

# Fiscal 2017 Fourth Quarter Results

July 20, 2017

# 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 25, 2016 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 2017 Fourth Quarter Results Summary

- Net Revenue of **\$602 million**
- Gross Margin of **67.2%** (excluding special items); **65.4%** (GAAP)
- Earnings Per Share of **\$0.63** (excluding special items); **\$0.57** (GAAP)
- Returned **\$169 million** to shareholders
  - Dividend payout: **\$93 million**
  - Stock repurchases: **\$76 million**
- TTM<sup>1</sup> Free Cash Flow of **\$784 million, 34%** of TTM revenue
- Quarterly dividend increased **9%** to \$0.36 per share

<sup>1</sup>TTM: Trailing Twelve Months

Note: Free Cash Flow = Cash Flow from Operations – Net Capital Expenditures

Net Capital Expenditures = Gross Capital Expenditures – Asset Sales

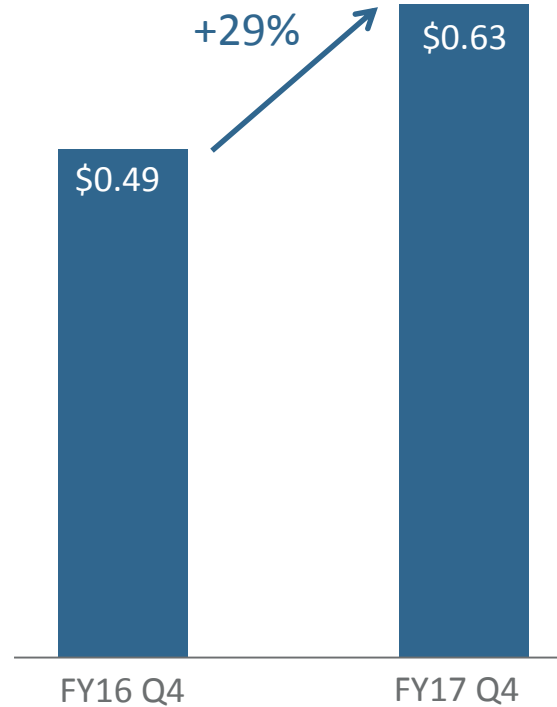
# Results and Guidance

# Fiscal 2017 Fourth Quarter Results vs. Last Year

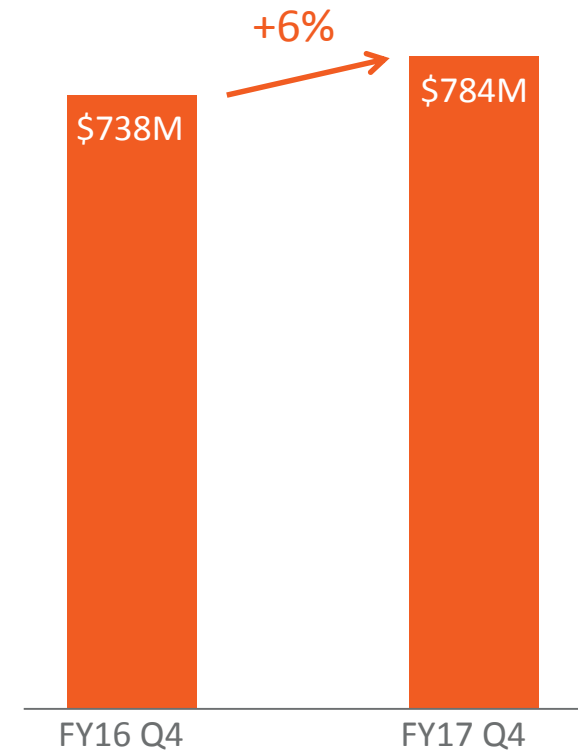
Revenue



Earnings per Share  
(Excluding Special Items<sup>2</sup>)



