

# 3Q 2024 Earnings Conference Call

November 6, 2024

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## NOTES ON FORWARD-LOOKING STATEMENTS

Comments in this presentation other than statements of historical fact may constitute forward-looking statements. Words such as “believe,” “estimate,” “will be,” “will,” “would,” “expect,” “anticipate,” “plan,” “project,” “intend,” “could,” “should” or other similar words or expressions often identify forward-looking statements. Such statements are based on current expectations only, and are subject to certain risks, uncertainties and assumptions, many of which are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those anticipated, estimated or projected. Factors that could cause actual results to materially differ are described in our filings with the U.S. Securities and Exchange Commission, including our annual reports on Form 10-K and quarterly reports on Form 10-Q, specifically in the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors .” The Company undertakes no obligation to update any forward-looking statements.

## NON-GAAP FINANCIAL MEASURES

Management uses measures which are not recognized in accordance with U.S. generally accepted accounting principles (“GAAP”) to evaluate its business and may refer to such measures in this presentation. These measures are considered “non-GAAP financial measures” under the U.S. Securities and Exchange Commission rules. These non-GAAP financial measures are intended to supplement our GAAP measures of performance and liquidity. These non-GAAP measures may include: adjusted net earnings, adjusted gross income, adjusted gross margin, adjusted operating income, adjusted operating margin, adjusted earnings per share, free cash, EBITDA, adjusted EBITDA, and EBITDA margin.

**“Adjusted net earnings”** is net earnings (loss) determined in accordance with GAAP, adjusted for various items that Management believes are not indicative of the intrinsic operating performance of the Company, such as restructuring and severance costs, losses on early extinguishment of debt, and other significant charges or credits that are important to understanding our intrinsic operations. The measurement is used by Management to evaluate our performance,

and also is a key performance metric for executive compensation. Reconciling items to arrive at adjusted net earnings are more fully described in the Company’s annual report on Form 10-K and its quarterly reports on Forms 10-Q.

**“Adjusted gross profit”** is gross profit determined in accordance with GAAP (net revenues less costs of products sold and certain other period costs), adjusted to exclude items that Management believes are not indicative of the intrinsic operating performance of the Company, such as losses on purchase commitments, and unusual inventory write-downs. The measurement is used by Management to evaluate the performance of our business segments, as well the business as a whole. Reconciling items to arrive at adjusted gross margin are also considered in the calculation of adjusted operating margin and adjusted net earnings. Such reconciling items are more fully described in the Company’s annual report on Form 10-K and its quarterly reports on Forms 10-Q.

**“Adjusted gross margin”** is “adjusted gross profit” expressed as a percentage of net revenues.

**“Adjusted operating income”** is operating income determined in accordance with GAAP, adjusted for items that Management believes are not indicative of the intrinsic operating performance of the Company. The measurement is used by Management to evaluate our performance. Reconciling items to arrive at adjusted gross profit are also considered in the calculation of adjusted operating income; and reconciling items to arrive at adjusted operating margin are also considered in the calculation of adjusted net earnings. Such reconciling items are more fully described in the Company’s annual report on Form 10-K and its quarterly reports on Forms 10-Q.

**“Adjusted operating margin”** is “adjusted operating income” expressed as a percentage of net revenues.

**“Adjusted earnings per share”** is “adjusted net earnings” divided by the weighted average diluted shares outstanding for a period, adjusted for the effect of reconciling items, if applicable, on the diluted weighted average shares outstanding. For example, some potential common shares which are anti-dilutive to the computation of GAAP earnings per share may be dilutive after considering reconciling items.

**“Free cash”** is cash generated from operations in excess of our capital expenditure needs and net of proceeds from the sale of assets. Management uses this measure to evaluate our ability to fund acquisitions, repay debt, and otherwise enhance stockholder value through stock buy-backs or dividends.

**“EBITDA”** is earnings before interest income and expense, provision for income taxes, depreciation expense, and amortization expense. Management believes that EBITDA provides additional information with respect to a company’s performance and ability to meet its future capital expenditures and working capital requirements, particularly when evaluating acquisition targets.

**“Adjusted EBITDA”** is EBITDA adjusted for relevant reconciling items used to calculate adjusted net earnings (described above). Adjusted EBITDA is substantially similar to, but not identical to, a measure used in the calculation of financial ratios required for covenant compliance under our revolving credit facility.

**“Adjusted EBITDA Margin”** is “adjusted EBITDA” divided by net revenues.

These measures do not have uniform definitions and accordingly, these measures, as calculated by Vishay, may not be comparable to similarly titled measures used by other companies. Such measures should not be viewed as alternatives to GAAP measures of performance or liquidity. However, Management believes such measures are meaningful to an evaluation of our business, as described above.

