UNITED STATES
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) May 8, 2014

DIODES INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	002-25577	95-2039518
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4949 Hedgcoxe Road, Suite 200 Plano, Texas	75024
(Address of principal executive offices)	(Zip Code)

(972) 987-3900
(Registrant's telephone number, including area code)

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:

☐ 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))

Item 2.02 Results of Operations and Financial Condition.

On May 8, 2014, Diodes Incorporated (the "Company") issued a press release announcing its first quarter 2014 financial results. A copy of the press release is attached as Exhibit 99.1.

As announced in its press release dated April 15, 2014 providing the date, time and live webcast and telephone access information, on May 8, 2014, the Company hosted a conference call to discuss its first 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 May 8, 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, but 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 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press release dated May 8, 2014
99.2	Conference call script dated May 8, 2014
99.3	Question and answer transcript dated May 8, 2014

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: May 13, 2014	DIODES INCORPORATED
	By /s/ Richard D. White
	RICHARD D. WHITE
	Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated May 8, 2014
99.2	Conference call script dated May 8, 2014
99.3	Question and answer transcript dated May 8, 2014

Exhibit 99.1

Diodes Incorporated Reports First Quarter 2014 Financial Results

Continued Margin Improvement;
Revenue and Gross Margin Above Mid-Point of Guidance

Plano, Texas – May 8, 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 first quarter ended March 31, 2014.

First Quarter Highlights

- Revenue was $210.0 million, a decrease of 0.5 percent from the $211.0 million in the fourth quarter 2013, and an increase of 18.6 percent from the $177.0 million in the first quarter 2013, which included one month of revenue from BCD Semiconductor;
- Gross profit was $61.6 million, compared to $60.8 million in the fourth quarter of 2013 and $46.2 million in the first quarter of 2013;
- Gross profit margin was 29.3 percent, compared to 28.8 percent in the fourth quarter of 2013 and 26.1 percent in the first quarter of 2013;
- GAAP net income was $10.2 million, or $0.21 per diluted share, compared to the fourth quarter of 2013 of $6.2 million, or $0.13 per diluted share, and the first quarter of 2013 GAAP net loss of ($1.9) million, or ($0.04) per share;
- Non-GAAP adjusted net income was $12.4 million, or $0.26 per diluted share, compared to $11.3 million, or $0.24 per diluted share, in the fourth quarter of 2013 and $7.5 million, or $0.16 per diluted share, in the first quarter of 2013;
- Excluding $2.1 million, net of tax, of share-based compensation expense, GAAP and non-GAAP adjusted net income would have increased by $0.04 per diluted share; and
- Achieved $46.1 million cash flow from operations, including an approximately $4.0 million reduction in inventory, and $34.3 million of free cash flow, including $11.8 million of capital expenditures. Net cash flow was $15.0 million, which includes the pay down of $17.3 million on long-term debt.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer, stated, "During the quarter, revenue was essentially flat despite the Chinese New Year slowdown due to shipping inventory that we had strategically built-up during the fourth quarter. Most notably, gross margin improved by 50 basis points sequentially and 320 basis points year-over-year as a result of improved wafer fab performance, especially at BCD Fab 2 where the ramp-up is going smoothly, combined with an overall improvement in product mix.

"Also during the quarter, we improved our balance sheet by reducing long-term debt by approximately $17 million, which followed a reduction of almost $20 million last quarter. With our reduced capital expenditure spending, we generated approximately $34 million of free cash flow.

"As we look to the second quarter, we expect revenue to increase sequentially, highlighted by continued gross margin improvement as well as an ongoing commitment to cost controls that we expect to drive further profitability and cash generation."

First Quarter 2014

Revenue for the first quarter 2014 was $210.0 million, a decrease of 0.5 percent from the $211.0 million in the fourth quarter 2013, and an increase of 18.6 percent from the $177.0 million in the first quarter 2013, which included one month of revenue from BCD Semiconductor. Revenue was essentially flat sequentially despite the Chinese New Year slowdown, which included fewer working days in the quarter as well as the associated workforce shortage.

Gross profit for the first quarter 2014 was $61.6 million, or 29.3 percent of revenue, compared to the fourth quarter 2013 of $60.8 million, or 28.8 percent of revenue, and compared to the first quarter 2013 of $46.2 million, or 26.1 percent of revenue. The increase in gross profit margin was primarily due to improved wafer fab performance, especially at BCD Fab 2, combined with an overall improvement in product mix.

Operating expenses for the first quarter 2014 were $47.2 million, or 22.5 percent of revenue, compared to $52.8 million, or 25.0 percent of revenue, in the fourth quarter 2013 and $42.4 million, or 24.0 percent of revenue in the first quarter 2013. Non-GAAP operating expenses, excluding non-cash acquisition related intangible asset amortization costs, were $45.2 million, or 21.5 percent of revenue, in the first quarter 2014.

First quarter 2014 GAAP net income was $10.2 million, or $0.21 per diluted share, compared to fourth quarter 2013 GAAP net income of $6.2 million, or $0.13 per diluted share, and a first quarter 2013 GAAP net loss of ($1.9) million, or ($0.04) per share.

First quarter 2014 non-GAAP adjusted net income was $12.4 million, or $0.26 per diluted share, which excluded, net of tax, $1.6 million of non-cash acquisition related intangible asset amortization costs and $0.6 million of retention costs related to the BCD acquisition. This compares to non-GAAP adjusted net income of $11.3 million, or $0.24 per diluted share, in the fourth quarter 2013 and $7.5 million, or $0.16 per diluted share, in the first quarter 2013.

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

	Three Months Ended March 31, 2014
GAAP net income	**$ 10,202**
GAAP diluted earnings per share	**$ 0.21**
Adjustments to reconcile net income to adjusted net income:	
Retention costs	**586**
Amortization of acquisition related intangible assets	**1,565**
Non-GAAP adjusted net income	**$ 12,353**
Non-GAAP adjusted diluted earnings per share	**$ 0.26**

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

Included in first quarter 2014 GAAP and non-GAAP adjusted net income was approximately $2.1 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 $0.04 per diluted share. GAAP and non-GAAP adjusted net income in the fourth and first quarters of 2013 would have increased by an additional $0.05 per diluted share.

EBITDA, which represents earnings before net interest expense, income tax, depreciation and amortization, for the first quarter 2014 was $32.8 million, compared to $28.8 million for the fourth quarter 2013 and $23.1 million for the first quarter 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.

For the first quarter 2014, net cash provided by operating activities was $46.1 million, which included a reduction in inventory by approximately $4.0 million. Net cash flow was $15.0 million, which reflects the pay down of $17.3 million on long-term debt. Free cash flow was $34.3 million, which included $11.8 million of capital expenditures.

