Microchip 2.0

A Leading Provider of Microcontroller, Mixed-Signal, Analog & Flash-IP Solutions

Steve Sanghi, CEO
Ganesh Moorthy, COO
Eric Bjornholt, CFO

©August 2017
Business Update

- Net sales for Q2FY18 expected to be up 3% sequentially which would drive Microchip’s first one billion dollar net sales quarter.
- Operating profit for Q2FY18 expected to be between 37.5% and 38.25%
- Non GAAP EPS for Q2FY18 expected to be between $1.33 to $1.37 per share.
- Business conditions and backlog continue to be strong. Lead times are long but have stabilized at 4 to 20 weeks.
- We expect significant capacity challenges to persist until the middle of calendar year 2018 until lead times return to normal.
- Long-term non-GAAP financial model is now 62.5% gross margin, 22.5% operating expenses and 40% operating profit.
- Introducing Microchip 2.0- Total system solutions- Smart, connected and Secure.
MICROCHIP 1.0

1. Consistent growth
2. Perennial market share gains
3. High margin business model
4. Shareholder friendly with consistently increasing dividends and free cash flow
5. Successful M&A strategy
Annual Net Sales Growth

107 consecutive quarters of profitability!

- MCU
- Analog
- Memory
- Licensing
- MMO

$ Million

©August 2017
Total MCU (8/16/32) Market Share %
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Renesas</td>
<td>Renesas</td>
<td>Renesas</td>
<td>Renesas</td>
<td>Renesas</td>
<td>Renesas</td>
<td>Renesas</td>
<td>Renesas</td>
</tr>
<tr>
<td>2</td>
<td>Motorola</td>
<td>NEC</td>
<td>NEC</td>
<td>Freescale</td>
<td>Freescale</td>
<td>Freescale</td>
<td>Freescale</td>
<td>NXP</td>
</tr>
<tr>
<td>3</td>
<td>NEC</td>
<td>Freescale</td>
<td>Freescale</td>
<td>Samsung</td>
<td>Infineon</td>
<td>ST-Micro</td>
<td>ST-Micro</td>
<td>Microchip</td>
</tr>
<tr>
<td>4</td>
<td>Matsushita</td>
<td>Infineon</td>
<td>Samsung</td>
<td>Microchip</td>
<td>Microchip</td>
<td>Microchip</td>
<td>Microchip</td>
<td>Microchip</td>
</tr>
<tr>
<td>5</td>
<td>Infineon</td>
<td>Samsung</td>
<td>Microchip</td>
<td>Atmel</td>
<td>ST-Micro</td>
<td>NXP</td>
<td>Infineon</td>
<td>Microchip</td>
</tr>
<tr>
<td>6</td>
<td>Fujitsu</td>
<td>ST-Micro</td>
<td>TI</td>
<td>TI</td>
<td>Infineon</td>
<td>TI</td>
<td>TI</td>
