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

August 7, 2013

Date of Report (Date of earliest event reported)

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 August 7, 2013, Diodes Incorporated (the "Company") issued a press release announcing its second quarter 2013 financial results. A copy of the press release is attached as Exhibit 99.1.

As announced in its press release dated July 11, 2013 providing the date, time and live webcast and telephone access information, on August 7, 2013, the Company hosted a conference call to discuss its second quarter 2013 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 August 7, 2013, 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 our operating results in a manner that enables investors to more thoroughly evaluate our current performance as compared to past performance. We also believe these non-GAAP measures provide investors with a more informed baseline for modeling the Company's future financial performance. Our management uses these non-GAAP measures for the same purpose. We believe that our investors should have access to the same set of tools that we use in analyzing our 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 and below for a description of the non-GAAP measures used.

In addition to the non-GAAP measures included in Exhibit 99.1, during the conference call additional non-GAAP measures were discussed. Presentation of these 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 similar measures used by other companies. The following are non-GAAP measures discussed during the conference call:

Non-GAAP operating expenses—This measure consists of GAAP operating expenses, which is then adjusted solely for the purpose of adjusting for gain on sale of assets, amortization of acquisition related intangible assets, acquisition costs, restructuring and retention costs (as described in Exhibit 99.1). Excluding gain on sale of assets, amortization of acquisition related intangible assets, acquisition costs, restructuring and retention costs provides investors with a better depiction of the Company's operating expenses and provides a more informed baseline for modeling future operating expenses.

	Three Months Ended June 30, 2013 *unaudited*	Three Months Ended March 31, 2013 *unaudited*	Three Months Ended June 30, 2012 *unaudited*
GAAP operating expenses	**$ 51,055**	**$ 42,407**	**$ 32,724**
GAAP operating expenses as a percent of revenue	**23.8%**	**24.0%**	**20.6%**
Adjustments to reconcile GAAP operating expenses to non-GAAP adjusted operating expenses			
Gain on sale of assets	**—**	**—**	**1,330**
Amortization of acquisition related intangible assets	**(2,295)**	**(1,909)**	**(1,103)**
Acquisition costs	**—**	**(600)**	**—**
Restructuring	**(1,533)**	**—**	**—**
Retention costs	**(975)**	**(325)**	**—**
Non-GAAP adjusted operating expenses	**$ 46,252**	**$ 39,573**	**$ 32,951**
Non-GAAP operating expenses as a percent of revenue	**21.5%**	**22.4%**	**20.6%**

Non-GAAP selling, general and administrative ("SG&A") expenses —This measure consists of GAAP SG&A expenses, which is then adjusted solely for the purpose of adjusting for acquisition costs and retention costs (as described in Exhibit 99.1). Excluding acquisition costs and retention costs provides investors with a better depiction of the Company's SG&A expenses and provides a more informed baseline for modeling future SG&A expenses.

	Three Months Ended June 30, 2013 *unaudited*	Three Months Ended March 31, 2013 *unaudited*	Three Months Ended June 30, 2012 *unaudited*
GAAP SG&A expenses	$ 35,080	$ 30,376	$ 24,760
GAAP SG&A expenses as a percent of revenue	16.4%	17.2%	15.5%
Adjustments to reconcile GAAP SG&A expenses to non-GAAP adjusted SG&A expenses			
Acquisition costs	—	(600)	—
Retention costs	(975)	(325)	—
Non-GAAP adjusted SG&A expenses	$ 34,105	$ 29,451	$ 24,760
Non-GAAP SG&A expenses as a percent of revenue	15.8%	16.7%	15.5%

Item 7.01 Regulation FD Disclosure.

The presentation and reconciliation of non-GAAP operating expenses and non-GAAP SG&A expenses contained in Item 2.02 above is incorporated by this reference into this Item 7.01. 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 Statement Under 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.

See exhibit index.

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: August 13, 2013	DIODES INCORPORATED
	By /s/ Richard D. White
	RICHARD D. WHITE
	Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated August 7, 2013
99.2	Conference call script dated August 7, 2013
99.3	Question and answer transcript dated August 7, 2013

Exhibit 99.1

Diodes Incorporated Reports Second Quarter 2013 Financial Results

Achieves Record Revenue with Continued Gross Margin Improvement

Plano, Texas – August 7, 2013 – 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 second quarter ended June 30, 2013.

Second Quarter Highlights

- Revenue was $214.4 million, an increase of 21.1 percent from the $177.0 million in the first quarter 2013, and an increase of 34.6 percent from the $159.2 million in the second quarter 2012;
- GAAP gross profit was $61.3 million, including a $3.7 million inventory valuation adjustment related to the BCD acquisition, and GAAP gross margin was 28.6 percent;
- Non-GAAP adjusted gross profit was $64.9 million compared to non-GAAP gross profit of $48.0 million in first quarter 2013, and non-GAAP gross profit of $41.0 million in second quarter 2012;
- Non-GAAP adjusted gross profit margin was 30.3 percent compared to non-GAAP gross margin of 27.1 percent in first quarter 2013, and non-GAAP gross margin of 25.8 percent in the second quarter 2012;
- GAAP net income was $8.6 million, or $0.18 per diluted share, compared to first quarter 2013 GAAP net loss of $1.9 million, or ($0.04) per share, and second quarter 2012 GAAP net income of $6.7 million, or $0.14 per diluted share;
- Non-GAAP adjusted net income was $15.5 million, or $0.33 per diluted share, compared to non-GAAP adjusted net income of $7.5 million, or $0.16 per diluted share, in first quarter 2013, and non-GAAP adjusted net income of $6.4 million, or $0.14 per diluted share, in second quarter 2012;
- Excluding $2.1 million of share-based compensation expense, GAAP and non-GAAP adjusted net income would have increased by $0.05 per diluted share; and
- Achieved $29.8 million cash flow from operations, $13.3 million net cash flow, and $22.0 million of free cash flow.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer, stated,

"Our past design win momentum and new product initiatives, combined with our first full quarter of BCD Semiconductor, contributed to the achievement of record quarterly revenue and increased market share despite the slowdown at certain major OEM customers and continued weakness in the PC market.

"During the quarter, we were also able to improve our non-GAAP gross margin to 30.3 percent, which excludes the BCD inventory valuation adjustment, due to improved product mix, lower gold prices, copper wire conversion, as well as our cost reduction efforts. Furthermore, the integration of BCD has been progressing as we move ahead of schedule in transferring BCD products into our Shanghai packaging facilities.

"Additionally, our continued revenue growth and improved cost controls are helping to move operating expenses toward our target model of 20 percent on a non-GAAP basis. As a result of these collective factors, we reported solid earnings growth and generated strong cash flow for the quarter. In summary, we expect to achieve further progress in the third quarter as we continue to successfully execute on our business model."

Second Quarter 2013

Revenue for the second quarter 2013 was $214.4 million, which includes the first full quarter of revenue from BCD, increased 21.1 percent over the $177.0 million in the first quarter 2013 and 34.6 percent from the $159.2 million in the second quarter 2012. Revenue was up sequentially primarily due to three months of revenue contribution from BCD compared to one month in the prior quarter, as well as continued design win momentum and market share gains.

GAAP gross profit was $61.3 million, including a $3.7 million inventory valuation adjustment related to the BCD acquisition. GAAP gross profit margin was 28.6 percent.

Non-GAAP adjusted gross profit for the second quarter 2013 was $64.9 million, or 30.3 percent of revenue, compared to non-GAAP gross profit of $48.0 million, or 27.1 percent of revenue, in the first quarter 2013, and non-GAAP gross profit of $41.0 million, or 25.8 percent of revenue, in the second quarter 2012. Gross profit margin improved 320 basis points over the prior quarter as a result of improved product mix, lower gold prices, copper wire conversion, and the benefit of the Company's cost reduction efforts.

Second quarter 2013 GAAP net income was $8.6 million, or $0.18 per diluted share, which compared to a first quarter 2013 GAAP net loss of $1.9 million, or ($0.04) per share, and second quarter 2012 GAAP net income of $6.7 million, or $0.14 per diluted share.

Second quarter 2013 non-GAAP adjusted net income was $15.5 million, or $0.33 per diluted share, which excluded, net of tax, $4.0 million of items related to the BCD acquisition, $1.8 million of non-cash acquisition-related intangible asset amortization costs, and $1.1 million of restructuring costs. This compares to non-GAAP adjusted net income of $7.5 million, or $0.16 per diluted share, in the first quarter 2013 and $6.4 million, or $0.14 per diluted share, in the second quarter 2012.

