



Advanced Energy Announces Third Quarter 2022 Results

- Total revenue was \$516 million, above high end of guidance range
- Revenue in each of our end markets grew greater than 40% year-over-year
- GAAP EPS from continuing operations was \$1.99
- Non-GAAP EPS was \$2.12, above the high end of guidance range

DENVER, Colo., November 1, 2022 - Advanced Energy Industries, Inc. (Nasdaq: AEIS), a global leader in highly engineered, precision power conversion, measurement, and control solutions, today announced financial results for the third quarter ended September 30, 2022.

“We executed exceptionally well in the third quarter, delivering record quarterly revenue and earnings on improved supply and manufacturing output,” said Steve Kelley, president and CEO of Advanced Energy. “Demand for our precision power products was strong. We believe that our solid backlog, balanced market exposure and robust design win pipeline position Advanced Energy to continue to outperform our markets moving forward.”

Quarter Results

Sales were \$516.3 million in the third quarter of 2022, compared with \$440.9 million in the second quarter of 2022 and \$346.1 million in the third quarter of 2021.

GAAP net income from continuing operations was \$74.9 million or \$1.99 per diluted share in the quarter, compared with \$44.8 million or \$1.19 per diluted share in the prior quarter, and \$21.0 million or \$0.55 per diluted share a year ago.

Non-GAAP net income was \$79.6 million or \$2.12 per diluted share in the third quarter of 2022. This compares with \$54.3 million or \$1.44 per diluted share in the second quarter of 2022, and \$34.0 million or \$0.89 per diluted share in the third quarter of 2021.

Advanced Energy generated \$65.4 million of cash flow from continuing operations during the quarter, repurchased \$2.4 million of common stock and paid \$3.8 million in a quarterly dividend.

A reconciliation of GAAP to non-GAAP measures is provided in the tables below.

Fourth Quarter 2022 Guidance

Based on the Company's current view, beliefs, and assumptions, guidance for the fourth quarter of 2022 is within the following ranges:

| | <u>Q4 2022</u> |
|-------------------------------------|--------------------------------|
| Revenues | \$470 million +/- \$20 million |
| GAAP EPS from continuing operations | \$1.18 +/- \$0.25 |
| Non-GAAP EPS | \$1.55 +/- \$0.25 |

Conference Call

Management will host a conference call today, November 1, 2022, at 4:30 p.m. Eastern Time to discuss the third quarter financial results. To participate in the live earnings conference call, please dial 877-407-0890 approximately ten minutes prior to the start of the meeting and an operator will connect you. International participants can dial +1-201-389-0918. A webcast will also be available on our investor web page at ir.advancedenergy.com in the Events & Presentations section. The archived webcast will be available approximately two hours following the end of the live event.

About Advanced Energy

Advanced Energy Industries, Inc. (Nasdaq: AEIS) is a global leader in the design and manufacture of highly engineered, precision power conversion, measurement and control solutions for mission-critical applications and processes. Advanced Energy's power solutions enable customer innovation in complex applications for a wide range of industries including semiconductor equipment, industrial production, medical and life sciences, data center computing, networking and telecommunications. With engineering know-how and responsive service and support for customers around the globe, the company builds collaborative partnerships to meet technology advances, propels growth of its customers and innovates the future of power. Advanced Energy has devoted four decades to perfecting power. It is headquartered in Denver, Colorado, USA. For more information, visit www.advancedenergy.com.

Advanced Energy | Precision. Power. Performance. Trust.

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Non-GAAP Measures

This release includes GAAP and non-GAAP income and per-share earnings data and other GAAP and non-GAAP financial information. 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 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. 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.