TTM<sup>1</sup> Free Cash Flow<sup>3</sup>



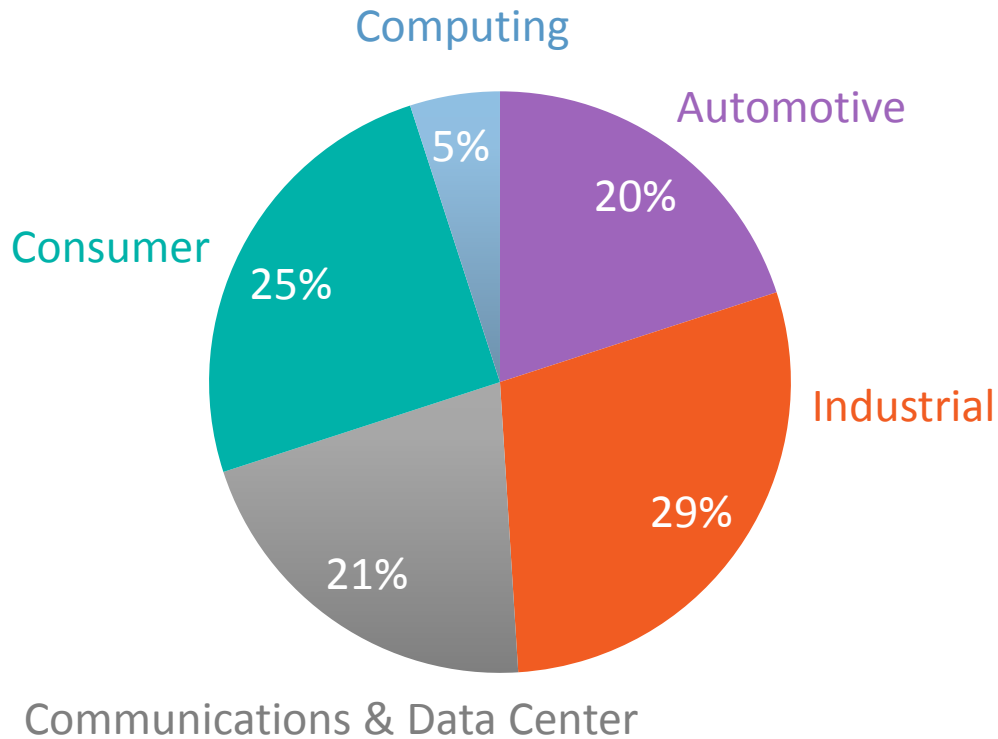
<sup>1</sup>TTM: Trailing Twelve Months

<sup>2</sup>Special Items definition in appendix

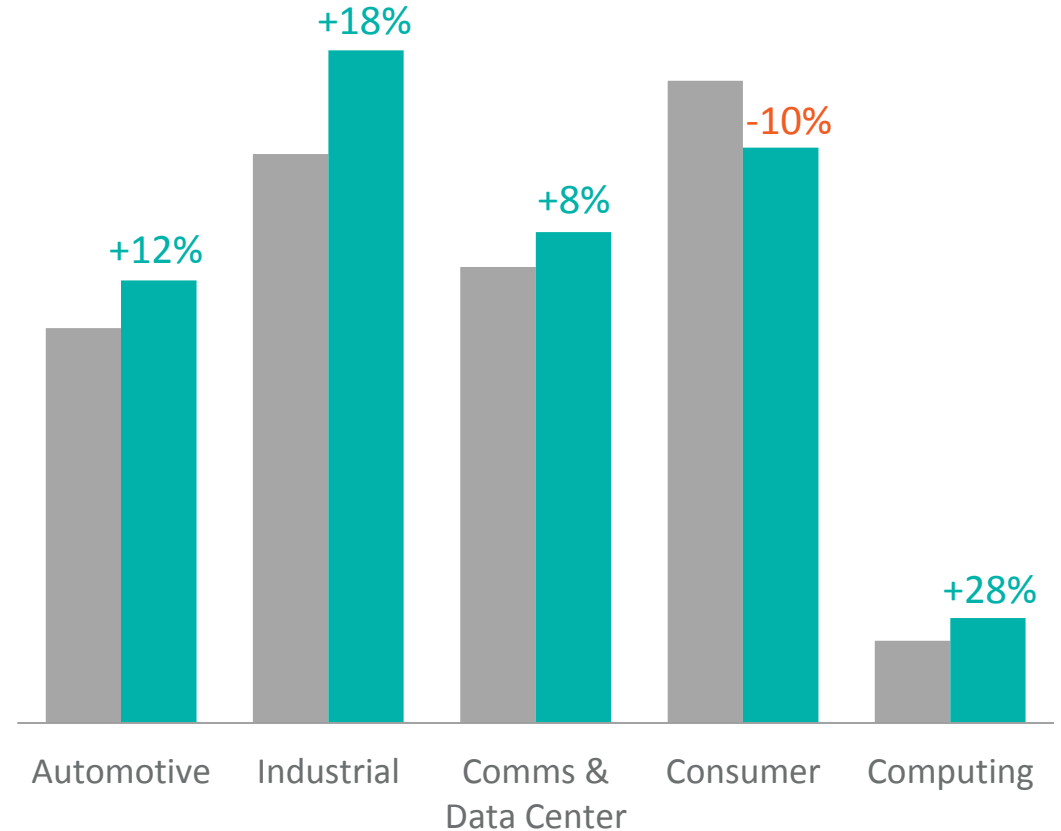
<sup>3</sup>Free Cash Flow: Cash Flow from Operations – Net Capital Expenditures

Net Capital Expenditures: Gross Capital Expenditures – Asset Sales

# Fiscal 2017 Fourth Quarter Results by End Market



FY17 Q4 Revenue: **\$602M**



FY16 Q4 and FY17 Q4 Revenue\*

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

\*FY17 Q4 YoY Revenue Growth without accounting transition: Automotive +11%, Industrial +12%, Comms & Data Center +3%, Consumer -12%, Computing +22%

# Fiscal 2018 First Quarter Guidance

	FY18 Q1 Guidance
Revenue	\$555M – \$595M
Gross Margin	65% – 68% GAAP excl. Special Items <sup>2</sup> (63% – 66% GAAP)
Earnings Per Share	\$0.52 – \$0.58 GAAP excl. Special Items <sup>2</sup> (\$0.48 – \$0.54 GAAP)
Gross Capital Expenditures	Target range of 1 – 3% of revenue

