

**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**

February 13, 2013
Date of Report (Date of earliest event reported)

DIODES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

002-25577
(Commission
File Number)

95-2039518
(I.R.S. Employer
Identification No.)

4949 Hedgcoxe Road, Suite 200
Plano, Texas

(Address of principal executive offices)

75024
(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 February 13, 2013, Diodes Incorporated (the “Company”) issued a press release announcing its fourth quarter and fiscal 2012 financial results. A copy of the press release is attached as Exhibit 99.1.

On February 13, 2013, the Company hosted a conference call to discuss its fourth quarter and fiscal 2012 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 February 13, 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, and that we are obligated to provide, 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. See Exhibit 99.1, for a description of the non-GAAP measures used.

Item 7.01 Regulation FD Disclosure.

The press release in Exhibit 99.1 also provides an update on the Company’s business outlook.

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: February 19, 2013

DIODES INCORPORATED

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

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated February 13, 2013
99.2	Conference call script dated February 13, 2013
99.3	Question and answer transcript dated February 13, 2013



Diodes Incorporated Reports Fourth Quarter and Fiscal 2012 Financial Results

Solid Fourth Quarter Performance with Improved Margins; Agrees to Acquire BCD Semiconductor

Plano, Texas – February 13, 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 fourth quarter and fiscal year ended December 31, 2012.

Fourth Quarter Highlights

- Agreed to acquire BCD Semiconductor Manufacturing Limited (“BCD”) for approximately \$151 million in cash (BCD 2012 revenue \$143 million, net income \$8 million);
- Revenue was \$163.3 million, an increase of 14.0 percent over the \$143.3 million reported in the fourth quarter of 2011, and a decrease of 2.0 percent from the \$166.6 million in the third quarter of 2012;
- Gross profit was \$43.2 million, compared to \$35.5 million in the fourth quarter of 2011 and \$43.6 million in the third quarter of 2012;
- Gross profit margin was 26.5 percent, compared to 24.8 percent in the fourth quarter 2011 and 26.2 percent in the third quarter of 2012;
- Operating expenses were \$39.7 million or 24.3 percent of revenue, which included approximately \$1.5 million of BCD acquisition; excluding acquisition costs, non-GAAP adjusted operating expenses were \$38.2 million, or 23.4 percent of revenue, slightly below the midpoint of the Company’s guidance.
- GAAP net income was \$4.1 million, or \$0.09 per diluted share, compared to fourth quarter 2011 of \$3.1 million, or \$0.07 per diluted share, and third quarter 2012 of \$8.6 million, or \$0.18 per diluted share;
- Non-GAAP adjusted net income was \$6.2 million, or \$0.13 per diluted share, compared to fourth quarter 2011 of \$4.0 million, or \$0.09 per diluted share, and third quarter 2012 of \$9.5 million, or \$0.20 per diluted share;
- Excluding \$2.4 million of share-based compensation expense, both GAAP and non-GAAP adjusted net income would have increased by \$0.05 per diluted share;
- Achieved \$16.4 million cash flow from operations, negative (\$11.1) million net cash primarily due to \$16 million paid to acquire Power Analog Microelectronics (“PAM”), and free cash flow was a \$1.1 million, which included \$15.3 million of capital expenditures. Capital expenditures included \$2.1 million associated with the Chengdu assembly test facility construction;
- Completed acquisition of PAM; and
- Completed \$300 million Revolving Credit Line.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, stated, “Diodes once again delivered solid financial results in 2012, a year in which the global markets remained challenging. Fourth quarter revenue grew 14 percent over the prior year period as we continued to gain momentum for our products used in smartphones and tablets. Our new product initiatives and increasing customer content remained key drivers of our market share gains throughout the year. Despite gold prices being up approximately 4 percent and the loading down from third quarter to fourth quarter, margins improved due mainly to additional copper wire conversion and productivity improvements, coupled with a small mix improvement. Also during the quarter, we began integrating Eris Technology Corporation (“Eris”) and PAM.”

“To further capitalize on market expansion opportunities and improve leverage through select acquisitions, we also recently announced the proposed acquisition of BCD Semiconductor, which we expect will greatly enhance our analog product portfolio by expanding our product offerings for standard linear and AC/DC solutions for switch-mode power supply chargers and adaptors. Combining manufacturing synergies and BCD’s established local market position in China with Diodes’ global customer base and sales channels provides enhanced profitability and growth opportunities for the Company in 2013 and beyond.”

Business Outlook

Dr. Lu concluded, "As we look to the first quarter of 2013, we are expecting a slightly better than seasonal quarter with revenue ranging between \$157 million and \$170 million, or flat plus or minus 4 percent sequentially. We expect gross margin to be 25 percent, plus or minus 2 percent. Operating expenses are expected to be 23 percent of revenue, plus or minus 1 percent. We expect our income tax rate to range between 10 and 17 percent, and shares used to calculate GAAP EPS for the first quarter are anticipated to be approximately 47.0 million."

Fourth Quarter 2012

Revenue for the fourth quarter of 2012 was \$163.3 million, an increase of 14.0 percent over the \$143.3 million reported in the fourth quarter of 2011, and a decrease of 2.0 percent from the \$166.6 million in the third quarter of 2012. The sequential decline in revenue was primarily due to seasonal weakness, partially offset by initial revenue recognized from PAM and Eris.

Gross profit for the fourth quarter of 2012 was \$43.2 million, or 26.5 percent of revenue, compared to \$35.5 million, or 24.8 percent, in the fourth quarter of 2011 and \$43.6 million, or 26.2 percent of revenue, in the third quarter 2012. Gross profit margin improved during the quarter due mainly to additional copper wire conversion, productivity improvements as well as moderate improvements in product mix, despite gold prices being up approximately 4 percent and loading down sequentially.

Income taxes for the fourth quarter of 2012 was \$2.8 million, making our effective income tax rate 43 percent, which includes a one-time \$2.7 million non-cash tax expense associated with a correction of the Company's foreign tax credits and deferred taxes. In addition, the China government began an audit of our high-tech company status for our largest Chinese subsidiary that has a reduced tax rate of 15 percent.

Fourth quarter 2012 GAAP net income was \$4.1 million, or \$0.09 per diluted share, compared to GAAP net income of \$3.1 million, or \$0.07 per diluted share, in the fourth quarter of 2011 and GAAP net income of \$8.6 million, or \$0.18 per diluted share, in the third quarter of 2012.

Non-GAAP adjusted net income for the fourth quarter of 2012 was \$6.2 million, or \$0.13 per diluted share, which excluded, net of tax, \$1.1 million of non-cash acquisition related intangible asset amortization costs and \$1.0 million of acquisition costs, compared to non-GAAP adjusted net income of \$4.0 million, or \$0.09 per diluted share, in the fourth quarter of 2011 and non-GAAP adjusted net income of \$9.5 million, or \$0.20 per diluted share, in the third quarter of 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 December 31, 2012 <i>unaudited</i>
GAAP net income	\$ 4,075
GAAP diluted earnings per share	\$ 0.09
Adjustments to reconcile GAAP net income to Non-GAAP adjusted net income:	
Amortization of acquisition related intangible assets	1,131
Acquisition costs	959
Non-GAAP adjusted net income	\$ 6,165
Non-GAAP adjusted diluted earnings per share	\$ 0.13

See the tables below for further details of the reconciliation.

Included in fourth quarter 2012 GAAP and non-GAAP adjusted net income was approximately \$2.4 million, net of tax, non-cash share-based compensation expense. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional \$0.05 per diluted share, the same amount per diluted share by which share-based compensation affected GAAP and non-GAAP adjusted net income in fourth quarter 2011.

EBITDA, which represents earnings before net interest expense, income tax, depreciation and amortization, for the fourth quarter of 2012 was \$24.1 million, compared to \$19.7 million for the fourth quarter of 2011 and \$24.8 million for the third quarter of 2012. For a reconciliation of GAAP net income to EBITDA (non-GAAP), see the table below.

For the fourth quarter of 2012, cash flow from operations was \$16.4 million while net cash flow was a negative (\$11.1) million primarily due to \$16 million paid to acquire PAM. Free cash flow was a \$1.1 million, which included \$15.3 million of capital expenditures. Capital expenditures included \$2.1 million of associated with the Chengdu assembly test facility construction.

As of December 31, 2012, Diodes had approximately \$157 million in cash and cash equivalents and working capital was approximately \$378 million.

Fiscal 2012

For the fiscal year 2012, revenue was \$633.8 million as compared to \$635.3 million reported in 2011. Gross profit was \$161.6 million, or 25.5 percent of revenue, compared to \$193.7 million, or 30.5 percent of revenue, in the prior year. GAAP net income was \$24.2 million, or \$0.51 per diluted share, compared to \$50.7 million, or \$1.09 per diluted share in 2011.

Non-GAAP adjusted net income for fiscal 2012 was \$26.1 million, or \$0.56 per diluted share, which excluded, net of tax, \$3.7 million of non-cash acquisition related intangible asset amortization costs, \$2.7 million gain on the sale of assets and \$1.0 million of acquisition costs, compared to non-GAAP adjusted net income of \$58.0 million, or \$1.24 per diluted share, in the prior year. 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*):

	Twelve Months Ended December 31, 2012 <i>unaudited</i>
GAAP net income	\$ 24,152
GAAP diluted earnings per share	\$ 0.51
Adjustments to reconcile GAAP net income to Non-GAAP adjusted net income:	
Amortization of acquisition related intangible assets	3,682
Gain on sale of assets	(2,717)
Acquisition costs	959
Non-GAAP adjusted net income	\$ 26,076
Non-GAAP adjusted diluted earnings per share	\$ 0.56

See the tables below for further details of the reconciliation.

Included in fiscal 2012 GAAP and non-GAAP adjusted net income was approximately \$9.4 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional \$0.20 per diluted share, a comparable amount per diluted share by which share-based compensation affected GAAP and non-GAAP adjusted net income in fiscal 2011.

EBITDA, which represents earnings before net interest expense, income tax provision, depreciation and amortization, for fiscal 2012 was \$93.2 million, compared to \$130.5 million for fiscal 2011. For a reconciliation of GAAP net income to EBITDA (non-GAAP), see table below.

