



**FOR IMMEDIATE RELEASE**

## **Diodes Incorporated Reports Record Fourth Quarter and Fiscal 2007 Financial Results**

***Annual Revenue Increased 17 percent to a Record \$401 Million  
Fourth Quarter Gross Margin Increased 110 Basis Points***

**DALLAS, TEXAS** – February 13, 2008 -- Diodes Incorporated (NASDAQ:DIOD), a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete and analog semiconductor markets, today reported financial results for the fourth quarter and fiscal year ended December 31, 2007.

### **Fiscal 2007 Highlights:**

- Revenue increased 17 percent to a record \$401.2 million
- Adjusted net income increased 22 percent to \$64.9 million
- Adjusted EPS increased 20 percent to \$1.50 per share
- Generated \$91 million in cash flow from operations

### **Fourth Quarter Highlights:**

- Revenue increased 13.9 percent over the prior year period to a record \$107.6 million
- Gross profit margin increased 110 basis points sequentially to 33.5 percent
- Adjusted net income increased 18 percent to a record \$18.6 million, or \$0.43 per share, up from \$15.8 million, or \$0.37 per share, in the fourth quarter of 2006

For the fiscal year 2007, revenue increased 16.9 percent to a record \$401.2 million, compared to \$343.3 million for fiscal 2006. Gross profit increased 14.5 percent to \$130.4 million, or 32.5 percent of revenue, compared to \$113.9 million, or 33.2 percent, last year. Net income increased 23.9 percent to \$59.7 million, or \$1.41 per diluted share, compared to \$48.1 million, or \$1.16 per share, in 2006. Adjusted net income, which excludes \$4.3 million of net share-based compensation and \$1.0 million in net restructuring charges in 2007, increased 21.5 percent to \$64.9 million, or \$1.50 per diluted share, compared to \$53.4 million in 2006.

Revenue for the fourth quarter of 2007 increased 13.9 percent to \$107.6 million, compared to \$94.4 million reported in the fourth quarter of 2006. Sequentially, revenue were 2.2 percent higher due to a 1.2 percent increase in units sold and a more favorable product mix.

Gross profit for the fourth quarter of 2007 increased 14.2 percent to \$36.0 million, or 33.5 percent of revenue, as compared to \$31.5 million, or 33.4 percent of revenue, in the prior year quarter and 32.4 percent in the third quarter of 2007.

Commenting on the results, Dr. Keh-Shew Lu, President and CEO of Diodes Incorporated, said, "We are pleased to once again report record results for both the

quarter and the year. Most notably in the quarter, we achieved strong gross margin improvements as a result of the benefits associated with internalizing our analog manufacturing as well as a shift in product mix towards our new, higher margin products. We also continued to make significant progress with our new product road map and overall design activity remained strong, in particular with our Hall sensors for cell phones and notebook computers. Additionally, Asia sales volume further expanded in the quarter with solid demand in the consumer and computer markets."

Dr. Lu further commented, "These quarterly results conclude another outstanding year for Diodes with record revenue and profit for 2007. Our 17 percent top-line growth once again outpaced the semiconductor market, which grew approximately 3.2 percent for the year. Our consistent performance is a direct result of our history of execution in broadening our market focus, aggressively introducing new products and gaining share in our high growth markets. Overall, our strategic initiative to become a broad-based supplier is widely accepted by our customers and continues to drive increased market share in the discrete and analog space. Our business and financial successes further validate our ability to deliver profitable growth, which has consistently outperformed the industry. We also continue to realize incremental operational efficiencies that will contribute to improved results and margins over time, as evidenced by our fourth quarter."

Fourth quarter net income was \$18.3 million, or \$0.43 per diluted share, compared to \$14.7 million, or \$0.35 per share, in the fourth quarter of 2006 and \$16.1 million, or \$0.38 per share, in the prior quarter.

Adjusted net income for the fourth quarter of 2007, which excludes \$1.3 million of SFAS 123R stock option expense and a \$0.7 million credit due to lower actual restructuring charges, was a record \$18.6 million, or \$0.43 per diluted share, an increase of 18.1 percent compared to the \$15.8 million, or \$0.37 per share, reported in the prior year quarter and an increase of 8.9 percent compared to the \$17.1 million, or \$0.40 per share, reported in the third quarter of 2007.

