
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 6, 2014

DIODES INCORPORATED

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

002-25577
(Commission
File Number)

95-2039518
(IRS Employer
Identification No.)

**4949 Hedgcoxe Road, Suite 200,
Plano, TX**
(Address of Principal Executive Offices)

75024
(Zip Code)

Registrant's Telephone Number, Including Area Code: (972) 987-3900

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On November 6, 2014, Diodes Incorporated (the “Company”) issued a press release announcing its third quarter 2014 financial results. A copy of the press release is attached as Exhibit 99.1.

As announced in its press release dated October 15, 2014 providing the date, time and live webcast and telephone access information, on November 6, 2014, the Company hosted a conference call to discuss its third quarter 2014 financial results. A recording of the conference call has been posted on its website at www.diodes.com. A copy of the script is attached as Exhibit 99.2.

During the conference call on November 6, 2014, Dr. Keh-Shew Lu, President and Chief Executive Officer of the Company, as well as Richard D. White, Chief Financial Officer, Mark King, Senior Vice President of Sales and Marketing, and Laura Mehrl, Director of Investor Relations, made additional comments during a question and answer session. A copy of the transcript is attached as Exhibit 99.3.

In the press release and earnings conference call, the Company utilizes financial measures and terms not calculated in accordance with generally accepted accounting principles in the United States (“GAAP”) in order to provide investors with an alternative method for assessing the Company’s operating results in a manner that enables investors to more thoroughly evaluate its current performance as compared to past performance. The Company also believes these non-GAAP measures provide investors with a more informed baseline for modeling the Company’s future financial performance. Management uses these non-GAAP measures for the same purpose. The Company believes that investors should have access to the same set of tools that management uses in analyzing results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, b

ut should not be considered a substitute for or superior to GAAP results and may differ from similar measures used by other companies. See Exhibit 99.1 for a description of the non-GAAP measures used.

Item 7.01 Regulation FD Disclosure.

The press release in Exhibit 99.1 also provides an update on the Company’s business outlook, that is intended to be within the safe harbor provided by the Private Securities Litigation Reform Act of 1995 (the “Act”) as comprising forward looking statements within the meaning of the Act.

Item 8.01 Other Events.

From time to time, the Company may give corporate presentations to its customers, suppliers and other related interested parties. A copy of the Company’s corporate presentation slides, updated on November 6, 2014, is attached herewith as Exhibit 99.4.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press release dated November 6, 2014
99.2	Conference call script dated November 6, 2014
99.3	Question and answer transcript dated November 6, 2014
99.4	Corporate presentation slides

The information in this Form 8-K and the exhibits attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 10, 2014

DIODES INCORPORATED

By /s/ Richard D. White
RICHARD D. WHITE
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated November 6, 2014
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99.4	Corporate presentation slides



**Diodes Incorporated Reports
Third Quarter 2014 Financial Results**

Achieves Record Revenue with Record Gross Profit

Plano, Texas – November 6, 2014 -- Diodes Incorporated (Nasdaq: DIOD), a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic and analog semiconductor markets, today reported its financial results for the third quarter ended September 30, 2014.

Third Quarter Highlights

- Revenue was a record \$233.8 million, an increase of 4.7 percent from the \$223.2 million in the second quarter of 2014, and an increase of 4.1 percent from the \$224.5 million in the third quarter of 2013;
- Gross profit was a record \$74.7 million, compared to \$70.3 million in the second quarter of 2014 and \$69.6 million in the third quarter of 2013;
- Gross profit margin was 32.0 percent, compared to 31.5 percent in the second quarter of 2014 and 31.0 percent in the third quarter of 2013;
- GAAP net income was \$19.4 million, or \$0.40 per diluted share, compared to \$17.4 million, or \$0.36 per diluted share in the second quarter of 2014, and \$13.6 million, or \$0.28 per diluted share in the third quarter of 2013;
- Non-GAAP adjusted net income was \$21.2 million, or \$0.43 per diluted share, compared to \$18.2 million, or \$0.38 per diluted share, in the second quarter of 2014 and \$15.8 million, or \$0.33 per diluted share, in the third quarter of 2013;
- Excluding \$2.4 million, net of tax, of share-based compensation expense, GAAP and non-GAAP adjusted net income would have increased by \$0.05 per diluted share; and
- Achieved \$27.3 million of cash flow from operations, and \$13.8 million of free cash flow, including \$13.5 million of capital expenditures. Net cash flow was \$1.4 million, which includes the pay down of \$15.2 million of long-term debt.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer, stated, “Diodes achieved another quarter of solid financial results, highlighted by record revenue and record gross profit. Growth was driven by continued strength in the consumer, communications and computing markets in Asia. Additionally, ongoing improvement in product mix and assembly/test capacity utilization contributed to gross margin reaching 32 percent for the first time since the second quarter of 2011. Earnings per share also reached the highest level in three years, demonstrating the Company’s strong operating performance.

Third Quarter 2014

Revenue for the third quarter of 2014 was a record \$233.8 million, an increase of 4.7 percent from the \$223.2 million in the second quarter of 2014, and an increase of 4.1 percent from the \$224.5 million in the third quarter of 2013. The increase in revenue was due to growth across the Company’s consumer, communications and computing end markets.

Gross profit for the third quarter of 2014 reached a record \$74.7 million, or 32.0 percent of revenue, compared to 70.3 million, or 31.5 percent of revenue in the second quarter of 2014, and compared to \$69.6 million, or 31.0 percent of revenue in the third quarter of 2013. The increase in gross profit margin was primarily due to continued improvement in product mix and assembly/test capacity utilization.

Operating expenses for the third quarter of 2014 were \$49.7 million, or 21.3 percent of revenue, compared to \$47.2 million, or 21.1 percent of revenue, in the second quarter of 2014 and \$49.3 million, or 22.0 percent of revenue, in the third quarter of 2013.

GAAP net income for the third quarter of 2014 was \$19.4 million, or \$0.40 per diluted share, compared to \$17.4 million, or \$0.36 per diluted share in the second quarter of 2014, and compared to \$13.6 million, or \$0.28 per diluted share in the third quarter of 2013.

Non-GAAP adjusted net income for the third quarter of 2014 was \$21.2 million, or \$0.43 per diluted share, which excluded, net of tax, \$1.6 million of non-cash acquisition related intangible asset amortization costs and \$0.2 million of retention costs associated with the BCD acquisition. This compares to non-GAAP adjusted net income of \$18.2 million, or \$0.38 per diluted share, in the second quarter of 2014 and \$15.8 million, or \$0.33 per diluted share, in the third quarter of 2013.

The following is a summary reconciliation of GAAP net income to non-GAAP adjusted net income and per share data, net of tax (*unaudited and in thousands, except per share data*):

	Three Months Ended September 30, 2014
GAAP net income	\$ 19,427
GAAP diluted earnings per share	\$ 0.40
Adjustments to reconcile net income to adjusted net income:	
Retention costs	182
Amortization of acquisition related intangible assets	1,578
Non-GAAP adjusted net income	\$ 21,187
Non-GAAP adjusted diluted earnings per share	\$ 0.43

(See the reconciliation tables of net income to adjusted net income near the end of the release for further details.)

Included in the third quarter of 2014 GAAP and non-GAAP adjusted net income was approximately \$2.4 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional \$0.05 per diluted share. GAAP and non-GAAP adjusted net income would have increased by an additional \$0.05 per diluted share in the second quarter of 2014 and \$0.05 per diluted share in the third quarter of 2013.

EBITDA, which represents earnings before net interest expense, income tax, depreciation and amortization, was \$45.3 million for the third quarter of 2014, compared to \$42.9 million for the second quarter of 2014 and \$36.7 million for the third quarter of 2013. For a reconciliation of GAAP net income to EBITDA (a non-GAAP measure), see the table near the end of this release for further details.

Net cash provided by operating activities was \$27.3 million for the third quarter of 2014. Net cash flow was \$1.4 million, which reflects the pay down of \$15.2 million of long-term debt. Free cash flow was \$13.8 million, which includes \$13.5 million of capital expenditures.

Balance Sheet

As of September 30, 2014, the Company had approximately \$237 million in cash and cash equivalents and approximately \$14 million in short-term investments. Long-term debt totaled approximately \$148 million. Working capital was approximately \$527 million

Business Outlook

Dr. Lu concluded, "For the fourth quarter of 2014, we expect revenue to range between \$217 million to \$231 million, or down 7.0 percent to 1.0 percent sequentially due to normal seasonality. We expect gross margin to be 31.6 percent, plus or minus 2 percent. Operating expenses are expected to be approximately 22.2 percent of revenue, plus or minus 1 percent. We expect our income tax rate to be 25 percent, plus or minus 3 percent, and shares used to calculate diluted EPS for the fourth quarter are anticipated to be approximately 49.0 million."

Conference Call

Diodes will host a conference call on Thursday, November 6, 2014 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its third quarter financial results. Investors and analysts may join the conference call by dialing **1-855-232-8957** and providing the confirmation code **17759854** at the prompt. International callers may join the conference call by dialing 1-315-625-6979 and providing the same confirmation code at the prompt. A telephone replay of the call will be made available approximately two hours after the call and will remain available until Thursday, November 13, 2014 at midnight Central Time. The replay number is 1-855-859-2056 with a pass code of 17759854. International callers should dial 1-404-537-3406 and enter the same pass code at the prompt. Additionally, this conference call will be broadcast live over the Internet and can be accessed by all interested parties on the "Investors" section of Diodes' website at <http://www.diodes.com>. To listen to the live call, please go to the "Investors" section of Diodes' website and click on the conference call link at least 15 minutes prior to the start of the call to register and download and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on Diodes' website for approximately 60 days.

About Diodes Incorporated

Diodes Incorporated (Nasdaq: DIOD), a Standard and Poor's SmallCap 600 and Russell 3000 Index company, is a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic and analog semiconductor markets. Diodes serves the consumer electronics, computing, communications, industrial, and automotive markets. Diodes' products include diodes, rectifiers, transistors, MOSFETs, protection devices, functional specific arrays, single gate logic, amplifiers and comparators, Hall-effect and temperature sensors, power management devices, including LED drivers, AC-DC converters and controllers, DC-DC switching and linear voltage regulators, and voltage references along with special function devices, such as USB power switches, load switches, voltage supervisors, and motor controllers. Diodes' corporate headquarters and Americas' sales office are located in Plano, Texas. Design, marketing, and engineering centers are located in Plano; San Jose, California; Taipei, Taiwan; Manchester, England; and Neuhaus, Germany. Diodes' wafer fabrication facilities are located in Kansas City, Missouri and Manchester, with two additional facilities located in Shanghai, China. Diodes has an assembly and test facility located in Shanghai, in Chengdu, China, as well as in Neuhaus and in Taipei. Additional engineering, sales, warehouse, and logistics offices are located in Fort Worth, Texas; Taipei; Hong Kong; Manchester; Shanghai; Shenzhen, China; Seongnam-si, South Korea; Suwon, South Korea; Tokyo, Japan; and Munich, Germany, with support offices throughout the world. For further information, including SEC filings, visit Diodes' website at <http://www.diodes.com>.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements regarding our expectation that: for the fourth quarter of 2014, we expect revenue to range between \$217 million to \$231 million, or down 7.0 percent to 1.0 percent sequentially due to normal seasonality; we expect gross margin to be 31.6 percent, plus or minus 2 percent; operating expenses are expected to be approximately 22.2 percent of revenue, plus or minus 1 percent; and we expect our income tax rate to be 25 percent, plus or minus 3 percent, and shares used to calculate diluted EPS for the fourth quarter are anticipated to be approximately 49.0 million. Potential risks and uncertainties include, but are not limited to, such factors as: the risk that such expectations may not be met; the risk that the expected benefits of acquisitions may not be realized; the risk that we may not be able to maintain our current growth strategy or continue to maintain our current performance, costs and loadings in our manufacturing facilities; risks of domestic and foreign operations, including excessive operation costs, labor shortages, higher tax rates and our joint venture prospects; the risk of unfavorable currency exchange rates; our future guidance may be incorrect; the global economic weakness may be more severe or last longer than we currently anticipated; and other information including the "Risk Factors," detailed from time to time in Diodes' filings with the United States Securities and Exchange Commission.