<td>Microchip</td>
</tr>
<tr>
<td>7</td>
<td>Toshiba</td>
<td>TI</td>
<td>Infineon</td>
<td>ST-Micro</td>
<td>Atmel</td>
<td>Infineon</td>
<td>Atmel</td>
<td>Samsung</td>
</tr>
<tr>
<td>8</td>
<td>Microchip</td>
<td>TI</td>
<td>ST-Micro</td>
<td>Fujitsu</td>
<td>Fujitsu</td>
<td>Fujitsu</td>
<td>Spansion</td>
<td>CEC Huada</td>
</tr>
<tr>
<td>9</td>
<td>Samsung</td>
<td>Fujitsu</td>
<td>Fujitsu</td>
<td>Microchip</td>
<td>Microchip</td>
<td>Microchip</td>
<td>Microchip</td>
<td>CEC Huada</td>
</tr>
<tr>
<td>10</td>
<td>ST-Micro</td>
<td>NXP</td>
<td>NXP</td>
<td>Microchip</td>
<td>Microchip</td>
<td>Microchip</td>
<td>Microchip</td>
<td>Toshiba</td>
</tr>
<tr>
<td>11</td>
<td>Atmel</td>
<td>Toshiba</td>
<td>Atmel</td>
<td>Toshiba</td>
<td>Toshiba</td>
<td>Toshiba</td>
<td>Toshiba</td>
<td>Toshiba</td>
</tr>
<tr>
<td>12</td>
<td>TI</td>
<td>Atmel</td>
<td>Toshiba</td>
<td>Denso</td>
<td>Denso</td>
<td>Denso</td>
<td>Denso</td>
<td>Si Labs</td>
</tr>
<tr>
<td>13</td>
<td>Sanyo</td>
<td>Panasonic</td>
<td>Panasonic</td>
<td>Panasonic</td>
<td>Panasonic</td>
<td>Panasonic</td>
<td>Panasonic</td>
<td>SH Fudan</td>
</tr>
<tr>
<td>14</td>
<td>Philips</td>
<td>Denso</td>
<td>Denso</td>
<td>Cypress</td>
<td>Cypress</td>
<td>Cypress</td>
<td>Cypress</td>
<td>Holtek</td>
</tr>
<tr>
<td>15</td>
<td>Intel</td>
<td>Sony</td>
<td>Sony</td>
<td>Datang</td>
<td>Si Labs</td>
<td>Datang</td>
<td>Si Labs</td>
<td>Panasonic</td>
</tr>
<tr>
<td>16</td>
<td>Sony</td>
<td>Cypress</td>
<td>Sony</td>
<td>Datang</td>
<td>Si Labs</td>
<td>JSC Sittronics</td>
<td>CEU-Huada</td>
<td>Tongfang</td>
</tr>
<tr>
<td>17</td>
<td>Micronas</td>
<td>Intel</td>
<td>Datang</td>
<td>JSC Sittronics</td>
<td>CEC Huada</td>
<td>SHIC</td>
<td>Holtek</td>
<td>Unigroup</td>
</tr>
<tr>
<td>18</td>
<td>Oki</td>
<td>Micronas</td>
<td>Intel</td>
<td>Si-Labs</td>
<td>Melfas</td>
<td>Panasonic</td>
<td>SHIC</td>
<td>Maxim</td>
</tr>
<tr>
<td>19</td>
<td>Sunplus</td>
<td>Winbond</td>
<td>Si-Labs</td>
<td>Intel</td>
<td>JSC</td>
<td>INSIDE</td>
<td>Holtek</td>
<td>Nationz</td>
</tr>
<tr>
<td>20</td>
<td>Winbond</td>
<td>Si-Labs</td>
<td>Rohm</td>
<td>INSIDE</td>
<td>Holtek</td>
<td>Holtek</td>
<td>Holtek</td>
<td>Holtek</td>
</tr>
</tbody>
</table>