## FY18 Q1 End Market Guidance vs. FY17 Q4<sup>3</sup>

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

<sup>2</sup>Special Items definition in Appendix

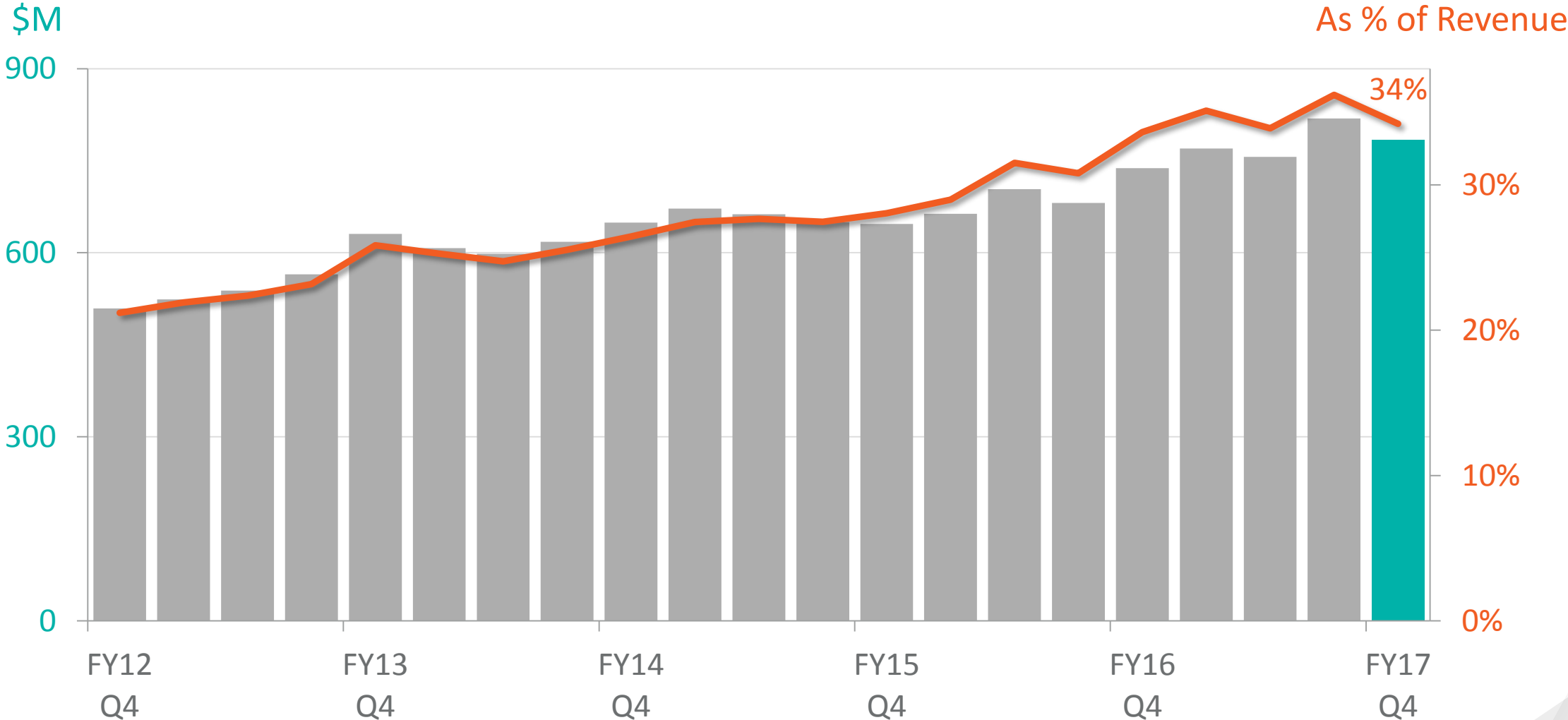
<sup>3</sup> Excludes impact of FY17 Q4 revenue for transition to sell-in revenue accounting

