

The background is a collage of images related to technology and infrastructure. On the left, there is a close-up of a person wearing a surgical cap, safety glasses, and a face mask, looking at a microchip. In the center, there are two tall, lattice-structured communication towers. The overall color scheme is dominated by light blues and greys, with dark blue and green accents at the top and bottom corners.

Q1 2021 Earnings Presentation

MAY 5, 2021

SAFE HARBOR

The company's guidance with respect to anticipated financial results for future periods, potential future growth and profitability, future business mix, expectations regarding future market trends, future performance within specific markets and other statements herein or made on the conference call that are not historical information are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 include, but are not limited to: (a) the effects of global macroeconomic conditions upon demand for our products and services; (b) the volatility and cyclicity of the industries the company serves, particularly the semiconductor industry; (c) delays in capital spending by end-users in our served markets; (d) the risks and uncertainties related to the integration of Artesyn Embedded Power including the optimization and reduction of our global manufacturing sites; (e) the continuing spread of COVID-19 and its potential adverse impact on our product manufacturing, research and development, supply chain, services and administrative operations; (f) supply chain disruptions and component shortages that may impact the company's ability to obtain in a timely manner the materials necessary to manufacture its products; (g) the accuracy of the company's estimates related to fulfilling solar inverter product warranty and post-warranty obligations; (h) the company's ability to realize its plan to avoid additional costs after the solar inverter wind-down; (i) the accuracy of the company's assumptions on which its financial statement projections are based; (j) the impact of product price changes, which may result from a variety of factors; (k) the timing of orders received from customers; (l) the company's ability to realize benefits from cost improvement efforts including avoided costs, restructuring plans and inorganic growth; (m) unanticipated changes to management's estimates, reserves or allowances; (n) changes and adjustments to the tax expense and benefits related to the U.S. tax reform that was enacted in late 2017; and (o) the impact of political, economic and policy tensions and conflicts between China and the United States including, but not limited to, trade wars and export restrictions between the two countries, China's national security law for Hong Kong, and China's expansion of control over the South China Sea, any of which could negatively impact our customers' and our presence, operations, and financial results. These and other risks are described in Advanced Energy's Form 10 K, Forms 10 Q and other reports and statements filed with the Securities and Exchange Commission (the "SEC"). These reports and statements are available on the SEC's website at www.sec.gov. Copies may also be obtained from Advanced Energy's investor relations page at ir.advancedenergy.com or by contacting Advanced Energy's investor relations at 970 407 6555. Forward-looking statements are made and based on information available to the company on the date of the press release. Aspirational goals and targets discussed on the conference call or in the presentation materials should not be interpreted in any respect as guidance. The company assumes no obligation to update the information in this presentation.

Q1 2021 SUMMARY



- **Solid Q1 2021 results above guidance midpoints**
 - Revenue of \$352 million and non-GAAP⁽¹⁾ earnings of \$1.29 per share
 - Sales into semiconductor market reached another quarterly record
 - Operating cash flow of \$54.3 million, up \$25 million Y/Y
- **Demand increasing across all of our targeted our markets**
 - Record backlog of \$406 million, providing visibility to future customer requirements
 - Investment in semiconductor continuing to grow, macro-economic conditions improving and hyperscale customers placing orders late in Q1
- **Upside limited by supply constraints, but actions taken will have positive impact**
 - Expecting 2H 2021 revenue to grow 5% to 10% H/H, with upside if conditions improve
- **Well positioned to continue to gain share with our next generation products**
 - Continuing to win new design slots at an impressive rate
- **Executing our strategy to accelerate revenue and earnings growth**
 - On track to meet or exceed our long-term financial targets

STRONG PERFORMANCE IN SEMI AND INDUSTRIAL



SEMICONDUCTOR EQUIPMENT

\$181M, up 35% Y/Y


- Record quarterly revenue
- Strong demand for our process power delivery systems
- Next-gen products being evaluated by customers
- Won multiple designs at major OEMs for both etch and ALD
- Secured cross-selling wins for embedded power products



INDUSTRIAL & MEDICAL

\$78M, up 27% Y/Y


- Strength in FPD, battery production & horticulture
- Demand for diagnostic and life science began to improve
- Multiple Ascent MS wins for solar cell manufacturing
- Thyro-A+ power controller designed into FPD application



DATA CENTER COMPUTING

\$59M, down 31% Y/Y

- Industry digestion following strong ramp in 2020
- Several customers placing orders late in Q1
- Expect to add more Tier 1 hyperscale customers in 2021
- Won a board-mounted 48V DC-DC design



