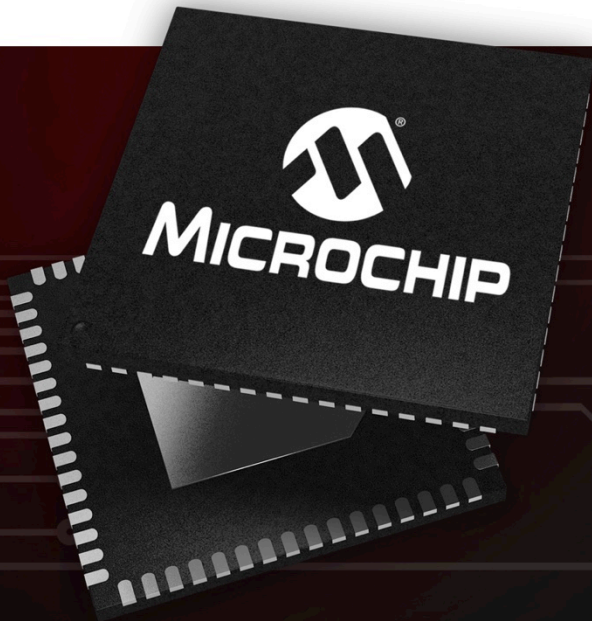


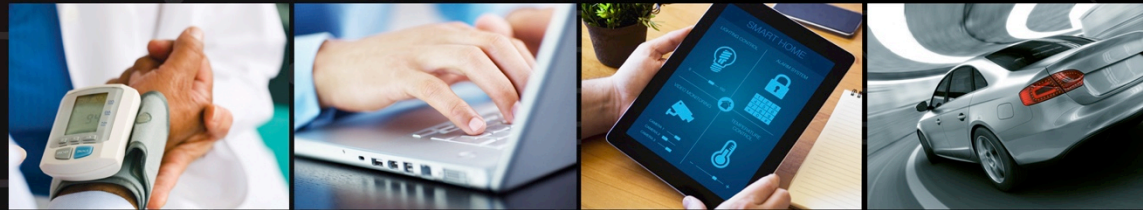


MICROCHIP

Microchip 2.0



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



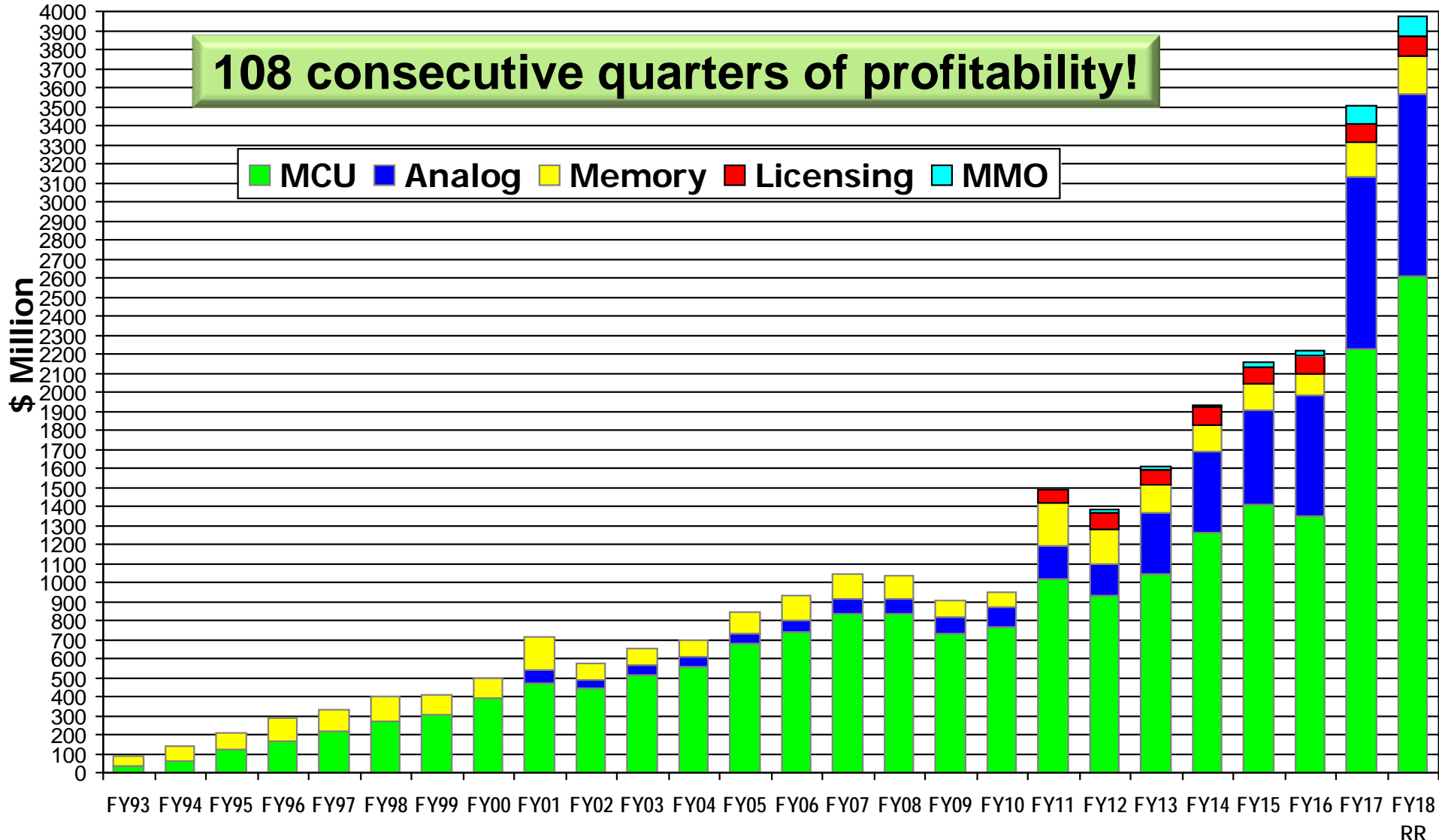
Steve Sanghi, CEO
Ganesh Moorthy, COO
Eric Bjornholt, CFO