# Revenue Mix By End Market

## INDUSTRIAL - 7% QoQ - 18% YoY

- ▶ \$18.5 million decrease includes \$8.5 million related to legacy Newport products
- ▶ Distributors continued to adjust inventory, particularly in Europe
- ▶ Normal seasonality in Europe

## AUTOMOTIVE + 4% QoQ - 12% YoY

- ▶ Tier1 suppliers pulled less from scheduling agreements and lowered forecasts in Europe and NA
- ▶ Strong demand for EVs and hybrids in China boosted Opto volume

## OTHER + 3% QoQ - 32% YoY

- ▶ Increasing demand for A.I. servers and server projects in Asia
- ▶ Surge in spot orders related to A.I. servers

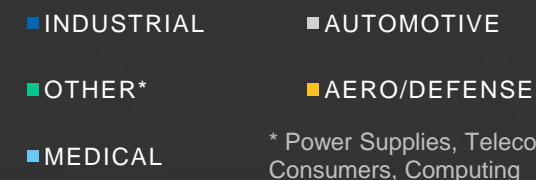
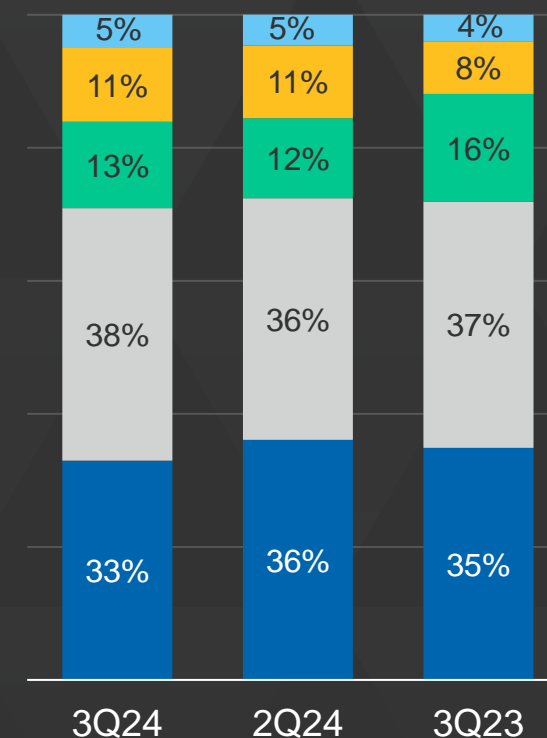
## AERO/DEFENSE + 1% QoQ + 20% YoY

- ▶ Strong demand in the Americas
- ▶ New opportunities for high reliability and specialty products from space programs
- ▶ Orders pushed out in commercial aerospace in Europe due to supply chain issues

## MEDICAL

- 6% QoQ + 7% YoY

- ▶ Delays in order flow from one customer for Inductors in the Americas



# Revenue Mix By Sales Channel

## DISTRIBUTION - 1% QoQ - 7% YoY

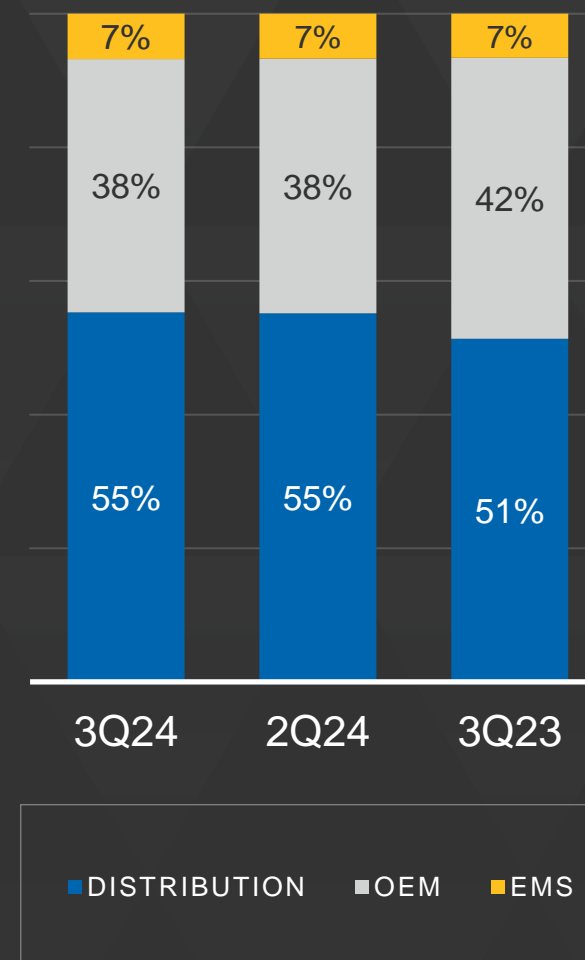
- ▶ Customers in the Americas and Asia are returning to normal order patterns
- ▶ Customers in Europe are responding to uncertainties about future demand trends related to geopolitical developments
- ▶ POS decreased 4.7%, weighed down by Europe

## OEM Flat QoQ - 22% YoY

- ▶ Reduced visibility
- ▶ Strong demand for smart grid infrastructure projects

## EMS - 1% QoQ - 12% YoY

- ▶ Inventory depletion taking longer than expected but some recovery led by passives
- ▶ Aerospace/defense outlook remains strong



