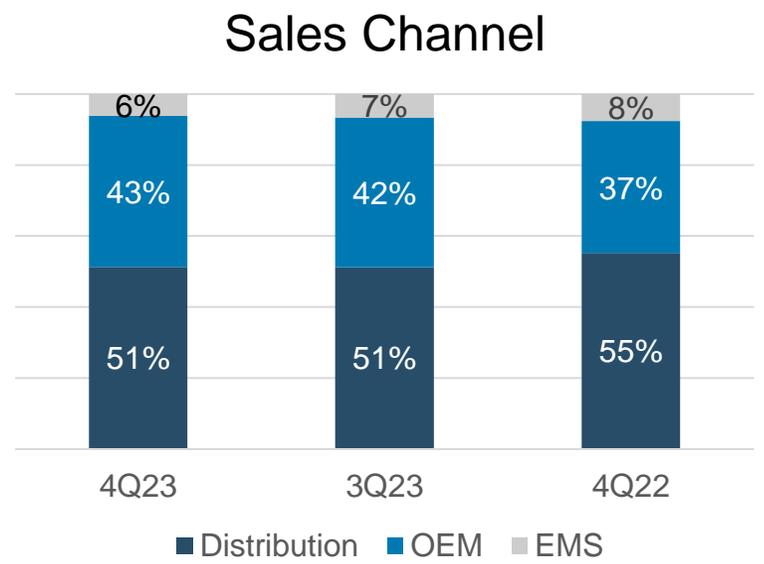
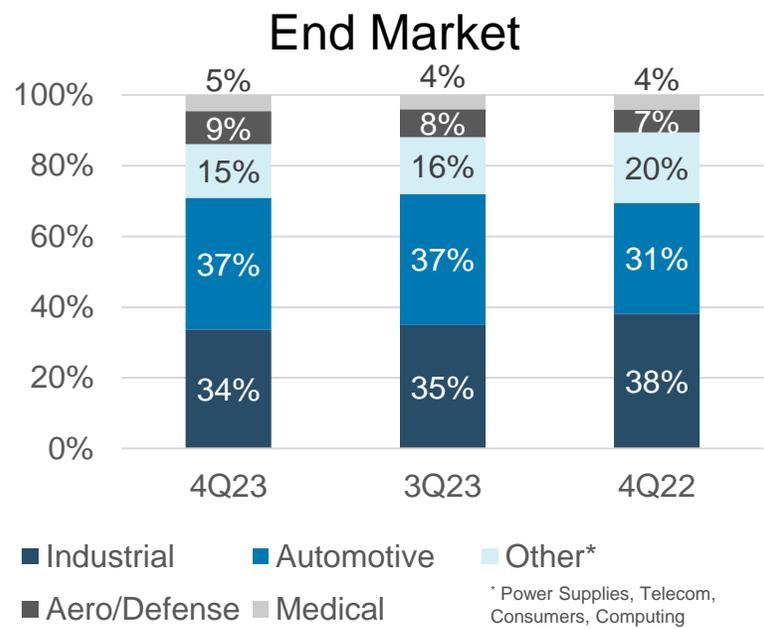
“EBITDA” is earnings before interest income and expense, provision for income taxes, depreciation expense, and amortization expense. Management believes that EBITDA provides additional information with respect to a company’s performance and ability to meet its future capital expenditures and working 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 decreased 8% QoQ on YE inventory adjustments; increased 9% YoY on sustained demand for electronic content
- Industrial decreased 11% QoQ and 19% YoY on ongoing weak demand and high inventory levels
- Aerospace/defense increased 9% QoQ and 31% YoY on strong demand from military contractors and commercial aviation
- Medical increased 4% QoQ and YoY on strong demand for medical diagnostic equipment and implantable devices

