



Advanced Energy (AEIS) Q1 2025 Financial Results

APRIL 30, 2025

Safe Harbor

Forward-Looking Statements: Advanced Energy Industries, Inc.'s guidance and other statements herein or made on the 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. For example, statements relating to Advanced Energy's beliefs, expectations, and plans are forward-looking statements, as are statements that certain actions, conditions, events, or circumstances will continue. The inclusion of words such as "anticipate," "expect," "estimate," "can," "may," "might," "continue," "enable," "plan," "intend," "should," "predict", "could," "would," "will," "likely," "potential," "future", "target," "need," "drive," "next-gen," "exit," "model," "believe," "grow," "accelerate," "gain," "win," "deliver," "optimize," "outperform," "maintain," "raise," "add," "sustain," and similar expressions and the negative versions thereof indicate forward-looking statements; however, not all forward-looking statements may contain such words or expressions. Although Advanced Energy believes that the expectations reflected in or suggested by these forward-looking statements are reasonable, the company may not achieve the results, performance, plans, or objectives expressed or implied by such forward-looking statements. Forward-looking statements involve risks and uncertainties, which are difficult to predict and many of which are beyond Advanced Energy's control. Actual results could differ materially and adversely from those expressed in any forward-looking statements, and investors are cautioned not to place undue reliance on forward-looking statements. Factors that could contribute to these differences or prove the forward-looking statements herein, by hindsight, to be overly optimistic or unachievable include, but are not limited to: volatility and business fluctuations in the industries in which we compete; our ability to achieve design wins with new and existing customers; our ability to accurately forecast and meet customer demand; risks related to global economic conditions, such as the impact of escalating global conflicts on macroeconomic conditions, impact of tariffs and export regulations, economic uncertainty, market volatility, rising interest rates, inflation, lack of growth in our markets or recession; customer price sensitivity; the U.S. Dollar's change in value against its major peers; concentration of our customer base; risks associated with potential breach of our information security measures, either external breach or internal data theft; difficulties with the implementation of our enterprise resource planning and other enterprise-wide information technology system applications; our loss of or inability to attract and retain key personnel; risks associated with our manufacturing footprint optimization and movement of manufacturing locations for certain products; disruptions to our manufacturing operations or those of our customers or suppliers; our ability to successfully identify, close, integrate and realize anticipated benefits from our acquisitions; quality issues or unanticipated costs in fulfilling our warranty obligations (including our discontinued solar inverter product line), and adequacy of our warranty reserves; risks inherent in our international operations, including the effect of export controls, the impact of tariffs on our supply chain or products we sell, political and geographical risks, and fluctuations in currency exchange rates; our ability to enforce, protect, and maintain our proprietary technology and intellectual property rights; regulatory risk related to our supply chain; legal matters, claims, investigations, and proceedings; changes to tax laws and regulations or our tax rates; changes in federal, state, local and foreign regulations, including with respect to trade compliance, privacy and data protection, supply chain, and environmental regulation; the effect of our debt obligations and restrictive covenants on our ability to operate our business; risks related to our unfunded pension obligations; our estimates of the fair value of intangible assets; the potential impact of dilution related to our convertible debt, hedge, and warrant transactions; and the risks and uncertainties described in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2024. All forward-looking statements are made and based on information available to Advanced Energy's management team as of April 30, 2025. The company assumes no obligation to update the information in this presentation.

Non-GAAP Financial Measures: We refer to non-GAAP earnings per share and other non-GAAP financial measures that our management believes are useful tools to evaluate our business from the perspective of management. Detailed reconciliations of GAAP to non-GAAP financials can be found on the subsequent slides.

