

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

Q3 2023 Earnings Presentation

OCTOBER 31, 2023

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 October 31, 2023. 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.

Q3 2023 SUMMARY

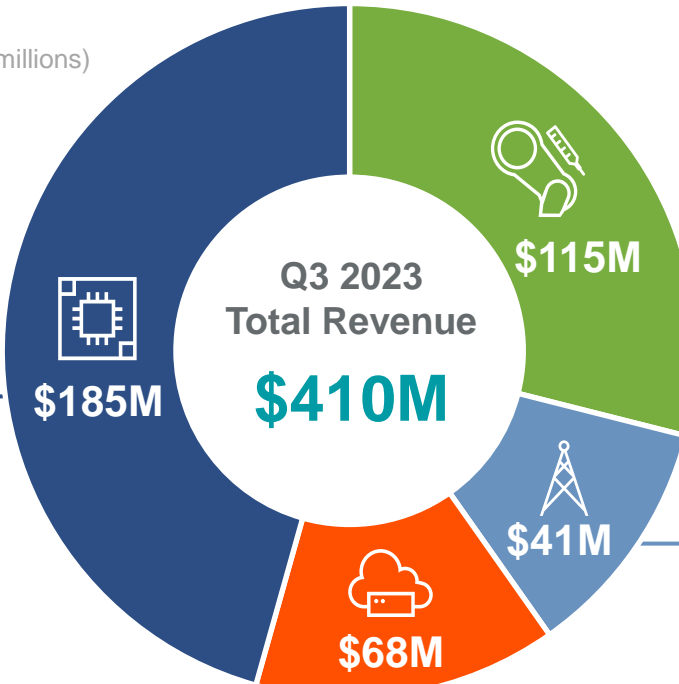


Advanced Energy iHP Liquid, fully-sealed, liquid-cooled configurable power system for industrial, medical, and semiconductor applications

- **Strong financial performance through business cycle**
 - Q3 revenue of \$410 million within guidance range while non-GAAP⁽¹⁾ EPS of \$1.28 at the high end of guidance
 - Revenue down 1% Q/Q with some demand softening late in the quarter due to macroeconomic factors
 - Actions to improve operations and control spending drove sequentially higher gross and operating margins
 - Operating cash flow from continuing operations was a record \$73 million
- **2023 largely playing out as planned despite macro environment in 2H'23**
 - Diversification strategy enabling performance better than previous semiconductor cycles and than our markets
 - Expect semiconductor revenue in 2H'23 to be flat-to-up versus 1H'23 on pockets of strength
 - Expect 2023 non-semiconductor revenue to increase slightly Y/Y, led by low-double-digit growth in I&M and T&N
- **New products and design wins building a solid foundation for growth**
 - Great progress with 19 new products launched YTD and expanded quick-turn customization activity
 - Strong design win momentum in high-value applications, driving a record number of design wins in 2023
- **Improving our operational efficiency and controlling our costs**
 - Expect to consolidate nearly all production into highly efficient, large factories to leverage economies of scale
 - Broke ground for new flagship factory in Thailand to ramp production in 2025
 - Focused on improving margins while investing in critical programs to prepare for the next cyclical upturn

Q3 2023 REVENUE DETAIL BY MARKET

(\$ in millions)



SEMICONDUCTOR EQUIPMENT

Up 7% Q/Q & Down 31% Y/Y

- Revenue up Q/Q, consistent with our view that Q2 was near-term bottom
- Demand for RF grew and achieved record revenue for High Voltage
- Service down Q/Q in Q3, but on track for a record year
- Strong customer interest and evaluation orders for eVerest™ and eVoS™ platforms

INDUSTRIAL & MEDICAL

Down 10% Q/Q & Down 4% Y/Y

- Revenue down Q/Q on softening demand late in quarter on slower macro factors
- Launched five new I&M products
- Medical design in activity particularly strong in Q3
- New website expands reach to a wider cross-section of customers

DATA CENTER COMPUTING

Up 16% Q/Q & Down 22% Y/Y

- Data Center Computing revenue benefited from ramp of a hyperscale design win for AI applications
- Hyperscale revenue offset cyclical downturn in the Enterprise server market in Q3
- Expect Telecom & Networking revenues to normalize to \$30M/Q over a couple of quarters