Forward-Looking Statements

This release and statements we make on the above announced 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 report that are not historical information are forward-looking statements. For example, statements relating to our beliefs, expectations and plans are forward-looking statements, as are statements that certain actions, conditions, or circumstances will continue. The inclusion of words such as "anticipate," "expect," "estimate," "can," "may," "might," "continue," "enables," "plan," "intend," "should," "could," "would," "likely," "potential," or "believe," as well as statements that events or circumstances "will" occur or continue, indicate 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 include, but are not limited to: (a) supply chain disruptions and component shortages that may impact our ability to timely manufacture products and deliver to customers; (b) the effects of global macroeconomic conditions upon demand for our products and services, including supply chain cost increases, other inflationary pressures, economic downturns, and volatility and cyclicalities of the industries we serve; (c) the impact of political and geographical risks, including trade and other international disputes, war, terrorism, or geopolitical tensions; (d) managing backlog orders; (e) our ability to develop new products expeditiously and be successful in the design win process; (f) delays in capital spending by end-users in our served markets; (g) the risks and uncertainties related to the integration of acquired companies including SL Power Electronics; (h) the continuing spread of COVID-19 and its potential adverse impact on our operations; (i) our ability to avoid additional costs after the solar inverter wind-down; (j) the accuracy of our assumptions on which our financial statement projections are based; (k) the timing of orders received from customers; (l) our 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, 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 us on the date of this 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. We assume no obligation to update the information in this press release.

ADVANCED ENERGY INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except per share data)

| | Three Months Ended | | | Nine Months Ended | |
|---|--------------------|------------------|------------------|-------------------|------------------|
| | September 30, | | June 30, | September 30, | |
| | 2022 | 2021 | 2022 | 2022 | 2021 |
| Sales, net | \$ 516,274 | \$ 346,093 | \$ 440,949 | \$ 1,354,682 | \$ 1,059,024 |
| Cost of sales | 325,056 | 226,054 | 278,791 | 856,990 | 666,449 |
| Gross profit | 191,218 | 120,039 | 162,158 | 497,692 | 392,575 |
| Gross margin % | 37.0 % | 34.7 % | 36.8 % | 36.7 % | 37.1 % |
| Operating expenses: | | | | | |
| Research and development | 49,760 | 40,578 | 48,009 | 141,383 | 120,865 |
| Selling, general, and administrative | 56,716 | 48,373 | 55,022 | 161,056 | 143,214 |
| Amortization of intangible assets | 7,049 | 5,607 | 6,523 | 19,081 | 16,504 |
| Restructuring expense (benefit) | 121 | 1,272 | (161) | 1,178 | 2,521 |
| Total operating expenses | 113,646 | 95,830 | 109,393 | 322,698 | 283,104 |
| Operating income | 77,572 | 24,209 | 52,765 | 174,994 | 109,471 |
| Other income (expense), net | 8,940 | 495 | 3,249 | 11,347 | (3,674) |
| Income from continuing operations, before income taxes | 86,512 | 24,704 | 56,014 | 186,341 | 105,797 |
| Provision for income taxes | 11,639 | 3,657 | 11,203 | 29,795 | 10,817 |
| Income from continuing operations | 74,873 | 21,047 | 44,811 | 156,546 | 94,980 |
| Income (loss) from discontinued operations, net of income taxes | (697) | (37) | 180 | (615) | 171 |
| Net income | 74,176 | 21,010 | 44,991 | 155,931 | 95,151 |
| Income from continuing operations attributable to noncontrolling interest | 9 | 6 | 21 | 16 | 70 |
| Net income attributable to Advanced Energy Industries, Inc. | \$ 74,167 | \$ 21,004 | \$ 44,970 | \$ 155,915 | \$ 95,081 |
| Basic weighted-average common shares outstanding | 37,379 | 38,183 | 37,520 | 37,482 | 38,296 |
| Diluted weighted-average common shares outstanding | 37,630 | 38,363 | 37,710 | 37,725 | 38,517 |
| Earnings per share attributable to Advanced Energy Industries, Inc.: | | | | | |
| Continuing operations: | | | | | |
| Basic earnings per share | \$ 2.00 | \$ 0.55 | \$ 1.19 | \$ 4.18 | \$ 2.48 |
| Diluted earnings per share | \$ 1.99 | \$ 0.55 | \$ 1.19 | \$ 4.15 | \$ 2.46 |
| Discontinued operations: | | | | | |
| Basic earnings (loss) per share | \$ (0.02) | \$ — | \$ — | \$ (0.02) | \$ — |
| Diluted earnings (loss) per share | \$ (0.02) | \$ — | \$ — | \$ (0.02) | \$ — |
| Net income: | | | | | |
| Basic earnings per share | \$ 1.98 | \$ 0.55 | \$ 1.20 | \$ 4.16 | \$ 2.48 |
| Diluted earnings per share | \$ 1.97 | \$ 0.55 | \$ 1.19 | \$ 4.13 | \$ 2.47 |