# Revenue Mix By Region

## EUROPE

- 3% QoQ

- 19% YoY

- ▶ Weakening macroeconomic environment
- ▶ Normal seasonality

## ASIA

+ 2% QoQ

- 11% YoY

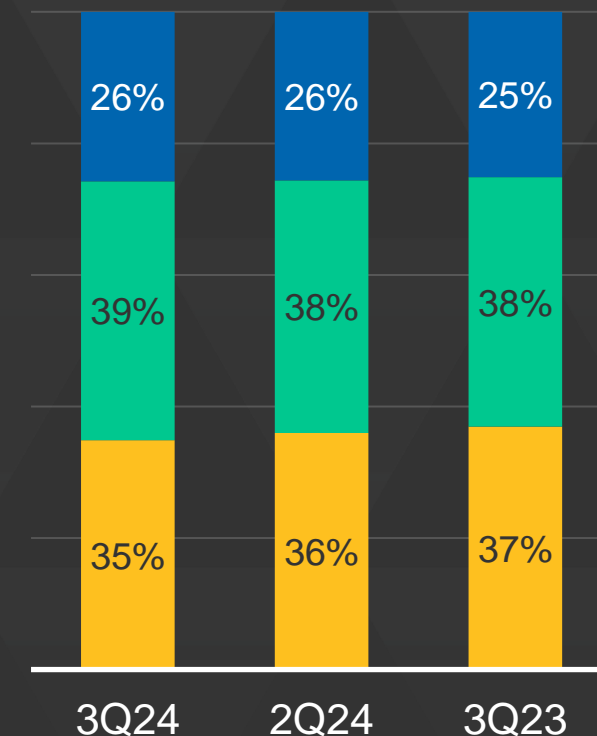
- ▶ Pick up in automotive and A.I.

## AMERICAS

- 2% QoQ

- 12% YoY

- ▶ Slightly lower medical volume



■ EUROPE ■ ASIA ■ AMERICAS

# 3Q 2024 Highlights

3Q 2024 REVENUES

**\$735.4 M**

GROSS MARGIN

**20.5%**

including negative impact of approximately 150 bps related to Newport

**(0.14)** EPS

**0.08** Adjusted EPS

3Q 2024 BOOK-TO-BILL

**0.88**

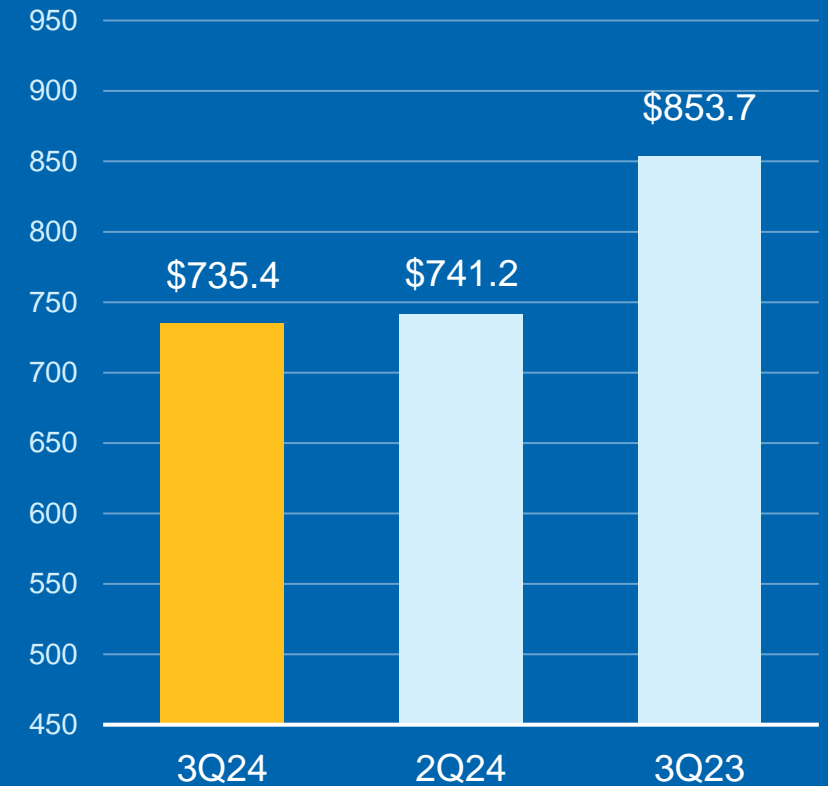
0.79 FOR SEMICONDUCTORS

0.97 FOR PASSIVE COMPONENTS

BACKLOG AT QUARTER END

**4.4 months**

TOTAL REVENUES (\$M)



3Q 2024

# Income Statement Highlights

7



<b>Gross Margin</b> <b>20.5%</b> Including ~150 basis impact of Newport	<b>SG&amp;A Expenses</b> <b>\$128.5 M</b>	<b>Operating Margin</b> <b>(2.5%)</b>	<b>EBITDA Margin</b> <b>4.2%</b>	<b>Effective Tax Rate</b> <b>21.1%</b>	<b>EPS</b> <b>(\$0.14)</b>
		<b>Adjusted Operating Margin</b> <b>3.0%</b>	<b>Adjusted EBITDA Margin</b> <b>9.7%</b>	<b>Normalized Effective Tax Rate</b> <b>31.6%</b>	<b>Adjusted EPS</b> <b>\$0.08</b>

