

# Fiscal 2020 Third Quarter Results

April 28, 2020

# 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, 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 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 Third Quarter Results Summary

- Net Revenue of **\$562 million**
- Gross Margin of **66.1%** (excluding special items<sup>1</sup>); **65.2%** (GAAP)
- Earnings Per Share of **\$0.61** (excluding special items<sup>1</sup>); **\$0.59** (GAAP)
- Returned **\$286 million** to shareholders
  - Dividend payout: **\$129 million**
  - Stock repurchases: **\$157 million**
- TTM<sup>2</sup> Free Cash Flow<sup>3</sup> of **\$744 million**, **34%** of TTM Revenue

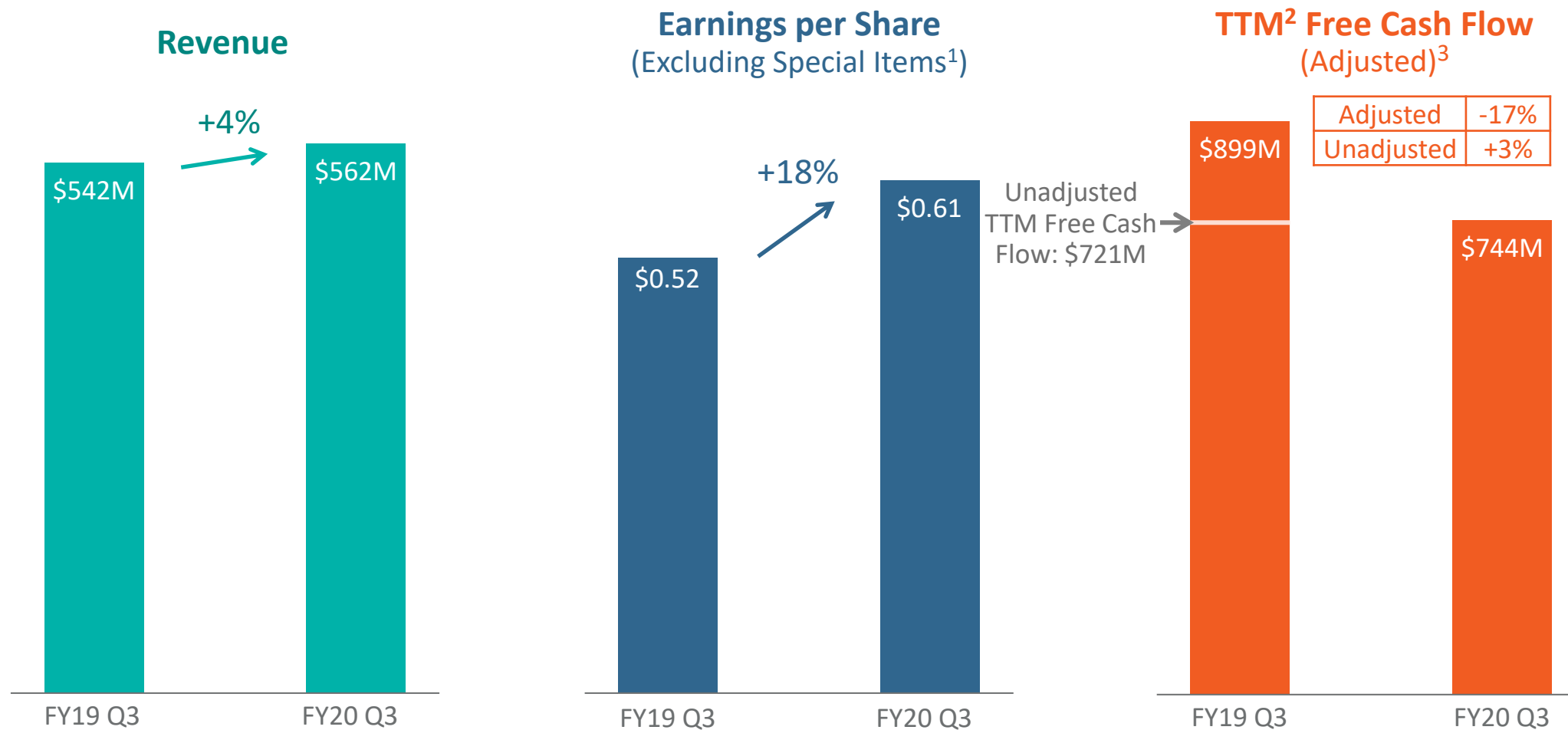
<sup>1</sup>Special Items definition in appendix