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



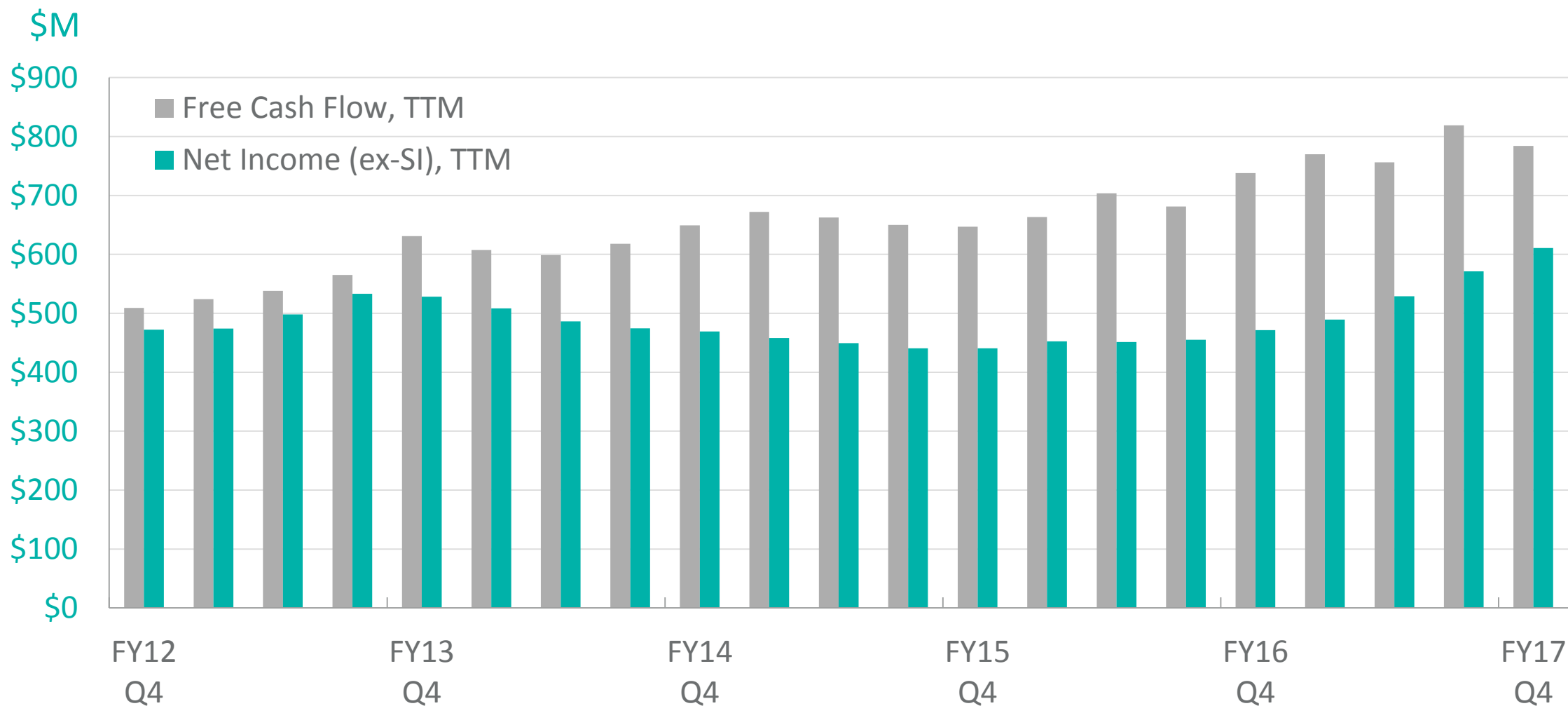
# TTM<sup>1</sup> Free Cash Flow



<sup>1</sup>TTM: Trailing Twelve Months

Note: Free Cash Flow: Cash from Operations – Net Capital Expenditures  
 Net Capital Expenditures: Gross Capital Expenditures – Asset Sales

