



Advanced Energy (AEIS) Q4 and Full Year 2024 Financial Results

FEBRUARY 12, 2025

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Certain financial figures in this presentation, such as non-GAAP gross margin, non-GAAP operating margin, and non-GAAP earnings per share, are presented on a non-GAAP financial basis. Detailed reconciliations of GAAP to non-GAAP financials can be found on the subsequent slides.

Q4 2024 Financial Highlights



REVENUE

\$415 million

Up 11% Q/Q



NON-GAAP GROSS MARGIN⁽¹⁾

38.0%

Up 170 bps Q/Q



OPERATING CASH FLOW⁽²⁾

\$83 million



NON-GAAP EPS

\$1.30

Up 33% Q/Q



NON-GAAP OP MARGIN⁽¹⁾

13.5%

Up 300 bps Q/Q



TOTAL CASH⁽³⁾

\$722 million

Net Cash of \$157 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

Q4 and Full Year 2024 Summary

Q4 2024 revenue and Non-GAAP EPS⁽¹⁾ exceeded guidance

- Revenue of \$415 million grew 11% Q/Q and returned to Y/Y growth
- Pockets of higher demand in Semiconductor and strength in Data Center Computing, more than offset ongoing sluggishness in Industrial and Medical
- Non-GAAP gross margin⁽¹⁾ reached 38.0%, the highest level since Q2 2021

2024 highlighted progress we made in executing our strategies

- After a low point in Q1, revenue improved every quarter led by Semiconductor and Data Center Computing
- Launched 35 new platform products and developed many custom and modified standard products for customers
- Experiencing strong customer pull for new Semi products and accelerating Data Center technology roadmap
- Made significant progress on “15 to 5” factory consolidation plan

Expect 1H 2025 demand roughly equal to 2H 2024

- Full year 2025 Semiconductor revenue to grow faster than market due to initial new product ramps in 2H
- Data Center Computing to remain robust in 2025 driven by customer adoption of high power, AI-related solutions
- Industrial and Medical believed to be bottoming

2025 priorities focused on maintaining strong momentum

- Invest heavily in R&D and go-to-market initiatives to drive higher market share as markets improve
- Complete factory consolidation plan, which should provide a foundation to sustain gross margin above 40%
- Target to use strong balance sheet to pursue strategic acquisitions

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

NeoPower NP05 Series

Ultra-High Power Density Configurable
Power Supplies for Industrial and
Medical Applications

Q4 2024 Detail by Market

Semiconductor Equipment

Up 15% Q/Q & 19% Y/Y

- Upside driven by strong year-end demand across multiple customers
- Strong growth across Product and Service revenues
- Met target of shipping >250 eVoS™, eVerest™ and NavX™ qualification units by year end

Telecom & Networking

Up 20% Q/Q & Down 46% Y/Y

- Q/Q growth driven by production ramp of a new program that was pushed out from Q3

Industrial & Medical

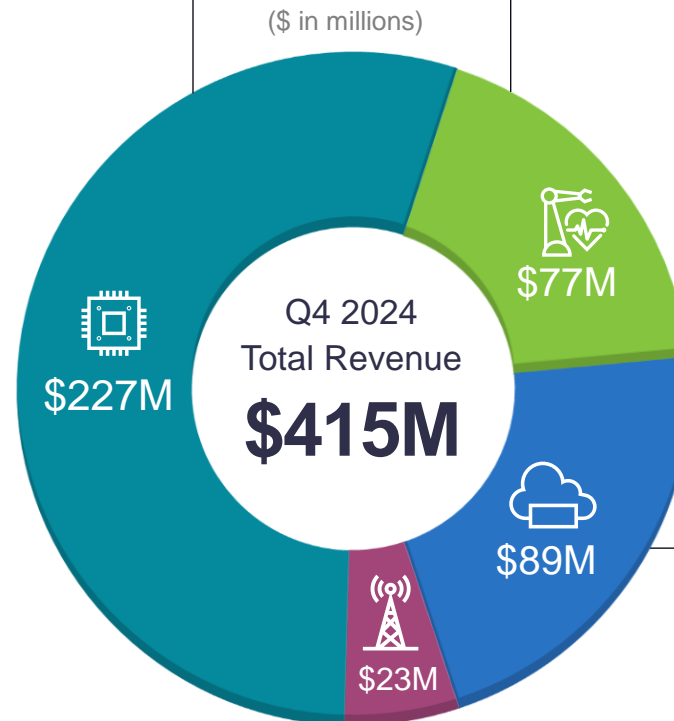
Flat Q/Q & Down 29% Y/Y

- Direct and channel customers continue to work down excess inventories
- Launched 12 new I&M products with robust design win activities
- New program with Sager provides speedy delivery of fully configured prototypes