# Segment Results (\$M)

MOSFETs			
	REVENUES	GROSS MARGIN	BOOK TO BILL
3Q 2024	\$147.1	11.7%	0.84
2Q 2024	\$155.1	13.9%	0.79
3Q 2023	\$205.0	33.5%	0.50

DIODES			
	REVENUES	GROSS MARGIN	BOOK TO BILL
3Q 2024	\$145.2	20.1%	0.74
2Q 2024	\$146.3	21.2%	0.85
3Q 2023	\$176.8	26.7%	0.58

OPTO			
	REVENUES	GROSS MARGIN	BOOK TO BILL
3Q 2024	\$63.2	18.3%	0.77
2Q 2024	\$53.0	26.8%	0.82
3Q 2023	\$64.4	28.1%	0.57

RESISTORS			
	REVENUES	GROSS MARGIN	BOOK TO BILL
3Q 2024	\$180.9	22.5%	0.95
2Q 2024	\$179.5	22.9%	0.87
3Q 2023	\$199.9	24.6%	0.65

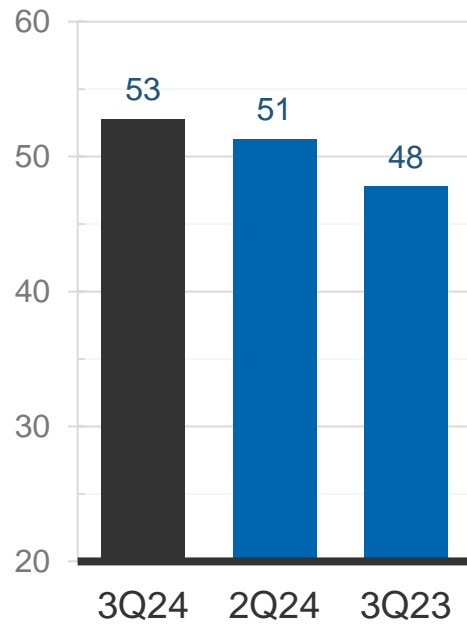
INDUCTORS			
	REVENUES	GROSS MARGIN	BOOK TO BILL
3Q 2024	\$90.3	30.3%	0.83
2Q 2024	\$94.1	30.1%	0.97
3Q 2023	\$89.9	31.7%	0.85

CAPACITORS			
	REVENUES	GROSS MARGIN	BOOK TO BILL
3Q 2024	\$108.7	22.9%	1.10
2Q 2024	\$113.4	23.5%	0.87
3Q 2023	\$117.6	22.1%	0.75