Balance Sheet

As of March 31, 2014, the Company had approximately $212 million in cash and cash equivalents and approximately $21 million in short-term investments. Long-term debt totaled approximately $165 million. Working capital was approximately $495 million.

Business Outlook

Dr. Lu concluded, “For the second quarter of 2014, we expect revenue to increase to a range of $216 million and $229 million, or up 2.9 percent to 9.1 percent sequentially. We expect gross margin to be 30.5 percent, plus or minus 2 percent. Operating expenses are expected to be approximately 21.8 percent of revenue, plus or minus 1 percent. We expect our income tax rate to range between 19 and 25 percent, and shares used to calculate EPS for the second quarter are anticipated to be approximately 48.2 million.”

Conference Call

Diodes will host a conference call on Thursday, May 8, 2014 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its first quarter financial results. Investors and analysts may join the conference call by dialing 1-855-232-8957 and providing the confirmation code 26873769. International callers may join the teleconference by dialing 1-315-625-6979 and enter 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, May 15, 2014 at midnight Central Time. The replay number is 1-855-859-2056 with a pass code of

26873769. 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, 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 four manufacturing facilities located in Shanghai, China, and two joint venture facilities located in Chengdu, China, as well as manufacturing facilities located in Neuhaus and 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: as we look to the second quarter, we expect revenue to increase sequentially, highlighted by continued gross margin improvement as well as an ongoing commitment to cost controls, that we expect to drive further profitability and cash generation; for the second quarter of 2014, we expect revenue to increase to a range of $216 million and $229 million, or up 2.9 percent to 9.1 percent sequentially; we expect gross margin to be 30.5 percent, plus or minus 2 percent; operating expenses are expected to be approximately 21.8 percent of revenue, plus or minus 1 percent; and we expect our income tax rate to range between 19 and 25 percent, and shares used to calculate EPS for the second quarter are anticipated to be approximately 48.2 million. Potential risks and uncertainties include, but are not limited to, such factors as: the risk that BCD's business will not be integrated successfully into Diodes'; the risk that the expected benefits of the acquisition may not be realized; the risk that BCD's standards, procedures and controls will not be brought into conformance within Diodes' operations; difficulties coordinating Diodes' and BCD's new product and process development, hiring additional management and other critical personnel, and increasing the scope, geographic diversity and complexity of Diodes' operations; difficulties in consolidating facilities and transferring processes and know-how; the diversion of our management's attention from the management of our business; 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 March 31,	
	2014	**2013**
NET SALES	$209,986	$176,964
COST OF GOODS SOLD	148,405	130,781
Gross profit	61,581	46,183
OPERATING EXPENSES		
Selling, general and administrative	32,330	30,376
Research and development	12,920	10,080
Amortization of acquisition related intangible assets	1,981	1,909
Loss on sale of assets	7	42
Total operating expenses	47,238	42,407
Income from operations	14,343	3,776
OTHER INCOME (EXPENSES)		
Interest income	397	80
Interest expense	(1,260)	(945)
Gain (loss) on securities carried at fair value	(256)	366
Other	(231)	1,020
Total other income (expenses)	(1,350)	521
Income before income taxes and noncontrolling interest	12,993	4,297
INCOME TAX PROVISION	2,547	6,574
NET INCOME (LOSS)	10,446	(2,277)
Less: NET LOSS (INCOME) attributable to noncontrolling interest	(244)	351
NET INCOME (LOSS) attributable to common stockholders	$ 10,202	$ (1,926)
EARNINGS (LOSS) PER SHARE attributable to common stockholders		
Basic	$ 0.22	$ (0.04)
Diluted	$ 0.21	$ (0.04)
Number of shares used in computation		
Basic	46,699	46,021
Diluted	47,996	46,201

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

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

For the three months ended March 31, 2014:

	Operating Expenses	Income Tax Provision	Net Income
GAAP			$ 10,202
Earnings per share (GAAP)			
Diluted			$ 0.21
Adjustments to reconcile net income to adjusted net income: Retention costs	690	(104)	586
Amortization of acquisition related intangible assets	1,981	(416)	1,565
Adjusted (Non-GAAP)			$ 12,353
Diluted shares used in computing earnings per share			47,996
Adjusted earnings per share (Non-GAAP)			
Diluted			$ 0.26

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.1 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 $0.04 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 March 31, 2013:

	Cost of Goods Sold	Operating Expenses	Income Tax Provision	Net Income (Loss)
GAAP				**$ (1,926)**
Loss per share (GAAP)				
Diluted				**$ (0.04)**
Adjustments to reconcile net loss to adjusted net income:				
Retention costs	—	325	(49)	**276**
Amortization of acquisition related intangible assets	—	1,909	(443)	**1,466**
Inventory valuations	1,828	—	(274)	**1,554**
Acquisition costs	—	600	110	**710**
Tax expense related to tax audit	—	—	5,447	**5,447**
Adjusted (Non-GAAP)				**$ 7,527**
Diluted shares used in computing earnings per share				**47,233**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.16**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.1 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.

ADJUSTED NET INCOME (Non-GAAP)

This measure consists of generally accepted accounting principles ("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, inventory valuations, acquisition costs and tax payments related to tax audit, as discussed below. 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. 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. 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 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 first 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.

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 first 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.

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 2014 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 first quarter of 2014 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures. For the first quarter of 2014, the amount was $34.3 million ($46.1 million less (-) $11.8 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 March 31, 2014	Three Months Ended March 31, 2013
Net income (loss) (GAAP)	$ 10,202	$ (1,926)
Plus:		
Interest expense, net	863	865
Income tax provision	2,547	6,574
Depreciation and amortization	19,176	17,558
EBITDA (Non-GAAP)	$ 32,788	$ 23,071

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	March 31, 2014 (Unaudited)	December 31, 2013
CURRENT ASSETS		
Cash and cash equivalents	$ 211,642	$ 196,635
Short-term investments	20,522	22,922
Accounts receivable, net	175,604	192,267
Inventories	176,693	180,396
Deferred income taxes, current	9,684	10,513
Prepaid expenses and other	49,232	47,352
Total current assets	643,377	650,085
PROPERTY, PLANT AND EQUIPMENT, net	315,817	322,013
DEFERRED INCOME TAXES, non current	22,278	28,237
OTHER ASSETS		
Goodwill	84,508	84,714
Intangible assets, net	51,662	53,571
Other	22,962	23,638
Total assets	$1,140,604	$1,162,258