As of December 31, 2007, Diodes had approximately \$380 million in total cash and short-term investments, \$452 million in working capital, \$237 million in long-term debt (including the convertible note) and unused and available credit facilities of \$59 million.

### **Business Outlook**

"As we look to the first quarter of 2008, we expect revenue to be in the range of \$95 million to \$101 million with gross margin comparable to the fourth quarter," stated Dr. Lu. "Our estimated first quarter revenue reflects seasonality combined with the impact of the overall weakening economy, in particular on key targeted end-equipment in the consumer and computing markets, as well as our foundry and subcontracting business, which is showing greater weakness than our core revenue drivers. Over the longer-term, we believe that Diodes' history of execution in significantly outperforming the industry, combined with our focus on customer-centric innovation and efficient manufacturing, will return us to our historical growth rates and will continue to deliver positive results for our shareholders. Additionally, we remain focused on evaluating synergistic, accretive acquisition targets in the coming quarter and beyond to further drive increased value and profitable growth for Diodes."

## **Conference Call**

Diodes will host a conference call on Wednesday, February 13, 2008 at 10:00 a.m. Central Time (11:00 a.m. Eastern Time) to discuss its fourth quarter and fiscal 2007 financial results. This conference call will be broadcast live over the Internet and can be accessed by all interested parties on the Investor section of Diodes' website at <http://www.diodes.com>. To listen to the live call, please go to the Investor section of Diodes website and click on the Conference Call link at least fifteen minutes prior to the start of the call to register, download, and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on Diodes' website for approximately 60 days.

## **About Diodes Incorporated**

Diodes Incorporated (Nasdaq: DIOD), an S&P SmallCap 600 Index company, is a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete and analog semiconductor markets, serving the consumer electronics, computing, communications, industrial and automotive markets. Diodes' products include diodes, rectifiers, transistors, MOSFETs, protection devices, functional specific arrays, power management devices including DC-DC switching and linear voltage regulators, amplifiers and comparators, and Hall-effect sensors. The Company has its corporate offices in Dallas, Texas, with a sales, marketing, engineering and logistics office in Southern California; design centers in Dallas, San Jose and Taipei; a wafer fabrication facility in Missouri; two manufacturing facilities in Shanghai; a fabless IC plant in Hsinchu Science Park, Taiwan; engineering, sales, warehouse and logistics offices in Taipei and Hong Kong, and sales and support offices throughout the world. With its acquisition of APD Semiconductor, a privately held U.S.-based fabless semiconductor company, Diodes acquired proprietary SBR® technology. Diodes, Inc.'s product focus is on high-growth end-user equipment markets such as TV/Satellite set-top boxes, portable DVD players, datacom devices, ADSL modems, power supplies, medical devices, wireless notebooks, flat panel displays, digital cameras, mobile handsets, DC to DC conversion, wireless 802.11 LAN access points, brushless DC motor fans, and automotive applications. For further information, including SEC filings, visit the Company's website at <http://www.diodes.com>.

*Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements regarding our expectation that: we will continue to focus on gross margin improvements by internalizing our analog manufacturing and shifting product mix towards our new and higher margin products; we continue to make significant progress with our new product road map; our overall design activity continues to be strong, particularly with our Hall sensors for cell phones and notebook computers; Asia continues to expand sales volume; we continue to broadening our market focus, aggressively introducing new products and gaining share in our high growth markets; our customers continue to accept our strategic initiative to become a broad-based supplier and such strategic initiative continues to drive increased market share in the discrete and analog space; our ability to deliver profitable growth continues to consistently outperform the industry; we continue to realize incremental operational efficiencies to improve earnings results and gross margin; we expect our first quarter gross margin to be comparable to the fourth quarter 2007's gross margin; we expect our estimated first quarter revenue reflects seasonality combined with the impact of the overall weakening economy, in particular on key targeted end-equipment in the*

*consumer and computing markets, as well as our foundry and subcontracting business; we will return to our historical growth rates and will continue to deliver positive results for our shareholders based on our execution in significantly outperforming the industry and our focus on customer-centric innovation and efficient manufacturing; we continue to focus on evaluating synergistic and accretive acquisition targets to further increase Company's value and its profitable growth. Potential risks and uncertainties include, but are not limited to, such factors as the Company's business strategy, the introduction and market reception to new product announcements, fluctuations in product demand and supply, the continue introduction of new products, the Company's ability to maintain customer and vendor relationships, technological advancements, impact of competitive products and pricing, growth in targeted markets, successful integration of acquired companies and/or assets, the Company's ability to successfully make additional acquisitions, risks of foreign operations, availability of tax credits, and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.*

Recent news releases, annual reports, and SEC filings are available at the Company's website: <http://www.diodes.com>. Written requests may be sent directly to the Company, or they may be e-mailed to: [diodes-fin@diodes.com](mailto:diodes-fin@diodes.com).