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 June 30, 2013
GAAP net income	**$ 8,635**
GAAP diluted earnings per share	**$ 0.18**
Adjustments to reconcile net income to adjusted net income:	
Inventory valuations	**3,108**
Restructuring	**1,127**
Retention costs	**829**
Amortization of acquisition related intangible assets	**1,825**
Non-GAAP adjusted net income	**$ 15,523**
Non-GAAP adjusted diluted earnings per share	**$ 0.33**

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

Included in second quarter 2013 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 $0.05 per diluted share, the same amount per diluted share by which share-based compensation affected GAAP and non-GAAP adjusted net income in second quarter 2012.

EBITDA, which represents earnings before net interest expense, income tax, depreciation and amortization, for the second quarter 2013 was $30.2 million, compared to $23.1 million for the first quarter 2013 and $23.2 million for the second quarter 2012. For a reconciliation of GAAP net income to EBITDA (non-GAAP), see the table near the end of the release for further details.

As of June 30, 2013, the Company had approximately $214 million in cash and cash equivalents, and working capital was approximately $467 million.

Business Outlook

Dr. Lu concluded, “As we look to the third quarter of 2013, we expect continued revenue growth with revenue ranging between $220 million and $230 million, or up 3 to 7 percent sequentially. We expect GAAP gross margin to be 30.3 percent, plus or minus 2 percent. The BCD purchase price accounting adjustments in cost of goods sold were completed in the second quarter. Included in the third quarter gross margin guidance is the impact of a disruption in our manufacturing operations in one of our Shanghai wafer fabs due to an incident in our landlord’s power station that caused a power outage to the fab. The power outage occurred on July 26 causing some work-in-progress inventory to be scrapped and approximately one-half month of output to be lost. Full power has been restored to the manufacturing operations. GAAP operating expenses are expected to be 22.5 percent of revenue, plus or minus 1 percent. Non-GAAP operating expenses, excluding amortization of intangible expenses and acquisition-related employee retention accruals, are expected to be 21.0 percent of revenue, plus or minus 1 percent. We expect our income tax rate to range between 18 and 24 percent, and shares used to calculate GAAP EPS for the third quarter are anticipated to be approximately 48.3 million.”

Conference Call

Diodes will host a conference call on Wednesday, August 7, 2013 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its second quarter financial results. Investors and analysts may join the conference call by dialing 1-866-318-8613 and providing the confirmation code 85190859. International callers may join the teleconference by dialing 1-617-399-5132 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 Wednesday, August 14, 2013 at midnight Central Time. The replay number is 1-888-286-8010 with a pass code of 28094129. International callers should dial 1-617-801-6888 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, logistics center, 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: furthermore, the integration of BCD has been progressing as we move ahead of schedule in transferring BCD products into our Shanghai packaging facilities; additionally, our continued revenue growth and improved cost controls are helping to move operating expenses toward our target model of 20 percent on a non-GAAP basis; in summary, we expect to achieve further progress in the third quarter as we continue to successfully execute on our business model; as we look to the third quarter of 2013, we expect continued revenue growth with revenue ranging between $220 million and $230 million, or up 3 to 7 percent sequentially; we expect GAAP gross margin to be 30.3 percent, plus or minus 2 percent; the BCD purchase price accounting adjustments in cost of goods sold were completed in the second quarter; included in the third quarter gross margin guidance is the impact of a disruption in our manufacturing operations in one of our Shanghai wafer fabs due to an incident in our landlord’s power station that caused a power outage to the fab; the power outage occurred on July 26 causing some work-in-progress inventory to be scrapped and approximately one-half month of output to be lost; full power has been restored to the manufacturing operations; GAAP operating expenses are expected to be 22.5 percent of revenue, plus or minus 1 percent; non-GAAP operating expenses, excluding amortization of intangible expenses and acquisition-related employee retention accruals, are expected to be 21.0 percent of revenue, plus or minus 1 percent; and we expect our income tax rate to range between 18 and 24 percent, and shares used to calculate GAAP EPS for the third quarter are anticipated to be approximately 48.3 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 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 June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
NET SALES	$ 214,379	$ 159,239	$ 391,343	$ 303,902
COST OF GOODS SOLD	153,086	118,211	283,867	229,168
Gross profit	61,293	41,028	107,476	74,734
OPERATING EXPENSES				
Selling, general and administrative	35,080	24,760	65,456	46,906
Research and development	12,145	8,218	22,225	15,382
Amortization of acquisition related intangible assets	2,295	1,103	4,204	2,198
Restructureing	1,535	—	1,535	—
Gain on sale of assets	—	(1,357)	42	(3,556)
Total operating expenses	51,055	32,724	93,462	60,930
Income from operations	10,238	8,304	14,014	13,804
OTHER INCOME (EXPENSES)				
Interest income	323	115	403	287
Interest expense	(1,567)	(171)	(2,512)	(294)
Amortization of debt discount	—	—	—	—
Other	1,521	307	2,907	945
Total other income (expenses)	277	251	798	938
Income before income taxes and noncontrolling interest	10,515	8,555	14,812	14,742
INCOME TAX PROVISION	1,475	856	8,049	1,474
NET INCOME	9,040	7,699	6,763	13,268
Less: NET INCOME attributable to noncontrolling interest	(405)	(1,046)	(54)	(1,744)
NET INCOME attributable to common stockholders	$ 8,635	$ 6,653	$ 6,709	$ 11,524
EARNINGS PER SHARE attributable to common stockholders				
Basic	$ 0.19	$ 0.15	$ 0.15	$ 0.25
Diluted	$ 0.18	$ 0.14	$ 0.14	$ 0.25
Number of shares used in computation				
Basic	46,148	45,642	46,085	45,551
Diluted	47,507	46,859	47,383	46,916

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 June 30, 2013:

	Cost of Goods Sold	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP					**$ 8,635**
Earnings per share (Per-GAAP)					
Diluted					**$ 0.18**
Adjustments to reconcile net income to adjusted net income:					
Inventory valuations	3,656	—	—	(548)	**3,108**
Restructuring	—	1,533	—	(406)	**1,127**
Retention costs	—	975	—	(146)	**829**
Amortization of acquisition related intangible assets	—	2,295	—	(470)	**1,825**
Adjusted (Non-GAAP)					**$ 15,524**
Diluted shares used in computing earnings per share					**47,507**
Adjusted earnings per share (Non-GAAP)					
Diluted					**$ 0.33**

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.

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 June 30, 2012:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 6,653**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.14**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,103	—	(259)	**844**
Gain on sale of assets	(1,330)	—	226	**(1,104)**
Adjusted (Non-GAAP)				**$ 6,393**
Diluted shares used in computing earnings per share				**46,859**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.14**

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 six months ended June 30, 2013:

	Cost of Goods Sold	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP					**$ 6,709**
Earnings per share (Per-GAAP)					
Diluted					**$ 0.14**
Adjustments to reconcile net income to adjusted net income:					
Inventory valuations	5,484	—	—	(823)	**4,661**
Acquisition costs	—	600	—	110	**710**
Retention costs	—	1,300	—	(195)	**1,105**
Restructuring	—	1,533	—	(406)	**1,127**
Amortization of acquisition related intangible assets	—	4,204	—	(913)	**3,291**
Tax expense related to tax audit	—	—	—	5,447	**5,447**
Adjusted (Non-GAAP)					**$23,051**
Diluted shares used in computing earnings per share					**47,383**
Adjusted earnings per share (Non-GAAP)					
Diluted					**$ 0.49**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $4.4 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by $0.10 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 six months ended June 30, 2012:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
`Per-GAAP				**$ 11,524**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.25**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	2,198	—	(549)	**1,649**
Gain on sale of assets	(3,452)	—	735	**(2,717)**
Adjusted (Non-GAAP)				**$ 10,456**
Diluted shares used in computing earnings per share				**46,916**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.22**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $4.6 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by $0.10 per share.

ADJUSTED NET INCOME (Non-GAAP)

This measure consists of generally accepted accounting principles ("GAAP") net income, which is then adjusted solely for the purpose of adjusting for inventory valuations, restructuring, acquisition costs, retention costs, amortization of acquisition related intangible assets, tax payments related to tax audit and gain on sale of assets, as discussed below. Excluding inventory valuations, restructuring, acquisition costs, retention costs, tax payments related to tax audit and gain on sale of assets 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 **.** 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:

Inventory valuations – The Company excluded cost incurred for inventory valuations. The Company adjusted the inventory acquired from the BCD Semiconductor Manufacturing Limited ("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. The Company believes the exclusion of inventory valuations provides investors an enhanced view of certain costs the Company may incur from time to time 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.

