

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 04, 2022

DIODES INCORPORATED

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

002-25577
(Commission File Number)

95-2039518
(IRS Employer
Identification No.)

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

75024
(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.66 2/3	DIOD	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01 Other Events.

From time to time, Diodes Incorporated (the “Company”) may give corporate presentations to its customers, suppliers and other related interested parties. Copies of the Company’s corporate presentation slides, updated on August 4, 2022, are attached herewith as Exhibit 99.1.

Forward-Looking Statements

The presentations attached to this Current Report on Form 8-K as Exhibit 99.1 contain forward-looking statements that involve future risks and uncertainties as contemplated by the safe harbor provided by the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in Exhibit 99.1 should be regarded as “forward-looking statements” and Exhibit 99.1 contains a more detailed listing of the risks and uncertainties associated with those forward-looking statements. Diodes undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Corporate slides dated August 4, 2022.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 thereunto duly authorized.

DIODES INCORPORATED

Date: August 5, 2022

By: /s/Brett R. Whitmire
Brett R. Whitmire
Chief Financial Officer

**Second Quarter 2022
Financial Results
Diodes Incorporated (DIOD)**

August 4, 2022



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 containing forward-looking words such as "expect," "anticipate," "aim," "estimate," and variations thereof, including without limitation statements, whether direct or implied, regarding expectations of that for the third quarter of 2022, we expect revenue to be approximately \$521 million plus or minus 3 percent; we expect GAAP gross margin to be 41.5 percent, plus or minus 1 percent; non-GAAP operating expenses, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets, are expected to be approximately 20.5 percent of revenue, plus or minus 1 percent; we expect non-GAAP net interest expense to be approximately \$3.0 million; we expect our income tax rate to be 18.5 percent, plus or minus 3 percent; shares used to calculate diluted EPS for the third quarter are anticipated to be approximately 46.2 million. Potential risks and uncertainties include, but are not limited to, such factors as: the risk that the COVID-19 pandemic may continue and have a material adverse effect on customer demand and staffing of our production, sales and administration facilities; the risk that such expectations may not be met; the risk that the expected benefits of acquisitions may not be realized or that integration of acquired businesses may not continue as rapidly as we anticipate; the risk that the cost, expense, and diversion of management attention associated with the LSC acquisition may be greater than we currently expect; 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; the risk that we may not be able to increase our automotive, industrial, or other revenue and market share; risks of domestic and foreign operations, including excessive operating costs, labor shortages, higher tax rates, and our joint venture prospects; the risks of cyclical downturns in the semiconductor industry and of changes in end-market demand or product mix that may affect gross margin or render inventory obsolete; the risk of unfavorable currency exchange rates; the risk that our future outlook or guidance may be incorrect; the risks of global economic weakness or instability in global financial markets; the risks of trade restrictions, tariffs, or embargoes; the risk that the coronavirus outbreak or other similar epidemics may harm our domestic or international business operations to a greater extent than we currently anticipate; the risk of breaches of our information technology systems; and other information, including the "Risk Factors" detailed from time to time in Diodes' filings with the United States Securities and Exchange Commission.

This presentation also contains non-GAAP measures. See the Company's press release on August 4, 2022 titled, "Diodes Incorporated Reports Record Second Quarter Fiscal 2022 Financial Results" for detailed information related to the Company's non-GAAP measures and a reconciliation of GAAP net income to non-GAAP net income.



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Diodes delivers high-quality semiconductor products to the world's leading companies in the consumer electronics, computing, communications, industrial, and automotive markets



Vision: Profitability Growth to Maximize Shareholder Value

Our Core Values: Integrity, Commitment, Innovation



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- **Revenue** - a record **\$501 million**; increasing 13.7% year-over and 3.9% sequentially
- **GAAP gross profit** - a record **\$206.5 million**; increasing 29.2% year-over-year and 5% sequentially
- **GAAP gross profit margin** - a record **41.2%**; increasing 490bp year-over-year and 40bp sequentially
- **GAAP net income** – a record **\$80.2 million**, or **\$1.75** per diluted share, improving 43.4% year-over-year and a 10.1% increase sequentially
- **Non-GAAP net income** - a record **\$86.9 million**, or **\$1.90** per diluted share, improving 58.3% year-over-year and 8.6% sequentially
- **EBITDA** **\$130.4 million**, or 26% of revenue
- Achieved cash flow from operations of \$85.0 million and \$45.5 million of free cash flow, including \$39.6 million of capital expenditures. Net cash flow was a positive \$1.5 million including capital expenditures and additional borrowings of \$35.1 million related to the purchase of the onsemi wafer fabrication facility



