

Fiscal 2019 First Quarter Results

October 30, 2018

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 30, 2018 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 2019 First Quarter Results Summary

- Net Revenue of **\$638 million**
- Gross Margin of **68.5%** (excluding special items¹); **67.4%** (GAAP)
- Earnings Per Share of **\$0.75** (excluding special items¹); **\$0.70** (GAAP)
- Returned **\$240 million** to shareholders
 - Dividend payout: **\$128 million**
 - Stock repurchases: **\$112 million**
- TTM² Free Cash Flow (adjusted)³ of **\$915 million**, **36%** of TTM Revenue

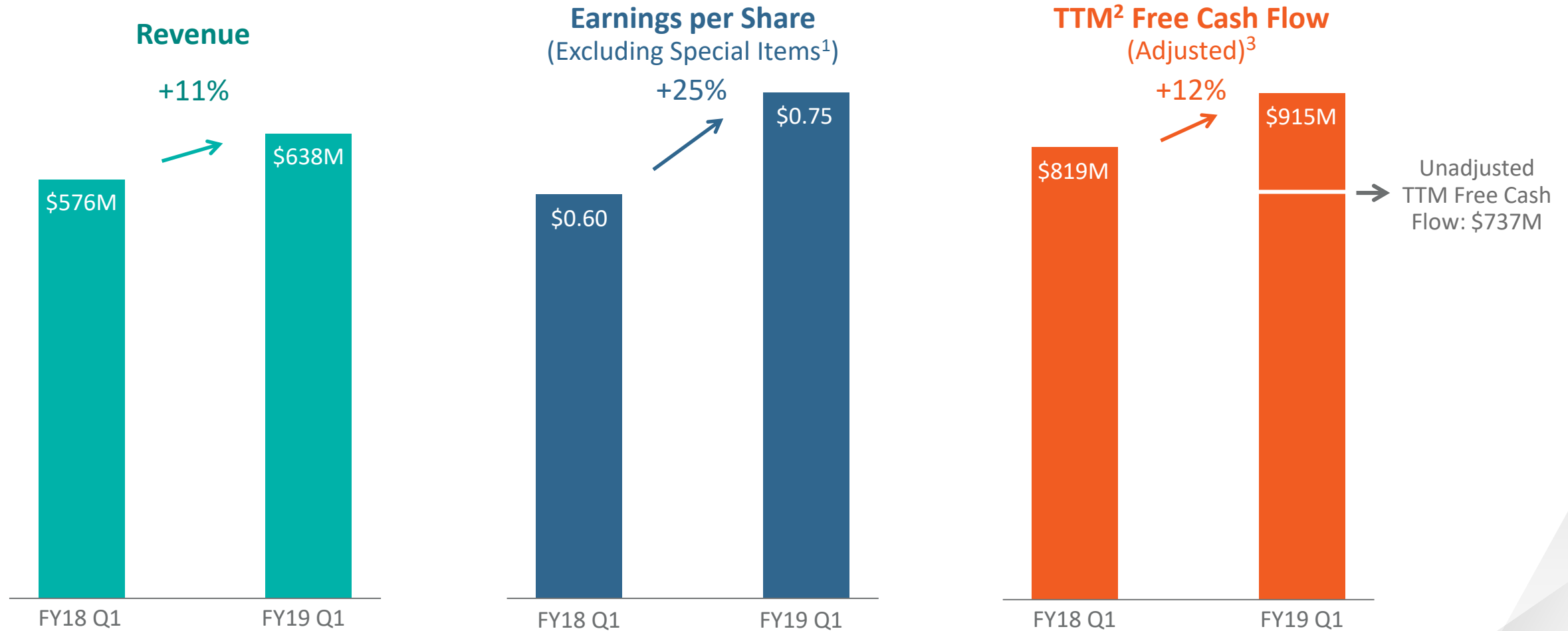
¹Special Items definition in appendix

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

Results and Guidance

Fiscal 2019 First Quarter Results vs. Last Year

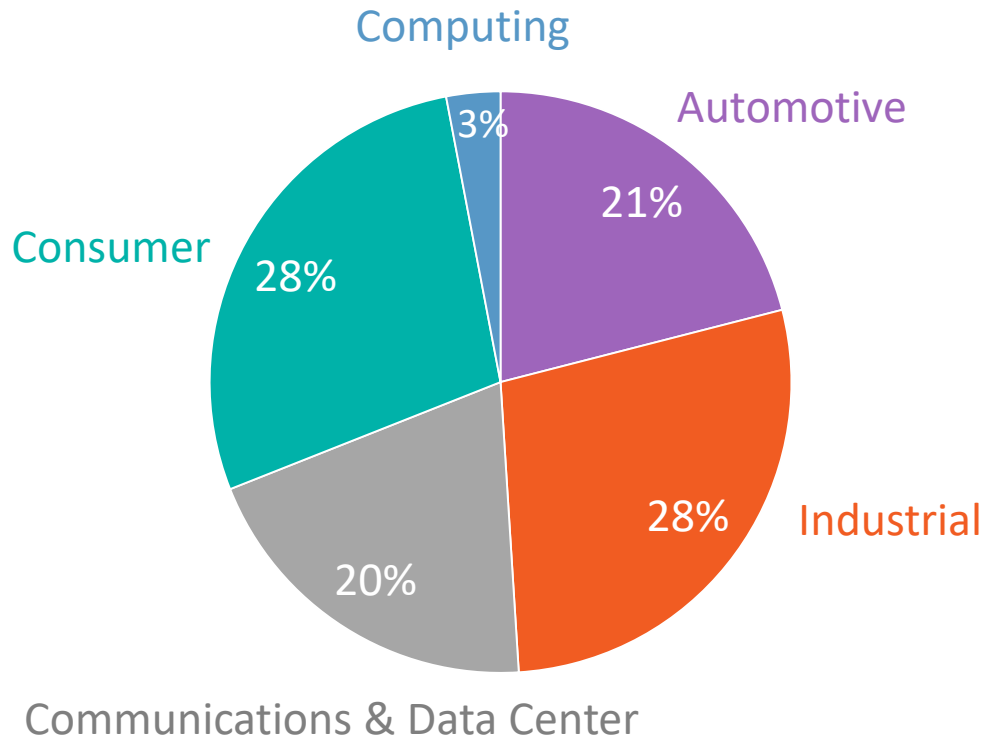


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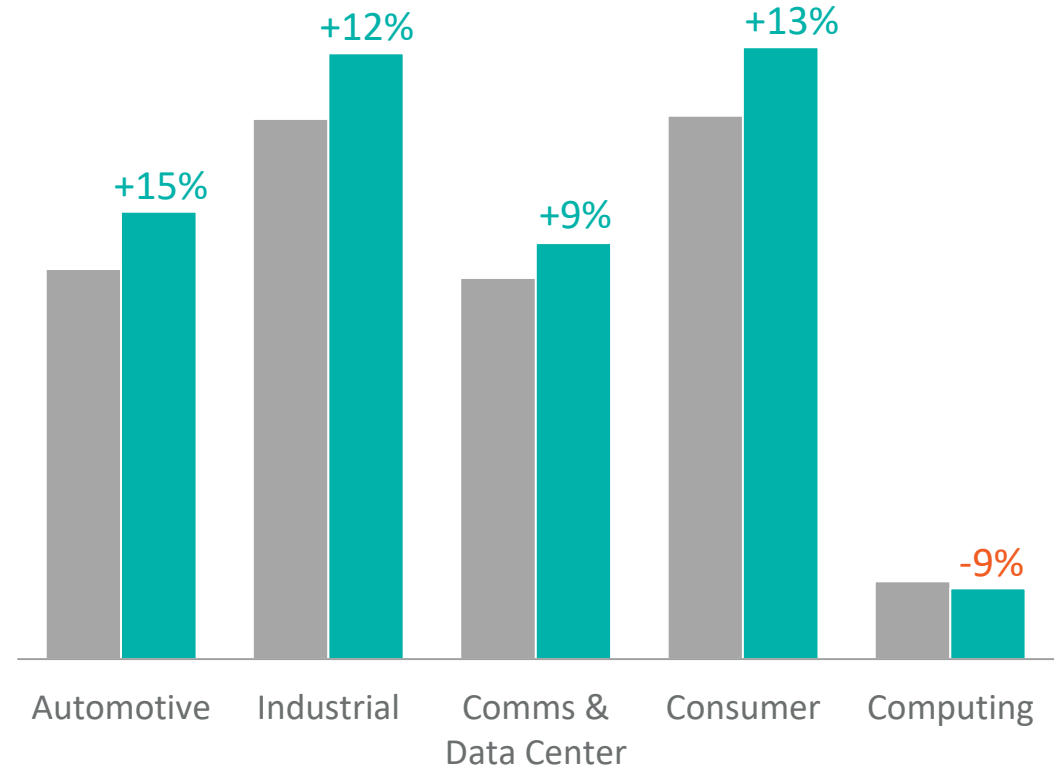
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Fiscal 2019 First Quarter Results by End Market