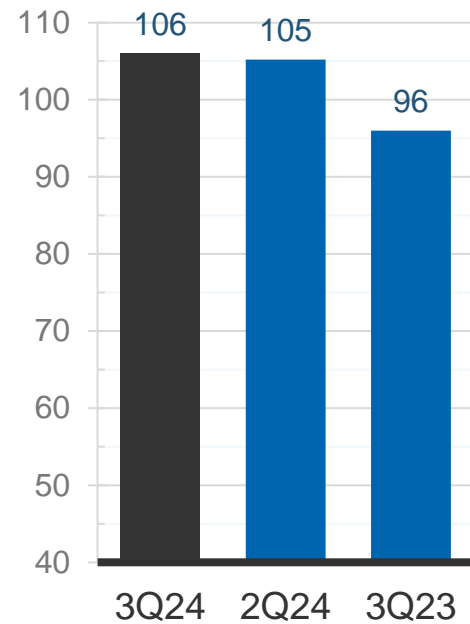


# Cash Conversion Cycle

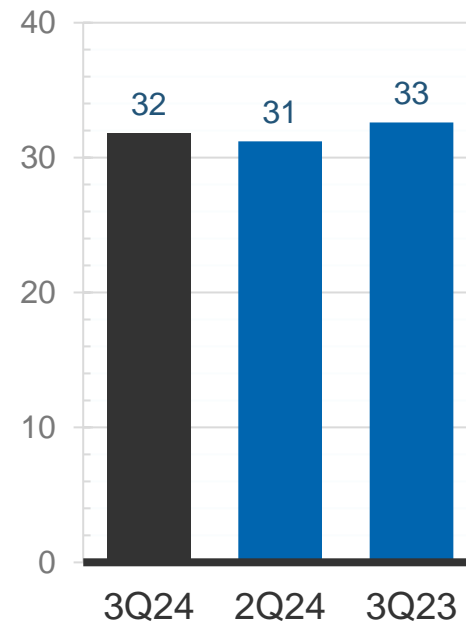
## DSO



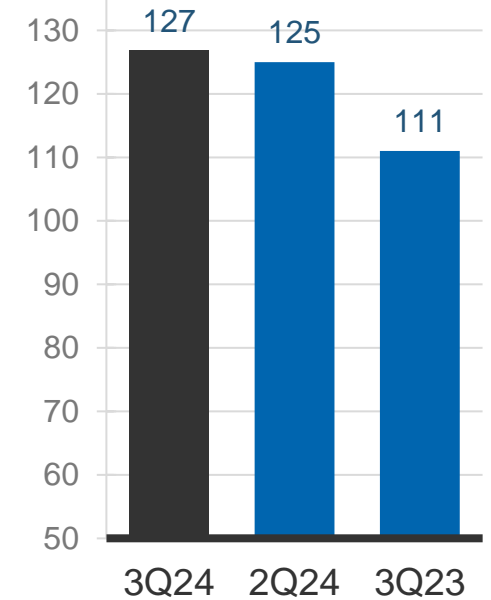
## DIO



## DPO



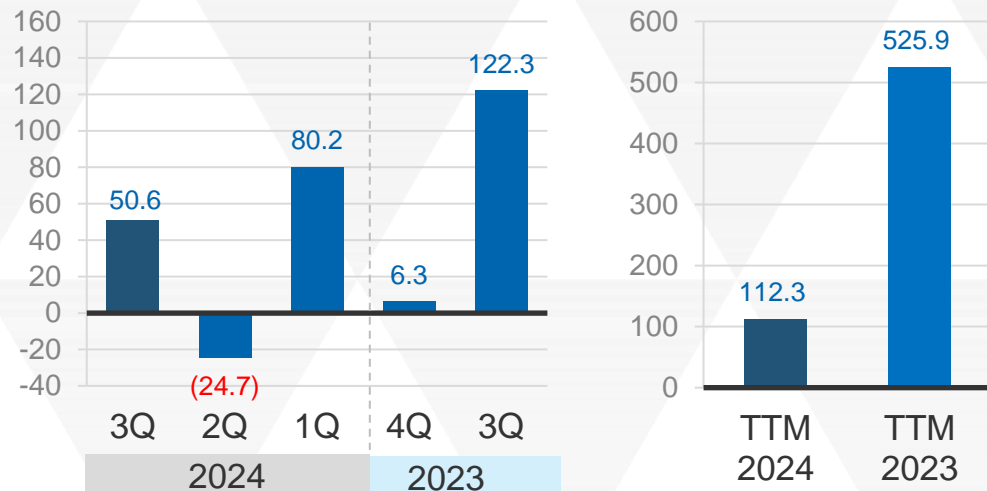
## CASH CONVERSION CYCLE



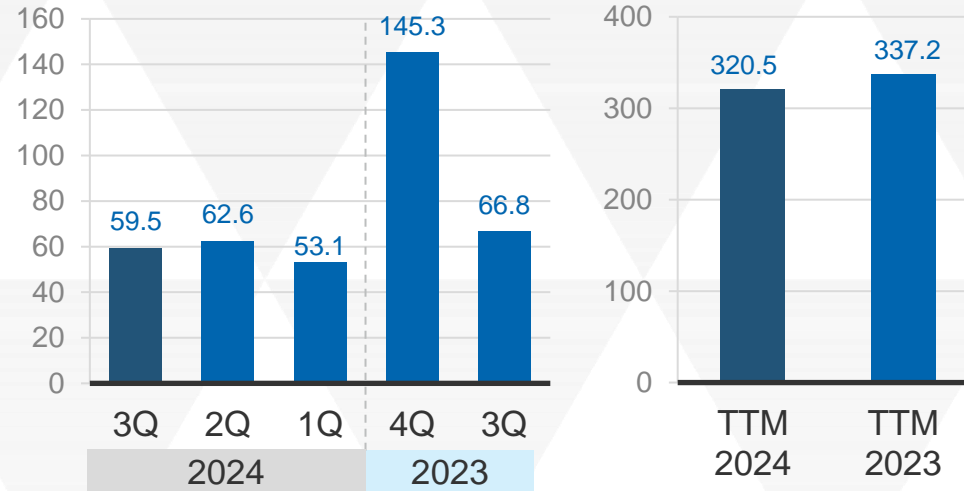
# Cash Flow Generation



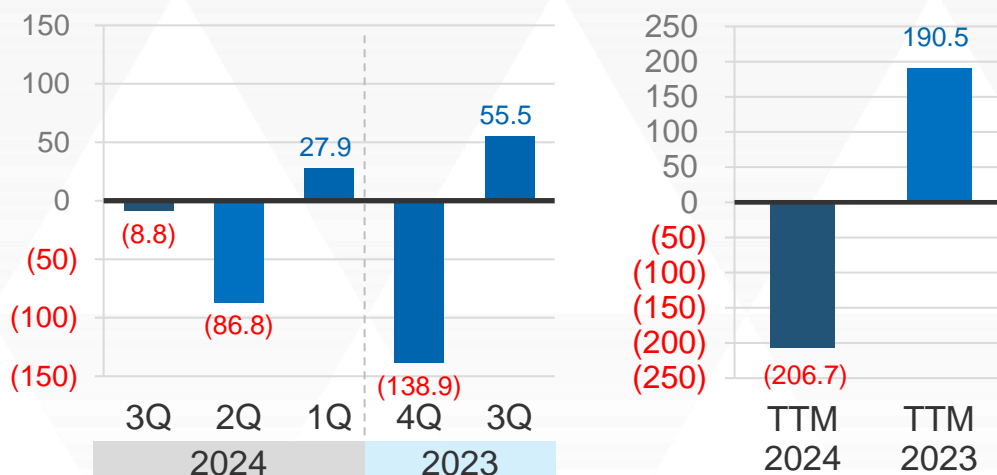
### CASH FLOW FROM OPERATIONS (\$/M)