Recent news releases, annual reports and SEC filings are available at the Company's website: <http://www.diodes.com>. Written requests may be sent directly to the Company, or they may be e-mailed to: diodes-fin@diodes.com.

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DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
NET SALES	\$ 233,777	\$ 224,510	\$ 666,980	\$ 615,853
COST OF GOODS SOLD	159,045	154,951	460,363	438,818
Gross profit	74,732	69,559	206,617	177,035
OPERATING EXPENSES				
Selling, general and administrative	33,897	33,810	99,518	99,266
Research and development	13,864	13,611	39,565	35,836
Amortization of acquisition related intangible assets	1,987	1,871	5,960	6,075
Restructuring	—	—	—	1,535
Gain (loss) on sale of assets	(20)	5	(916)	47
Total operating expenses	49,728	49,297	144,127	142,759
Income from operations	25,004	20,262	62,490	34,276
OTHER INCOME (EXPENSES)				
Interest income	324	576	1,158	979
Interest expense	(1,074)	(1,638)	(3,489)	(4,150)
Other	2,050	(1,706)	2,640	1,201
Total other income (expenses)	1,300	(2,768)	309	(1,970)
Income before income taxes and noncontrolling interest	26,304	17,494	62,799	32,306
INCOME TAX PROVISION	6,172	3,604	14,370	11,653
NET INCOME	20,132	13,890	48,429	20,653
Less: NET INCOME attributable to noncontrolling interest	(705)	(271)	(1,415)	(325)
NET INCOME attributable to common stockholders	\$ 19,427	\$ 13,619	\$ 47,014	\$ 20,328
EARNINGS PER SHARE attributable to common stockholders				
Basic	\$ 0.41	\$ 0.29	\$ 1.00	\$ 0.44
Diluted	\$ 0.40	\$ 0.28	\$ 0.97	\$ 0.43
Number of shares used in computation				
Basic	47,548	46,605	47,047	46,260
Diluted	48,736	48,023	48,385	47,584

Note: Throughout this release, we refer to “net income attributable to common stockholders” as “net income.”

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME
(in thousands, except per share data)
(unaudited)

For the three months ended September 30, 2014:

	<u>Operating Expenses</u>	<u>Other Income (Expense)</u>	<u>Income Tax Provision</u>	<u>Net Income</u>
Per-GAAP				<u>\$ 19,427</u>
Earnings per share (Per-GAAP)				
Diluted				<u>\$ 0.40</u>
Adjustments to reconcile net income to adjusted net income:				
Retention costs	214	—	(32)	182
Amortization of acquisition related intangible assets	1,987	—	(409)	<u>1,578</u>
Adjusted (Non-GAAP)				<u>\$ 21,187</u>
Diluted shares used in computing earnings per share				<u>48,736</u>
Adjusted earnings per share (Non-GAAP)				
Diluted				<u>\$ 0.43</u>

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$2.4 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by \$0.05 per share.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME – Cont.
(in thousands, except per share data)
(unaudited)

For the three months ended September 30, 2013:

	<u>Cost of Goods Sold</u>	<u>Operating Expenses</u>	<u>Other Income (Expense)</u>	<u>Income Tax Provision</u>	<u>Net Income</u>
Per-GAAP					<u>\$ 13,619</u>
Earnings per share (Per-GAAP)					
Diluted					<u>\$ 0.28</u>
Adjustments to reconcile net income to adjusted net income:					
Retention costs	—	815	—	(122)	693
Amortization of acquisition related intangible assets	—	1,871	—	(371)	<u>1,500</u>
Adjusted (Non-GAAP)					<u>\$ 15,812</u>
Diluted shares used in computing earnings per share					<u>48,023</u>
Adjusted earnings per share (Non-GAAP)					
Diluted					<u>\$ 0.33</u>

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$2.3 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by \$0.05 per share.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME – Cont.
(in thousands, except per share data)
(unaudited)

For the nine months ended September 30, 2014:

	<u>Operating Expenses</u>	<u>Other Income (Expense)</u>	<u>Income Tax Provision</u>	<u>Net Income</u>
Per-GAAP				<u>\$ 47,014</u>
Earnings per share (Per-GAAP)				
Diluted				<u>\$ 0.97</u>
Adjustments to reconcile net income to adjusted net income:				
Retention costs	1,162	—	(175)	987
Gain on sale of assets	(1,176)	—	200	(976)
Amortization of acquisition related intangible assets	5,960	—	(1,235)	<u>4,725</u>
Adjusted (Non-GAAP)				<u>\$ 51,750</u>
Diluted shares used in computing earnings per share				<u>48,385</u>
Adjusted earnings per share (Non-GAAP)				
Diluted				<u>\$ 1.07</u>

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$6.7 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by \$0.14 per share.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME – Cont.
(in thousands, except per share data)
(unaudited)

For the nine months ended September 30, 2013:

	<u>Cost of Goods Sold</u>	<u>Operating Expenses</u>	<u>Other Income (Expense)</u>	<u>Income Tax Provision</u>	<u>Net Income</u>
Per-GAAP					<u>\$ 20,328</u>
Earnings per share (Per-GAAP)					
Diluted					<u>\$ 0.43</u>
Adjustments to reconcile net income to adjusted net income:					
Inventory valuations	5,484	—	—	(823)	4,661
Acquisition costs	—	600	—	110	710
Retention costs	—	2,115	—	(317)	1,798
Restructuring costs	—	1,533	—	(406)	1,127
Amortization of acquisition related intangible assets	—	6,075	—	(1,285)	4,790
Tax expense related to tax audit	—	—	—	5,447	5,447
Adjusted (Non-GAAP)					<u>\$ 38,862</u>
Diluted shares used in computing earnings per share					<u>47,584</u>
Adjusted earnings per share (Non-GAAP)					
Diluted					<u>\$ 0.82</u>

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$6.5 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by \$0.14 per share.

ADJUSTED NET INCOME (Non-GAAP)

This measure consists of accounting principles generally accepted in the United States (“GAAP”) net income attributable to common stockholders (“net income”), which is then adjusted solely for the purpose of adjusting for retention costs, amortization of acquisition related intangible assets, gain on sale of assets, inventory valuations, acquisition costs, restructuring and tax payments related to tax audit, as discussed below. Excluding retention costs, gain on sale of assets, inventory valuations, acquisition costs, restructuring and tax payments related to tax audit provides investors with a better depiction of the Company’s operating results and provides a more informed baseline for modeling future earnings expectations. Excluding the amortization of acquisition related intangible assets allows for comparison of the Company’s current and historic operating performance. The Company excludes the above listed items to evaluate the Company’s operating performance, to develop budgets, to determine incentive compensation awards and to manage cash expenditures. Presentation of the above non-GAAP measures allows investors to review the Company’s results of operations from the same viewpoint as the Company’s management and Board of Directors. The Company has historically provided similar non-GAAP financial measures to provide investors an enhanced understanding of its operations, facilitate investors’ analyses and comparisons of its current and past results of operations and provide insight into the prospects of its future performance. The Company also believes the non-GAAP measures are useful to investors because they provide additional information that research analysts use to evaluate semiconductor companies. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results and may differ from measures used by other companies. For example, we do not adjust for any amounts attributable to noncontrolling interest except for one-time non-cash items outside the course of ordinary business, such as impairment of goodwill. The Company recommends a review of net income on both a GAAP basis and non-GAAP basis be performed to get a comprehensive view of the Company’s results. The Company provides a reconciliation of GAAP net income to non-GAAP adjusted net income.

Detail of non-GAAP adjustments:

Retention costs – The Company excluded costs accrued within operating expenses in regard to the \$5 million employee retention plan in connection with the BCD Semiconductor Manufacturing Limited (“BCD”) acquisition. The retention payments are payable at the 12, 18 and 24 month anniversaries of the acquisition with the majority of the expense occurring in the second 12 months. Although these retention costs will be recurring every quarter until the final retention payment has been made, they are not part of the employees’ normal annual salaries and therefore are being excluded. The Company believes the exclusion of retention costs related to the BCD acquisition provides investors with a more accurate reflection of costs likely to be incurred in the absence of an unusual event such as an acquisition and facilitates comparisons with the results of other periods that may not reflect such costs.

Amortization of acquisition related intangible assets – The Company excluded the amortization of its acquisition related intangible assets including developed technologies and customer relationships. The fair value of the acquisition related intangible assets, which was recognized through acquisition accounting, is amortized using straight-line methods which approximate the proportion of future cash flows estimated to be generated each period over the estimated useful lives of the applicable assets. The Company believes the exclusion of the amortization expense of acquisition related assets is appropriate as a significant portion of the purchase price for its acquisitions was allocated to the intangible assets that have short lives and exclusion of the amortization expense allows comparisons of operating results that are consistent over time for both the Company’s newly acquired and long-held businesses. In addition, the Company excluded the amortization expense as there is significant variability and unpredictability among companies with respect to this expense.

Gain on sale of assets – During the second quarter of 2014, the Company sold a building located in Taiwan and this gain was excluded from management’s assessment of the Company’s core operating performance. The Company believes the exclusion of the gain on sale of assets provides investors an enhanced view of a gain the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such gains.

Inventory valuations – The Company excluded cost incurred for inventory valuations. The Company adjusted the inventory acquired from the BCD acquisition to account for the reasonable profit allowance for the selling effort on finished goods inventory and the reasonable profit allowance for the completing and selling effort on the work-in-progress inventory. This non-cash adjustment to inventory is not recurring in nature, however it could be recurring to the extent there are additional acquisitions. The Company believes the exclusion of the BCD inventory valuation provides investors with a more accurate reflection of costs likely to be incurred in the absence of an usual event such as an acquisition and facilitates comparisons with the results of other periods that may not reflect such costs.

Acquisition costs – The Company excluded costs associated with acquiring BCD, which consisted of advisory, legal and other professional and consulting fees. These costs were expensed in the second quarter of 2013 when the costs were incurred and services were received, and in which the corresponding tax adjustments were made for the non-deductible portions of these expenses. The Company believes the exclusion of the acquisition related costs provides investors with a more accurate reflection of costs likely to be incurred in the absence of an usual event such as an acquisition and facilitates comparisons with the results of other periods that may not reflect such costs.

Restructuring – The Company has recorded restructuring charges to reduce its cost structure in order to enhance operating effectiveness and improve profitability. These restructuring activities related to our UK development team and the closure of our New York sales office. These restructuring charges are excluded from management’s assessment of the Company’s operating performance. The Company believes the exclusion of the restructuring charges provides investors an enhanced view of the cost structure of the Company’s operations and facilitates comparisons with the results of other periods that may not reflect such charges or may reflect different levels of such charges.

Tax expense related to tax audit – The Company excluded additional tax expense in regard to a tax audit of the China tax authorities. The China government audited the Company’s High and New Technology Enterprise (“HNTE”) status for the years 2009 through 2014 and determined there was an underpayment for the tax year 2013. The Company has been approved for the HNTE status for 2013 through 2014. Given that 2013 is an isolated occurrence, the additional tax and any penalties and interest associated with the audit are being excluded. The Company believes the exclusion of tax expense related to this tax audit provides investors with a more accurate indication of tax expense likely to be incurred on an ongoing basis and facilitates comparisons with the results of other periods that may not reflect such audit determinations.

ADJUSTED EARNINGS PER SHARE (Non-GAAP)

This non-GAAP financial measure is the portion of the Company’s GAAP net income assigned to each share of stock, excluding retention costs, amortization of acquisition related intangible assets, inventory valuations, acquisition costs and tax payments related to tax audit, as discussed above. Excluding retention costs, inventory valuations, acquisition costs and tax payments related to tax audit provides investors with a better depiction of the Company’s operating results and provides a more informed baseline for modeling future earnings expectations. Excluding the amortization of acquisition related intangible assets allows for comparison of the Company’s current and historic operating performance, as described in further detail above. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results and may differ from measures used by other companies. For example, we do not adjust for any amounts attributable to noncontrolling interest except for one-time non-cash items outside the course of ordinary business, such as impairment of goodwill. The Company recommends a review of diluted earnings per share on both a GAAP basis and non-GAAP basis be performed to obtain a comprehensive view of the Company’s results. Information on how these share calculations are made is included in the reconciliation tables provided.