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***CONSOLIDATED CONDENSED INCOME STATEMENT and BALANCE SHEET FOLLOW***

**DIODES INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED STATEMENTS OF INCOME**  
*(in thousands, except per share data)*  
(unaudited)

	<b>Three Months Ended</b>		<b>Twelve months ended</b>	
	<b>December 31, 2007,</b>		<b>December 31, 2007,</b>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
<b>Net sales</b>	\$ 94,432	<b>\$ 107,591</b>	\$ 343,308	<b>\$ 401,159</b>
<b>Cost of goods sold</b>	<u>62,883</u>	<u><b>71,567</b></u>	<u>229,416</u>	<u><b>270,780</b></u>
Gross profit	31,549	<b>36,024</b>	113,892	<b>130,379</b>
<b>Selling, general and administrative expenses</b>	13,063	<b>14,778</b>	47,945	<b>55,461</b>
<b>Research and development expenses</b>	2,332	<b>3,860</b>	8,317	<b>13,515</b>
<b>Restructuring costs and fixed asset impairment</b>	<u>-</u>	<u><b>(767)</b></u>	<u>152</u>	<u><b>1,003</b></u>
Total operating expenses	15,395	<b>17,871</b>	56,414	<b>69,979</b>
Income from operations	16,154	<b>18,153</b>	57,478	<b>60,400</b>
<b>Other income (expense)</b>				
Interest income	3,891	<b>5,085</b>	6,699	<b>18,117</b>
Interest expense	(1,218)	<b>(1,704)</b>	(1,582)	<b>(6,831)</b>
Other	<u>225</u>	<u><b>(155)</b></u>	<u>(1,474)</u>	<u><b>(225)</b></u>
	2,898	<b>3,226</b>	3,643	<b>11,061</b>
Income before income taxes and minority interest	19,052	<b>21,379</b>	61,121	<b>71,461</b>
<b>Income tax provision</b>	<u>(3,911)</u>	<u><b>(2,306)</b></u>	<u>(11,689)</u>	<u><b>(9,428)</b></u>
Income before minority interest	15,141	<b>19,073</b>	49,432	<b>62,033</b>
<b>Minority interest in joint venture earnings</b>	<u>(466)</u>	<u><b>(775)</b></u>	<u>(1,289)</u>	<u><b>(2,376)</b></u>
<b>Net income</b>	<u>\$ 14,675</u>	<u><b>\$ 18,298</b></u>	<u>\$ 48,143</u>	<u><b>\$ 59,657</b></u>
<b>Earnings per share</b>				
Basic *	\$ 0.38	<b>\$ 0.46</b>	\$ 1.25	<b>\$ 1.51</b>
Diluted *	<u>\$ 0.35</u>	<u><b>\$ 0.43</b></u>	<u>\$ 1.16</u>	<u><b>\$ 1.41</b></u>
<b>Number of shares used in computation</b>				
Basic *	38,925	<b>40,113</b>	38,443	<b>39,601</b>
Diluted *	<u>41,829</u>	<u><b>42,702</b></u>	<u>41,502</u>	<u><b>42,331</b></u>

\* Adjusted for the effect of a 3-for-2 stock split in July 2007.