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	2014	2013
	(Unaudited)	
CURRENT LIABILITIES		
Lines of credit	$ 2,482	$ 5,814
Accounts payable	91,544	89,212
Accrued liabilities	53,156	60,684
Income tax payable	1,178	1,206
Total current liabilities	148,360	156,916
LONG-TERM DEBT, net of current portion	165,440	182,799
OTHER LONG-TERM LIABILITIES	71,771	78,866
Total liabilities	385,571	418,581
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; 46,728,209 and 46,680,973 issued and outstanding at March 31, 2014 and December 31, 2013, respectively	31,154	31,120
Additional paid-in capital	293,136	289,668
Retained earnings	436,530	426,328
Accumulated other comprehensive loss	(46,966)	(44,374)
Total Diodes Incorporated stockholders' equity	713,854	702,742
Noncontrolling interest	41,179	40,935
Total e quity	755,033	743,677
Total liabilities and equity	$1,140,604	$1,162,258

Exhibit 99.2

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

Operator

Good afternoon and welcome to Diodes incorporated's first quarter 2014 financial results conference call.

(Operator instructions)

As a reminder, this conference call is being recorded today, Thursday, May 8, 2014. I would now like to turn the call over to Leanne Sievers of Shelton Group investor Relations. Leanne, please go ahead.

Leanne Sievers — *Diodes Inc — EVP of Shelton Group*

Good afternoon and welcome to Diodes' first 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; 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, May 8, 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.

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

Thank you, Leanne. Welcome everyone, and thank you for joining us today. I'm pleased to report first quarter revenue was essentially flat, which was better than our typical seasonal results. We also overcame the Chinese New Year slowdown, which included fewer working days in the quarter as well as the typical labor shortages, by shipping from inventory that we had strategically built-up last quarter.

Also notable in the first quarter, we improved gross margin by 50 basis points sequentially and 320 basis points year over year. The increase was driven by improved wafer fab performance, especially at BCD Fab 2 where the ramp-up is going smoothly, as well as an overall improvement in product mix.

We also continued to execute on cost controls with operating expenses declining sequentially on a dollar basis and as a percentage of the revenue. Collectively, those factors contributed to a 65% sequential improvement to GAAP net income, or approximately $0.08 per share, which is significant when considering the flat revenue results for the quarter.

Also during the quarter, we generated a significant amount of cash, achieving approximately $46 million in cash from operations, including a $4 million reduction of inventory and free cash flow of approximately $34 million, including approximately $12 million of CapEx. As a result of our strong cash generation, we were able to reduce our long-term debt by approximately $17 million, which followed a reduction of almost $20 million last quarter, bringing our long-term debt to approximately $165 million.

As we look to the second quarter, we expect revenue to increase sequentially, highlighted by continued gross margin improvement as well as an ongoing commitment to cost controls, driving further profitability and cash generation. With that, I will now turn the call over to Rick to discuss our first quarter financial results as well as second quarter guidance in more detail.

Rick White — *Diodes Inc — CFO*

Thanks, Dr. Lu, and good afternoon everyone. Revenue for the first quarter of 2014 was $210 million, a decrease of 0.5% from the $211.0 million in the fourth quarter of 2013, and an increase of 18.6% from the $177 million in the first quarter 2013, which included one month of revenue from BCD Semiconductor. Revenue was essentially flat from the fourth quarter despite the Chinese New Year slowdown, which included fewer working days in the quarter as well as the associated workforce shortage.

Gross profit for the first quarter of 2014 was $61.6 million, or 29.3% of revenue, compared to the fourth quarter 2013 of $60.8 million, or 28.8% of revenue, and first quarter 2013 of $46.2 million, or 26.1% of revenue. The increase in gross profit margin was primarily due to improved wafer fab performance, especially at BCD Fab 2, combined with overall better product mix.

GAAP operating expenses for the first quarter were $47.2 million, or 22.5% of revenue, compared to $52.8 million, or 25% of revenue, in the fourth quarter 2013 and $42.4 million, or 24% of revenue in the first quarter 2013. Non-GAAP operating expenses, excluding non-cash acquisition related intangible asset amortization costs, were $45.2 million, or 21.5% of revenue, in the first quarter 2014.

Looking specifically at Selling, General and Administrative expenses, SG&A was approximately $32.3 million for the first quarter, or 15.4% of revenue, compared to $32.8 million, or 15.6% of revenue, in the fourth quarter and $30.4 million, or 17.2% of revenue, in the first quarter of 2013. Investment in Research and Development for the first quarter was approximately $12.9 million, or 6.1% of revenue, compared to $12.5 million, or 5.9% of revenue last quarter and $10.1 million, or 5.7% of revenue, in the first quarter of 2013. SG&A plus R&D combined equaled 21.5% of revenue which was comparable to the 21.5% last quarter, and down 140 basis points from first quarter of 2013 at 22.9%.

Total Other Expense amounted to $1.4 million for the first quarter. We had approximately $1.3 million of interest expense and approximately $400,000 of interest income. Income Before Taxes and Noncontrolling interest in the first quarter of 2014 amounted to $13 million, compared to the income of $6.3 million in the fourth quarter of 2013, and $4.3 million in the first quarter of 2013.

Turning to income taxes, our effective income tax rate for the first quarter was approximately 19.6%, which was at the low end of our guidance of between 19% and 25%. GAAP net income for the first quarter 2014 was $10.2 million, or $0.21 per diluted share, compared to fourth-quarter 2013 GAAP net income of $6.2 million, or $0.13 per diluted share, and first-quarter 2013 GAAP net loss of $1.9 million, or negative $0.04 per share. The share count used to compute GAAP diluted EPS for the first quarter 2014 was 48 million shares.

First-quarter non-GAAP adjusted net income was $12.4 million, or $0.26 per diluted share, which excluded, net of tax, $1.6 million of non-cash acquisition-related intangible asset amortization costs and $600,000 of retention costs related to the BCD acquisition. This compares to non-GAAP adjusted net income of $11.3 million, or $0.24 per diluted share, in the fourth quarter 2013 and $7.5 million, or $0.16 per diluted share, in the first quarter 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 first quarter 2014 GAAP and non-GAAP adjusted net income was approximately $2.1 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 $0.04 per diluted share in the first quarter.

Cash flow generated from operations for the first quarter 2014 was $46.1 million, which included a reduction in inventory by approximately $4 million. Free cash flow for the first quarter 2014 was $34.3 million, which included $11.8 million of capital expenditures. And net cash flow for the first quarter was a positive $15 million, which includes the pay-down of approximately $17.3 million on our long-term debt.

