

Fiscal 2020 First Quarter Results

October 29, 2019

Safe Harbor

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, without limitation, the Company's projections and statements regarding revenue, gross margin, earnings per share, capital expenditures and other financial and business metrics. These statements involve risks and uncertainties that could cause actual results to differ materially from expectations. Please refer to the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2019 for a description of some of the risk factors that could cause actual results to differ materially from such forward-looking statements.

All forward-looking statements included in this presentation are made as of the date hereof and based on the information available to the Company as of the date hereof. The Company assumes no obligation to update any forward-looking statement.

Fiscal 2020 First Quarter Results Summary

- Net Revenue of **\$533 million**
- Gross Margin of **65.0%** (excluding special items¹); **64.4%** (GAAP)
- Earnings Per Share of **\$0.52** (excluding special items¹); **\$0.51** (GAAP)
- Returned **\$224 million** to shareholders
 - Dividend payout: **\$130 million**
 - Stock repurchases: **\$94 million**
- TTM² Free Cash Flow³ of **\$725 million**, **33%** of TTM Revenue

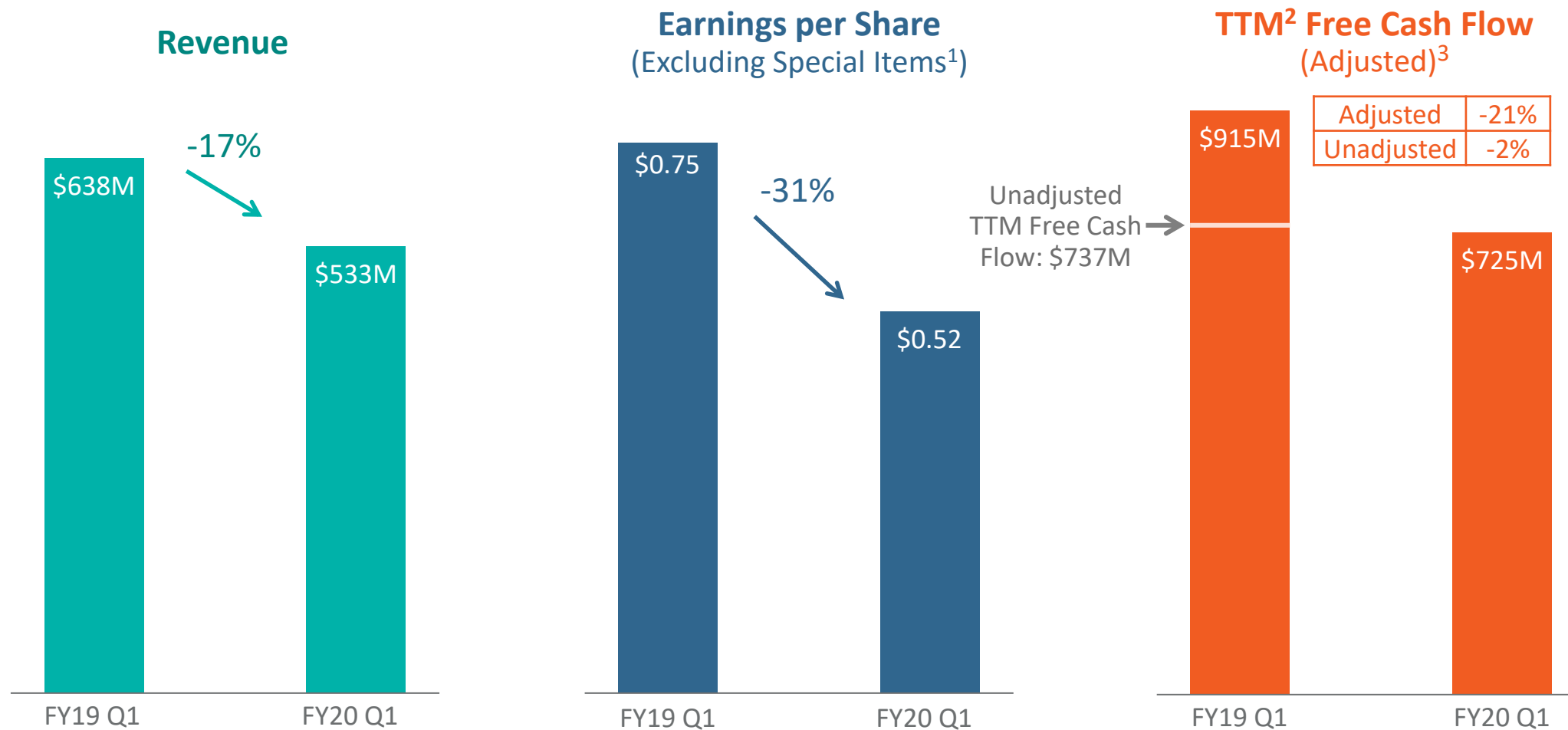
¹Special Items definition in appendix

²TTM: Trailing Twelve Months

³Free Cash Flow = Cash Flow from Operations – Capital Expenditures

Results and Guidance

Fiscal 2020 First Quarter Results vs. Last Year

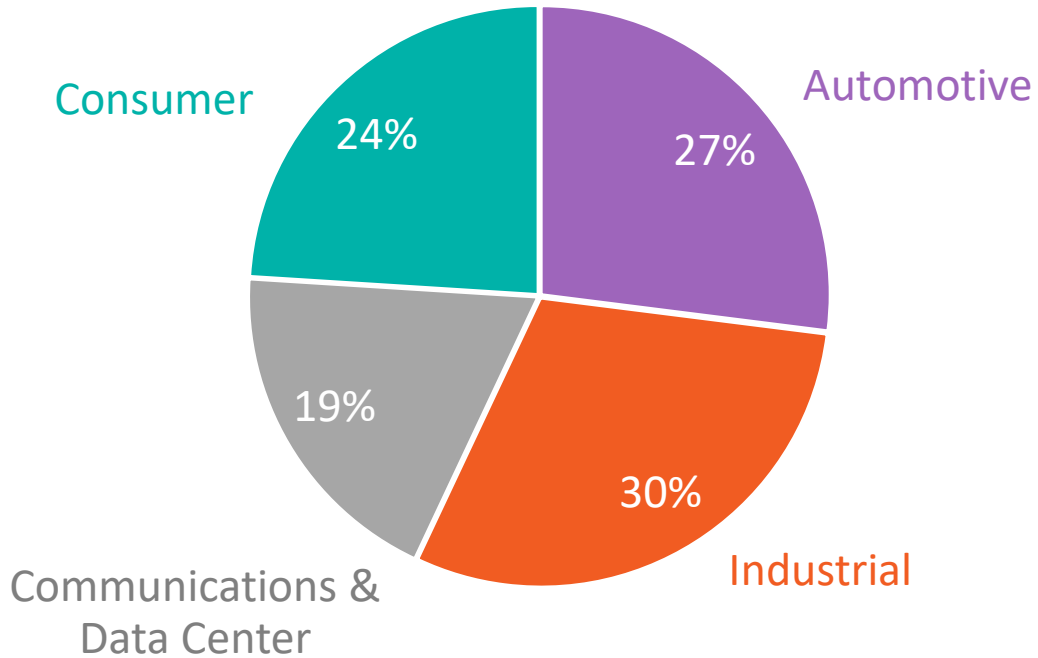


¹Special Items definition in appendix

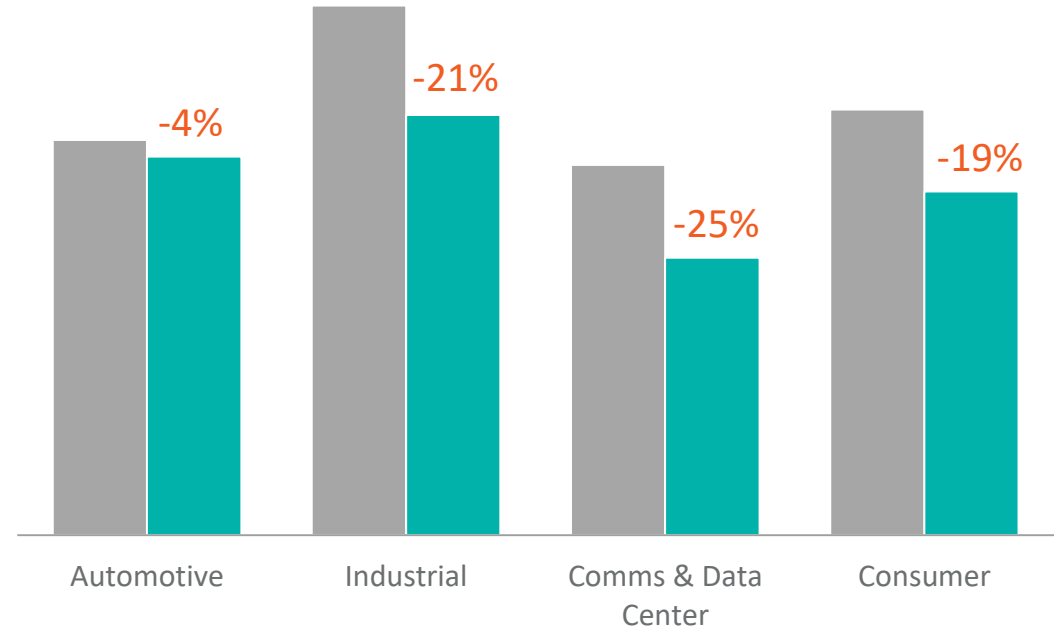
²TTM: Trailing Twelve Months

³Free Cash Flow = Cash Flow from Operations – Capital Expenditures; TTM Cash Flow (adjusted) excludes one-time tax payment of \$178M in FY18 Q4

Fiscal 2020 First Quarter Results by End Market



FY20 Q1 Revenue: **\$533M**



FY19 Q1 and FY20 Q1 Revenue

Note: Both FY19 Q1 and FY20 Q1 end market data represent a new, automated revenue mapping system implemented in FY20 Q1. Due to nature of our general-purpose products, estimates by Major Markets are imprecise.

Fiscal 2020 Second Quarter Guidance

| | Guidance |
|----------------------------|---|
| Revenue | \$525M – \$565M |
| Gross Margin | 64% – 66% GAAP excl. Special Items ¹ (63.5% – 65.5% GAAP) |
| Earnings Per Share | \$0.49 – \$0.57 GAAP excl. Special Items ¹ (\$0.47 – \$0.55 GAAP) |
| Gross Capital Expenditures | Target 1 – 3% of revenue |