**DIODES INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME**  
*(in thousands, except per share data)*  
*(unaudited)*

	<b>Three Months Ended</b>		<b>Twelve months ended</b>	
	<b>December 31, 2007,</b>		<b>December 31, 2007,</b>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
<b>Net income</b>	<u>\$ 14,675</u>	<u>\$ 18,298</u>	<u>\$ 48,143</u>	<u>\$ 59,657</u>
<b>Adjustments to reconcile net income to adjusted net income:</b>				
Stock option expense included in cost of goods sold:	70	54	469	273
Stock option expense included in selling and general administrative expenses:	1,283	1,144	5,394	4,824
Stock option expense included in research and development expenses:	164	108	603	463
<b>Total stock option expense</b>	1,517	1,306	6,466	5,560
<b>Restructuring costs</b>	-	(709)	-	1,061
<b>Other adjustments</b>	-	-	-	55
Income tax benefit related to stock option expense, restructuring costs and other adjustments	406	251	1,170	1,384
<b>Adjusted net income</b>	<u>\$ 15,786</u>	<u>\$ 18,644</u>	<u>\$ 53,439</u>	<u>\$ 64,949</u>
Diluted shares used in computing earnings per share	41,829	42,702	41,502	42,331
Incremental shares considered to be outstanding: *	<u>801</u>	<u>790</u>	<u>949</u>	<u>836</u>
Adjusted diluted shares used in computing Adjusted earnings per share	<u>42,630</u>	<u>43,492</u>	<u>42,451</u>	<u>43,167</u>
<b>Adjusted earnings per share</b>				
Basic *	\$ 0.41	\$ 0.46	\$ 1.39	\$ 1.64
Diluted *	<u>\$ 0.37</u>	<u>\$ 0.43</u>	<u>\$ 1.26</u>	<u>\$ 1.50</u>

\* Adjusted for the effect of a 3-for-2 stock split in July 2007.

**DIODES INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED RECONCILIATION OF NET INCOME TO EBITDA**

EBITDA represents earnings before net interest expense, income tax provision, depreciation and amortization. Our management believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in evaluating companies in our industry. In addition, our management believes that EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financing and income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to overall operating performance. As a result, our management uses EBITDA as a measure to evaluate the performance of our business. However, EBITDA is not a recognized measurement under generally accepted accounting principles, or GAAP, and when analyzing our operating performance, investors should use EBITDA in addition to, and not as an alternative for, income from operations and net income, each as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, EBITDA is not intended to be a measure of free cash flow for our management's discretionary use, as it does not consider certain cash requirements such as a tax and debt service payments.

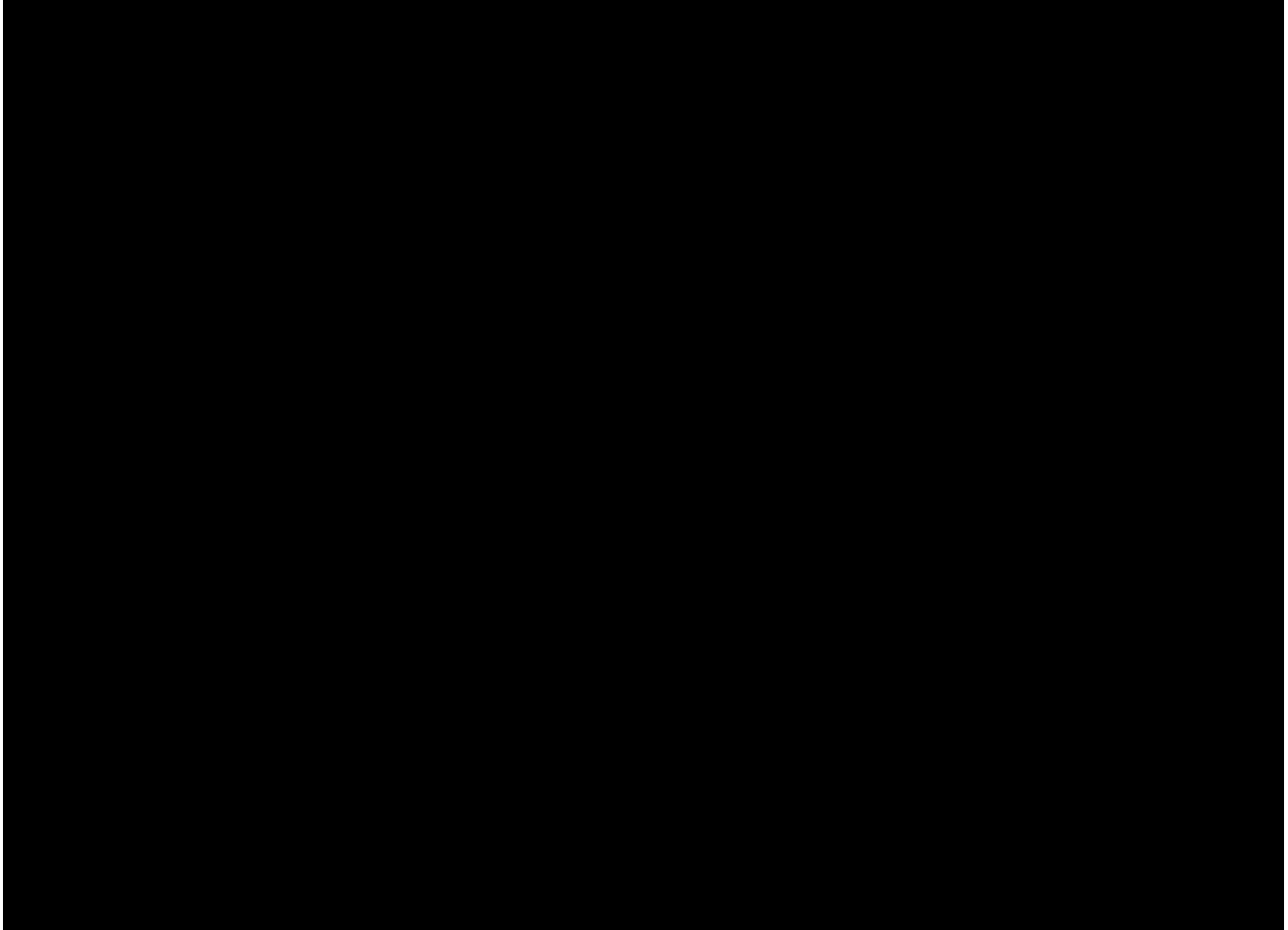
The following table provides a reconciliation of net income to EBITDA (*in thousands, unaudited*):