# TTM<sup>1</sup> Free Cash Flow vs. Net Income (excluding Special Items)

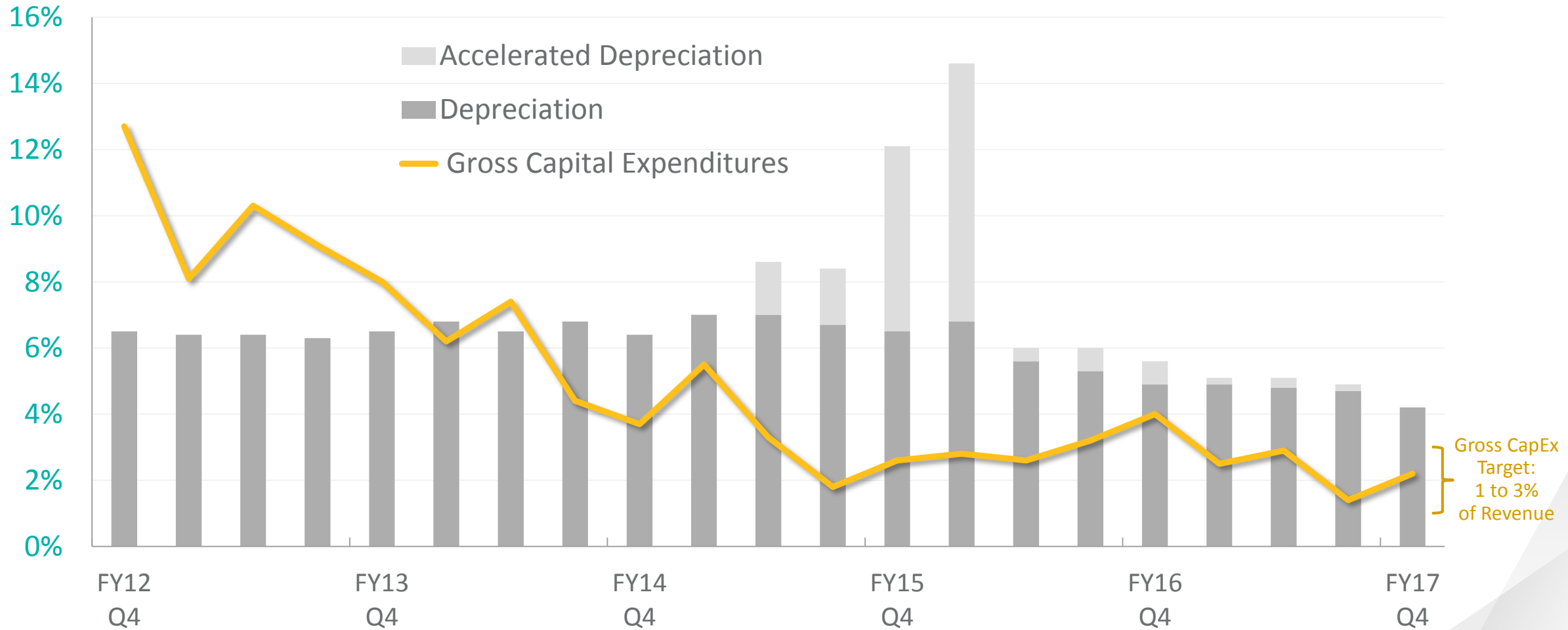


<sup>1</sup>TTM: Trailing Twelve Month

Note: Free Cash Flow = Cash from Operations – Net Capital Expenditures  
 Net Capital Expenditures = Gross Capital Expenditures – Asset Sales