For the year ended December 31, 2012, net cash provided by operating activities was \$64 million. Net cash flow was \$28 million. Free cash flow was \$6 million, which included \$58 million of capital expenditures. Capital expenditures included approximately \$15 million of capital expenditures associated with the Chengdu assembly test facility construction.

Conference Call

Diodes will host a conference call on Wednesday, February 13, 2013 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its fiscal 2012 and fourth quarter financial results. Investors and analysts may join the conference call by dialing 1-866-202-4683 and providing the confirmation code 92396703. International callers may join the teleconference by dialing 1-617-213-8846 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, February 20, 2013 at midnight Central Time. The replay number is 1-888-286-8010 with a pass code of 33061397. 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, 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 two 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; 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: to further capitalize on market expansion opportunities and improve leverage through select acquisitions, we also recently announced the proposed acquisition of BCD Semiconductor, which we expect will greatly enhance our analog product portfolio by expanding our product offerings for standard linear and AC/DC solutions for switch-mode power supply chargers and adaptors; combining manufacturing synergies and BCD's established local market position in China with Diodes' global customer base and sales channels provides enhanced profitability and growth opportunities for the Company in 2013 and beyond; as we look to the first quarter of 2013, we are expecting a slightly better than seasonal quarter with revenue ranging between \$157 million and \$170 million, or flat plus or minus 4 percent sequentially; we expect gross margin to be 25 percent, plus or minus 2 percent; operating expenses are expected to be 23 percent of revenue, plus or minus 1 percent; and we expect our income tax rate to range between 10 and 17 percent, and shares used to calculate GAAP EPS for the first quarter are anticipated to be approximately 47.0 million. Potential risks and uncertainties include, but are not limited to, such factors as: 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; 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 the Company's 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.

###

Company Contact:

Diodes Incorporated
Laura Mehrl
Director of Investor Relations
P: 972-987-3959
E: laura_mehrl@diodes.com

Investor Relations Contact:

Shelton Group
Leanne Sievers
EVP, Investor Relations
P: 949-224-3874
E: lsievers@sheltongroup.com

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
NET SALES	\$ 163,287	\$ 143,313	\$ 633,806	\$ 635,251
COST OF GOODS SOLD	120,040	107,818	472,220	441,554
Gross profit	43,247	35,495	161,586	193,697
OPERATING EXPENSES				
Selling, general and administrative	28,661	22,585	101,363	89,974
Research and development	9,295	6,876	33,761	27,231
Amortization of acquisition related intangible assets	1,721	1,095	5,122	4,503
Gain on sale of assets	—	—	(3,556)	—
Total operating expenses	39,677	30,556	136,690	121,708
Income from operations	3,570	4,939	24,896	71,989
OTHER INCOME (EXPENSES)				
Interest income	194	175	778	1,024
Interest expense	(307)	(116)	(876)	(3,139)
Amortization of debt discount	—	—	—	(6,032)
Gain (loss) on securities carried at fair value	3,724	296	7,100	(1,039)
Other	(561)	(1,236)	(1,091)	861
Total other income (expenses)	3,050	(881)	5,911	(8,325)
Income before income taxes and noncontrolling interest	6,620	4,058	30,807	63,664
INCOME TAX PROVISION	2,842	245	4,825	10,157
NET INCOME	3,778	3,813	25,982	53,507
Less: NET INCOME attributable to noncontrolling interest	297	(698)	(1,830)	(2,770)
NET INCOME attributable to common stockholders	\$ 4,075	\$ 3,115	\$ 24,152	\$ 50,737
EARNINGS PER SHARE attributable to common stockholders				
Basic	\$ 0.09	\$ 0.07	\$ 0.53	\$ 1.12
Diluted	\$ 0.09	\$ 0.07	\$ 0.51	\$ 1.09
Number of shares used in computation				
Basic	46,011	45,425	45,780	45,202
Diluted	46,900	46,599	46,899	46,713

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

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

For the fiscal year ended December 31, 2012:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
GAAP				\$24,152
Earnings per share (GAAP)				
Diluted				\$ 0.51
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	5,122	—	(1,440)	3,682
Gain on sale of assets	(3,452)	—	735	(2,717)
Acquisition costs	1,475	—	(516)	959
Adjusted (Non-GAAP)				\$ 26,076
Diluted shares used in computing earnings per share				46,899
Adjusted earnings per share (Non-GAAP)				
Diluted				\$ 0.56

Note: Included in GAAP and non-GAAP adjusted net income was \$9.3 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional \$0.20 per share.

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

For the fiscal year ended December 31, 2011:

	<u>Operating Expenses</u>	<u>Other Income (Expense)</u>	<u>Income Tax Provision</u>	<u>Net Income</u>
GAAP				<u>\$50,737</u>
Earnings per share (GAAP)				
Diluted				<u>\$ 1.09</u>
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	4,503		(1,184)	3,319
Amortization of debt discount		6,032	(2,111)	3,921
Adjusted (Non-GAAP)				<u>\$57,977</u>
Diluted shares used in computing earnings per share				<u>46,713</u>
Adjusted earnings per share (Non-GAAP)				
Diluted				<u>\$ 1.24</u>

Note: Included in GAAP and non-GAAP adjusted net income was \$8.9 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional \$0.19 per share.

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

For the three months ended December 31, 2012:

	<u>Operating Expenses</u>	<u>Other Income (Expense)</u>	<u>Income Tax Provision</u>	<u>Net Income</u>
GAAP				\$ 4,075
Earnings per share (GAAP)				
Diluted				\$ 0.09
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,721	—	(590)	1,131
Acquisition costs	1,475	—	(516)	959
Adjusted (Non-GAAP)				\$ 6,165
Diluted shares used in computing earnings per share				46,900
Adjusted earnings per share (Non-GAAP)				
Diluted				\$ 0.13

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$2.4 million, net of tax, non-cash share-based compensation expense. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional \$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 December 31, 2011:

	<u>Operating Expenses</u>	<u>Other Income (Expense)</u>	<u>Income Tax Provision</u>	<u>Net Income</u>
GAAP				\$ 3,115
Earnings per share (GAAP)				
Diluted				\$ 0.07
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,095	—	(230)	865
Adjusted (Non-GAAP)				\$ 3,980
Diluted shares used in computing earnings per share				46,599
Adjusted earnings per share (Non-GAAP)				
Diluted				\$ 0.09

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$2.4 million, net of tax, non-cash share-based compensation expense. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional \$0.05 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 amortization of acquisition related intangible assets, gain on sale of assets, acquisition costs and amortization of debt discount, as discussed below. Excluding gain on sale of assets and acquisition costs 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 and amortization of debt discount 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. 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.

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.

Gain on sale of assets – The Company excluded the gain recorded for the sale assets. During the first 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. During the second quarter 2012, the Company sold a building located in Taiwan and this gain was excluded from management’s assessment of the Company’s core operating performance. The Company believes the exclusion of the gain on sale of assets provides investors an enhanced view of a gain the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such gains.

Acquisition costs – The Company incurred costs associated with entering into an agreement and plan of merger with BCD Semiconductor Manufacturing Limited, which consisted of advisory, legal and other professional and consulting fees. These costs were expensed in the fourth quarter of 2012 as that was when the costs were incurred and services were received. 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.

Amortization of debt discount – The Company excluded the amortization of debt discount on its 2.25% Convertible Senior Notes (“Notes”). This amortization was excluded from management’s assessment of the Company’s core operating performance. Although the amortization of debt discount is recurring in nature, the expected life of the Notes is five years as that is the earliest date in which the Notes can be put back to the Company at par value. The amortization period ended October 1, 2012, therefore the Company no longer records an amortization of debt discount. In addition, over the past several years, the Company has repurchased all of its Notes, which made the principal amount outstanding and related amortization vary from period to period, and as such the Company believes the exclusion of the amortization facilitates comparisons with the results of other periods that may reflect different principal amounts outstanding and related amortization.

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 amortization of acquisition related intangible assets, gain on sale of assets, acquisition costs and amortization of debt discount as described above. Excluding gain on sale of assets, and acquisition costs provides investors with a better depiction of the Company’s operating results and provides a more informed baseline for modeling future earnings expectations, as described in further detail above. Excluding the amortization of acquisition related intangible assets and amortization of debt discount 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 table provided.

ADJUSTED OPERATING EXPENSES (Non-GAAP)

This measure consists of generally accepted accounting principles ("GAAP") operating expenses, which is then adjusted solely for the purpose of adjusting for acquisition costs. Excluding acquisition costs provides investors with a better depiction of the Company's operating results and provides a more informed baseline for modeling future earnings expectations. Presentation of the above non-GAAP measures allows investors to review the Company's results of operations from the same viewpoint as the Company's management and Board of Directors. The Company has historically provided similar non-GAAP financial measures to provide investors an enhanced understanding of its operations, facilitate investors' analyses and comparisons of its current and past results of operations and provide insight into the prospects of its future performance. The Company also believes the non-GAAP measures are useful to investors because they provide additional information that research analysts use to evaluate semiconductor companies. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results and may differ from measures used by other companies. The Company recommends a review of operating expenses on both a GAAP basis and non-GAAP basis be performed to get a comprehensive view of the Company's results.

