

The background features a collage of images: a person in a surgical cap and mask, a hand holding a microchip, and two telecommunications towers. The design is accented with blue, green, and orange geometric shapes.

Q1 2024 Earnings Presentation

MAY 1, 2024

SAFE HARBOR

The company's guidance and other statements herein or made on the earnings conference call contain, in addition to historical information, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements in this presentation that are not historical information are forward-looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties are described in Advanced Energy's Form 10-K, Form 10-Q and other reports and statements filed with the Securities and Exchange Commission (SEC), which can be obtained from the SEC's website at www.sec.gov or from Advanced Energy's Investors page at ir.advancedenergy.com. Forward-looking statements are made and based on information available to Advanced Energy's management team as of May 1, 2024. Aspirational goals and medium-term targets should not be interpreted in any respect as guidance. The company assumes no obligation to update the information in this presentation.

Q1 2024 SUMMARY

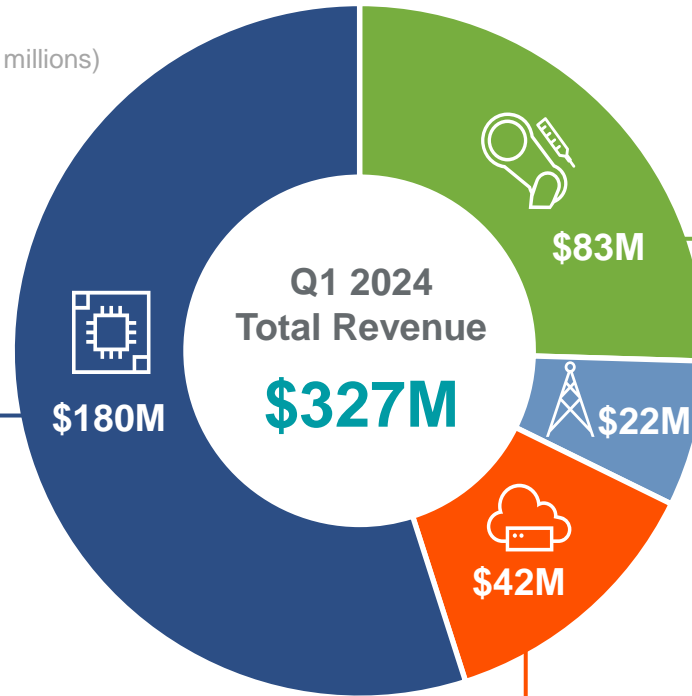


Evergreen 30kW AC-DC customizable power supply with best-in-class power density for industrial and medical applications

- **Q1 2024 results driven by a challenging demand environment in non-semi markets**
 - Semiconductor revenue ahead of expectations, but revenues in other markets weaker than forecasted
 - Characterized by higher-than-expected inventory destocking, and reduced demand in Telecom and Networking
 - Achieved our gross margin target for Q1 and delivered EPS within our guidance range despite the revenue shortfall
- **Strong customer pull for our highly differentiated products and technologies**
 - Design-in activity at an all-time high, and expect meaningful share gains as market conditions improve
 - Secured first major design wins for both eVoS™ and eVerest™, our next-generation plasma power products
 - Robust Industrial and Medical activity, supported by a focused sales team, digital platform and quick-turn engineering
- **Expect business levels to increase over the remainder of 2024 as markets improve**
 - Believe Q1 was a trough and Q2 revenue to rebound driven by a surge in Data Center Computing demand
 - Expect 2024 EPS to be largely inline with our previous projections, and 2H'24 outlook remains largely unchanged
- **Expect to deliver strong growth and market share gains as markets recover**
 - Expect gross margins to increase to 37.5-38.0% by end of 2024 and on track to reach > 40% as market recovers
 - Managing cost structure given near-term dynamics, while investing in new products and scale to drive future growth
 - Maintain strategic inventories and staffing levels to be able to respond quickly to upside demand
 - Leverage strong balance sheet to look for acquisitions that make financial and strategic sense

Q1 2024 REVENUE DETAIL BY MARKET

(\$ in millions)



SEMICONDUCTOR EQUIPMENT

Down 6% Q/Q & Down 7% Y/Y

- Revenue slightly better than expected with growth in value-added services
- Shipped >50 eVoS and eVerest systems, and customers requested another 150 by year-end
- Modular architecture of eVerest dramatically shortens development cycle time
- Leveraging broad portfolio of technologies to bring best-in-class solutions to our customers

INDUSTRIAL & MEDICAL

Down 23% Q/Q & Down 32% Y/Y

- Impacted by higher-than-expected inventory destocking across the channel
- Design wins have been broad-based, including medical imaging, electrosurgery and warehouse automation
- Launched Evergreen, our next-generation high-power platform, which features best-in-class efficiency and power density.