FY20 Q2 End Market Guidance vs. FY20 Q1

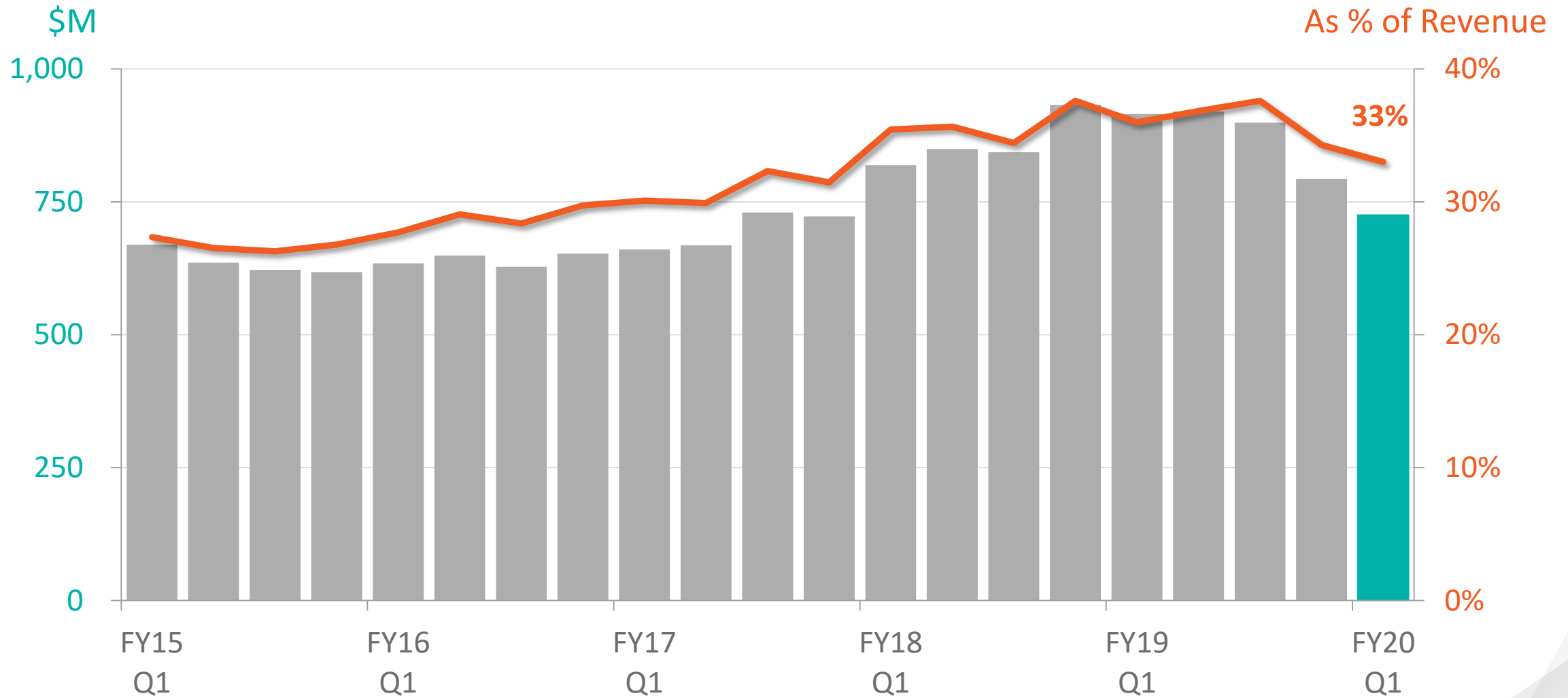
- Automotive: Strongly Up
- Industrial: Up
- Comms & Data Center: Strongly Up
- Consumer: Strongly Down

¹Special Items definition in Appendix

Note: Maxim Integrated's business outlook does not include the potential impact of any restructuring activity, acquisitions, or other business combinations that may be completed during the quarter.