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 as that was when the costs were incurred and services were received of 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 an enhanced view of certain costs the Company may incur from time to time and facilitates comparisons with the results of other periods that may not reflect such costs.

Retention costs – The Company excluded costs accrued within operating expenses in regard to the $5 million employee retention plan in connection with the BCD acquisition. The retention payments are payable at the 12, 18 and 24 month anniversaries of the acquisition with the majority of the cost 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 being excluded. The Company believes the exclusion of retention costs provides investors an enhanced view of certain costs the Company may incur from time to time 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 allocated to the assets through purchase 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 across other companies with respect to this expense.

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 2011 and determined there was an underpayment for the tax year 2011. The Company has been approved for the HNTE status for 2012 through 2014. Given that 2011 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 tax audit provides investors an enhanced view of certain costs the Company may incur from time to time and facilitates comparisons with the results of other periods that may not reflect such costs.

Gain on sale of assets – The Company excluded the gain recorded for the sale of assets. During the second quarter 2012, the Company sold an intangible asset located in Europe and this gain was excluded from management's assessment of the Company's core operating performance as this long-lived asset was a non-core intellectual asset. 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.

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 inventory valuations, restructuring, acquisition costs, retention costs, amortization of acquisition related intangible assets, tax payments related to tax audit and gain on sale of assets, as discussed above. Excluding inventory valuations, restructuring, acquisition costs, retention costs, tax payments related to tax audit and gain on sale of assets 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. 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.

ADJUSTED GROSS PROFIT

Adjusted gross profit (Non-GAAP) - This measure consists of GAAP gross profit, which is then adjusted solely for the purpose of adjusting for inventory valuations (as described above) related to the acquisition of BCD. Excluding inventory valuations provides investors with a better depiction of the Company's gross profit and provides a more informed baseline for modeling future gross profit. Presentation of the non-GAAP measure 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 measure is useful to investors because it provides 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.

	Three Months Ended June 30, 2013 *unaudited*	Three Months Ended March 31, 2013 *unaudited*	Three Months Ended June 30, 2012 *unaudited*
GAAP gross profit	**$ 61,293**	**$ 46,183**	**$ 41,028**
GAAP gross profit margin	**28.6%**	**26.1%**	**25.8%**
Adjustments to reconcile GAAP gross profit to non-GAAP adjusted gross profit:			
Inventory valuations	**3,656**	**1,828**	**—**
Non-GAAP adjusted gross profit	**$ 64,949**	**$ 48,011**	**$ 41,028**
Non-GAAP gross profit margin	**30.3%**	**27.1%**	**25.8%**

CASH FLOW ITEMS

Free cash flow (FCF) (Non-GAAP)

FCF for the second quarter of 2013 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures. For the Second quarter of 2013, the amount was $22.0 million ($29.8 million less (-) ($7.8 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 June 30,	
	2013	2012
Net income (per-GAAP)	$ 8,635	$ 6,653
Plus:		
Interest expense, net	1,244	56
Income tax provision	1,475	856
Depreciation and amortization	18,877	15,590
EBITDA (Non-GAAP)	$ 30,231	$ 23,155

	Six Months Ended June 30,	
	2013	2012
Net income (per-GAAP)	$ 6,709	$ 11,524
Plus:		
Interest expense, net	2,109	7
Income tax provision	8,049	1,474
Depreciation and amortization	36,435	31,363
EBITDA (Non-GAAP)	$ 53,302	$ 44,368

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	June 30, 2013 *(unaudited)*	December 31, 2012
CURRENT ASSETS		
Cash and cash equivalents	$ 213,546	$157,121
Accounts receivable, net	181,878	152,073
Inventories	186,786	153,293
Deferred income taxes, current	12,305	9,995
Prepaid expenses and other	48,371	18,928
Total current assets	642,886	491,410
PROPERTY, PLANT AND EQUIPMENT, net	331,287	243,296
DEFERRED INCOME TAXES, non current	31,959	36,819
OTHER ASSETS		
Goodwill	86,233	87,359
Intangible assets, net	56,319	44,337
Other	22,890	16,842
Total assets	$1,171,574	$ 920,063

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	June 30, 2013 (unaudited)	December 31, 2012
CURRENT LIABILITIES		
Lines of credit	$ 4,507	$ 7,629
Accounts payable	107,047	64,072
Accrued liabilities	63,070	41,139
Income tax payable	1,456	678
Total current liabilities	176,080	113,518
LONG-TERM DEBT, net of current portion	209,337	44,131
OTHER LONG-TERM LIABILITIES	58,246	41,974
Total liabilities	443,663	199,623
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; 46,327,031 and 46,010,815 issued and outstanding at June 30, 2013 and December 31, 2012, respectively	30,885	30,674
Additional paid-in capital	288,284	280,571
Retained earnings	406,505	399,796
Accumulated other comprehensive loss	(41,070)	(33,856)
Total Diodes Incorporated stockholders' equity	684,604	677,185
Noncontrolling interest	43,307	43,255
Total equity	727,911	720,440
Total liabilities and equity	$1,171,574	$ 920,063

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 second quarter 2013 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, Wednesday, August 7, 2013. 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' second quarter 2013 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, August 7, 2013.** 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.

Our second quarter was highlighted by the achievement of record revenue and continued gross margin improvement. Revenue grew 21 percent sequentially and 35 percent year-over-year due to our past design win momentum and new product initiatives, combined with our first full quarter of BCD Semiconductor. We achieved this sequential growth despite the slowdown at certain major OEM customers and the continued weakness in the PC market. With the addition of BCD, we have further broadened our product portfolio and increased our market share, especially in the analog space.

Also during the quarter, our non-GAAP gross margin improved to 30.3 percent. The 320 basis point sequential improvement was primarily due to a more favorable product mix, lower gold prices, copper wire conversion, as well as our cost reduction efforts. Furthermore, the integration of BCD has been progressing well as we move ahead of schedule in transferring BCD products into our Shanghai packaging facilities. We now expect to complete the transition by the end of the fourth quarter.

In addition to our continued revenue growth and gross margin improvement, our cost controls are helping to move operating expenses toward our target model of 20 percent on a non-GAAP basis. As a result of these collective factors, we reported solid earnings growth and generated strong cash flow in the quarter.

In summary, I am pleased with the achievements we have made across our business from both a sales and operational perspective. We expect to further capitalize on our acquisition of BCD and deliver additional improvement in the third quarter as we continue to successfully execute on our business model.

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

Rick White, CFO

Thanks, Dr. Lu, and good afternoon everyone.

Revenue for the second quarter 2013 was $214.4 million, an increase of 21.1 percent over the $177.0 million in the first quarter and an increase of 34.6 percent from the $159.2 million in the second quarter of 2012. The sequential increase in revenue was due to the first full quarter of revenue contribution from BCD, compared to only 1 month in the prior quarter, as well as continued design win momentum and market share gains.

GAAP gross profit for the second quarter 2013 was $61.3 million, or 28.6 percent of revenue. As previously disclosed, our GAAP gross profit included $3.7 million of an inventory valuation adjustment related to our BCD acquisition.

Excluding this amount, **non-GAAP adjusted gross profit** was $64.9 million, or 30.3 percent of revenue, compared to non-GAAP gross profit of $48.0 million, or 27.1 percent, in the first quarter 2013, and GAAP gross profit of $41.0 million, or 25.8 percent of revenue, in the second quarter 2012. The 320 basis point sequential improvement was due to a more favorable product mix, lower gold prices, copper wire conversion, and the continued benefit of our cost reduction efforts.

GAAP operating expenses for the second quarter were $51.1 million, or 23.8 percent of revenue, which included approximately $2.3 million of amortization of acquisition intangibles, $1.5 million of restructuring expenses, and $1.1 million of acquisition-related retention accruals, compared to $42.4 million, or 24.0 percent of revenue, in the first quarter 2013, and $32.9 million, or 20.6 percent of revenue, in the second quarter 2012.

Excluding amortization of acquisition intangibles, restructuring expenses and acquisition-related retention accruals, operating expenses on a **non-GAAP basis** for the second quarter 2013 were $46.2 million, or 21.5 percent of revenue, compared to $39.6 million, or 22.4 percent of revenue, in the first quarter 2013, and $32.7 million, or 20.6 percent of revenue, in the second quarter 2012. The increase in operating expenses reflects the first full quarter of BCD.