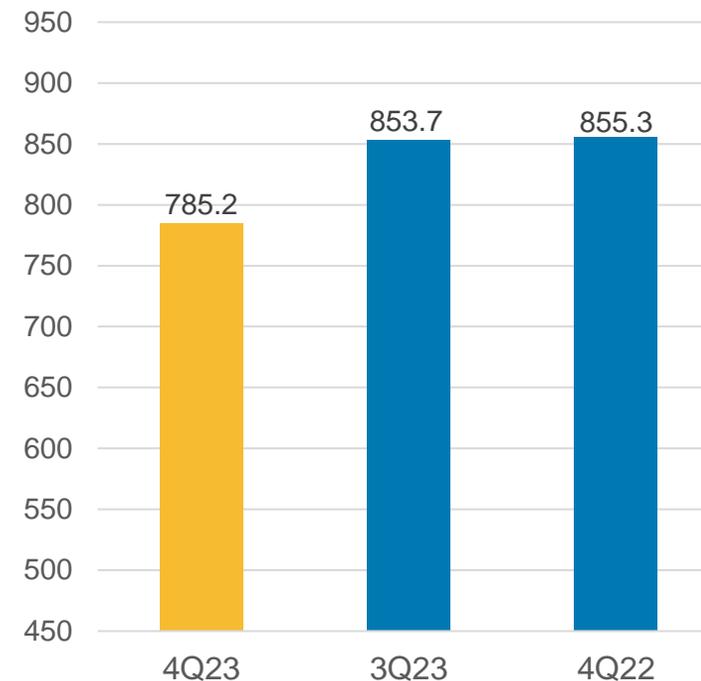
- OEM revenues decreased 7% QoQ on YE inventory adjustments and softer industrial demand
- EMS revenues declined 14% QoQ and 24% YoY due to inventory adjustments
- Distribution revenues declined 8% QoQ and 14% YoY on inventory adjustments in all regions
 - Inventory in distribution was at 26 weeks versus 24 weeks for 3Q
 - POS decreased 7% QoQ

- Americas revenue decreased 7% QoQ and 24% YoY
- Asia revenue decreased 8% QoQ and 3% YoY
- Europe revenue decreased 9% QoQ and increased 1% YoY

4Q 2023 Highlights

- 4Q 2023 revenues of \$785.2 million
- 4Q 2023 EPS of \$0.37
- 4Q 2023 book-to-bill of 0.75
- Backlog at quarter end was 5.3 months
- Returned a total of \$34.8 million to stockholders
- FY 2023 capex of \$329.4 million
- FY 2023 free cash flow of \$37.4 million
- FY 2023 total stockholder return of \$134.3 million

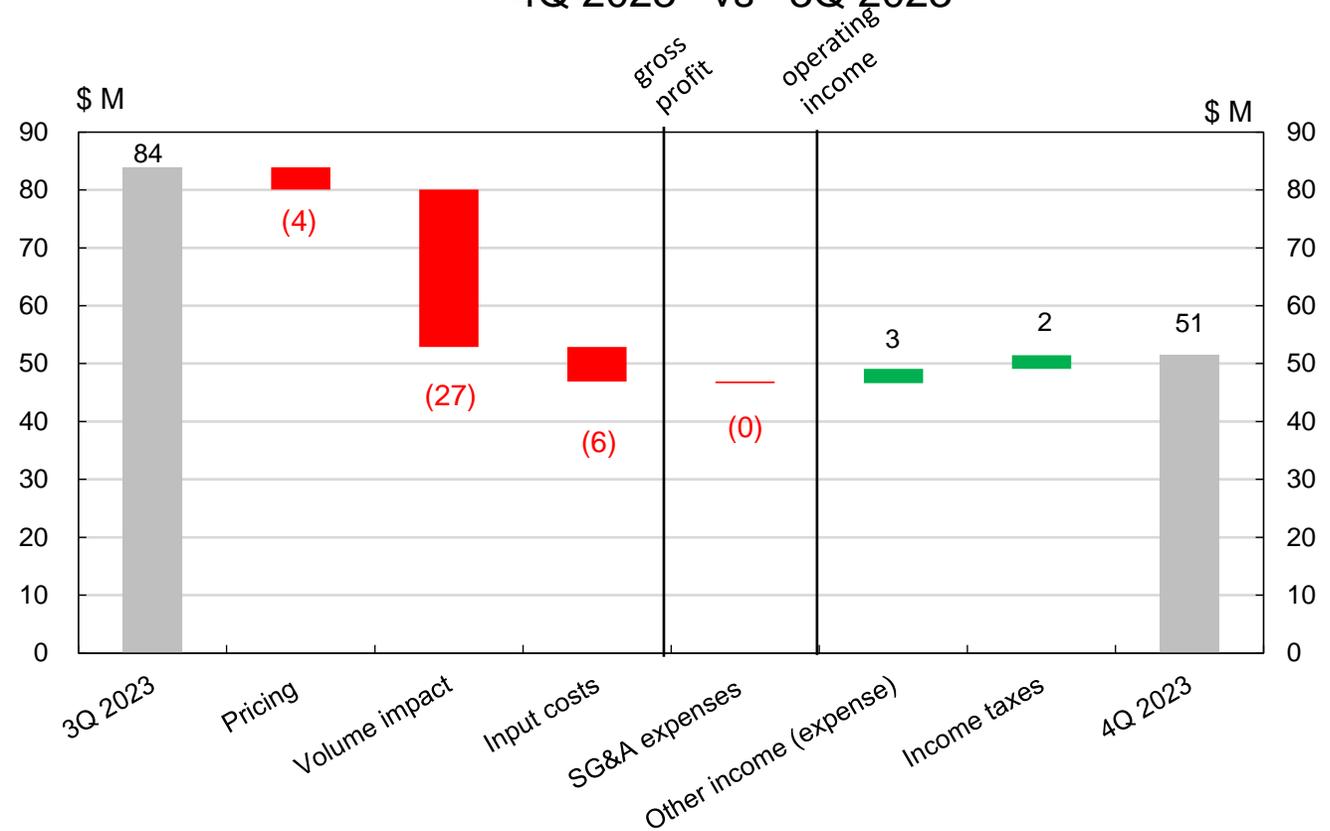
Total Revenues (\$M)