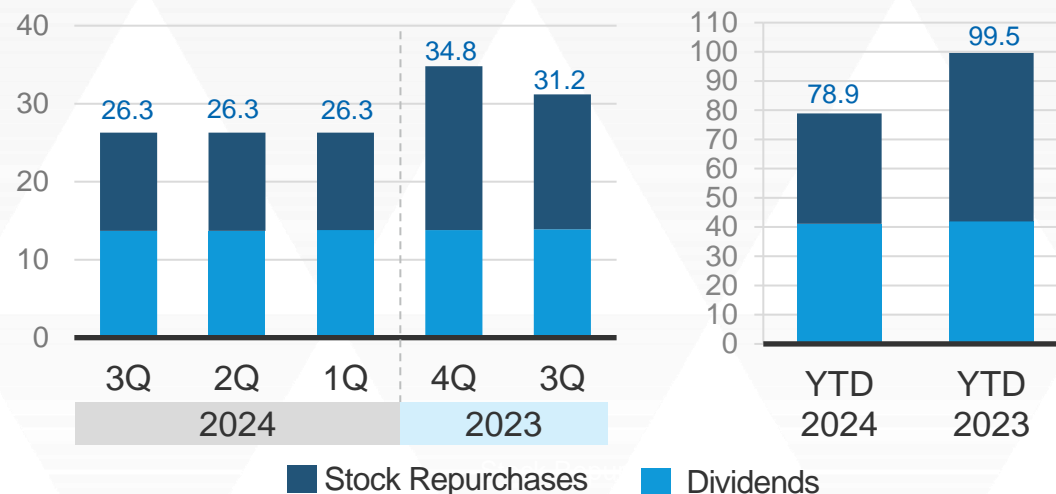
### CAPEX (\$/M)



### FREE CASH FLOW (\$/M)



### STOCKHOLDER RETURNS (\$/M)



# 2024 Restructuring Program



3Q24 Expense

**\$40.6 M**

## Goals

- ▶ Optimize manufacturing footprint
  - ▶ Close 3 facilities by end of 2026
- ▶ Streamline business decision making
  - ▶ Reduce SG&A headcount by 6%
  - ▶ Reduce Manufacturing headcount by 2%