Data Center Computing

Up 10% Q/Q & 41% Y/Y

- Achieved record product revenue⁽¹⁾
- Strength in hyperscale and started production of new, high-power products
- Working closely with customers to develop future generations of products



(1) Product revenue excludes the impact of premium recoveries, which are supply chain costs passed onto customers and recognized as revenue based on standard accounting practices

Q4 and 2024 Revenue by Market

(\$ in millions)	Q4 2024	Q3 2024	Q4 2023	Q/Q	Y/Y	2024	2023	Y/Y
Semiconductor Equipment	\$226.8	\$197.5	\$191.4	14.9%	18.5%	\$792.6	\$743.8	6.6%
Industrial & Medical	\$76.8	\$76.8	\$108.6	0.0%	-29.3%	\$316.2	\$474.4	-33.4%
Data Center Computing	\$88.7	\$80.7	\$62.9	9.9%	41.1%	\$284.2	\$249.9	13.7%
Telecom & Networking	\$23.1	\$19.2	\$42.4	20.0%	-45.6%	\$89.1	\$187.7	-52.5%
Total Revenue	\$415.4	\$374.2	\$405.3	11.0%	2.5%	\$1,482.0	\$1,655.8	-10.5%

Q4 and 2024 Income Statement

(\$ in millions, except per share data)

	Q4 2024	Q3 2024	Q4 2023	Q/Q	Y/Y	2024	2023	Y/Y
Revenue	\$415.4	\$374.2	\$405.3	11.0%	2.5%	\$1,482.0	\$1,655.8	-10.5%
GAAP gross margin	37.2%	35.8%	35.3%			35.7%	35.8%	
GAAP operating expenses	\$120.7	\$145.1	\$129.1	-16.8%	-6.5%	\$492.7	\$478.7	2.9%
GAAP operating margin from continuing ops	8.2%	-3.0%	3.4%			2.5%	6.9%	
GAAP EPS from continuing ops	\$1.29	-\$0.38	\$1.01	NM	27.7%	\$1.49	\$3.46	-56.9%
Non-GAAP ⁽¹⁾ gross margin	38.0%	36.3%	35.7%			36.3%	36.1%	
Non-GAAP ⁽¹⁾ operating expenses	\$101.8	\$96.9	\$94.9	5.1%	7.3%	\$387.2	\$390.3	-0.8%
Non-GAAP ⁽¹⁾ operating margin	13.5%	10.5%	12.3%			10.2%	12.5%	
Non-GAAP ⁽¹⁾ EPS	\$1.30	\$0.98	\$1.24	32.7%	4.8%	\$3.71	\$4.88	-24.0%

(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)	Q4 2024	Q3 2024	Q4 2023
Cash	\$722.1	\$657.3	\$1,044.6
Inventories	\$360.4	\$377.7	\$336.1
Accounts Receivable	\$265.3	\$259.4	\$282.4
Total Assets	\$2,261.9	\$2,192.9	\$2,556.8
Accounts Payable	\$143.5	\$133.0	\$141.9
Total Debt	\$564.7	\$564.0	\$895.7
Total Liabilities	\$1,055.2	\$1,028.5	\$1,412.6
Shareholders' Equity	\$1,203.2	\$1,164.4	\$1,144.2