	Three Months Ended December 31, 2012
GAAP operating expenses	\$ 39,677
Adjustments to reconcile GAAP operating expenses to non-GAAP adjusted operating expenses:	
Acquisition costs	(1,475)
Non-GAAP adjusted operating expenses	\$ 38,202

CASH FLOW ITEMS

Free cash flow (FCF) (Non-GAAP)

FCF for the fiscal and fourth quarter of 2012 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures. For fiscal 2012, the amount was \$6.0 million (\$64.2 million less (-) (\$58.2) million). For the fourth quarter 2012, the amount was \$1.1 million (\$16.4 million less (-) (\$15.3) 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.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO EBITDA

EBITDA (Non-GAAP)

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 measures, in evaluating our operating performance compared to that of other companies in our industry because 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. 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	
	December 31,	
	2012	2011
Net income (GAAP)	\$ 4,075	\$ 3,115
Plus:		
Interest expense, net	113	(59)
Income tax provision	2,842	245
Depreciation and amortization	17,072	16,382
EBITDA (Non-GAAP)	\$ 24,102	\$ 19,683

	Twelve Months Ended	
	December 31,	
	2012	2011
Net income (GAAP)	\$ 24,152	\$ 50,737
Plus:		
Interest expense, net (1)	98	8,147
Income tax provision	4,825	10,157
Depreciation and amortization	64,193	61,431
EBITDA (Non-GAAP)	\$ 93,268	\$ 130,472

(1) Includes \$6.0 million for the twelve months ended December 31, 2011 of amortization of debt discount.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	<u>December 31,</u> 2012	<u>December 31,</u> 2011
	<i>unaudited</i>	
CURRENT ASSETS		
Cash and cash equivalents	\$ 157,121	\$ 129,510
Accounts receivable, net	152,073	132,408
Inventories	153,293	140,337
Deferred income taxes, current	9,995	5,450
Prepaid expenses and other	18,928	19,093
Total current assets	<u>491,410</u>	<u>426,798</u>
DEFERRED INCOME TAXES, non-current	36,819	26,863
PROPERTY, PLANT AND EQUIPMENT, net	243,296	225,393
OTHER ASSETS		
Goodwill	87,359	67,818
Intangible assets, net	44,337	24,197
Other	16,842	21,995
Total assets	<u>\$ 920,063</u>	<u>\$ 793,064</u>

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
	<i>unaudited</i>	
CURRENT LIABILITIES		
Lines of credit and short-term debt	\$ 7,629	\$ 8,000
Accounts payable	64,072	66,063
Accrued liabilities and other current liabilities	41,139	30,793
Income tax payable	678	4,855
Total current liabilities	<u>113,518</u>	<u>109,711</u>
LONG-TERM DEBT, net of current portion		
Long-term borrowings	44,131	2,857
CAPITAL LEASE OBLIGATIONS, net of current portion	789	1,082
OTHER LONG-TERM LIABILITIES	41,185	30,699
Total liabilities	<u>199,623</u>	<u>144,349</u>
COMMITMENTS AND CONTINGENCIES	—	—
EQUITY		
Diodes Incorporated stockholders' equity		
Preferred stock - par value \$1.00 per share; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock - par value \$0.66 2/3 per share; 70,000,000 shares authorized; 46,010,815 and 45,432,252 issued and outstanding at December 31, 2012 and December 31, 2011, respectively	30,674	30,423
Additional paid-in capital	280,571	263,455
Retained earnings	399,796	375,644
Accumulated other comprehensive loss	(33,856)	(35,762)
Total Diodes Incorporated stockholders' equity	<u>677,185</u>	<u>633,760</u>
Noncontrolling interest	43,255	14,955
Total equity	<u>720,440</u>	<u>648,715</u>
Total liabilities and equity	<u>\$ 920,063</u>	<u>\$ 793,064</u>

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

Operator:

Good afternoon and welcome to Diodes Incorporated's fourth quarter and fiscal 2012 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, February 13, 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' fourth quarter and fiscal 2012 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, February 13, 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 net income to non-GAAP adjusted net income, GAAP net income to EBITDA, operating expenses to adjusted operating expenses and free cash flow, which provide additional details. Also, throughout the Company's press release and management's statements during this conference call, we refer to "net income attributable to common stockholders" as "GAAP net income."

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

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

Dr. Keh-Shew Lu, President and CEO

Thank you, Leanne.

Welcome everyone, and thank you for joining us today.

Diodes once again delivered solid financial results in 2012, a year in which the global markets remained challenging. Fourth quarter revenue grew 14 percent over the prior year period as we continued to gain momentum for our products used in smartphones and tablets. Our new product initiatives and increasing customer content remained key drivers of our market share gains throughout the year. Despite gold prices being up approximately 4 percent and the loading down from third quarter to fourth quarter, margins improved due mainly to additional copper wire conversion and productivity improvements, coupled with a small mix improvement.

Additionally, we made significant progress on our acquisition strategy by closing our acquisition of Power Analog Microelectronics (PAM) on October 29th. We began integrating PAM as well as Eris Technology Corporation (Eris) during the quarter. As you may recall, Diodes acquired over 50 percent of the outstanding shares of Eris on September 1st in order to leverage Eris' assembly and test equipment automation capabilities. Then at the end of the year, we announced the proposed acquisition of BCD Semiconductor Manufacturing Limited (BCD). We expect BCD will greatly enhance our analog product portfolio by expanding our product offerings for standard linear and AC/DC solutions for power supply chargers and adaptors. Combining manufacturing synergies and BCD's established local market position in China with Diodes' global customer base and sales channels provides enhanced profitability and growth opportunities for the Company in 2013 and beyond. Then in early January, we secured a five year \$300 million revolving senior credit facility with an option, pending bank approval, to increase the size of the credit facility by up to an additional \$200 million. In addition to financing our proposed acquisition of BCD, the facility also provides Diodes additional flexibility as we continue to execute on our growth initiatives.

With that, I will now turn the call over to Rick to discuss our fourth quarter and fiscal 2012 financial results as well as first quarter guidance in more detail.

Rick White, CFO

Thanks, Dr. Lu, and good afternoon everyone.

Revenue for the full year 2012 was \$633.8 million, compared to \$635.3 million in 2011. For the fourth quarter of 2012, revenue was \$163.3 million, an increase of 14 percent over the \$143.3 million in the fourth quarter of 2011 and a decrease of 2 percent from the \$166.6 million in the third quarter of 2012. The sequential decline in revenue was primarily due to seasonal weakness, partially offset by initial revenue recognized from PAM and Eris.

Gross profit for 2012 was \$161.6 million, or 25.5 percent of revenue, compared to \$193.7 million, or 30.5 percent of revenue in 2011.

For the fourth quarter of 2012, gross profit was \$43.2 million, or 26.5 percent of revenue, compared to \$35.5 million, or 24.8 percent, in the fourth quarter of 2011, and \$43.6 million, or 26.2 percent of revenue, in the third quarter 2012. Gross profit margin improved during the quarter due mainly to additional copper wire conversion, productivity improvements as well as moderate improvements in product mix, despite gold prices being up approximately 4 percent and loading down sequentially.

Total **operating expenses** for the fourth quarter were \$39.7 million, or 24.3 percent of revenue, compared to \$30.6 million, or 21.3 percent of revenue in the fourth quarter of 2011, and \$36.1 million, or 21.7 percent of revenue last quarter. Operating expenses in the fourth quarter included approximately \$1.5 million of BCD acquisition costs plus approximately \$1.6 million of increased operating expenses from the Eris and PAM acquisitions. Excluding the BCD acquisition costs, non-GAAP adjusted operating expenses were \$38.2 million, or 23.4 percent of revenue, slightly below the mid-point of our guidance.

Looking specifically at **Selling, General and Administrative** expenses for the fourth quarter, SG&A was approximately \$28.7 million, including expenses for the BCD, Eris and PAM acquisitions. This was 17.6 percent of revenue, compared to \$22.6 million, or 15.8 percent of revenue in the fourth quarter of 2011, and \$25.8 million, or 15.5 percent of revenue last quarter.

Investment in Research and Development for the fourth quarter was approximately \$9.3 million, or 5.7 percent of revenue, compared to \$6.9 million, or 4.8 percent of revenue in the fourth quarter of 2011, and \$9.1 million, or 5.5 percent of revenue last quarter. We continue to increase our investment in R&D to further advance our new product initiatives.

Total Other Income amounted to \$3.0 million for the fourth quarter. Looking at interest income and expense, we had approximately \$194,000 of interest income and approximately \$307,000 of interest expense. Also included in total other income was a \$3.7 million gain on approximately 938,000 shares of BCD stock previously purchased by the Company. The Company filed a Form 13G today with the SEC that gives more details about the Company's purchase of BCD stock.

Income Before Income Taxes and Noncontrolling Interest in the fourth quarter of 2012 amounted to \$6.6 million, compared to the income of \$4.1 million in the fourth quarter of 2011, and \$9.4 million in the third quarter of 2012.

Turning to **income taxes**, our effective income tax rate for fourth quarter and full year 2012 was approximately 43 percent and 16 percent, respectively, which includes a one-time \$2.7 million non-cash tax expense recorded in the fourth quarter, associated with a correction of the Company's foreign tax credits and deferred taxes.

China's corporate tax rate is 25 percent, but the government also offers a reduced tax rate of 15 percent for companies that qualify for the High and New Technology Enterprise program. Certain of our China subsidiaries have qualified for this program. During 2012, the China government began an audit of our largest Chinese subsidiary for our 2009-2011 high tech company status as part of an overall evaluation of the reduced tax rates provided to many high tech companies. To date, the government has not issued the results of their audit. For more information about this subject, please see the risk factors section (Item 1A) of our third quarter 2012 10-Q and our soon to be published 10-K.

Turning back to our results, **GAAP net income** for the full year of 2012 was \$24.2 million, or \$0.51 per diluted share, compared to \$50.7 million, or \$1.09 per diluted share last year. 2012 represented our 22nd consecutive year of profitability. Non-GAAP adjusted net income for the year was \$26.1 million, or \$0.56 per diluted share. For the fourth quarter, GAAP net income was \$4.1 million, or \$0.09 per diluted share, compared to GAAP net income of \$3.1 million, or \$0.07 per diluted share, in the fourth quarter of 2011, and GAAP net income of \$8.6 million, or \$0.18 per share last quarter. The share count used to compute GAAP diluted EPS for the fourth quarter was 46.9 million shares.

Fourth quarter **Non-GAAP adjusted net income** was \$6.2 million, or \$0.13 per diluted share, which excluded, net of tax, approximately \$1.1 million of non-cash acquisition related intangible asset amortization costs and approximately \$1.0 million of acquisition costs.

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 fourth quarter GAAP and non-GAAP adjusted net income was approximately \$2.4 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 increased by an additional \$0.05 per diluted share.

Cash flow generated from operations for 2012 was \$64 million and \$16 million for the fourth quarter.

Net cash flow for the year was a positive \$28 million, and a negative \$11 million for the fourth quarter, primarily due to the \$16 million paid for PAM.