Based on dollar shipment volume 2003-2016, Source: Gartner and Microchip
Analog Yearly Revenue (k$)
Gross Margin % (Non-GAAP*)

*Excludes share-based compensation and acquisition-related expenses. A reconciliation of our GAAP to non-GAAP results is available at www.microchip.com.
Expanding Our Solutions Through Acquisitions

- **HI-TECH**
  Development Tools
  Compiler

- **Advanced Silicon**
  Motor Drive Products

- **ZeroG**
  Low-Power Embedded Wi-Fi®

- **LSS**
  High-Speed ADCs

- **Roving Networks**
  Bluetooth® & Embedded Wi-Fi®

- **Novocell**
  Non-volatile Memory IP

- **Supertex**
  High-Voltage Analog & Mixed-Signal Products

- **Micrel**
  Analog, mixed-signal, timing & power management

- **Hampshire**
  Touch Screen Controllers

- **ZeroG**
  Low-Power Embedded Wi-Fi®

- **Hampshire**
  Touch Screen Controllers

- **R&E International**
  Security & Life Safety ASICs

- **SST**
  High-Density Flash & IP

- **MMT**
  Assembly & Test Capacity Expansion

- **Ident**
  3D Gesture Capture & Proximity Detect

- **SMSC**
  MOST®, USB, Ethernet, Wireless Audio & PC Controllers

- **EqcoLogic**
  Equalizer & Coaxial Transceiver Products

- **ISSC**
  Bluetooth® Low Energy

- **Atmel**
  Microcontrollers, Wireless, Touch, Automotive, Security & Memory

©August 2017
Be The Very Best Embedded Control Solutions Company Ever

SMART | CONNECTED | SECURE
1. Total System Solution in Embedded Control
2. Leading customer preference to design with our MCUs
3. Multiple growth drivers
4. Record gross margin target with multiple drivers
5. Record low opex target with multiple leverage drivers
6. End market mix skewed to Industrial and Automotive
7. New LT model with industry leading operating profits
1. **Total System Solution in Embedded Control**
2. Leading customer preference to design with our MCUs
3. Multiple growth drivers
4. Record gross margin target with multiple drivers
5. Record low opex target with multiple leverage drivers
6. End market mix skewed to Industrial and Automotive
7. New LT model with industry leading operating profits
Card Reader

- WINC1500 WiFi
- LAN8740A Ethernet PHY
- MIC4690 Sw. Reg
- MIC5209 LDO
- PIC32MZ2048 MCU
- SST26VF032 Flash
- PIC32 Controller Graphics

©August 2017
Laser Printer

- SMSC
- Classic Microchip
- Atmel
- SST

**Customer ASIC**

- **MCP39F501 Energy Meter**
- **PIC16LF1503 Power Rail Controller**
- **PIC10F220 Safety Controller**
- **AT24C01D Serial EEPROM**
- **USB2534 USB Hub**
- **SST25VF040B Flash Memory**
- **MXT144U Capacitive Touch Controller**
- **Panel Touch Display**
- **Heating Element Fuser**
LoRa Gateway

- MIC45205 Power Supply
- SST26VF064 Serial Flash
- MRF24WN WiFi
- MIC5248 LDO
- KSZ8061 Eth Phy
- PIC32MZ2048 MCU
- BM71 Bluetooth
- ATECC508A Crypto
- DSC1001 MEMS Oscillator
- LoRa Radio Gateway PIC24
1. Total System Solution in Embedded Control

2. **Leading customer preference to design with our MCUs**

3. Multiple growth drivers

4. Record gross margin target with multiple drivers

5. Record low opex target with multiple leverage drivers

6. End market mix skewed to Industrial and Automotive

7. New LT model with industry leading operating profits
Which of the following 8-bit chip families would you consider for your next embedded project?

- Atmel AVR: 43% (2017), 34% (2015)
- STMicroelectronics ST6, ST7, ST8: 19% (2017), 18% (2015)
- Freescale HC: 17% (2017), 13% (2015)
- Intel 80xx, '251: 10% (2017), 11% (2015)
- NXP/Philips P80x, P87x, P89x: 13% (2017), 10% (2015)
- Atmel 80xx: 8% (2017), 10% (2015)
- Renesas H8: 12% (2017), 9% (2015)
- Cypress PSoC 1 (M8C) / PSoC 3 (8051): 11% (2017), 9% (2015)
- SiLabs 80xx: 9% (2017), 8% (2015)
- Zilog Z8, Z80, Z180, eZ80: 7% (2017), 4% (2015)
- Parallax: 2% (2017), 2% (2015)
- Toshiba: 1% (2017)
- Infineon XC800, C500: 3% (2017), 2% (2015)
- Maxim 80xx: 2% (2017), 2% (2015)

(EETimes embedded 2017 Embedded Markets Study)
Which of the following 16-bit chip families would you consider for your next embedded project?

- Microchip PIC24 / dsPIC: 45% (2017), 38% (2015)
- TI MSP430: 42% (2017), 43% (2015)
- Freescale HC16: 15% (2017), 19% (2015)
- Renesas RL78: 11% (2017), 12% (2015)
- Freescale HC12: 10% (2017), 12% (2015)
- Renesas R8C: 9% (2017)
- AMD 186, '188: 6% (2017), 5% (2015)
- Zilog Z180, Z380: 5% (2017)
- Maxim: 4% (2017), 5% (2015)
- Infineon XE166, XC2000, XC166, C166: 4% (2017), 6% (2015)
- Other: 3% (2017), 5% (2015)
Which of the following 32-bit chip families would you consider for your next embedded project?