ADVANCED ENERGY INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands)

| | September 30, 2022 | December 31, 2021 |
|--|-------------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 409,053 | \$ 544,372 |
| Accounts and other receivable, net | 307,018 | 237,227 |
| Inventories | 409,422 | 338,410 |
| Other current assets | 56,289 | 42,225 |
| Total current assets | <u>1,181,782</u> | <u>1,162,234</u> |
| Property and equipment, net | 136,502 | 114,830 |
| Operating lease right-of-use assets | 102,226 | 101,769 |
| Deposits and other assets | 33,364 | 19,669 |
| Goodwill and intangible assets, net | 475,033 | 371,596 |
| Deferred income tax assets | 45,148 | 47,242 |
| Total assets | <u>\$ 1,974,055</u> | <u>\$ 1,817,340</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 219,770 | \$ 193,708 |
| Other accrued expenses | 176,886 | 140,645 |
| Current portion of long-term debt | 20,000 | 20,000 |
| Current portion of operating lease liabilities | 16,299 | 15,843 |
| Total current liabilities | <u>432,955</u> | <u>370,196</u> |
| Long-term debt | 358,132 | 372,733 |
| Other long-term liabilities | 193,020 | 202,915 |
| Long-term liabilities | <u>551,152</u> | <u>575,648</u> |
| Total liabilities | 984,107 | 945,844 |
| Advanced Energy stockholders' equity | 989,287 | 870,851 |
| Noncontrolling interest | 661 | 645 |
| Total stockholders' equity | <u>989,948</u> | <u>871,496</u> |
| Total liabilities and stockholders' equity | <u>\$ 1,974,055</u> | <u>\$ 1,817,340</u> |

ADVANCED ENERGY INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(in thousands)

| | Nine Months Ended September 30, | |
|--|--|-------------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 155,931 | \$ 95,151 |
| Less: income (loss) from discontinued operations, net of income taxes | (615) | 171 |
| Income from continuing operations, net of income taxes | <u>156,546</u> | <u>94,980</u> |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation and amortization | 44,433 | 39,225 |
| Stock-based compensation expense | 15,008 | 12,819 |
| Provision for deferred income taxes | (2,496) | (1,404) |
| Discount on notes receivable | — | (638) |
| (Gain) loss on disposal and sale of assets | (4,058) | 923 |
| Changes in operating assets and liabilities, net of assets acquired | <u>(96,451)</u> | <u>(39,495)</u> |
| Net cash from operating activities from continuing operations | 112,982 | 106,410 |
| Net cash from operating activities from discontinued operations | <u>(81)</u> | <u>(523)</u> |
| Net cash from operating activities | 112,901 | 105,887 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Receipt of notes receivable | — | 802 |
| Purchases of property and equipment | (39,507) | (21,184) |
| Acquisitions, net of cash acquired | <u>(145,779)</u> | <u>(18,739)</u> |
| Net cash from investing activities | (185,286) | (39,121) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from long-term borrowings | — | 85,000 |
| Payment of debt-issuance costs | — | (1,350) |
| Payments on long-term borrowings | (15,000) | (8,750) |
| Dividend payments | (11,407) | (11,585) |
| Purchase and retirement of common stock | (25,955) | (56,625) |
| Net payments related to stock-based awards | <u>(1,411)</u> | <u>(3,136)</u> |
| Net cash from financing activities | (53,773) | 3,554 |
| EFFECT OF CURRENCY TRANSLATION ON CASH | (9,161) | (2,765) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (135,319) | 67,555 |
| CASH AND CASH EQUIVALENTS, beginning of period | <u>544,372</u> | <u>480,368</u> |
| CASH AND CASH EQUIVALENTS, end of period | <u>\$ 409,053</u> | <u>\$ 547,923</u> |