4Q 2023 Income Statement Highlights

- Gross margin of 25.6%
- SG&A expenses of \$122.8 million
- Operating margin of 9.9%
- EBITDA margin of 16.3%
- EPS of \$0.37

Adjusted Net Earnings
4Q 2023 vs 3Q 2023



Segment Results (\$/M)

MOSFETs

	Revenues	Gross Margin	Book to Bill
4Q 2023	\$168.2	27.3%	0.62
3Q 2023	\$205.0	33.5%	0.50
4Q 2022	\$206.0	37.5%	1.15
FY 2023	\$778.8	33.3%	0.69

Diodes

	Revenues	Gross Margin	Book to Bill
4Q 2023	\$163.3	24.1%	0.61
3Q 2023	\$176.8	26.7%	0.58
4Q 2022	\$181.8	23.4%	0.88
FY 2023	\$690.5	25.4%	0.61

Opto

	Revenues	Gross Margin	Book to Bill
4Q 2023	\$53.9	12.1%	0.59
3Q 2023	\$64.4	28.1%	0.57
4Q 2022	\$64.0	28.1%	0.78
FY 2023	\$243.1	25.6%	0.65

Resistors

	Revenues	Gross Margin	Book to Bill
4Q 2023	\$198.0	25.6%	0.82
3Q 2023	\$199.9	24.6%	0.65
4Q 2022	\$205.2	28.3%	0.85
FY 2023	\$843.5	28.3%	0.77

Inductors

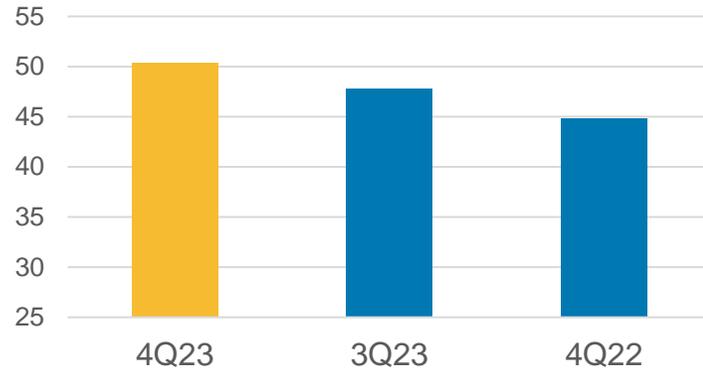
	Revenues	Gross Margin	Book to Bill
4Q 2023	\$87.9	33.4%	0.91
3Q 2023	\$89.9	31.7%	0.85
4Q 2022	\$75.2	32.1%	0.83
FY 2023	\$347.4	32.4%	0.91

Capacitors

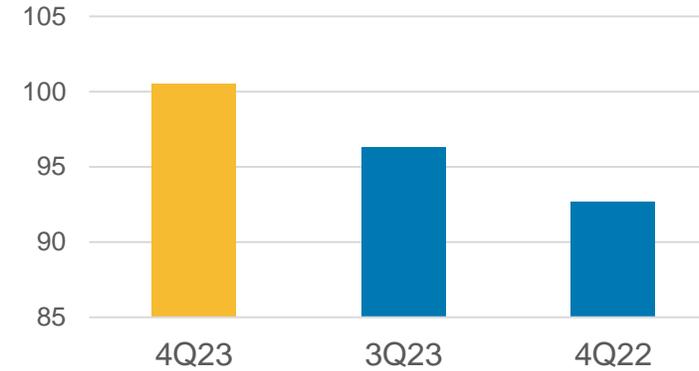
	Revenues	Gross Margin	Book to Bill
4Q 2023	\$114.0	25.3%	0.95
3Q 2023	\$117.6	22.1%	0.75
4Q 2022	\$123.2	23.7%	0.99
FY 2023	\$498.7	25.3%	0.77