Free cash flow for 2012 was \$6 million, which included approximately \$58 million of capital expenditures. Capital expenditures included approximately \$15 million associated with the Chengdu assembly test facility construction. Free cash flow was \$1.1 million for the fourth quarter, which included \$15.3 million of capital expenditures. Capital expenditures, included \$2.1 million associated with Chengdu.

Turning to the **balance sheet**, at the end of the fourth quarter, we had approximately \$157 million in cash and cash equivalents. Working capital was approximately \$378 million.

At the end of the fourth quarter, **inventory** was approximately \$153 million, compared to approximately \$158 million at the end of the third quarter of 2012. Inventory days increased to 119 in the fourth quarter, compared to 111 days last quarter. Inventory in the quarter reflects a \$12.1 million decrease in raw materials, partially offset by a \$2.8 million increase in work-in-process and a \$4.5 million increase in finished goods.

At the end of the fourth quarter, **Accounts receivable** was approximately \$152 million and A/R days were 87, compared to 85 last quarter.

Capital expenditures on an accrual basis for 2012 totaled \$60.1 million, which included \$15.0 million for our Chengdu site expansion. Excluding this amount, capital expenditures were 7.1 percent of revenue. Fourth quarter capital expenditures were \$11.3 million, which included \$2.1 million for our Chengdu site expansion. Excluding this amount, capital expenditures were 5.6 percent of fourth quarter revenue, compared to 8.8 percent in the third quarter. For 2013, based on current market conditions and excluding Chengdu building expenditures, we expect capital expenditures to be 7 to 9 percent of revenue.

Depreciation and amortization expense for the fourth quarter was \$17.0 million.

Now, turning to our Outlook...

For the first quarter of 2013, we expect revenue to range between \$157 million and \$170 million, or flat plus or minus 4 percent sequentially. We expect gross margin to be 25 percent, plus or minus 2 percent. Operating expenses are expected to be 23 percent of revenue, plus or minus 1 percent. We expect our income tax rate to range between 10 and 17 percent, and shares used to calculate GAAP EPS for the first quarter are anticipated to be approximately 47.0 million.

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

Mark King, Senior VP of Sales and Marketing

Thank you, Rick, and good afternoon.

Revenue in the quarter was down two percent sequentially primarily due to declines in North America and Europe, while revenue in Asia was flat. Automotive and industrial were down in the quarter, consumer and computing essentially flat, and communications was up slightly. Highlights in the quarter included continued advances in smartphones and tablets due to new products and share gains, which were offset primarily by declines in LED TV. We also continued to see positive momentum and achieved record revenue for our MOSFET, CMOS LDOs and Logic product lines, driven by solutions for portables and portable power. Additionally, LED drivers, sensors and bi-polar transistors also experienced a strong quarter.

OEM sales were up one percent and distributor POS was down 3.7 percent. Distributor inventory continued to decrease another 2.5 percent and inventory remained in line and under three months.

Turning to **Global Sales**, Asia represented 81 percent of revenue, Europe 10 percent and North America 9 percent.

Our end market breakout consisted of consumer representing 34 percent of revenue, computing 28 percent, industrial 18, communications 17, and automotive 3 percent.

In terms of **new products**, fourth quarter proved to be another strong quarter for product launches across a wide spectrum of applications and all end markets.

Discrete product introductions totaled 43 new products across 17 product families as we continued to demonstrate our commitment to growing our broad-based discrete portfolio aimed at high volume, high growth markets. During the quarter Diodes expanded its offering of thermally-efficient miniature power devices using its DFN technology, which enables outstanding power handling and space saving in a range of demanding applications. This family of devices offers advantages across a variety of applications, including tablets, netbooks, notebooks, power supplies, motor control as well as automotive applications.

Also leveraging Diodes DFN packaging technology is the latest in a line of Schottky diodes packaged in the subminiature DFN0603 package. This tiny package uses 66 percent less board area than competing DFN1006 schottkies, making it ideally suited for portable applications. We have already secured a design win with a major portable manufacturer and expect additional design wins in the coming quarters.

Diodes also broadened our range of tight tolerance Zeners in the quarter, which are also aimed at the mobile communications and portable markets. In other application areas, we launched additional MOSFET devices for consumer electronics, notebooks, motor control, LED, VoIP and power supplies. We also introduced SBR® devices for power supply, LED TV and automotive applications, as well as protection and application-specific products for consumer and industrial applications.

In terms of design wins for our discrete products, throughout the quarter Diodes secured major wins in portable devices, computing, automotive applications, as well as power supply and adapters. Turning to **analog** new product introductions, we released 24 new analog products across 6 product families. New product highlights included the release of several new synchronous DC-DC converters, including our first buck regulator offering light load and high efficiency. This device allows for continuous load of 2A with efficiencies as high as 95 percent. Design-in activity for our expanding portfolio of synchronous DC-DC converters included early production ramps on two of our new products with a major Japanese electronics manufacturer as well as a new customer in the U.S.-based set-top box market.

Also during the quarter, we introduced several new micropower omnipolar Hall-effect switches, including high sensitivity devices designed specifically for portable and battery powered equipment such as cell phones and tablets. We also offer medium to low sensitivity devices targeted at industrial applications, such as smart e-meters. These low power products provide programmable features and extremely small package footprints that have seen early success in the market with design opportunities in e-readers, smartphones and desktop printers.

Additionally, we released a family of single channel precision adjustable USB power switches that further expand our very successful portfolio of devices optimized for hot-swap portable consumer applications. Overall design win activity for USB power switches remained very strong with significant wins across multiple customers in both LED TVs as well as the notebook market. Our LDO design wins were also strong, where we saw major design wins across large-scale applications, including DVD players, LED TVs and computer motherboards. In fact our CMOS LDO product line continues to set new revenue records as we continue to expand this product family. Finally in our LED driver family, we now offer a 30V, 1A LED driver that features robust protection against LED and over-temperature faults to ensure reliable system design. This device's low EMI performance reduces system cost and meets all EMI requirements, while the PWM and analog dimming support provide excellent system flexibility.

We also continued to gain significant momentum for our **Standard Logic** products, doubling our revenue over the prior quarter. Our expanded family of logic devices has been well received by customers as we secure a growing number of design wins in the portable consumer electronics space.

In summary, we are pleased with our continued advances and market share gains in smartphones and tablets during this past year. Although the market environment remains challenging, we believe our past design win momentum, new products and expanded customer relationships have been key factors to our success. Diodes' leading packaging capabilities have enabled us to produce outstanding power and space saving devices in a broad range of demanding applications. We have a growing product pipeline and a strong design win pipeline, which will only be further enhanced by the addition of BCD's analog product portfolio. This acquisition provides added strength to our geographic presence and global customer base by expanding our sales footprint. Upon closing of the transaction, we look forward to working closely with our customers to familiarize them with our new expanded standard linear and power management offerings.

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

Upon Completion of the Q&A...

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

DIODES 4Q AND FISCAL 2012 EARNINGS CALL
QUESTION AND ANSWER

Operator

(OPERATOR INSTRUCTIONS). STEVE SMIGIE, RAYMOND JAMES.

Steve Smigie - Raymond James & Associates - Analyst

GREAT. THANKS A LOT. SO GUYS, NICE GROWTH YEAR-OVER-YEAR IN THE FOURTH QUARTER OF 14%. THAT'S PRETTY GOOD IN A TOUGH ENVIRONMENT. I WAS HOPING YOU COULD GIVE A LITTLE BIT OF COLOR, DR. LU, ON HOW ORDERS ARE TRENDING. ARE YOU SEEING MORE POSITIVE OUTLOOK? BECAUSE I THINK YOU SAID IN YOUR PRESS RELEASE, YOU'RE GUIDING A LITTLE BIT OF BOTH SEASONAL. AND WE'VE BEEN HEARING FROM SOME OF THE OTHER GUYS THAT ARE SIMILAR COMPANIES THAT HAVE TALKED ABOUT IMPROVING ORDER PATTERNS AND I'M JUST CURIOUS IF YOU'VE SEEN THE BETTER ORDER PATTERNS, AND IF IT'S JUST CHINESE NEW YEAR OR IF THERE'S SOMETHING MORE MEANINGFUL HERE. THANKS.

Keh-Shew Lu - Diodes Incorporated - President and CEO

WELL, STEVE, I JUST CAME BACK FROM CHINA — OR FROM TAIWAN — YESTERDAY. AND I DO SEE SOME OF THE UPTICK OF BUSINESS OR MARKET IN ASIA. BUT NOTHING REALLY SHOWS A STRONGLY RECOVERY. IT'S NOT. I JUST SEE A FEW COMPANIES CHANGED OR CANCELLED THE CHINESE NEW YEAR VACATION OR HOLIDAY, AND SOME OF THE COMPANIES SHORTENED THAT CHINESE NEW YEAR HOLIDAY.

SO, YOU CAN FEEL A LITTLE BIT UPTICK. BUT SINCE RIGHT NOW, THEY ARE STILL IN THE CHINESE NEW YEAR HOLIDAYS. WE REALLY DON'T KNOW UNTIL — AFTER THE CHINESE NEW YEAR, THEN, WE WILL KNOW FOR SURE. NOW, I DID — MARK KING ANSWER YOU ON THE US AND EUROPE. BUT IN DIODES, WE DO GAIN THE MARKET SHARE. WE DO CONTINUE TO HAVE VERY STRONG DESIGN WINS. SO, WE ARE ABLE TO MAKE THE GUIDANCE FLAT INSTEAD OF GOING SEASONALLY DOWN. AND MARK, DO YOU WANT TO TALK ABOUT US AND EUROPE?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

YES, STEVE, WE ARE DEFINITELY SEEING AN UPTICK IN THE NORTH AMERICAN MARKETPLACE, AND WE ARE SEEING SOME SLIGHT SIGNS OF RECOVERY IN EUROPE. SO, MORE POSITIVE SIGNS RATHER THAN A CLEAR INDICATION. I'D I THINK, DEFINITELY, THINGS ARE IMPROVING GLOBALLY.