<sup>2</sup>TTM: Trailing Twelve Months

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

# Results and Guidance

# Fiscal 2020 Third Quarter Results vs. Last Year

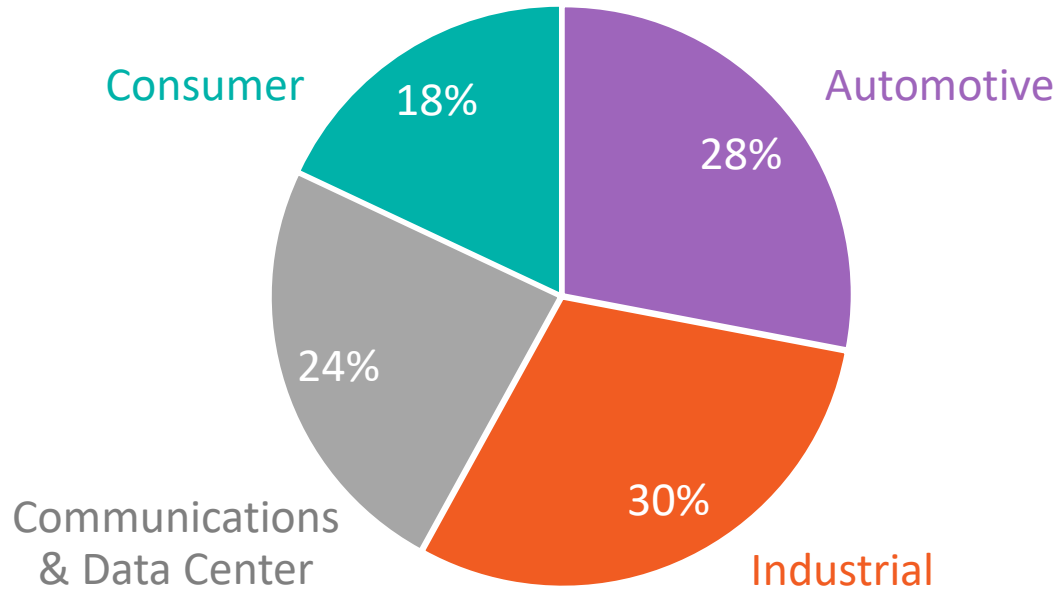


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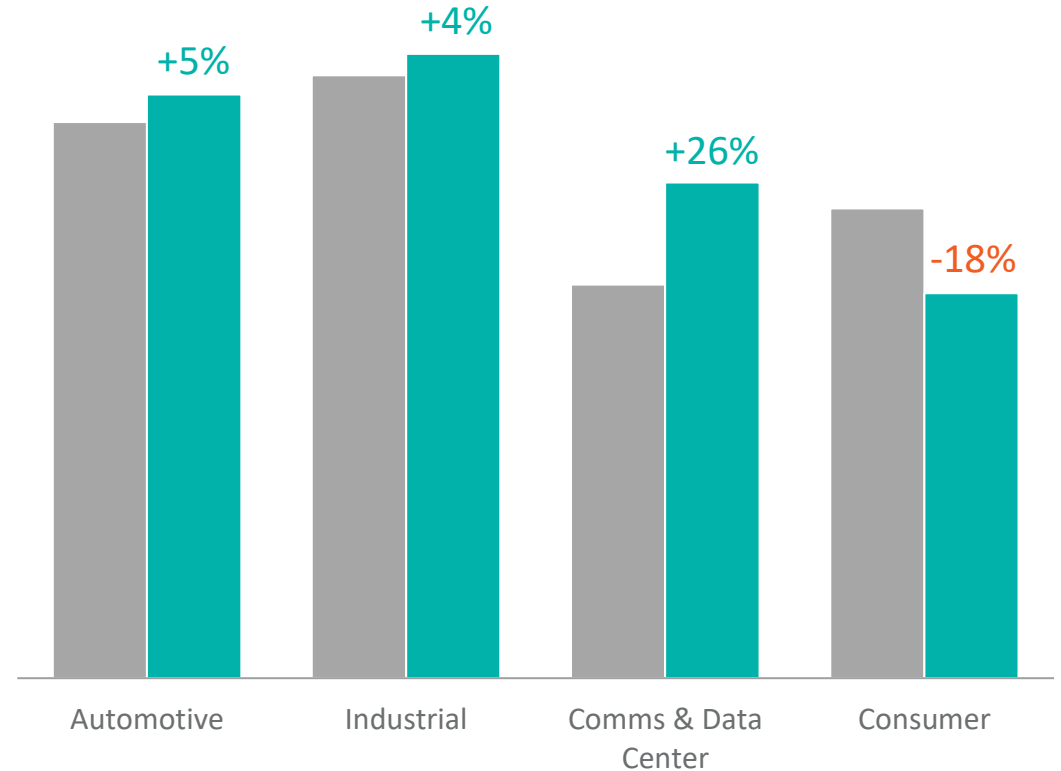
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<sup>3</sup>Free Cash Flow = Cash Flow from Operations – Capital Expenditures; TTM Cash Flow (adjusted) excludes one-time tax payment of \$178M in FY18 Q4

