Advanced Energy

Q2 2021 Earnings Presentation

AUGUST 4, 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 cyclicality 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.

Q2 2021 SUMMARY

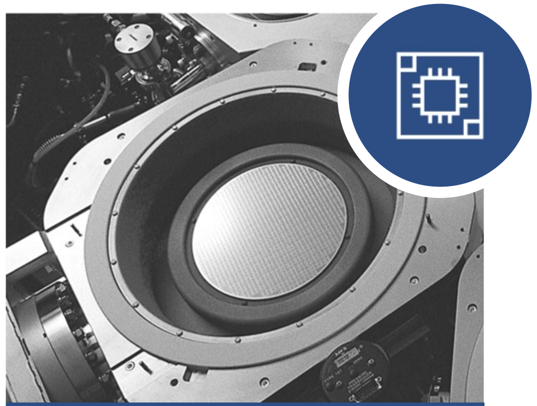
Artesyn iTS™ transfer switch enables industry-leading power and control for indoor farming

- **Q2 2021 results met our guidance midpoints**
  - Revenue of $361 million and non-GAAP[1] earnings of $1.25 per share
  - Generated record revenues in Plasma Power products and in Service business
- **Customer demand across all our markets continued to grow**
  - Order book is at an all-time high, providing solid demand visibility well into 2022
- **Shortages of critical parts continue to constrain revenue**
  - Recent decommits and extended lead times are expected to have a meaningful impact on Q3 outlook before improving in Q4
  - Cost pressures associated with the supply chain limiting margins
- **Winning designs with highly differentiated, proprietary power delivery systems**
  - Nearly three quarters of current revenue coming from proprietary products
  - Focus on differentiated solutions in long life cycle applications to deliver growth and profitability
- **Focus on driving sustainable increases in shareholder value through profitable growth**
  - Well-positioned to meet or exceed our medium- and long-term financial targets
  - Increased share repurchase authorization to $200 million

Advanced Energy

(1) 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 losses 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.

STRONG DEMAND LIMITED BY PARTS AVAILABILITY



SEMICONDUCTOR EQUIPMENT

$177M, up 21% Y/Y

- Demand strengthened as the industry continues to invest heavily in new capacity
- Record sales of Plasma Power products
- eVoS and MAXstream in eval programs at leading OEMs
- Acquired TEGAM, leader in RF instruments & calibration systems

INDUSTRIAL & MEDICAL

$83M, up 17% Y/Y

- Demand increased across the board as macro conditions improved
- Medical benefited from an uptick in elective care procedures
- Won two new designs of custom power solutions for industrial test systems
- Just launched a family of programable power supplies for test and measurement

DATA CENTER COMPUTING

$69M, down 17% Y/Y

- Both enterprise and hyperscale revenues grew sequentially
- Shipped initial production units to a fourth hyperscale customer
- Won multiple high-end designs for HPC and AI applications
- Delivering solutions to address our customer's most difficult power delivery challenges

TELECOM & NETWORKING

$32M, down 21% Y/Y

- Telecom market improving on 5G infrastructure investment in the U.S.
- Revenue limited by supply constraints
- Won new design on a 5G base station for the U.S. market
- New 5G win with a customized DC-DC due to superior power density and efficiency

Advanced Energy

Q2 2021 FINANCIAL HIGHLIGHTS

REVENUE
$361 million
Up 6% Y/Y

NON-GAAP GROSS MARGIN[1]
38.0%
Down 70 bps Y/Y

OPERATING CASH FLOW
$33.8 million
9.4% of sales

NON-GAAP EPS[1]
$1.25
Up 6% Y/Y

NON-GAAP OP MARGIN[1]
15.1%
Down on lower GM

CASH & INVESTMENTS
$510 million
Up $127 million Y/Y

(1) *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 losses 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.*

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.

Advanced Energy

Q2 REVENUE BY MARKET

(figures in $ thousands)	Q2 2021	Q1 2021	Q2 2020	Q/Q	Y/Y
Semiconductor Equipment	$176,671	$180,716	$145,424	-2.2%	21.5%
Industrial & Medical	$83,197	$78,415	$70,886	6.1%	17.4%
Data Center Computing	$69,458	$59,154	$83,316	17.4%	-16.6%
Telecom & Networking	$31,985	$33,335	$40,254	-4.0%	-20.5%
Total Revenue	**$361,311**	**$351,620**	**$339,880**	**2.8%**	**6.3%**

Advanced Energy

Q2 2021 INCOME STATEMENT

(figures in $ millions, except percentage & EPS)	Q2 2021	Q1 2021	Q2 2020	Q/Q	Y/Y
Revenue	$361.3	$351.6	$339.9	2.8%	6.3%
GAAP gross margin	37.4%	39.1%	38.3%		
GAAP operating expenses	$94.0	$93.3	$94.8	0.7%	-0.9%
GAAP operating margin from continuing ops	11.4%	12.6%	10.4%		
GAAP EPS from continuing ops	$0.92	$0.99	$0.76	-7.1%	21.1%
Non-GAAP* gross margin	38.0%	39.7%	38.7%		
Non-GAAP* operating expenses	$82.6	$79.5	$77.8	4.0%	6.1%
Non-GAAP* operating margin	15.1%	17.1%	15.8%		
Non-GAAP* EPS	$1.25	$1.29	$1.18	-3.1%	5.9%

