

Fiscal 2021 First Quarter Results

October 27, 2020

Safe Harbor

Except for historical information, this presentation may contain 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 statements involve risks and uncertainties that could cause actual results to differ materially from expectations, including the impact of the coronavirus (COVID-19) pandemic. Additionally, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2020 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 2021 First Quarter Results Summary

- Net Revenue of **\$619 million**
- Gross Margin of **68.4%** (excluding special items¹); **67.3%** (GAAP)
- Earnings Per Share of **\$0.72** (excluding special items¹); **\$0.63** (GAAP)
- Returned **\$137 million** to shareholders
 - Dividend payout: **\$128 million**
 - Stock repurchases: **\$9 million**
- TTM² Free Cash Flow³ of **\$763 million**, **33%** of TTM Revenue

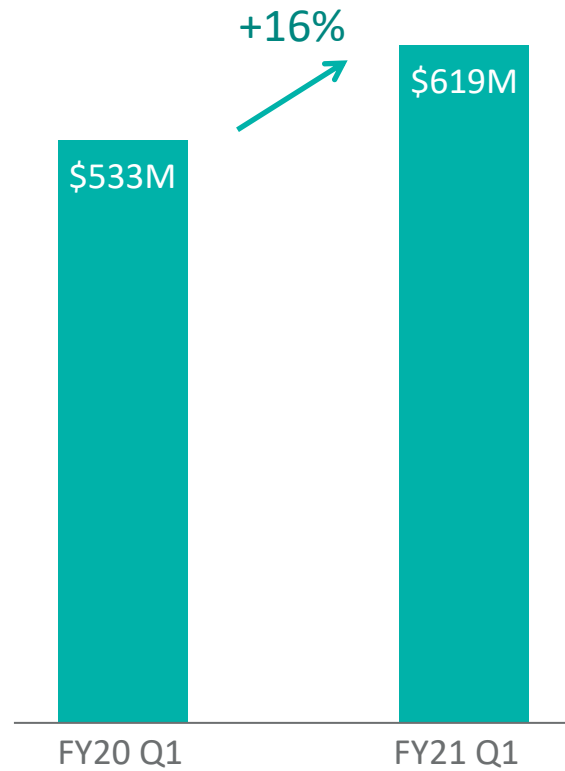
¹Special Items definition in appendix

²TTM: Trailing Twelve Months

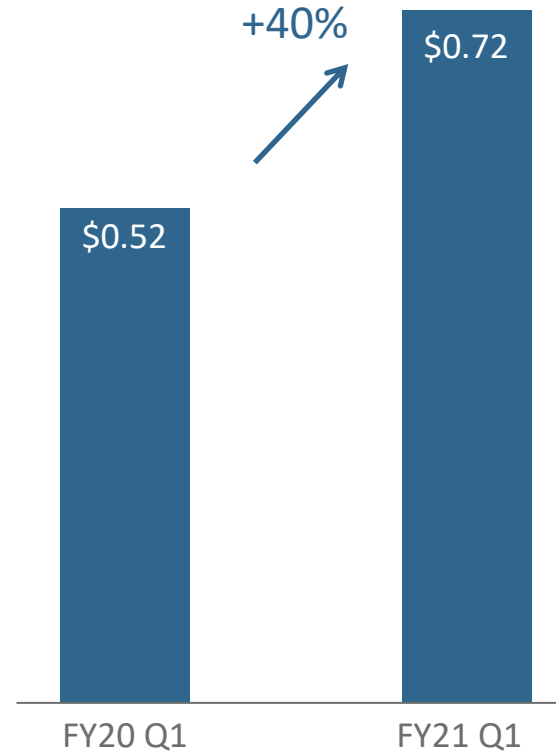
³Free Cash Flow = Cash Flow from Operations – Capital Expenditures