# Fiscal 2020 Third Quarter Results by End Market



FY20 Q3 Revenue: **\$562M**



FY19 Q3 and FY20 Q3 Revenue

Note: Both FY19 Q3 and FY20 Q3 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.

# Fiscal 2020 Fourth Quarter Guidance

	Guidance
Revenue	\$480M – \$540M
Gross Margin	65.5% – 67.5% GAAP excl. Special Items <sup>1</sup> (64.5% – 66.5% GAAP)
Earnings Per Share	\$0.43 – \$0.57 GAAP excl. Special Items <sup>1</sup> (\$0.40 – \$0.54 GAAP)
Gross Capital Expenditures	Target 1 – 3% of revenue

## FY20 Q4 End Market Guidance vs. FY20 Q3

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

*The impact of COVID-19-related manufacturing test capacity constraints are included in guidance as shown above*

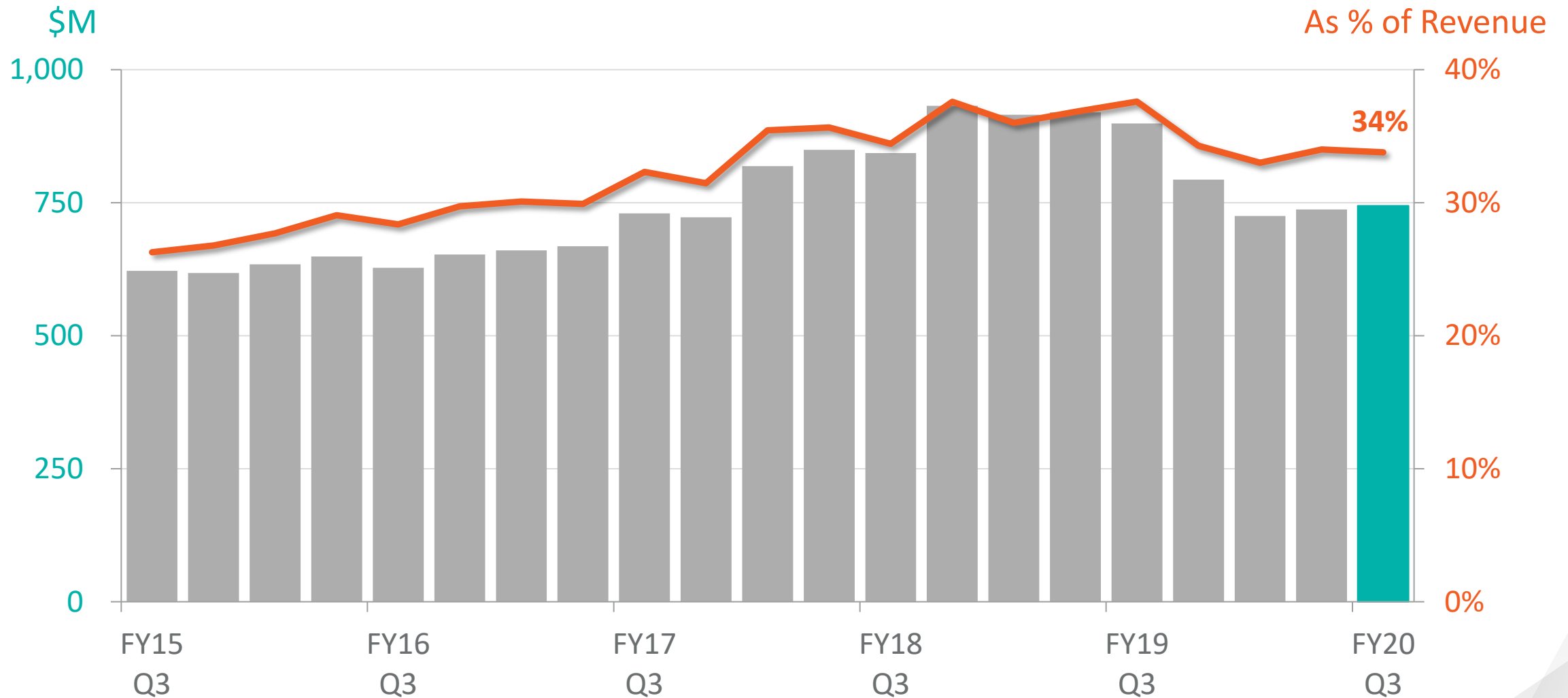
<sup>1</sup>Special Items definition in Appendix

