

Fiscal 2018 Second Quarter Results

January 25, 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 24, 2017 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 2018 Second Quarter Results Summary

- Net Revenue of **\$623 million**
- Gross Margin of **67.6%** (excluding special items); **65.8%** (GAAP)
- Earnings Per Share of **\$0.65** (excluding special items); **\$0.27 loss** (GAAP)
- Returned **\$177 million** to shareholders
 - Dividend payout: **\$101 million**
 - Stock repurchases: **\$77 million**
- TTM¹ Free Cash Flow of **\$849 million**, **36%** of TTM revenue

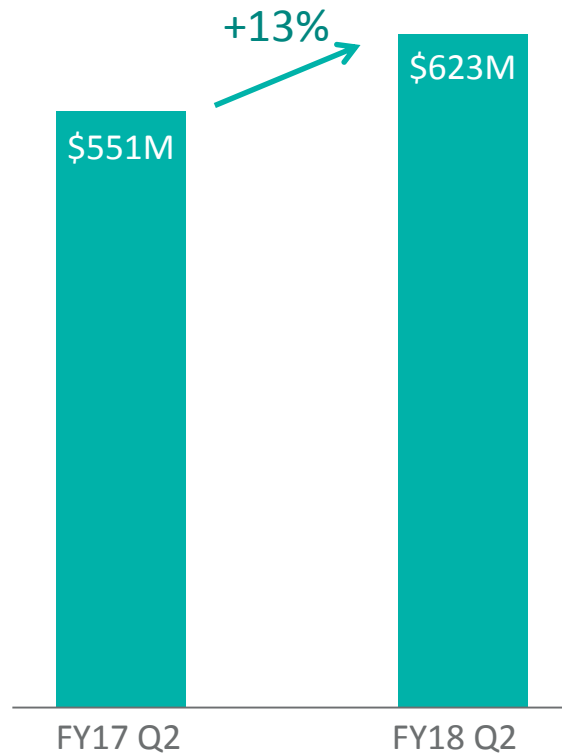
¹TTM: Trailing Twelve Months

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

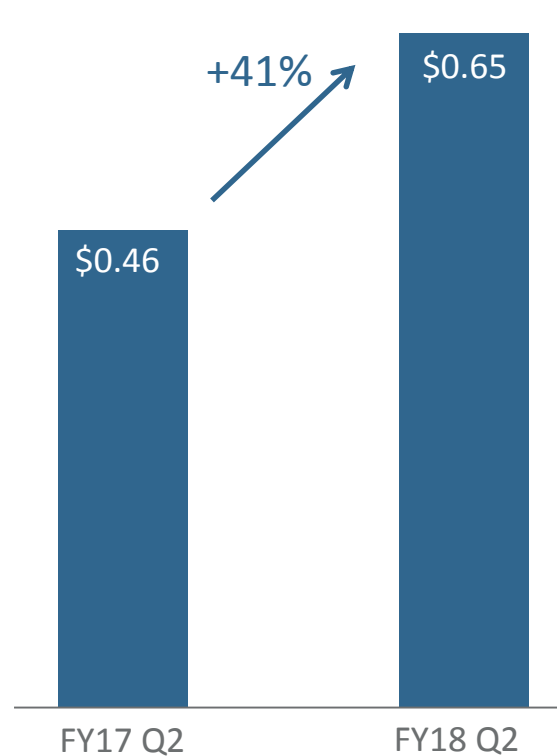
Results and Guidance

Fiscal 2018 Second Quarter Results vs. Last Year

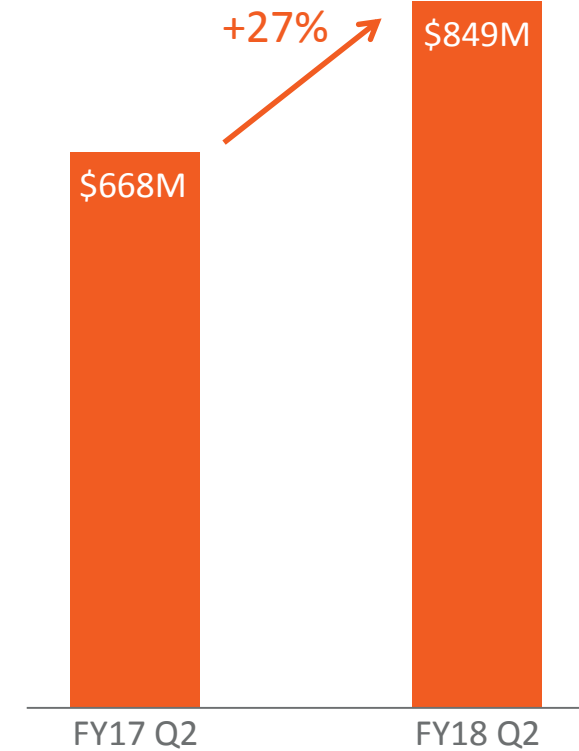
Revenue⁴



Earnings per Share
(Excluding Special Items²)