FY19 Q1 Revenue: **\$638M**



FY18 Q1 and FY19 Q1 Revenue

Note: Due to nature of our general purpose products, estimates by Major Markets are imprecise

Fiscal 2019 Second Quarter Guidance

	Guidance
Revenue	\$570M – \$610M
Gross Margin	66% – 68% GAAP excl. Special Items ¹ (65% – 67% GAAP)
Earnings Per Share	\$0.59 – \$0.65 GAAP excl. Special Items ¹ (\$0.55 – \$0.61 GAAP)
Gross Capital Expenditures	Target range of 1 – 3% of revenue

FY19 Q2 End Market Guidance vs. FY19 Q1

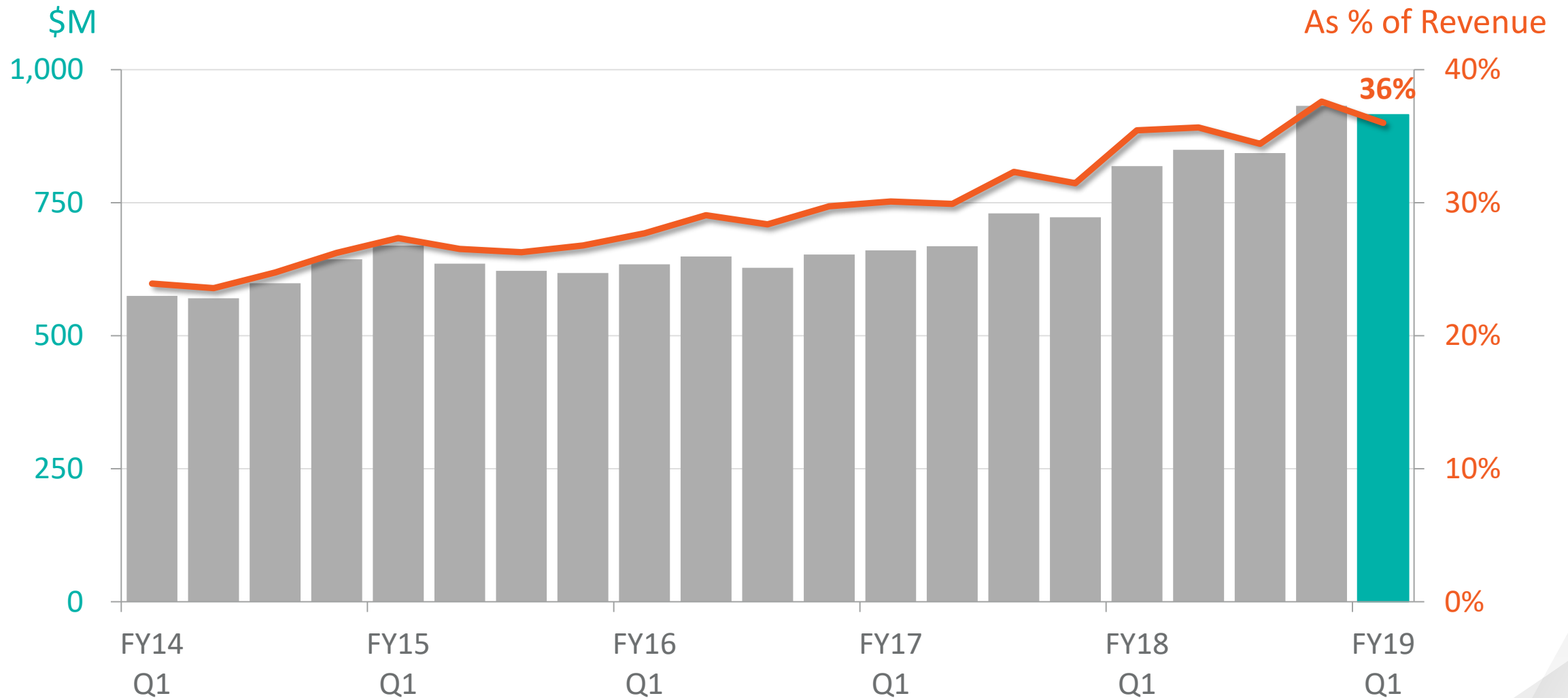
- Automotive: Strongly Up
- Industrial: Strongly Down
- Comms & Data Center: Strongly Down
- Consumer: Strongly Down
- Computing: Down