TELECOM & NETWORKING

Down 26% Q/Q & Down 3% Y/Y

Q3 2023 FINANCIAL HIGHLIGHTS



REVENUE
\$410 million
Down 1% Q/Q



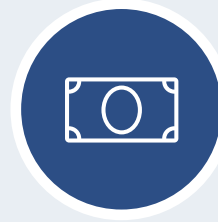
NON-GAAP EPS⁽¹⁾
\$1.28
Up 15% Q/Q



NON-GAAP GROSS MARGIN⁽¹⁾
36.1%
Up 50 bps Q/Q



NON-GAAP OP MARGIN⁽¹⁾
12.4%
Up 50 bps Q/Q



OPERATING CASH FLOW⁽²⁾
\$73 million
Up 3X Q/Q



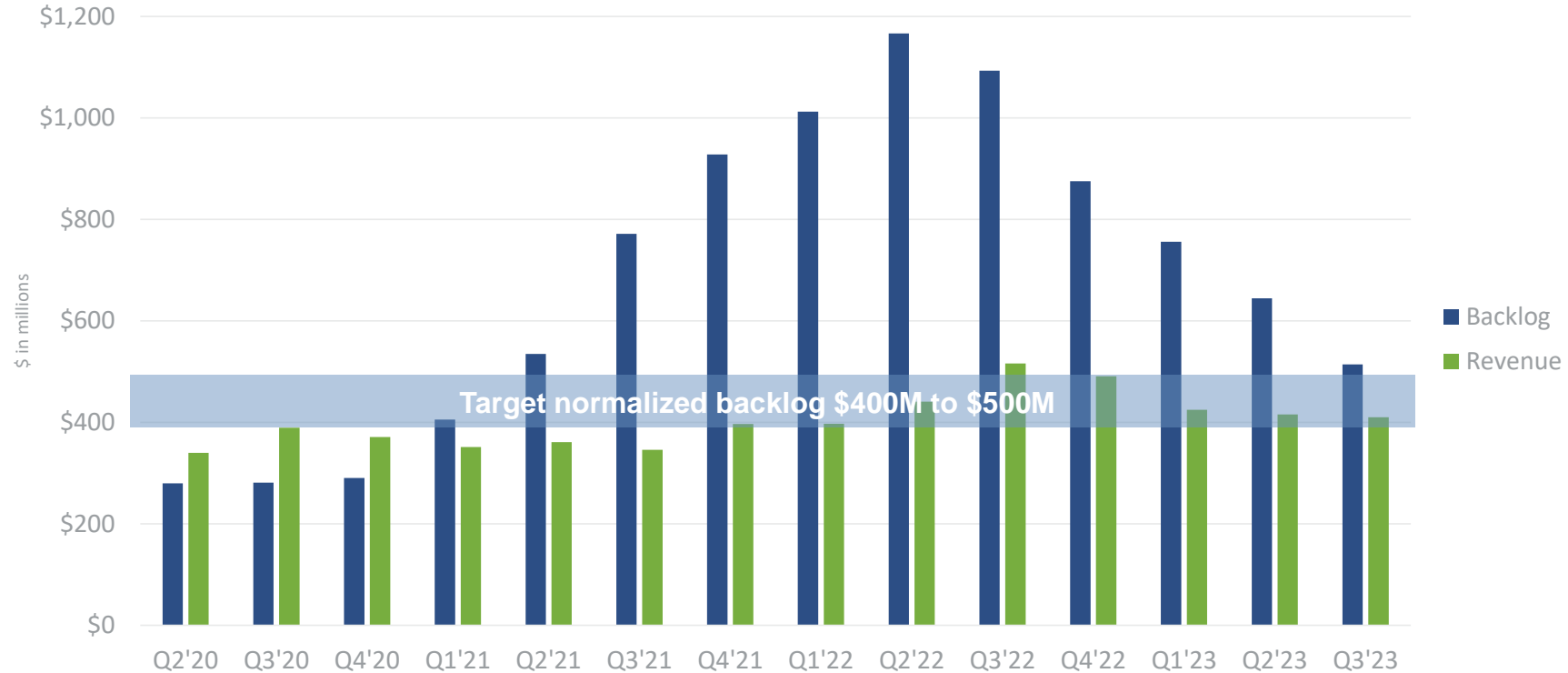
CASH & INVESTMENTS⁽³⁾
\$986 million
Net Cash of \$66 million

(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) Cash & Investments includes total cash and cash equivalents of \$985.9 million, marketable securities of \$0.2 million, and \$481.9 million in net proceeds from our 2.50% convertible senior notes offering completed in September. Net cash = Cash & Investments less Current portion of long-term debt and Long-term debt;

QUARTERLY REVENUE AND BACKLOG TRENDS



- Total backlog at the end of Q3 2023 was \$514 million, down 53% Y/Y and down 20% Q/Q
- Mainly driven by customers reducing orders for out quarter deliveries as we improved our lead times
- About 80% of the backlog is shippable over the next two quarters
- Expect backlog to settle to \$400-\$500 million by the end of Q4 2023