2Q'22 represented 6th consecutive quarter of record revenue, gross profit and earnings despite the COVID-related quarantine in China and Taiwan that constrained production



Gross margin improved 490bp year-over-year to 41.2%; the 2nd consecutive quarter above target model of 40%



Achieved record revenue in the Automotive, Industrial, Consumer and Communications; Pericom products achieved 7th consecutive quarter of record revenue



Automotive and Industrial combined totaled 41% of revenue, which exceeds 2025 target of 40%



Adjusted earnings per share grew 58% year over year



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**~40% of
revenue**
(41% for 2Q2022)

Automotive (8 consecutive quarters of growth)

- Connected driving, comfort/style/safety, electrification/powertrain

Industrial (5 consecutive quarters of growth)

- Embedded systems and precision controls

Consumer

- IoT: wearables, home automation, smart infrastructure

Communications

- Smartphones: advanced protocols and charging

Computing

- Cloud computing: server, storage, data centers

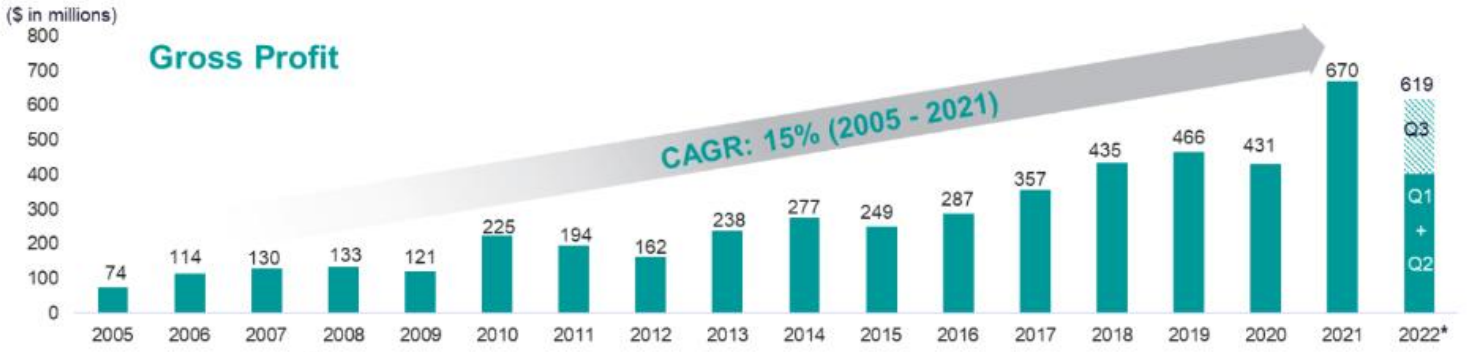
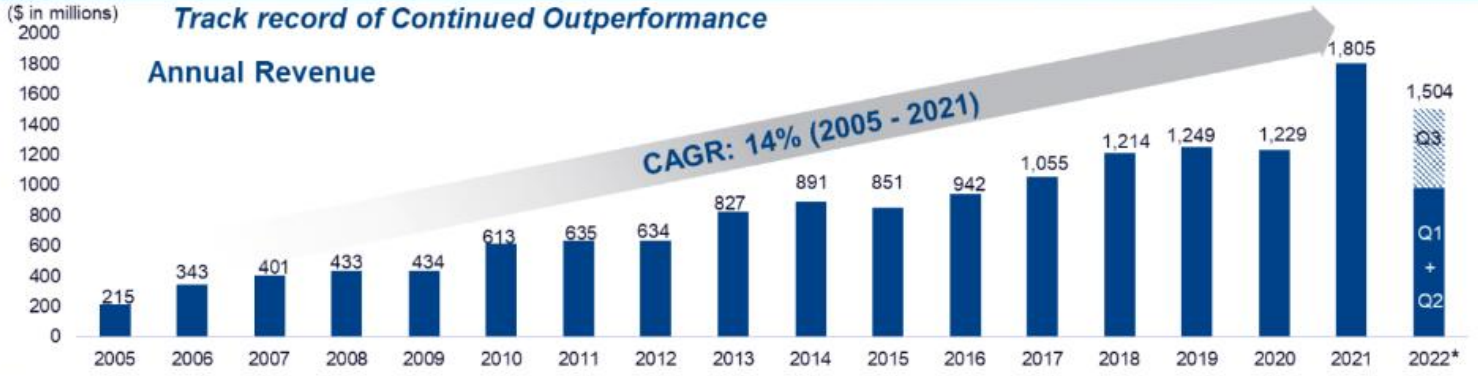
**~60% of
revenue**