Cash Conversion Cycle

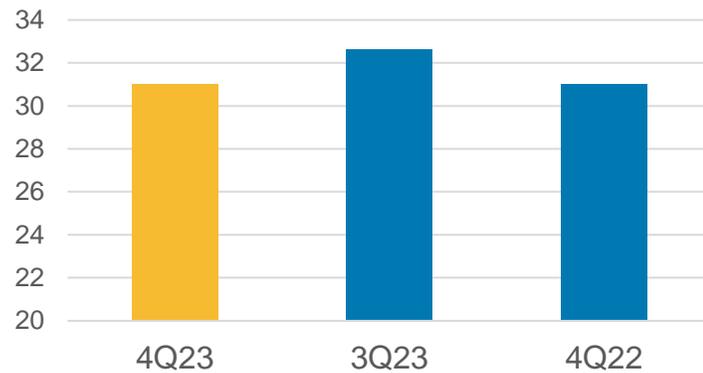
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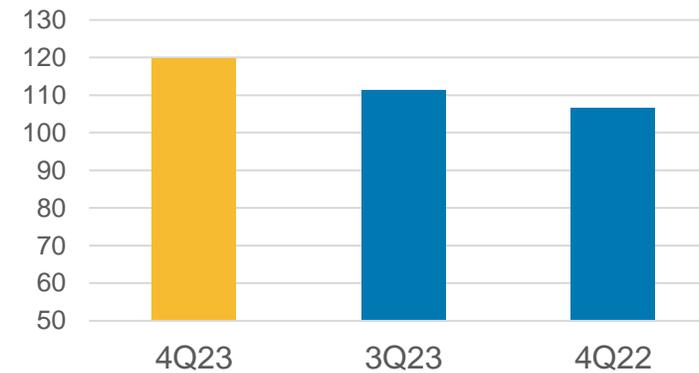
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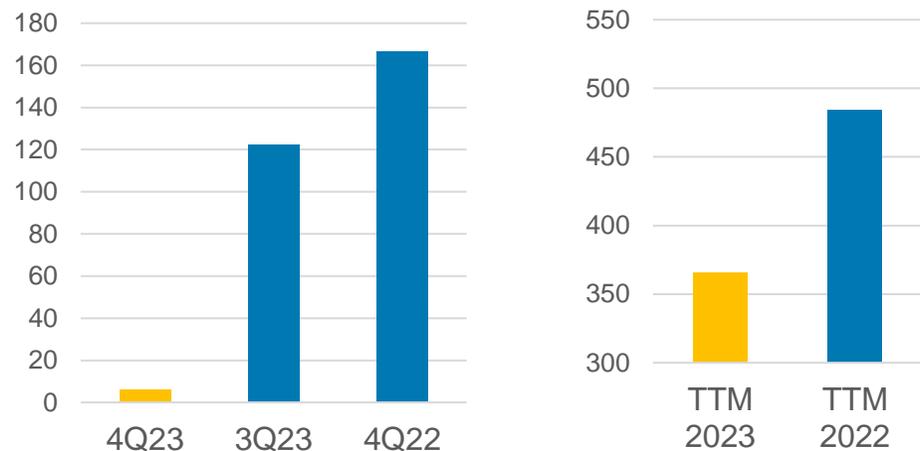