REVENUE BY MARKET

(\$ in millions)	Q3 2023	Q2 2023	Q3 2022	Q/Q	Y/Y
Semiconductor Equipment	\$185.0	\$173.2	\$266.6	6.8%	-30.6%
Industrial & Medical	\$115.2	\$127.6	\$119.6	-9.7%	-3.6%
Data Center Computing	\$68.3	\$59.1	\$87.5	15.6%	-22.0%
Telecom & Networking	\$41.5	\$55.6	\$42.5	-25.4%	-2.5%
Total Revenue	\$410.0	\$415.5	\$516.2	-1.3%	-20.6%

INCOME STATEMENT

(\$ in millions, except per share data)	Q3 2023	Q2 2023	Q3 2022	Q/Q	Y/Y
Revenue	\$410.0	\$415.5	\$516.3	-1.3%	-20.6%
GAAP gross margin	35.9%	35.4%	37.0%		
GAAP operating expenses	\$117.3	\$117.3	\$113.6	0.0%	3.2%
GAAP operating margin from continuing ops	7.3%	7.2%	15.0%		
GAAP EPS from continuing ops	\$0.89	\$0.73	\$1.99	21.9%	-55.3%
Non-GAAP ⁽¹⁾ gross margin	36.1%	35.6%	37.5%		
Non-GAAP ⁽¹⁾ operating expenses	\$97.3	\$98.5	\$99.8	-1.3%	-2.5%
Non-GAAP ⁽¹⁾ operating margin	12.4%	11.9%	18.1%		
Non-GAAP ⁽¹⁾ EPS	\$1.28	\$1.11	\$2.12	15.3%	-39.6%

BALANCE SHEET & CASH FLOW

- Total Cash & Investments⁽¹⁾ up Q/Q to \$986 million
 - Net cash⁽²⁾ down 28% Q/Q to \$66 million
 - Cash & Investments includes \$482 million in net proceeds from our convertible notes offering completed in September
 - Excluding the convertible offering and related transactions, cash increased from \$455 million to \$504 million
- Inventory Turns improved Q/Q from 2.7x to 2.9x
 - Days inventory improved Q/Q from 132 days to 125 days
- DSO increased Q/Q from 56 days to 59 days
- DPO decreased Q/Q from 50 days to 48 days
- Operating cash flow from continuing operations was \$72.7 million
- CAPEX was \$13.2 million, or 3.2% of revenue
- Repurchased \$40 million of shares, as part of the convertible senior notes offering

(\$ in millions)	Q3 2023	Q2 2023	Q3 2022
Cash & Investments	\$986.1	\$455.4	\$411.2
Inventories	\$364.0	\$392.3	\$409.4
Accounts Receivable	\$270.3	\$258.8	\$307.0
Total Assets	\$2,493.7	\$1,949.9	\$1,974.1
Accounts Payable	\$140.3	\$149.3	\$219.8
Total Debt	\$919.8	\$363.5	\$378.1
Total Liabilities	\$1,392.8	\$824.6	\$984.1
Shareholders' Equity	\$1,100.9	\$1,125.3	\$989.9

Q4 2023 GUIDANCE

(\$ in millions, except per share data)	Guidance
Revenue	\$405 +/- \$15
GAAP EPS from continuing operations	\$0.69 +/- \$0.20
Non-GAAP ⁽¹⁾ EPS	\$1.15 +/- \$0.20

QUARTERLY NON-GAAP FINANCIALS⁽¹⁾

Quarterly Trend

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

All figures from Continuing Operations g Operations

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Backlog	405.7	534.7	771.4	927.8	1,012.4	1,166.5	1,093.0	875.3	755.9	644.7	514.5
Revenue	351.6	361.3	346.1	396.9	397.5	440.9	516.3	490.7	425.0	415.5	410.0
Gross Profit	139.7	137.3	124.9	141.0	145.3	163.8	193.4	179.4	156.5	147.8	148.2
Gross Margin	39.7%	38.0%	36.1%	35.5%	36.6%	37.1%	37.5%	36.6%	36.8%	35.6%	36.1%
Total OPEX	79.5	82.6	83.6	86.1	87.6	94.2	99.8	100.9	99.7	98.5	97.3
OPEX %	22.6%	22.9%	24.2%	21.7%	22.0%	21.4%	19.3%	20.6%	23.5%	23.7%	23.7%
Operating Income	60.2	54.7	41.2	54.8	57.8	69.6	93.6	78.5	56.8	49.3	50.9
Operating Income %	17.1%	15.1%	11.9%	13.8%	14.5%	15.8%	18.1%	16.0%	13.4%	11.9%	12.4%
Depreciation	7.3	7.5	7.9	8.1	8.4	8.5	8.5	8.8	9.5	9.4	9.7
EBITDA	67.6	62.2	49.1	63.0	66.1	78.1	102.1	87.3	66.3	58.7	60.7
EBITDA %	19.2%	17.2%	14.2%	15.9%	16.6%	17.7%	19.8%	17.8%	15.6%	14.1%	14.8%
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
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
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
Tax Rate	13.7%	8.9%	14.0%	1.6%	16.0%	19.4%	13.2%	17.0%	18.1%	15.3%	7.2%
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
Net Income %	14.1%	13.3%	9.8%	13.0%	11.8%	12.3%	15.4%	13.1%	11.1%	10.1%	11.8%
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
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