## Savings

\$23 million (annualized), including \$12 million SG&A, when fully implemented

Currently \$9 million (annualized), \$2.2 million in 4Q24



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# Guidance 4Q 2024

## REVENUE

**\$720 M**

+/- \$20 M

## GROSS MARGIN

**20.0%**

+/- 50 bps

## SG&A

4Q 2024

**\$126 M**

+/- \$2 M

FY 2024

**\$507 M**

+/- \$2 M

## NORMALIZED EFFECTIVE TAX RATE

FY 2024

**~31%**

## NEWPORT 4Q 2024

LEGACY REVENUES

**~\$3 M**

GM IMPACT  
Negative

175 - 200 bps

## STOCKHOLDER RETURN POLICY

FY 2024

**Return  $\geq$   
\$100 M**

# Strategic Growth Levers



**Internal Capacity Expansion**



**External Capacity Expansion**



**Optimizing Global Manufacturing Footprint**



**Increased Technical Headcount**



**Broaden our Portfolio**



**Enhanced Channel Management**



**Innovation**



**Vishay Solutions**



**M&A**

# 2024: Investing in Capacity Readiness & Advancing Innovation Initiatives

## INTERNAL CAPACITY EXPANSION

- ▶ La Laguna
- ▶ Juarez
- ▶ Taipei
- ▶ Turin
- ▶ Newport
- ▶ Itzehoe

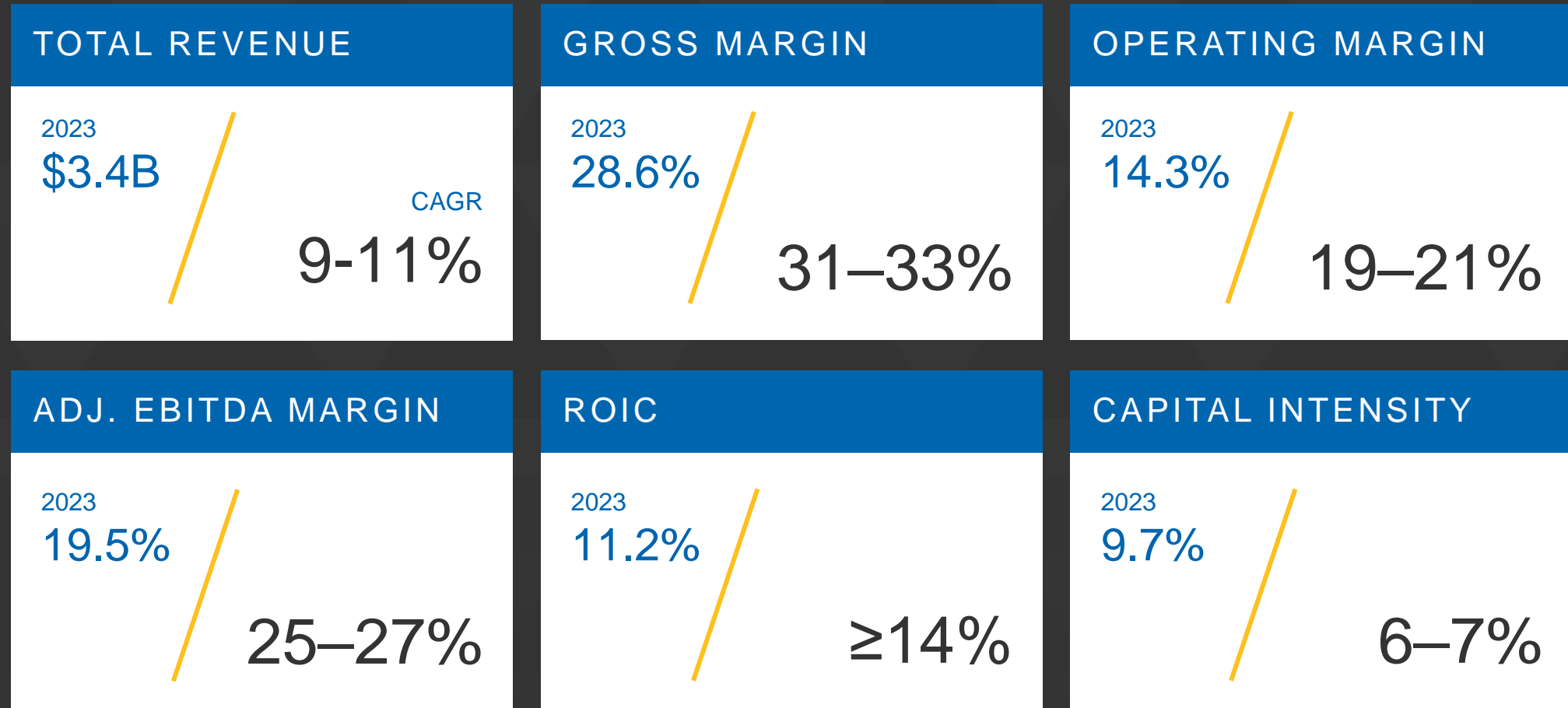
## SILICON CARBIDE STRATEGY

- ▶ Product development
- ▶ Manufacturing scaling

## EXTERNAL CAPACITY EXPANSION

- ▶ Sk keyfoundry
- ▶ Subcontractors

# Financial Goals 2028



# Appendix



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3Q 2024 Earnings Conference Call



# Product Type 2023

## CERTIFIED PRODUCTS

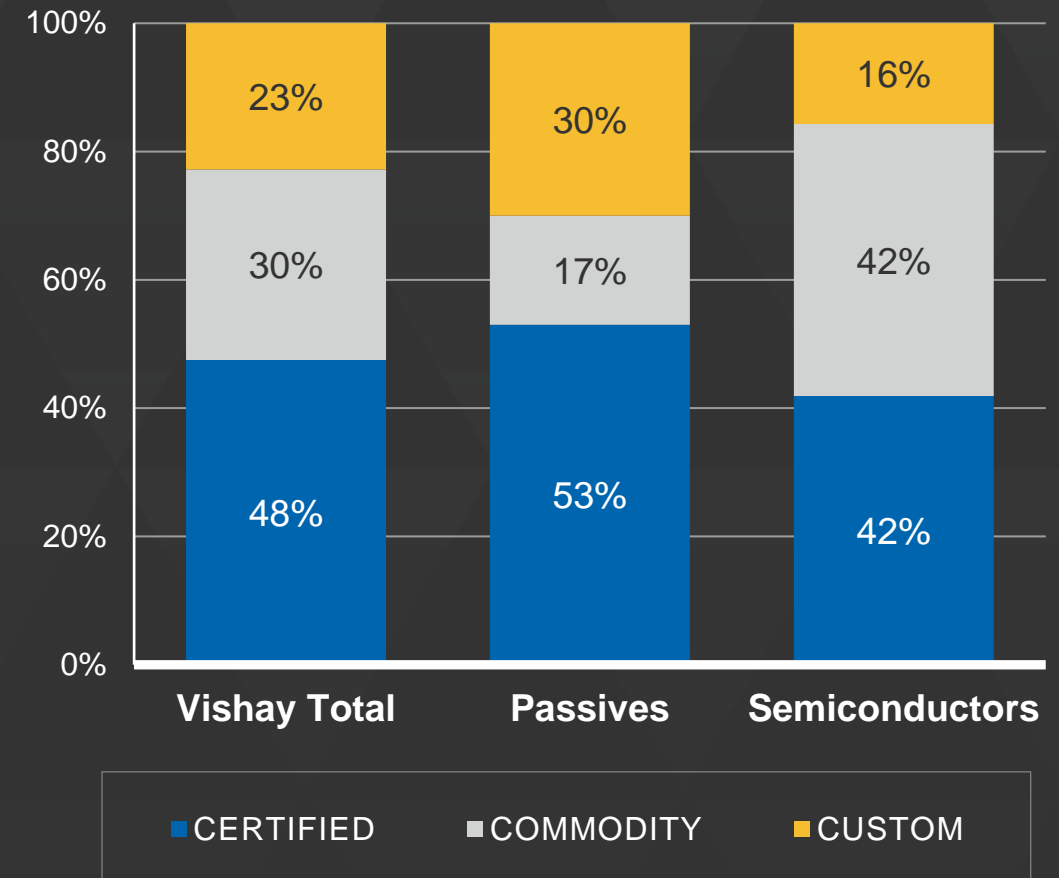
small number of competitors with similar products (qualifications such as automotive, military, UL)