Cash Conversion Cycle

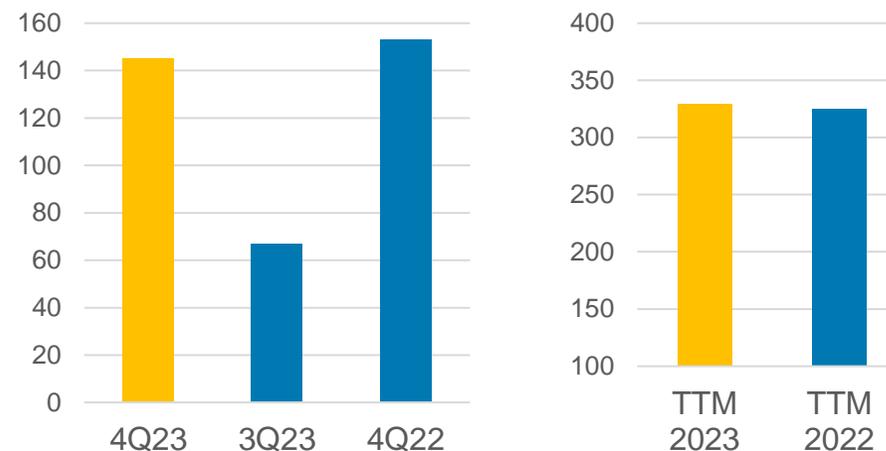


History of Strong Cash Flow Generation

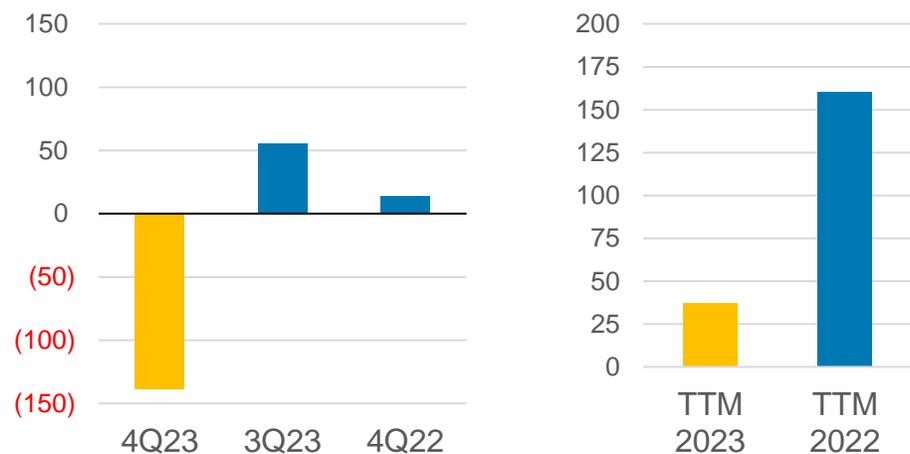
Cash Flow from Operations (\$/M)



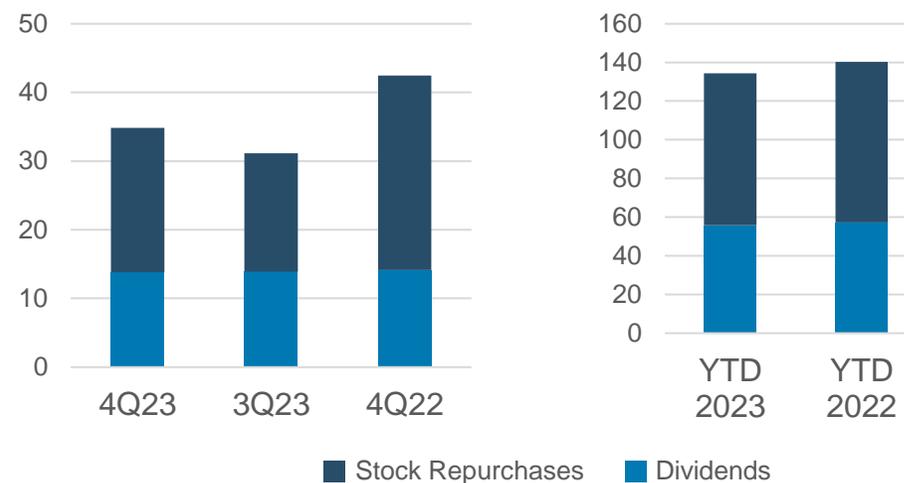
Capex (\$/M)



Free Cash Flow (\$/M)



Stockholder Returns (\$/M)



Guidance

- 1Q 2024 total revenue range of \$735 million +/- \$20 million.
- 1Q 2024 gross profit margin range: 24.0% +/- 50 basis points.
- 1Q 2024 SG&A: \$130 million plus/minus \$2 million.
FY 2024 approx. \$528 million plus/minus \$5 million (at current exchange rates).
- FY 2024 normalized effective tax rate: ~31.0%.
- FY 2024 total stockholder return: committed to return at least 70% of annual free cash flow or at least \$100 million.

