

Q2 FY 2021 Earnings Conference Call

21 October 2020

Guidance for Q3 FY 2021 & Historical End Market Data



Non-GAAP Information & Forward-Looking Statements

Forward-Looking Statements

This release 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. 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, the impact of the ongoing COVID-19 pandemic and related mitigation measures (which, in addition to presenting its own risks and uncertainties, may also heighten the other risks and uncertainties faced by our business and decrease our visibility into all aspects of our business), customer acceptance of our new products, changing global economic conditions, our dependence on certain customers, trade and export restrictions, the condition and performance 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, our reliance on third parties (including distributors), variability in wafer pricing, costs and liabilities associated with current and future litigation, our ability to generate cost and operating expense savings in an efficient and timely manner, 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

Fiscal second quarter 2021 results and business outlook for the December quarter 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, other than free cash flow, 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, as described below:

M&A related expenses: These expenses mainly consist of legal and consulting fees associated with acquisition activities. The Company believes these costs do not reflect its 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.

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 other significant tax effects of post-acquisition tax integration transactions. The Company believes excluding post-acquisition tax integration items will facilitate a comparable evaluation of its current performance to its past performance. The third quarter of fiscal 2021 outlook does not reflect other tax related items which the Company is not able to predict without unreasonable efforts due to their inherent uncertainty.

In addition, free cash flow, which is cash flow from operations adjusted to exclude additions to software, property, plant, and equipment, is used by management when assessing the Company's sources of liquidity, capital resources, and quality of earnings. The Company believes that this non-GAAP financial measure is helpful in understanding the Company's capital requirements and provides an additional means to evaluate the cash flow trends of the Company's business.

Q3 FY 2021 Financial Guidance (as of 21 October 2020)

	<u>GAAP</u>	<u>Non-GAAP Adjustments</u>	<u>Non-GAAP</u>
Revenues	\$750M - \$800M	—	\$750M - \$800M
Gross Margin	67.5% - 70.5%	~1% (1)	68.5% - 71.5%
Operating Expenses	\$338M - \$352M	~\$(5M) (2)	\$333M - \$347M
Other Expense	\$12M - \$16M	—	\$12M - \$16M
Tax Rate	5% - 8%	~1% (3)	6% - 9%

Notes regarding Non-GAAP Adjustments:

- (1) Amortization of acquisition-related intangibles
- (2) M&A related expenses and amortization of acquisition-related intangibles
- (3) Income tax effect of Non-GAAP adjustments

Q2 FY21 and Historical Net Revenue by End Markets

<u>End Markets</u>	<u>Q2 '20</u>		<u>Q3 '20</u>		<u>Q4 '20</u>		<u>Q1 '21</u>		<u>Q2 '21</u>		<u>Q2 Change %</u>	
											<u>QTQ</u>	<u>YOY</u>
A&D, Industrial, and TME (AIT)	302.1	36%	288.3	40%	374.5	50%	325.6	45%	336.2	44%	3%	11%
Automotive, Broadcast, and Consumer (ABC)	131.5	16%	134.6	19%	117.2	16%	88.5	12%	120.8	16%	36%	-8%
Wired and Wireless Group (WWG)	320.5	38%	227.9	31%	184.5	24%	233.8	32%	203.6	26%	-13%	-36%
Data Center Group (DCG)	81.2	10%	68.5	9%	78.2	10%	86.3	12%	105.9	14%	23%	30%
Channel	<u>(1.9)</u>	<u>0%</u>	<u>4.2</u>	<u>1%</u>	<u>1.8</u>	<u>0%</u>	<u>(7.5)</u>	<u>-1%</u>	<u>-</u>	<u>0%</u>	NM*	NM*
Total Xilinx Revenue (\$M)	833.4	100%	723.5	100%	756.2	100%	726.7	100%	766.5	100%	5%	-8%

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

* Denotes not meaningful figures

Glossary

- > **A&D:** Aerospace & Defense
- > **ABC:** Automotive, Broadcast and Consumer
- > **AIT:** A&D, ISM and TME
- > **DCG:** Data Center Group
- > **ISM:** Industrial, Scientific & Medical
- > **TME:** Test, Measurement & Emulation
- > **WWG:** Wired and Wireless Group



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