TTM¹ Free Cash Flow³



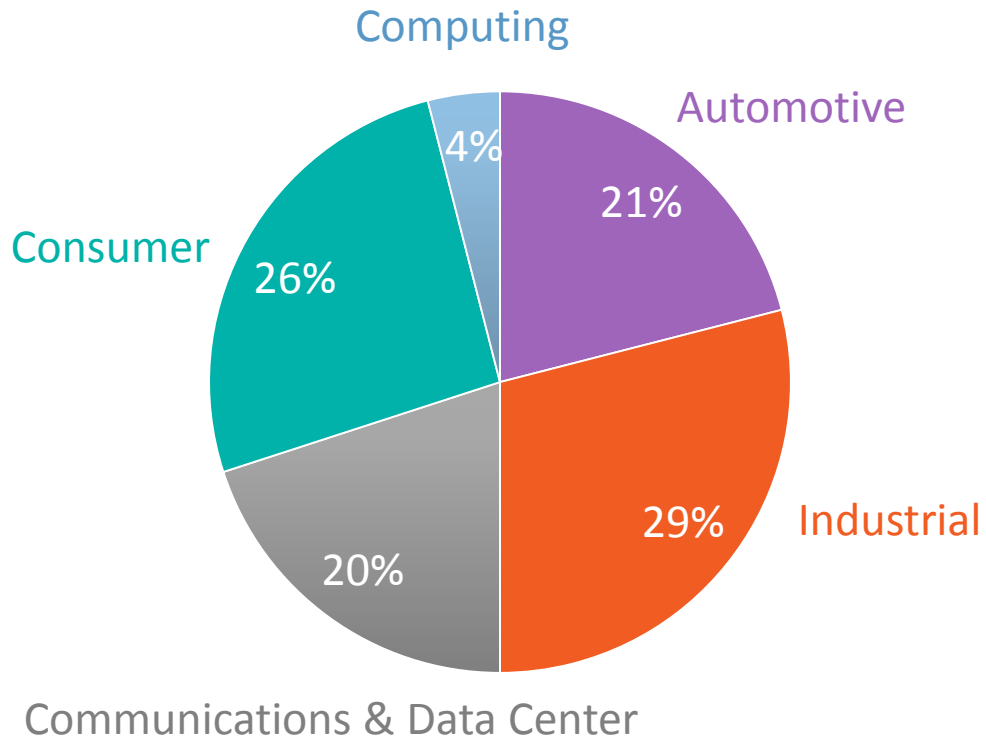
¹TTM: Trailing Twelve Months

²Special Items definition in appendix

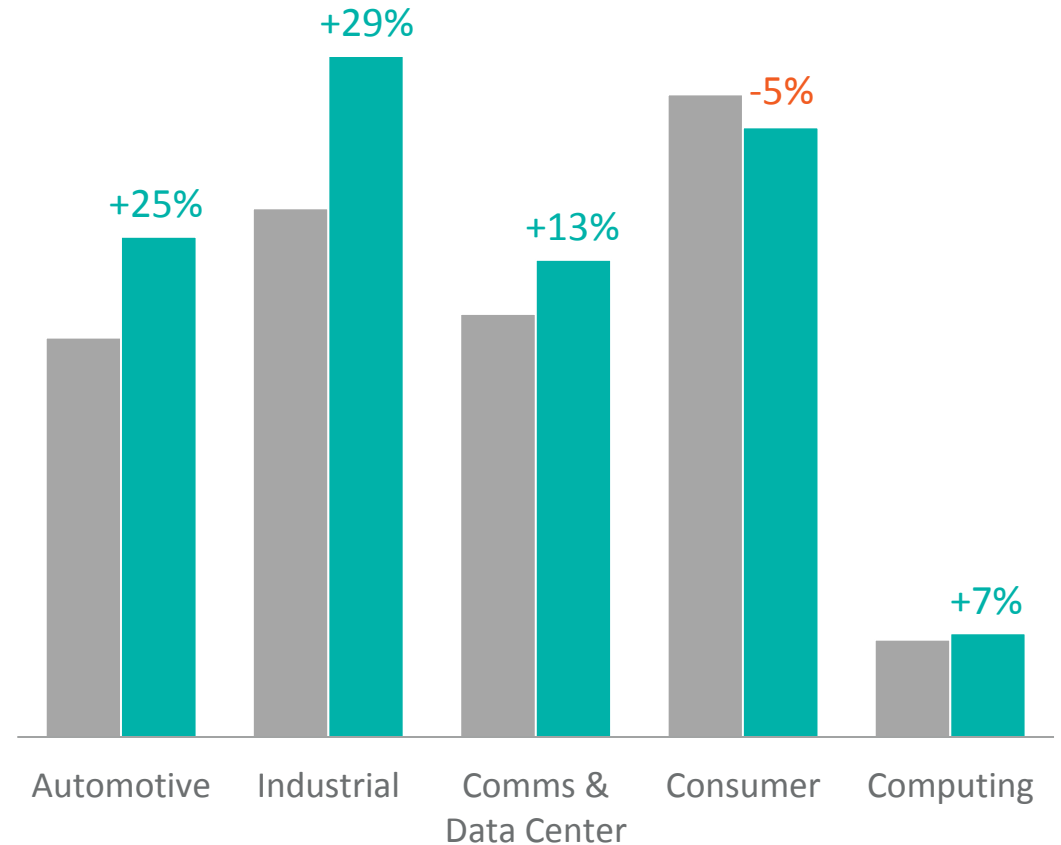
³Free Cash Flow: Cash Flow from Operations – Gross Capital Expenditures

⁴FY18 Q2 revenue includes benefit of sell-in accounting transition and a 14-week quarter

Fiscal 2018 Second Quarter Results by End Market



FY18 Q2 Revenue: **\$623M**



FY17 Q2 and FY18 Q2 Revenue*

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

*FY18 Q2 revenue includes benefit of sell-in accounting transition and a 14-week quarter

Fiscal 2018 Third Quarter Guidance

	Guidance
Revenue	\$620M – \$660M
Gross Margin	66% – 68% GAAP excl. Special Items ² (64% – 66% GAAP)
Earnings Per Share	\$0.66 – \$0.72 GAAP excl. Special Items ² (\$0.63 – \$0.69 GAAP)
Gross Capital Expenditures	Target range of 1 – 3% of revenue