Near Term Initiatives

1. Develop go-to-market strategies for key product lines across all business segments
2. Increase capacities
 - Internal: capex of \$329 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

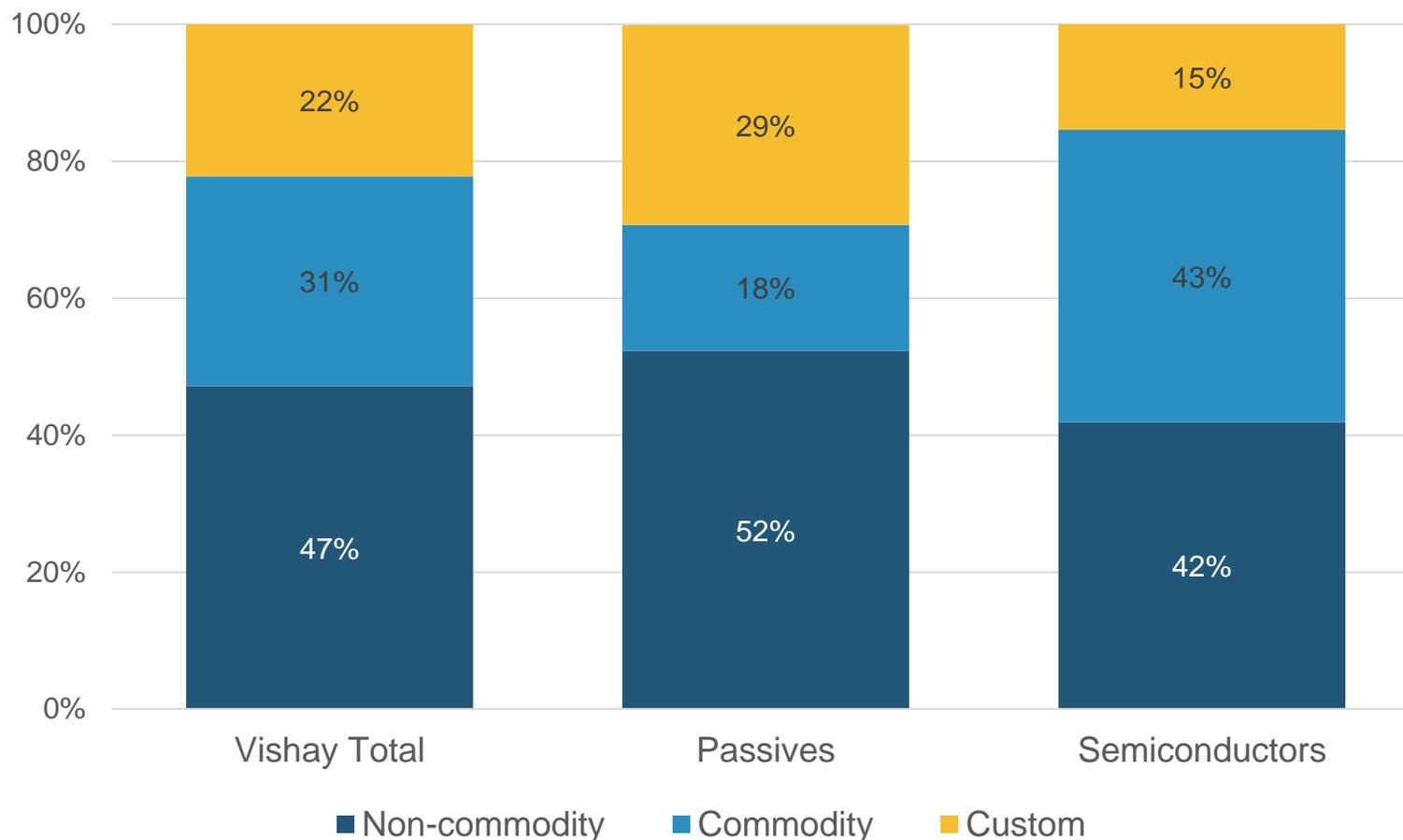
2023 Takeaways

By the end of 2023			
Qualified subcontractors	Implemented go-to-market strategies for 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 4Q23



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	4Q 2023	3Q 2023	4Q 2022
Net revenues	\$785.2	\$853.7	\$855.3
Cost of products sold	584.6	616.0	606.2
Gross profit	200.7	237.6	249.1
Gross margin	25.6%	27.8%	29.1%
SG&A	122.8	122.5	113.8
Operating income	77.8	115.1	135.3
Operating margin	9.9%	13.5%	15.8%
Other income (expense):			
Interest expense	(6.5)	(7.2)	(4.5)
Loss on early extinguishment of debt	-	(18.9)	-
Other	9.3	7.4	(2.6)
Total other income (expense) - net	2.8	(18.6)	(7.1)
Income before taxes	80.6	96.5	128.2
Income tax expense	28.7	30.6	55.0
Net earnings	52.0	65.9	73.2
Less: net earnings attributable to noncontrolling interests	0.5	0.4	0.4
Net earnings attributable to Vishay stockholders	\$51.5	\$65.5	\$72.8
Diluted earnings per share attributable to Vishay stockholders	\$0.37	\$0.47	\$0.51
Weighted average shares outstanding - diluted	139.3	140.0	142.2
Cash dividends per share	\$0.10	\$0.10	\$0.10