Turning to the balance sheet, at the end of the first quarter, we had approximately $212 million in cash and cash equivalents and $21 million in short-term cash investments. Working capital was approximately $495 million.

AT THE END OF THE FIRST QUARTER, INVENTORY DECREASED BY $4 MILLION TO APPROXIMATELY $177 MILLION, COMPARED TO APPROXIMATELY $180 MILLION AT THE END OF THE FOURTH QUARTER OF 2013. INVENTORY IN THE QUARTER REFLECTS A $6 MILLION DECREASE IN FINISHED GOODS AND A $2 MILLION INCREASE IN WORK-IN-PROCESS AND A $200,000 INCREASE IN RAW MATERIALS. INVENTORY DAYS WERE 108 IN THE FIRST QUARTER, COMPARED TO 115 DAYS LAST QUARTER.

AT THE END OF THE FIRST QUARTER, ACCOUNTS RECEIVABLE WAS APPROXIMATELY $176 MILLION, DOWN ABOUT $17 MILLION FROM FOURTH QUARTER. A/R DAYS WERE 80, COMPARED TO 84 LAST QUARTER. OUR LONG-TERM DEBT TOTALED APPROXIMATELY $165 MILLION.

FIRST-QUARTER CAPITAL EXPENDITURES WERE $11.8 MILLION, OR 5.6% OF REVENUE, WHICH IS AT THE LOW END OF OUR REDUCED CAPEX SPENDING TARGET RANGE OF 5% TO 9% OF REVENUE. DEPRECIATION AND AMORTIZATION EXPENSE FOR THE FIRST QUARTER WAS $19.2 MILLION.

NOW, TURNING TO OUR OUTLOOK. FOR THE SECOND QUARTER OF 2014, WE EXPECT REVENUE TO INCREASE TO A RANGE OF $216 MILLION TO $229 MILLION, OR UP 2.9% TO 9.1% SEQUENTIALLY. WE EXPECT GROSS MARGIN TO BE 30.5%, PLUS OR MINUS 2%.

OPERATING EXPENSES ARE EXPECTED TO BE APPROXIMATELY 21.8% OF REVENUE, PLUS OR MINUS 1%. WE EXPECT OUR INCOME TAX RATE TO RANGE BETWEEN 19% AND 25%, AND SHARES USED TO CALCULATE EPS FOR THE SECOND QUARTER ARE ANTICIPATED TO BE APPROXIMATELY 48.2 MILLION. WITH THAT SAID, I WILL NOW TURN THE CALL OVER TO MARK KING.

Mark King — *Diodes Inc — SVP, Sales and Marketing*

THANK YOU, RICK, AND GOOD AFTERNOON. DURING THE FIRST QUARTER, WE EXPERIENCED A REBOUND IN EUROPE AFTER A SOFT FOURTH QUARTER, WITH NORTH AMERICA ALSO SHOWING SOME STRENGTH.

DISTRIBUTOR POP WAS UP 5%, AND INVENTORY INCREASED 7.4% FOLLOWING A 6.5% DECREASE IN Q4 AS DISTRIBUTORS BEGAN REBUILDING INVENTORY, INDICATING A MORE POSITIVE OUTLOOK FOR 2014. OEM SALES WERE DOWN 10% AS EXPECTED, AND DISTRIBUTOR POS WAS DOWN 5.2% AFTER A STRONGER THAN EXPECTED Q4 UP 2%. GLOBAL CHANNEL INVENTORY IS HEALTHY AND IN LINE AND REMAINS UNDER 3 MONTHS.

IN TERMS OF OUR END MARKETS, CONSUMER REPRESENTED 34% OF REVENUE, COMMUNICATIONS 22%, COMPUTING AND INDUSTRIAL WERE 20% EACH, AND AUTOMOTIVE WAS 4%. OUR STRONGEST MARKETS IN THE QUARTER WERE THE AUTOMOTIVE AND INDUSTRIAL MARKETS, LARGELY OFFSET BY SOFTER CONDITIONS IN THE COMPUTING AND COMMUNICATIONS MARKETS. HOWEVER, THESE MARKETS ARE EXPECTED TO STRENGTHEN IN THE SECOND QUARTER.

TURNING TO GLOBAL SALES, ASIA REPRESENTED 80% OF REVENUE, NORTH AMERICA 10% AND EUROPE ALSO 10%. DESIGN ACTIVITY REMAINED STRONG ACROSS ALL REGIONS AND PRODUCT LINES. WE HAVE A SOLID PIPELINE OF DESIGN WINS AS A RESULT OF EXPANDED PRODUCT PORTFOLIO AND CUSTOMER ENGAGEMENTS FROM CROSS-SELLING OPPORTUNITIES WITH BCD.

OUR NEW LED DRIVERS FOR BULB REPLACEMENT AND AC TO DC PRODUCTS ACQUIRED FROM BCD CONTINUED TO GAIN TRACTION IN THE QUARTER. IN FACT, WE ACHIEVED A RECORD REVENUE QUARTER FOR AC TO DC PRODUCTS AS WELL AS LED LIGHTING AND PROTECTION DEVICES. WE ALSO HAD A VERY STRONG REVENUE QUARTER ON LOAD SWITCHES, DBS PRODUCTS AND BIPOLAR TRANSISTORS.

THROUGHOUT THE FIRST QUARTER, DIODES CONTINUED TO EXECUTE OUR STRATEGY OF EXPANDING BROAD-BASED PRODUCT OFFERINGS AIMED AT A DIVERSE RANGE OF MARKETS AND APPLICATIONS. ON THE DISCRETE SIDE, WE RELEASED 116 NEW PRODUCTS ACROSS 23 PRODUCT LINES, INCLUDING ADDITIONAL PRODUCTS AIMED AT IMPROVING ENERGY EFFICIENCY IN HIGH-VOLUME APPLICATIONS, SUCH A LED TVS, SET-TOP BOXES, SMARTPHONES, TABLETS AS WELL AS POWER ADAPTERS AND WIRELESS CHARGING. DIODES ALSO SUBSTANTIALLY INCREASED ITS RANGE OF PRODUCTS DESIGNED AND CHARACTERIZED FOR THE FAST-GROWING AUTOMOTIVE ELECTRONICS SEGMENT, INCLUDING EXPANDED FAMILIES OF MOSFETS, RECTIFIERS AND TVS PRODUCTS.