Business Update

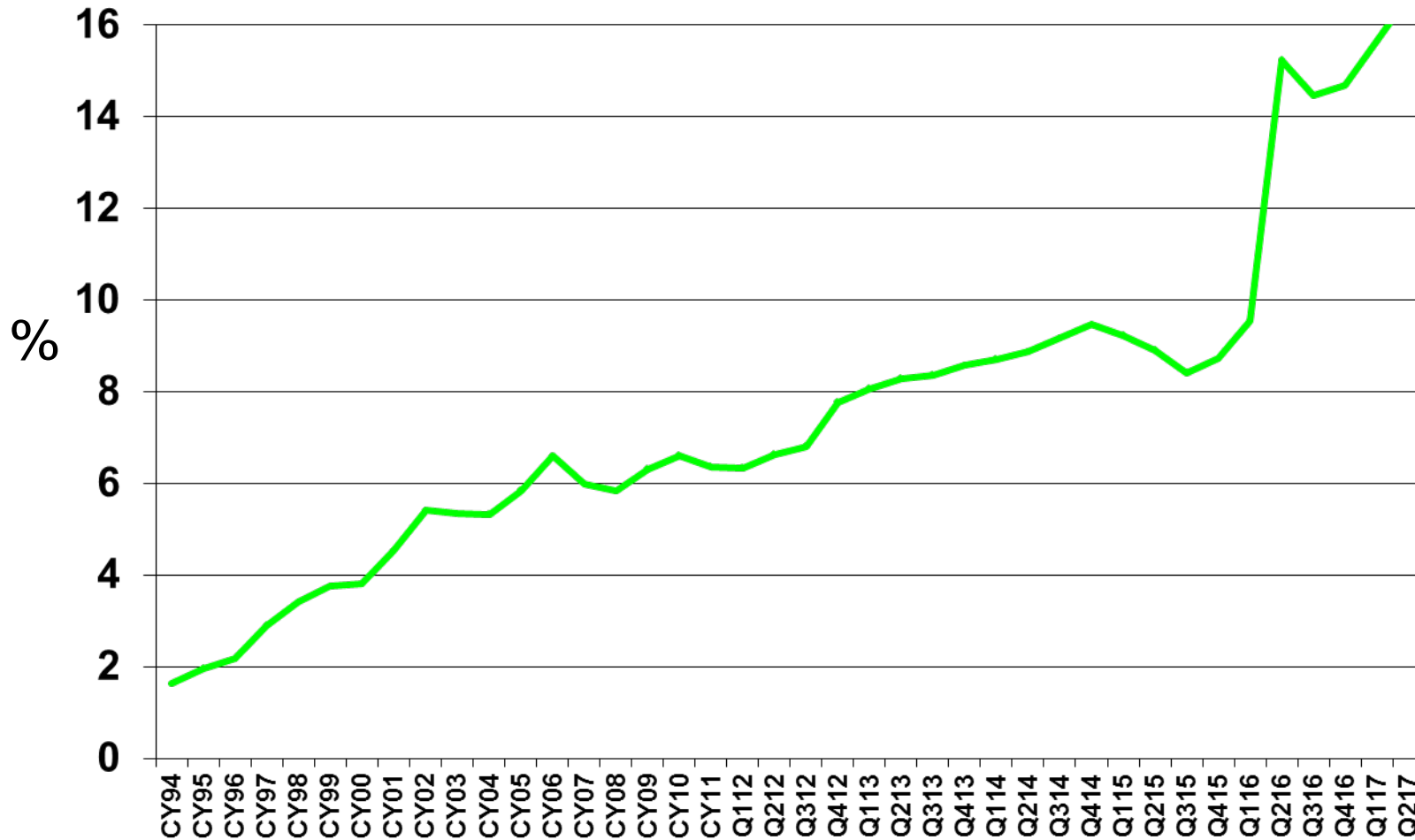
- **Net sales for Q3FY18 expected to be flat to down 4%**
- **Operating profit for Q3FY18 expected to be between 38.4% and 39.2%**
- **Non GAAP EPS for Q3FY18 expected to be between \$1.30 to \$1.40 per share**
- **Due to our capacity investment efforts, Microchip's inventory position is improving resulting in a reduction in lead times for many products. Overall lead times continue to be in a range of 4 to 20 weeks**
- **We do not expect for all of our longer lead time challenges to be corrected until the middle of calendar year 2018**
- **Long-term non-GAAP financial model is now 62.5% gross margin, 22.5% operating expenses and 40% operating profit**
- **Continuing with Microchip 2.0 - Total system solutions - Smart, connected and Secure**