(59% for 2Q2022)



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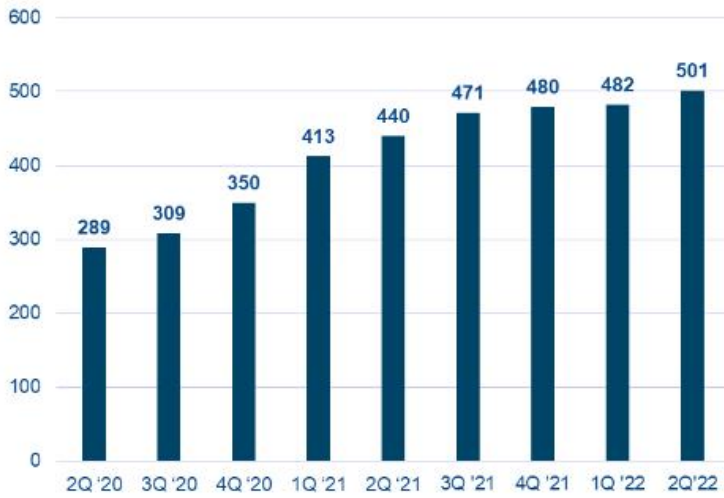
Expanding Profitability Growth



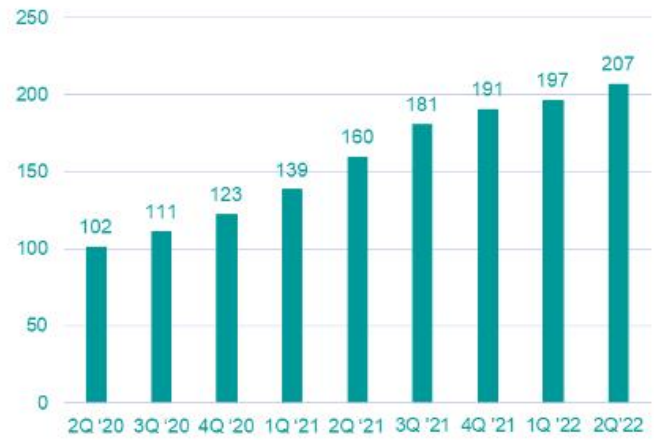
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* Revenue/Gross Margin for 2022 are based on first half results and Q3 guidance provided on August 4, 2022

Quarterly Revenue (\$ Millions)

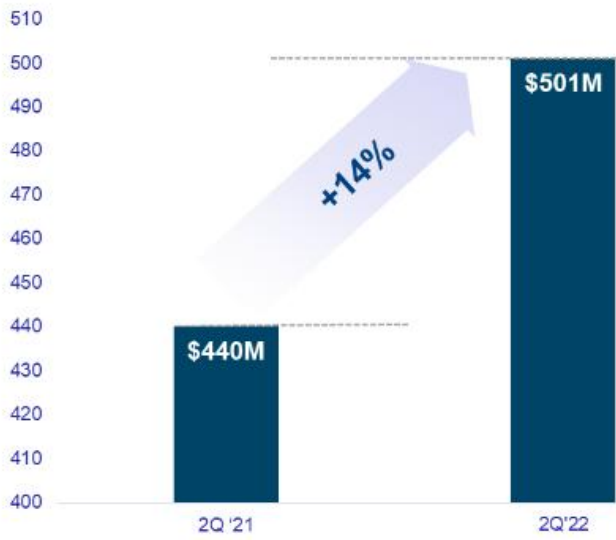


Quarterly Gross Profit (\$ Millions)



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Revenue (\$ Millions)