CASH FLOW ITEMS

Free cash flow (FCF) (Non-GAAP)

FCF for the third quarter of 2014 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures. For the third quarter of 2014, the amount was \$13.8 million (\$27.3 million less (-) \$13.5 million). FCF represents the cash and cash equivalents that we are able to generate after taking into account cash outlays required to maintain or expand property, plant and equipment. FCF is important because it allows us to pursue opportunities to develop new products, make acquisitions and reduce debt.

CONSOLIDATED RECONCILIATION OF NET INCOME TO EBITDA

EBITDA represents earnings before net interest expense, income tax provision, depreciation and amortization. Management believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties, such as financial institutions in extending credit, in evaluating companies in our industry and provides further clarity on our profitability. In addition, management uses EBITDA, along with other GAAP and non-GAAP measures, in evaluating our operating performance compared to that of other companies in our industry. The calculation of EBITDA generally eliminates the effects of financing, operating in different income tax jurisdictions, and accounting effects of capital spending, including the impact of our asset base, which can differ depending on the book value of assets and the accounting methods used to compute depreciation and amortization expense. EBITDA is not a recognized measurement under GAAP, and when analyzing our operating performance, investors should use EBITDA in addition to, and not as an alternative for, income from operations and net income, each as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of EBITDA may not be comparable to similarly titled measures used by other companies. For example, our EBITDA takes into account all net interest expense, income tax provision, depreciation and amortization without taking into account any attributable to noncontrolling interest. Furthermore, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as tax and debt service payments.

The following table provides a reconciliation of net income to EBITDA (*in thousands, unaudited*):

	Three Months Ended	
	September 30,	
	2014	2013
Net income (per-GAAP)	\$ 19,427	\$ 13,619
Plus:		
Interest expense, net	750	1,062
Income tax provision	6,172	3,604
Depreciation and amortization	18,921	18,459
EBITDA (Non-GAAP)	\$ 45,270	\$ 36,744

	Nine Months Ended	
	September 30,	
	2014	2013
Net income (per-GAAP)	\$ 47,014	\$ 20,328
Plus:		
Interest expense, net	2,331	3,171
Income tax provision	14,370	11,653
Depreciation and amortization	57,254	54,894
EBITDA (Non-GAAP)	\$ 120,969	\$ 90,046

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	September 30, 2014	December 31, 2013
	<i>(unaudited)</i>	
CURRENT ASSETS		
Cash and cash equivalents	\$ 236,849	\$ 196,635
Short-term investments	14,165	22,922
Accounts receivable, net	193,639	192,267
Inventories	189,119	180,396
Deferred income taxes, current	9,828	10,513
Prepaid expenses and other	52,130	47,352
Total current assets	<u>695,730</u>	<u>650,085</u>
PROPERTY, PLANT AND EQUIPMENT, net	312,176	322,013
DEFERRED INCOME TAXES, non current	24,597	28,237
OTHER ASSETS		
Goodwill	83,542	84,714
Intangible assets, net	47,391	53,571
Other	24,804	23,638
Total assets	<u>\$ 1,188,240</u>	<u>\$ 1,162,258</u>

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	September 30,	December 31,
	2014	2013
	<i>(unaudited)</i>	
CURRENT LIABILITIES		
Lines of credit	\$ 2,009	\$ 5,814
Accounts payable	97,367	89,212
Accrued liabilities	65,390	60,684
Income tax payable	3,777	1,206
Total current liabilities	<u>168,543</u>	<u>156,916</u>
LONG-TERM DEBT, net of current portion	147,533	182,799
OTHER LONG-TERM LIABILITIES	78,134	78,866
Total liabilities	<u>394,210</u>	<u>418,581</u>
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Diodes Incorporated stockholders' equity		
Preferred stock - par value \$1.00 per share; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock - par value \$0.66 2/3 per share; 70,000,000 shares authorized; 47,572,500 and 46,680,973 issued and outstanding at September 30, 2014 and December 31, 2013, respectively	31,717	31,120
Additional paid-in capital	305,143	289,668
Retained earnings	473,342	426,328
Accumulated other comprehensive loss	(58,847)	(44,374)
Total Diodes Incorporated stockholders' equity	<u>751,355</u>	<u>702,742</u>
Noncontrolling interest	42,675	40,935
Total equity	<u>794,030</u>	<u>743,677</u>
Total liabilities and equity	<u>\$ 1,188,240</u>	<u>\$ 1,162,258</u>

Call Participants: Dr. Keh-Shew Lu, Richard White, Mark King and Laura Mehrl

Operator:

Good afternoon and welcome to Diodes Incorporated's third quarter 2014 financial results conference call. At this time, all participants are in a listen only mode. At the conclusion of today's conference call, instructions will be given for the question and answer session. If anyone needs assistance at any time during the conference call, please press the star key followed by the zero on your touchtone phone.

As a reminder, this conference call is being recorded today, Thursday, November 6, 2014. I would now like to turn the call over to Leanne Sievers of Shelton Group Investor Relations. Leanne, please go ahead.

Introduction: Leanne Sievers, EVP of Shelton Group

Good afternoon and welcome to Diodes' third quarter 2014 financial results conference call. I'm Leanne Sievers, executive vice president of Shelton Group, Diodes' investor relations firm.

With us today are Diodes' President and CEO, Dr. Keh-Shew Lu, who is calling in from Taiwan; Chief Financial Officer, Rick White; Senior Vice President of Sales and Marketing, Mark King; and Director of Investor Relations, Laura Mehrl.

Before I turn the call over to Dr. Lu, I would like to remind our listeners that management's prepared remarks contain forward-looking statements, which are subject to risks and uncertainties, and management may make additional forward-looking statements in response to your questions.

Therefore, the Company claims the protection of the safe harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995. Actual results may differ from those discussed today, and therefore we refer you to a more detailed discussion of the risks and uncertainties in the Company's filings with the Securities and Exchange Commission.

In addition, any projections as to the Company's future performance represent management's estimates as of **today, November 6, 2014**. Diodes assumes no obligation to update these projections in the future as market conditions may or may not change.

Additionally, the Company's press release and management's statements during this conference call will include discussions of certain measures and financial information in GAAP and non-GAAP terms. Included in the Company's press release are definitions and reconciliations of GAAP to non-GAAP items, which provide additional details. Also, throughout the Company's press release and management's statements during this conference call, we refer to "net income attributable to common stockholders" as "GAAP net income."

For those of you unable to listen to the entire call at this time, a recording will be available via webcast for 60 days in the investor relations section of Diodes' website at www.diodes.com.

And now I will turn the call over to Diodes' President and CEO, Dr. Keh-Shew Lu. Dr. Lu, please go ahead.

Dr. Keh-Shew Lu, *President and CEO*

Thank you, Leanne. Welcome everyone, and thank you for joining us today.

Diodes achieved another quarter of solid financial results, highlighted by record revenue and record gross profit. Growth was driven by continued strength in the consumer, communications and computing markets in Asia. Additionally, ongoing improvement in product mix and our assembly/test capacity utilization contributed to gross margin reaching 32 percent for the first time since the second quarter of 2011. Earnings per share also reached the highest level in three years, demonstrating the Company's strong operating performance.

As we look to the fourth quarter, we expect revenue to decline due to normal seasonality, and gross margin is expected to be down slightly. The continued benefits from our cost reductions combined with further improvements in product mix are anticipated to largely offset the lower capacity utilization at our Shanghai wafer fabs, causing gross margin to come in just under the current quarter's level.

With that, I will now turn the call over to Rick to discuss our third quarter financial results as well as fourth quarter guidance in more detail.

Rick White, *CFO*

Thanks, Dr. Lu, and good afternoon everyone.

Revenue for the third quarter of 2014 was a record \$233.8 million, an increase of 4.7 percent from the \$223.2 million in the second quarter of 2014, and an increase of 4.1 percent from the \$224.5 million in the third quarter of 2013. The increase in revenue was due to growth across the consumer, communications and computing end markets.

Gross profit for the third quarter also reached a record at \$74.7 million, or 32.0 percent of revenue, compared to \$70.3 million, or 31.5 percent of revenue in the second quarter of 2014, and compared to \$69.6 million, or 31.0 percent of revenue in the third quarter of 2013. The increase in gross profit margin was primarily due to continued improvements in product mix and assembly/test capacity utilization.

GAAP operating expenses for the third quarter were \$49.7 million, or 21.3 percent of revenue, compared to \$47.2 million, or 21.1 percent of revenue, in the second quarter of 2014 and \$49.3 million, or 22.0 percent of revenue, in the third quarter of 2013. Third quarter operating expenses as a percent of revenue were back to pre-BCD acquisition levels, when considering the second quarter of 2014 benefitted from a \$1.2 million gain, or 0.5 percent of revenue.

Looking specifically at **Selling, General and Administrative** expenses, SG&A was approximately \$33.9 million for the third quarter, or 14.5 percent of revenue, compared to \$33.3 million, or 14.9 percent of revenue, in the second quarter and \$33.8 million, or 15.1 percent of revenue, in the third quarter of 2013.

Investment in Research and Development for the third quarter was approximately \$13.9 million, or 5.9 percent of revenue, compared to \$12.8 million, or 5.7 percent of revenue last quarter and \$13.6 million, or 6.1 percent of revenue, in the third quarter of 2013.

SG&A plus R&D combined equaled 20.4 percent of revenue which was down 20 basis points from 20.6 percent last quarter and 70 basis points from 21.1 percent in the third quarter of 2013.

Total Other Income amounted to \$1.3 million for the quarter. We had approximately \$2.1 million of other income and currency gains, approximately \$325,000 of interest income and approximately \$1.1 million of interest expense.

Income Before Taxes and Noncontrolling Interest in the third quarter of 2014 amounted to \$26.3 million, compared to the income of \$23.5 million in the second quarter of 2014, and \$17.5 million in the third quarter of 2013.

Turning to **income taxes**, our effective income tax rate for the third quarter was approximately 23 percent, which was within our guidance of 22 percent, plus or minus 3 percent.

GAAP net income for the third quarter of 2014 was \$19.4 million, or \$0.40 (40 cents) per diluted share, compared to \$17.4 million, or \$0.36 (36 cents) per diluted share in the second quarter of 2014, and compared to \$13.6 million, or \$0.28 (28 cents) per diluted share in the third quarter of 2013. The share count used to compute GAAP diluted EPS for the third quarter of 2014 was 48.7 million shares.

Third quarter **non-GAAP adjusted net income** was \$21.2 million, or \$0.43 (43 cents) per diluted share, which excluded, net of tax, \$1.6 million of non-cash acquisition related intangible asset amortization costs and approximately \$180,000 of retention costs associated with the BCD acquisition. This compares to non-GAAP adjusted net income of \$18.2 million, or \$0.38 (38 cents) per diluted share, in the second quarter of 2014 and \$15.8 million, or \$0.33 (33 cents) per diluted share, in the third quarter of 2013.

We have included in our earnings release a reconciliation of GAAP net income to non-GAAP adjusted net income, which provides additional details. Included in the third quarter of 2014 GAAP and non-GAAP adjusted net income was approximately \$2.4 million, net of tax, non-cash share-based compensation expense. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional \$0.05 (5 cents) per diluted share in the third quarter.

Cash flow generated from operations for the third quarter of 2014 was \$27.3 million.

Free cash flow for the third quarter of 2014 was \$13.8 million, which included \$13.5 million of capital expenditures, and

Net cash flow for the third quarter was a positive \$1.4 million, which includes the pay-down of approximately \$15.2 million of our long-term debt.

Turning to the **balance sheet**, at the end of the third quarter, we had approximately \$237 million in cash and cash equivalents and \$14 million in short-term cash investments. Working capital was approximately \$527 million.

At the end of the third quarter, **inventory** increased by \$6 million to approximately \$189 million, compared to approximately \$183 million at the end of the second quarter of 2014. Inventory in the quarter reflects a \$3 million increase in finished goods and a \$4 million increase in raw materials, which were partially offset by an \$800,000 decrease in work-in-process. Inventory days were 108 in the third quarter, compared to 107 days last quarter.

At the end of the third quarter, **Accounts receivable** was approximately \$194 million, up about \$6 million from the second quarter. A/R days were 75, compared to 74 last quarter.

Our **long term debt** totaled approximately \$147.5 million, down \$15.2 million from the second quarter.