- 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



Total MCU (8/16/32) Market Share %

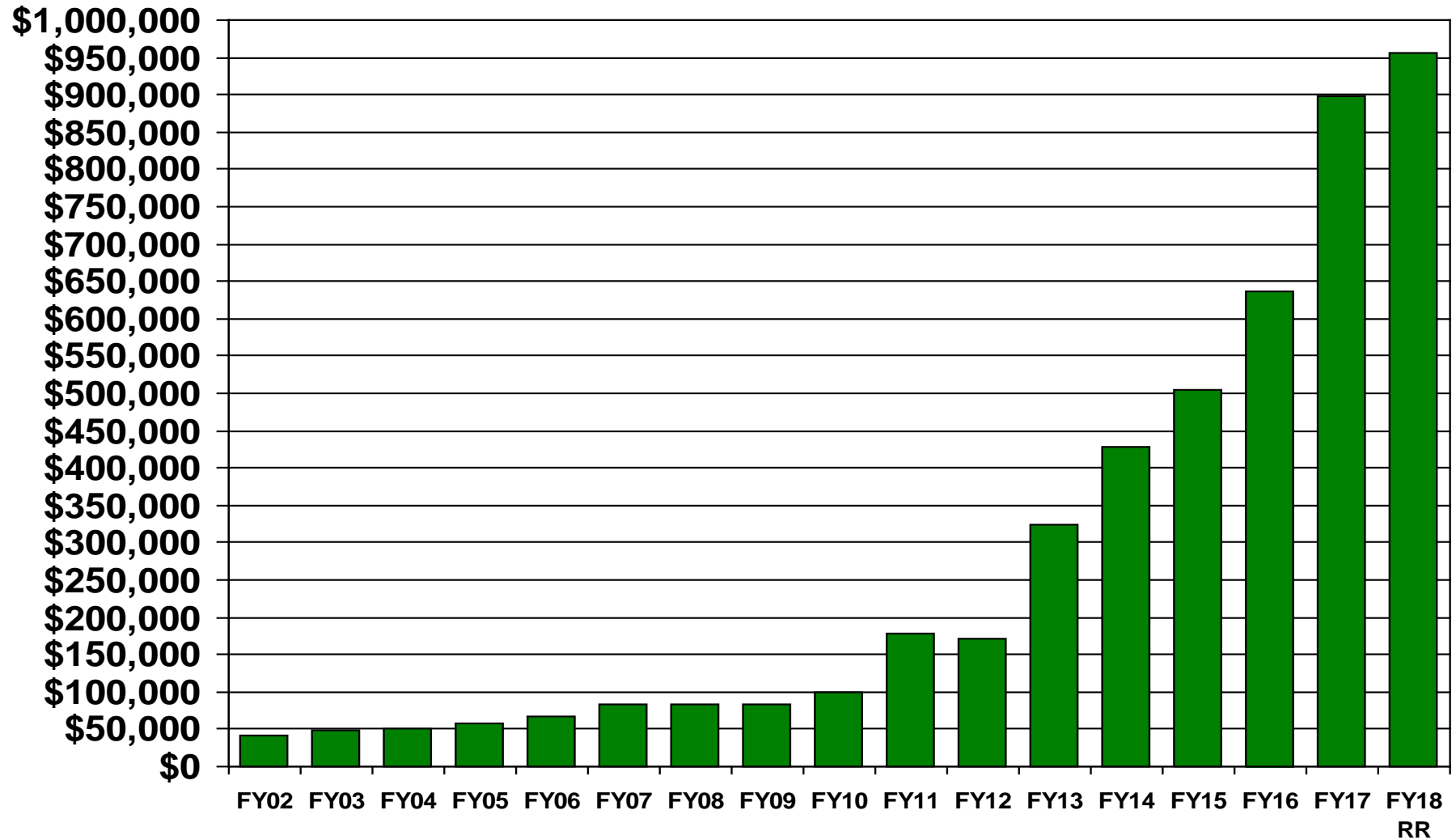


Worldwide Microcontroller Market Share

<u>No.</u>	<u>2003 Rank</u>	<u>2008 Rank</u>	<u>2009 Rank</u>	<u>2010 Rank</u>	<u>2012 Rank</u>	<u>2014 Rank</u>	<u>2015 Rank</u>	<u>2016 Rank</u>
1	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas
2	Motorola	NEC	NEC	Freescall	Freescall	Freescall	NXP	NXP
3	NEC	Freescall	Freescall	Samsung	Infineon	ST-Micro	ST-Micro	Microchip
4	Matsushita	Infineon	Samsung	Microchip	Microchip	Microchip	Microchip	ST-Micro
5	Infineon	Samsung	Microchip	Atmel	ST-Micro	NXP	Infineon	TI
6	Fujitsu	Microchip	TI	TI	TI	TI	TI	Infineon
7	Toshiba	ST-Micro	Infineon	Infineon	Atmel	Infineon	Atmel	Cypress
8	Microchip	TI	ST-Micro	ST-Micro	NXP	Atmel	Cypress	Samsung
9	Samsung	Fujitsu	Fujitsu	Fujitsu	Fujitsu	Spansion	Samsung	CEC Huada
10	ST-Micro	NXP	NXP	NXP	Samsung	Samsung	CEC Huada	Toshiba
11	Atmel	Toshina	Atmel	Toshiba	Toshiba	Cypress	Datang	Si Labs
12	TI	Atmel	Toshiba	Denso	Cypress	Toshiba	Toshiba	Denso
13	Sanyo	Panasonic	Panasonic	Cypress	Denso	Denso	Denso	Datang
14	Philips	Denso	Denso	Panasonic	Panasonic	Datang	Si Labs	SH Fudan
15	Intel	Sony	Cypress	Sony	Sony	Si Labs	SHIC	Panasonic
16	Sony	Cypress	Sony	Datang	Si Labs	CEU-Huada	Tongfang	Holtek
17	Micronas	Intel	Datang	JSC Sitronics	CEC Huada	Panasonic	Panasonic	Nuvoton
18	Oki	Micronas	Intel	Si-Labs	Melfas	SHIC	Holtek	Unigroup
19	Sunplus	Winbond	Si-Labs	Intel	JSC	Tongfang	Winbond	Maxim
20	Winbond	Si-Labs	Rohm		INSIDE	Holtek		Nationz