<table>
<thead>
<tr>
<th>Chip Family</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>STMicro STM32 (ARM)</td>
<td>30%</td>
</tr>
<tr>
<td>Microchip PIC 32-bit (MIPS)</td>
<td>20%</td>
</tr>
<tr>
<td>Xilinx Zynq (with dual ARM Cortex-A9)</td>
<td>17%</td>
</tr>
<tr>
<td>Freescale i.MX (ARM)</td>
<td>17%</td>
</tr>
<tr>
<td>NXP LPC (ARM)</td>
<td>16%</td>
</tr>
<tr>
<td>FreescaleKinetis (ARM/Cortex-M4/M0)</td>
<td>16%</td>
</tr>
<tr>
<td>Atmel SAMxx (ARM)</td>
<td>14%</td>
</tr>
<tr>
<td>TI Sitara (ARM)</td>
<td>14%</td>
</tr>
<tr>
<td>Intel Atom, Pentium, Celeron, Core 2, Core iX</td>
<td>13%</td>
</tr>
<tr>
<td>Altera (Intel FPGA) SoC-FPGA (with dual ARM Cortex-A9)</td>
<td>12%</td>
</tr>
<tr>
<td>Arduino</td>
<td>12%</td>
</tr>
<tr>
<td>Altera (Intel FPGA) Nios II (soft core)</td>
<td>11%</td>
</tr>
<tr>
<td>TI SimpleLink (ARM)*</td>
<td>11%</td>
</tr>
<tr>
<td>TI TM4Cx (ARM)</td>
<td>11%</td>
</tr>
<tr>
<td>Atmel (AVR32)</td>
<td>11%</td>
</tr>
<tr>
<td>Atmel AT91xx/ATSAMxx (ARM)</td>
<td>10%</td>
</tr>
<tr>
<td>Cypress PSOC 4 ARM Cortex-M0/PSoc 5 ARM Cortex-M3</td>
<td>9%</td>
</tr>
<tr>
<td>Renesas RX</td>
<td>8%</td>
</tr>
<tr>
<td>Broadcom (any)</td>
<td>8%</td>
</tr>
<tr>
<td>TI C2000 MCUs</td>
<td>7%</td>
</tr>
<tr>
<td>Xilinx MicroBlaze (soft-core)</td>
<td>7%</td>
</tr>
<tr>
<td>NVIDIA Tegra</td>
<td>6%</td>
</tr>
<tr>
<td>TI Hercules (ARM)</td>
<td>6%</td>
</tr>
<tr>
<td>SiLABS Precision32 (ARM)</td>
<td>5%</td>
</tr>
<tr>
<td>Qualcomm (any)</td>
<td>5%</td>
</tr>
<tr>
<td>Energy Micro EFM32</td>
<td>4%</td>
</tr>
<tr>
<td>Microsemi SmartFusion2 SoC FPGA (Cortex-M3)</td>
<td>4%</td>
</tr>
<tr>
<td>Infineon XMC4000 (ARM)</td>
<td>4%</td>
</tr>
<tr>
<td>AMD Fusion, Athlon, Sempron, Turion, Opteron, Geode</td>
<td>4%</td>
</tr>
<tr>
<td>Atmel AT91xx</td>
<td>4%</td>
</tr>
<tr>
<td>Freescale PowerQUICC</td>
<td>4%</td>
</tr>
<tr>
<td>Renesas RH850</td>
<td>4%</td>
</tr>
<tr>
<td>Freescale PowerPC 55xx</td>
<td>4%</td>
</tr>
<tr>
<td>Microsemi FPGA (Cortex-M1, softcore)</td>
<td>3%</td>
</tr>
<tr>
<td>Freescale PowerPC 5xx, 6xx</td>
<td>3%</td>
</tr>
<tr>
<td>Intel Itanium</td>
<td>3%</td>
</tr>
<tr>
<td>Freescale Vybrid (ARM)</td>
<td>3%</td>
</tr>
<tr>
<td>Freescale 68K, ColdFire</td>
<td>2%</td>
</tr>
<tr>
<td>Microsemi SmartFusion SoC FPGA (Cortex-M3)</td>
<td>2%</td>
</tr>
<tr>
<td>IBM PowerPC 4xx, 7xx</td>
<td>2%</td>
</tr>
<tr>
<td>Infineon XMC1000 (ARM Cortex-M0)</td>
<td>2%</td>
</tr>
<tr>
<td>Marvell</td>
<td>2%</td>
</tr>
<tr>
<td>Infineon Tricore</td>
<td>2%</td>
</tr>
<tr>
<td>Xilinx Virtex-5 (with PowerPC 405)</td>
<td>2%</td>
</tr>
<tr>
<td>Infineon AURIX (TriCore-based)</td>
<td>1%</td>
</tr>
<tr>
<td>Cirrus Logic EP73xx, EP93xx (ARM)</td>
<td>1%</td>
</tr>
<tr>
<td>AMD Alchemy (MIPS)</td>
<td>1%</td>
</tr>
<tr>
<td>SPARC (any)</td>
<td>1%</td>
</tr>
<tr>
<td>Xilinx Virtex-4 (with PowerPC 405)</td>
<td>1%</td>
</tr>
<tr>
<td>Spansion (formerly Fujitsu) FM3 (ARM)</td>
<td>1%</td>
</tr>
<tr>
<td>Infineon TriCore</td>
<td>1%</td>
</tr>
<tr>
<td>Infineon TriCore-based 32-bit families AUDO MAX</td>
<td>1%</td>
</tr>
<tr>
<td>AMCC PowerPC 4xx</td>
<td>1%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>4%</td>
</tr>
</tbody>
</table>
What’s most important when choosing a microprocessor?