Total Cash increased Q/Q to \$722 million

- Net cash⁽¹⁾ at \$157 million

Inventory Turns improved Q/Q to 2.9x

- Days inventory decreased Q/Q from 143 to 126 days

DSO decreased Q/Q from 62 to 57 days on higher revenue

DPO flat Q/Q at 50 days

Operating cash flow from continuing operations was \$82.7 million

CAPEX \$12.7 million`

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

Q1 2025 Guidance



Revenue

\$392M ± \$20M



GAAP EPS from continuing operations

\$0.48 ± \$0.25



Non-GAAP⁽¹⁾ EPS

\$1.03 ± \$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

	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Revenue	397.5	440.9	516.3	490.7	425.0	415.5	410.0	405.3	327.5	364.9	374.2	415.4
Gross Profit	145.3	163.8	193.4	179.4	156.5	147.8	148.2	144.5	115.0	128.9	136.0	157.9
Gross Margin	36.6%	37.1%	37.5%	36.6%	36.8%	35.6%	36.1%	35.7%	35.1%	35.3%	36.3%	38.0%
Total OPEX	87.6	94.2	99.8	100.9	99.7	98.5	97.3	94.9	93.5	95.1	96.9	101.8
OPEX %	22.0%	21.4%	19.3%	20.6%	23.5%	23.7%	23.7%	23.4%	28.6%	26.1%	25.9%	24.5%
Operating Income	57.8	69.6	93.6	78.5	56.8	49.3	50.9	49.7	21.5	33.8	39.1	56.1
Operating Income %	14.5%	15.8%	18.1%	16.0%	13.4%	11.9%	12.4%	12.3%	6.6%	9.3%	10.5%	13.5%
Depreciation ⁽²⁾	8.4	8.5	8.5	8.8	9.5	9.4	9.7	9.7	10.0	10.2	11.1	11.1
Adj. EBITDA⁽²⁾	66.1	78.1	102.1	87.3	66.3	58.7	60.7	59.4	31.5	44.0	50.3	67.2
Adj. EBITDA %	16.6%	17.7%	19.8%	17.8%	15.6%	14.1%	14.8%	14.6%	9.6%	12.1%	13.4%	16.2%
Other Income/(Expense)	(2.1)	(2.2)	(1.9)	(1.1)	0.5	0.2	1.3	5.2	5.1	4.3	4.2	1.5
Income Before Taxes	55.6	67.4	91.7	77.4	57.3	49.5	52.3	54.8	26.6	38.1	43.3	57.6
Tax Provision/(Benefit)	8.9	13.1	12.1	13.2	10.4	7.6	3.8	8.1	4.7	6.1	6.3	8.2
Tax Rate	16.0%	19.4%	13.2%	17.0%	18.1%	15.3%	7.2%	14.8%	17.7%	15.9%	14.5%	14.3%
Non-GAAP Net Income	46.7	54.3	79.6	64.2	47.0	41.9	48.5	46.7	21.9	32.0	37.0	49.4
Net Income %	11.8%	12.3%	15.4%	13.1%	11.1%	10.1%	11.8%	11.5%	6.7%	8.8%	9.9%	11.9%
Non-GAAP EPS	1.24	1.44	2.12	1.70	\$1.24	\$1.11	\$1.28	\$1.24	\$0.58	\$0.85	\$0.98	\$1.30
Average Shares Outstanding	37.8	37.7	37.6	37.7	37.8	37.8	37.9	37.6	37.7	37.8	37.9	38.0

(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

All financial figures presented in this presentation, such as gross margin, operating expense item, operating margins, EBITDA, other income, tax rate, earnings per share and depreciation, are on a non-GAAP financial basis unless otherwise specified. Detailed reconciliations of GAAP to non-GAAP financials can be found on the subsequent slides.

Management uses non-GAAP gross margin and other non-GAAP measures 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 these 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 investors to evaluate our business from the perspective of management. The presentation of this non-GAAP information should not be considered a substitute for results prepared in accordance with U.S. GAAP.

Advanced Energy's non-GAAP measures 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 non-recurring items such as acquisition-related costs, facility expansion and related 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. In addition, the tax effect also includes a discrete tax benefit associated with the release of a portion of our deferred tax asset valuation allowance.

Non-GAAP Reconciliation

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

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

	Three Months Ended			Year Ended	
	December 31, 2024	September 30, 2023	December 31, 2024	December 31, 2024	2023
Gross profit from continuing operations, as reported	\$ 154,705	\$ 142,866	\$ 134,068	\$ 529,343	\$ 592,398
Adjustments to gross profit:					
Stock-based compensation	1,063	472	1,046	3,994	2,059
Facility expansion, relocation costs and other	2,084	1,146	868	4,421	2,334
Acquisition-related costs	—	44	—	(13)	238
Non-GAAP gross profit	<u>157,852</u>	<u>144,528</u>	<u>135,982</u>	<u>537,745</u>	<u>597,029</u>
Non-GAAP gross margin	<u>38.0%</u>	<u>35.7%</u>	<u>36.3%</u>	<u>36.3%</u>	<u>36.1%</u>
Operating expenses from continuing operations, as reported	120,695	129,096	145,116	492,736	478,704
Adjustments:					
Amortization of intangible assets	(5,527)	(7,068)	(6,772)	(26,046)	(28,254)
Stock-based compensation	(10,574)	(7,716)	(10,868)	(41,946)	(28,942)
Acquisition-related costs	(1,184)	(1,372)	(1,581)	(5,965)	(4,026)
Facility expansion, relocation costs and other	(734)	—	(488)	(1,222)	(189)
Restructuring, asset impairments, and other charges	(902)	(18,071)	(28,546)	(30,318)	(26,977)
Non-GAAP operating expenses	<u>101,774</u>	<u>94,869</u>	<u>96,861</u>	<u>387,239</u>	<u>390,316</u>
Non-GAAP operating income	<u>\$ 56,078</u>	<u>\$ 49,659</u>	<u>\$ 39,121</u>	<u>\$ 150,506</u>	<u>\$ 206,713</u>
Non-GAAP operating margin	<u>13.5%</u>	<u>12.3%</u>	<u>10.5%</u>	<u>10.2%</u>	<u>12.5%</u>