	<b>Three Months Ended</b>	
	<b>December 31, 2007,</b>	
	<u>2006</u>	<u>2007</u>
Net Income	\$ 14,675	\$ 18,298
Plus:		
Interest expense, net	(2,673)	(3,692)
Income tax provision	3,911	2,306
Depreciation and amortization	7,012	7,916
<b>EBITDA</b>	<u>\$ 22,925</u>	<u>\$ 24,828</u>
	<b>Twelve Months Ended</b>	
	<b>December 31, 2007,</b>	
	<u>2006</u>	<u>2007</u>
Net Income	\$ 48,143	\$ 59,657
Plus:		
Interest expense, net	(5,117)	(12,538)
Income tax provision	11,689	9,428
Depreciation and amortization	21,065	28,333
<b>EBITDA</b>	<u>\$ 75,780</u>	<u>\$ 84,880</u>

**DIODES INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEET**

**ASSETS**

*(in thousands, except share data)*



**DIODES INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED BALANCE SHEET**

**LIABILITIES AND STOCKHOLDERS' EQUITY**  
*(in thousands, except share data)*

	<u>December 31,</u> 2006	<u>December 31,</u> 2007 <b>(unaudited)</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable		
Trade	40,030	42,010
Related parties	12,120	13,135
Accrued liabilities	24,966	27,841
Income tax payable	3,433	1,732
Long-term debt, current portion	2,802	1,345
Capital lease obligations, current portion	141	145
	<hr/>	<hr/>
Total current liabilities	83,492	86,208
<b>LONG-TERM DEBT</b> , net of current portion		
2.25% convertible senior notes due 2026	230,000	230,000
Others	7,115	5,815
<b>CAPITAL LEASE OBLIGATIONS</b> , net of current portion		
	1,477	1,331
<b>OTHER LONG-TERM LIABILITIES</b>		
	1,101	6,249
<b>MINORITY INTEREST IN JOINT VENTURE</b>		
	4,787	7,164
	<hr/>	<hr/>
Total liabilities	327,972	336,767
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock - par value \$1.00 per share; 1,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock - par value \$0.66 2/3 per share; 70,000,000 shares authorized; 38,941,901 and 40,172,491 shares issued and outstanding at December 31, 2006 and December 31, 2007, respectively (1)	17,308	26,782
Additional paid-in capital	113,449	121,412
Retained earnings	162,802	220,504
Accumulated other comprehensive gain	608	900
	<hr/>	<hr/>
Total stockholders' equity	294,167	369,598
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 622,139</u>	<u>\$ 706,365</u>

(1) Adjusted for the effect of a 3-for-2 stock split in July 2007