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			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2023	2022	2023	2023	2022
Gross profit from continuing operations, as reported	\$ 147,341	\$ 191,218	\$ 147,080	\$ 449,532	\$ 497,692
Adjustments to gross profit:					
Stock-based compensation	615	454	589	1,587	1,087
Facility expansion, relocation costs and other	171	1,662	60	1,188	4,133
Acquisition-related costs	44	66	97	194	(372)
Non-GAAP gross profit	148,171	193,400	147,826	452,501	502,540
Non-GAAP gross margin	36.1%	37.5%	35.6%	36.2%	37.1%
Operating expenses from continuing operations, as reported	117,280	113,646	117,255	349,608	322,698
Adjustments:					
Amortization of intangible assets	(7,049)	(7,049)	(7,075)	(21,186)	(19,081)
Stock-based compensation	(7,460)	(5,568)	(7,348)	(21,226)	(13,921)
Acquisition-related costs	(611)	(1,150)	(1,165)	(2,654)	(6,977)
Restructuring and other	(4,898)	(121)	(3,154)	(9,095)	(1,178)
Non-GAAP operating expenses	97,262	99,758	98,513	295,447	281,541
Non-GAAP operating income	\$ 50,909	\$ 93,642	\$ 49,313	\$ 157,054	\$ 220,999
Non-GAAP operating margin	12.4%	18.1%	11.9%	12.6%	16.3%

Reconciliation of Non-GAAP measure - income excluding certain items

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2023	2022	2023	2023	2022
Income from continuing operations, less non-controlling interest, net of income taxes	\$ 33,651	\$ 74,864	\$ 27,455	\$ 92,858	\$ 156,530
Adjustments:					
Amortization of intangible assets	7,049	7,049	7,075	21,186	19,081
Acquisition-related costs	655	1,216	1,262	2,848	6,605
Facility expansion, relocation costs, and other	171	1,662	60	1,188	4,133
Restructuring and other	4,898	121	3,154	9,095	1,178
Unrealized foreign currency gain	(1,604)	(6,169)	(2,266)	(2,817)	(13,023)
Acquisition-related costs and other included in other income (expense), net	(1,516)	(4,685)	—	(1,516)	(4,600)
Tax effect of non-GAAP adjustments	(1,101)	855	(1,051)	(3,273)	(966)
Non-GAAP income, net of income taxes, excluding stock-based compensation	42,203	74,913	35,689	119,569	168,938
Stock-based compensation, net of taxes	6,299	4,697	6,191	17,794	11,668
Non-GAAP income, net of income taxes	\$ 48,502	\$ 79,610	\$ 41,880	\$ 137,363	\$ 180,606

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

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2023	2022	2023	2023	2022
Diluted earnings per share from continuing operations, as reported	\$ 0.89	\$ 1.99	\$ 0.73	\$ 2.45	\$ 4.15
Add back:					
Per share impact of non-GAAP adjustments, net of tax	0.39	0.13	0.38	1.18	0.64
Non-GAAP earnings per share	\$ 1.28	\$ 2.12	\$ 1.11	\$ 3.63	\$ 4.79

Q4 2023 RECONCILIATION OF GAAP TO NON-GAAP GUIDANCE

(\$ in millions, except per share data)	Low End		Midpoint		High End	
Revenue	\$390		\$405		\$420	
Reconciliation of Non-GAAP EPS						
GAAP EPS	\$	0.49	\$	0.69	\$	0.89
Stock-based compensation		0.20		0.20		0.20
Amortization of intangible assets		0.19		0.19		0.19
Restructuring and other		0.17		0.17		0.17
Tax effects of excluded items		(0.10)		(0.10)		(0.10)
Non-GAAP⁽¹⁾ EPS	\$	0.95	\$	1.15	\$	1.35