Reconciliation of Non-GAAP measure - Income excluding certain items

	Three Months Ended			Year Ended	
	December 31, 2024	September 30, 2023	December 31, 2024	December 31, 2024	2023
Income (loss) from continuing operations, less non-controlling interest, net of income tax	\$ 49,062	\$ 37,891	\$ (14,147)	\$ 56,306	\$ 130,749
Adjustments:					
Amortization of intangible assets	5,527	7,068	6,772	26,046	28,254
Acquisition-related costs	1,184	1,416	1,581	5,952	4,264
Facility expansion, relocation costs, and other	2,818	1,146	1,356	5,643	2,523
Restructuring, asset impairments, and other charges	902	18,071	28,546	30,318	26,977
Unrealized foreign currency loss (gain)	(4,203)	2,728	3,993	(3,512)	(89)
Other costs included in other income (expense), net	(853)	—	3,665	2,812	(1,516)
Tax effect of non-GAAP adjustments, including certain discrete tax benefits	(14,271)	(28,030)	(4,172)	(19,563)	(31,303)
Non-GAAP income, net of income tax, excluding stock-based compensation	<u>40,166</u>	<u>40,290</u>	<u>27,594</u>	<u>104,002</u>	<u>159,859</u>
Stock-based compensation, net of tax	<u>9,193</u>	<u>6,387</u>	<u>9,412</u>	<u>36,292</u>	<u>24,181</u>
Non-GAAP income, net of income tax	<u>\$ 49,359</u>	<u>\$ 46,677</u>	<u>\$ 37,006</u>	<u>\$ 140,294</u>	<u>\$ 184,040</u>

Reconciliation of Non-GAAP measure - Weighted-average common shares adjusted for stock awards

	Three Months Ended			Year Ended	
	December 31, 2024	September 30, 2023	December 31, 2024	December 31, 2024	2023
Diluted weighted-average common shares outstanding	38,000	37,585	37,532	37,839	37,750
Dilutive effect of stock awards	—	—	360	—	—
Non-GAAP diluted weighted-average common shares outstanding	<u>38,000</u>	<u>37,585</u>	<u>37,892</u>	<u>37,839</u>	<u>37,750</u>

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

	Three Months Ended			Year Ended	
	December 31, 2024	September 30, 2023	December 31, 2024	December 31, 2024	2023
Diluted earnings (loss) per share from continuing operations, as reported	\$ 1.29	\$ 1.01	\$ (0.38)	\$ 1.49	\$ 3.46
Add back:					
Per share impact of non-GAAP adjustments, net of tax	0.01	0.23	1.36	2.22	1.42
Non-GAAP earnings per share	<u>\$ 1.30</u>	<u>\$ 1.24</u>	<u>\$ 0.98</u>	<u>\$ 3.71</u>	<u>\$ 4.88</u>

Q1 2025 Reconciliation of GAAP to Non-GAAP Guidance

Reconciliation of Q1 2025 Guidance

	<u>Low End</u>	<u>High End</u>
Revenue	\$372 million	\$412 million
Reconciliation of non-GAAP earnings per share		
GAAP earnings per share	\$ 0.23	\$ 0.73
Stock-based compensation	0.35	0.35
Amortization of intangible assets	0.15	0.15
Restructuring, asset impairments, and other charges	0.17	0.17
Tax effects of excluded items	(0.12)	(0.12)
Non-GAAP earnings per share	<u>\$ 0.78</u>	<u>\$ 1.28</u>