

Q1 FY 2019 Earnings Conference Call

25 July 2018

Guidance for Q2 FY 2019 & FY 2019
New End Market Classification – Historical Data



Non-GAAP Information & Forward Looking Statements

Non-GAAP Financial Information

Business outlook for the September quarter and full year of fiscal year 2019 includes financial measures which are not determined in accordance with generally accepted accounting principles (GAAP), as indicated. Non-GAAP measures should not be considered as a substitute for, or superior to, financial measures determined in accordance with GAAP. Our presentation of non-GAAP financial measures has been reconciled, in each case, to the most directly-comparable GAAP measure, as indicated in the accompanying tables. The Company's calculation of such non-GAAP measures may not be comparable to similarly-titled measures used by other companies.

Management plans to use the non-GAAP financial measures disclosed herein to evaluate the Company's financial results in fiscal second quarter 2019 and beyond from continuing operations (excluding the recent acquisition of DeePhi Tech) as compared to past periods. Similarly, Management believes presentation of these non-GAAP measures is useful to investors because it enables investors and analysts to evaluate operating expenses of the Company's core business, excluding the impact of certain amortization and non-recurring items.

Forward Looking Statements

This presentation contains forward-looking statements and projections. Forward-looking statements and projections can often be identified by the use of forward-looking words such as “expect,” “believe,” “may,” “will,” “could,” “anticipate,” “estimate,” “continue,” “plan,” “intend,” “project” or other similar expressions. Statements that refer to or are based on projections, uncertain events or assumptions also identify forward-looking statements. Such forward looking statements include, but are not limited to, statements related to the semiconductor market, the growth and acceptance of our products, expected revenue growth, the demand and growth in the markets we serve, opportunity for expansion into new markets, and our expectations regarding our business outlook for the September quarter and full year fiscal year 2019. Undue reliance should not be placed on such forward-looking statements and projections, which speak only as of the date they are made. We undertake no obligation to update such forward-looking statements. Actual events and results may differ materially from those in the forward-looking statements and are subject to risks and uncertainties including customer acceptance of our new products, current global economic conditions, the health of our customers and the end markets in which they participate, our ability to forecast end customer demand, a high dependence on turns business, more customer volume discounts than expected, greater product mix changes than anticipated, fluctuations in manufacturing yields, our ability to deliver product in a timely manner, our ability to successfully manage production at multiple foundries, variability in wafer pricing, costs and liabilities associated with current and future litigation, our ability to realize the goals contemplated by our acquisitions and strategic investments, the impact of current and future legislative and regulatory changes, the impact of new accounting pronouncements and tax laws, including the U.S. Tax Cuts and Jobs Act, and interpretations thereof, and other risk factors listed in our most recent Forms 10-Q and 10-K.

Q2 FY 2019 Financial Guidance – 25 July 2018

	GAAP	Non-GAAP Adjustments	Non-GAAP
Revenues	\$700M - \$720M	-	\$700M - \$720M
Gross Margin	~ 69.5%	-	~ 69.5%
Operating Expenses	\$281M	\$2M (1)	\$279M
Other Income	\$11M	\$8M (2)	\$3M
Tax Rate	10% - 14%	-	10% -14%

- (1) Excludes an estimated amount of \$2 million in amortization of acquired intangibles and certain non-recurring expenses.
(2) Excludes an estimated amount of \$8 million from an expected gain on an investment.

FY 2019 Financial Guidance – 25 July 2018

	GAAP	Non-GAAP Adjustments	Non-GAAP
Revenues	\$2,800M - \$2,900M	-	\$2,800M - \$2,900M
Gross Margin	68.5% - 70.5%	-	68.5% - 70.5%
Operating Expenses	\$1,147M - \$1,167M	\$27M (1)	\$1,120M - \$1,140M
Other Income	\$18M - \$23M	\$8M (2)	\$10M - \$15M
Tax Rate	10% - 14%	-	10% - 14%
Diluted Share count	256M		256M

- (1) Excludes an estimated amount of \$27 million in amortization of acquired intangibles and certain non-recurring expenses.
(2) Excludes an estimated amount of \$8 million from an expected gain on an investment.

Net Revenues by End Market

	Q1FY18		Q2FY18		Q3FY18		Q4FY18		Q1FY19	
	Revenue	% Revenue	Revenue	% Revenue	Revenue	% Revenue	Revenue	% Revenue	Revenue	% Revenue
Data Center and TME	115.2	19%	124.9	20%	147.0	25%	158.8	25%	127.8	19%
Automotive, Broadcast and Consumer	100.5	17%	102.6	16%	101.9	17%	96.1	15%	113.7	16%
Communications	227.6	38%	194.9	31%	197.1	33%	197.3	31%	210.7	31%
Industrial, Aerospace & Defense	172.1	28%	197.1	32%	185.2	31%	220.7	35%	223.8	33%
Channel	(12.6)	(2%)	7.9	1%	(32.6)	(6%)	(34.7)	(6%)	8.4	1%
Total Revenue	602.8	100%	627.4	100%	598.6	100%	638.2	100%	684.4	100%

Note: Table reflects new market classification methodology adopted in Q1 FY 2019

Adaptable.
Intelligent.