DATA CENTER COMPUTING

Down 33% Q/Q & Down 30% Y/Y

- Data Center Computing slightly below expectation on the pushout of a hyperscale program
- Forecast Q2 2024 to rebound on hyperscale AI investments and share gains in enterprise AI servers
- Telecom & Networking down on reduced infrastructure investment and high inventory levels

TELECOM & NETWORKING

Down 48% Q/Q & Down 54% Y/Y

Q1 2024 FINANCIAL HIGHLIGHTS



REVENUE
\$327 million



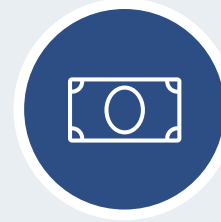
NON-GAAP EPS⁽¹⁾
\$0.58



NON-GAAP GROSS MARGIN⁽¹⁾
35.1%



NON-GAAP OP MARGIN⁽¹⁾
6.6%



OPERATING CASH FLOW⁽²⁾
\$8 million



TOTAL CASH⁽³⁾
\$1.02 billion
Net Cash of \$106 million

(1) Detailed explanations of non-GAAP financials and reconciliations of GAAP to non-GAAP financials can be found at the end of this presentation

(2) Cash flow from operating activities from continuing operations

(3) Net cash = Cash less Current portion of long-term debt and Long-term debt

REVENUE BY MARKET

(\$ in millions)	Q1 2024	Q4 2023	Q1 2023	Q/Q	Y/Y
Semiconductor Equipment	\$179.9	\$191.4	\$194.2	-6.0%	-7.4%
Industrial & Medical	\$83.4	\$108.6	\$123.0	-23.2%	-32.2%
Data Center Computing	\$41.9	\$62.9	\$59.7	-33.3%	-29.8%
Telecom & Networking	\$22.3	\$42.4	\$48.2	-47.6%	-53.8%
Total Revenue	\$327.5	\$405.3	\$425.0	-19.2%	-23.0%

INCOME STATEMENT (GAAP/NON-GAAP)

(\$ in millions, except per share data)	Q1 2024	Q4 2023	Q1 2023	Q/Q	Y/Y
Revenue	\$327.5	\$405.3	\$425.0	-19.2%	-23.0%
GAAP gross margin	34.5%	35.3%	36.5%		
GAAP operating expenses	\$112.2	\$129.1	\$115.1	-13.1%	-2.5%
GAAP operating margin from continuing ops	0.2%	3.4%	9.4%		
GAAP EPS from continuing ops	\$0.15	\$1.01	\$0.84	-85.1%	-82.1%
Non-GAAP ⁽¹⁾ gross margin	35.1%	35.7%	36.8%		
Non-GAAP ⁽¹⁾ operating expenses	\$93.5	\$94.9	\$99.7	-1.4%	-6.2%
Non-GAAP ⁽¹⁾ operating margin	6.6%	12.3%	13.4%		
Non-GAAP ⁽¹⁾ EPS	\$0.58	\$1.24	\$1.24	-53.2%	-53.2%

BALANCE SHEET & CASH FLOW

- Total Cash decline slightly Q/Q to \$1,018 million
 - Net cash⁽¹⁾ at \$106 million
- Inventory Turns decreased Q/Q from 3.1x to 2.4x
 - Days inventory increased Q/Q from 116 days to 153 days
- DSO increased Q/Q from 63 days to 68 days
- DPO increased Q/Q from 49 days to 58 days
- Operating cash flow from continuing operations was \$8.0 million, due to timing of prior year incentive payments, lower revenue, and inventory investment
- CAPEX \$16.6 million