Looking specifically at **Selling, General and Administrative** expenses for the second quarter, **GAAP SG&A** was approximately $35.1 million, or 16.4 percent of revenue compared to $30.4 million, or 17.2 percent of revenue, in first quarter 2013 and $24.8 million, or 15.5 percent of revenue, in second quarter 2012.

Non-GAAP SG&A was $34.1 million, or 15.8 percent of revenue, compared to $29.5 million, or 16.7 percent of revenue, in the first quarter and $24.8 million, or 15.5 percent of revenue, in the second quarter 2012.

Investment in Research and Development for the second quarter was approximately $12.1 million, or 5.6 percent of revenue, on a GAAP basis, and $12.0 million, or 5.6 percent of revenue, on a non-GAAP basis. This compares to first quarter 2013 R&D expense of $10.1 million, or 5.7 percent of revenue, and $8.2 million, or 5.2 percent of revenue, in the prior year quarter.

Total Other Income amounted to $277,000 for the second quarter. Looking at interest income and expense, we had approximately $1.2 million of net interest expense which was more than offset by currency gains, mainly in China.

Income Before Taxes and Noncontrolling Interest in the second quarter was $10.5 million on a GAAP basis and $19.1 million on a non-GAAP basis, which excludes the above mentioned acquisition adjustments and other items. This compares to GAAP income of $4.3 million in first quarter 2013, and $8.6 million in the second quarter 2012.

Turning to **income taxes** for the second quarter, our tax rate was 14 percent, including a discrete book to tax provision adjustment. For the third quarter, we expect our estimated effective tax rate to range between 18 and 24 percent. The increase from our previous guidance is due to the amount and the movement of profit between various taxing jurisdictions with differing tax rates.

GAAP net income for the second quarter was $8.6 million, or $0.18 per diluted share, compared to a GAAP net loss of $1.9 million, or ($0.04) per share, in the first quarter and GAAP net income of $6.7 million, or $0.14 per diluted share, in the prior year quarter.

Second quarter **non-GAAP adjusted net income** was $15.5 million, or $0.33 per diluted share, which excluded, net of tax, $4.0 million of items related to the BCD acquisition, $1.8 million of non-cash acquisition related intangible asset amortization costs, and $1.3 million of restructuring costs.

The fully diluted share count used to compute GAAP and non-GAAP earnings per share for the second quarter was 47.5 million shares.

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 second quarter GAAP and non-GAAP adjusted net income was approximately $2.1 million, net of tax, of non-cash share-based compensation expense. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have improved by $0.05 per share.

Cash flow generated from operations was $29.8 million and **free cash flow** was $22.0 million for the second quarter.

Net cash flow was a positive $13.3 million for the second quarter.

Turning to the **balance sheet**, at the end of the second quarter, we had approximately $214 million in cash and cash equivalents. Working capital was approximately $467 million.

At the end of the second quarter, **inventory** was approximately $187 million, compared to $182 million last quarter including BCD. Inventory days were 110 in the second quarter, compared to 115 days last quarter. Inventory in the quarter reflects a $7.2 million increase in finished goods and a $2.1 million increase in raw materials due to the addition of BCD, and a $4.7 million decrease in work-in process.

At the end of the second quarter**, Accounts Receivable** was approximately $182 million and A/R days were 75, compared to 82 last quarter.

Capital expenditures for the second quarter were $8.1 million, or 3.8 percent of revenue, including $2.9 million for BCD. This compares to 4.3 percent of revenue in the first quarter, excluding the expansion of our Shanghai sales and design center. We expect capital expenditures to range between 5 and 9 percent of revenue for the remainder of 2013, which includes BCD and Chengdu.

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

Now, turning to our Outlook…

For the third quarter of 2013, we expect revenue between $220 million and $230 million, or up 3 percent to 7 percent sequentially. We expect GAAP gross profit margin to be 30.3 percent, plus or minus 2 percent. As a reminder, the non-GAAP purchase price accounting adjustments in cost of goods sold were completed in the second quarter. Included in the third quarter gross margin guidance is the impact of a disruption in manufacturing operations in one of our Shanghai wafer fabs due to an incident in our landlord’s power station that caused a power outage to the fab. The power outage occurred on July 26 causing some work in process inventory to be scrapped and approximately one half month of output to be lost. Power has been restored to the manufacturing operations.

GAAP operating expenses are expected to be 22.5 percent of revenue, plus or minus 1 percent. Non-GAAP operating expenses, excluding amortization of intangible expenses and acquisition-related employee retention accruals, are expected to be 21.0 percent of revenue, plus or minus 1 percent. We expect our income tax rate to range between 18 percent and 24 percent, and shares used to calculate GAAP earnings per share for the third quarter are anticipated to be approximately 48.3 million.

For more detail on the outlook please see our press release.

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.

Second quarter revenue was up 21 percent sequentially at record levels driven by strength in Asia as a result of design win momentum and share gains, including 3 months of BCD. North America and Europe combined were up slightly after a very strong first quarter. We continued to increase share as well as new design win revenue at Asia smartphone manufacturers, while LED TV also showed strength. The growth in both of these markets offset the continued softness in PCs. Generally speaking, the industrial and automotive sectors remained relatively consistent in both North America and Europe.

Distributor POP was up 33 percent and distributor POS was up 28 percent. The solid growth in both POP and POS was driven by several new project ramps being supported by the channel during the quarter. In addition, we had a full quarter of BCD revenue, which runs 90 percent of its business through distribution, as compared to one month in the first quarter. Distributor inventory rose 13 percent with the addition of the BCD channel inventory. Global inventory is in-line and remains under 3 months. OEM sales, which were up 3 percent, were negatively affected by the slowdown at certain key OEM customers as well as the ongoing softness in the computer sector.

Turning to **Global Sales**, Asia represented 82 percent of revenue, North America and Europe each represented 9 percent.

In terms of our **end market breakout**, as I mentioned last quarter, we re-aligned our market sector definitions in the second quarter to more accurately reflect our business following the recent acquisitions of BCD and PAM. We utilized the product classifications of the World Semiconductor Trade Statistic (WSTS) and will be using this as a guideline going forward, and therefore, the percentages are no longer directly comparable to prior quarters. These numbers are preliminary and we will continue to refine them so they should be used more as a guide rather than an absolute.

As a result, the break-down for the second quarter consists of consumer representing 32 percent of revenue, communications 23, computing 22 percent, industrial 20, and automotive 3 percent. Major end equipment changes were smartphones and cellphones are now under communications rather than consumer; tablets are in computer also from consumer; and lighting now falls within industrial.

In terms of **design wins**, activity once again remained very strong across all regions, and end markets. We have a solid pipeline of designs as a result of our expanded customer engagements. There are also significant cross-selling opportunities emerging with the addition of BCD's products, and we are very encouraged by the initial response from customers. On the **product** side, it was a record quarter for BCD's AC/DC line. Diodes also had very strong revenue quarter on DC/DC converters, CMOS LDO's and SBR® products along with positive momentum in Hall sensors, MOSFETs and protection devices across broad-based markets and end equipment.

On our **discrete** products, introductions totaled 50 new products across 14 product families addressing a wide range of application segments and markets. We continued to focus a significant portion of new product development at the high volume portable device market, in particular for smartphones and tablets, including energy–efficient power adapters. In addition, other development efforts were specifically aimed at the automotive market where ruggedness and reliability is key.

Speaking of the portable adaptor market, we were pleased to launch the first devices from Diodes proprietary new Trench SBR ® technology aimed specifically at this market. These new devices enable adaptor designers to meet the stringent efficiency and temperature requirements imposed as part of the consumer green initiatives. Within weeks of being introduced, we secured multiple, significant design wins that actually began shipping in the quarter, which is a testament to Trench SBR's® performance.

Diodes also continued to leverage its expertise in miniature packaging for the portable device market by launching the world's smallest BJT devices packaged in the tiny DFN0806 package. These were complemented by chip-scale packaged Schottky and MOSFET devices.

Diodes also launched this quarter our first range of SBR ® products targeted specifically at the automotive market. Our SBR ® technology has a reverse avalanche capability that is between 3 and 10 times higher than competing devices, resulting in greater protection in harsh auto environments. This enhanced ruggedness and reliability is a major advantage when compared to conventional technologies.

Also new this quarter were additional devices in a range of regulator transistors created specifically for telecommunications, networking and Power-over-Ethernet applications and , We expanded our TVS portfolio introducing our first-ever 0.5pF unidirectional devices suitable for USB 2.0 and HDMI applications.