ADVANCED ENERGY INDUSTRIES, INC.
SUPPLEMENTAL INFORMATION (UNAUDITED)
(in thousands)

| Net Sales by Product Line | Three Months Ended | | | Nine Months Ended | |
|---------------------------|--------------------|-------------------|-------------------|---------------------|---------------------|
| | September 30, | | June 30, | September 30, | |
| | 2022 | 2021 | 2022 | 2022 | 2021 |
| Semiconductor Equipment | \$ 266,600 | \$ 173,441 | \$ 228,797 | \$ 698,354 | \$ 530,828 |
| Industrial and Medical | 119,587 | 80,800 | 104,951 | 307,436 | 242,412 |
| Data Center Computing | 87,542 | 62,231 | 69,161 | 232,941 | 190,843 |
| Telecom and Networking | 42,545 | 29,621 | 38,040 | 115,951 | 94,941 |
| Total | <u>\$ 516,274</u> | <u>\$ 346,093</u> | <u>\$ 440,949</u> | <u>\$ 1,354,682</u> | <u>\$ 1,059,024</u> |

| Net Sales by Geographic Region | Three Months Ended | | | Nine Months Ended | |
|--------------------------------|--------------------|-------------------|-------------------|---------------------|---------------------|
| | September 30, | | June 30, | September 30, | |
| | 2022 | 2021 | 2022 | 2022 | 2021 |
| United States | \$ 197,205 | \$ 139,089 | \$ 174,293 | \$ 530,240 | \$ 410,212 |
| North America (excluding U.S.) | 40,910 | 24,708 | 31,824 | 96,713 | 77,067 |
| Asia | 215,401 | 135,838 | 180,181 | 557,629 | 434,232 |
| Europe | 61,456 | 44,838 | 49,851 | 157,972 | 129,751 |
| Other | 1,302 | 1,620 | 4,800 | 12,128 | 7,762 |
| Total | <u>\$ 516,274</u> | <u>\$ 346,093</u> | <u>\$ 440,949</u> | <u>\$ 1,354,682</u> | <u>\$ 1,059,024</u> |

ADVANCED ENERGY INDUSTRIES, INC.
SELECTED OTHER DATA (UNAUDITED)
(in thousands)

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

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|------------------|------------------|-------------------|-------------------|
| | September 30, | | June 30, | September 30, | |
| | 2022 | 2021 | 2022 | 2022 | 2021 |
| Gross profit from continuing operations, as reported | \$ 191,218 | \$ 120,039 | \$ 162,158 | \$ 497,692 | \$ 392,575 |
| Adjustments to gross profit: | | | | | |
| Stock-based compensation | 454 | 218 | 402 | 1,087 | 783 |
| Facility expansion, relocation costs and other | 1,662 | 1,357 | 1,187 | 4,133 | 5,192 |
| Acquisition-related costs | 66 | 3,259 | 64 | (372) | 3,351 |
| Non-GAAP gross profit | <u>193,400</u> | <u>124,873</u> | <u>163,811</u> | <u>502,540</u> | <u>401,901</u> |
| Non-GAAP gross margin | 37.5% | 36.1% | 37.1% | 37.1% | 38.0% |
| Operating expenses from continuing operations, as reported | 113,646 | 95,830 | 109,393 | 322,698 | 283,104 |
| Adjustments: | | | | | |
| Amortization of intangible assets | (7,049) | (5,607) | (6,523) | (19,081) | (16,504) |
| Stock-based compensation | (5,568) | (3,456) | (4,656) | (13,921) | (12,036) |
| Acquisition-related costs | (1,150) | (1,768) | (4,159) | (6,977) | (6,124) |
| Facility expansion, relocation costs and other | — | (98) | — | — | (212) |
| Restructuring charges | (121) | (1,272) | 161 | (1,178) | (2,521) |
| Non-GAAP operating expenses | <u>99,758</u> | <u>83,629</u> | <u>94,216</u> | <u>281,541</u> | <u>245,707</u> |
| Non-GAAP operating income | <u>\$ 93,642</u> | <u>\$ 41,244</u> | <u>\$ 69,595</u> | <u>\$ 220,999</u> | <u>\$ 156,194</u> |
| Non-GAAP operating margin | 18.1% | 11.9% | 15.8% | 16.3% | 14.7% |