(\$ in millions)	Q1 2024	Q4 2023	Q1 2023
Cash	\$1,017.8	\$1,044.7	\$461.8
Inventories	\$361.3	\$336.1	\$401.5
Accounts Receivable	\$247.5	\$282.4	\$291.6
Total Assets	\$2,524.1	\$2,556.8	\$2,008.7
Accounts Payable	\$137.9	\$141.9	\$185.8
Total Debt	\$911.5	\$915.7	\$368.4
Total Liabilities	\$1,381.2	\$1,412.6	\$912.8
Shareholders' Equity	\$1,142.9	\$1,144.2	\$1,095.9

Q2 2024 GUIDANCE

(\$ in millions, except per share data)	Guidance
Revenue	\$350 +/- \$20
GAAP EPS from continuing operations	\$0.25 +/- \$0.25
Non-GAAP ⁽¹⁾ EPS	\$0.73 +/- \$0.25

(1) Detailed explanations of non-GAAP financials and reconciliations of GAAP to non-GAAP financials can be found at the end of this presentation

QUARTERLY NON-GAAP FINANCIALS⁽¹⁾

Quarterly Trend

(figures in \$ millions, except percentage and EPS)

All figures from Continuing Operations

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Revenue	351.6	361.3	346.1	396.9	397.5	440.9	516.3	490.7	425.0	415.5	410.0	405.3	327.5
Gross Profit	139.7	137.3	124.9	141.0	145.3	163.8	193.4	179.4	156.5	147.8	148.2	144.5	115.0
Gross Margin	39.7%	38.0%	36.1%	35.5%	36.6%	37.1%	37.5%	36.6%	36.8%	35.6%	36.1%	35.7%	35.1%
Total OPEX	79.5	82.6	83.6	86.1	87.6	94.2	99.8	100.9	99.7	98.5	97.3	94.9	93.5
OPEX %	22.6%	22.9%	24.2%	21.7%	22.0%	21.4%	19.3%	20.6%	23.5%	23.7%	23.7%	23.4%	28.6%
Operating Income	60.2	54.7	41.2	54.8	57.8	69.6	93.6	78.5	56.8	49.3	50.9	49.7	21.5
Operating Income %	17.1%	15.1%	11.9%	13.8%	14.5%	15.8%	18.1%	16.0%	13.4%	11.9%	12.4%	12.3%	6.6%
Depreciation	7.3	7.5	7.9	8.1	8.4	8.5	8.5	8.8	9.5	9.4	9.7	9.7	10.0
EBITDA⁽²⁾	67.6	62.2	49.1	63.0	66.1	78.1	102.1	87.3	66.3	58.7	60.7	59.4	31.5
EBITDA %	19.2%	17.2%	14.2%	15.9%	16.6%	17.7%	19.8%	17.8%	15.6%	14.1%	14.8%	14.6%	9.6%
Other Income/(Expense)	(2.6)	(1.9)	(1.7)	(2.5)	(2.1)	(2.2)	(1.9)	(1.1)	0.5	0.2	1.3	5.2	5.1
Income Before Taxes	57.6	52.8	39.6	52.3	55.6	67.4	91.7	77.4	57.3	49.5	52.3	54.8	26.6
Tax Provision/(Benefit)	7.9	4.7	5.6	0.9	8.9	13.1	12.1	13.2	10.4	7.6	3.8	8.1	4.7
Tax Rate	13.7%	8.9%	14.0%	1.6%	16.0%	19.4%	13.2%	17.0%	18.1%	15.3%	7.2%	14.8%	17.7%
Non-GAAP Net Income	49.7	48.1	34.0	51.5	46.7	54.3	79.6	64.2	47.0	41.9	48.5	46.7	21.9
Net Income %	14.1%	13.3%	9.8%	13.0%	11.8%	12.3%	15.4%	13.1%	11.1%	10.1%	11.8%	11.5%	6.7%
Non-GAAP EPS	1.29	1.25	0.89	1.36	1.24	1.44	2.12	1.70	\$1.24	\$1.11	\$1.28	\$1.24	\$0.58
Average Shares Outstanding	38.6	38.6	38.4	37.9	37.8	37.7	37.6	37.7	37.8	37.8	37.9	37.6	37.7