Now turning to **analog** new product introductions, we released 43 new products across 7 product families during the quarter. New product highlights include the continued expansion of our standard logic products. During the quarter, we announced the addition of standard shift register and decoder logic ICs to our advanced high-speed CMOS logic families. We also released our first family of voltage translators. In addition to these product introductions, we announced several exciting new miniature packages to serve the standard logic market. First, our DFN1409 package offers the space-savings efficiency of chip-scale packaging with the benefits of improved cost-effectiveness and ease of handling. Then our new DFN0808 package is one of the world's smallest logic packages and allows Diodes to offer highly advanced packaging of our single gate logic product lines. Similarly, the DFN0910 is one of the world's smallest six-pin logic packages. These very small packages are well-suited for use in the cell phone, tablet, and e-reader markets.

From a design win perspective, specifically as a result of these new packages, we secured two significant wins in the smartphone market for our single-gate low voltage products and our dual-gate advanced ultra low-power logic product.

We also saw significant design win strength for our analog products in the flat panel TV market with new sockets won across several product families, including low dropout regulators and load switches. We were also pleased to see growing traction of our audio amplifier products and AC/DC PWM controllers in this target application space, strengthening the value of our recent acquisitions of BCD and PAM.

Also during the quarter, we saw strong design-in growth for our AC/DC primary side controller products in mobile chargers and power adapters, with specific strength in cell phones. We further expanded our position in the AC/DC market with the release of three new secondary side controllers. Building upon our strong momentum in WiFi modules last quarter, we continued to see strong design win activity for our low voltage DC/DC converters. More consumer applications are including WiFi connectivity, including TVs, set-top boxes, as well as printers and other desktop peripherals. With this increased adoption of WiFi functionality, we are seeing sustained interest in our DC/DC converters in WiFi module reference designs.

We are very encouraged by the progress we are making with our expanded product lines and the new market opportunities generated by our recent acquisitions.

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.

Exhibit 99.3

DIODES 2Q 2013 EARNINGS CALL

QUESTION AND ANSWER

Operator

(Operator instructions). Steve Smigie, Raymond James.

Steve Smigie —*Raymond James & Associates—Analyst*

Dr. Lu, looks like another good quarter here. Looking forward to the guidance, it looks like, as it is with your guidance, EPS is ahead of the Street; but it also seems like there was some additional potential benefit that you would've had. The gross margin had that power plant issue. Can you talk about what magnitude of impact the gross margin was hit by from that — the power plant?

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

Well, since the power outage just happened July 26, and so — it just back to install the power one week later, which was last Friday. The power just gradually come back.

Then it took time to ramp the equipment and requalify the equipment, then put it into production. That is why we estimate we would lose the output for about a half a month. And obviously, it is not completed recover yet. So we really don't have the final number, but I would say somewhere around 0.5% to 1.0% GPM problems. But we don't know for sure yet.

Steve Smigie —*Raymond James & Associates—Analyst*

Okay, great. Thanks. And should we assume that there's also probably some sort of revenue impact here to the third quarter because of the disruption here in your manufacturing?

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

it is, but we tried to — since we still have two months to make it up, and with flex cycle time, with assembly cycle time, I am hoping that is minimal. But like I said, it just happened. We are assessing the damage of everything.

So very difficult right now for me to say. So we just put a conservativenumber that we have. And when we go to the update guidance next month, then we will have a much more clear picture.

Steve Smigie —*Raymond James & Associates—Analyst*

Right. Makes sense. Last question, just for the reported quarter, I think you guys did relatively well coming in above the midpoint — or coming in above consensus in the face of the computing weakness out there.

I know you mentioned some new design wins ramping and some share gains as well. Is there one or the other of those that was more significant in your being able to outperform here?

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

I think it was both — I think that the new design wins were share gains. Okay? So I think they are kind of one and the same. So we had some pretty significant new projects that came in in the quarter that were quite helpful to us.

Steve Smigie —*Raymond James & Associates—Analyst*

Okay, great. Thanks a lot. Appreciate it.

Operator

GARY MOBLEY, BENCHMARK.

Gary Mobley —*The Benchmark Company—Analyst*

COULD YOU SHARE WITH US WHETHER THE BOOK-TO-BILL RATIO FOR THE QUARTER WAS ABOVE 1.0 OR BELOW 1.0?

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

I WOULD SAY IT IS ABOVE 1.0.

Gary Mobley —*The Benchmark Company—Analyst*

OKAY. AND MARK, YOU MENTIONED THE DISTRIBUTION INVENTORY BEING UP 13%. COULD YOU CLARIFY WHETHER THAT WAS A QUARTER-OVER-QUARTER COMPARISON? AND I'M ASSUMING THAT WAS CLOUDED BY BCD AS WELL.

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

MOST OF THAT WAS JUST ADDING THE BCD INVENTORY INTO THE MIX.

Gary Mobley —*The Benchmark Company—Analyst*

DO YOU HAVE ANY SENSE OF WHAT THE ORGANIC GROWTH RATE IN THE DISTRIBUTION INVENTORY WOULD BE?

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

I WOULD SAY, TO BE HONEST WITH YOU, I DIDN'T EVEN REALLY LOOK AT IT. THEY GAVE ME A TOTAL NUMBER. SO I CAN'T GIVE YOU AN ESTIMATE, GARY. BUT I WOULDN'T SAY IT WOULD BE VERY HIGH.

Gary Mobley —*The Benchmark Company—Analyst*

OKAY. AND JUST TO CLARIFY — MAYBE IF YOU CAN JUST TELL ME IF I'M IN THE BALLPARK. THE ORGANIC GROWTH ADJUSTING FOR THE BCD CONTRIBUTION — WAS THAT SOMEWHERE IN THE NEIGHBORHOOD OF 5% TO 7% SEQUENTIAL FOR Q2?

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

FROM Q2 VERSUS Q1?

Gary Mobley —*The Benchmark Company—Analyst*

YES.

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

ORGANICALLY IT IS ABOUT 5%. YES, IT IS ABOUT 5%.

Gary Mobley —*The Benchmark Company—Analyst*

OKAY. THAT IS IT FOR ME. THANKS, GUYS.

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

THANK YOU. AND YOU KNOW THE REASON IS BECAUSE SUPPOSEDLY SECOND QUARTER IS A GOOD QUARTER FOR US. BUT THIS YEAR, COMPUTER MARKET IS NOT AS STRONG AS IN THE PAST. AND WE HAVE VERY SIGNIFICANT REVENUE FROM THE CONSUMER MARKET — I MEAN, COMPUTING MARKET.

BUT WE'RE STILL HAPPY, BECAUSE 5% OVER FIRST QUARTER, AND YOU KNOW FIRST QUARTER IS A VERY STRONG QUARTER FOR US. SO WITH A VERY STRONG FIRST QUARTER, THEN WE ARE ABLE TO GROW 5%? I THINK WE ARE HAPPY WITH EVEN THE SOFT COMPUTER MARKET.

Operator

CHRISTOPHER LONGIARU, SIDOTI.

Christopher Longiaru ***—Sidoti & Company—Analyst***

CONGRATULATIONS ON THE GROSS MARGIN GUIDE, CONSIDERING THIS POWER OUTAGE.

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

THANK YOU.

Christopher Longiaru ***—Sidoti & Company—Analyst***

SO MY QUESTION ACTUALLY HAS TO DO WITH — IS THERE ANY RECOURSE AGAINST THE LANDLORD OR ANYTHING YOU'RE TALKING ABOUT IN TERMS OF FUTURE PAYMENTS THAT WOULD MAYBE INFLATE EITHER YOUR GROSS MARGIN IN THE DECEMBER QUARTER OR FUTURE QUARTERS, OR POSSIBLY DEFLATE YOUR OPERATING EXPENSES? CAN YOU COMMENT ON THAT?

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

WELL, YOU KNOW WE ARE IN THE AGE OF NEGOTIATION FOR THE NEXT RENTAL CONTRACT. SO YES, YOU CAN DEMAND ON THOSE, BUT YOU KNOW, IT IS NOT THAT EASY FOR LANDLORD TO PAY US BACK.

Christopher Longiaru ***—Sidoti & Company—Analyst***

SO BASICALLY, IT MEANS YOU ARE GOING TO TRY YOUR BEST.

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

TRY OUR BEST.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

WE ALWAYSTRY OUR BEST.