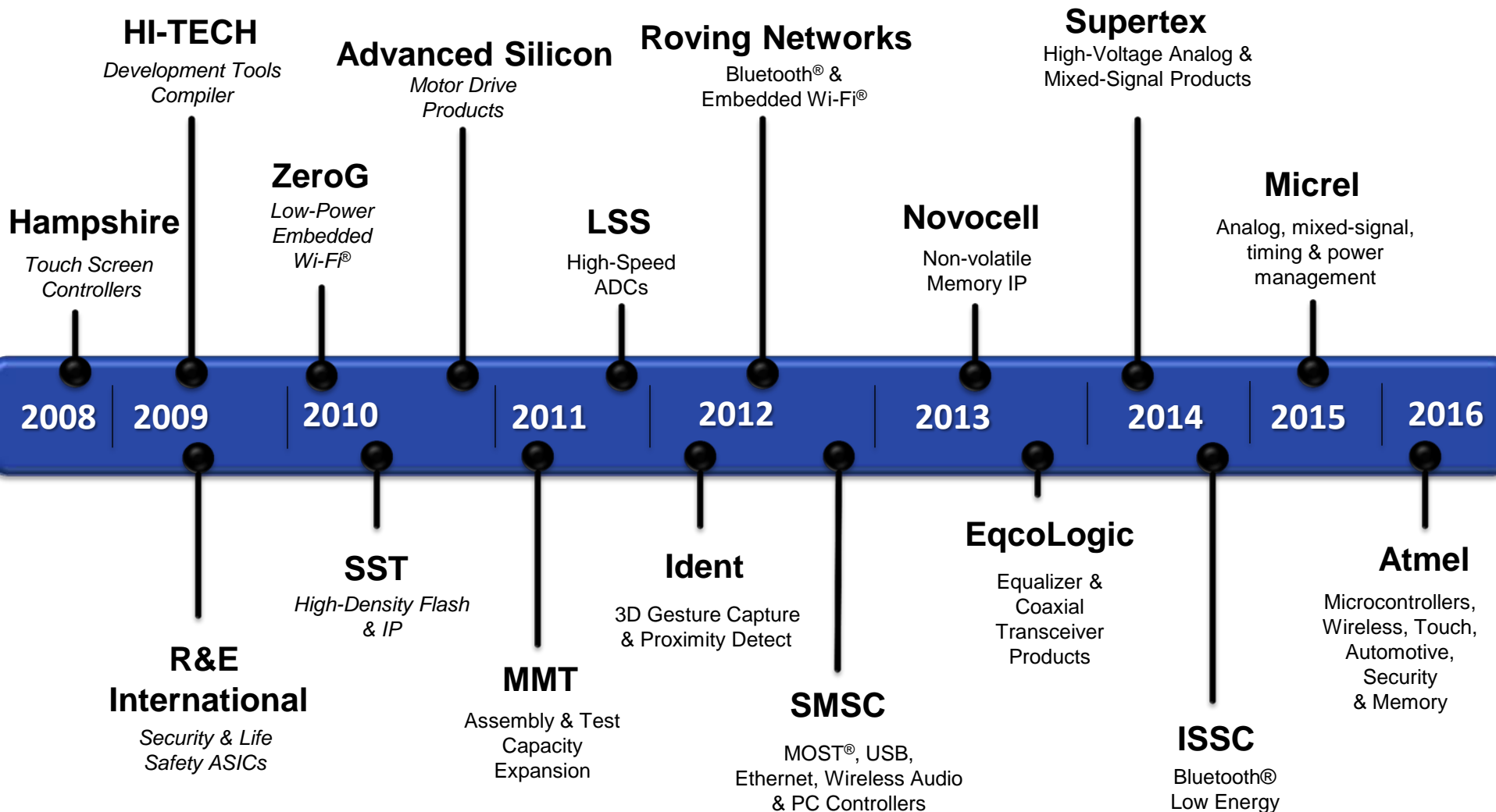
Based on dollar shipment volume 2003-2016, Source: Gartner and Microchip

Analog Yearly Revenue (k\$)