FY18 Q3 End Market Guidance vs. FY18 Q2³

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

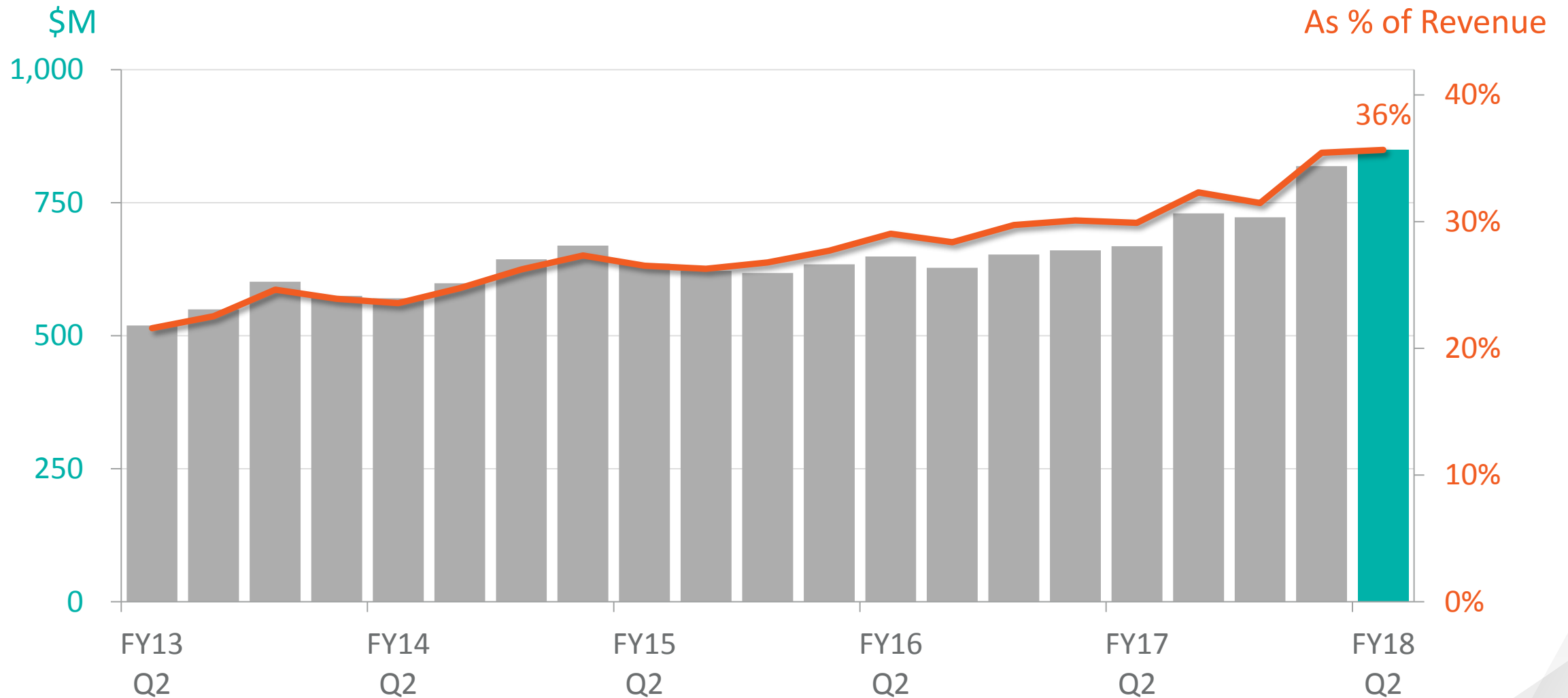
²Special Items definition in Appendix

³Excludes impact of FY18 Q2 revenue for transition to sell-in accounting and 14-week quarter