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

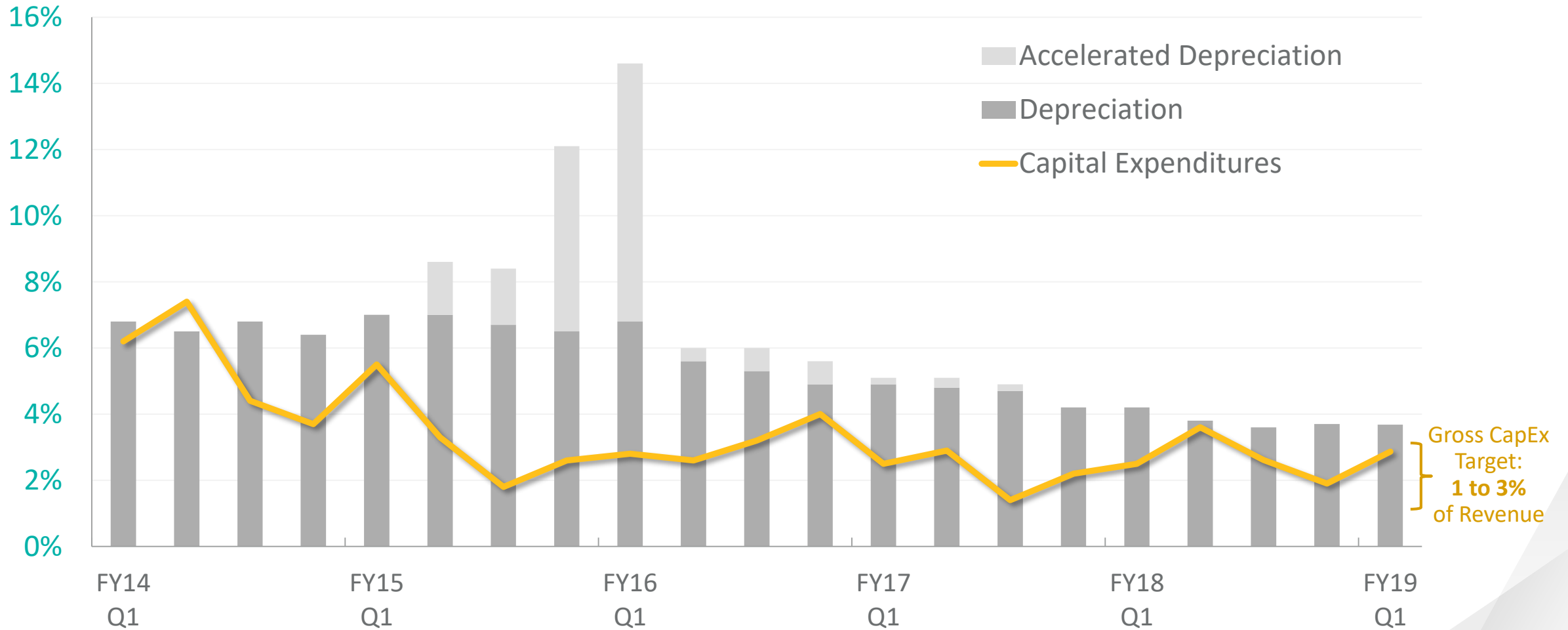