Fiscal 2021 First Quarter Results vs. Last Year

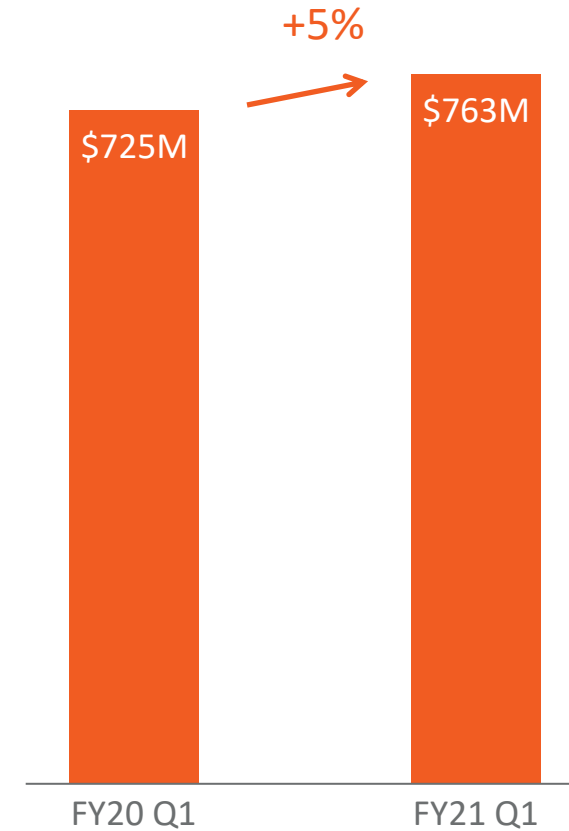
Revenue



Earnings per Share (Excluding Special Items¹)