Q1 2025 Financial Highlights



REVENUE

\$405 million

Up 24% Y/Y



NON-GAAP GROSS MARGIN⁽¹⁾

37.9%

Up 280 bps Y/Y



OPERATING CASH FLOW⁽²⁾

\$29 million



NON-GAAP EPS

\$1.23

Up 112% Y/Y



NON-GAAP OPS MARGIN⁽¹⁾

13.5%

Up 700 bps Y/Y



TOTAL CASH

\$723 million

Net Cash⁽³⁾ of \$158 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 = Total cash less debt excluding operating lease liability

Q1 2025 Summary

Q1 2025 revenue and non-GAAP EPS⁽¹⁾ approached the high end of guidance

- Revenue of \$405 million increased 24% Y/Y, led by a record quarter in Data Center Computing and strength in Semi
- Non-GAAP gross margin⁽¹⁾ of 37.9% was up 280 basis points Y/Y on favorable mix and improved manufacturing costs

Expect 2025 to be above previous expectations, with share gains and margin expansion

- Continued ramp of new programs for AI investments driving Data Center Computing growth in Q2 and into 2H 2025
- Expect Semiconductor revenue to grow around 10% in 2025 on a stronger 1H and initial production of new products
- On track to complete China factory closure by the end of June, providing margin uplift in the second half

Relatively well-positioned in the dynamic tariff environment

- Have not seen downward revisions in demand forecasts of major customers
- Limited direct exposure to the highest tariff rates, with China factory closure and low shipments from the US to China
- Leverage factories in low tariff countries to optimize production, and most products from Mexico are USMCA-compliant
- Work closing with supply chain to minimize tariffs, and expect to make price adjustments to cover costs when possible

Ability to generate cash and manage prudently enables AE to make investments

- Continue to invest heavily in R&D, new product capabilities, factory consolidation, and digital platform
- Increased 2025 CAPEX to 5-6% of revenue on expected share gains in Data Center and next-gen Semi products
- Took advantage of market volatility in April to repurchase over \$22.7 million at an average price of \$83.78 per share

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



Omni™ RF Diagnostic Cart

A comprehensive RF calibration and diagnostics solution to optimize power delivery for critical semiconductor processes

Q1 2025 Revenue Detail by Market

Semiconductor Equipment

Down 2% Q/Q & Up 24% Y/Y

- Strong demand in AI-related leading-edge foundry logic and memory
- Shipped >350 units of eVoS™, eVerest™ and NavX™ cumulatively through Q1'25, a 5X jump from a year ago, and up from >250 units from last quarter
- Customers incorporating AE's new products into their next-generation logic and memory systems
- Expect initial production to start in 2H'25, and more significant growth in 2026

Telecom & Networking

Down 5% Q/Q & 2% Y/Y

- Results in-line with expectations
- Revenue in the low \$20M per quarter range going forward

Data Center Computing

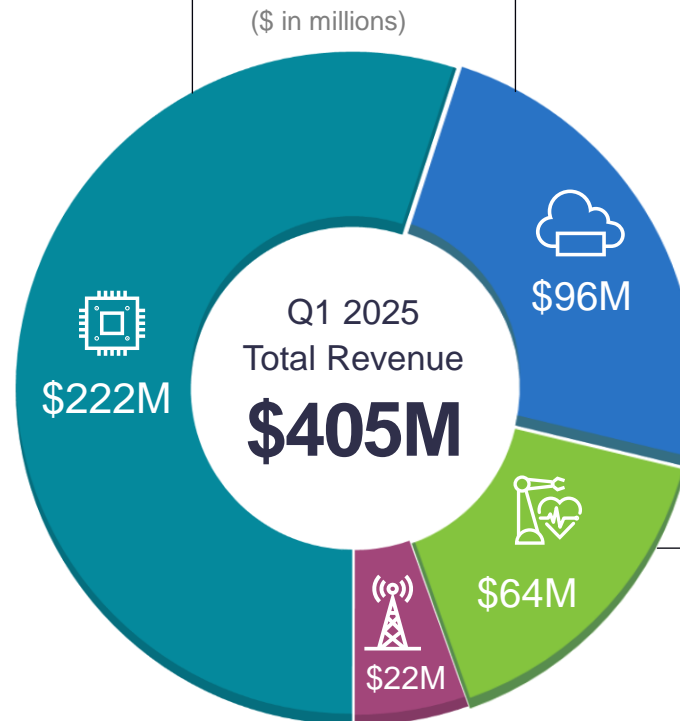
Up 9% Q/Q & 130% Y/Y

- Achieved record quarterly revenue
- Multiple hyperscale design wins ramping to volume, supporting in Q2 and into 2H 2025
- Focus on the high-end has yielded deeper partnerships with key customers
- Won key slots in next-generation racks, with expected ramps in late 2025 and early 2026