P&L

In millions, except per share amounts	FY 2023	FY 2022
Net revenues	\$3,402.0	\$3,497.4
Cost of products sold	2,427.6	2,438.4
Gross profit	974.5	1,059.0
Gross margin	28.6%	30.3%
SG&A	488.3	443.5
Operating income	486.1	615.5
Operating margin	14.3%	17.6%
Other income (expense):		
Interest expense	(25.1)	(17.1)
Loss on early extinguishment of debt	(18.9)	-
Other	25.3	(4.9)
Total other income (expense) - net	(18.7)	(22.0)
Income before taxes	467.4	593.5
Income tax expense	141.9	163.0
Net earnings	325.5	430.5
Less: net earnings attributable to noncontrolling interests	1.7	1.7
Net earnings attributable to Vishay stockholders	\$323.8	\$428.8
Diluted earnings per share attributable to Vishay stockholders	\$2.31	\$2.98
Weighted average shares outstanding - diluted	140.2	143.9
Cash dividends per share	\$0.40	\$0.40

Reconciliation of GAAP net earnings to Adjusted net earnings

In millions, except for per share amounts	4Q 2023	3Q 2023	4Q 2022
GAAP net earnings attributable to Vishay stockholders	\$51.5	\$65.5	\$72.8
<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 valuation allowances	-	-	(33.7)
Effects of changes in indefinite reversal assertion	-	-	59.6
Tax effects of pre-tax items above	-	(0.5)	-
Adjusted net earnings	\$51.5	\$83.9	\$98.8
Adjusted weighted average diluted shares outstanding	139.3	140.0	142.2
Adjusted earnings per diluted share	\$0.37	\$0.60	\$0.69

Reconciliation of GAAP net earnings to Adjusted net earnings

In millions, except for per share amounts	FY 2023	FY 2022
GAAP net earnings attributable to Vishay stockholders	\$323.8	\$428.8
<u>Reconciling items affecting gross profit:</u>		
Impact of the COVID-19 pandemic	-	6.7
<u>Other reconciling items affecting operating income:</u>		
Impact of the COVID-19 pandemic	-	0.5
<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)
Effects of changes in valuation allowances	-	(33.7)
Effects of changes in indefinite reversal assertion	-	59.6
Tax effects of pre-tax items above	(0.5)	(1.8)
Adjusted net earnings	\$342.2	\$454.2
Adjusted weighted average diluted shares outstanding	140.2	143.9
Adjusted earnings per diluted share	\$2.44	\$3.16

Reconciliation of Free Cash

In millions	4Q 2023	3Q 2023	4Q 2022
Net cash provided by operating activities	\$6.3	\$122.3	\$166.5
Proceeds from sale of property and equipment	0.1	0.0	0.7
Less: Capital expenditures	(145.3)	(66.8)	(153.1)
Free cash	\$(138.9)	\$55.5	\$14.1

Reconciliation of Free Cash

In millions	FY 2023	FY 2022
Net cash provided by operating activities	\$365.7	\$484.3
Proceeds from sale of property and equipment	1.2	1.2
Less: Capital expenditures	(329.4)	(325.3)
Free cash	\$37.4	\$160.2