Third quarter **Capital expenditures** were \$16.7 million, or 7.2 percent of revenue, which was at the mid-point of our reduced CapEx spending target range of 5 to 9 percent of revenue. For the nine months of 2014, we are at approximately 6.4 percent of revenue.

Depreciation and amortization expense for the third quarter was \$18.9 million.

Now, turning to our Outlook...

For the fourth quarter of 2014, we expect revenue to range between \$217 million to \$231 million, or down 7 to 1 percent sequentially. We expect gross margin to be 31.6 percent, plus or minus 2 percent. Operating expenses are expected to be approximately 22.2 percent of revenue, plus or minus 1 percent. We expect our income tax rate to be 25 percent, plus or minus 3 percent, and shares used to calculate diluted EPS for the fourth quarter are anticipated to be approximately 49.0 million.

With that said, I will now turn the call over to Mark King.

Mark King, Senior VP of Sales and Marketing

Thank you, Rick, and good afternoon.

As Dr. Lu and Rick mentioned, revenue reached a record and was up 5 percent quarter over quarter driven primarily by strength in consumer, computing and communications in Asia. OEM sales were up 6 percent and distributor POS increased by 10 percent in the quarter. Distributor POP was up 3.6 percent and global distributor inventory remained in line.

In terms of our end markets, consumer represented 34 percent of revenue, communications 22, computing 21, industrial 19 percent, and automotive was 4 percent.

Turning to **Global Sales**, Asia represented 79 percent of revenue, Europe 11 percent and North America 10 percent.

Customer activity level remained strong in all regions and product lines, with a growing number of design wins across our end markets. We continue to have solid pipeline of new products and design wins to drive long-term growth. On the product side, it was a record quarter for our discrete product group, driven by record sales of MOSFETs, protection devices, SBR and bi-polar transistors. On our analog side, we also saw record quarters for load switches, LED drivers, DC-DC and audio products.

In terms of product introductions, we released 64 new **discrete** products across 13 product families. We continued to expand our broad-based product offering to meet the needs of a wide range of market segments and customer applications. Once again, Diodes launched a number of new innovative products aimed at enabling improved energy efficiency in portable devices, such as smartphones, tablets and wearable devices as well as chargers, adapters and power supplies. In addition, we further capitalized on our recent growth in the automotive market with product launches, design wins and sales momentum with products specifically qualified for the automotive segment.

Looking more closely at the portable device market, our rapidly expanding TVS portfolio was further enhanced by industry-leading battery protection products aimed at major suppliers of portable, handheld and wearable electronics. Diodes also delivered first samples of its ultra-high speed data line protectors to a leading portable device manufacturer to meet the needs of their future product roadmap. A new MOSFET for smartphones and tablets also set an industry benchmark, featuring the lowest $R_{ds(on)}$ within a sub 1.5 by 1.5mm footprint. Also in the MOSFET portfolio, we added a small DFN dual MOSFET, which was optimized for wireless charging applications.

Now looking at the automotive market, Diodes continued to expand its content with automotive customers. During the quarter, our automotive MOSFET's saw strong design-in activity and several important TVS design-ins began ramping to volume production, contributing to strong sales momentum. Also in Q3, we began sampling our first MOSFET devices using a new split gate process that is aimed at high-volume automotive applications.

Finally in the industrial market, Diodes continued to capitalize on its strong capabilities in efficient power management and introduced 50v and 60v MOSFETs with the industry's lowest $R_{ds(on)}$ for industrial power supply applications. For high reliability power supply systems in servers, we also introduced the latest in a family of OR'ing controllers providing outstanding energy efficiency for this demanding applications. For renewable energy, we launched an SBR diode for a key solar panel customer in a ruggedized DFN package with ultra-high reliability to maximize panel utilization and solar yield.

Turning to **analog**, we had a 56 new analog product releases across 6 product lines during the quarter.

In support of our LED lighting strategy, we released several new products including a triac dimmable LED driver, which optimizes the design of LED lamps by offering a full dimming range of one to 100 percent and also offers a 30 percent reduction in bill of materials cost. This device received early market acceptance with several new socket awards for retrofit PAR16 and A40 LED driver opportunities. We also released a backlighting boost controller, that is well suited for backlighting applications in TV and monitor applications.

In terms of analog design wins, we continue to target large-scale consumer products, such as flat panel TVs and set-top boxes. In fact, we were awarded more than 10 significant design wins across several of the market-leading LED television platforms for our products including low dropout regulators, voltage supervisors, load switches, and audio amplifiers. Design win activity was also strong for our class-D audio amplifiers, with 15 key new wins in consumer products including televisions, tablets, and wireless speakers.

In the communications market, we saw significant design win activity across a number of product lines including multiple Hall sensors, USB power switches, reset supervisors, LDO wins for smartphones, a load switch opportunity for a video phone, and a DC-DC converter for a new router application.

Also during the quarter, we continued to expand our logic product offering with the release of a family of octal CMOS logic functions in space-savings QFN and TSSOP packaging. These devices are well suited for data-line communications applications.

In summary, Diodes once again had a solid quarter, achieving record revenue and gross profit. We continued to expand our content with customers and secured major design wins in portable, consumer, computing, automotive and industrial applications. In addition, we further executed on our new product initiatives and launched innovative new products and technologies to further establish our leading position across our target markets.

With that, I'll open the floor to questions - Operator?

Upon Completion of the Q&A...

Dr. Lu: Thank you for your participation today. Operator, you may now disconnect.

DIODES 3Q 2014 EARNINGS CALL
QUESTION AND ANSWER

Operator

Certainly. (Operator instructions.) Our first question comes from the line of Steve Smigie from Raymond James. Your question please?

Steve Smigie - Raymond James & Associates - Analyst

Great, thanks a lot guys and congratulations on the record numbers there. Dr. Lu, as I look out to your guidance for the fourth quarter you're down about 4% sequentially at the midpoint, that's in line with the seasonality over the last few years and that compares to other guys with the sell-in that's more like down 8% and so you're in line with seasonal and better than the comps and the comps are below seasonal. I'm just curious if you could talk a little bit about why you're seeing better patterns than competition here?

Keh-Shew Lu - Diodes Inc. - President and CEO

Well, thank you Steve. You know, we do continue in certain areas to gain the market share, that's really -- and that's really the main reason while we adjust the product mix and we still continue gaining the market share.

Steve Smigie - Raymond James & Associates - Analyst

Great, thanks. And then as I look at automotive that's been growing as a percentage here, can you talk about what that looks like in terms of growth over the next couple of years relative to the rest of your business and what that does for margins?

Keh-Shew Lu - Diodes Inc. - President and CEO

Okay, number one, [I think] I mentioned to everybody before, you know, we officially formed the automotive business units last year, okay, in September of last year and that enabled us to put more resources, more focus, in automotive area. That's the reason we are, you know, able to grow significantly in the auto area and we do see [another] design win and especially, you know, automotive ramp up is slower than other market segments and therefore we should see a better growth even better than this year's in the auto area so we [will] see a higher growth in next year and, you know, even the year after.

So I think next year we should have a better growth in automotive area than 2014 versus 2013 and our -- we always target at a higher GP percent for automotive product because their requirement is much tougher when I am talking about requirement, I am talking about their quality requirement and production requirement, and so therefore we would expect automotive to give us a better gross margin business.

Steve Smigie - Raymond James & Associates - Analyst

Great, thanks a lot. And if I just look at gross margin that's been steadily improving here, can you talk about how that looks into next year? It seems like you're getting better utilization at the BCD [FAB2] and also it seems like as you just referenced with auto the mixes is improving so just talk a little bit about the gross margin trends here?

Keh-Shew Lu - Diodes Inc. - President and CEO

Well, you know, we have improvement from gross margin from 2013 to 2014 and we'll see that continued improvement going to 2015 and we will expect the same kind of improvement rate in 2015 and especially, you know, we continue in additional yieldization, we'll continue to cost reduction and continue to improve our product mix and that product mix including automotive. So product mix, cost adaption and yieldization all three will enable us to continue to improve our GP through 2015.

Our end goal is to try to go to our business model of 35%, that is our business model to go to 35% of the revenue.

Steve Smigie - Raymond James & Associates - Analyst

All right, thanks a lot Dr. Lu.

Keh-Shew Lu - Diodes Inc. - President and CEO

Okay, thank you Steve.

Operator

Thank you, our next question comes from the line of Christopher Longiaru from Sidoti & Company. Your question please?

Christopher Longiaru - Sidoti & Company - Analyst

-- results?

Keh-Shew Lu - Diodes Inc. - President and CEO

Yeah, Chris?

Christopher Longiaru - Sidoti & Company - Analyst

Yeah, can you hear us?

Keh-Shew Lu - Diodes Inc. - President and CEO

Yep.

Christopher Longiaru - Sidoti & Company - Analyst

Okay, so my question sort of has to do with your communications revenue held up in an environment where communications was kind of weak. Can you give us some granularity as to where you saw relative strength and also, you know, what your customers area kind of telling you now in terms of what their expectations are for that business?

Keh-Shew Lu - Diodes Inc. - President and CEO

Well, Mark, why don't you take this answer?

Mark King - Diodes - Senior Vice President of Sales and Marketing

Okay. No, I think we had some strong new product growth in Q3 that we did not have in Q2 and I thought that in a couple of key customers that we, that our numbers were quite good. So I don't see -- we have one customer on our AC-to-DC side that was a little bit down but outside of that I think we have some new wins and some new position that drove our number relatively strongly in the quarter.

Christopher Longiaru - Sidoti & Company - Analyst

And then just on the auto side, so I think you guys were at something like 3% of revenue for a long time or last on the automotive side and recently it popped up and you showed it could pop up again, how does that, and even though it's a small component it's a big gross margin component, how does that sort of trend in terms of is there going to be big step ups or do you expect this continued gradual 1%, 2% increase per year over the next couple of years, can you give us kind of an outlook on that?

Mark King - Diodes - Senior Vice President of Sales and Marketing

Yeah, I think it's really a long-term plan but I -- you know, it's hard to say because we participate in such, in the highest volume and equipment that are growing fast and so it's hard to predict exactly where and how quickly our revenue will grow in automotive as a percentage but the key is for the first time we're actually developing products specifically for the automotive market and putting teams of people and sales people, as well as business unit people positioned to support that marketplace and it changed the way we approached that market to a very specific strategy.

So, you know, I think that to jump up to 5% is going to take us a period of time to get to jump up to 10% it's going to take us for a really long time but really the progress that we're making, that 3% to 4% area has been great progress for us and the whole positioning of the company within the automotive community is changing a lot.

So I think we just have a lot of momentum in that area. The -- how you'll see it based on the side of it relative to our overall number is hard to predict.

Christopher Longiaru - Sidoti & Company - Analyst

Well what about just in terms of its profile? So normally your parts end up being about a third to two-thirds of the costs are tied to the packaging; is it a similar situation with automotive or is it higher because of the automotive grade packaging, is it lower, can you give us a little relative information on that?

Mark King - Diodes - Senior Vice President of Sales and Marketing

To be honest with you -- do you want to take that Dr. Lu?

Keh-Shew Lu - Diodes Inc. - President and CEO

yeah, from the cost -- from the manufacturing point of view, you know, they do actually -- you know, if you look at in our business model, you know, wafer or die cost is much than packaging costs and automotive is actually increased in the packaging costs too.

Christopher Longiaru - Sidoti & Company - Analyst

Okay.

Keh-Shew Lu - Diodes Inc. - President and CEO

So you're going to see some more emphasized in the -- or increase of cost in the packaging but, you know, it's not going to be a big increase. So relative to the -- that's what I should say, that's why we are able to improve the GP for automotive business even the assembly cost is relatively higher.

Mark King - Diodes - Senior Vice President of Sales and Marketing

If I could add, it also has to do with the products we're selecting to sell to automotive. So we're taking -- part of our strategy is to pick a very specific performance parts and focus those into the automotive segment and show different value in that area. So it has to do with the part selection also.

Keh-Shew Lu - Diodes Inc. - President and CEO

Yeah.

Christopher Longiaru - Sidoti & Company - Analyst

I'm going to jump over, thank you for that, I'm going to jump over to just in terms of BCD, you guys have slowly kind of integrated this and improved your margins. How much of that was a contributing factor to September and I think you had said a couple of quarters ago that you had about 100 to 150 basis points last -- where in progression are you?