Industrial & Medical

Down 16% Q/Q & 23% Y/Y

- Decreased more than expected due to customer inventory reduction and lower turns revenue
- Distribution orders increased in Q1, supporting sequential revenue growth in Q2, but tariffs could impact the pace of recovery
- Recorded wins in industrial coating, robotics, therapeutic, and life science applications
- Mouser, the first distributor to launch AE microsite, reported 60% increase in page views



Q1 2025 Revenue by Market

(\$ in millions)	Q1 2025	Q4 2024	Q1 2024	Q/Q	Y/Y
Semiconductor Equipment	\$222.2	\$226.8	\$179.9	-2.0%	23.5%
Industrial & Medical	\$64.3	\$76.8	\$83.4	-16.3%	-22.9%
Data Center Computing	\$96.2	\$88.7	\$41.9	8.5%	129.6%
Telecom & Networking	\$21.9	\$23.1	\$22.3	-5.2%	-1.8%
Total Revenue	\$404.6	\$415.4	\$327.5	-2.6%	23.5%

Q1 2025 Income Statement

(\$ in millions, except per share data)	Q1 2025	Q4 2024	Q1 2024	Q/Q	Y/Y
Revenue	\$404.6	\$415.4	\$327.5	-2.6%	23.5%
GAAP gross margin	37.2%	37.2%	34.5%		
GAAP operating expenses	\$119.9	\$120.7	\$112.0	-0.7%	7.1%
GAAP operating margin from continuing ops	7.6%	8.2%	0.3%		
GAAP EPS from continuing ops	\$0.65	\$1.29	\$0.16	-49.6%	306.3%
Non-GAAP ⁽¹⁾ gross margin	37.9%	38.0%	35.1%		
Non-GAAP ⁽¹⁾ operating expenses	\$98.6	\$101.8	\$93.6	-3.1%	5.3%
Non-GAAP ⁽¹⁾ operating margin	13.5%	13.5%	6.5%		
Non-GAAP ⁽¹⁾ EPS	\$1.23	\$1.30	\$0.58	-5.4%	112.1%

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

Balance Sheet & Cash Flow

(\$ in millions)	Q1 2025	Q4 2024	Q1 2024
Cash	\$723.0	\$722.1	\$1,017.8
Inventories	\$368.8	\$360.4	\$361.3
Accounts Receivable	\$276.7	\$265.3	\$247.5
Total Assets	\$2,302.2	\$2,261.9	\$2,524.1
Accounts Payable	\$156.7	\$143.5	\$137.9
Total Debt	\$565.4	\$564.7	\$911.5
Total Liabilities	\$1,067.8	\$1,055.2	\$1,381.2
Shareholders' Equity	\$1,230.3	\$1,203.2	\$1,142.9

Total Cash increased slightly Q/Q to \$723 million

- Net cash⁽¹⁾ at \$158 million

Inventory Turns decreased Q/Q to 2.7x

- Days inventory increased Q/Q from 126 days to 132 days, added critical parts to support growth

DSO increased Q/Q from 57 to 62 days

DPO increased Q/Q from 50 to 56 days

Operating cash flow from continuing operations was \$29 million

CAPEX was \$13.9 million

(1) Net cash = Cash less (Current portion of long-term debt + Long-term debt)