Expanding Our Solutions Through Acquisitions



Microchip 2.0

***Be The Very Best Embedded
Control Solutions Company Ever***



SMART | CONNECTED | SECURE

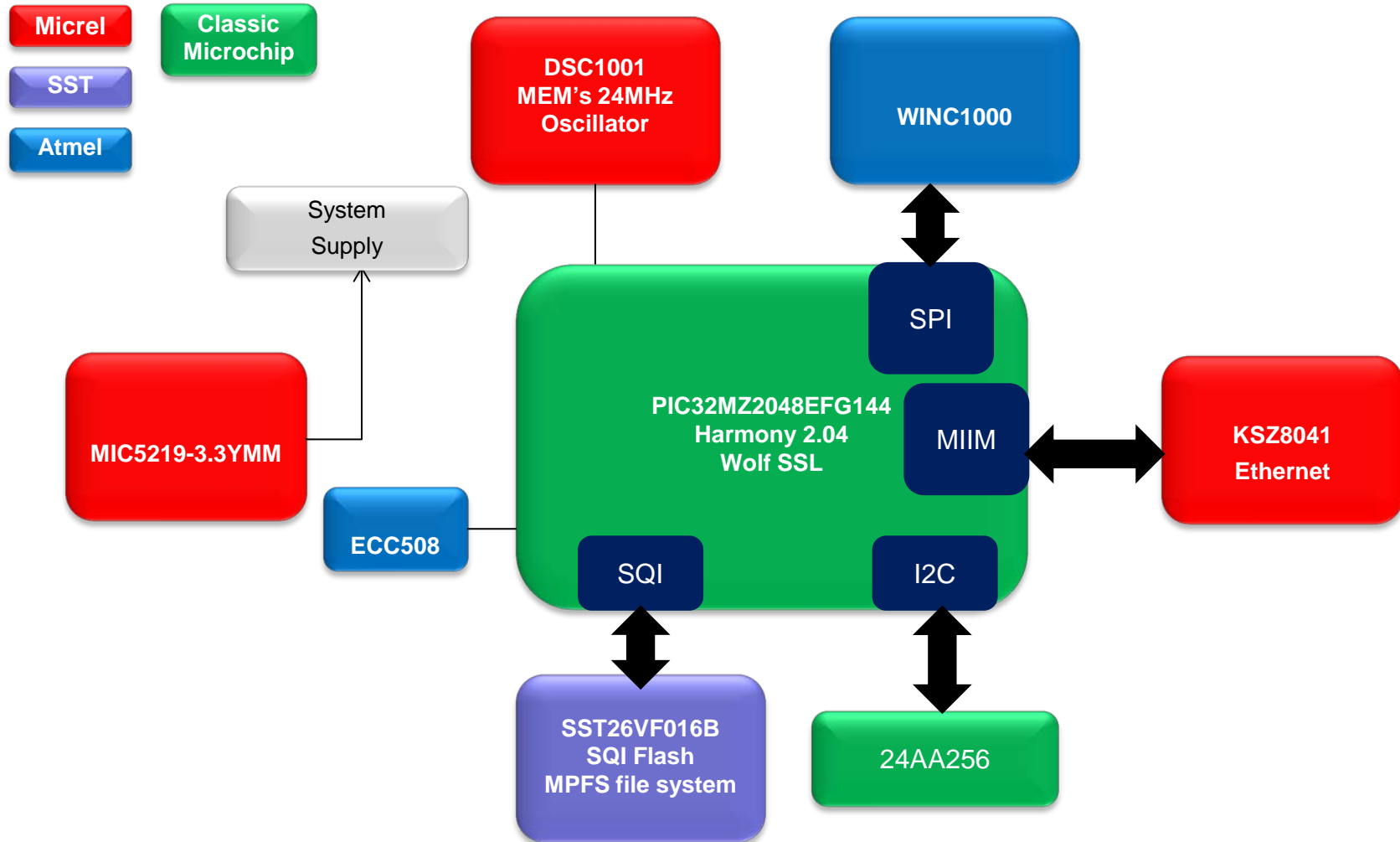
MICROCHIP 2.0