TTM² Free Cash Flow³

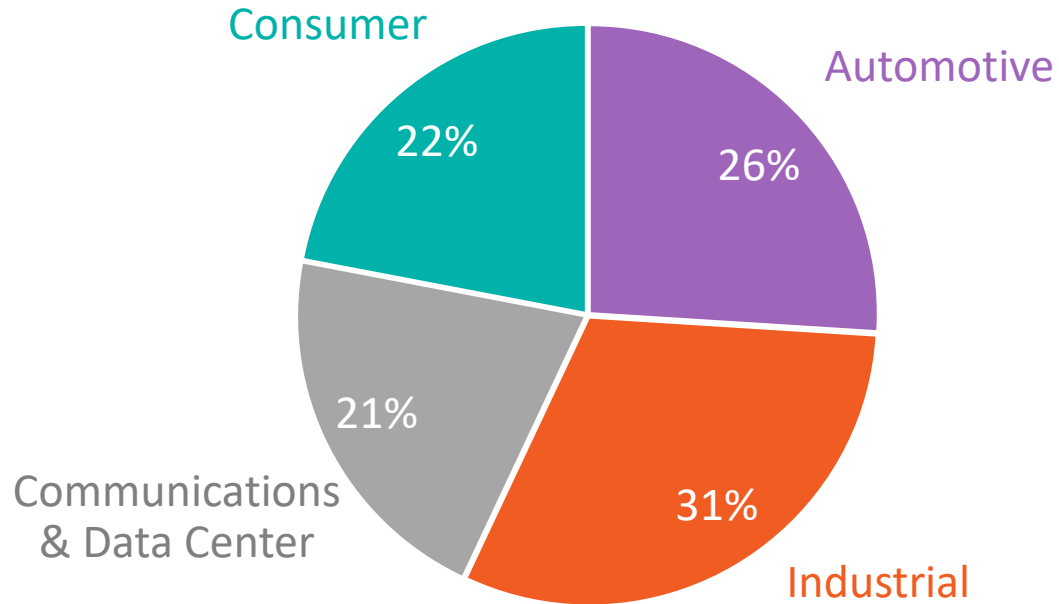


¹Special Items definition in appendix

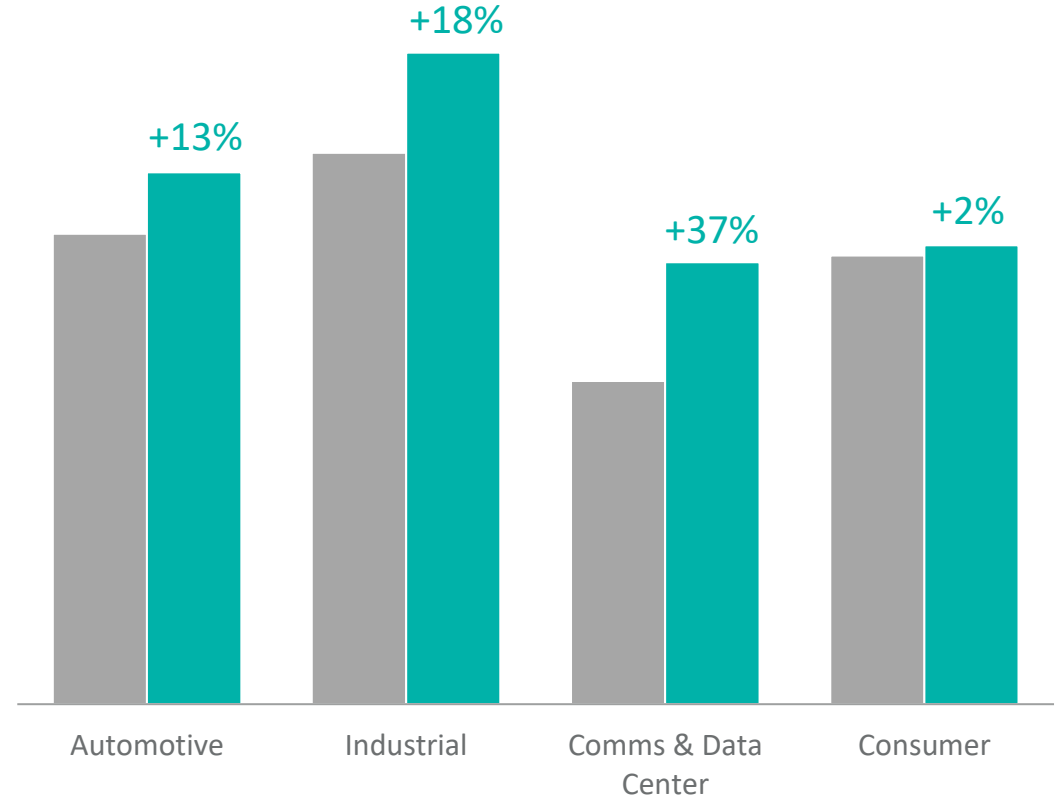
²TTM: Trailing Twelve Months

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

Fiscal 2021 First Quarter Results by End Market



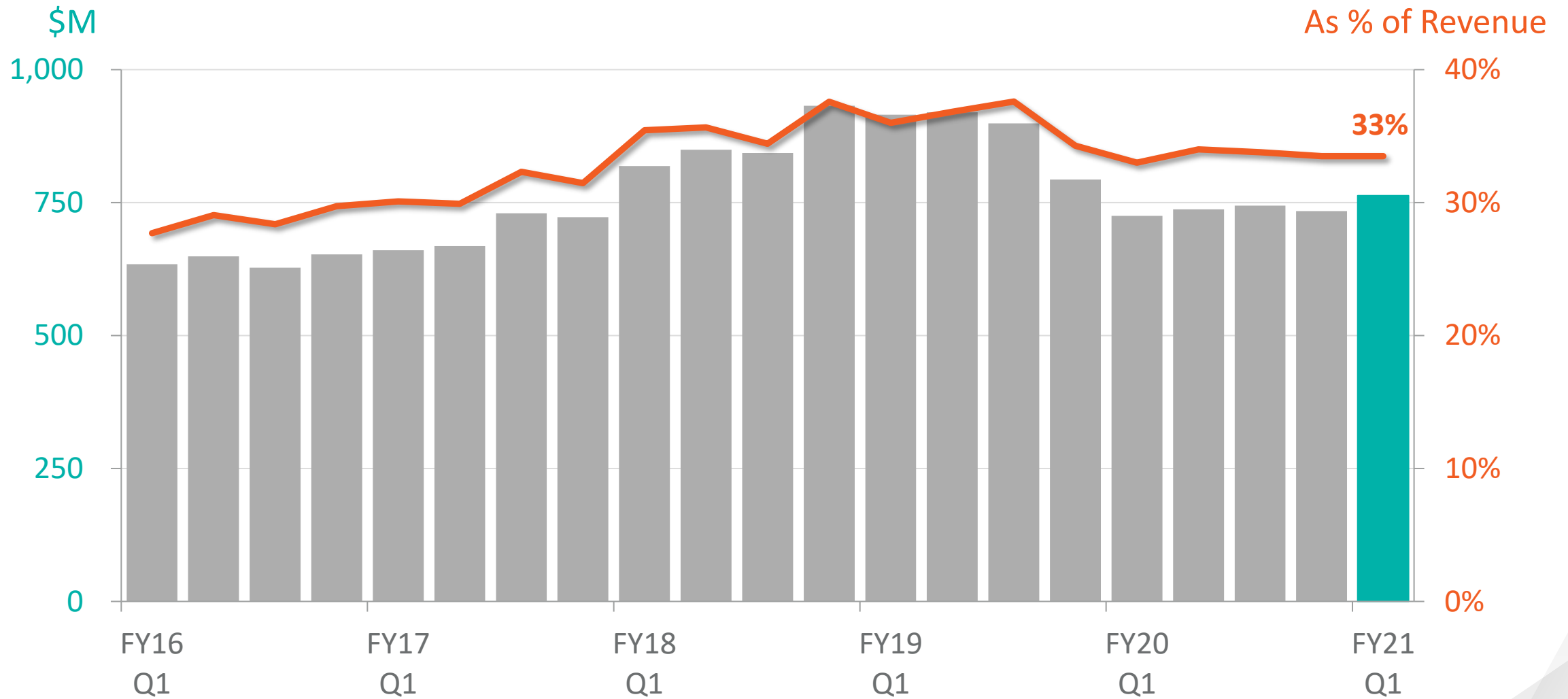
FY21 Q1 Revenue: **\$619M**



FY20 Q1 and FY21 Q1 Revenue

Note: Both FY20 Q1 and FY21 Q1 end market data represent an automated revenue mapping system implemented in FY20 Q1. Due to nature of our general-purpose products, estimates by Major Markets are imprecise.

TTM² Free Cash Flow³



²TTM: Trailing Twelve Months

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



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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 26, 2020	June 27, 2020	September 28, 2019
(in thousands, except per share data)			
Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:			
GAAP gross profit	\$ 417,014	\$ 362,368	\$ 343,323
GAAP gross profit %	67.3%	66.4%	64.4%
Special items:			
Intangible asset amortization	4,363	3,528	3,111
Merger related expenses ⁽¹⁾	1,335	—	—
Cost of COVID-19 response programs	938	1,591	—
Total special items	6,636	5,119	3,111
GAAP gross profit excluding special items	\$ 423,650	\$ 367,487	\$ 346,434
GAAP gross profit % excluding special items	68.4%	67.4%	65.0%
Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:			
GAAP operating expenses	\$ 215,580	\$ 184,381	\$ 187,319
Special items:			
Merger related expenses ⁽¹⁾	6,607	—	—
Intangible asset amortization	918	810	756