DURING THE QUARTER, WE CONTINUED TO MAKE STRIDES TOWARD ADVANCING OUR TECHNOLOGY AND MANUFACTURING INNOVATION ON NEW PRODUCTS. ONE EXAMPLE OF THIS WAS OUR EFFORTS TO AGGRESSIVELY EXPAND OUR PRODUCT PORTFOLIO BASED ON OUR PROPRIETARY TRENCH SBR TECHNOLOGY. THIS PLATFORM PROVIDES DESIGNERS WITH A SCHOTTKY RECTIFIER ALTERNATIVE THAT HELPS MEET THE EFFICIENCY REQUIREMENTS AND SPACE CONSTRAINTS OF NEXT-GENERATION ADAPTORS AND CHARGERS APPLICATIONS.

WE EXPANDED OUR TRENCH SBR TECHNOLOGY PORTFOLIO TO A VOLTAGE RANGE FROM 40 VOLTS TO 100 VOLTS WITH A CURRENT RANGE FROM 3 AMPS TO 25 AMPS. TWO PRODUCTS WERE LAUNCHED SPECIFICALLY FOR WIRELESS CHARGER APPLICATIONS AND THE POWER ADAPTER MARKET, WHICH ARE MARKETS WHICH WE ARE GAINING SIGNIFICANT TRACTION AND CONTENT.

ANOTHER EXAMPLE RELATES TO OUR NEW STATE-OF-THE-ART SPLIT-GATE PROCESS. LAST QUARTER I HAD MENTIONED THAT DIODES REACHED A MILESTONE WITH THE LAUNCH OF OUR FIRST 60 VOLT MOSFET DEVELOPED USING THIS SPLIT-GATE PROCESS.

To further expand this product family, during the first quarter we released 30-volt and 80-volt process variants. These products enable high-power density switching packaged in a small form-factor featuring very low RDS(o)N and balanced gate charge.

in the same innovative package, we released another product that shows industry-leading RDS(on) performance. These products significantly improve power efficiency and are ideally suited for a range of demanding consumer, computing, telecommunications and industrial applications.

Turning to analog, we had a very strong quarter on new product releases with 83 new products across 7 product lines. In support of the consumer products market, we released a family of high-efficiency synchronous 4-amp and 5-amp DC to DC converters. These devices operate at high efficiency across light load and full load conditions, making them well-suited for distributed power architectures in large-scale consumer products including TVs, set-top-boxes and gaming consoles.

For the portable market specifically, we are receiving strong customer interest for our newly released filter-less class-D audio amplifiers. This product's high efficiency and miniature footprint make these devices attractive for battery powered applications such as wireless speakers.

For the communications market, our new analog products consisted of our recently released LVC and AUP single gate logic families in one of the world's smallest logic packages, ideally suited for use in smartphones. We also offer these products in a package that is footprint-compatible to chip scale devices, but more robust and at more attractive price points than chip scale alternatives.

For cell phone chargers and adapters, we released a low cost, secondary side synchronous rectifier with built-in MOSFETs that offer improved power efficiency and better thermal performance than traditional solutions. In addition, we also introduced a high-performance AC to DC power supply controller for chargers and adapter applications that achieves excellent regulation and high average efficiency.

Our AC to DC product line continues to see very strong market acceptance with 16 major wins for cell phone charger and adapter applications across 10 different customers. In addition, we secured several large wins with communications customers for our low voltage DC to DC converters for WiFi modules, as well as Hall sensor adoptions in cell phone and smartphone platforms.

During the first quarter, we continued to expand our family of LED drivers for use in bulb-replacement and general lighting applications. For the industrial market, we released a 60 volt DC to DC converter specifically designed to meet the demands of dimmable MR16 LED lamps, as well as a single phase brushless DC motor controller for fans and blowers.

in summary, we are pleased with our above seasonal results in the first quarter, which further demonstrate our operating leverage in our model and our ability to grow profits and generate cash. We continue to increase our content at existing customers with our expanded product portfolio, while leveraging our innovative manufacturing and packaging expertise.

Diodes once again secured impressive design wins across portable, consumer, computing, automotive and industrial applications and continues to deliver a consistent stream of new products to ensure further growth in these markets. With that, I will open the floor to questions. Operator?

Exhibit 99.3

DIODES 4Q 2013 EARNINGS CALL
QUESTION AND ANSWER

Operator

(Operator Instructions)

Steve Smigie, Raymond James.

Steve Smigie — *Raymond James & Associates — Analyst*

First looking at gross margin, it looks like you got some nice leverage in the quarter here and guiding for continued improvement. As we think about that here and going forward, if we were to assume seasonal revenue patterns given your general thoughts on the decent environment here, should we expect to continue to see pretty decent gross margin leverage for the rest of the year?

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

Steve, the answer is yes. We now carefully adjust our product mix, and you can see the Q1 revenue is about the same. And the manufacturing output due to the Chinese new year or due to the labor shortage, we are able to improve the gross margin with majority coming from product mix.

We continue — when the market gets better, and we will continue working on our product mix. And another thing, we are careful to expand our capacity, and you can see we changed our capital expenditure original model from 10% to 12% to 5% to 9%.

It just indicates we are carefully expand our capacity such that we can control our product mix. So we should continue benefit on the GPM point of view.

Steve Smigie — *Raymond James & Associates — Analyst*

Great. Thanks a lot. And the revenue seems like it's done pretty well here. Also you had a decent guide, I think you did better than seasonal. As we think about the trends here, you guys seem to be introducing a lot of new products plus the markets seem pretty decent. So is it fair to think we are in an environment where doing at least seasonal is likely?

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

I would like to say my answer is yes, but my crystal ball is similar to you, nobody can read it. Talking about looking beyond the second quarter, but the market feels pretty good. I wouldn't say it's warmer than our expected.

So that's all I can say, but I think and I hope this year it's going to turn out to be a reasonable year. We don't know. Maybe wake up next day could be a different story, but so far I think the management team feels quite excited.

Steve Smigie — *Raymond James & Associates — Analyst*

Okay. Sounds great. If I could sneak one more in, just on that AC to DC adapter, it sounds like you guys are picking up some decent share in that market. If we look at that market over the next year or something, something close to 2 million phones are going to ship globally, how much of the market that you're picking up is traditional charges, and how much are you guys thinking about getting involved in the fast market?

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

Well, the majority is actually still traditional AC to DC traditional chargers. I don't think the fast charger is really ramped up yet. We participate and we have the product to address the market, but I don't really think the market really pick it up.

Especially if you go to the 5 watts or cell phone, really the market doesn't really going strong. And the reason is people can spend, you take one hour of phone, it's good enough to charge the whole thing, then people may not want to spend the money for it.

So it is more on the high-powered type application like notebook or pad. Those kinds of applications may use it, but if you go into talking to regular cell phone, the charger time is not that long, people may not necessarily be willing to pay for it. So we don't see that market really picking up that strong.