Steve Smigie - Raymond James & Associates - Analyst

OKAY, GREAT. AND THEN I WAS HOPING, RICK, IF YOU COULD TALK A LITTLE BIT MORE ABOUT THE TAXES? I THINK, IF I DID THE MATH RIGHT, YOU ARE SOMETHING LIKE A 13.5% TAX RATE FOR THE MARCH QUARTER HERE. IS THAT SOMETHING WE SHOULD THINK ABOUT AS THE RATE THROUGHOUT THE REST OF THE CALENDAR YEAR? AND CAN YOU TALK A LITTLE BIT ABOUT POSSIBLE IMPACT OF, IF YOU GO THROUGH THE CHINESE AUDIT ON THE TAXES, WOULD THAT INCREASE YOUR TAX RATE IF IT GOES AGAINST YOU? AND WHAT'S THE LIKELIHOOD OF THAT GOING AGAINST YOU?

Rick White - Diodes Incorporated - CFO, Secretary and Treasurer

YES, SURE. SO 13.5% IS THE MIDPOINT OF OUR GUIDANCE FOR THE FIRST QUARTER. AND YOU CAN ASSUME THAT IT'S THE SAME FOR THE REST OF THE YEAR FOR 2013. AS FAR AS THE HIGH-TECH TAX RATE, WE HAVE BEEN APPROVED. OUR CHINESE SUBSIDIARIES HAVE BEEN APPROVED FOR THE HIGH-TECH TAX RATE FOR THE NEXT THREE YEARS ALREADY. THAT OCCURRED IN THE FOURTH QUARTER. SO, FROM THAT STANDPOINT, WE BELIEVE THAT WE HAVE NO ISSUE GOING FORWARD WITH THAT. IT'S JUST THE QUESTION OF THIS AUDIT, AND WHAT THE OUTCOME OF THAT AUDIT IS GOING TO BE. AND TO DATE, WE DON'T HAVE ANY INPUT ON THAT.

Steve Smigie - Raymond James & Associates - Analyst

OKAY, GREAT. THE LAST QUESTION WAS JUST ON GROSS MARGIN. IF WE WERE TO GET A SEASONAL UPTICK IN THE JUNE QUARTER, LET'S SAY 4% OR 5%, OR SOMETHING LIKE THAT EVEN IF IT'S NOT SEASONAL. IF WE GET THAT SORT OF UPTICK, HOW BIG OF A GROSS MARGIN IMPACT WOULD THAT HAVE? WOULD THAT HAVE A MEANINGFUL IMPACT ON UTILIZATION, SUCH THAT WE COULD SEE A COUPLE OF HUNDRED BASIS POINTS OR MORE JUMP IN GROSS MARGIN IN THE JUNE QUARTER?

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

WELL, YOU ARE TALKING ABOUT THE SECOND OR THIRD QUARTER. WE DON'T GIVE ANY GUIDANCE ON THAT. BUT, IF THE MARKET TURNS AND WE START TO GET A SIGNIFICANT GROWTH THEN YOU CAN SEE A MAJOR UTILIZATION IMPROVEMENT. AND THAT WILL HELP US ON THE GPM PERCENT. BUT THAT REALLY DEPENDS ON WHAT WILL BE HAPPENING IN SECOND QUARTER, OR EVEN YOU'RE TALKING ABOUT THIRD QUARTER. BUT AT THIS MOMENT, WE DO NOT HAVE ANY INFORMATION, AND WE DO NOT GIVE THAT GUIDANCE. IT COMPLETELY DEPENDS ON THE LOADING. AND WE TRY TO QUALIFY BCD, AND THAT IS — DEPEND ON THE QUALIFICATION AND DEPEND ON CUSTOMER ACCEPTANCE. SO WE REALLY DO NOT HAVE THE NUMBER IN OUR MIND YET ABOUT WHAT WILL BE THE IMPROVEMENT OF THE LOADINGS.

Steve Smigie - *Raymond James & Associates - Analyst*

OKAY, GREAT. THANKS A LOT. CONGRATULATIONS AGAIN.

Operator

CHRISTOPHER LONGIARU, SIDOTI & COMPANY.

Christopher Longiaru - *Sidoti & Company - Analyst*

CONGRATULATIONS ON THE GUIDANCE, ESPECIALLY VERSUS COMPETITORS.

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

THANK YOU.

Christopher Longiaru - *Sidoti & Company - Analyst*

I GUESS MY QUESTION HAS TO DO WITH — WHAT'S THE TIMING ON THE CLOSURE OF BCD AT THIS POINT? AND IS THERE ANY — HOW MUCH OF THAT IS IN THE GUIDE AT THIS POINT? AND IS THAT THE REASON WHY THE GUIDANCE RANGE IS A LITTLE WIDER THAN USUAL?

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

OKAY, NUMBER ONE, ON OUR GUIDANCE ASSUMES HAVE NO BCD IN THERE. THAT'S NUMBER ONE. NUMBER TWO, YOU KNOW THAT BCD GOING TO THE SHAREHOLDER MEETING ON FEBRUARY 28TH. AND WE WOULD LIKE TO, AFTER IF THEY APPROVE IT, THEN WE WOULD LIKE TO CLOSE AS FAST AS WE CAN. AND SO, IF THERE'S NO SURPRISE, THEN MAYBE AT THE BEGINNING OR AT THE FIRST PORTION OF MARCH, INSTEAD OF APRIL. BUT THAT REALLY DEPENDS ON ANY SURPRISE OR ANYTHING HAPPEN (MULTIPLE SPEAKERS)

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

APPROVAL BY THEIR SHAREHOLDERS FIRST, RIGHT?

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

APPROVAL, YES.

Christopher Longiaru - *Sidoti & Company - Analyst*

Okay, great. And then just on the inventories that are in the channel right now — Mark, can you comment a little bit about how those kind of trended during the course of the quarter, and any indications of what you're seeing at this point into the first quarter?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

YES, I THINK WE ARE — ACTUALLY OUR INVENTORY POSITION IS QUITE SOLID. OUR EUROPEAN INVENTORY IS VERY LOW. OUR NORTH AMERICAN INVENTORY CONTINUED TO DECLINE. I THINK OVERALL, GLOBALLY, WE WERE DOWN 2.5% FOR THE QUARTER. AND ACTUALLY, I THINK THAT THE DISTRIBUTORS HAVE BEEN WORKING THEIR INVENTORY — I DON'T KNOW, THE LAST SIX QUARTERS, AND IT HAS CONTINUED TO DECLINE. So I THINK IT'S IN VERY, VERY GOOD SHAPE.

Christopher Longiaru - Sidoti & Company - Analyst

So, IN THE SCOPE OF A REBOUND, ONCE WE ARE STARTING TO SEE SOME SIGNS OF IN 2013, WOULD YOU HAVE TO PICK UP A LITTLE BIT MORE INVENTORY INTERNALLY TO HEDGE AGAINST GETTING OUT PRODUCT IN TIME FOR GUYS THAT NEED IT? OR DO YOU THINK THAT WHAT YOU HAVE NOW IS OKAY? CAN YOU GIVE US A LITTLE GUIDANCE THERE?

Keh-Shew Lu - Diodes Incorporated - President and CEO

Go AHEAD.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

No, GO AHEAD, DR. LU. FEEL FREE.

Keh-Shew Lu - Diodes Incorporated - President and CEO

OKAY. I'M GOING TO TALKING ABOUT THE COMPANY INTERNAL INVENTORY. YOU KNOW BY END OF DECEMBER, WE ARE BUILDING UP INVENTORY FOR THE CHINESE NEW YEAR. BECAUSE EVEN THOUGH THE CHINESE NEW YEAR IS — RIGHT NOW, CHINESE NEW YEAR. AND YOU'RE GOING TO HAVE A LOT OF PEOPLE GO HOME FOR VACATION AND WE PLAN TO SHUT DOWN FOR A COUPLE, TWO, THREE DAYS. AND SO, WE ACTUALLY BUILD UP THE INVENTORY IN DECEMBER — END OF DECEMBER. THEN, WE — I THINK SO, WE WOULD HOPING, OR WE THINK INTERNALLY BY END OF MARCH THAT INVENTORY SHOULD GO DOWN.

Christopher Longiaru - Sidoti & Company - Analyst

SHOULD GO DOWN, OKAY.

Keh-Shew Lu - Diodes Incorporated - President and CEO

WE DO NOT PLAN TO BUILD UP THE INVENTORY FOR THAT.

Christopher Longiaru - Sidoti & Company - Analyst

OKAY, ALL RIGHT. THAT'S ALL I HAVE FOR NOW. THANK YOU GUYS.

Operator

HARSH KUMAR, STEPHENS.

Harsh Kumar - Stephens Inc. - Analyst

CONGRATULATIONS ON A GOOD GUIDE. DR. LU, I HAD A COUPLE OF QUESTIONS. FIRST ONE, YOU JUST DID 26.5% MARGINS, GROSS. AND I THINK THE GUIDANCE IS, AT THE MIDPOINT, 25%. IS THERE ANYTHING GOING ON IN THAT NUMBER THAT IS CAUSING YOU TO GUIDE A LITTLE BIT LOWER? AND THEN I HAD A QUESTION ABOUT COPPER CONVERSION AS WELL.

Keh-Shew Lu - Diodes Incorporated - President and CEO

OKAY LET ME — I WILL ANSWER THAT. IT'S REALLY VERY SIMPLE. LIKE I SAY IN THE DECEMBER QUARTERS, WE ARE BUILDING UP SOME INVENTORY. SO THE UTILIZATION RATE WOULD BE HIGHER THAN 1Q — 1Q, OKAY. SO WE ORIGINALLY DID NOT REALLY PLAN ON REDUCED INVENTORY. SO, OUR GPM, OUR GROSS MARGIN WOULD BE AFFECTED BY THAT UTILIZATION. AND 1Q, BECAUSE THE CHINESE NEW YEAR HOLIDAY, LESS PEOPLE AND OUTPUT, THE PHYSICAL OUTPUT FROM THE FACTORY WILL BE LOWER THAN 4Q. AND THAT, YOU HAVE FIXED COSTS AND LOWER OUTPUT, THEN YOUR GPM PERCENT WILL BE LOW.

Harsh Kumar - Stephens Inc. - Analyst

THAT'S VERY HELPFUL, DR. LU. AND THEN, ARE YOU — DR. LU AND MARK — ARE YOU DONE WITH THE COPPER CONVERSION? HOW FAR ARE YOU? AND CAN YOU GIVE ME A SENSE OF WHAT THIS MEANS TO PROFITABILITY?