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

TTM¹ Free Cash Flow

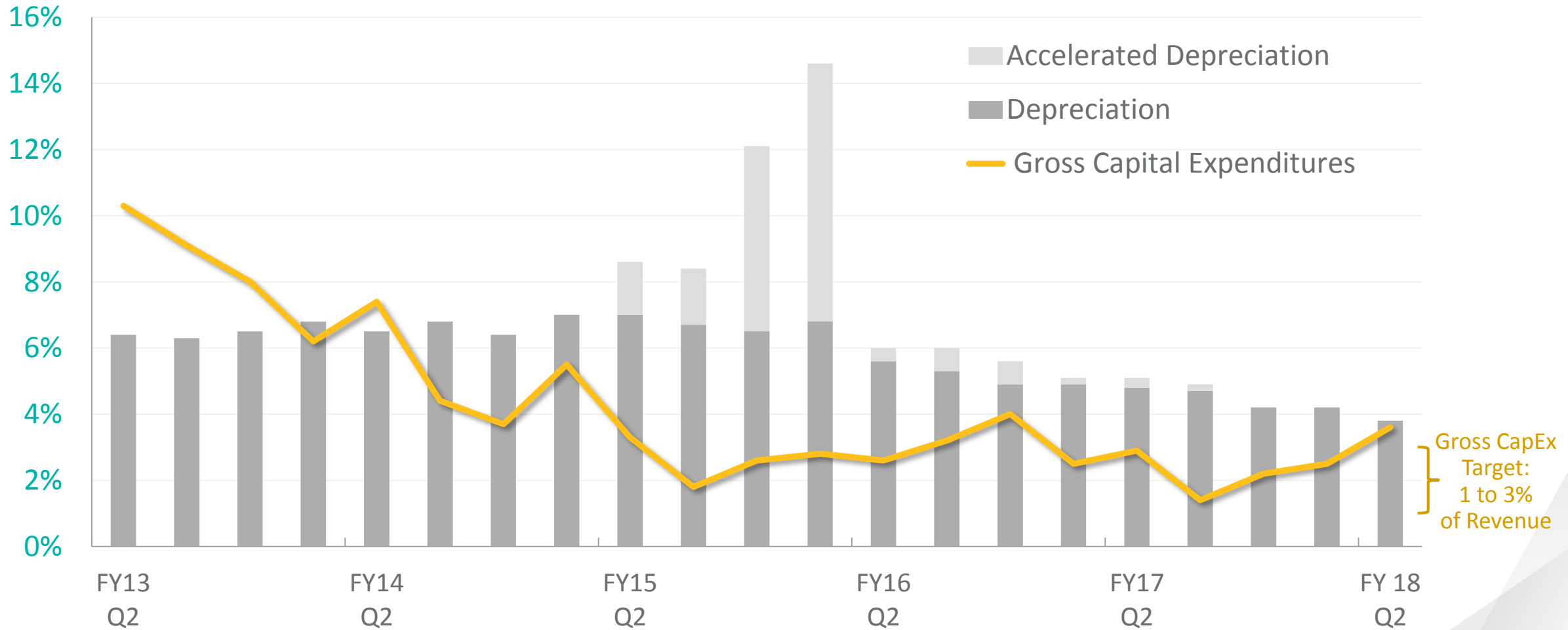


¹TTM: Trailing Twelve Months

Note: Free Cash Flow: Cash from Operations – Gross Capital Expenditures

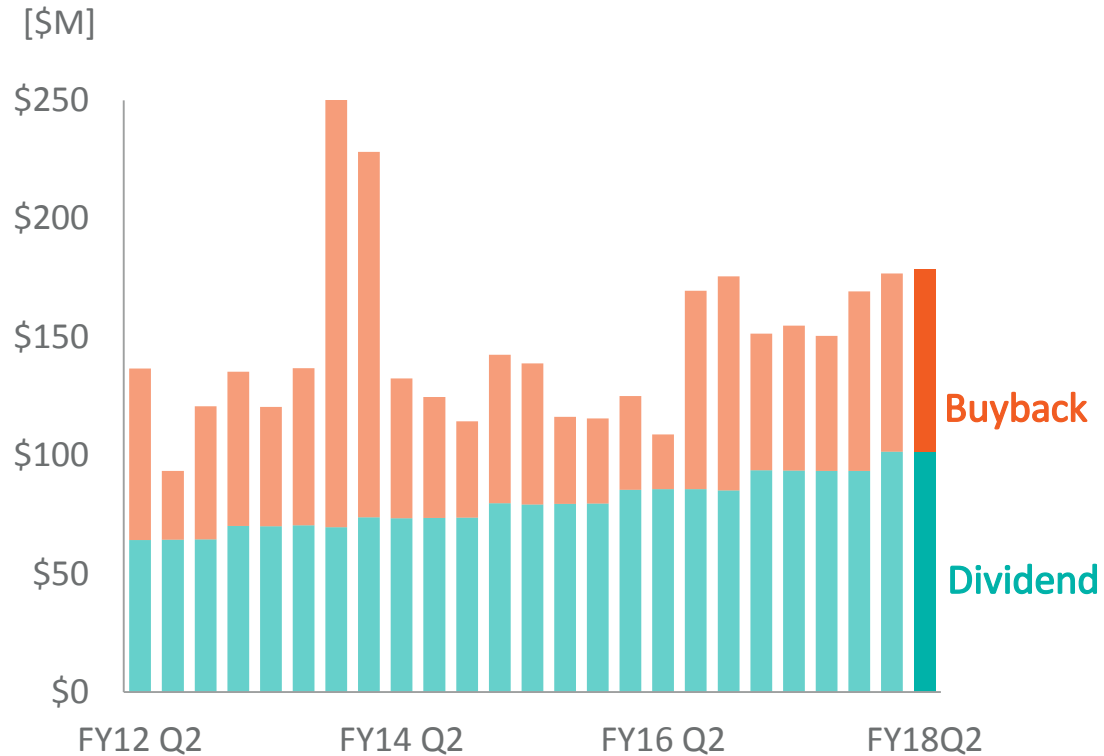
Capital Expenditures vs. Depreciation

% of Revenue



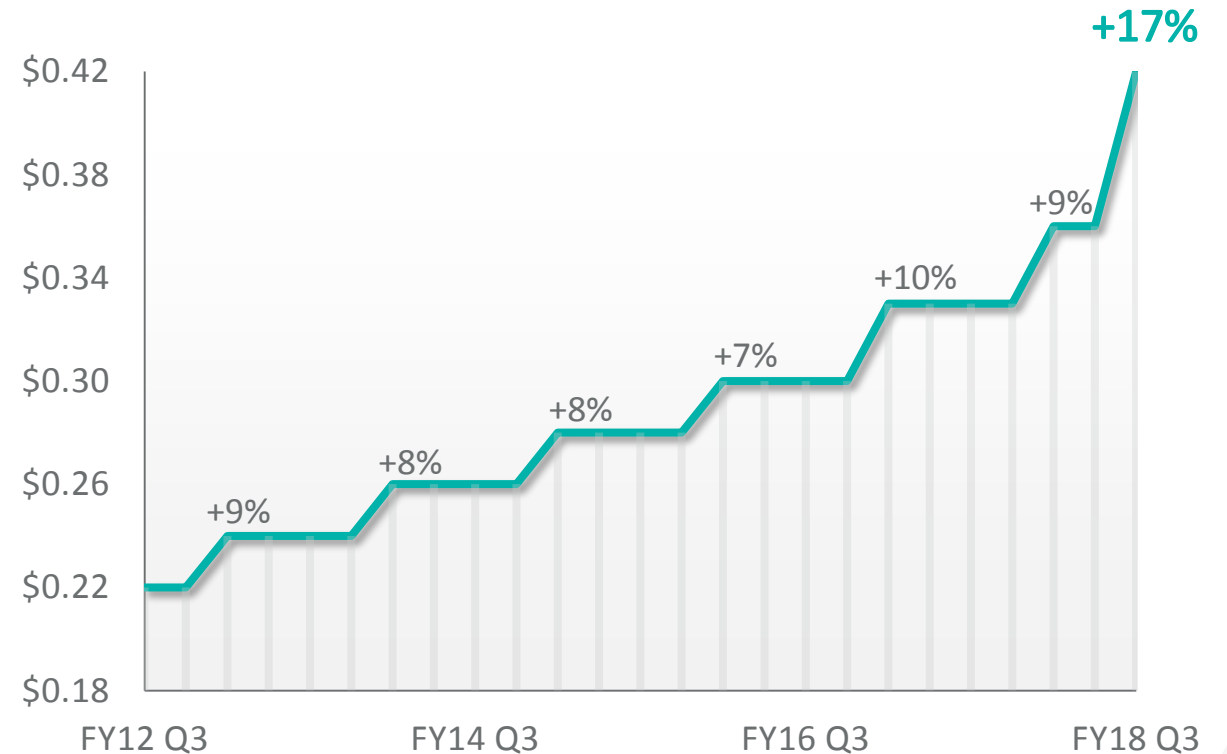
Return of Cash to Shareholders

Dividends & Share Repurchases



Share repurchase increasing in FY18 Q3 to enable 100% of FCF returned to shareholders

Quarterly Cash Dividend Per Share



Quarterly dividend increased to \$0.42 per share in FY18 Q3



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Appendix

²Special 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		
	December 30, 2017	September 23, 2017	December 24, 2016
(in thousands, except per share data)			
Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:			
GAAP gross profit	\$ 409,676	\$ 373,831	\$ 340,178
GAAP gross profit %	65.8%	64.9%	61.7%
Special items:			
Intangible asset amortization	11,139	11,064	11,755
Accelerated depreciation (1)	—	—	1,178