Keh-Shew Lu - Diodes Inc. - President and CEO

Well, I don't know [do we] answer that or do [we have] data for that, Rick, can you take over?

Rick White - Diodes Inc. - CFO

Yeah, I don't think we have that data. What we said in the fourth quarter guidance is that there is some capacity utilization issues in BCD wafer fabs in Shanghai. The issue there is that we've been ramping those wafer fabs and we've gotten to a point of enough inventory and so we're toning it down until we can decide exactly which way the markets going to go into the rest of the fourth quarter and the first quarter.

So from the fourth quarter numbers they're a drag rather than being a gain. Over the last several quarters they've been ramping and it's been somewhat of a gain.

Christopher Longiaru - Sidoti & Company - Analyst

Okay, great. I'll jump out, thank you guys.

Keh-Shew Lu - Diodes Inc. - President and CEO

Okay, thank you.

Operator

Thank you, our next question comes from the line of Gary Mobley from Benchmark. Your question please?

Gary Mobley - The Benchmark Company - Analyst

Hey Mark and Rick and good morning Dr. Lu. I was hoping that you could share your thoughts on the linearity of bookings as you concluded the third quarter and as we sit here, you know, five weeks into the fourth quarter. I guess what we've been hearing industry wide and especially from companies that participate with pure competition, you know, bookings and shipments in September just didn't live up to normal seasonal strength but what we've heard more recently was some normalization of bookings and shipment trends in October, I guess the first week of November, you know, excluding any sort of impact to seasonality. Is that sort of what you guys have seen as well?

Mark King - Diodes - Senior Vice President of Sales and Marketing

Yeah, I mean I think --

Keh-Shew Lu - Diodes Inc. - President and CEO

Mark you go ahead.

Mark King - Diodes - Senior Vice President of Sales and Marketing

Go ahead Dr. Lu, go ahead.

Keh-Shew Lu - Diodes Inc. - President and CEO

Well my answer is yes. I will -- we see, you know, the normal -- that's why in my speech I say, you know, we see the normal similarity and we give a guidance which, you know, like Steve talking about is better than our competitors. And so we don't see any particular weakness or strength, we just see normal marketing and we just concentrate on how do we continue gaining the market, gaining the design win?

Mark, why don't you cover?

Mark King - Diodes - Senior Vice President of Sales and Marketing

Yeah, I mean, I would agree with what you said. I think we're positioning our stuff well and I think we're on track to what we believe we can. It did soften around, in some of the early announcements and then it seemed to pick up a little bit more in the last few weeks.

Gary Mobley - The Benchmark Company - Analyst

Okay and it -- that soft conclusions in the third quarter, was that the reason, Rick, why inventories increased sequentially despite your guidance for 4% sequential revenue decline in Q4?

Keh-Shew Lu - Diodes Inc. - President and CEO

Well I could -- you know, it's particularly on wafer fab in Shanghai, BCD fab. The other fab we do not. Okay, so if you look at the major, our major, our majority of business we do not change the wafer fab loading and wafer fab loading when we ment -- when Rick White mention is only talking about wafer fab in Shanghai which just means BCD wafer fab and that just -- you know, the new fab we have [ramped] it up and we now concentrate -- We are getting enough inventory so we put in a break to holding it and another reason is one of our, you know, major OEM customer,[we do see some, do have some throw down] and so we applied some [break] for the inventory build up or for the wafer fab build up in Shanghai [FAB2].

Rick White - Diodes Inc. - CFO

You also have to remember that the inventory build was about \$6 million, \$6 to \$7 million and there were about three or four million of just raw material increases in that so although the days went up slightly from 107 to 108, it was focused in the raw material area.

Gary Mobley - The Benchmark Company - Analyst

Okay, it's been, I think, just over 18 months since you concluded the BCD acquisition and you've been paying down your bank line to the tune of about \$15 million a quarter. So, you know, has enough time lapsed since the acquisition and since you've been able to bolster your balance sheet a bit in that timeframe to where you maybe have an appetite again for some further consolidation of the industry, some more M&A activity, and what is the market environment like for M&A? Are companies out there with realistic valuation expectations?

Keh-Shew Lu - Diodes Inc. - President and CEO

Well you know M&A always -- one of my growth strategy and so I continue looking for M&A. The problem why we are not able to take action most of them is due to the expectation, the market [poll] expectation. Okay? And so we'll continue and when the opportunity is right then we'll take action.

Gary Mobley - The Benchmark Company - Analyst

All right, fair enough. Thank you guys.

Keh-Shew Lu - Diodes Inc. - President and CEO

Thank you.

Operator

Thank you. (Operator instructions.) Our next question comes from the line of Shawn Harrison from Longbow Research. Your question please?

Operator

Morning Dr. Lu and afternoon everybody else.

Keh-Shew Lu - Diodes Inc. - President and CEO

Hi Shawn.

Shawn Harrison - Longbow Research - Analyst

Mark, I guess a question for you, the POS versus POP at distribution and, you know, selling being much less than sell through, is that normal for this time of year? It's been moving around a lot, I'm going back through my notes but I just in terms of what distribution is doing with their inventory, is that normal, are you seeing maybe any abnormal pressure?

Mark King - Diodes - Senior Vice President of Sales and Marketing

I mean, I think towards this part of the year we have, you know, we always have pressure but I think in some cases our distributors did a pretty good job of pre-predicting where they were and I think that they did a better job of positioning inventory in the second quarter than they usually do so I think it -- I was a little surprised by that number also when it first came in but when I looked at the numbers in total there was pretty strong inventory, you know, pretty strong POP in the previous quarter so I think it's a good balancing and, you know, we're really happy about where our inventory is and the cleanliness of our inventory within our channel so I think it's all pretty good. So --

Shawn Harrison - Longbow Research - Analyst

Gotcha. And then I guess Rick on both SG&A and R&A, has it been trending down on dollar basis or I guess trending relatively steady and we had the jump up this quarter. Was there anything within there in terms of specific investments that could pay off in subsequent quarters or what drove kind of the absolute dollar increase quarter-to-quarter?

Rick White - Diodes Inc. - CFO

Yeah, so the op-ex in the second quarter was \$47 million and it did jump up to \$49.7 million in the third quarter but one of the issues there is that we had a gain on the sale of assets in the second quarter of about \$1.2 million. So if you take that out then we would have been at \$48.5 million, somewhere in that range. And the -- if you look at the increase it's mainly in the R&D area and they're talking about buying mass sets and there's really no increase in spending from a people standpoint so there's really no specific item that's in there that would -- that caused that jump up other than the gain in the second quarter and some increased R&D spending. But the whole goal that we have is to keep reducing this op-ex as a percent of revenue as we move forward and we've been, as I've mentioned in my speech, SG&A and R&D's gone down 20 basis points and then 70 basis points from this time last year. So we're still working on that number.

Shawn Harrison - Longbow Research - Analyst

Okay and then final question just --

Keh-Shew Lu - Diodes Inc. - President and CEO

In addition, let me add an additional, third quarter typically is our salary adjustment quarters, okay? We give the salary adjustment in July, start from July 1 you look at third quarter versus second quarter, typically your salary portion will be increased.

Shawn Harrison - Longbow Research - Analyst

Very helpful Dr. Lu. And then just lastly Rick, you said you have the [FX] gains this quarter, where do you think other income will fall out into the December quarter?

Rick White - Diodes Inc. - CFO

Oh, I think it's going to be more like the interest income and interest expense that I talked about; the currency gains will be where the euro is moving around and the pound is moving around so there will be some adjustment there but I think it's going to be comparable to where we were this quarter.

Shawn Harrison - Longbow Research - Analyst

And where these just gains on hedges you had in place?

Rick White - Diodes Inc. - CFO

No, not gains on hedges and we haven't disclosed where those gains came from so ?-

Shawn Harrison - Longbow Research - Analyst

Gotcha, okay. Thanks a lot and congrats on the results.

Rick White - Diodes Inc. - CFO

Okay.

Keh-Shew Lu - Diodes Inc. - President and CEO

Thank you.

Operator

Thank you, our next question comes from the line of Suji De Silva from Topeka. Your question please?

Suji De Silva - Topeka Capital Markets - Analyst

Dr. Lu, congrats on the record revenues here. In terms of the mixed improvement you described that's going to help offset utilization decline in the fourth quarter, can you talk about in detail where those are coming from because the end market mix is staying relatively -- it's kind of consistent and I'm wondering if that's a sustainable mix improvement you have help as a tailwind in 2015?

Keh-Shew Lu - Diodes Inc. - President and CEO

Well Mark, do you want to tackle this?

Mark King - Diodes - Senior Vice President of Sales and Marketing

Yeah, I mean, I think we're constantly improving our mix. I think you can look at from our investment strategy that products that we're moving into and the products, the packages, that we're investing with is a constant long-term strategy to improve our mix. So I think you can expect for us to continue on this, in this, direction and improving our mix. I mean, it's a key portion of what we're trying to do.

Suji De Silva - Topeka Capital Markets - Analyst

Okay great, and then if I look at the last two quarters and then the guidance, the year-over-year revenue growth is around 5%. I'm wondering if that's meant to accelerate and, you know, toward what your longer-term target would be and what that target might be relatively -- relative to the 5%?

Keh-Shew Lu - Diodes Inc. - President and CEO

Mark?

Mark King - Diodes - Senior Vice President of Sales and Marketing

Yeah, I think he's asking our long-term revenue target.

Suji De Silva - Topeka Capital Markets - Analyst

Yeah, relative to the last two quarters Mark, yeah.

Keh-Shew Lu - Diodes Inc. - President and CEO

Oh, you're talking about -- you're talking about next -- long-term?

Suji De Silva - Topeka Capital Markets - Analyst

Yeah, year-over-year growth Dr. Lu, yep.

Keh-Shew Lu - Diodes Inc. - President and CEO

Yeah, I think we are more, you know -- we don't know yet but, you know, our business model always try to be two X, you know, of the market growth, okay? And, you know, we still -- I think I mentioned to everybody in our CAGR for the last ten years we are almost at 20% and, you know, half of that will be coming from M&A, the other half will be coming from organic growth. That's roughly our business model and so, you know, next year depend on [if we get] M&A or not so very difficult to say but we will try to grow, out grow, the market. So I cannot tell you next year but the long-term point of view, I think we are looking at much higher growth rate than 5%.

Suji De Silva - Topeka Capital Markets - Analyst

Okay, great. And then last question, what was the [relative utilization] in the fab and the assembly intestine, where are those versus target levels? Thanks.

Keh-Shew Lu - Diodes Inc. - President and CEO

Okay Rick, you want to echo that question?

Rick White - Diodes Inc. - CFO

Yeah, hang on just a second. Yeah, I've got it right here Keh-Shew. So the assembly task was basically fully loaded, right? So the Shanghai assembly test was above 90%. KFAB has been running about where we've had it in the past three or four quarters so no change there. OFAB has been running very effectively, over 90% and the issue has been with the two Shanghai wafer fabs where they're running lower than where we would like for them to be and that's going to continue in the fourth quarter as well.

Suji De Silva - Topeka Capital Markets - Analyst

Okay, great. Thanks for the color guys.

Rick White - Diodes Inc. - CFO

Okay.

Operator

Thank you our next question comes from the line of Tristan Gerra from Baird, your question please?

Tristan Gerra - Robert W. Baird - Analyst

Hi, good morning Dr. Lu and good afternoon everybody else. First question is regarding the loading so just as a [direct] follow-up to the last question, you've talked about the [FAB1] at BCD having, being, underutilized for some time as you're transitioning or where transitioning loads to [FAB2] which is more efficient. Now, at the time BCD went public the purpose of the IPO at the time was to raise money to build [FAB2] and that was basically expand capacity because [FAB1] at the time was [full]. So just trying to reconcile this, you know, now that we're two years after the acquisition where the [FAB2] loading taking place at the expense of [FAB1] if that's still the case, is any function of BCD revenue not growing in line with expectation, the management team had at the time? If you could just give us a little bit of clarity on that?

Keh-Shew Lu - Diodes Inc. - President and CEO

Okay. Number one, from the BCD revenue growth, okay, we feel that -- you know, we do see some growth in this year on the BCD and that really is due to, you know, one of their major customer slowdown, okay, OEM customer slowdown and so that, you know, is -- give us some [disappointment] on the growth, okay.