- The chip itself: 25% (2017), 26% (2015), 27% (2014)
- The ecosystem surrounding the chip (software, tools, support, etc.): 68% (2017), 67% (2015), 65% (2014)
- The chip's supplier/vendor: 7% (2017), 8% (2015), 8% (2014)

Which vendor has the best ecosystem for your needs?

- Microchip or Atmel (Microchip): 14%
- Texas Instruments (TI): 14%
- ST Microelectronics: 11%
- NXP/Freescale/Qualcomm: 11%
- Xilinx: 5%
- Intel, Intel Altera: 5%
- ARM: 4%
- Digi-Key: 4%
- Cypress Semiconductor: 2%
- Renesas: 2%
- Arrow: 2%
- Silicon Labs: 2%

2017 (N = 328) Unaided
Multiple Growth Drivers

1. Microcontroller market growth and share gains
2. Analog growth and attach opportunity
3. Wireless and Wired Connectivity – IoT
4. Security
5. Automotive Networking, HMI, Access Control, Lighting and Body Electronics
6. Technology licensing
Gross Margin Drivers

1. Increasing Fab utilization
2. Savings from Micrel Fab closure
3. Increasing back end plants utilization
4. Porting Atmel products to Microchip assembly/test technology
5. Transfer of Micrel and Atmel’s U.S. test areas to Thailand
6. Stable to rising pricing environment
7. Richening product mix
Operating expense leverage drivers

1. Synergy in roadmaps on MCU, analog, wireless and memory
2. Convergence of Microchip and Atmel to common process technology platforms
3. Synergy in common development of IP libraries
4. Synergy in development of tools ecosystem
5. Synergy in marketing - trade shows, technical conferences, website, training
6. Lower incremental opex for sales growth
~ $4.6B Returned To Shareholders

~ $3.2B in dividends and ~$1.4B in share buy-backs!
Revenue by End Market

- Industrial: 35%
- Automotive: 25%
- Consumer: 24%
- Computing: 9%
- Communication: 5%
- Defense & Aerospace: 2%
Industrial
(35% of Sales)
Automotive

(25% of sales)
Consumer
(24% of sales)
Computing
(9% of sales)
Communications
(5% of sales)
Defense and Aerospace
(2% of sales)
## Financial Results, Guidance and Long-Term Model