Non-GAAP EPS

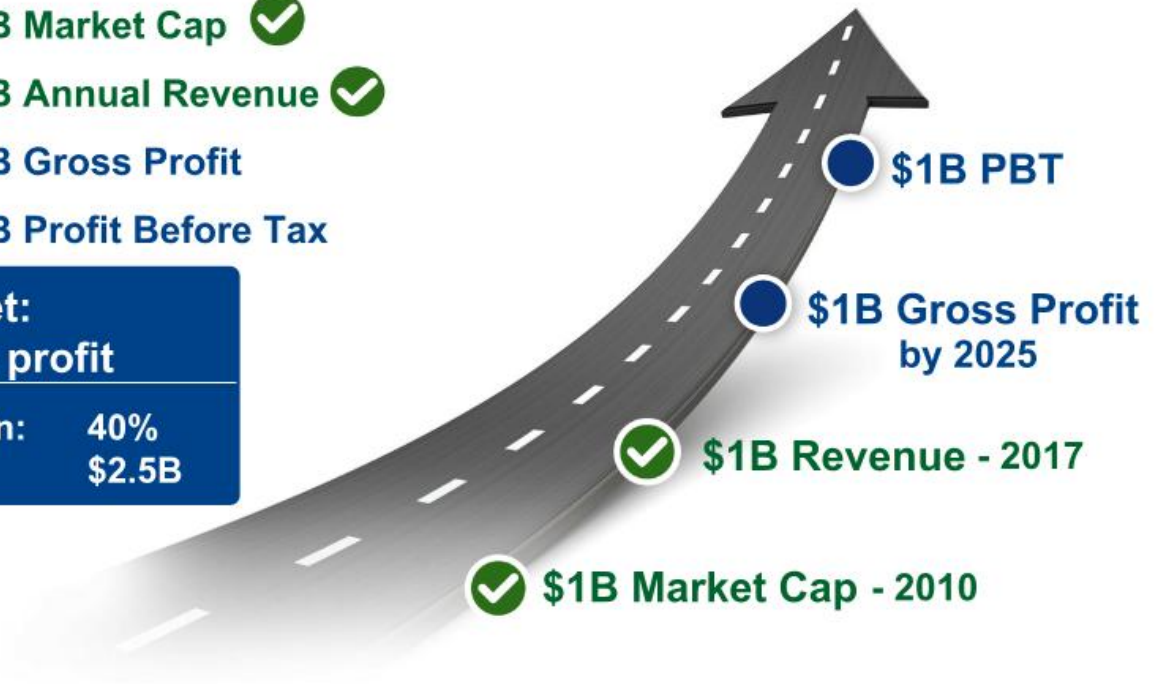


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- Goal 1: \$1B Market Cap ✓
- Goal 2: \$1B Annual Revenue ✓
- Goal 3: \$1B Gross Profit
- Goal 4: \$1B Profit Before Tax