Christopher Longiaru ***—Sidoti & Company—Analyst***

OKAY. MY OTHER QUESTION JUST HAS TO DO WITH — IN TERMS OF JUST ON THE COMMUNICATIONS SIDE. YOU TALKED ABOUT JUST A LITTLE BIT OF SLOWER ORDER RATES. CAN YOU TALK ABOUT THE TRENDS THERE OVER THE COURSE OF THE QUARTER, AND HOW IT LOOKS THROUGH JULY?

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

OBVIOUSLY, BY OUR GUIDANCE WE SEE SOME IMPROVEMENTS INTO JULY, AND I THINK INTO THE THIRD QUARTER AND INTO THE SECOND HALF OF THE YEAR IN SOME OF OUR KEY CUSTOMERS. SO I THINK BASICALLY IT IS IN LINE WITH OUR GUIDANCE.

Christopher Longiaru ***—Sidoti & Company—Analyst***

And then just in terms of the tax rate continuing to come down a little bit, should we still be modeling 20% for the year, Rick? Or should we think of that more in the mid-teens range?

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

No, I think you need to push it up more to the 20%, 21%. That is where the effective tax rate midpoint is for the third quarter.

Christopher Longiaru ***—Sidoti & Company—Analyst***

Okay. That's all I have. Thanks, guys.

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

Thank you.

Operator

Tristan Gerra, Robert W. Baird.

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

The slowdown that you mentioned at certain customers, could you remind us how big they are as a percent of your revenue, and maybe some commentary around the content you have at those customers?

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

We don't really want to get into that detail, but we don't have any customers that are over the 10% range. So I think that's as far as we want to get into the detail of that.

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

Okay. And then in terms of the transfer of BCD's packaging to your Shanghai facility, how much room do you have left for BCD products at that facility? And then is it going to be all of BCD's products, or just part of it? And then finally, if you could give us some sense of how much that will benefit gross margin.

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

Okay. Number one, not all the BCD packaging they used we are able to produce in SKE. Like TO-92 — we don't have that package inside Diodes ourselves. So the number — that package we weren't able to.

And then some of the package we started to qualify, but not all the customers will allow us to change that easily. So what we tried to — what we do, we say, is we will do all of the qualification, all the PCN, by end of September. And then assume 3 months PCN change. And then we should be finished our conversion by end of the year, which we hope is one quarter ahead of schedule.

But I won't expect everything we want to pull in can pull in before end of the year.

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

Okay. And any benefit that you are willing to talk about in terms of your COGS?

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

WHAT?

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

I WAS WONDERING IF YOU WOULD BE WILLING TO ELABORATE A LITTLE BIT ON THE TYPE OF SAVINGS THAT YOU WOULD EXPECT FROM THAT MIGRATION IN PACKAGING FOR BCD.

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

YES, IT WILL BE HELPED. BUT ACTUALLY IT HELPS US A LITTLE BIT ON OUR LOADING, BUT IT IS MORE WILL BE HELPED BCD, BECAUSE WE WILL PROVIDE THEM LOWER COSTS THAN THEY ARE GETTING FROM OUTSIDE.

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

OKAY, THANK YOU.

Operator

VIJAY RAKESH, STERNE, AGEE.

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

GOOD WORK ON THE GROSS MARGIN SIDE. I WAS WONDERING — YOU MENTIONED PRODUCT MIX IMPROVEMENT IN YOUR PREPARED REMARKS, AND YOU ALLUDED TO SOME SMARTPHONE WINS OR HANDSET WINS PICKING UP. CAN YOU GIVE SOME MORE COLOR ON HOW MUCH — WHERE THE MIX IS NOW? HOW SHOULD WE LOOK AT MIX AS YOU GO OUT NEXT ONE, TWO QUARTERS WITH BCD OR ANALOG PICKING UP?

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

WELL, YOU KNOW, WE MEASURE OUR ASPS BY TWO INDEX — ONE WE CALL A MIX DEPENDENT; ONE WE CALL MIX INDEPENDENT. FROM A MIX INDEPENDENT POINT OF VIEW, THAT MEANS THE SAME PRODUCT SELLS LAST QUARTER PRICE; SALES IN LAST QUARTER VERSUS — EXACTLY THE SAME PRODUCT SALES IN THIS QUARTER.

THAT ACTUALLY IS HIGHER THAN — THAT PRICE DROP IS HIGHER THAN OUR TYPICAL. I REMEMBER I MENTIONED IN THE PAST BEFORE, TYPICALLY WE LOOK AT 1.5% TO 2.0% A QUARTER ASP DROP. AND THIS QUARTER IS ACTUALLY HIGHER THAN THAT NUMBER.

BUT THEN WE LOOK AT ANOTHER INDEX CALLED MIX-DEPENDENT, WHICH MEANS WE DON'T CARE WHICH CUSTOMER; WE JUST LOOK AT THE TOTAL ASP REGARDLESS OF THE PRODUCT TYPE. THAT IS MIX-DEPENDENT. AND ACTUALLY FROM A MIX-DEPENDENT POINT OF VIEW, WE ARE HAPPY, BECAUSE ASP IS ACTUALLY GOING UP. AND THAT IS WHY WHEN WE SAY GPM IMPROVEMENT, WE CREDIT THAT TO THE MIX CHANGE, WHICH MEANS THAT ASP DUE TO MIX-DEPENDENT IS IN A POSITIVE INSTEAD OF A NEGATIVE RANGE.

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

GOT IT. AND YOU MENTIONED TWO WINS ON THE HANDSET SIDE WITH YOUR DFN/CSD PACKAGING. DO YOU SEE MORE WINS ON THAT SIDE OR IN SOME OF THE SMALLER PACKAGES GOING FORWARD?

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

YES, WE THINK THAT THAT'S A REALLY STRONG POINT FOR US, AND WE THINK THESE SUB-MINIATURE PACKAGING IN OUR LOGIC SERIES IS GOING TO BE A BIG WINNER FOR US IN THE LONG RUN. SO WE THINK THAT WE'RE RIGHT ON THE EDGE OF THE TECHNOLOGY. WE THINK WE HAVE THE SMALLEST STUFF OUT THERE, AND WE THINK WE'RE GOING TO DO VERY WELL IN THAT SECTOR.

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

Typically, that kind of product will give us a better GPM or better ASP.

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

Got it. On the utilization side, can you give us some trends — what speed utilization is running in the last 2 or 3 quarters? And where is it now?

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

Well, we separate it into two categories, right? One is the most advanced in a new package, which is the one we are driving very heavily on the loading and on the — winning the business. In that portion we are full. And that is where we still spend some capital money to increase the capacity for those kind of very small, very power-efficient package.

For the standard commodity package, in the market it is still weak. And so our loading in that area from an assembly point of view, still somewhere around 75% to 80%. I don't know the exact number, but it's not really improved the loading, because that is an area we are not driving already.

And that is why when we say improve the mix, we are pushing more product out in the advanced package instead of out of a commodity package, which is lower GPM. And that is not where we focus our revenue at.

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

Got it. And last question, BCD. You are pulling it in, you said. You said you'd be done by what, first quarter? Or you think you will get it done earlier? How far is the BCD pull-n done here?

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

Well, I think we will start to benefit in probably September, but then a big benefit probably in Q4.

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

Got it.

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

Yes.

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

Great, thanks.

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

Thank you.

Operator

Vernon Essi, Needham & Company.

Vernon Essi —*Needham & Company—Analyst*

I WAS WONDERING IF YOU ALL HAD ANY COLOR NOW THAT YOU'VE GOT BCD SORT OF SETTLED IN AS TO WHAT THINGS MIGHT LOOK LIKE FROM A SEASONALITY PERSPECTIVE IN THE FOURTH QUARTER. YOU USUALLY TEND TO HAVE A LITTLE BIT OF A DECLINE. IS THERE ANY REASON TO THINK THAT MIGHT BE A LITTLE BIT DIFFERENT THIS YEAR? ARE THERE ANY TRENDS THAT YOU CAN SEE NOW THAT MIGHT OFFSET THAT?

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

WELL, IT IS TOO EARLY TO BE TALKING ABOUT FOURTH QUARTER. I'M TRYING TO CONCENTRATE — MAKE MY THIRD-QUARTER GUIDANCE. AND SO, WE ARE NOT READY SPENDING EFFORT TO LOOKING INTO THE FOURTH-QUARTER BUSINESS YET.

