

Q2 FY 2020 Earnings Conference Call

23 October 2019

Guidance for Q3 and Full Year FY 2020 & Historical End Market Data



Non-GAAP Information & Forward Looking Statements

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 December quarter and fiscal year 2020. 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, among others, customer acceptance of our new products, current global economic conditions, trade and export restrictions, 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 described in our most recent Forms 10-Q and 10-K.

Non-GAAP Information & Forward Looking Statements

Non-GAAP Financial Information

Business outlook for the December quarter and fiscal year 2020 include financial measures which are not determined in accordance with the United States 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. The 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 uses the non-GAAP financial measures disclosed herein to evaluate the Company's financial results from continuing operations (excluding the impact of acquisitions) and compare to operating performance in 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 non-core business expenses such as acquisition-related amortization and non-recurring items.

M&A related expenses: These expenses mainly consist of legal and consulting fees associated with acquisition activities. We believe these costs do not reflect the Company's current operating performance. Consequently, the non-GAAP adjustments exclude these charges to facilitate an evaluation of the Company's current operating performance and comparisons to its past operating performance.

Amortization of acquisition-related intangibles: Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology acquired in connection with business combinations. The non-GAAP adjustments exclude these charges to facilitate an evaluation of the Company's current operating performance and comparisons to its past operating performance.

Inventory valuation adjustment: Business combination accounting principles require us to measure acquired inventory at fair value. The fair value of inventory reflects the acquired company's cost of manufacturing plus a portion of the expected profit margin. The non-GAAP adjustment to our cost of sales excludes the expected profit margin component that is recorded under business combination accounting principles associated with our acquisitions. We believe the adjustments are useful to investors as an additional means to reflect cost of sales and gross margin trends of our business.

Income taxes: The Company excludes the income tax effects of non-GAAP adjustments reflected in Operating Expenses and Other Income, as detailed above. It also excludes U.S. tax reform related items. The Company believes excluding U.S. tax reform related items will facilitate a comparable evaluation of its current performance to its past performance. The third quarter of fiscal 2020 and fiscal year 2020 outlook does not reflect other tax related items which we are not able to predict without unreasonable efforts due to their inherent uncertainty.

Q3 FY 2020 Financial Guidance – 23 October 2019

	GAAP	Non-GAAP Adjustments	Non-GAAP
Revenue	\$710M - \$740M		\$710M - \$740M
Gross Margin	~66% - 68%	1% (1)	~67% - 69%
Operating Expense	~\$336M	\$6M(2)	~\$330M
Other Income	~\$1M		~\$1M
Tax Rate	~4%-6%		~4%-6%

(1) Amortization of acquisition-related intangibles and inventory valuation adjustment

(2) M&A related Expenses and amortization of acquisition-related intangibles

FY 2020 Financial Guidance – 23 October 2019

	GAAP	Non-GAAP Adjustments	Non-GAAP
Revenue	\$3210M - \$3280M		\$3210M - \$3280M
Gross Margin	65.5% - 67.5%	1% (1)	~66.5% - 68.5%
Operating Expense	~\$1330M	\$24M(2)	~\$1306M
Other Income	~\$25M		~\$25M
Tax Rate	~4%-5%		~4%-5%
Diluted Share Count	256M		256M

(1) Amortization of acquisition-related intangibles and inventory valuation adjustment

(2) M&A related Expenses and amortization of acquisition-related intangibles

Net Revenues by End Market

Revenue In \$M

	<u>Q2'19</u>		<u>Q3'19</u>		<u>Q4'19</u>		<u>Q1'20</u>		<u>Q2'20</u>	
	<u>Revenue</u>	<u>% Revenue</u>	<u>Revenue</u>	<u>% Revenue</u>	<u>Revenue</u>	<u>% Revenue</u>	<u>Revenue</u>	<u>% Revenue</u>	<u>Revenue</u>	<u>% Revenue</u>
A&D, Industrial, and TME	282.3	38%	322.0	40%	326.2	39%	333.5	39%	302.1	36%
Automotive, Broadcast, and Consumer	120.3	16%	122.2	15%	114.9	14%	124.0	15%	131.5	16%
Wired and Wireless Group	258.9	35%	278.6	35%	343.7	42%	350.1	41%	320.5	38%
Data Center Group	65.7	9%	63.7	8%	44.2	5%	42.4	5%	81.2	10%
Channel	19.1	2%	13.6	2%	(0.6)	0%	(0.4)	0%	(1.9)	0%
Total Xilinx Revenue (\$M)	746.3	100%	800.1	100%	828.4	100%	849.6	100%	833.4	100%

Note: Table reflects new market classification methodology adopted in Q1 FY 2020

Adaptable.
Intelligent.