## COMMODITY PRODUCTS

completely interchangeable with competitors' products

## CUSTOM PRODUCTS

designed for and sold to a specific customer



# Trusted by...

## OEM



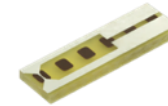
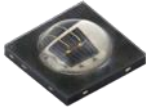
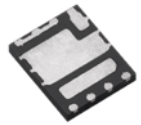
## EMS



## DISTRIBUTION

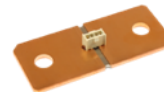


# Broadest Line of Discrete Semiconductors and Passive Components



DISCRETE SEMICONDUCTORS ► PASSIVE COMPONENTS

LOWEST VOLTAGE DIODE ► HIGHEST ENERGY CAPACITOR



**In power applications, we can populate ~80% of our customers' Bill of Material**

# P&L

IN MILLIONS (Except Per Share Amounts)	3Q 2024	2Q 2024	3Q 2023
Net Revenues	\$735.4	\$741.2	\$853.7
Cost of Products Sold	584.5	578.4	616.0
Gross Profit	150.9	162.9	237.6
Gross Margin	20.5%	22.0%	27.8%
SG&A	128.5	125.0	122.5
Restructuring and severance costs	40.6	-	-
Operating Income (Loss)	(18.3)	37.9	115.1
Operating Margin	(2.5%)	5.1%	13.5%
Other Income (Expense):			
Interest Expense	(6.6)	(6.7)	(7.1)
Loss on early extinguishment of debt	-	-	(18.9)
Other	0.8	5.0	7.4
Total Other Income (Expense) - Net	(5.8)	(1.6)	(18.6)
Income (Loss) Before Taxes	(24.1)	36.3	96.5
Income Tax Expense (Benefit)	(5.1)	12.4	30.6
Net Earnings (Loss)	(19.0)	23.9	65.9
Less: Net Earnings Attributable to Noncontrolling Interests	0.3	0.3	0.4
Net Earnings (Loss) Attributable to Vishay Stockholders	(\$19.3)	\$23.5	\$65.5
Diluted Earnings (Loss) Per Share Attributable To Vishay Stockholders	(\$0.14)	\$0.17	\$0.47
Weighted Average Shares Outstanding - Diluted	136.8	138.1	140.0
Cash Dividends Per Share	\$0.10	\$0.10	\$0.10

# Reconciliation of Adjusted Net Earnings

IN MILLIONS	3Q 2024	2Q 2024	3Q 2023
GAAP Net Earnings (Loss) Attributable to Vishay Stockholders	(\$19.3)	\$23.5	\$65.5
Reconciling items affecting operating income:			
Restructuring and severance costs	\$40.6	-	-
Reconciling items affecting other income (expense):			
Loss on early extinguishment of debt	-	-	\$18.9
Reconciling items affecting tax expense (benefit):			
Tax effects of pre-tax items above	(10.3)	-	(0.5)
Adjusted net earnings	\$11.0	\$23.5	\$83.9
Adjusted weighted average diluted shares outstanding	137.6	138.1	140.0
Adjusted earnings per diluted share	\$0.08	\$0.17	\$0.60

# Reconciliation of Free Cash

IN MILLIONS (Except Per Share Amounts)	3Q 2024	2Q 2024	3Q 2023
Net Cash Provided by Operating Activities	\$50.6	(\$24.7)	\$122.3
Proceeds From Sale of Property and Equipment	0.1	0.5	0.0
Less: Capital Expenditures	(59.5)	(62.6)	(66.8)
Free Cash	(\$8.8)	(\$86.8)	\$55.5

# Reconciliation of EBITDA

IN MILLIONS	3Q 2024	2Q 2024	3Q 2023
GAAP Net Earnings (Loss) Attributable to Vishay Stockholders	(\$19.3)	\$23.5	\$65.5
Net Earnings Attributable to Noncontrolling Interests	0.3	0.3	0.4
Net Earnings (Loss)	(\$19.0)	\$23.9	\$65.9
Interest Expense	\$6.6	\$6.7	\$7.2
Interest Income	(5.2)	(6.7)	(9.2)
Income Taxes	(5.1)	12.4	30.6
Depreciation and Amortization	53.6	52.2	46.2
EBITDA	\$30.9	\$88.4	\$140.7
<u>Reconciling items</u>			
Restructuring and severance costs	\$40.6	-	-
Loss on early extinguishment of debt	-	-	18.9
Adjusted EBITDA	\$71.5	\$88.4	\$159.6
Adjusted EBITDA Margin **	9.7%	11.9%	18.7%

\*\* Adjusted EBITDA as a percentage of net revenues

Vishay



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