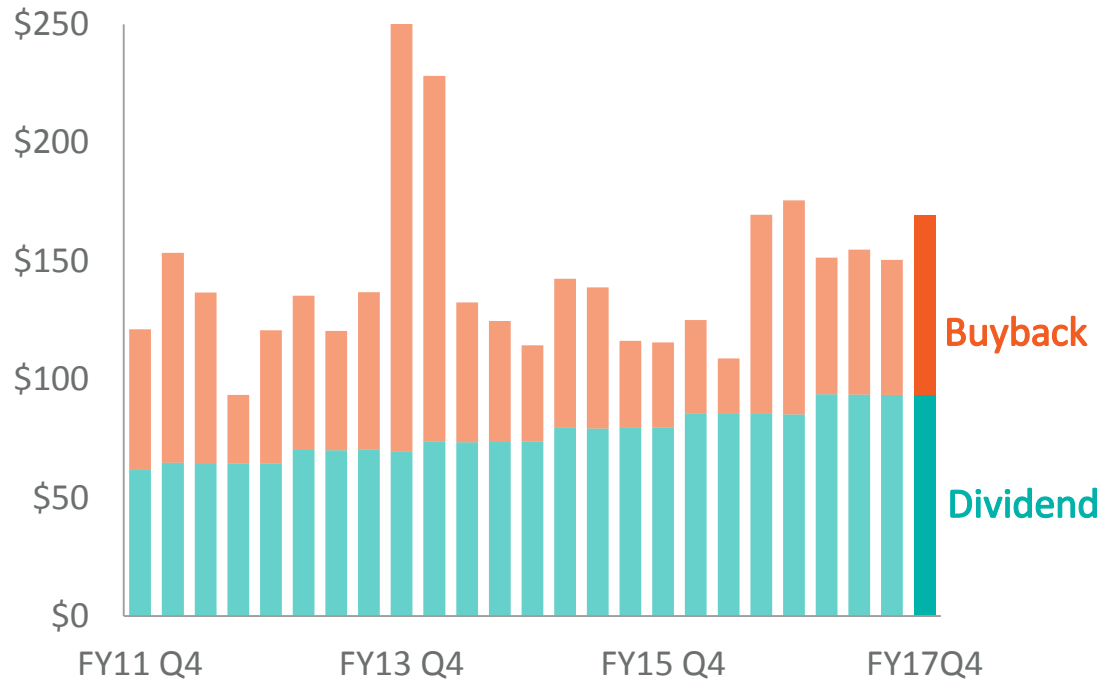
# Capital Expenditures vs. Depreciation

% of Revenue



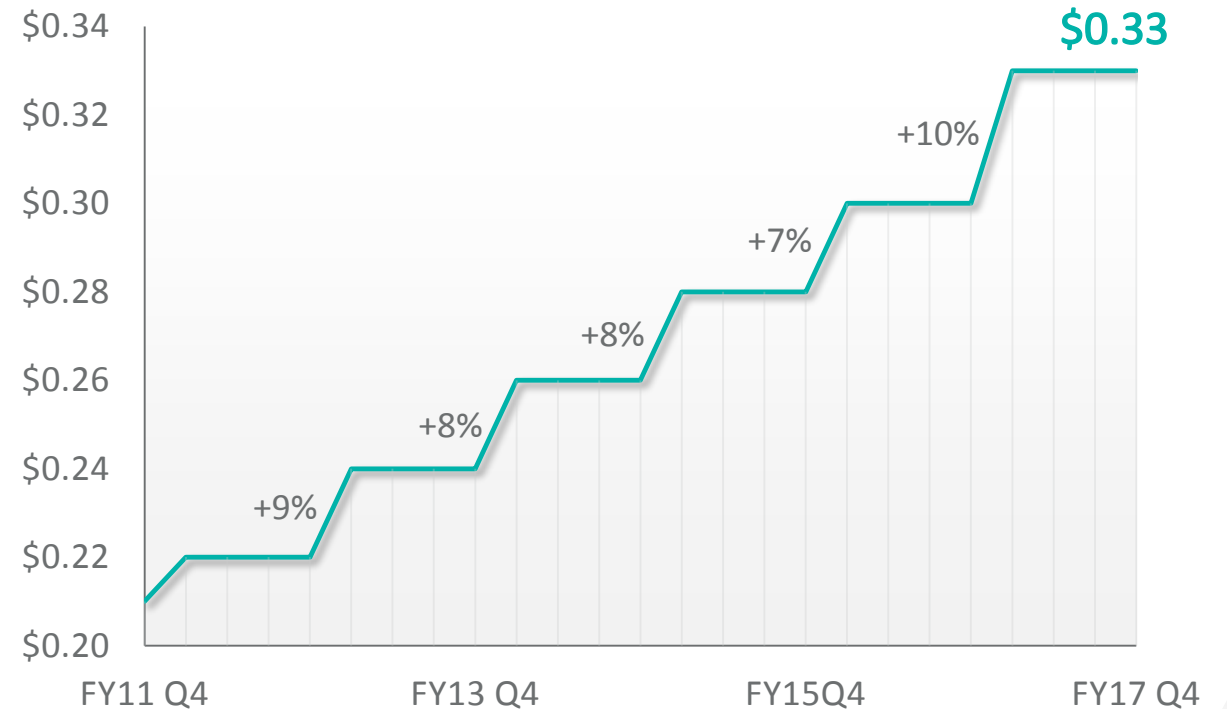
# Return of Cash to Shareholders

## Dividends & Share Repurchases



Board approved new share repurchase authorization of **\$1B** beginning FY18 Q1

## Quarterly Cash Dividend Per Share



Quarterly dividend increased **9%** to **\$0.36** per share, beginning FY18 Q1



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# Appendix

<sup>2</sup>Special 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			Year Ended	
	June 24, 2017	March 25, 2017	June 25, 2016	June 24, 2017	June 25, 2016
	(in thousands, except per share data)				
<b>Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:</b>					
GAAP gross profit	\$ 393,666	\$ 366,904	\$ 347,027	\$ 1,446,480	\$ 1,244,388
GAAP gross profit %	65.4%	63.1%	61.3%	63.0%	56.7%
Special items:					
Intangible asset amortization	11,064	11,064	11,829	46,485	55,030
Accelerated depreciation (1)	—	1,103	4,098	3,459	53,827
Other cost of goods sold (2)	—	—	—	—	6,123
Total special items	11,064	12,167	15,927	49,944	114,980
GAAP gross profit excluding special items	\$ 404,730	\$ 379,071	\$ 362,954	\$ 1,496,424	\$ 1,359,368
GAAP gross profit % excluding special items	67.2%	65.2%	64.1%	65.2%	61.9%
<b>Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:</b>					
GAAP operating expenses	\$ 194,288	\$ 192,652	\$ 224,654	\$ 751,703	\$ 930,539
Special items:					
Intangible asset amortization	2,050	2,348	2,538	9,189	12,205
Impairment of long-lived assets (3)	—	1,000	429	7,517	160,582
Impairment of goodwill and intangible assets	—	—	27,602	—	27,602
Severance and restructuring	1,175	450	4,149	12,453	24,479
Other operating expenses (income), net (4)	1,923	1,704	4,962	(22,944)	(50,389)
Total special items	5,148	5,502	39,680	6,215	174,479
GAAP operating expenses excluding special items	\$ 189,140	\$ 187,150	\$ 184,974	\$ 745,488	\$ 756,060
<b>Reconciliation of GAAP net income (loss) to GAAP net income excluding special items:</b>					