Steve Smigie — *Raymond James & Associates — Analyst*

Okay. Great.

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

Diodes do participate. Diodes do have the products from discrete from analog point of view, we do have products to participate in this market. Okay. Great. Appreciate it.

Operator

Gary Mobley, The Benchmark Company.

Gary Mobley — *The Benchmark Company — Analyst*

Congratulations on good execution in the quarter. Here we sit in the — almost at the midpoint in the quarter, and your second quarter revenue guidance range is about $13 million. At this point in the quarter, what do you see as the difference between hitting the low end of the guidance range and hitting the high end of the guidance range?

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

This is very difficult for me to answer. We just announced the guidance in there, so we're not going to change from that guidance. And I just came back from Asia, and when I look at it, consolidated everybody's input and we predict guidance, we believe we can eat it. But it's very difficult for me now to say that guidance is going to be one way or the other.

Gary Mobley — *The Benchmark Company — Analyst*

Okay. Fair enough.

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

We stick to that guidance.

Gary Mobley — *The Benchmark Company — Analyst*

All right. Fair enough. I'm looking here at your measures as a percentage of sales, your depreciation and your CapEx to sales. The difference this quarter was about 350 basis points. That's the biggest difference on a quarterly basis measuring the two stats.

So and as well, you're guiding for a long-term CapEx as a percentage of revenue 5% to 9%. The midpoint is 200 basis points below what your depreciation is as a percentage of sales. Should we think about a 200 basis point benefit to gross margin as the CapEx and the depreciation converge over time?

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

The depreciation takes five years or even longer. When you do the reduce, we started from last year we reduced the capital expenditures, but you won't reflect right away on the depreciation. It took time to gradually reflect that depreciation or that capital expenditure reduction.

Gary Mobley — *The Benchmark Company — Analyst*

Okay.

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

What you see here is the second year we tried to do it, and we just started from last year, so you won't see that impact for several years down the road.

Rick White — *Diodes Inc — CFO*

The basic answer to your question is that over time, you will see this difference between the 10% to 12% and the 5% to 9% because it is just less expenditure and less cost, right?

Gary Mobley — *The Benchmark Company — Analyst*

Okay. Understood. And could you give us an update on where you stand with front end integration between BCD and Diodes and how far along you are in moving BCD production to Fab 2 and how far along you are in bringing Diode's production into the existing Fab 1?

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

Number one, the integration went very smoothly, and you can see we are talking about our gross margin improvement in Q1 was due to one of the reasons due to the Fab 2 ramp up smoothly. So integration is better than expected.

Now, for the Fab 2, there are two limitations. One is equipment capacity, and one is the clean room capacity. If you're looking at Fab 2, they don't put fully equipment to that capacity.

Okay, so we have ramped up to the equipment capacity, probably one more quarter or this quarter, right? In the second quarter, we should be going to equipment fully loaded capacity. But that means in the next step we will put in some more capital to make sure it is cost effective using that wafer fab, and that will be when the market start getting warmer and the demand start to increase, then we will start to put in more capital for that clean room capacity.

Gary Mobley — *The Benchmark Company — Analyst*

Okay. Thanks for taking my questions. That's it from me guys, thanks.

Operator

Christopher Longiaru, Sidoti & Company.

Christopher Longiaru — *Sidoti & Company — Analyst*

Congratulations, nice quarter.

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

Thank you.

Christopher Longiaru — *Sidoti & Company—Analyst*

A couple questions. First, just kind of breaking down the integration. There were two parts of the integration that you mentioned last time around. One was integrating the production itself and one was training the personnel. Can you comment on what progress you've made on each of those fronts since the last quarterly conference call?

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

Okay, we qualify most of the BCD products into our assembly sites. That whittled it down, but we are waiting — some of them we're waiting for major customer approval.

We do not have all of the major customer approval yet. It probably, one more quarter or maybe longer to get the key customers approval, but from a qualification point of view, whatever we want to move in, we are already in, almost done.

Now, the physical move-in, we do run into some, not all of the package but some of the packages start to get in tighter, so we sometimes — we are not moving in. So customer approval is the limitation, the move-in due to some of the package. We are not, we don't have enough capacity, we don't move in. So we do not fully realize that synergy yet.

Christopher Longiaru — *Sidoti & Company — Analyst*

Okay. That's helpful. And just on your visibility relatively into the quarter and how it trended over the course of the quarter, can you comment on it? It sounds like it's getting better, but I just want ask the question.

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

Like I said, we just met this one. We feel second quarter is warmer, and it follows seasonality, and that's why we give the guidance. And we have confidence that we will meet in the midpoint, and that's why we give the guidance.

Mark King — *Diodes Inc — SVP, Sales and Marketing*

Obviously March was better than February because of the Chinese New Year, but I think there has been strong momentum as the second quarter progresses.

Christopher Longiaru — *Sidoti & Company — Analyst*

Okay. That's helpful. That's all I have. Thanks very much.

Operator

Tristan Gerra, Baird.

Tristan Gerra — *Robert W. Baird & Company, Inc. — Analyst*

You mentioned at the beginning of the Q&A that you're carefully adjusting product mix. It seems to me, and correct me if I'm wrong, that you haven't done that in a while, and typically that's a sign that you finally see utilization rates picking up enough that you can start playing with mix. That's very encouraging.

Could you perhaps help us quantify the gross margin upside that would result on higher utilization rate versus how much mix can help over the next several quarter assuming that end demand continues to pick up. Years back, you had a downward adjustment in gross margin driven by mix as demand was weakening, so conversely, now, we should see a nice benefit to the quarter on this. If you could help us quantify that.

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

Number one, if you look at Q1 revenue versus Q4 revenue, it's almost there. It's only $210 million versus $211 million. It's really about the same.

But the manufacturing costs is actually slightly higher in Q1 versus Q4 because the Chinese new year, because the shorter working day, and we really need to spend more overtime to doing it. And then Q4, we actually produce more.

I think in all the speech you can see we shipped off from the inventory because we know Q1 is going to be slowdown. Obviously the manufacturing will be slowed down, so we lose some inventory. And so from that you can see the manufacturing cost is actually higher than Q4.

We are able to change the GPM, actually improve 50 basis points. And from there you can see major reason, and I think we are talking about that, but one of the major reasons is product mix change. Mix dependent is actually ASP, it's a positive.

We still are traditional mix independent ASP, but it's actually we have seen better than our expectations, but there is mix dependent is actually a positive, ASP is a positive. So we're very happy with the product mix adjustment.