Keh-Shew Lu - Diodes Incorporated - President and CEO

NUMBER ONE, WE ARE NOT FINISHED. FROM THE MAKING FUNCTION TO CONSENT, WE ALMOST FINISHED THE COPPER WIRE QUALIFICATION. THE ONE WE WENT TO MOVE, WE WANT TO CONVERT, WE ALMOST DONE. BUT I THINK I'VE BEEN TALKING ABOUT IS A CUSTOMER ACCEPTANCE; FROM ESPECIALLY MAJOR CUSTOMERS, THEY DO NOT WANT TO CONVERT IT DURING THE PRODUCTION TIMES. SO THEY ALWAYS WANT TO WAIT UNTIL THEIR NEW DESIGN — RAMP IT UP. THEN, THEY WILL QUALIFY OUR COPPER WIRE PRODUCTS. AND SO, WE ARE NOT REALLY — FOR THE MAJOR CUSTOMER — WE ARE NOT REALLY CONVERTING YET, ESPECIALLY THE HIGH-VOLUME ONE.

Harsh Kumar - Stephens Inc. - Analyst

OKAY, THAT'S — I THINK I CAN UNDERSTAND THAT. AND THEN, DR. LU, IS THERE A BIG DIFFERENCE FROM BRINGING — LAST QUESTION FROM ME — PAM AND ERIS IN DECEMBER QUARTER CONTRIBUTION, VERSUS PAM AND ERIS IN THE MARCH QUARTER CONTRIBUTION?

Keh-Shew Lu - Diodes Incorporated - President and CEO

LET'S CHECK ONE BY ONE. PAM, WE CONSOLIDATE BY END OF OCTOBER. THEREFORE, IN 4Q, YOU HAD TWO MONTHS OF PAM; AND THEN, 1Q, YOU HAD THREE MONTHS. SO, THAT'S — YOU CAN SEE IT'S — HOW MUCH THAT IS. BUT DON'T FORGET IN 1Q, TYPICALLY CHINESE NEW YEAR SEASON, THAT WILL BE SLOWED DOWN SLIGHTLY. NOW FOR ERIS, THERE IS NO DIFFERENCE BECAUSE ERIS WAS CONSOLIDATE IN SEPTEMBER, OR END OF AUGUST. YES, SEPTEMBER. SO, IN THE 4Q YOU HAVE THREE MONTHS OF ERIS, AND 1Q YOU HAVE THREE MONTHS OF ERIS.

Harsh Kumar - Stephens Inc. - Analyst

OKAY, PERFECT. SO THAT'S VERY HELPFUL. I'LL GET BACK IN LINE. THANK YOU AND CONGRATULATIONS.

Operator

VIJAY RAKESH, STERNE, AGEE.

Vijay Rakesh - Sterne, Agee & Leach - Analyst

GOOD WORK ON THE Q4 GROSS MARGINS. I WAS WONDERING AS YOU LOOK AT — YOU MENTIONED THE GUIDE IS BEING IMPACTED BY FAB UTILIZATIONS. WHAT ARE THE UTILIZATIONS IN Q4, AND WHERE DO YOU EXPECT YOUR UTILIZATION IN Q1?

Keh-Shew Lu - Diodes Incorporated - President and CEO

OKAY, UTILIZATION IS BETTER THAN WHAT WE EXPECTED. IT'S BECAUSE, LIKE I MENTIONED, WE BUILD UP SOME INVENTORY FOR CHINESE NEW YEAR. SO YOUR OUTPUT SLIGHTLY WELL, YOU MOVE EVEN MORE. THEN, 1Q, YOU CAN SEE THE OUTPUT GOING TO BE LOW. AND IF WE GIVE THE GUIDANCE OF 25% VERSUS 26.3%, OKAY SO YOU KNOW, THAT IS ABOUT THE DIFFERENCE.

NOW, ON THE — WE SAID SLIGHTLY BETTER ON COPPER WIRE CONVERSION. THOSE WILL BE CONTINUE. SO IT WON'T GO DOWN. AND THIS, THE MIX, GET CHANGED SIGNIFICANTLY. IF THE MIX DON'T CHANGE. SO, WE ASSUME THE COPPER WIRE WILL BE THE SAME. AND, THEREFORE, YOU CAN SEE THAT DIFFERENCE IS REALLY DUE TO THE UTILIZATION.

Vijay Rakesh - Sterne, Agee & Leach - Analyst

AND AS YOU LOOK AT Q2, DO YOU SEE THE UTILIZATION HAS COME BACK TO THE KIND OF THE Q4 LEVEL? AND ALSO, AS BCD LAYERS IN, ARE THOSE GROSS MARGINS NICELY INCREMENTAL TO WHERE YOU ARE, LET'S SAY, AT THE Q1 LEVEL?

Keh-Shew Lu - Diodes Incorporated - President and CEO

OKAY, WE DO NOT GIVE THE GUIDANCE ON Q2 YET. BUT YOU CAN ESTIMATE IF THE BUSINESS — WE DON'T KNOW, BUT IF THE BUSINESS REALLY GROW, THEN UTILIZATION WILL BE BETTER. SO THAT IS — WE DON'T KNOW ON THE Q2 YET. BUT YOU NEED TO MAKE YOUR ASSUMPTION WHAT WILL BE THE Q2 REVENUE; AND THEN FROM THERE, YOU CAN ESTIMATE WHAT KIND OF IMPROVEMENT.

NOW, BCD IS A DIFFERENT STORY, BECAUSE BCD DO ANNOUNCE, DUE TO THEIR FAB TO CHIP IN, THEIR UTILIZATION WILL BE LOWER. AND I THINK THEY GAVE THEIR GUIDANCE OF 1Q. AND IF THIS JUST TURNS, THAN YOU CAN ESTIMATE WHAT WILL BE THE UTILIZATION. I DO NOT — IN OUR NUMBER, WE ASSUME THAT NO BCD. IN OUR 1Q GUIDANCE, WE ASSUME NO BCD. AND THEN, IF WE ARE ABLE TO CONSOLIDATE ONE MONTH OR CONSOLIDATE MARCH, IF WE GET CLOSE SOONER THEN IT WILL BE DIFFERENT.

Vijay Rakesh - Sterne, Agee & Leach - Analyst

GOT IT. OKAY. AND ON THE BCD SIDE, I MEAN THEIR FAB — ARE YOU BRINGING — WHEN DO YOU START TO MOVE THEIR PRODUCT IN-HOUSE? OR DO YOU PLAN TO KEEP THEIR FAB UP OPEN THROUGH THE YEAR?

Keh-Shew Lu - Diodes Incorporated - President and CEO

WE WILL TRY TO BRING THEIR ASSEMBLY SUBCON — NOT ALL OF THEM, BUT THE MAJORITY OF THEM — TO OUR ASSEMBLY SIDE. BUT IT TAKE MUCH LONGER TO BRING OUR PRODUCT TO THEIR FAB. BECAUSE FAB QUALIFICATIONS AND THE CONVERSION, IT TYPICALLY TAKE LONGER THAN PACKAGING CONVERSIONS.

Vijay Rakesh - Sterne, Agee & Leach - Analyst

OKAY, GREAT. THANKS A LOT, GUYS.

Operator

VERNON ESSI, NEEDHAM & COMPANY.

Vernon Essi - Needham & Company - Analyst

CONGRATULATIONS ON THIS GUIDANCE. REALLY THE ONLY THING I WOULD LIKE TO FOCUS ON, DR. LU, IS YOU HAD MENTIONED EARLIER ABOUT HAVING THE QUALIFICATIONS AND ACCEPTANCES WITH BCD. IS THERE ANY SORT OF TIMELINE OR MILESTONES YOU COULD WALK US THROUGH AS TO HOW THAT MIGHT TRANSPIRE AS YOU TRY TO GARNER THE ATTENTION OF SOME OF THOSE LARGER BRANDED COMPANIES THAT YOU ALREADY DEAL WITH, AND SORT OF CROSS-SELL OTHER PRODUCTS? WHAT IS YOUR EXPECTATION ON THAT?

Keh-Shew Lu - Diodes Incorporated - President and CEO

OKAY. YOU KNOW WE START WORKING ON THE PACKAGING QUALIFICATION EVEN BEFORE WE CLOSED. WE ALREADY KICK OFF THAT ACTIONS. AND SO, LET'S SAY IT TAKE THREE MONTHS FOR QUALIFICATION. IT TAKE THREE MONTHS FOR THE PCM PRODUCT TEAM TO NOTICE. YOU'RE TALKING ABOUT SIX MONTHS. AFTER THAT FOR THE GENERAL MARKET, YOU CAN START TO CONVERT. BUT FOR KEY CUSTOMER, THEN YOU NEED TO WAIT UNTIL THEY SAY OKAY. FOR THE VERY TOUGH CUSTOMER, THEY WILL JUST SAY NO; YOU GIVE ME THE SAMPLE, AND I WAIT UNTIL MY NEXT VERSION OF THE PRODUCT, THEN I WILL QUALIFY YOU BASED ON THAT, ON THE NEXT VERSION OF THEIR NEXT PRODUCT.

SO, THE EARLIEST WILL BE SIX MONTHS. BUT THEN YOU CANNOT CONVERT RIGHT AWAY. THEN YOU START FROM THE GENERAL MARKET, THE KEY CUSTOMER, THEN THE TOUGH CUSTOMER. AND THAT I CANNOT REALLY TALKING ABOUT, BECAUSE THAT REALLY IS THE CUSTOMER MAKE A DECISION. NO, WE CAN MAKE A DECISION.

Vernon Essi - Needham & Company - Analyst

OKAY, SO I GUESS MY — THIS HELPS. JUST TO CLARIFY, YOU WOULD NOT REALLY BE SEEING CROSS-SELLING REVENUE SYNERGY OF MAGNITUDE THIS CALENDAR YEAR, BECAUSE YOU'RE GOING TO MISS SORT OF THE CONSUMER SEASON. YOU MIGHT GET SOME SAMPLING TAKING PLACE. BUT, REALLY, 2014 IS WHERE YOU WOULD START TO SEE THAT.