NON-GAAP MEASURES

Advanced Energy's non-GAAP measures exclude the impact of non-cash related charges such as stock-based compensation and amortization of intangible assets, as well as discontinued operations, and non-recurring items such as acquisition-related costs and restructuring expenses. The non-GAAP measures included in this presentation are not in accordance with, or an alternative for, similar measures calculated under generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. We believe that these non-GAAP measures provide useful information to management and investors to evaluate business performance without the impacts of certain non-cash charges, non-economic foreign currency remeasurements, and other cash charges which are not part of our usual operations. We use these non-GAAP measures to assess performance against business objectives, make business decisions, develop budgets, forecast future periods, assess trends, and evaluate financial impacts of various scenarios. In addition, management's incentive plans include these non-GAAP measures as criteria for achievements. Additionally, we believe that these non-GAAP measures, in combination with its financial results calculated in accordance with GAAP, provide investors with additional perspective. To gain a complete picture of all effects on our financial results from any and all events, management does (and investors should) rely upon the GAAP measures as well, as the items excluded from non-GAAP measures may contribute to not accurately reflecting the underlying performance of the company's continuing operations for the period in which they are incurred. Furthermore, the use of non-GAAP measures has limitations in that such measures do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP, and these measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures.

NON-GAAP RECONCILIATION

Reconciliation of Non-GAAP measure - operating expenses and operating income, excluding certain items

	Three Months Ended		
	March 31,		December 31,
	2024	2023	2023
Gross profit from continuing operations, as reported	\$ 112,829	\$ 155,111	\$ 142,866
Adjustments to gross profit:			
Stock-based compensation	829	383	472
Facility expansion, relocation costs and other	1,308	957	1,146
Acquisition-related costs	44	53	44
Non-GAAP gross profit	115,010	156,504	144,528
Non-GAAP gross margin	35.1%	36.8%	35.7%
Operating expenses from continuing operations, as reported	112,152	115,073	129,096
Adjustments:			
Amortization of intangible assets	(6,947)	(7,062)	(7,068)
Stock-based compensation	(10,176)	(6,418)	(7,716)
Acquisition-related costs	(1,266)	(878)	(1,372)
Restructuring, asset impairments, and other charges	(245)	(1,043)	(18,071)
Non-GAAP operating expenses	93,518	99,672	94,869
Non-GAAP operating income	\$ 21,492	\$ 56,832	\$ 49,659
Non-GAAP operating margin	6.6%	13.4%	12.3%

Reconciliation of Non-GAAP measure - income excluding certain items

	Three Months Ended		
	March 31,		December 31,
	2024	2023	2023
Income from continuing operations, less non-controlling interest, net of income tax	\$ 5,787	\$ 31,752	\$ 37,891
Adjustments:			
Amortization of intangible assets	6,947	7,062	7,068
Acquisition-related costs	1,310	931	1,416
Facility expansion, relocation costs, and other	1,308	957	1,146
Restructuring, asset impairments, and other charges	245	1,043	18,071
Unrealized foreign currency gain	(1,757)	1,053	2,728
Tax effect of non-GAAP adjustments, including certain discrete tax benefits	(622)	(1,121)	(28,030)
Non-GAAP income, net of income tax, excluding stock-based compensation	13,218	41,677	40,290
Stock-based compensation, net of tax	8,694	5,304	6,387
Non-GAAP income, net of income tax	\$ 21,912	\$ 46,981	\$ 46,677

Reconciliation of non-GAAP measure - per share earnings excluding certain items

	Three Months Ended		
	March 31,		December 31,
	2024	2023	2023
Diluted earnings per share from continuing operations, as reported	\$ 0.15	\$ 0.84	\$ 1.01
Add back:			
Per share impact of non-GAAP adjustments, net of tax	0.43	0.40	0.23
Non-GAAP earnings per share	\$ 0.58	\$ 1.24	\$ 1.24

Q2 2024 RECONCILIATION OF GAAP TO NON-GAAP GUIDANCE

(\$ in millions, except per share data)	Low End	Midpoint	High End
Revenue	\$330	\$350	\$370
Reconciliation of Non-GAAP EPS			
GAAP EPS	\$ 0.00	\$ 0.25	\$ 0.50
Stock-based compensation	0.29	0.29	0.29
Amortization of intangible assets	0.19	0.19	0.19
Restructuring and other	0.10	0.10	0.10
Tax effects of excluded items	(0.10)	(0.10)	(0.10)
Non-GAAP⁽¹⁾ EPS	\$ 0.48	\$ 0.73	\$ 0.98