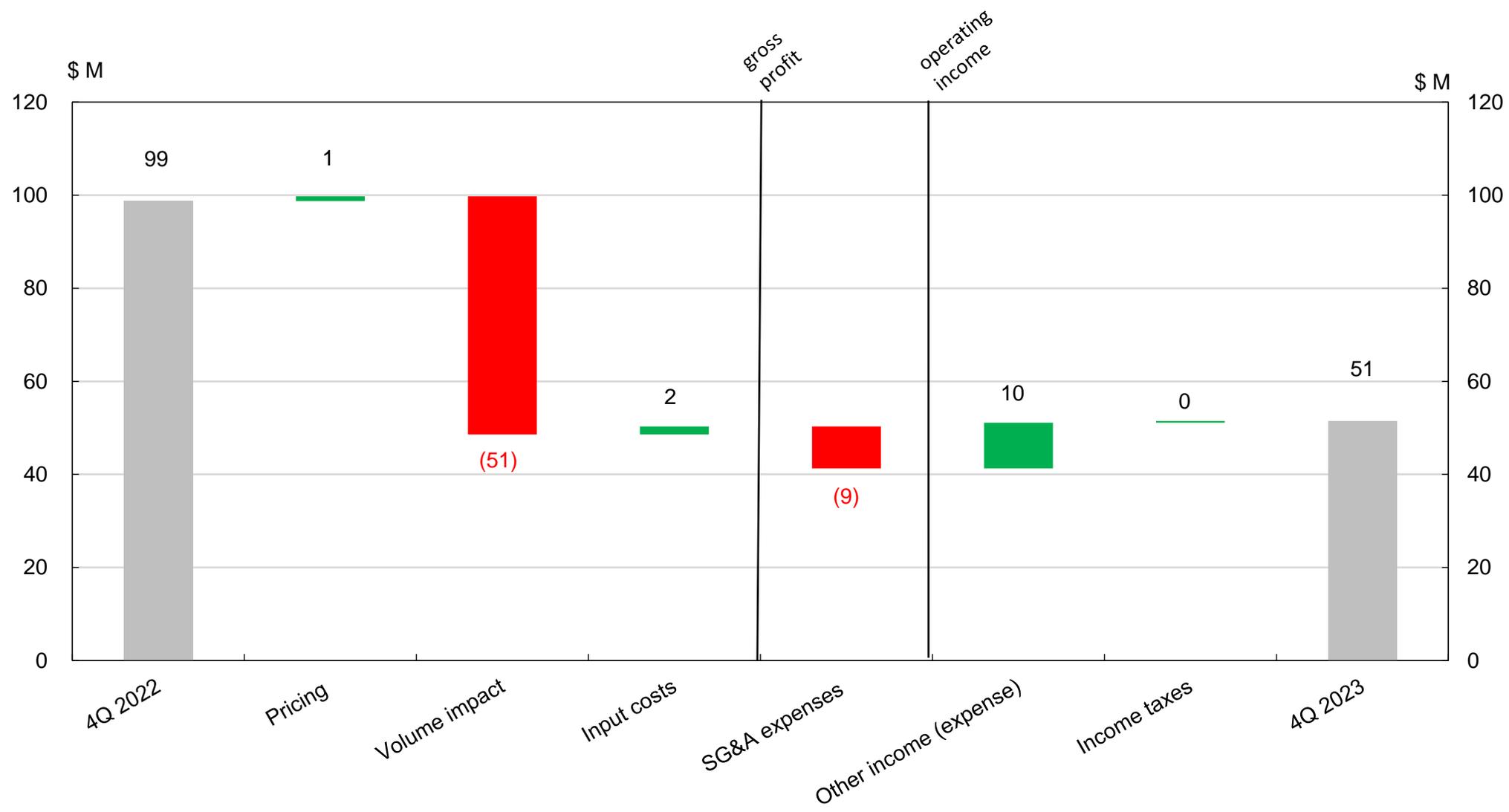
Reconciliation of EBITDA and Adjusted EBITDA

In millions	4Q 2023	3Q 2023	4Q 2022
GAAP net earnings attributable to Vishay stockholders	\$51.5	\$65.5	\$72.8
Net earnings attributable to noncontrolling interests	0.5	0.4	0.4
Net earnings	\$52.0	\$66.0	\$73.2
Interest expense	\$6.5	\$7.2	\$4.5
Interest income	(9.9)	(9.2)	(4.4)
Income taxes	28.7	30.6	55.0
Depreciation and amortization	50.5	46.2	42.7
EBITDA	\$127.6	\$140.7	\$171.0
<u>Reconciling items</u>			
Loss on early extinguishment of debt	-	18.9	-
Adjusted EBITDA	\$127.6	\$159.6	\$171.0
Adjusted EBITDA margin**	16.3%	18.7%	20.0%
**adjusted EBITDA as a percentage of net revenues			

Reconciliation of EBITDA and Adjusted EBITDA

In millions	FY 2023	FY 2022
GAAP net earnings attributable to Vishay stockholders	\$323.8	\$428.8
Net earnings attributable to noncontrolling interests	1.7	1.7
Net earnings	\$325.5	\$430.5
Interest expense	\$25.1	\$17.1
Interest income	(31.4)	(7.6)
Income taxes	141.9	163.0
Depreciation and amortization	184.4	164.0
EBITDA	\$645.5	\$767.1
<u>Reconciling items</u>		
Impact of the COVID-19 pandemic	-	7.2
Loss on early extinguishment of debt	18.9	
Adjusted EBITDA	\$664.4	\$774.3
Adjusted EBITDA margin**	19.5%	22.1%
**adjusted EBITDA as a percentage of net revenues		

Net Earnings Adjusted – 4Q 2023 vs 4Q 2022



Vishay – The DNA of tech.™