### Actual Results

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY17</th>
<th>Q2 FY17</th>
<th>Q3 FY17</th>
<th>Q4 FY17</th>
<th>Q1 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>$844.0</td>
<td>$873.8</td>
<td>$881.2</td>
<td>$902.7</td>
<td>$972.1</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$471.1</td>
<td>$499.9</td>
<td>$509.7</td>
<td>$534.7</td>
<td>$587.2</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>55.8%</td>
<td>57.2%</td>
<td>57.8%</td>
<td>59.2%</td>
<td>60.4%</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>$240.0</td>
<td>$233.6</td>
<td>$220.6</td>
<td>$213.6</td>
<td>$222.9</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$231.1</td>
<td>$266.3</td>
<td>$289.1</td>
<td>$321.2</td>
<td>$364.3</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>27.4%</td>
<td>30.5%</td>
<td>32.8%</td>
<td>35.6%</td>
<td>37.5%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$194.0</td>
<td>$219.6</td>
<td>$246.5</td>
<td>$276.9</td>
<td>$319.1</td>
</tr>
<tr>
<td><strong>Diluted EPS</strong></td>
<td>$0.84</td>
<td>$0.94</td>
<td>$1.05</td>
<td>$1.16</td>
<td>$1.31</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$264.1</td>
<td>$298.8</td>
<td>$321.3</td>
<td>$356.5</td>
<td>$395.6</td>
</tr>
</tbody>
</table>

### Q2 FY18 Guidance

- **Net Sales**: $1,001.3
- **Gross Margin %**: 60.5% - 60.75%
- **Operating Expense**: 22.5% to 23%
- **Operating Margin**: 37.5% to 38.25%
- **Diluted EPS**: $1.33 - $1.37

### Long Term Model

- **Revenue Growth**: 7% - 9%
- **Gross Margin**: 62.5%
- **Operating Expense**: 22.5%
- **Operating Margin**: 40.0%

Microchip does not utilize a GAAP long-term model. All figures in long-term model are non-GAAP. Excludes share-based compensation, acquisition related charges, non-recurring items. A reconciliation of our GAAP to non-GAAP results is available at www.microchip.com.
Non-GAAP Net Sales

$0, $250,000, $500,000, $750,000, $1,000,000, $1,250,000, $1,500,000, $1,750,000, $2,000,000, $2,250,000, $2,500,000, $2,750,000, $3,000,000, $3,250,000, $3,500,000, $3,750,000, $4,000,000

FY09, FY10, FY11, FY12, FY13, FY14, FY15, FY16, FY17, *RR FY18

17.6% CAGR

* Run rate for FY18 represent Q1 FY18 actual results multiplied by four
Non-GAAP Gross Profit

$0
$250,000
$500,000
$750,000
$1,000,000
$1,250,000
$1,500,000
$1,750,000
$2,000,000
$2,250,000
$2,500,000

FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
*RR FY18

18.2% CAGR

* Run rate for FY18 represent Q1 FY18 actual results multiplied by four
Non-GAAP Operating Income

- FY09: $250,000
- FY10: $500,000
- FY11: $750,000
- FY12: $1,000,000
- FY13: $1,250,000
- FY14: $1,500,000
- FY15: $1,000,000
- FY16: $500,000
- FY17: $250,000
- FY18: $0

20.4% CAGR

*Run rate for FY18 represent Q1 FY18 actual results multiplied by four.
Non-GAAP Net Income and Diluted EPS Growth

* Run rate for FY18 represent Q1 FY18 actual results multiplied by four

©August 2017
Free Cash Flow as a % of Sales

* Run rate for FY18 represent Q1 FY18 actual results multiplied by four. Free cash flow = operating cash flow minus capital expenditures.
EBITDA

**$0**

FY09  FY10  FY11  FY12  FY13  FY14  FY15  FY16  FY17  ***RR FY18**

$250,000  $250,000  $500,000  $500,000  $750,000  $750,000  $1,000,000  $1,000,000  $1,250,000  $1,750,000

17.6% CAGR

* Run rate for FY18 represent Q1 FY18 actual results multiplied by four
EBITDA and Net Leverage

*EBITDA as calculated in accordance with Microchip’s Credit Facility. Net leverage excludes 2037 convertible debt, consistent with Credit Facility.
Summary

● A consistent revenue grower and market share gainer with multiple growth drivers
● High margin business model and shareholder friendly
● Currently strong business conditions with September quarter revenue guidance expected to be up approximately 3% sequentially and 14.6% year-over-year
● Significant capacity challenges to persist through the middle of calendar year 2018 before lead times are normal.
● Premium long-term non-GAAP financial model to 62.5% gross margin, 22.5% operating expenses and 40% operating income.
● Executing on Microchip 2.0- Total system solutions- Smart, connected and Secure.
Thank You!