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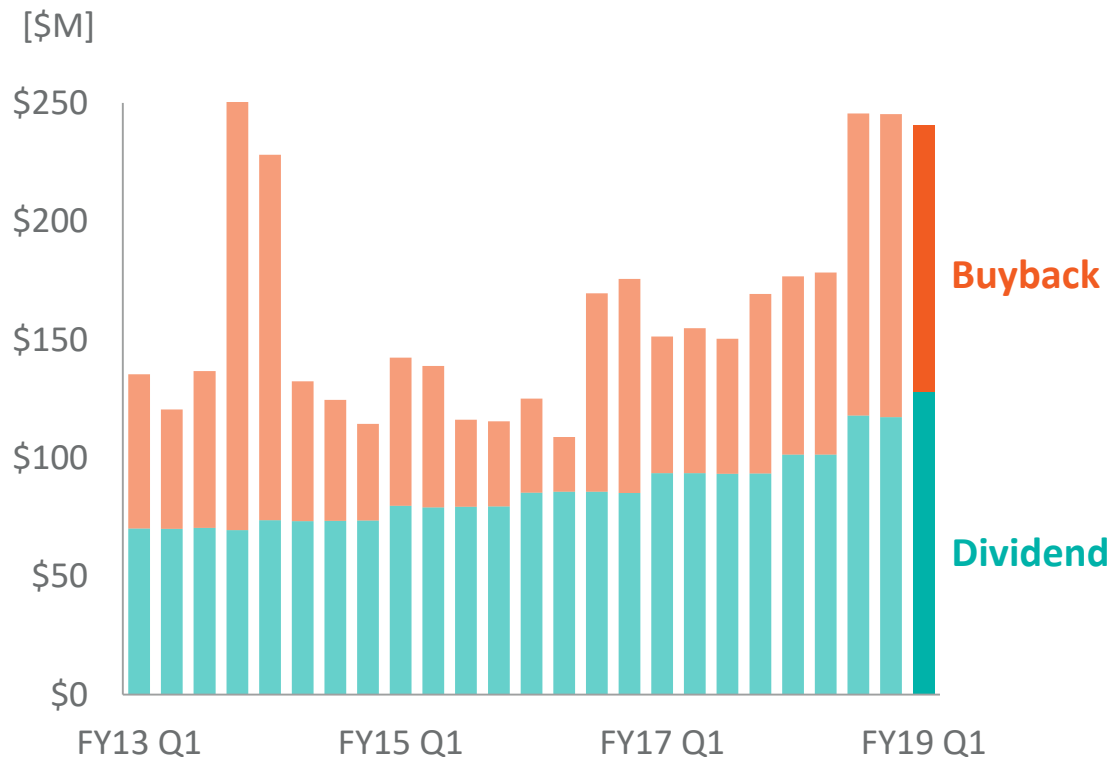
Capital Expenditures vs. Depreciation