Key Metrics

TTM² Free Cash Flow (adjusted)³

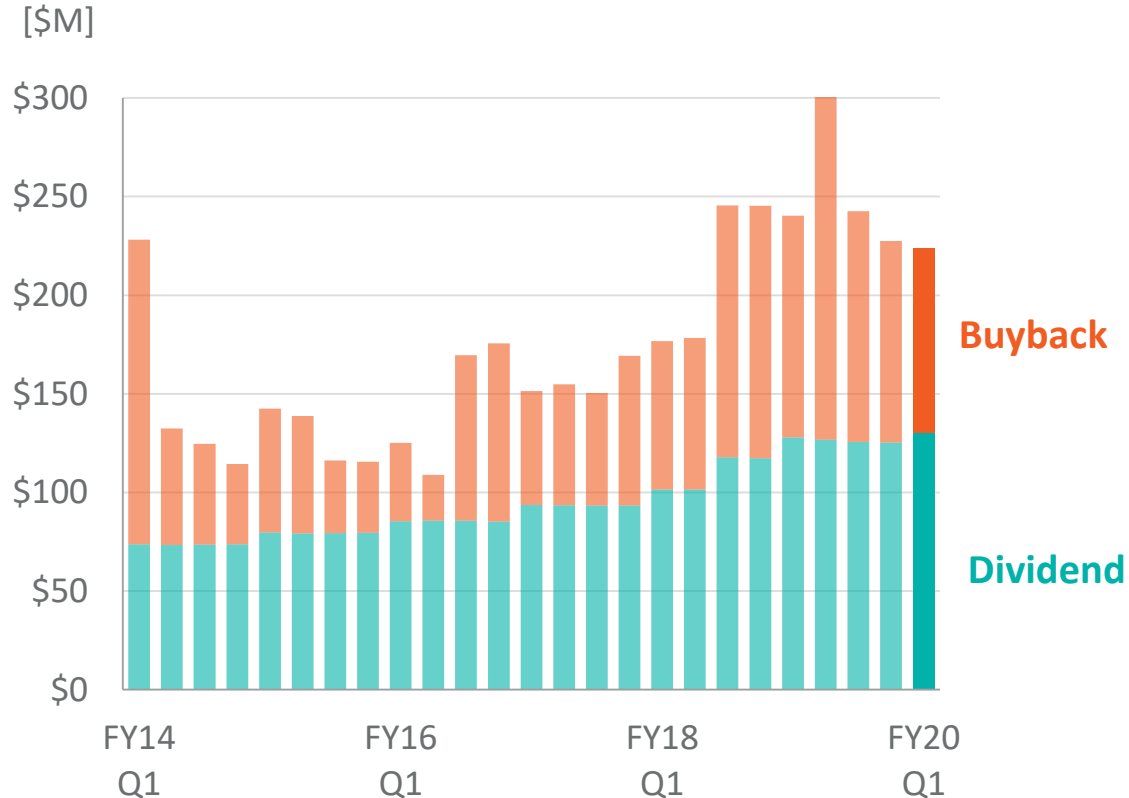


²TTM: Trailing Twelve Months

³Free Cash Flow = Cash Flow from Operations – Capital Expenditures

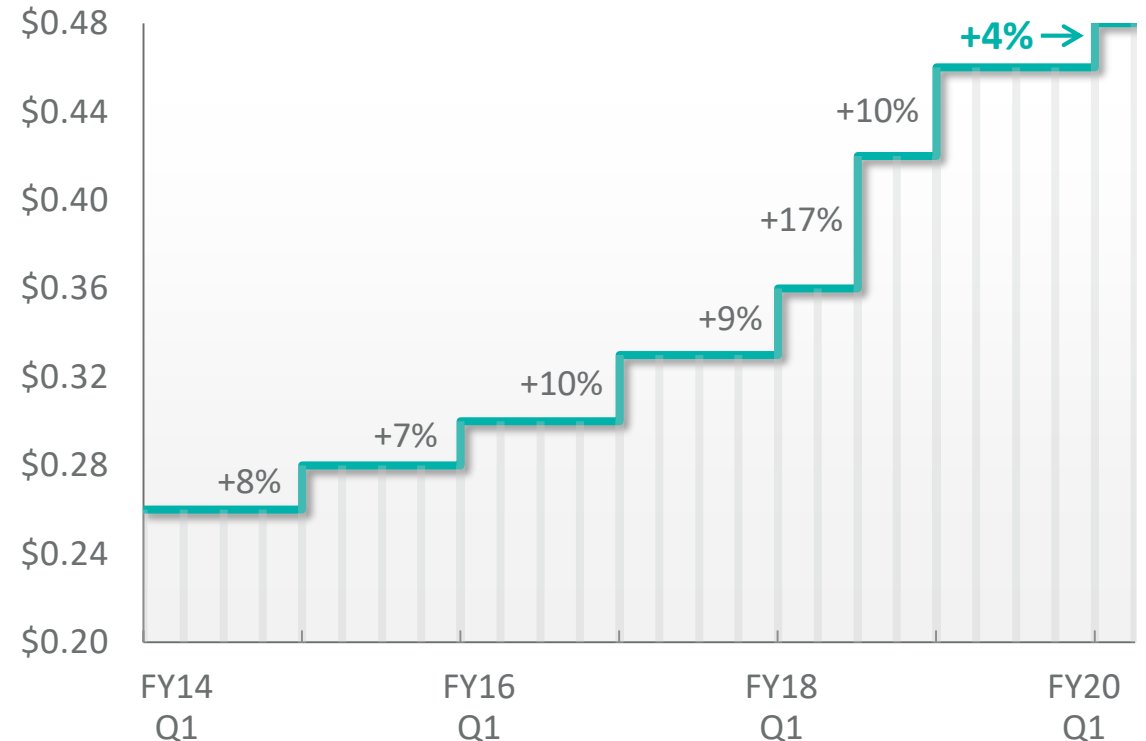
Return of Cash to Shareholders

Dividends & Share Buyback



Share buyback increased to enable **125%** FCF return to shareholders in FY20

Quarterly Cash Dividend Per Share



Quarterly dividend increased **4%** to **\$0.48** per share in FY20 Q1



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Appendix

¹Special Items: intangible asset amortization; accelerated depreciation; acquisition-related inventory write-up; impairment of long-lived assets; impairment of goodwill and intangible assets; severance and restructuring; acquisition-related costs; contingent consideration adjustments relating to certain acquisitions; expected loss on rent expense for vacated office space; loss related to sale of land and buildings; impairment of investments in privately-held companies; tax provision impacts due to fixed asset tax basis adjustment relating to prior year depreciation expense.

Reconciliation of GAAP vs. GAAP Excluding Special Items (Unaudited)

| | Three Months Ended | | |
|--|--------------------|---------------|--------------------|
| | September 28, 2019 | June 29, 2019 | September 29, 2018 |

(in thousands, except per share data)

Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:

| | | | |
|---|-------------------|-------------------|-------------------|
| GAAP gross profit | \$ 343,323 | \$ 356,391 | \$ 430,236 |
| GAAP gross profit % | 64.4% | 64.0% | 67.4% |
| Special items: | | | |
| Intangible asset amortization | 3,111 | 4,038 | 6,915 |
| Total special items | 3,111 | 4,038 | 6,915 |
| GAAP gross profit excluding special items | <u>\$ 346,434</u> | <u>\$ 360,429</u> | <u>\$ 437,151</u> |
| GAAP gross profit % excluding special items | 65.0% | 64.8% | 68.5% |

Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:

| | | | |
|---|-------------------|-------------------|-------------------|
| GAAP operating expenses | \$ 187,319 | \$ 182,820 | \$ 196,053 |
| Special items: | | | |
| Intangible asset amortization | 756 | 756 | 773 |
| Severance and restructuring | 1,434 | 1,715 | 994 |
| Other operating expenses (income), net | 25 | 83 | 60 |
| Total special items | 2,215 | 2,554 | 1,827 |
| GAAP operating expenses excluding special items | <u>\$ 185,104</u> | <u>\$ 180,266</u> | <u>\$ 194,226</u> |

Reconciliation of GAAP net income (loss) to GAAP net income excluding special items:

| | | | |
|--|-------------------|-------------------|-------------------|
| GAAP net income (loss) | \$ 140,156 | \$ 367,558 | \$ 197,423 |
| Special items: | | | |
| Intangible asset amortization | 3,867 | 4,794 | 7,688 |
| Severance and restructuring | 1,434 | 1,715 | 994 |
| Other operating expenses (income), net | 25 | 83 | 60 |
| Interest and other expense (income), net | (207) | (2,980) | (378) |
| Total pre-tax special items | 5,119 | 3,612 | 8,364 |
| Other income tax effects and adjustments (1) | (3,506) | (11,271) | 4,754 |
| Impact of U.S. tax legislation (2) | - | 47,703 | - |
| Impact of income tax audit settlement (3) | - | (251,599) | - |
| GAAP net income excluding special items | <u>\$ 141,769</u> | <u>\$ 156,003</u> | <u>\$ 210,541</u> |

GAAP net income per share excluding special items:

| | | | |
|---------|---------|---------|---------|
| Basic | \$ 0.52 | \$ 0.57 | \$ 0.76 |
| Diluted | \$ 0.52 | \$ 0.57 | \$ 0.75 |

Shares used in the calculation of earnings per share excluding special items:

| | | | |
|---------|---------|---------|---------|
| Basic | 271,388 | 272,382 | 278,045 |
| Diluted | 274,436 | 275,834 | 282,454 |

(1) Includes tax effect of pre-tax special items and miscellaneous tax adjustments.

(2) Includes effect of U.S. tax legislation enacted on December 22, 2017.

(3) Includes effect of income tax audit settlements.