- 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**

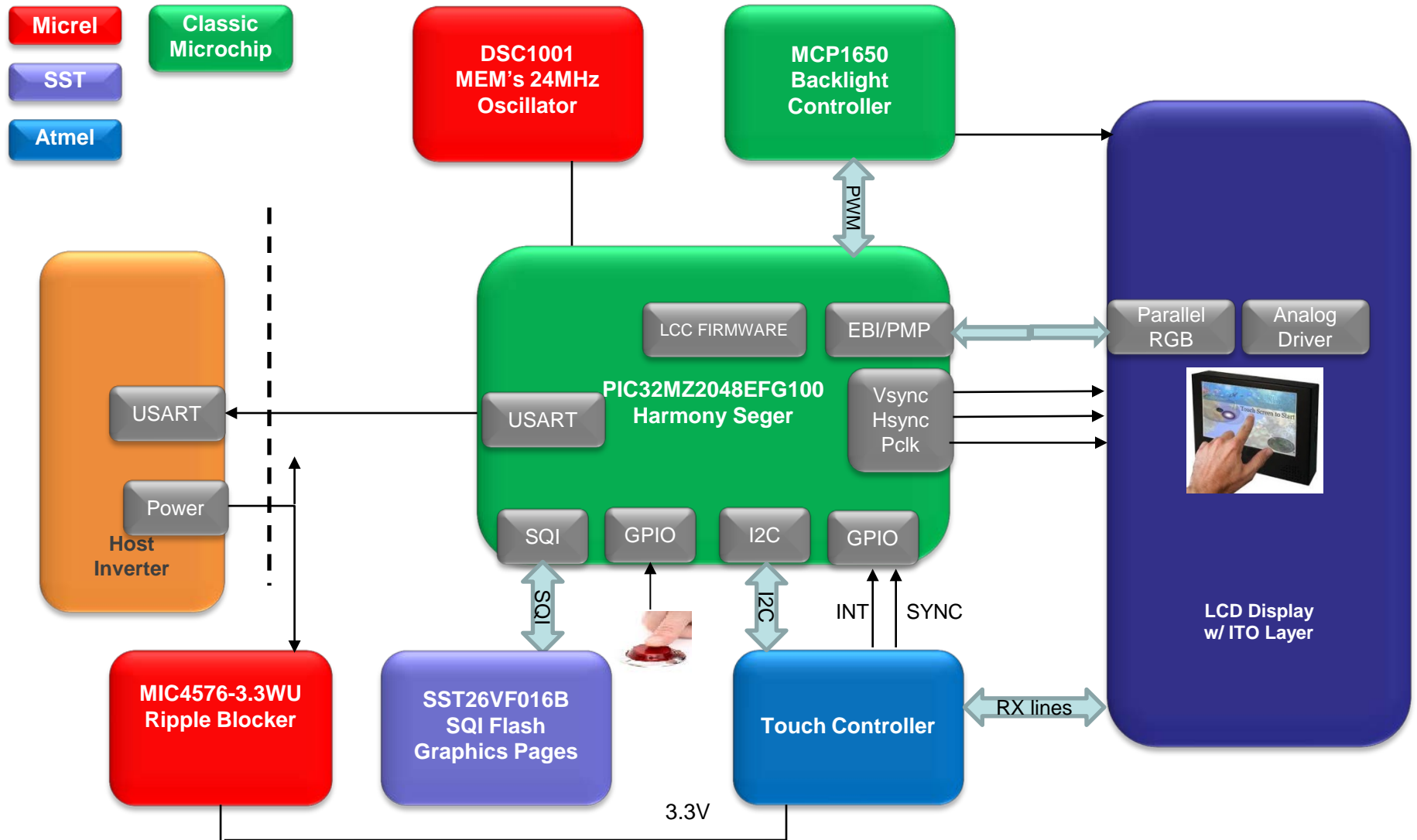
MICROCHIP 2.0

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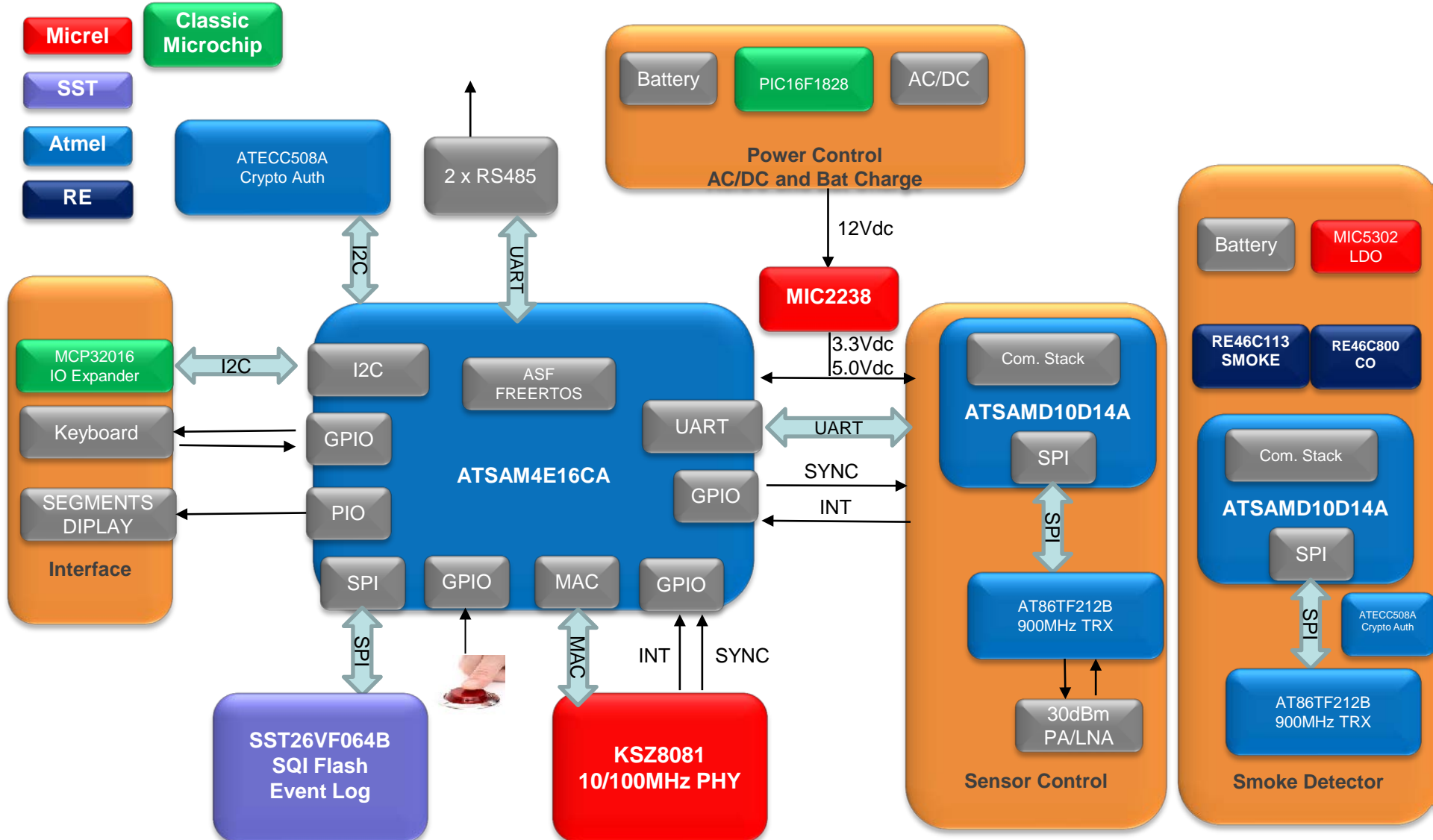
SNMPV3/HTTPS Gateway