Q2 2025 Guidance



Revenue

\$420 million ± \$20 million



GAAP EPS from continuing operations

\$0.74 ± \$0.25



Non-GAAP⁽¹⁾ EPS

\$1.30 ± \$0.25

Quarterly Non-GAAP Financials⁽¹⁾

Quarterly Trend

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

All figures from Continuing Operations

	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1
Revenue	440.9	516.3	490.7	425.0	415.5	410.0	405.3	327.5	364.9	374.2	415.4	404.6
Gross Profit	163.8	193.4	179.4	156.5	147.8	148.2	144.5	115.0	128.9	136.0	157.9	153.4
Gross Margin	37.1%	37.5%	36.6%	36.8%	35.6%	36.1%	35.7%	35.1%	35.3%	36.3%	38.0%	37.9%
Total OPEX	94.2	99.8	100.9	99.7	98.5	97.3	94.9	93.5	95.1	96.9	101.8	98.6
OPEX %	21.4%	19.3%	20.6%	23.5%	23.7%	23.7%	23.4%	28.6%	26.1%	25.9%	24.5%	24.4%
Operating Income	69.6	93.6	78.5	56.8	49.3	50.9	49.7	21.4	33.8	39.1	56.1	54.8
Operating Income %	15.8%	18.1%	16.0%	13.4%	11.9%	12.4%	12.3%	6.5%	9.3%	10.5%	13.5%	13.5%
Depreciation ⁽²⁾	8.5	8.5	8.8	9.5	9.4	9.7	9.7	10.0	10.2	11.1	11.1	10.6
Adj. EBITDA⁽²⁾	78.1	102.1	87.3	66.3	58.7	60.7	59.4	31.4	44.0	50.3	67.2	65.4
Adj. EBITDA %	17.7%	19.8%	17.8%	15.6%	14.1%	14.8%	14.6%	9.6%	12.1%	13.4%	16.2%	16.2%
Other Income/(Expense)	(2.2)	(1.9)	(1.1)	0.5	0.2	1.3	5.2	5.1	4.3	4.2	1.5	0.9
Income Before Taxes	67.4	91.7	77.4	57.3	49.5	52.3	54.8	26.5	38.1	43.3	57.6	55.7
Tax Provision/(Benefit)	13.1	12.1	13.2	10.4	7.6	3.8	8.1	4.7	6.1	6.3	8.2	8.8
Tax Rate	19.4%	13.2%	17.0%	18.1%	15.3%	7.2%	14.8%	17.8%	15.9%	14.5%	14.3%	15.8%
Non-GAAP Net Income	54.3	79.6	64.2	47.0	41.9	48.5	46.7	22.0	32.0	37.0	49.5	46.9
Net Income %	12.3%	15.4%	13.1%	11.1%	10.1%	11.8%	11.5%	6.7%	8.8%	9.9%	11.9%	11.6%
Non-GAAP EPS	1.44	2.12	1.70	\$1.24	\$1.11	\$1.28	\$1.24	\$0.58	\$0.85	\$0.98	\$1.30	\$1.23
Average Shares Outstanding	37.7	37.6	37.7	37.8	37.8	37.9	37.6	37.7	37.8	37.9	38.0	38.1

(1) For detailed explanations of non-GAAP financials and reconciliations of GAAP to non-GAAP financials, please refer to our 10-K and 10-Q filings with the SEC

(2) Adjusted EBITDA is defined as non-GAAP operating income + non-GAAP depreciation, which excludes \$461K in accelerated depreciation for manufacturing consolidation in Q3 2024

Non-GAAP Measures

Detailed reconciliations of GAAP to non-GAAP financials can be found on the subsequent slides.

These slides include measures, such as non-GAAP earnings per share (“EPS”), non-GAAP gross margin and other non-GAAP financial measures, that are not prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Management uses non-GAAP EPS to evaluate business performance without the impacts of certain non-cash charges and other charges which are not part of our usual operations. We use these non-GAAP measures to assess performance against business objectives and make business decisions, including developing budgets and forecasting future periods. In addition, management’s incentive plans include certain non-GAAP measures as criteria for achievements. These non-GAAP measures are not prepared in accordance with U.S. GAAP and may differ from non-GAAP methods of accounting and reporting used by other companies. However, we believe these non-GAAP measures provide additional information that enables readers to evaluate our business from the perspective of management. The presentation of this additional information should not be considered a substitute for results prepared in accordance with U.S. GAAP.

The non-GAAP results presented below exclude the impact of non-cash related charges, such as stock-based compensation, amortization of intangible assets, and long-term unrealized foreign exchange gains and losses. In addition, we exclude discontinued operations and other items such as acquisition-related costs, facility, infrastructure, and other transition costs, and restructuring expenses, as they are not indicative of future performance. The tax effect of our non-GAAP adjustments represents the anticipated annual tax rate applied to each non-GAAP adjustment after consideration of their respective book and tax treatments.