Second is if you are talking about [FAB2], you know, the loading on [FAB2] we are looking at two ways; one if the new product and one is move from [FAB1] to [FAB2] and [FAB1] to [FAB2] basically already completed whatever we want to move in is already move in and then, you know, the new product from the design after we consolidate, we start taking the action for any new product need to use in [FAB2] for their design and, you know, you take probably one year to do the design and then you start to do qualification, start to do all of this. So it takes a while for the new product to ramp [it], so we believe -- the management team do believe next year should -- you know, we should see some new product ramp in that area.

Tristan Gerra - Robert W. Baird - Analyst

Okay, that's very useful. And then I know you're going to provide the China revenue in your filing, in your Q2 filing your China revenue was roughly flat year-over-year and I think that is probably below some of the low teen year-over-year increase that some of your peers, you know, had in China. So maybe that question is related to my first one so now we're excluding the Korea customer or any commentary that could help us reconcile, you know, the market share gains that you're having that seem to be taking place outside of the China region.

Keh-Shew Lu - Diodes Inc. - President and CEO

You put it in a very tough position, I don't think I should -- I want to -- I can answer that, you know, because, you know, it will be -- I just don't think I want to separate Korean customer versus China customer, versus [you]. What I try -- let me put much Korea [away]. When we look at China our business is from Asia, okay, or you're talking about from China and China actually look at two areas; one is the business they're building for the OEM customer in global, okay, that including U.S., Europe and sometimes including Korea, okay? And that area, U.S. is a strong -- Europe and Korea altogether is not very strong, okay? And that is really we see some of the problem in the first quarter, okay.

And then China internal consumption we see just flat, you know, it's not weaker, it's not stronger. And I think I will stop like that because -- I think that should answer your question.

Tristan Gerra - Robert W. Baird - Analyst

Okay, no, that's very useful, very much appreciated. And then last quick one, I know you don't provide the mix between discrete and analog but are you able to say whether the mix currently is roughly the same as it was a couple of years ago or whether the mix of analog has changed relative to what it used to be?

Rick White - Diodes Inc. - CFO

Well, it changed with BCD.

Mark King - *Diodes - Senior Vice President of Sales and Marketing*

It changed with BCD acquisition, that made a big jump up but from then on it's been relatively consistent.

Tristan Gerra - *Robert W. Baird - Analyst*

Okay, very good. Thanks again.

Operator

Thank you, this does conclude the question and answer session of today's program. I'd like to hand the program back to management for any closing remarks.

Keh-Shew Lu - *Diodes Inc. - President and CEO*

Thank you for your participation today. Operator, you may now disconnect.

Operator

Thank you ladies and gentlemen for your participation in today's conference. This does conclude the program, you may now disconnect. Good day.



Investor Relations Presentation

November, 2014



Safe Harbor Statement

Any statements set forth herein that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements include, but are not limited to, statements regarding Diodes Incorporated's fourth quarter 2014 business outlook as of November 6, 2014, which includes the following: expect fourth quarter revenue to range between \$217 million and \$231 million, or down 7.0 percent to 1.0 percent sequentially due to normal seasonality; expect gross margin to be 31.6 percent, plus or minus 2 percent; expect operating expenses to be approximately 22.2 percent of revenue, plus or minus 1 percent; expect income tax rate to be 25 percent, plus or minus 3 percent, and shares used to calculate diluted EPS for the fourth quarter to be approximately 49.0 million; and other statements identified by words such as "estimates," "expects," "projects," "plans," "will" and similar expressions.

Potential risks and uncertainties include, but are not limited to, such factors as: the risk that such expectations may not be met; the risk that the expected benefits of acquisitions may not be realized; Diodes' business and growth strategy; the introduction and market reception to new product announcements; fluctuations in product demand and supply; prospects for the global economy; continued introduction of new products; Diodes' ability to maintain customer and vendor relationships; technological advancements; impact of competitive products and pricing; growth in targeted markets; successful integration of acquired companies and/or assets; Diodes' ability to successfully make additional acquisitions; risks of domestic and foreign operations, including excessive operation costs, labor shortages, higher tax rates and joint venture prospects; unfavorable currency exchange rates; availability of tax credits; Diodes' ability to maintain its current growth strategy or continue to maintain its current performance and loadings in manufacturing facilities; our future guidance may be incorrect; the global economic weakness may be more severe or last longer than Diodes currently anticipate; and other information, including the "Risk Factors," detailed from time to time in filings with the United States Securities and Exchange Commission.

This presentation also contains non-GAAP measures. See the Company's press releases on November 6, 2014 titled, "Diodes Incorporated Reports Third Quarter 2014 Financial Results" for detailed information related to the Company's non-GAAP measures and a reconciliation of GAAP net income to non-GAAP net income.



Management Representative



Dr. Keh-Shew Lu

President and CEO

President and CEO	Since 2005
Texas Instruments	28 years

Experience:

- Senior Vice President of TI Worldwide Analog and Logic
- President of Texas Instruments – Asia

Education:

- Master's Degree and Doctorate in Electrical Engineering
Texas Tech University
- Bachelor's Degree in Engineering
National Cheng Kung University - Taiwan



Company Representative

Laura Mehrl

Director of Investor Relations

Since May 2010

Experience:

- Director of Investor Relations, Diodes Incorporated, Plano, Texas
- Senior Business Development Manager, STMicroelectronics, Carrollton, Texas
- Sales Director for Analog Devices Inc., Shanghai, China
- Product Marketing Manager at Texas Instruments (TI), Dallas, Texas
- Senior Engineer at Lattice Semiconductor Inc., Hillsboro, Oregon
- Wafer fab design engineer and product engineer at TI, Lubbock, Texas

Education:

- MBA with concentration in International Marketing, Texas Tech University
- BS in Electrical and Computer Engineering, University of Iowa



About Diodes Incorporated

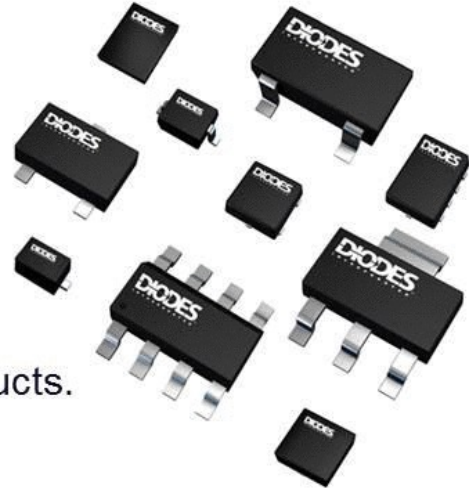
A leading global manufacturer and supplier of high-quality **application specific, standard products** within the broad discrete, logic and analog markets, serving the **consumer, computing, communications, Industrial** and **automotive** segments.



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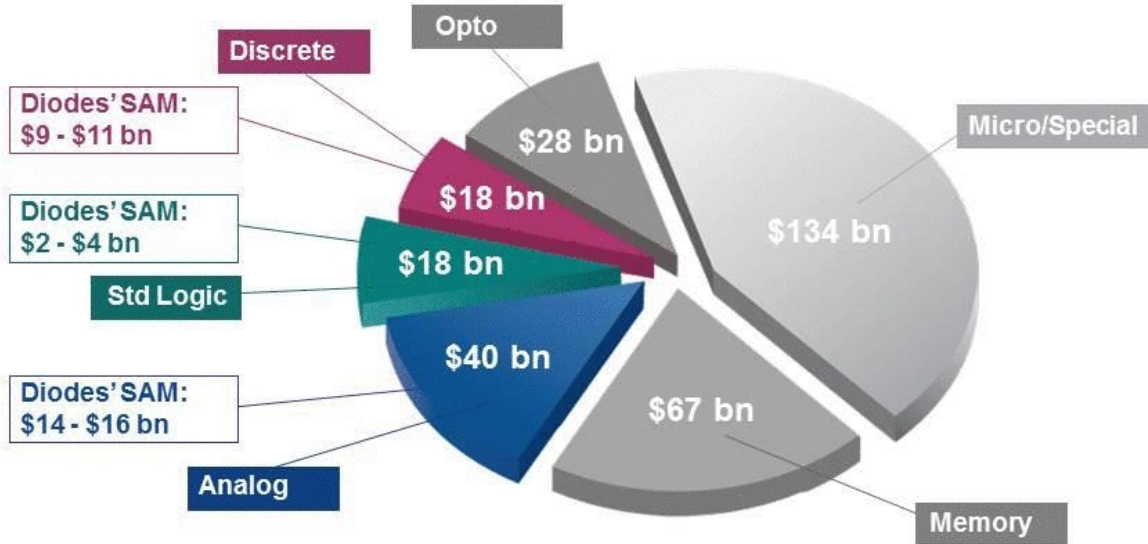
Business Objective

To consistently achieve above-market **profitable growth**, utilizing our innovative and cost-effective **packaging** and **silicon** technology, suited for **high volume**, **high growth** markets by leveraging process expertise and design excellence to deliver high quality semiconductor products.



Significant Market Opportunity

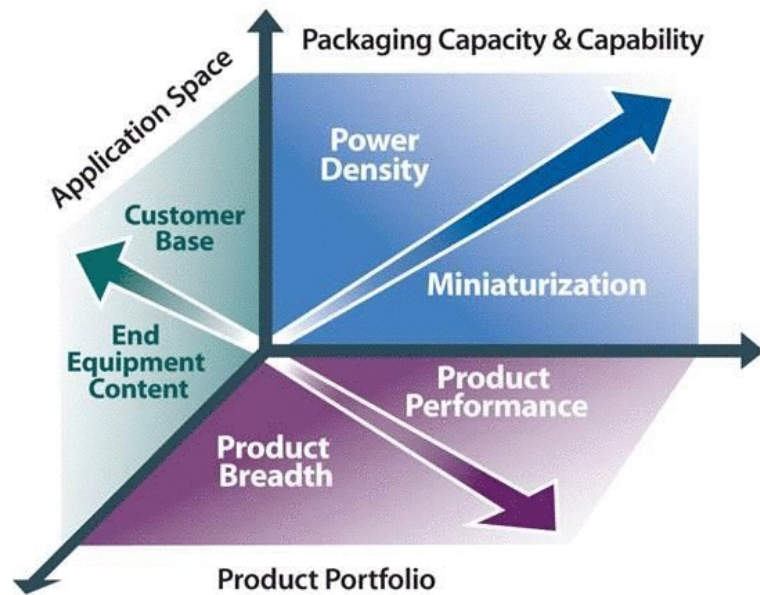
2013 Total Semiconductor Market (\$306 bn)



Diodes Growth Strategy

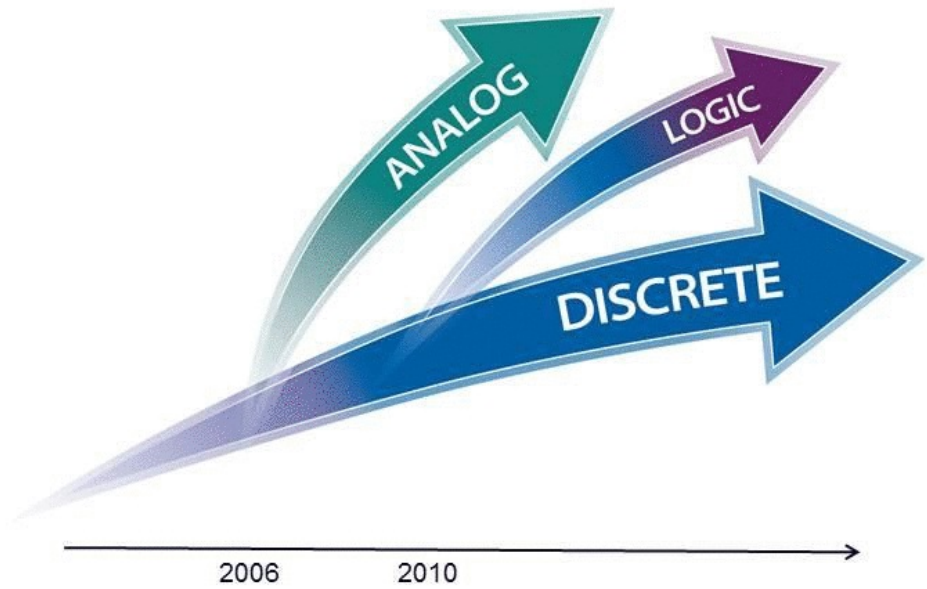
Many Paths for Growth:

- **Product Portfolio**
 - Product arena
 - Product line expansion
 - Performance enhancement
- **Application Space**
 - Targeted end equipment
 - Broad customer base
 - Increased product coverage
- **Packaging Breadth**
 - Broad packaging portfolio
 - Increased power density
 - Small form factor

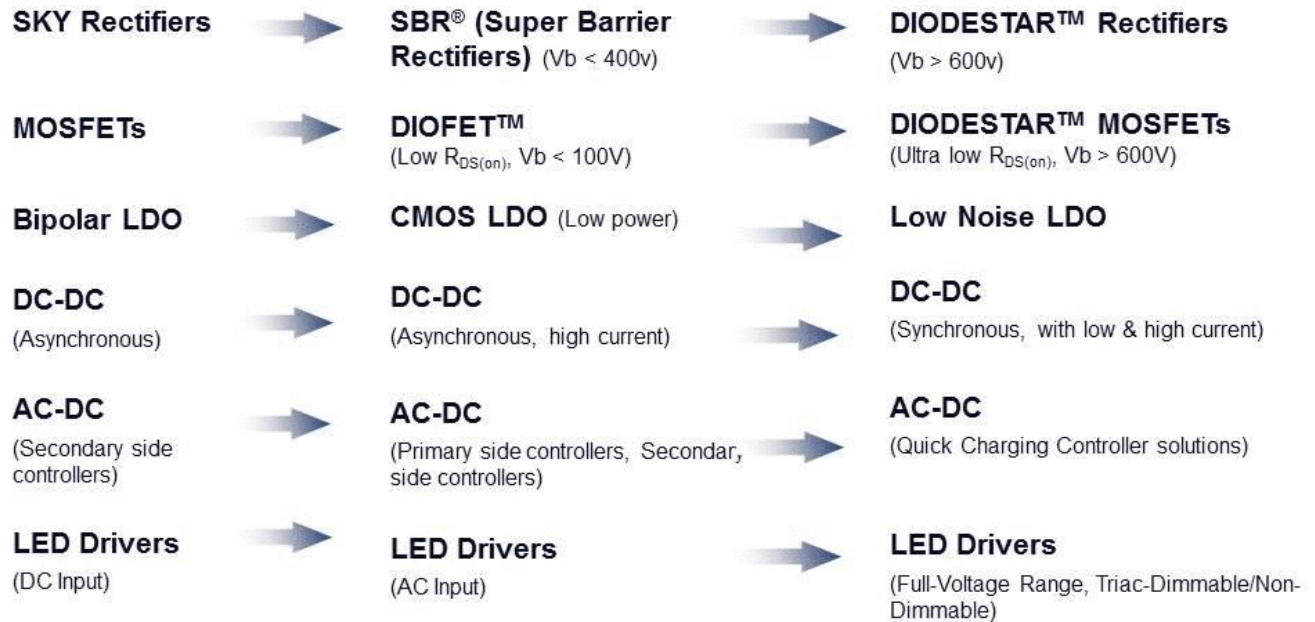


Product Portfolio Progression

- **Discrete**
 - Diodes
 - MOSFETs
 - Rectifiers
 - Transistors
 - Protection Devices
- **Analog**
 - Power Management
 - Power Switches
 - Standard Linear
 - Sensors
 - LED Drivers
 - AC-DC Converters
- **Logic**
 - Low Voltage CMOS
 - High Speed CMOS
 - Advanced Ultra-Low Power CMOS



Performance Enhancement



Diodes' product upgrade has expanded our SAM.



Efficiency, Functionality and Control for Smartphones

▪ LED Backlighting

LED Drivers
Boost Converters
Schottky Diodes

▪ LED Flash Module

Camera Flash Drivers
ZXMN series MOSFETs

▪ LCD / OLED Display Bias

LCD Bias ICs
OLED Bias ICs
Schottky Diodes

▪ Battery Power Management

USB Power Switches
Current Monitors
Charger ICs
Low-Saturation Bipolar Transistors
ZXMP series MOSFETs



▪ GPS Antenna Detection

Current Monitors

▪ RF Power Amplifier

Low Dropout Regulators

▪ System Voltage Conversion

Low Dropout Regulators
DC-DC Converters
Schottky Diodes
Low-Saturation Bipolar Transistors

▪ System Interface

USB Power Switches
Zener and TVS Arrays

▪ Keypad Backlighting

LED Drivers
Boost Converters
Schottky Diodes

▪ Audio Amplifier

Class D Amplifier

Strong Relationships Drive LCD/LED TV Product Roadmaps

▪ LCD Display Buffer

40V High-gain BJT

▪ System Power Conversion

Low Dropout Regulators
DC-DC Converters
Voltage References
Synchronous MOSFET Controllers
40V/100V SBR and Schottkys
Bridge Rectifier Diodes

▪ LCD LED Backlighting

Current Monitors
400V High-gain NPN BJT
60V/100V High-gain NPN BJT
60V/100V N-channel MOSFETS

▪ CCFL Backlighting

30V Low On-resistance MOSFETS



▪ Antenna Tuner

DC-DC Converters
40V Schottkys

▪ System Interface

USB Power Switches
Zener and TVS Arrays

▪ System Power Management

Buck DC-DC Converters
Low Dropout Regulators
20V/30V/40V SBR® and Schottkys
30V P-Channel MOSFETS
30V Low-saturation PNP BJT

▪ Audio Amplifier

Buck DC-DC Converters
Schottky Diodes
SBR
Class D Amplifier

Product Breadth and Performance for Computing Platforms

▪ LCD / LED Backlighting

LED Drivers
Boost Converters
Schottky Diodes

▪ System Voltage Conversion

Low Dropout Regulators
DC-DC Converters
Schottky Diodes
Low-Saturation BJT

▪ Battery Power Management

Current Monitors
Load Switches
Low-Saturation BJT
ZXMP series MOSFETs

▪ Open / Close Detection

Hall Effect Sensors
Hall Effect Drivers



▪ Audio Amplifier

Buck DC-DC Converters
Schottky Diodes
Super Barrier Rectifiers
Class D Amplifier

▪ Wireless Connectivity

DC-DC Converters
Low Dropout Regulators

▪ System Power Management

Buck DC-DC Converters
Low Dropout Regulators
Super Barrier Rectifiers
Schottky Diodes
P-Channel MOSFETs
Low-Saturation BJT

▪ System Interface

USB Power Switches
Zener and TVS Arrays

Automotive Quality for Demanding Automotive Applications

▪ Body Control Module

Bipolar Transistors
Shunt Regulator
Voltage Reference
IntelliFET
MOSFETs
Hall Sensor

▪ Powertrain

MOSFET
Hall Sensor
Super Barrier Rectifier® (SBR)

▪ Daytime Running Lights

LED Drivers
Schottky Diodes
MOSFETs
Bipolar Transistors



▪ Automotive Networking

ESD Protection
TVS Protection

▪ Interior Light

LED Drivers
Schottky Diodes
MOSFETs
Bipolar Transistors

▪ Seat Control Module

Hall Sensor
SBR
IntelliFET®
Voltage Reference

▪ Braking Control Unit

Voltage Reference
IntelliFETs
MOSFETs
Hall Sensor

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Power and Signal Management for the Broad Industrial Market

▪ Illumination

LED Drivers
Synchronous Rectifiers
HV Rectifiers and
Bridges
SBRs
HV Switches
MOSFETs

▪ System Protection

Hall Sensors
ESD Protection
TVS Protection

▪ Signal Conditioning

Op Amps
Comparators
Linear Hall
Voltage Reference
Logic
Current Monitors
ESD Protection
TVS Protection



▪ Actuators/Drivers

Hall Sensors
Relay Drivers
IntelliFET
MOSFETs

▪ Motor Control

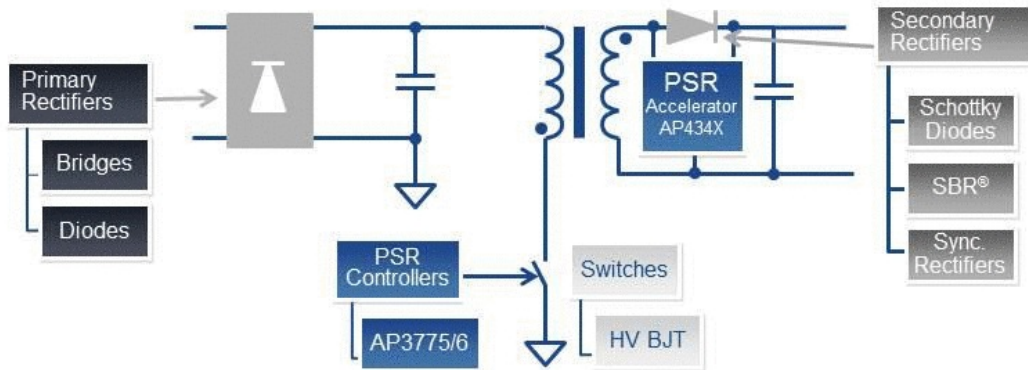
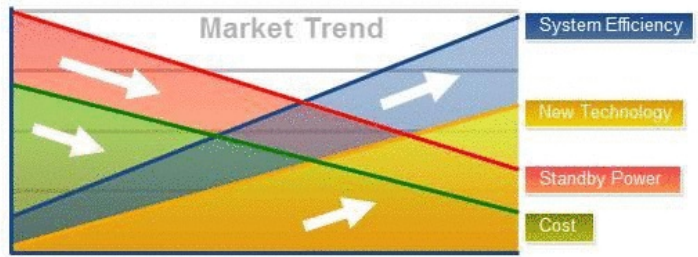
Hall Sensors
Motor Control/Drivers
MOSFETs
H-Bridges
SBR
Gate Drivers

▪ Power Management

AC-DC Converters
DC-DC Converters
LDO Regulators
HV Regulators
Shunt Regulators
Gate Drivers
Synchronous Rectifiers
HV Rectifiers and Bridges
SBRs
HV Switches

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SOT223	SOT89	ITO220S	SOP-8L	PowerDI-5SP	DFN/QFN Series 0.4-0.8mm Thick 1.0*0.6-5*5 Body 2-32 pin	DFN2030B-8	DFN2030B-6 DFN2050-6 (Stack Die)	DCALGA+CLIP
SOT143/SC82	SC59	TO220-3L	SOIC-14/16L	Power5060-8L		DFN1114-3	Flip Chip LGA	PD3333-8 (Clip)
SOT25/26	SOT23	TO220-5L	MSOP-8/10L	PD-5	DFN5060-4	DFN0910-6	SOP7L	PowerDI3333-8 (Stack die + Clip)
TSOT23-5/6	SOT523	ITO220AC-S	QSOP-16/20L	PM-III	QFN5050-32	DFN0808-4	DFN2020B-2	TO252-4L (Stack die+Al wire)
SOT353/363	SOD123	TO262AA	TSSOP-8/14/16L	PD-123/323	QFN4040-20	DFN0806-3	DFN1608-2	DFN0806-6
SOT543/553 /563/666	SOD323	TO263-3/5L	SOP-8/14/16L-EP	Power3333-8L	QFN3030-20	DFN0603	SOD923	DFN0604-3
SOT953/963	SOD323F	TO252-3/4/5L	MSOP-8/10L-EP	PowerDI3030				
	SOD523							

~ 2013

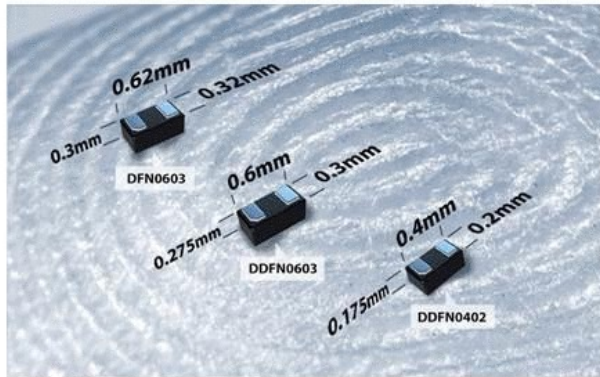
2014~



Packaging Focus: Miniaturization and Power Efficiency

Miniaturization

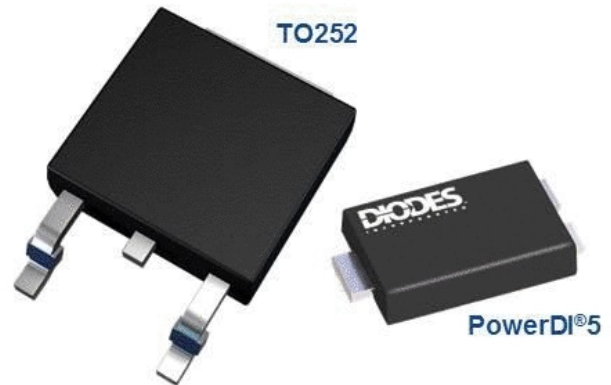
DDFN0402 Possibly the smallest Discrete semiconductor package.