Vernon Essi —*Needham & Company—Analyst*

OKAY. AT LEAST I TRIED THERE. A COUPLE OF QUESTIONS FOR YOU, RICK. WONDERING ON THE DEPRECIATION FRONT, IT WAS A LITTLE BIT LIGHTER THAN I WOULD'VE ANTICIPATED IN THE SECOND QUARTER. SHOULD WE EXPECT IT TO GO UP A LITTLE BIT MORE IN THE THIRD QUARTER? OR IS THIS ABOUT THE RUN RATE WE SHOULD BE LOOKING AT ON A GO-FORWARD BASIS, AT LEAST FOR THE TIME BEING?

Rick White —*Diodes Incorporated—CFO, Secretary and Treasurer*

I THINK THIS IS ABOUT THE RUN RATE. WE'VE CUT OUR CAPEX DOWN TO 5% TO 9%, SO I DON'T SEE ANY BIG INCREASES. IT MAY TREND UP A LITTLE BIT, BUT THIS IS ABOUT THE RUN RATE.

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

IF YOU REMEMBER, OUR OLD BUSINESS MODEL IS AT 10% TO 12% OF OUR REVENUE, BUT SINCE NOW WE HAVE STILL COMMODITY PACKAGING AVAILABLE, PAST AVAILABLE, WE ONLY SPEND THE MONEY IN — THE THREE AREAS WE WILL SPEND THE MONEY.

ONE IS BCD, AND YOU KNOW BCD FAB TWO, STILL NEEDS EQUIPMENT TO PUT IT UP. AND THEN CHENGDU IS OUR FUTURE, SO WE NEED TO START TO DO SOMETHING FOR CHENGDU. AND THEN THE THIRD ONE WILL BE THOSE ADVANCED PACKAGE IN OUR SKE. AND IF YOU LOOK AT — WE EVEN CONSIDER ALL OF THOSE THREE TOGETHER, OUR GUIDANCE NOW IS 5% TO 9%. SO YOU CAN SEE WE HAVE SIGNIFICANTLY REDUCED OUR CAPEX EXPENDITURE.

Vernon Essi —*Needham & Company—Analyst*

OKAY. AND JUST MOVING TO THE BALANCE SHEET, RICK, THE PAYABLES WERE UP PRETTY SHARPLY THERE; OBVIOUSLY, A GOOD SOURCE OF CASH FOR YOU. WHAT WAS THE REASONING? AND I ASSUME THAT'S PROBABLY GOING TO COME BACK TO TRENDLINE. OR IS THERE A REASON IT MIGHT STAY UP AT THIS RANGE, JUST LOOKING AT CASH FLOW NEXT QUARTER?

Rick White —*Diodes Incorporated—CFO, Secretary and Treasurer*

I MISSED WHAT WAS UP.

Vernon Essi —*Needham & Company—Analyst*

PAYABLES, ACCOUNTS PAYABLE

Rick White —*Diodes Incorporated—CFO, Secretary and Treasurer*

YES, I THINK THE PAYABLES DAYS WERE DOWN, THOUGH. WE HAD 3 MONTHS OF BCD IN THERE, AND ONLY 1 MONTH OF BCD LAST TIME. SO IT WILL CHANGE AROUND AS WE MOVE THROUGH TIME. BUT I THINK IT PAYABLES DAYS WERE DOWN.

NO, THEY WERE UP? OKAY. PAYABLES DAYS WERE UP. I DON'T HAVE THAT IN FRONT OF ME.

Vernon Essi —***Needham & Company—Analyst***

I'm showing an increase; it is pretty dramatic, at least on the formulas I'm using, although I'm probably not using an exhaustive method like you are behind the scenes there. But yes, I just was curious. I assume it's probably going to trend back a little bit on a go-forward basis.

Not a big deal. But finally, just wondering on the tax front, to follow up to a prior question, should we be thinking about this level going into 2014 in that 20%, 21% range? Or we expect that to moderate lower?

Rick White —***Diodes Incorporated—CFO, Secretary and Treasurer***

No, I think it's going to stay in that 20% to 21% range.

Vernon Essi —***Needham & Company—Analyst***

Okay. Thanks a lot, guys.

Operator

Harsh Kumar, Stephens.

Harsh Kumar —***Stephens Inc.—Analyst***

A couple of questions. Rick, I wanted to clarify. Your press release says that your GAAP gross margins are expected to be 30.3%. Usually the non-GAAP margin is a little bit higher. We model non-GAAP when we model your Company.

Should I be thinking of a little bit higher number on the gross margin side? Or should I be thinking 30.3? And same question for taxes.

Rick White —***Diodes Incorporated—CFO, Secretary and Treasurer***

The gross margin, GAAP and non-GAAP, was only for the first quarter and second quarter because of the BCD purchase price adjustment. We don't normally have a difference between GAAP and non-GAAP. So those purchase price adjustments were finished in the second quarter. And going forward in the third quarter, GAAP and non-GAAP margin is the same.

Harsh Kumar —***Stephens Inc.—Analyst***

Got it.

Rick White —***Diodes Incorporated—CFO, Secretary and Treasurer***

30.3%, okay?

Harsh Kumar —***Stephens Inc.—Analyst***

Got it.

Rick White —***Diodes Incorporated—CFO, Secretary and Treasurer***

And the tax rate, the tax rate is approximately the same for both GAAP and non-GAAP standpoint.

Harsh Kumar ***—Stephens Inc.—Analyst***

FAIR ENOUGH. THANKS, RICK. AND THEN DR. LU, I KNOW YOU TALKED ABOUT WEAKNESS AT CERTAIN OEM CUSTOMERS. WAS THAT THE FACTOR IN THE 3% TO 7% GUIDANCE, WHICH IS A LITTLE LESS THAN SEASONAL? OR WAS IT THE FACT THAT YOU HAD TO LEAVE REVENUES ON THE TABLE, BECAUSE YOU COULDN'T MAKE ENOUGH BECAUSE OF THE ACCIDENT AT THE POWER SUPPLY POWER STATION?

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

I THINK — WE ARE TALKING ABOUT THIRD QUARTER — WE ARE STILL AFFECTED BY TWO FACTORS. ONE IS THE PC MARKET IS NOT GROWING LIKE IN THE PAST. AND THAT, SINCE WE HAVE 30-SOMETHING PERCENT OF OUR REVENUE —

Mark King *—Diodes Incorporated—SVP, Sales and Marketing*
22%.

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

— 22% OF OUR REVENUE COMING FROM COMPUTING MARKET, IT AFFECTS US, THE GROWTH. BECAUSE IN THE PAST PC IS VERY STRONG IN THIRD QUARTERS. THIS YEAR PC IS NOT THAT STRONG.

AND ANOTHER ONE IS A COUPLE OF OUR OEMS IS NOT VERY STRONG. THEY HAVE SOME NEWER INVENTORY IN THE SECOND QUARTER. AND SO IT AFFECTS US.

BUT OVERALL WE'RE STILL GAINING THE MARKET SHARE, BECAUSE 5% IS STILL A PRETTY GOOD GROWTH. RATHER THAN THE AVERAGE.

Harsh Kumar ***—Stephens Inc.—Analyst***

NO, TOTALLY. AND DR. LU, WHAT IS THE BIGGEST DRIVER TO GET TO YOUR TARGET 20% OPERATING MARGIN GOAL THAT YOU HAVE? WHAT IS THE BIGGEST THING YOU NEED FOR THAT TO HAPPEN?

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

WELL, I THINK ASP IS ONE; AND MOST IMPORTANT IS NOT IN OUR INDEPENDENT — MIX-INDEPENDENT ASPS. MOST IMPORTANT IS MIX.

AND THEN SECOND ONE WOULD BE WHEN THE MARKET STARTED TURNING, WE CAN START TO REALIZE OUR COMMODITY TYPE OF PACKAGING, AND THAT LOADING WILL INCREASE OUR PROFITABILITY FROM OUR MAKING FUNCTION.

SO IF YOU ASK ME, THOSE TWO IS VERY IMPORTANT FOR US. HIGH END ADVANCED PACKAGE, I THINK WE ARE VERY HAPPY WITH THE PROGRESS. AND WE CONTINUE PUTTING MORE CAPACITY OVER THERE. BUT WE STILL HAVE A CERTAIN UNREALIZED CAPACITY DUE TO THE GENERAL MARKET IS STILL NOT AS STRONG.

IF YOU GO TO LOOK AT OVERALL SEMICONDUCTOR, ESPECIALLY OUR SAME GROUP, IT'S NOT REALLY STRONG. AND I HOPE WHEN THE MARKET STARTS TO TURN, THEN WE WILL GROW OUR GPM PERCENT WITH IT.