Total special items	<u>11,139</u>	<u>11,064</u>	<u>12,933</u>
GAAP gross profit excluding special items	\$ 420,815	\$ 384,895	\$ 353,111
GAAP gross profit % excluding special items	67.6%	66.9%	64.1%
Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:			
GAAP operating expenses	\$ 208,628	\$ 188,665	\$ 191,104
Special items:			
Intangible asset amortization	995	1,752	2,348
Impairment of long-lived assets (2)	850	42	383
Severance and restructuring	6,523	5,433	864
Other operating expenses (income), net	(959)	(844)	1,909
Total special items	<u>7,409</u>	<u>6,383</u>	<u>5,504</u>
GAAP operating expenses excluding special items	<u>\$ 201,219</u>	<u>\$ 182,282</u>	<u>\$ 185,600</u>
Reconciliation of GAAP net income (loss) to GAAP net income excluding special items:			
GAAP net income (loss)	\$ (75,015)	\$ 154,533	\$ 130,477
Special items:			
Intangible asset amortization	12,134	12,816	14,103
Accelerated depreciation (1)	—	—	1,178
Impairment of long-lived assets (2)	850	42	383
Severance and restructuring	6,523	5,433	864
Other operating expenses (income), net	(959)	(844)	1,909
Interest and other expense (income), net	(119)	(84)	(5,052)
Pre-tax total special items	<u>18,429</u>	<u>17,363</u>	<u>13,385</u>
Other income tax effects and adjustments (3)	(897)	(1,345)	(11,167)
Impact of tax reform	243,550	—	—
GAAP net income excluding special items	<u>\$ 186,067</u>	<u>\$ 170,551</u>	<u>\$ 132,695</u>
GAAP net income per share excluding special items:			
Basic	<u>\$ 0.66</u>	<u>\$ 0.60</u>	<u>\$ 0.47</u>
Diluted	<u>\$ 0.65</u>	<u>\$ 0.60</u>	<u>\$ 0.46</u>
Shares used in the calculation of earnings per share excluding special items:			
Basic	<u>281,560</u>	<u>282,170</u>	<u>283,294</u>
Diluted (4)	<u>286,356</u>	<u>286,437</u>	<u>288,106</u>

(1) Includes building and equipment accelerated depreciation related to the Dallas manufacturing facility during the second quarter of fiscal year 2017.

(2) Includes impairment of investments in privately-held companies and other equipment impairment charges.

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

(4) Shares used in diluted earnings per share excluding special items differs from GAAP loss per share due to net income on a non-GAAP basis.