**Reconciliation of Non-GAAP measure -
income excluding certain items**

| | Three Months Ended | | | Nine Months Ended | |
|---|--------------------|------------------|------------------|-------------------|-------------------|
| | September 30, | | June 30, | September 30, | |
| | 2022 | 2021 | 2022 | 2022 | 2021 |
| Income from continuing operations, less non-controlling interest, net of income taxes | \$ 74,864 | \$ 21,041 | \$ 44,790 | \$ 156,530 | \$ 94,910 |
| Adjustments: | | | | | |
| Amortization of intangible assets | 7,049 | 5,607 | 6,523 | 19,081 | 16,504 |
| Acquisition-related costs | 1,216 | 5,027 | 4,223 | 6,605 | 9,475 |
| Facility expansion, relocation costs, and other | 1,662 | 1,455 | 1,187 | 4,133 | 5,404 |
| Restructuring charges | 121 | 1,272 | (161) | 1,178 | 2,521 |
| Unrealized foreign currency (gain) loss | (6,169) | (2,092) | (5,569) | (13,023) | (3,409) |
| Acquisition-related costs and other included in other income (expense), net | (4,685) | (79) | 85 | (4,600) | 907 |
| Tax effect of non-GAAP adjustments | 855 | (1,036) | (752) | (966) | (4,363) |
| Non-GAAP income, net of income taxes, excluding stock-based compensation | <u>74,913</u> | <u>31,195</u> | <u>50,326</u> | <u>168,938</u> | <u>121,949</u> |
| Stock-based compensation, net of taxes | 4,697 | 2,811 | 3,946 | 11,668 | 9,809 |
| Non-GAAP income, net of income taxes | <u>\$ 79,610</u> | <u>\$ 34,006</u> | <u>\$ 54,272</u> | <u>\$ 180,606</u> | <u>\$ 131,758</u> |

ADVANCED ENERGY INDUSTRIES, INC.
SELECTED OTHER DATA (UNAUDITED)

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

| | Three Months Ended | | | Nine Months Ended | |
|--|---------------------------|----------------|-----------------|--------------------------|----------------|
| | September 30, | | June 30, | September 30, | |
| | 2022 | 2021 | 2022 | 2022 | 2021 |
| Diluted earnings per share from continuing operations, as reported | \$ 1.99 | \$ 0.55 | \$ 1.19 | \$ 4.15 | \$ 2.46 |
| Add back: | | | | | |
| Per share impact of non-GAAP adjustments, net of tax | 0.13 | 0.34 | 0.25 | 0.64 | 0.96 |
| Non-GAAP per share earnings | \$ 2.12 | \$ 0.89 | \$ 1.44 | \$ 4.79 | \$ 3.42 |

Reconciliation of Q4 2022 Guidance

| | Low End | High End |
|----------------|----------------------|----------------------|
| Revenue | \$450 million | \$490 million |

Reconciliation of non-GAAP earnings per share

| | | |
|------------------------------------|----------------|----------------|
| GAAP earnings per share | \$ 0.93 | \$ 1.43 |
| Stock-based compensation | 0.16 | 0.16 |
| Amortization of intangible assets | 0.19 | 0.19 |
| Restructuring and other | 0.09 | 0.09 |
| Tax effects of excluded items | (0.07) | (0.07) |
| Non-GAAP earnings per share | \$ 1.30 | \$ 1.80 |