Advanced Energy

* *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 losses 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.*

Q2 2021 BALANCE SHEET & CASH FLOW

- Cash and investments lower by $2.8 million
  - Paid $15.1 million in cash for TEGAM
- Receivables increased to $243 million
  - DSO flat at 61 days
- Inventory increased to $297 million
  - Turns were 3.3 times
- Operating cash flow from continuing operations was $33.8 million
- Repurchased $6.5 million of stock
  - Average price of $90.34 per share

(figures in $ millions)	Q2 2021	Q1 2021	Q4 2020
Cash & Investments	$510.0	$512.8	$483.0
Accounts Receivable	$243.4	$236.9	$235.2
Inventory	$296.7	$247.6	$221.3
Total Assets	$1,776.2	$1,699.3	$1,647.7
Total Debt	$313.5	$317.8	$322.0
Liabilities	$899.6	$853.0	$832.3
Shareholders' Equity	$876.6	$846.3	$815.3

Advanced Energy

(1) Gross debt leverage = gross debt divided by L4Q adjusted EBITDA; adjusted EBITDA is calculated as non-GAAP operating income plus depreciation.

Q3 2021 GUIDANCE

	Q3 2021
Revenue	$340M +/- $15M
GAAP EPS from continuing operations	$0.52 +/- $0.20
Non-GAAP* EPS	$0.80 +/- $0.20

Advanced Energy

* *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 losses 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.*

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			Six Months Ended	
	June 30,		March 31,	June 30,	
	2021	2020	2021	2021	2020
Gross profit from continuing operations, as reported	$ 135,033	$ 130,304	$ 137,503	$ 272,536	$ 242,535
Adjustments to gross profit:					
Stock-based compensation	215	156	350	565	378
Facility expansion, relocation costs and other	1,997	970	1,838	3,835	2,513
Acquisition-related costs	84	215	8	92	5,356
Non-GAAP gross profit	$ 137,329	$ 131,645	$ 139,699	277,028	250,782
Non-GAAP gross margin	38.0%	38.7%	39.7%	38.9%	38.3%
Operating expenses from continuing operations, as reported	$ 93,953	$ 94,828	$ 93,321	187,274	181,251
Adjustments:					
Amortization of intangible assets	(5,513)	(5,009)	(5,384)	(10,897)	(10,015)
Stock-based compensation	(3,229)	(2,681)	(5,351)	(8,580)	(5,507)
Acquisition-related costs	(2,328)	(2,978)	(2,028)	(4,356)	(5,383)
Facility expansion, relocation costs and other	(63)	(539)	(51)	(114)	(1,355)
Restructuring charges	(211)	(5,790)	(1,038)	(1,249)	(6,446)
Non-GAAP operating expenses	82,609	77,831	79,469	162,078	152,545
Non-GAAP operating income	$ 54,720	$ 53,814	$ 60,230	$ 114,950	$ 98,237
Non-GAAP operating margin	15.1%	15.8%	17.1%	16.1%	15.0%

Reconciliation of Non-GAAP measure - income excluding certain items	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2021	2020	2021	2021	2020
Income from continuing operations, less non-controlling interest, net of income taxes	$ 35,511	$ 29,295	$ 38,358	$ 73,869	$ 47,678
Adjustments:					
Amortization of intangible assets	5,513	5,009	5,384	10,897	10,015
Acquisition-related costs	2,412	3,193	2,036	4,448	10,739
Facility expansion, relocation costs and other	2,060	1,509	1,889	3,949	3,868
Restructuring charges	211	5,790	1,038	1,249	6,446
Unrealized foreign currency (gain) loss	885	1,058	(2,202)	(1,317)	1,058
Acquisition-related and other costs included in Other income (expense), net	899	—	87	986	—
Tax effect of Non-GAAP adjustments	(2,043)	(2,595)	(1,284)	(3,327)	(3,965)
Non-GAAP income, net of income taxes, excluding stock-based compensation	45,448	43,259	45,306	90,754	75,839
Stock-based compensation, net of taxes	2,636	2,170	4,362	6,998	4,533
Non-GAAP income, net of income taxes	$ 48,084	$ 45,429	$ 49,668	$ 97,752	$ 80,372

Reconciliation of Non-GAAP measure - per share earnings excluding certain items	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2021	2020	2021	2021	2020
Diluted earnings per share from continuing operations, as reported	$ 0.92	$ 0.76	$ 0.99	$ 1.91	$ 1.24
Add back (subtract):					
Per share impact of Non-GAAP adjustments, net of tax	0.33	0.42	0.30	0.62	0.85
Non-GAAP per share earnings	$ 1.25	$ 1.18	$ 1.29	$ 2.53	$ 2.09

Advanced Energy

RECONCILIATION OF Q3 2021 GUIDANCE

	Low End		High End
Revenue	**$325M**	**-**	**$355M**
Reconciliation of non-GAAP* earnings per share			
GAAP earnings per share	**$0.32**	**-**	**$0.72**
Stock-based compensation	$0.11	-	$0.11
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	**$0.60**	**-**	**$1.00**

* *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 losses 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.*