TELECOM & NETWORKING

\$33M, down 1% Y/Y

- Reflects full impact of our portfolio optimization actions to improve profitability
- Focusing on higher-end applications
- Won two critical 5G designs at a leading telecom OEM

Q1 2021 FINANCIAL HIGHLIGHTS



REVENUE
\$352 million
Up 11% Y/Y



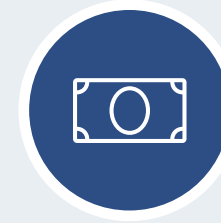
NON-GAAP EPS⁽¹⁾
\$1.29
Up 42% Y/Y



NON-GAAP GROSS MARGIN⁽¹⁾
39.7%
Up 190 bps Y/Y



NON-GAAP OP MARGIN⁽¹⁾
17.1%
Up 300 bps Y/Y



OPERATING CASH FLOW
\$54.3 million
Up \$25 million Y/Y



CASH & INVESTMENTS
\$513 million
Up \$158 million Y/Y

ASPIRATIONAL GOALS AND LONG-TERM VISION

	FISCAL 2020 RESULTS	3-YEAR ASPIRATIONAL GOALS	LONG TERM VISION (6-8 YEARS)
Revenue	\$1.42B	\$1.65B	\$2.50B
Non-GAAP EPS ⁽¹⁾	\$5.23	\$7.50	\$12.00
ROIC ⁽²⁾	23%	23%	20%

(1) Non-GAAP financial measures can be found at the back of this presentation

(2) ROIC calculated as Non-GAAP Operating Income After Tax divided by Invested Capital, which is defined as Total Assets less Cash, Payables, Accrued Expenses.

Q1 REVENUE BY MARKET

(figures in \$ thousands)	Q1 2021	Q4 2020	Q1 2020	Q/Q	Y/Y
Semiconductor Equipment	\$180,716	\$165,757	\$133,625	9.0%	35.2%
Industrial & Medical	\$78,415	\$93,769	\$61,979	-16.4%	26.5%
Data Center Computing	\$59,154	\$65,299	\$86,183	-9.4%	-31.4%
Telecom & Networking	\$33,335	\$46,144	\$33,669	-27.8%	-1.0%
Total Revenue	\$351,620	\$370,969	\$315,456	-5.2%	11.5%

Q1 2021 INCOME STATEMENT

(figures in \$ millions, except percentage & EPS)	Q1 2021	Q4 2020	Q1 2020	Q/Q	Y/Y
Revenue	\$351.6	\$371.0	\$315.5	-5.2%	11.5%
GAAP gross margin	39.1%	39.2%	35.6%		
GAAP operating expenses	\$93.3	\$89.8	\$86.4	4.0%	8.0%
GAAP operating margin from continuing ops	12.6%	15.0%	8.2%		
GAAP EPS from continuing ops	\$0.99	\$1.09	\$0.48	-9.2%	106.3%
Non-GAAP* gross margin	39.7%	39.5%	37.8%		
Non-GAAP* operating expenses	\$79.5	\$76.9	\$74.7	3.3%	6.4%
Non-GAAP* operating margin	17.1%	18.7%	14.1%		
Non-GAAP* EPS	\$1.29	\$1.49	\$0.91	-13.4%	41.8%

Q1 2021 BALANCE SHEET & CASH FLOW

- Cash and investments rose by \$30 million
- Receivables increased to \$237 million
 - DSO increased by 4 days to 61 days
- Inventory increased to \$248 million
 - Turns were 3.7 times
- Operating cash flow from continuing operations was \$54.3 million
- Total debt at \$318 million
 - Gross debt leverage at 1.1x⁽¹⁾
 - Net cash at \$195 million

(figures in \$ millions)	Q1 2021	Q4 2020
Cash & Investments	\$512.8	\$483.0
Accounts Receivable	\$236.9	\$235.2
Inventory	\$247.6	\$221.3
Total Assets	\$1,699.3	\$1,647.7
Total Debt	\$317.8	\$322.0
Liabilities	\$853.0	\$832.3
Shareholders' Equity	\$846.3	\$815.3

Q2 2021 GUIDANCE

	Q2 2021
Revenue	\$360M +/- \$15M
GAAP EPS from continuing operations	\$1.00 +/- \$0.15
Non-GAAP* EPS	\$1.25 +/- \$0.15