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



# TTM<sup>2</sup> Free Cash Flow<sup>3</sup>

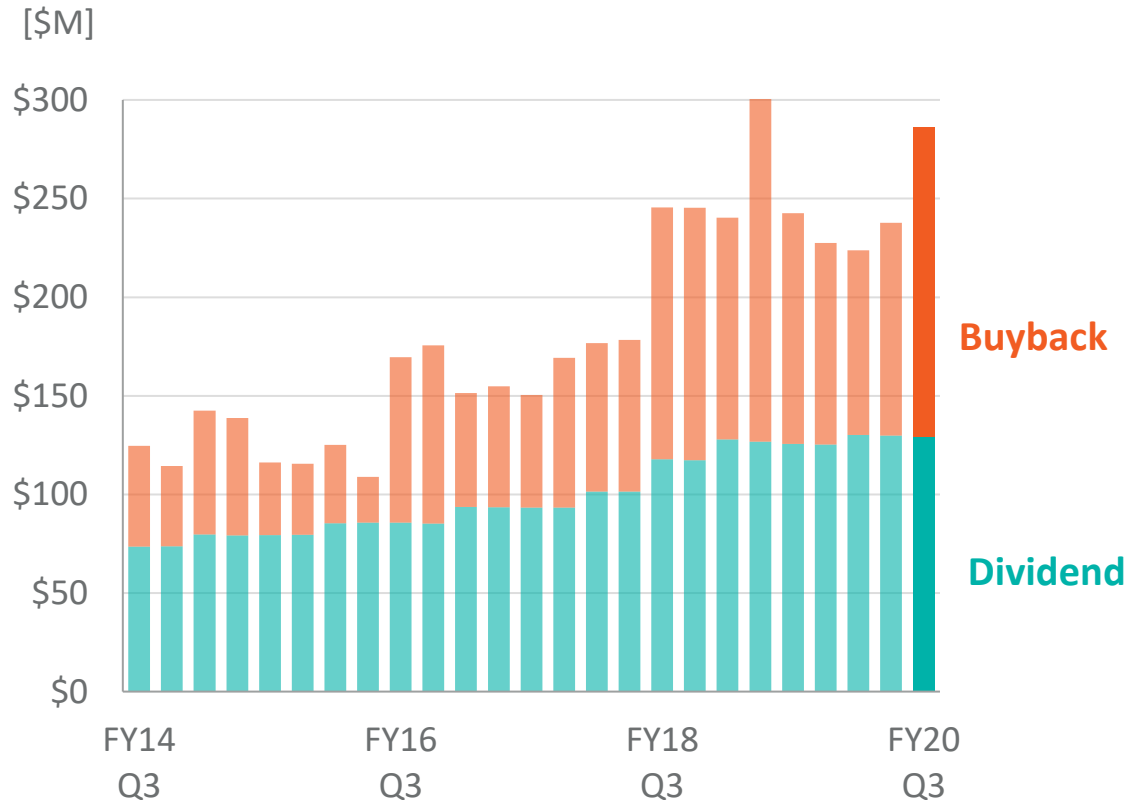


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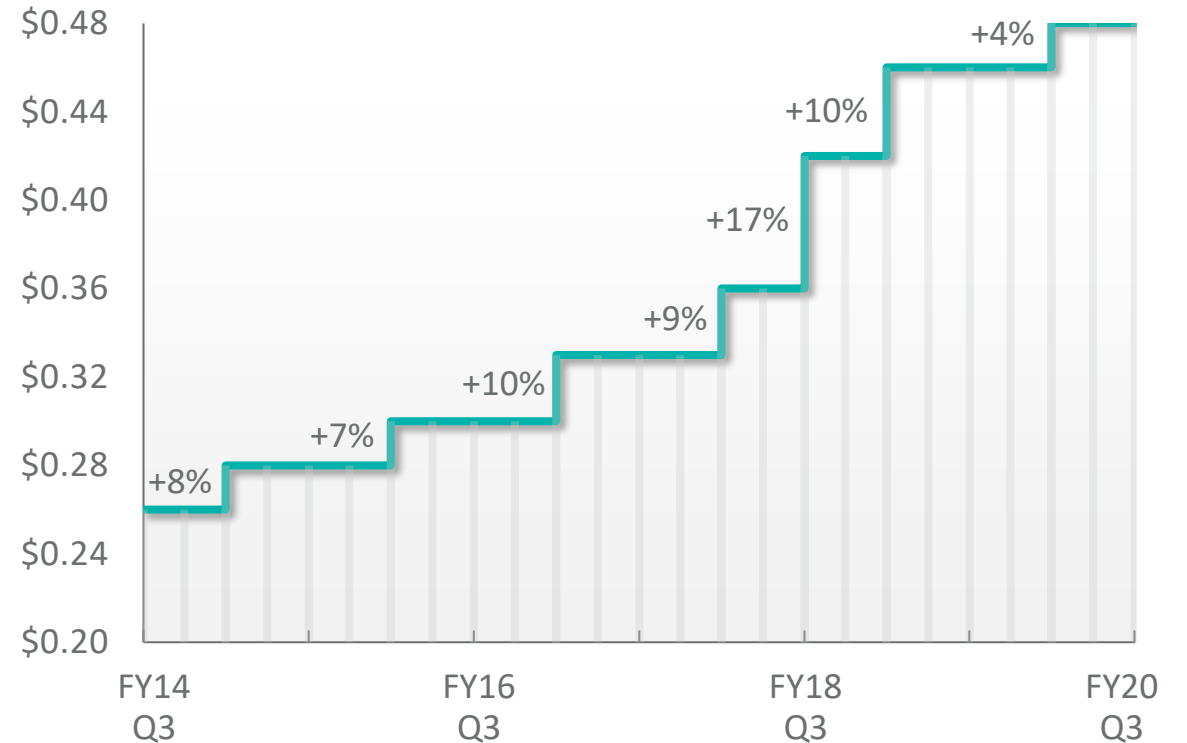
# Return of Cash to Shareholders

## Dividends & Share Buyback



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

## Quarterly Cash Dividend Per Share





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# Appendix

<sup>1</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		
	March 28, 2020	December 28, 2019	March 30, 2019
(in thousands, except per share data)			
<b>Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:</b>			
GAAP Gross profit	\$ 366,437	\$ 360,524	\$ 340,831
GAAP gross profit %	65.2%	65.4%	62.8%
Special items:			
Intangible asset amortization	3,111	3,111	5,008
Cost of COVID-19 response programs	2,025	—	—
Total special items	5,136	3,111	5,008
GAAP gross profit excluding special items	\$ 371,573	\$ 363,635	\$ 345,839
GAAP gross profit % excluding special items	66.1%	66.0%	63.8%
<b>Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:</b>			
GAAP operating expenses	\$ 183,090	\$ 191,468	\$ 183,691
Special items:			
Intangible asset amortization	756	756	756
Severance and restructuring	523	2,728	1,744