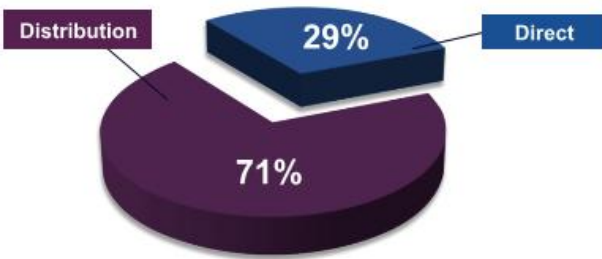
2025 Target:
\$1B Gross profit

Gross Margin:	40%
Revenue:	\$2.5B

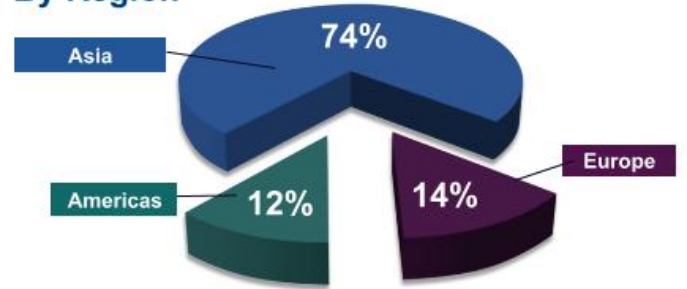


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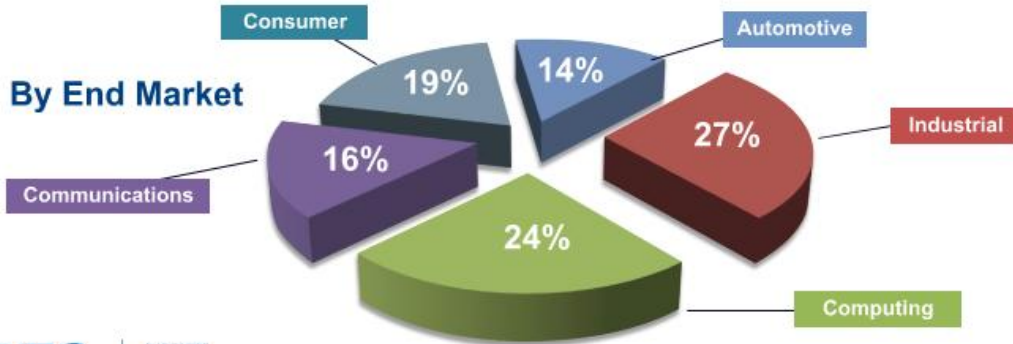
By Channel



By Region



By End Market



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(\$ in millions, except per share amounts)	2Q21	1Q22	2Q22
Net sales	440.4	482.1	501.0
Gross profit (GAAP)	159.8	196.7	206.5
Gross profit margin % (GAAP)	36.3%	40.8%	41.2%
Net income (GAAP)	55.4	72.7	80.2
Net income (non-GAAP)	54.6	80.3	86.9
Diluted EPS (non-GAAP)	1.20	1.75	1.90
Cash flow from operations	93.9	72.3	85.0
EBITDA (non-GAAP)	99.4	118.2	130.4



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(\$ in millions)	Dec 31, 2020	Dec 31, 2021	June 30, 2022
Cash plus short-term investments	327	373	316
Inventory	307	349	371
Current Assets	1,024	1,188	1,215
Total Assets	1,980	2,194	2,285
Total Debt (L/T, S/T, Line of Credit)	451	301	265
Total Liabilities	963	892	868
Total Equity	1,016	1,303	1,417



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- **Revenue to be ~\$521 million, +/- 3.0%**
Order demand and backlog remains very strong going into the third quarter
- **GAAP gross margin of 41.5%, +/- 1%**
on a consolidated basis
- **Non-GAAP operating expenses 20.5% of revenue, +/- 1%**, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets
- **Net Interest expense of ~\$3.0 million**
- **Income tax rate to be 18.5%, +/- 3%**
- Shares used to calculate diluted EPS approximately **46.2 million**
- Purchase accounting adjustments related to amortization of acquisitions-related intangible assets of \$3.2 million, after tax, for previous acquisitions is not included in these non-GAAP estimates



**Guidance as provided on May 4, 2022*

- **Vision: Expand shareholder value**
- **Mission: Profitability growth to drive 20% operating profit**
- **Next Strategic Goal: \$1B gross profit**
- **Tactics:**
 - Total system solutions sales approach and content expansion driving growth
 - Increased focus on high-margin Automotive, Industrial and Pericom products
 - Investment for technology leadership in target products, fab processes, and advanced packaging



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Reconciliation of Net Income to Adjusted Net Income

For the three months ended June 30, 2022:

(in thousands, except per share data)

	(unaudited)			
	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per GAAP				<u>\$ 80,155</u>
Diluted earnings per share (Per-GAAP)				<u>1.75</u>
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,980		(729)	3,250
Acquisition-related costs	204		(43)	161
Insurance Recovery for Manufacturing Facility	(3,594)		719	(2,875)
Non-cash market-to-market investment adjustments		7,763	(1,553)	6,211
Non-GAAP				<u>\$ 86,902</u>
Diluted shares used in computing earnings per share				<u>45,841</u>
Non-GAAP diluted earnings per share				<u>\$ 1.90</u>

Note: Included in GAAP and non-GAAP net income was approximately \$6.8 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP diluted earnings per share would have improved by \$0.15 per share.



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GAAP to Non-GAAP Reconciliation

(in thousands, except per share data)

For the three months ended June 30, 2022:

	<i>(unaudited)</i>			
	Operating	Other	Income	Net Income
	Expenses	Income	Tax	
		(Expense)	Provision	
Per-GAAP				<u>\$ 80,155</u>
Diluted earnings per share (Per-GAAP)				<u>1.75</u>
Adjustments to reconcile net income to non-GAAP net income:				
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Non-GAAP				<u>\$ 86,902</u>
Diluted shares used in computing earnings per share				<u>45,841</u>
Non-GAAP diluted earnings per share				<u>\$ 1.90</u>

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$6.8 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 \$0.15 per share.



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