NON-GAAP MEASURES

Advanced Energy's non-GAAP measures exclude the impact of non-cash related charges such as stock-based compensation, amortization of intangible assets, and unrealized foreign exchange gain or loss on long-term facility lease and pension obligations, as well as discontinued operations and non-recurring items such as acquisition-related costs and restructuring expenses. The non-GAAP measures included in this release 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. Advanced Energy believes that these non-GAAP measures provide useful information to management and investors to evaluate business performance without the impacts of certain non-cash charges and other cash charges which are not part of the company's usual operations. The company uses 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, the company believes that these non-GAAP measures, in combination with its financial results calculated in accordance with GAAP, provide investors with additional perspective. While some of the excluded items may be incurred and reflected in the company's GAAP financial results in the foreseeable future, the company believes that the items excluded from certain non-GAAP measures do not accurately reflect the underlying performance of its continuing operations for the period in which they are incurred. The use of non-GAAP measures has limitations in that such measures do not reflect all of the amounts associated with the company's results of operations as determined in accordance with GAAP, and these measures should only be used to evaluate the company's results of operations in conjunction with the corresponding GAAP measures. Please refer to the Form 8 K regarding this release furnished today to the Securities and Exchange Commission.

NON-GAAP RECONCILIATION

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

	Three Months Ended		
	March 31,		December 31,
	2021	2020	2020
Gross profit from continuing operations, as reported	\$ 137,503	\$ 112,231	\$ 145,549
Adjustments to gross profit:			
Stock-based compensation	350	222	122
Facility expansion, relocation costs and other	1,838	1,543	741
Acquisition-related costs	8	5,141	25
Non-GAAP gross profit	\$ 139,699	\$ 119,137	\$ 146,437
Non-GAAP gross margin	39.7%	37.8%	39.5%
Operating expenses from continuing operations, as reported	\$ 93,321	\$ 86,423	\$ 89,764
Adjustments:			
Amortization of intangible assets	(5,384)	(5,006)	(5,065)
Stock-based compensation	(5,351)	(2,826)	(2,483)
Acquisition-related costs	(2,028)	(2,836)	387
Facility expansion, relocation costs and other	(51)	(385)	(443)
Restructuring charges	(1,038)	(656)	(5,226)
Non-GAAP operating expenses	79,469	74,714	76,934
Non-GAAP operating income	\$ 60,230	\$ 44,423	\$ 69,503
Non-GAAP operating margin	17.1%	14.1%	18.7%

Reconciliation of Non-GAAP measure - income excluding certain items

	Three Months Ended		
	March 31,		December 31,
	2021	2020	2020
Income from continuing operations, less non-controlling interest, net of income taxes	\$ 38,358	\$ 18,383	\$ 41,841
Adjustments:			
Amortization of intangible assets	5,384	5,006	5,065
Acquisition-related costs	2,036	7,977	(362)
Facility expansion, relocation costs and other	1,889	1,928	1,184
Restructuring charges	1,038	656	5,226
Unrealized foreign currency (gain) loss	(2,202)	—	3,786
Acquisition-related and other costs included in Other income (expense), net	87	—	90
Tax effect of Non-GAAP adjustments	(1,284)	(1,370)	(1,532)
Non-GAAP income, net of income taxes, excluding stock-based compensation	45,306	32,580	55,298
Stock-based compensation, net of taxes	4,362	2,363	1,993
Non-GAAP income, net of income taxes	\$ 49,668	\$ 34,943	\$ 57,291

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

	Three Months Ended		
	March 31,		December 31,
	2021	2020	2020
Diluted earnings per share from continuing operations, as reported	\$ 0.99	\$ 0.48	\$ 1.09
Add back (subtract):			
Per share impact of Non-GAAP adjustments, net of tax	0.30	0.43	0.40
Non-GAAP per share earnings	\$ 1.29	\$ 0.91	\$ 1.49

RECONCILIATION OF Q2 2021 GUIDANCE

	Low End		High End
Revenue	\$345M	-	\$375M
Reconciliation of non-GAAP* earnings per share			
GAAP earnings per share	\$0.85	-	\$1.15
Stock-based compensation	\$0.08	-	\$0.08
Amortization of intangible assets	\$0.13	-	\$0.13
Restructuring and other	\$0.08	-	\$0.08
Tax effects of excluded items	-\$0.04	-	-\$0.04
Non-GAAP* earnings per share	\$1.10	-	\$1.40