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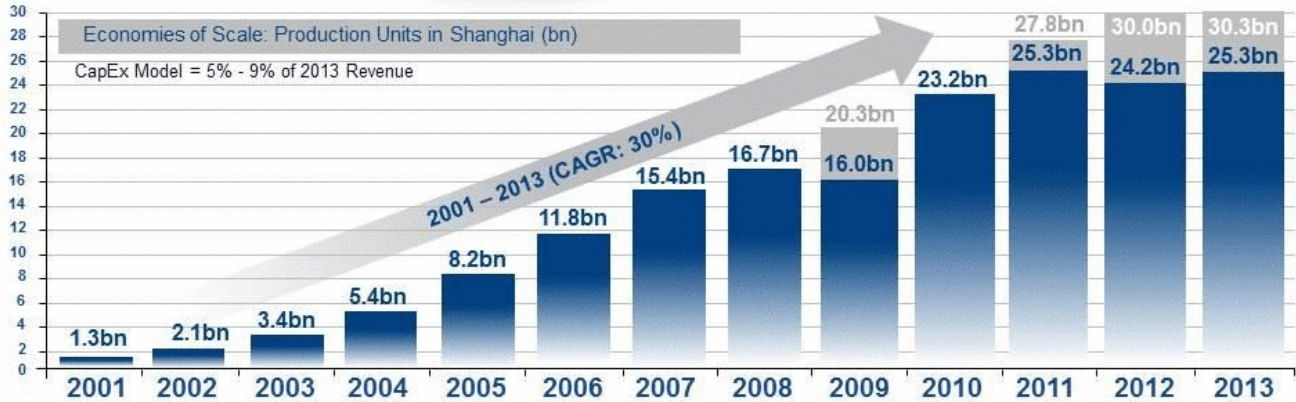
Packaging

- Shanghai-based packaging with capacity approximately 30 billion units
- The new packaging facility in Chengdu has a potential capacity of 5X that of Shanghai
- Additional packaging facilities in Neuhaus, Germany and in Chengdu, China



Wafer Fabs

- Two discrete fabs, two analog fabs in Kansas City, Missouri (5" and 6"), Oldham, United Kingdom (6"), and Shanghai (6") respectively
- Bipolar, BiCMOS, CMOS & BCD process
- Strong engineering capabilities



Collaborative Customer Relationships



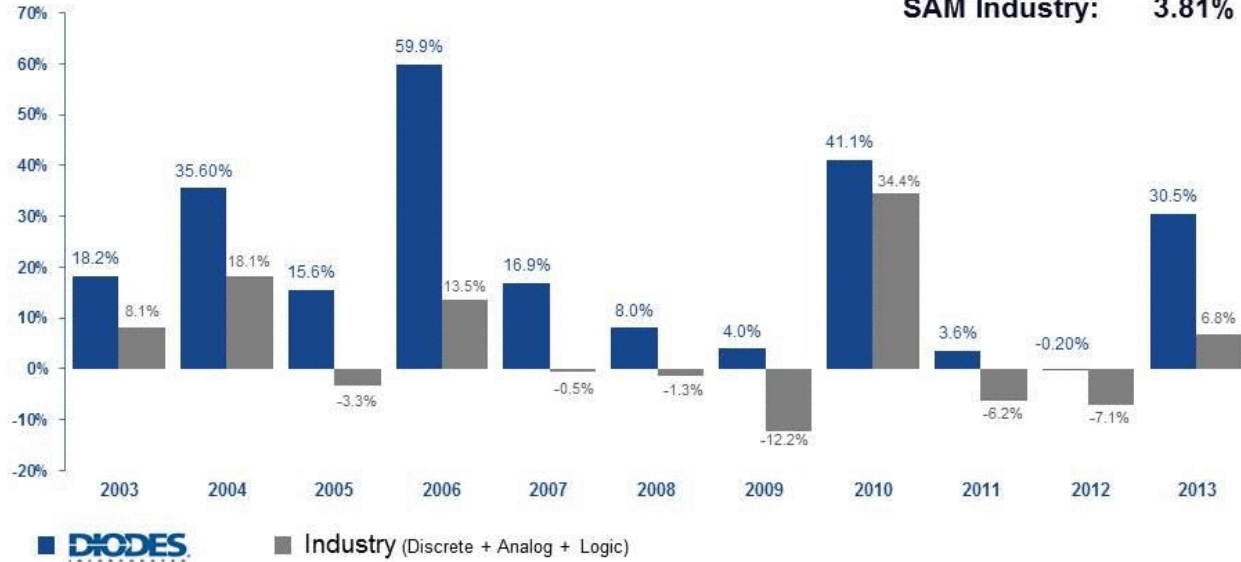
Outperforming the Industry

Annual Revenue Growth Rates

2003 to 2013 Growth

Diodes Inc.: 19.7%

SAM Industry: 3.81%

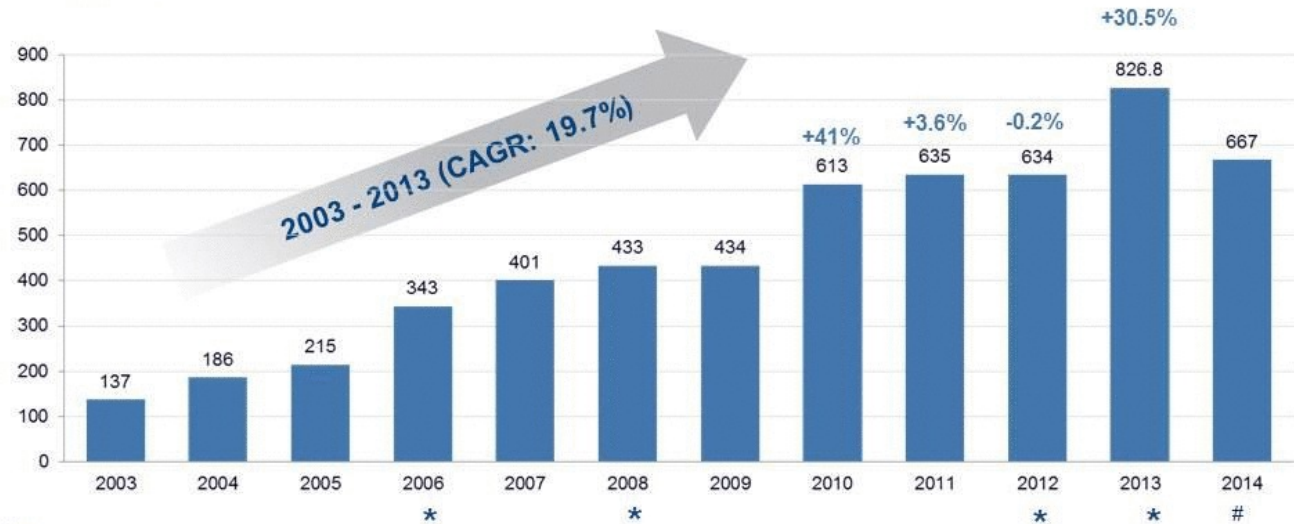


*Acquisition Years

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INCORPORATED

Revenue Growth

(In millions)



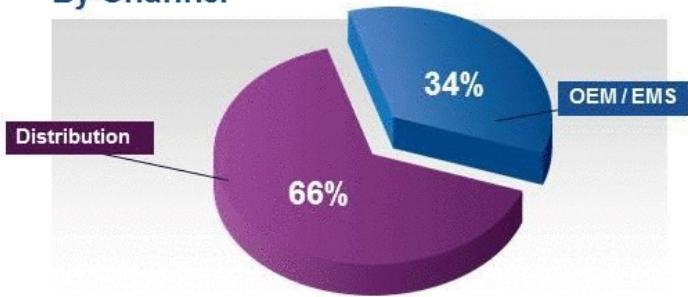
(* Acquisition Years)

(# For the nine months ended September 30, 2014)

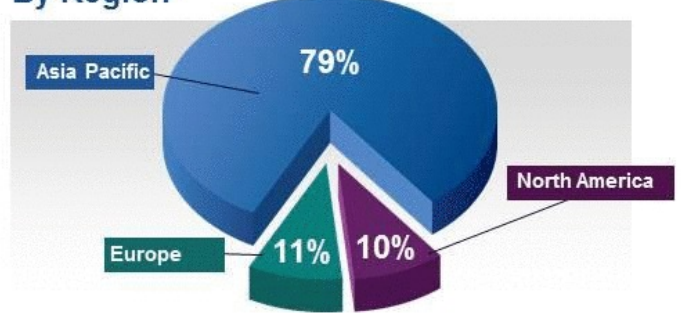


Revenue Profile – 3Q2014

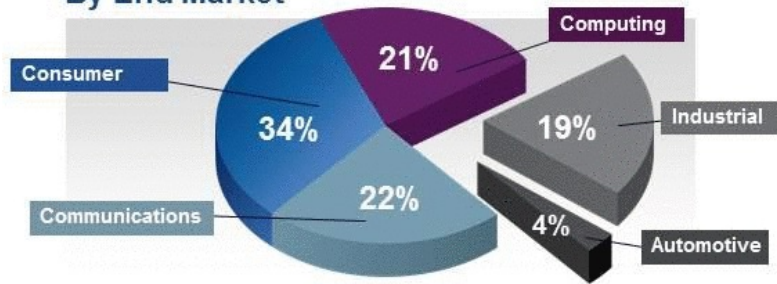
By Channel



By Region



By End Market



Third Quarter 2014 Financial Performance

In millions, except per share	3Q13	2Q14	3Q14	Q/Q	Y/Y
Revenue	\$224.5	\$223.2	\$233.8	\$10.6	\$9.3
Revenue Growth				4.7%	4.1%
Gross Margin % (GAAP)	31.0%	31.5%	32.0%	50bp	100bp
Gross Profit (GAAP)	\$69.6	\$70.3	\$74.7	\$4.4	\$5.1
Net Income (GAAP)	\$13.6	\$17.4	\$19.4	\$2.0	\$5.8
Net Income (non-GAAP)	\$15.8	\$18.2	\$21.2	\$3.0	\$5.4
EPS (non-GAAP)	\$0.33	\$0.38	\$0.43	\$0.05	\$0.10
Cash Flow from Operations	\$16.7	\$33.9	\$27.3	-\$6.6	\$10.6
EBITDA (non-GAAP)	\$36.7	\$42.9	\$45.3	\$2.4	\$8.6



Balance Sheet

In millions	Dec 31, 2012	Dec 31, 2013	SEPT 30, 2014
Cash	\$157	\$197	\$237
Short-term Investments		\$23	\$14
Inventory	\$153	\$180	\$189
Current Assets	\$491	\$650	\$696
Total Assets	\$920	\$1162	\$1188
Long-term Debt	\$ 44	\$183	\$148
Total Liabilities	\$200	\$419	\$394
Total Equity	\$720	\$744	\$794



4Q 2014 Business Outlook

- Expect fourth quarter revenue to range between \$217 million and \$231 million, or down 7.0 percent to 1.0 percent sequentially due to normal seasonality;
- Expect gross margin to be 31.6 percent, plus or minus 2 percent;
- Expect operating expenses to be approximately 22.2 percent of revenue, plus or minus 1 percent;
- Expect income tax rate to be 25 percent, plus or minus 3 percent, and shares used to calculate diluted EPS for the fourth quarter to be approximately 49.0 million.



Diodes Strategy: Profitable Growth



BCD is another key milestone





Thank you

**Diodes was named one
of the 10 Best Stocks
of the Past 20 Years**

March 2012

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