Keh-Shew Lu - Diodes Incorporated - President and CEO

YOU ARE CORRECT. YOU KNOW, IF WANT TO SEE SOME SLIGHTLY, MAYBE 4Q THIS YEAR. BUT SIGNIFICANT WON'T BE UNTIL NEXT YEAR.

Vernon Essi - Needham & Company - Analyst

BUT THE CROSS (MULTIPLE SPEAKERS) —

Keh-Shew Lu - Diodes Incorporated - President and CEO

BUT THIS IS THE MARKET REALLY HOT, THEN IT'S A DIFFERENT STORY, RIGHT? BECAUSE WHEN YOU HAVE A MARKET REALLY HOT AND THE PRODUCTION — THE SUPPLY STARTED GETTING TIGHT, THEN WE'LL HAVE MORE WILLING TO CONVERT. BUT I DON'T THINK THIS YEAR COULD BE THAT KIND OF YEAR. I HOPE IT IS, BUT I DON'T KNOW. I DON'T THINK SO.

Vernon Essi - Needham & Company - Analyst

OKAY. ALL RIGHT, THAT'S HELPFUL. THANK YOU VERY MUCH.

Operator

TRISTAN GERRA, BAIRD.

Tristan Gerra - Robert W. Baird & Company - Analyst

WHEN WE LOOK AT THE SECOND FAB THAT BCD IS GOING TO — IS PUTTING IN PLACE CURRENTLY, ARE THERE OPPORTUNITIES? AND I KNOW IT'S GOING TO TAKE TIME FOR THEIR PRODUCTS TO MOVE TO YOUR FAB. OR HOW SHOULD I LOOK AT WHO HAS THE LOWEST PRODUCTION COSTS ON THE FRONT END?

Keh-Shew Lu - Diodes Incorporated - President and CEO

NO, WE DON'T MOVE THEIR PRODUCT INTO MY FAB, BECAUSE OUR FAB IS MORE DISCRETE FAB. AND THEY DO NOT SELL DISCRETE PRODUCT. BUT, WE HAVE MOST LIKELY TO MOVE OUR PRODUCT INTO THEIR FAB, BECAUSE THEIR FAB SUPPORTS ANALOG TYPE OF PRODUCT AND WE USING OUR FOUNDRY TO DO OUR ANALOG TYPE OF PRODUCT. THEREFORE IT WILL BE THE SYNERGY FOR US TO MOVE OUR PRODUCT INTO THEIR FAB.

Tristan Gerra - Robert W. Baird & Company - Analyst

OKAY. AND THEN, I KNOW YOU THAT YOU STILL HAVE LIMITED VISIBILITY ON DEMAND. AT THIS STAGE, DO YOU STILL PLAN ON PUTTING SOME CAPITAL EQUIPMENT IN CHENGDU THIS YEAR? OR IS IT MORE OF A 2014 RAMP?

Keh-Shew Lu - Diodes Incorporated - President and CEO

WELL, FOR CHENGDU, WE PROBABLY WILL START TO MOVE OUR PATTERNLINE FACILITY INTO OUR OWN FACILITY. IF YOU REMEMBER, WHAT WE ORIGINALLY DO IS BUILD UP THE PATTERNLINE SO WE CAN SHIP THE PEOPLE AND THE RESOURCE — STARTED GETTING TRAINING. AND THEN WE GO TO BUILD OUR OWN BUILDING. AND SO I THINK, SOMETIME DURING THIS YEAR, WE WOULD — THE BUILDING IS ALREADY COMPLETED. SO SOMETIME THIS YEAR, WE WOULD START MOVE THE PATTERNLINE INTO OUR OWN FACILITY. AND THAT WAY, WE CAN EASILY TO EXPAND WHENEVER WE NEED IT AND NO LONGER CONSIDER SITE CORE. SO WE WOULD TAKE THIS OPPORTUNITY WHILE THE MARKET IS SLOW, AND WE DON'T REALLY NEED THAT FACILITY. WE CAN DO THE SITE CORE AND MOVE THE PATTERNLINE. SO IT WILL HELP US, IN THE FUTURE, MUCH EASIER TO RAMP THAT.

Tristan Gerra - Robert W. Baird & Company - Analyst

OKAY, THAT'S VERY USEFUL. AND LAST QUICK QUESTION — AT THAT POINT, WOULD YOU THEN PLAN ON MIGRATING SOME PRODUCTION FROM YOUR SHANGHAI TO CHENGDU? OR IS CHENGDU GOING TO BE ENTIRELY INCREMENTAL, AND AS SUCH, DRIVEN BY WHAT ORDER RATES AND TRENDS ARE GOING TO BE AT THAT TIME?

Keh-Shew Lu - Diodes Incorporated - President and CEO

OKAY. IT WOULD BE VERY DIFFICULT TO MOVE THE EQUIPMENT FROM ONE EXPORT ZONE TO THE OTHER EXPORT ZONE. BECAUSE DUE TO THE CHINA SITUATION, IT'S VERY DIFFICULT. THEY DON'T ALLOW YOU TO MOVE THE EQUIPMENT FROM ONE ZONE TO THE OTHER ZONE. AND YOU ALMOST NEED TO SHIP IT OUT TO HONG KONG AND THEN SHIP IT BACK IN. SO IT'S VERY DIFFICULT. THEREFORE, WE DON'T HAVE ANY PLAN TODAY TO MOVE OUR FACILITY OR OUR EQUIPMENT FROM OUR SHANGHAI TO CHENGDU. AND THEREFORE, CHENGDU WILL BE INCREMENTAL.

Tristan Gerra - Robert W. Baird & Company - Analyst

OKAY. AGAIN, IT'S VERY, VERY USEFUL. THANK YOU SO MUCH.

Operator

SHAWN HARRISON, LONGBOW RESEARCH.

Shawn Harrison - Longbow Research - Analyst

I WANTED TO JUST GET A CLARIFICATION. IF I REMEMBER CORRECTLY FROM LAST QUARTER, THE EXPECTED REVENUE CONTRIBUTION FROM PAM AND ERIS WAS EXPECTED TO BE AROUND \$3 MILLION TO \$4 MILLION IN THE FOURTH QUARTER. DID IT END UP BEING WITHIN THAT RANGE?

Keh-Shew Lu - Diodes Incorporated - President and CEO

YES.

Shawn Harrison - Longbow Research - Analyst

SECOND, MARK, I WAS HOPING FOR A CLARIFICATION. I BELIEVE YOU SAID DISTRIBUTION SALES, OR THE SELL-THROUGH, WAS DOWN 3.5%. INVENTORY WAS DOWN 2.5%, MEANING THAT YOUR SELL-IN WAS DOWN AROUND 6%. IS THAT A CORRECT NUMBER?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

I DIDN'T SAY ANYTHING ABOUT THE SELL-IN. AND I DON'T HAVE THAT RIGHT IN FRONT OF ME. BUT IT WAS THE POS THAT WAS DOWN 3.7%, AND THE INVENTORY WAS DOWN 2.5%. LET ME SEE IF I CAN COME UP WITH THAT OTHER NUMBER.

Keh-Shew Lu - Diodes Incorporated - President and CEO

NO, YOU DO NOT TALKING ABOUT POP.

Shawn Harrison - Longbow Research - Analyst

YES, I'M TALKING — POP. I GUESS THE FOLLOW-UP QUESTION TO THAT IS, DO YOU THINK THIS SPREAD BETWEEN POINT-OF-PURCHASE AND POINT-OF-SALE WILL NARROW TO 0 DURING THE MARCH QUARTER?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

YES, ACTUALLY, I THINK THAT IF THE UPTICKS THAT I KIND OF JUST TALKED ABOUT A LITTLE EARLIER — I THINK THAT POP WILL BE REQUIRED TO PASS POS FOR A PERIOD OF TIME.

Shawn Harrison - Longbow Research - Analyst

OKAY. AND THEN THAT'S — MAYBE IT'S THE MARCH QUARTER, MAYBE NOT?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

YES, MAYBE LATER IN THE MARCH QUARTER. I REALLY HAVE TO SEE — IT'S REALLY — IT'S REALLY EARLY IN THE QUARTER. AND WE ARE HAPPY TO SEE THE POSITIVE SIGN, BUT CERTAINLY NOTHING TO PUT IN CONCRETE YET.

Shawn Harrison - Longbow Research - Analyst

GOT YOU. AND THEN THE FINAL QUESTION WAS ON PRICING. I DON'T THINK I'VE HEARD ANY COMMENTARY ON THAT, ABOUT THE FOURTH QUARTER. TO ME, THAT MAYBE MEANS IT WAS PRETTY BENIGN. HOW WAS PRICING DURING THE FOURTH QUARTER?

Keh-Shew Lu - Diodes Incorporated - President and CEO

WELL, IT'S THE TYPICAL. YOU KNOW I THINK WE — IN THE PAST I KEEP TALKING ABOUT TYPICALLY THE PRICES ABOUT 1% TO 2%. 1% TO 2% PER QUARTER DROP. AND WE DIDN'T SAY IT BECAUSE IT'S WITHIN THAT RANGE. IT'S A TYPICAL RANGE. AND TYPICALLY YOUR PRODUCTIVITY SHOULD BE RECOVER THOSE, AND THEN JUST WATCHOUT.

Shawn Harrison - Longbow Research - Analyst

OKAY. THANKS SO MUCH, AND CONGRATULATIONS ON THE GUIDE.

Operator

STEPHEN CHIN, UBS.

Stephen Chin - UBS - Analyst

DR. LU, A QUESTION FOR YOU FIRST, SINCE YOU'RE FRESH BACK FROM ASIA. I WAS WONDERING IF YOU HAD ANY COLOR FROM YOUR CUSTOMERS ON THEIR FEEDBACK ON THE BCD DEAL SO FAR.