GAAP net income (loss)	\$ 163,309	\$ 140,213	\$ 92,339	\$ 571,613	\$ 227,475
Special items:					
Intangible asset amortization	13,114	13,412	14,367	55,674	67,235
Accelerated depreciation (1)	—	1,103	4,098	3,459	53,827
Other cost of goods sold (2)	—	—	—	—	6,123
Impairment of long-lived assets (3)	—	1,000	429	7,517	160,582
Impairment of goodwill and intangible assets	—	—	27,602	—	27,602
Severance and restructuring	1,175	450	4,149	12,453	24,479
Other operating expenses (income), net (4)	1,923	1,704	4,962	(22,944)	(50,389)
Interest and other expense (income), net (5)	(90)	(48)	(247)	(5,661)	194
Pre-tax total special items	16,122	17,621	55,360	50,498	289,653
Fiscal year 2015 & 2014 research & development tax credits	—	—	—	—	(2,475)
Other income tax effects and adjustments (6)	499	1,957	(7,228)	(11,465)	(43,392)
GAAP net income excluding special items	\$ 179,930	\$ 159,791	\$ 140,471	\$ 610,646	\$ 471,261
GAAP net income per share excluding special items:					
Basic	\$ 0.64	\$ 0.56	\$ 0.49	\$ 2.16	\$ 1.65
Diluted	\$ 0.63	\$ 0.56	\$ 0.49	\$ 2.12	\$ 1.63
Shares used in the calculation of earnings per share excluding special items:					
Basic	282,747	282,903	285,354	283,147	285,081
Diluted	287,494	287,882	288,544	287,974	289,479

(1) Includes building and equipment accelerated depreciation related to the San Jose and Dallas manufacturing facilities.

(2) Includes expense related to a patent license settlement.

(3) Includes impairment of investments in privately-held companies and other equipment impairment charges relating to the San Antonio wafer manufacturing facility.

(4) Includes gain on sale of micro-electromechanical systems (MEMS) business line during the first quarter of fiscal year 2017, gain on sale of energy metering business during the third quarter of fiscal year 2016, loss (gain) relating to sale of assets, and expected loss on lease abandonment.

(5) Includes gain on sale of shares received for the sale of the wafer manufacturing facility in San Antonio, Texas.

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