Mark King — *Diodes Inc — SVP, Sales and Marketing*

And I wouldn't say this is a sudden mix change. I think we have been subtly changing the mix over the last four to five quarters, and it continues. But I think you will just see — we can't — we are not shocking the market with the change, but as we change the CapEx model, the mix is required to change. So I think — but it's been going on for several quarters.

Tristan Gerra — *Robert W. Baird & Company, Inc. — Analyst*

Okay, thank you for the feedback. And then looking at BCD, any way to quantify where we stand in terms of what that you mentioned has been progressing better than expectation. How much positive contribution does continue to ramp up that bring to gross margin. And in other words, are we halfway there or are we most of the way there?

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

Well, like I said, if you look at the fab 2, because the capacity, the equipment capacity is not very cost-effective yet. Like I said, clean room capacity is good, but because we don't put enough capital yet to fully occupy that clean room.

Therefore the equipment capacity, even when fully loaded still is not very cost-effective. That's why I said by this quarter we probably will be fully loaded to the equipment capacity.

Then our next step is to fill out how much more, and we will start to put some more capitals to increase that capacity gradually until the whole space is fully realized, our clean room is fully utilized. If we did this when we got there, that would be very cost-effective. So if you ask me today it probably still — a negative of the GPM. I think last year we talked about 1.3%?

Rick White — *Diodes Inc — CFO*

120.

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

120, 130 basis points. We already know improved that, but still not 100% helping us from that point of view. But it's getting there.

Tristan Gerra — *Robert W. Baird & Company, Inc. — Analyst*

Great. Thank you very much.

Operator

Suji De Silva, Topeka.

Suji De Silva — *Topeka Capital Markets — Analyst*

Hi guys, next job on the gross margin execution here. The analog and discrete segments, which one do you think provides a higher mix driven gross margin opportunity for you in the next few quarters?

Mark King — *Diodes Inc — SVP, Sales and Marketing*

I think there's equal opportunity. I mean, I think we are improved. Probably there's more adjustment in the mix on the discrete side, but the product on both sides have the opportunity — very similar.

Suji De Silva — *Topeka Capital Markets — Analyst*

Okay. Great. And then you talked in your prepared remarks about computing and communications being strong during Q2 2014. Is that simply seasonal recovery, or are there any segments you are doing better in? Any cover there would be helpful. Thanks.

Mark King — *Diodes Inc — SVP, Sales and Marketing*

I think we continue to do well in both segments, but I think it would be seasonal recovery.

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

And it is a US European market, so US European is more in automotives and industrial and Chinamarket typically is in consumer. If you are getting stronger on the US Europe market, then you receive an automotive industrial improvement.

Suji De Silva — *Topeka Capital Markets — Analyst*

Great. Last quick question, what do you see on pricing relative to typical 2%, 3% quarterly declines?

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

Typically our model is less than 2% a quarter mix independent.

Suji De Silva — *Topeka Capital Markets — Analyst*

Right.

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

Mix independent, we typically talking about 1.5% to 2%. Somewhere around there is typical.

Mark King — *Diodes Inc — SVP, Sales and Marketing*

And I think we would expect the pricing environment to firm up a little bit going into the third quarter.

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

Yes. If the market continues getting harder, than you will see some stability of the price.

Suji De Silva — *Topeka Capital Markets — Analyst*

Great. Thanks, guys.

Operator

Vernon Essi, Needham & Company.

Vernon Essi — *Needham & Company — Analyst*

I was wondering if you guys could dive into the computing side of little more. And I don't know if this is a response to the mix question earlier, but it looks like you're going to have a pretty close comp year over year for the calendar 2014 timeframe.

I'm trying to understand, are you perhaps moving away from this market a little bit because it does seem to be a little bit lower than I would've expected especially relative to some of your peers that have already reported this earnings season. Can you discuss that a little more?

Mark King — *Diodes Inc — SVP, Sales and Marketing*

I would say that we are doing a little bit of shift in our product mix there, and we're focused on maybe some different opportunities within that segment. And so I wouldn't say it's dramatic change.

Vernon Essi — *Needham & Company — Analyst*

Is it fair to say that it has gotten more competitive, possibly in the areas where you have traditionally been?

Mark King — *Diodes Inc — SVP, Sales and Marketing*

It's a very solid commodity base there that isn't as interesting as it always has been.

Vernon Essi — *Needham & Company — Analyst*

(laughter) I hear the chuckles in the background there. And then if I could just move over to another segment. They're obviously doing much better on a relative basis in dollar terms and automotive.

Where specifically are you seeing the most traction from an application standpoint in that market? And usually when you get designed and these things are very hard for you to lose those sockets, can you I guess characterize the potential growth rate of that going forward over the next say two years and how you see that shaping up?

Mark King — *Diodes Inc — SVP, Sales and Marketing*

We see it as a very important market going forward for us. We've opened automotive BU within our organization which is operating within all the other business units. We are very focused in some certain product lines, our SBR products, our MOSFET products and our protection products. We think we want to get a very, very distinct and solid product line that we're going to focus on in those areas.

I would say the application basis quite diverse. We are in lighting, we are in all of the inside chimes and belts and everything. So we're pretty diverse in where we are within the automotive market, but it is actually — and we consider it a pretty important product area for us going forward, and we think our product is developing quite well for that market.

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

I don't know if I mentioned to you before or not, but in last September, we actually officially formed automotive business unit to focus our people to try to grow in automotive area because we believe that in the future makes it very important market segment for us. And so you can see we gradually changed our percentage from 3% to 4%. We start to pay attention and start to focus on some of our effort in automotive business.

Vernon Essi — *Needham & Company — Analyst*

And, just remind me again, and I apologize if you already said this, are you getting most of the traction initially in the European market there, or is this pretty much global to all the different geographies within automotive?

Mark King — *Diodes Inc — SVP, Sales and Marketing*

Clearly the European market followed by the North American market, and really hitting 4% was a very strong Europe and a weaker Asia. It's going to take a while to get that percentage rate towards 4%, 6%, 10%.

It could be back at 3% next quarter. It is not as fast growing and as we start to ramp into the communications segment in the computer segments, again, it may impact that. But our progress in that marketplace and our direction in that marketplace is very clear.

Vernon Essi — *Needham & Company — Analyst*

Okay. That's helpful. Thanks a lot, guys.

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

Thank you.

Operator

Vijay Rakesh, Sterne Agee.

Vijay Rakesh — *Sterne, Agee & Leach, Inc. — Analyst*

Hi guys, nice work on the gross margin. I've a question, when you look at the BCD side, what are the fab transitions in December and March quarter there, and apart from fab equipment, where do you see BCD fab utilization exiting 2014?