Keh-Shew Lu - Diodes Incorporated - President and CEO

WELL, OUR CUSTOMER IS REALLY VERY POSITIVE ABOUT THIS, BECAUSE WITH DIODES' CAPACITY — MANUFACTURING CAPACITY — WE CAN GIVE THEM A BETTER SUPPORT. AND WE ARE NOT TALKING OVER THEIR QUALITY IS BAD. BUT DIODES HAS A VERY GOOD QUALITY STANDING IN OUR CUSTOMER. SO I THINK THEY ALL VERY — FEEL VERY POSITIVE ABOUT WE ARE ABLE TO QUALIFY THEIR PRODUCT, AND BRING THAT LARGE CAPACITY; AT THE SAME TIME, A GOOD QUALITY PRODUCT FOR THEM. THAT DOESN'T MEAN THEIR QUALITY IS BAD. I DIDN'T SAY THAT. I'M JUST SAYING OUR CUSTOMER FEEL IS GOOD, TO BE ABLE TO GET THAT KIND OF SUPPORT.

Stephen Chin - UBS - Analyst

GOT IT. THAT'S HELPFUL. I ALSO JUST RELATED TO YOUR EXPECTATIONS FOR 2013, I WAS WONDERING, LOOKING AT YOUR DIFFERENT PRODUCT SEGMENTS, LIKE CONSUMER, COMPUTING, INDUSTRIAL COMMUNICATIONS — IS THERE A CERTAIN AREA THAT YOU EXPECT TO RUN MORE THAN THE OTHERS? FOR EXAMPLE, DO YOU EXPECT THE BULK OF YOUR GROWTH TO CONTINUE TO COME FROM PORTABLES, TABLETS, AND LED TVS? OR ARE THERE OTHERS THAT YOU THINK WE'LL SEE TREND THIS YEAR? AND ALSO RELATED, DO YOU EXPECT GROWTH TO COME FROM GREATER CONTENT OR BUSINESS AT EXISTING CUSTOMERS? OR DO YOU SEE SOME DIVERSIFICATION IN YOUR CUSTOMER BASE AT BOTH OF THOSE PARTS.

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

OKAY, SOME OF THE QUESTIONS I WILL LET MARK KING TO ANSWER, ESPECIALLY THE SPREAD BETWEEN THE CONSUMER COMPUTER THOSE. BUT FOR US, WE DEFINITELY SEE THE IMPROVED CONTENT OF OUR PRODUCT IN THE APPLICATIONS. YOU KNOW, THAT'S WHERE OUR GROWTH COMING FROM, IS OTHER THAN MORE DESIGN WINS AND INCLUDING THAT DESIGN WIN IS MORE PRODUCT, MORE CONTENT INTO THE APPLICATIONS. AND MARK, DO YOU WANT TO ANSWER THE REST OF IT?

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

YES, I THINK YOU'RE GOING TO SEE PRETTY CONSISTENT FOCUS IN THAT, AND CONCENTRATION, OR CONTINUING CONCENTRATION, IN COMPUTER AND CONSUMER. I THINK THAT THAT IS THEIR STRENGTH BASE OR THEY CITE THREE C'S. THE ONE THING I'M GOING TO LET EVERYBODY KNOW — PROBABLY OVER THE NEXT SIX MONTHS WE'LL BE REVAMPING OUR SEGMENTS. BECAUSE SOME OF THE CLASSIFICATIONS BETWEEN THE THREE COMPANIES — US, PAM, AND THEM — ARE DIFFERENT. AND WE'RE GOING TO HAVE TO GO THROUGH THE CUSTOMER BASE AND LOOK AT EXACTLY WHERE WE MOVE PEOPLE AROUND TO.

BUT AGAIN, WHEN YOU GET DOWN TO THE END EQUIPMENTS, THEY ARE PRETTY MUCH THE SAME END EQUIPMENTS AND PRETTY MUCH THE SAME FOCUS. THEY MIGHT BE A LITTLE BIT MORE FOCUSED ON THE POWER SIDE ON THEIR ANALOG AND SO FORTH, BUT THEY ARE GOING — THOSE POWER DEVICES ARE GOING INTO THE SAME END EQUIPMENT, IF THAT ANSWERS YOUR QUESTION.

Stephen Chin - *UBS - Analyst*

PERFECT. THANKS, MARK. AND THEN JUST ONE LAST ONE IF I COULD ON THE GROSS MARGIN SIDE, FOR RICK. JUST BASED ON SOME OF THE QUESTIONS ON GROSS MARGINS EARLIER, IT SOUNDS LIKE ANY CHANGES IN CAPACITY UTILIZATION RATES — YOU HAVE AN EFFECT ON GROSS MARGIN IN THE QUARTER WHERE THOSE — WHERE THE LOADING HAS CHANGED. BUT IS THAT JUST A FUNCTION OF THE CURRENT SITUATION, WHERE INVENTORY LEVELS ARE A LITTLE BIT BELOW WHERE YOUR REVENUE LEVELS ARE CURRENTLY, AND ALSO THE INVENTORY DAYS? AND IS IT SAFE TO ASSUME THAT, IN A MORE NORMALIZED ENVIRONMENT, THE LEAD TIME MIGHT BE A LITTLE BIT LONGER, POTENTIALLY? OR THE CYCLE TIMES FOR PRODUCTS TO GO THROUGH THE — INTO THE COGS WOULD TAKE LONGER THAN A QUARTER?

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

WELL, NO. I DON'T THINK THE CYCLE TIME HAS MUCH TO DO WITH IT RIGHT NOW. AND EVEN IN THE FUTURE. IT REALLY HAS TO DO WITH THE AMOUNT OF CAPITAL EQUIPMENT YOU HAVE AVAILABLE VERSUS WHAT THE LOADING OF THAT CAPITAL EQUIPMENT IS. YOU HAVE TO HAVE — OF COURSE, YOU HAVE DEPRECIATION. YOU HAVE FIXED COSTS. YOU HAVE PEOPLE MANNING THE EQUIPMENT. SO ALL OF THOSE THINGS ADD UP. AND WHEN YOU'RE NOT UTILIZING THAT EQUIPMENT FULLY, THEN YOU JUST HAVE EXTRA COSTS THAT EATS AWAY AT THE MARGINS.

SO, AS WE ARE ABLE TO INCREASE THE LOADING, EITHER THROUGH OUR OWN SALES OR BRINGING BCD IN, THEN THAT UTILIZATION HELPS. AND I ALSO MENTIONED IN MY SPEECH THAT WE ARE — OUR NORMAL CAPEX AS A PERCENT OF REVENUE IS ABOUT 12%. AND WE ARE SAYING THAT, IN 2013, WE ARE TRYING TO HOLD THAT INTO THE 7% TO 9% RANGE. AND SO THAT WILL ALSO HELP UTILIZATION, IN THAT IF THE MARKET GROWS AND THE UNITS ARE NEEDED, THAT WE'VE HELD BACK ON THE EQUIPMENT, THEN THAT WILL HELP WITH THE UTILIZATION RATES.

Stephen Chin - *UBS - Analyst*

PERFECT. THANKS, RICK.

Operator

STEVE SMIGIE, RAYMOND JAMES.

Steve Smigie - *Raymond James & Associates - Analyst*

I WAS HOPING YOU GUYS COULD JUST COMMENT ON TWO AREAS QUICKLY. FIRST IS ON CHIP SCALE PACKAGING. I KNOW YOU'VE BEEN INVESTING A LOT THERE. IS THAT — THE PRODUCTS THAT YOU PUT INTO THAT, HAS THAT STARTED RAMPING AT THIS POINT? AND WHAT SORT OF TRACTION ARE YOU SEEING THERE? AND THEN IF YOU JUST GET A LITTLE BIT MORE DETAIL ON LOGIC, IT LOOKS LIKE YOU'RE PRETTY WELL-POSITIONED THERE. THAT UPTAKE OF THAT IN A MEANINGFUL WAY; THAT PROBABLY COMES SORT OF Q2, Q3, AS THE MARKET HEATS UP. IS THAT THE RIGHT WAY TO THINK ABOUT IT?.

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

WELL, LET ME ANSWER THE CHIP SCALE PACKAGING, THEN I'LL LET MARK ANSWER THE OTHER QUESTION. CHIP SCALE PACKAGING, WE ALREADY ANNOUNCED IT, AND WE ACTUALLY — IT'S IN PRODUCTION FOR BOTH ANALOG AND DISCRETE BOTH. AND SO, IT'S RAMPED; AND IF CUSTOMERS NEED MORE, THAN THEN WE'LL GET MORE. BUT WE ALREADY RAMPED.

AND MARK, DO YOU WANT TO ANSWER THE OTHER QUESTION?

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

YES, I THINK THE LOGIC THING IS GOING QUITE WELL. OUR POSITION AND OUR REVENUE — I THINK WE, OR I, MENTIONED THAT WE DOUBLED OUR REVENUE IN THE QUARTER. LOGIC IS A LONG HAUL AGAINST LARGE COMPETITORS. BUT WE ARE MAKING CONTINUED PROGRESS AT OUR KEY ACCOUNTS. AND I EXPECT TO SEE CONTINUED REVENUE GROWTH QUARTER AFTER QUARTER. IT'S I THINK IT'S JUST GOING TO BE — IT'S JUST GOING TO — IT GOES ALONG WITH THE REST OF OUR STUFF. So WE ARE QUITE EXCITED ABOUT IT.

WE'VE HAD A LOT OF NEW PRODUCTS IN THERE. WE'RE FINALLY GETTING TO THE SCALE, AND NUMBER OF PART NUMBERS, AND PRODUCT MIX, AND DEPTH THAT OUR CUSTOMERS REQUIRE. So IT'S GETTING MORE AND MORE AND MORE TRACTION. WE ARE GETTING MORE AND MORE TRACTION FROM THE CHANNEL. So WE ARE QUITE POSITIVE ABOUT THE LONG-TERM FUTURE.

Steve Smigie - *Raymond James & Associates - Analyst*

GREAT. THANKS A LOT.

Operator

THIS CONCLUDES THE QUESTION-AND-ANSWER PORTION FOR TODAY'S CALL. I'D LIKE TO TURN THE CALL BACK TO DR. KEH-SHEW LU FOR CLOSING REMARKS.

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

WELL, THANK YOU FOR YOUR PARTICIPATION TODAY. OPERATOR, YOU MAY NOW DISCONNECT.

Operator

THANK YOU EVERYONE FOR PARTICIPATING IN TODAY'S CONFERENCE. THIS CONCLUDES TODAY'S CONFERENCE. YOU MAY NOW DISCONNECT, AND HAVE A GREAT NIGHT.