% of Revenue



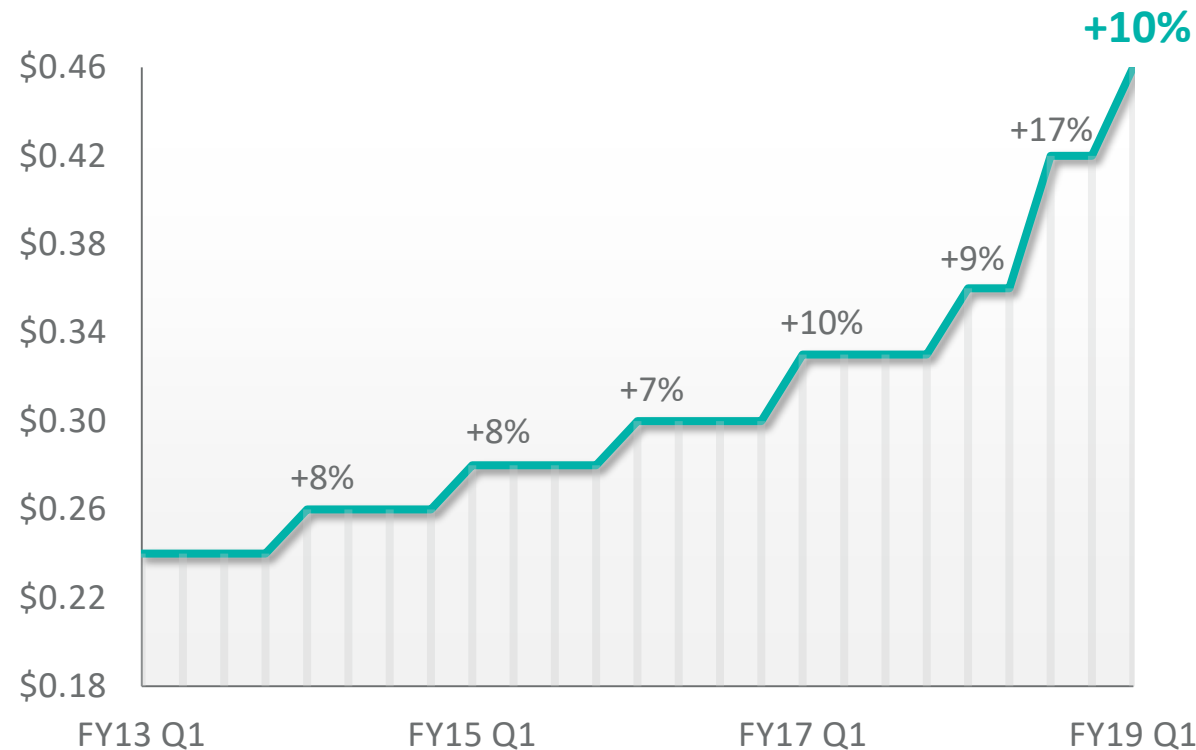
Return of Cash to Shareholders

Dividends & Share Buyback



Share buyback will increase to enable **125%** FCF return to shareholders in FY19

Quarterly Cash Dividend Per Share



Quarterly dividend increased **10%** to **\$0.46** per share in FY19 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 29, 2018	June 30, 2018	September 23, 2017
(in thousands, except per share data)			
Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:			
GAAP gross profit	\$ 430,236	\$ 418,668	\$ 373,831
GAAP gross profit %	67.4%	66.1%	64.9%
Special items:			
Intangible asset amortization	6,915	11,759	11,064
Total special items	<u>6,915</u>	<u>11,759</u>	<u>11,064</u>
GAAP gross profit excluding special items	\$ 437,151	\$ 430,427	\$ 384,895
GAAP gross profit % excluding special items	68.5%	68.0%	66.9%
Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:			
GAAP operating expenses	\$ 196,053	\$ 196,273	\$ 188,665
Special items:			
Intangible asset amortization	773	844	1,752
Impairment of long-lived assets	—	—	42
Severance and restructuring	994	833	5,433
Other operating expenses (income), net	60	(71)	(844)
Total special items	<u>1,827</u>	<u>1,606</u>	<u>6,383</u>
GAAP operating expenses excluding special items	<u>\$ 194,226</u>	<u>\$ 194,667</u>	<u>\$ 182,282</u>
Reconciliation of GAAP net income (loss) to GAAP net income excluding special items:			
GAAP net income (loss)	\$ 197,423	\$ 194,172	\$ 154,533
Special items:			
Intangible asset amortization	7,688	12,603	12,816
Impairment of long-lived assets	—	—	42
Severance and restructuring	994	833	5,433
Other operating expenses (income), net	60	(71)	(844)
Interest and other expense (income), net	(378)	(941)	(84)
Pre-tax total special items	<u>8,364</u>	<u>12,424</u>	<u>17,363</u>
Other income tax effects and adjustments	4,754	1,194	(1,345)
GAAP net income excluding special items	<u>\$ 210,541</u>	<u>\$ 207,790</u>	<u>\$ 170,551</u>
GAAP net income per share excluding special items:			
Basic	<u>\$ 0.76</u>	<u>\$ 0.74</u>	<u>\$ 0.60</u>
Diluted	<u>\$ 0.75</u>	<u>\$ 0.73</u>	<u>\$ 0.60</u>
Shares used in the calculation of earnings per share excluding special items:			
Basic	<u>278,045</u>	<u>279,304</u>	<u>282,170</u>
Diluted	<u>282,454</u>	<u>283,934</u>	<u>286,437</u>