Harsh Kumar ***—Stephens Inc.—Analyst***

GOT IT. AND LAST QUESTION, DR. LU. IN THE PAST CYCLES YOU'VE BEEN ABLE TO GET TO GROSS MARGIN OF — THIS IS A LONG-TERM QUESTION — GROSS MARGIN OF 34%, 36%. SOMEWHERE IN THAT RANGE; CALL IT 35%.

YOU'VE GOT MORE ANALOG NOW. YOU PROBABLY WILL HAVE BETTER UTILIZATION. IS IT FAIR TO THINK THAT YOU CAN GET BACK AT LEAST THERE IF NOT HIGHER, DR. LU?

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

WELL, YOU KNOW, MY BUSINESS MODEL IS ALWAYS35%. NOW WHEN EVERYTHING IS IN THE RIGHT WEIGHTING, THE RIGHT DIRECTION, LAST TIME WE WERE ABLE TO GET 38%. BUT OUR BUSINESS MODEL IS 35%. AND I AM CONFIDENT WHEN THE MARKET REALLY TURNING STRONG, WE SHOULD BE ABLE TO GET 35%.

Harsh Kumar —*Stephens Inc.—Analyst*

Great. Thank you, Dr. Lu. Congratulations.

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

Thank you.

Operator

Suji De Silva, Topeka.

Suji De Silva —*Topeka Capital Markets—Analyst*

Nice job on the quarter and the margins. My first question is about your smartphone tablet exposure. I know you have good share position at the tier 1s. If the market is stronger the next few quarters in the low-end smartphone market, can you talk about your share position there, A? And B, can you talk about whether it's the premium products that go into those devices, or maybe the more commodity products for you guys?

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

Well, Mark?

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

Okay. So I would say that historically our position is stronger in the tier 1s than it is in the tier 2. But I think you will see an emerging presence in the tier 2 in the coming quarters and in the focus — as we focus more towards it. We like to focus on the leaders and then move to the second tier, so I think that's part of our strategy.

And I would say that it's a pretty good mix between products. But most of the smartphones in tier 1s use premium product. As we go to the tier 2 it will be more broad-based and maybe less sophisticated or slightly less premium than the tier 1s.

But obviously we see there's some emerging dynamics in these markets in mainland China that we are very, very interested in. And I think that our BCD acquisition and the additional sales force and coverage that we have there should help us in that long term. So I think we are well positioned to continue to exploit those markets as they emerge.

Suji De Silva —*Topeka Capital Markets—Analyst*

Great. And my second question is about gross margins and some of the tailwinds there. Can you talk about how far along you are long, Dr. Lu, on the copper conversion? And also moving any of Diodes' analog products over to BCD's fab. Can either of those be meaningful gross margin help in the next couple of quarters?

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

Well, I think if in a couple of quarters when the market has started to turn, I think our margin improvement will be there. And right now everything is really holding there. Gold price is no longer going down and no longer going up. So gold price is probably quite stable.

And copper wire conversion — we convert most of what we want to convert. Now only one or two customers still are not ready for us yet, but the majority of our customers is already let us convert. And from BCD, like I said, we will start to ramp. We finish everything by the end of this quarter, and we will start to ramp, probably, big part of September; and then we will try to ramp whatever we can ramp by end of fourth — end of this year. And then we will be — a couple of key customers may not let us to convert. After that the majority of what we can convert will be converted.

So next year we will be — if the market turns, then we should have a hope to significantly increase our gross margin.

Suji De Silva ***—Topeka Capital Markets—Analyst***

Good to hear, Dr. Lu. And last question is it's hopefully not too soon since you closed BCD and got that integrated, but can you give us the updated thoughts on further acquisition at this point? Thanks.

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

Well, acquisition to give us another step of the growth is alwaysin my strategy. And so I cannot talk about it until we are ready to make the announcement. But like I said, that's alwaysone of my growth strategies, and I'm not going to give up that yet. Okay?

Suji De Silva ***—Topeka Capital Markets—Analyst***

Okay, thanks, guys.

Operator

Shawn Harrison, Longbow Research.

Shawn Harrison ***—Longbow Research—Analyst***

Just two follow-up questions. I know earlier of the topic was broached upon the savings at BCD that — from integrating it into your facilities. But how much of the margin improvement is that, exactly, for BCD? Is that 5 points? Am I being too aggressive in that type of assumption?

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

I don't think we have really quantified it.

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

Yes.

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

That much —

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

5%?

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

5%, I mean, on their share of —

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

No, no, no, no. 5% is too high.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

Way too much.

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

YES, 5% IS WAY TOO MUCH. BECAUSE THEIR REVENUES ARE NOT THAT MUCH COMPARED WITH OUR TOTAL REVENUE.

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

I THINK HE MEANT 5% OF THEIR PERCENTAGE OF THE REVENUE.

Shawn Harrison ***—Longbow Research—Analyst***

5% OF THEIR PERCENTAGE OF THE REVENUE, CORRECT.

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

OKAY. OKAY, THAT COULD BE. LIKE I SAY, WE DO NOT HAVE THE DETAILED NUMBER PUT IN YET.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

SO THINK ABOUT, WHERE IT REALLY HELPS IS IN THE OVERHEAD ABSORPTION. BECAUSE WE HAVE TO BUY LEAD FRAMES; WE HAVE TO BUY GOLD WIRE; WE HAVE TO BUY MOLD COMPOUND — ALL THOSE THINGS THAT THEY ARE BUYING EXTERNALLY. SO WHERE IT HELPS FROM A DIODES PERSPECTIVE IS MORE UNITS ABSORBING INDIRECT OVERHEAD AND INDIRECT LABOR. SO IT IS GRADUAL AS THAT STUFF MOVES THROUGH THE LINE. SO IT'S NOT LIKE IT'S JUST AN IMMEDIATE FLIP UP.

Shawn Harrison ***—Longbow Research—Analyst***

OKAY. AND THEN —.

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

AND THEN THERE'S OTHER ADVANTAGES TO IT OF CONSISTENCY, CAPACITY, QUALITY.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

WELL, SURE.

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

AND ALL THOSE OTHER THINGS, TOO. SO THERE'S A LOT OF MOTIVATIONAL POINTS IN DOING IT BEYOND JUST THE MARGIN.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

RIGHT.

Shawn Harrison ***—Longbow Research—Analyst***

GOT YOU. YOU HAVE GREATER CONTROL OF THE SUPPLY CHAIN.

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

YES, CORRECT.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

Right. And one thing that Keh-Shew talked about earlier was the adoption into the assembly test area in the fourth quarter. So the movement of products into the BCD wafer fabs is going to take a lot longer than that. That won't be done until —

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

Next year.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

Next year, right? So that is also an improvement. But a longer-term improvement.

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

Yes.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

So don't get the two confused with we're going to be done in the fourth quarter, not with the wafer fab.

Shawn Harrison ***—Longbow Research—Analyst***

And all of those dynamics are rolled up into that 35% gross margin target?

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

Yes, sure.

Shawn Harrison ***—Longbow Research—Analyst***

Okay.

Rick White ***—Diodes Incorporated—CFO, Secretary and Treasurer***

Plus a good market, plus strong pricing — all the things that goes along with that.

Shawn Harrison ***—Longbow Research—Analyst***

That is more than fair. Then two brief follow-ups, I guess. I know that there was a restructuring announcement made last quarter — it was, I think, about $3 million in annualized savings. How is that progressing?

And then the second question is with the good free cash flow here year to date, and what looks to be really good free cash flow in the back half of the year, how quickly are you looking to pay down your debt, Rick?

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

Okay, number one, the reduction is actually completed. Okay? It is completed. And so then, second, pay down the debts. Like I said, M&A is still one of the key strategies in me, so instead of paying down the debts, I might — I will more focus on using that to do M&A.

Shawn Harrison —*Longbow Research—Analyst*

THAT IS MORE THAN FAIR. THAT'S A GOOD STRATEGY. THANKS A LOT, DR. LU.

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

OKAY.

Operator

THIS CONCLUDES OUR QUESTION-AND-ANSWER SESSION. I WOULD NOW LIKE TO TURN THE CALL BACK OVER TO MANAGEMENT FOR CLOSING REMARKS.

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

THANK YOU FOR YOUR PARTICIPATIONTODAY. OPERATOR, YOU MAY NOW DISCONNECT.

Operator

LADIES AND GENTLEMEN, THANK YOU FOR YOUR PARTICIPATION YOU MAY NOW DISCONNECT. HAVE A GREAT DAY.