Rick White — *Diodes Inc — CFO*

Hang on a second. So Fab 1 was in the 80% range, and Fab 2 was a little less than full equipment utilization.

Vijay Rakesh — *Sterne, Agee & Leach, Inc. — Analyst*

Unless you look at — and this is I'm talking BCD now. So what are the BCD utilization in March quarter, and how do you see that as you start to fill that out exiting the year?

Rick White — *Diodes Inc — CFO*

That's just what I said. Fab 1 in BCD is about 80%, and Fab 2 was a little less than full equipment utilization.

Vijay Rakesh — *Sterne, Agee & Leach, Inc. — Analyst*

Got it. Great. And going to the mix, obviously nice improvement in the mix. It looks like industrial and com mix went up nicely year on year.

How do you see that mix as you exit the year? Obviously slower growth, but it looks like you've improved that pretty nicely and steadily, but how do you see that mix exiting 2014? Thanks.

Mark King — *Diodes Inc — SVP, Sales and Marketing*

The industrial going up in the first quarter was significant because of strong North American European growth in the quarter. So as long as those marketplaces remain strong, our industrial will stay strong.

But again, as we move into the later part of the year with computing and communications ramp, that those percentages may suffer a little bit just based on size or scale. But I think we're strong, and again, our product mix in our discrete side and analog side are growing for the industrial market and automotive market rapidly.

Vijay Rakesh — *Sterne, Agee & Leach, Inc. — Analyst*

Okay. Great. Thanks.

Operator

Shawn Harrison, Longbow Research.

Shawn Harrison — *Longbow Research — Analyst*

What's the increase in OpEx on a dollar basis into the June quarter, where would most of that fall into? SG&A?

Rick White — *Diodes Inc — CFO*

Hang on, just a second. A couple hundred thousand in R&D, and the rest in SG&A.

Shawn Harrison — *Longbow Research — Analyst*

Second, I wouldn't expect cash flow generation to be a strong in the second quarter as it was in the first, but still should be good. Where should we expect the cash to be deployed? More debt reduction or just let it build?

Rick White — *Diodes Inc — CFO*

No. We are going to do both. We think that the cash flow is going to be pretty good in the second quarter.

We're going to continue with the CapEx limitations, and we're going to pay down the debt. If the cash can get in the right place, we will pay down the debt.

Shawn Harrison — *Longbow Research — Analyst*

Okay. And then finally, I think you covered a lot of this, but the point-of-sale versus point-of-purchase dynamic during the March quarter, it diverged. It is in line here during the second quarter where you are seeing POS match POP so far?

Mark King — *Diodes Inc — SVP, Sales and Marketing*

Yes.

Shawn Harrison — *Longbow Research — Analyst*

Do you expect to see any inventory build markets as the quarter goes on or just kind of continue in the similar fashion?

Mark King — *Diodes Inc — SVP, Sales and Marketing*

I think we will see a little bit of build in this quarter in anticipation of next quarter, and I think that some — we had a pretty big reduction at the end of last year, and our inventory was at very, very low point at the end of last year. So I think a few people feel a little bit short and see a lot of opportunity that's going to be made available for competitors.

So I think some people are opportunistically building a little bit of inventory. So I think we will see some build, and expect further ramps in the third quarter in certain areas. So I think you will see a little bit of build, I don't think it will be dramatic.

Shawn Harrison — *Longbow Research — Analyst*

Thanks so much and congratulations on the quarter guys.

Operator

Liwen Zhang, Blaylock.

Liwen Zhang — *Blaylock Robert Van, LLC — Analyst*

Congratulations on solid results. If haven't talked about the Chengdu facility for a while. Would you mind give us some update and your plans on that facility?

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

Okay. The Chengdu facility we right now try to connect to do the power. We already have government approval, and they're going to start building the power to the red point, and then we will connect from the red point to our building. So right now we are I think approved — and we're working with the government for the building approval, then after that, we will get people to bid on it, and then we will start the construction.

That's number one the power. And at the same time right now, we have finalized our MERFEI and we already approved the MERFEI and finalized the dust spec for the MERFEI. And after that finalize, we will start the construction, the MERFEI the clean room.

Rick White — *Diodes Inc — CFO*

So MERFEI is the acronym we use for clean room, air-conditioning, those kinds of manufacturing facilities related expenditures.

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

And then after that, we already have equipment on order, so we're waiting for the equipment to come in. After the clean room done, then we can put the equipment in. We're hoping we can start to production somewhere in August and September timeframe.

Liwen Zhang — *Blaylock Robert Van, LLC — Analyst*

Okay. Got it. And thank you for such details. It helps for me to understand.

Another thing just to clarify, Dr. Lu, I know when you answered the question about the integration asked by analyst previously, you mentioned the package constraint even though some packaging and BCD products is being approved by the customer. Is that right?

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

What I said is first we all call it most. The one we want to move in, we will want to qualify. Now we do the PCN product notice. And for the major customer typically after the PCN, you need waiting for their approval.

Now, if it's not the major customer, we separate into A, B, C. And A is a major customer, but if a local non major customer, then you notify them and you can convert. And we are reviewing that process.

But some of the packaging, some of them we do have the capacity issue because the market is getting stronger and equipment leadtime. And so we are not moving. Most of them we are not moving inside Diodes facility yet.

Liwen Zhang — *Blaylock Robert Van, LLC — Analyst*

I see. Got it. And what is the lead time right now?

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

Lead time?

Liwen Zhang — *Blaylock Robert Van, LLC — Analyst*

Lead time.

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

I talked about equipment lead time. When I'm talking lead time, it's the equipment lead time. Not only our product lead time.

Liwen Zhang — *Blaylock Robert Van, LLC — Analyst*

Okay, and how about your product lead times, some of the products that stretched because of packaging capacity issue?

Mark King — *Diodes Inc — SVP, Sales and Marketing*

Packages always come in and out. When he talks about capacity, we may within a month or month period, we might see a major upside where we need to make a slight adjustment on something, so it requires a little bit of things.

So we went up against certain points in our capacity at different times. I don't think we see — there is a stretching of industry lead times, and we're seeing a solid market. So the lead times may be running on the longer end of the things, but I don't think anything dramatic is occurring at this point.

Liwen Zhang — *Blaylock Robert Van, LLC — Analyst*

Okay. Thank you. That's all I have.

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

Thank you.

Operator

This does conclude the question and answer session of today's program. I'd like to hand the program back to Dr. Keh-Shew Lu for closing comments.

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.