Other operating expenses (income), net	1,077 <sup>(1)</sup>	(1)	—
Total special items	2,356	3,483	2,500
GAAP operating expenses excluding special items	\$ 180,734	\$ 187,985	\$ 181,191
<b>Reconciliation of GAAP net income to GAAP net income excluding special items:</b>			
GAAP net income	\$ 161,190	\$ 146,050	\$ 130,613
Special items:			
Intangible asset amortization	3,867	3,867	5,764
Cost of COVID-19 response programs	2,025	—	—
Severance and restructuring	523	2,728	1,744
Other operating expenses (income), net	1,077 <sup>(1)</sup>	(1)	—
Interest and other expense (income), net	(587)	(1,230)	(857)
Total pre-tax special items	6,905	5,364	6,651
Other income tax effects and adjustments <sup>(2)</sup>	(2,101)	317	7,506
Impact of U.S. tax legislation <sup>(3)</sup>	—	—	(1,056)
GAAP net income excluding special items	\$ 165,994	\$ 151,731	\$ 143,714
<b>GAAP net income per share excluding special items:</b>			
Basic	\$0.62	\$0.56	\$0.53
Diluted	\$0.61	\$0.56	\$0.52
<b>Shares used in the calculation of earnings per share excluding special items:</b>			
Basic	269,003	270,330	273,221
Diluted	271,579	273,269	276,610

(1) Includes approximately \$0.5 million of acquisition-related costs and \$0.5 million of cost related to COVID-19 response programs.

(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.