Non-GAAP Reconciliation

(\$ in millions, except percentage and \$ per share)

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

	Three Months Ended		
	March 31,		December 31,
	2025	2024	2024
Gross profit from continuing operations, as reported	\$ 150.5	\$ 112.9	\$ 154.7
Adjustments to gross profit:			
Stock-based compensation	1.1	0.8	1.1
Facility, infrastructure, and other transition costs	1.8	1.3	2.1
Non-GAAP gross profit	153.4	115.0	157.9
GAAP gross margin	37.2 %	34.5 %	37.2 %
Non-GAAP gross margin	37.9 %	35.1 %	38.0 %
Operating expenses from continuing operations, as reported	119.9	112.0	120.7
Adjustments:			
Amortization of intangible assets	(5.5)	(6.9)	(5.5)
Stock-based compensation	(11.9)	(10.1)	(10.6)
Acquisition-related costs	(1.0)	(1.2)	(1.2)
Facility, infrastructure, and other transition costs	(1.7)	—	(0.7)
Restructuring, asset impairments, and other charges	(1.2)	(0.2)	(0.9)
Non-GAAP operating expenses	98.6	93.6	101.8
Non-GAAP operating income	\$ 54.8	\$ 21.4	\$ 56.1
GAAP operating income	\$ 30.6	\$ 0.9	\$ 34.0
Adjustments to gross profit	2.9	2.1	3.2
Adjustments to operating expenses	21.3	18.4	18.9
Non-GAAP operating income	\$ 54.8	\$ 21.4	\$ 56.1
GAAP income from continuing operations	\$ 24.9	\$ 6.0	\$ 49.1
GAAP operating margin	7.6 %	0.3 %	8.2 %
Non-GAAP operating margin	13.5 %	6.5 %	13.5 %

Reconciliation of Non-GAAP measure - Income excluding certain items

	Three Months Ended		
	March 31,		December 31,
	2025	2024	2024
Income from continuing operations, net of income tax	\$ 24.9	\$ 6.0	\$ 49.1
Adjustments:			
Amortization of intangible assets	5.5	6.9	5.5
Acquisition-related costs	1.0	1.2	1.2
Facility, infrastructure, and other transition costs	3.5	1.3	2.8
Restructuring, asset impairments, and other charges	1.2	0.2	0.9
Unrealized foreign currency loss (gain)	1.6	(1.7)	(4.2)
Other costs included in other income (expense), net	—	—	(0.8)
Tax effect of non-GAAP adjustments, including certain discrete tax benefits	(1.1)	(0.6)	(14.2)
Non-GAAP income, net of income tax, excluding stock-based compensation	36.6	13.3	40.3
Stock-based compensation, net of tax	10.3	8.7	9.2
Non-GAAP income, net of income tax	\$ 46.9	\$ 22.0	\$ 49.5

Weighted-average common shares

	Three Months Ended		
	March 31,		December 31,
	2025	2024	2024
Diluted weighted-average common shares outstanding	38.1	37.7	38.0

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

	Three Months Ended		
	March 31,		December 31,
	2025	2024	2024
Diluted earnings per share from continuing operations, as reported	\$ 0.65	\$ 0.16	\$ 1.29
Add back:			
Per share impact of non-GAAP adjustments, net of tax	0.58	0.42	0.01
Non-GAAP earnings per share	\$ 1.23	\$ 0.58	\$ 1.30

Q2 2025 Reconciliation of GAAP to Non-GAAP Guidance

Reconciliation of Q2 2025 Guidance

	<u>Low End</u>	<u>High End</u>
Revenue	\$400 million	\$440 million

Reconciliation of non-GAAP earnings per share

GAAP earnings per share	\$ 0.49	\$ 0.99
Stock-based compensation	0.36	0.36
Amortization of intangible assets	0.15	0.15
Restructuring expenses and other costs	0.17	0.17
Tax effects of excluded items	(0.12)	(0.12)
Non-GAAP earnings per share	<u>\$ 1.05</u>	<u>\$ 1.55</u>