Severance and restructuring	8,813	678	1,434
Other operating expenses (income), net ⁽¹⁾	7,428	(173)	25
Total special items	23,766	1,315	2,215
GAAP operating expenses excluding special items	\$ 191,814	\$ 183,066	\$ 185,104
Reconciliation of GAAP net income to GAAP net income excluding special items:			
GAAP net income	\$ 169,514	\$ 207,298	\$ 140,156
Special items:			
Intangible asset amortization	5,281	4,338	3,867
Merger related expenses ⁽¹⁾	7,942	—	—
Cost of COVID-19 response programs	938	1,591	—
Severance and restructuring	8,813	678	1,434
Other operating expenses (income), net ⁽¹⁾	7,428	(173)	25
Interest and other expense (income), net	(535)	1,484	(207)
Pre-tax total special items	29,867	7,918	5,119
Other income tax effects and adjustments ⁽²⁾	(4,272)	(14,378)	(3,506)
Impact of U.S. tax legislation ⁽³⁾	—	6,486	—
Impact of income tax audit settlements ⁽⁴⁾	—	(51,197)	—
GAAP net income excluding special items	\$ 195,109	\$ 156,127	\$ 141,769
GAAP net income per share excluding special items:			
Basic	\$ 0.73	\$ 0.59	\$ 0.52
Diluted	\$ 0.72	\$ 0.58	\$ 0.52
Shares used in the calculation of earnings per share excluding special items:			
Basic	266,831	266,639	271,388
Diluted	269,529	268,777	274,436

(1) Includes ADI merger related expenses such as accelerated stock-based compensation expense resulting from the acceleration of certain RSAs for tax withholding purposes, as well as other legal and professional services.

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

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

(4) Includes effect of income tax audit settlements.