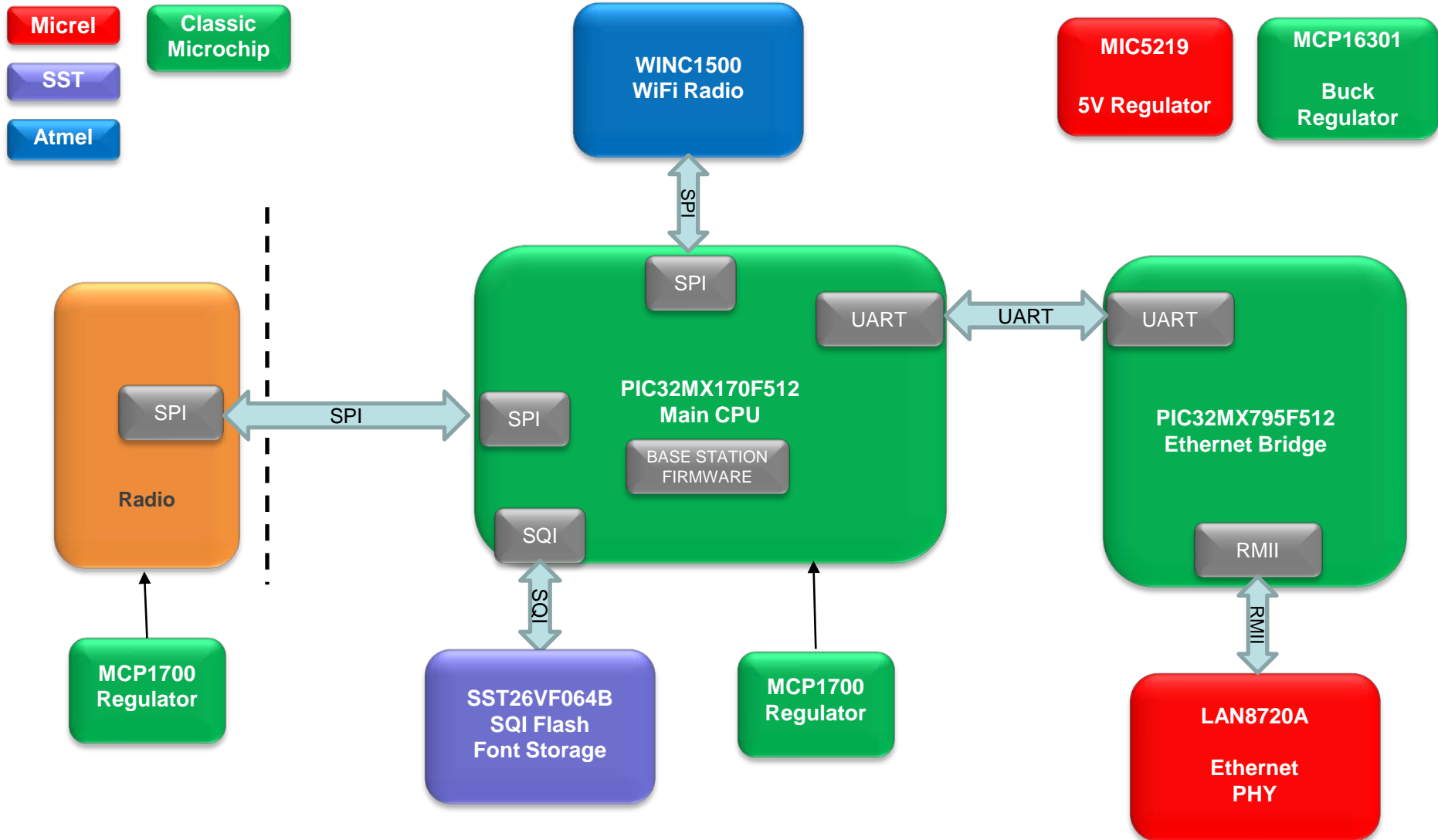
Inverter Display Module



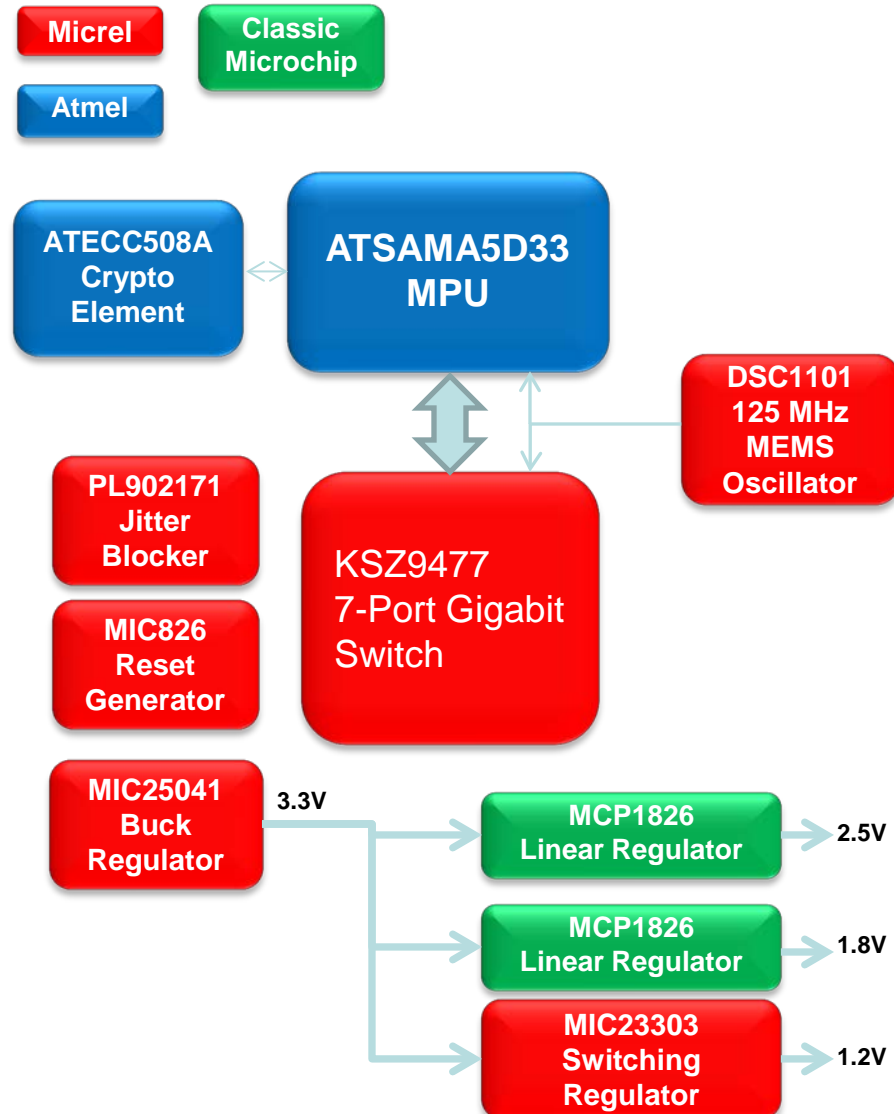
Wireless Fire Alarm



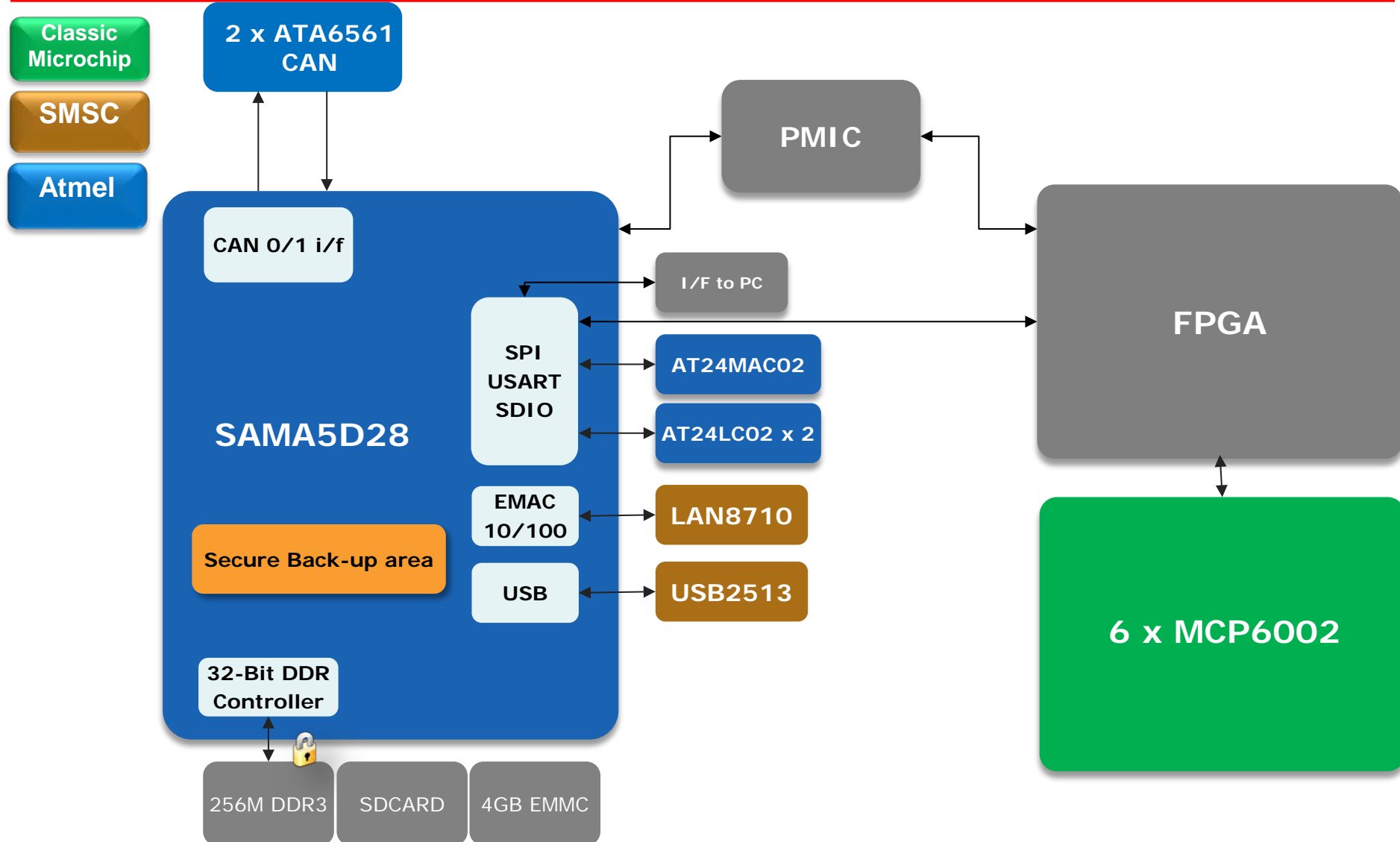
Base Station



GigE Switch



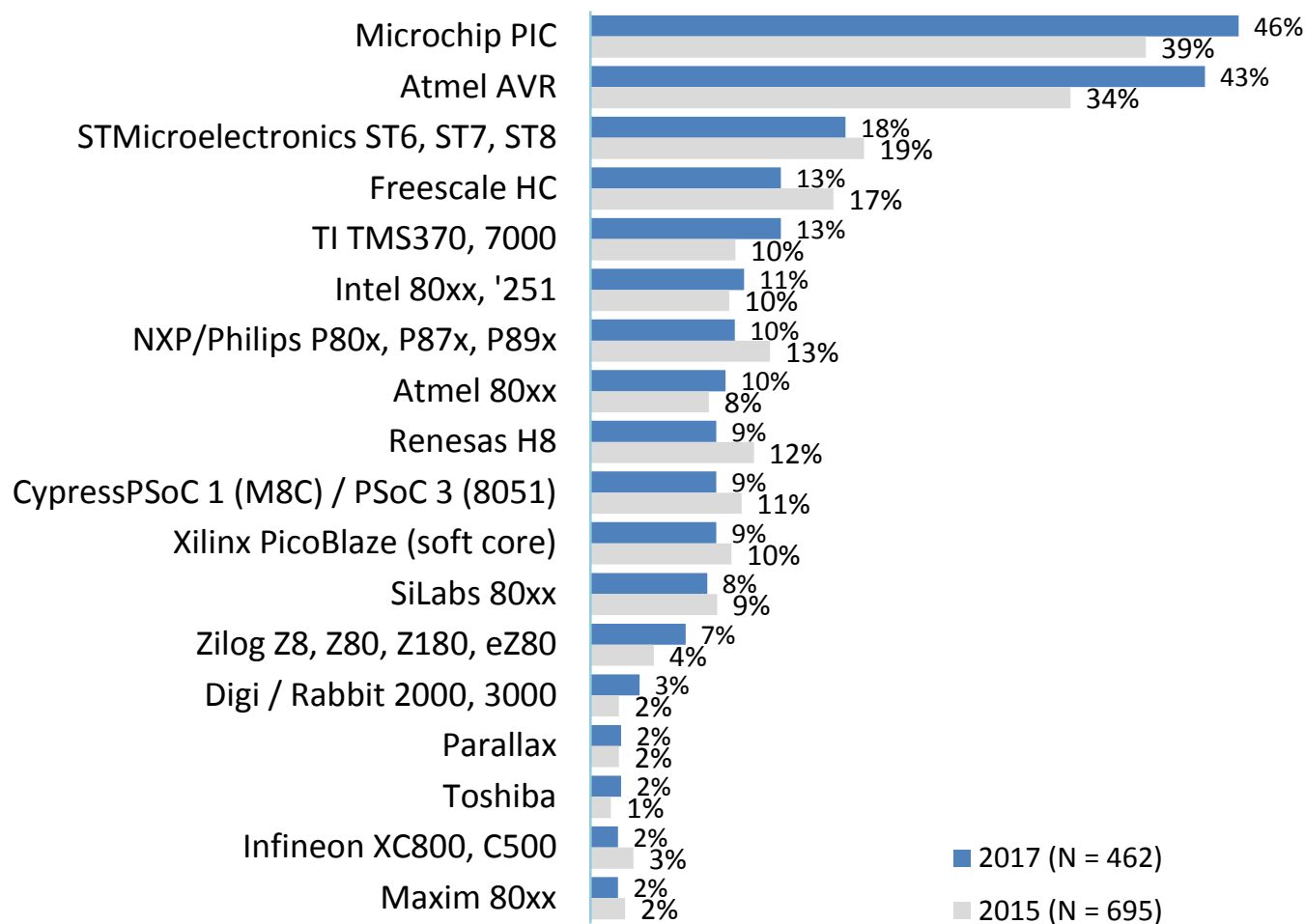
Cash Dispenser Machine



MICROCHIP 2.0

1. Total System Solution in Embedded Control
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Which of the following 8-bit chip families would you consider for your next embedded project?



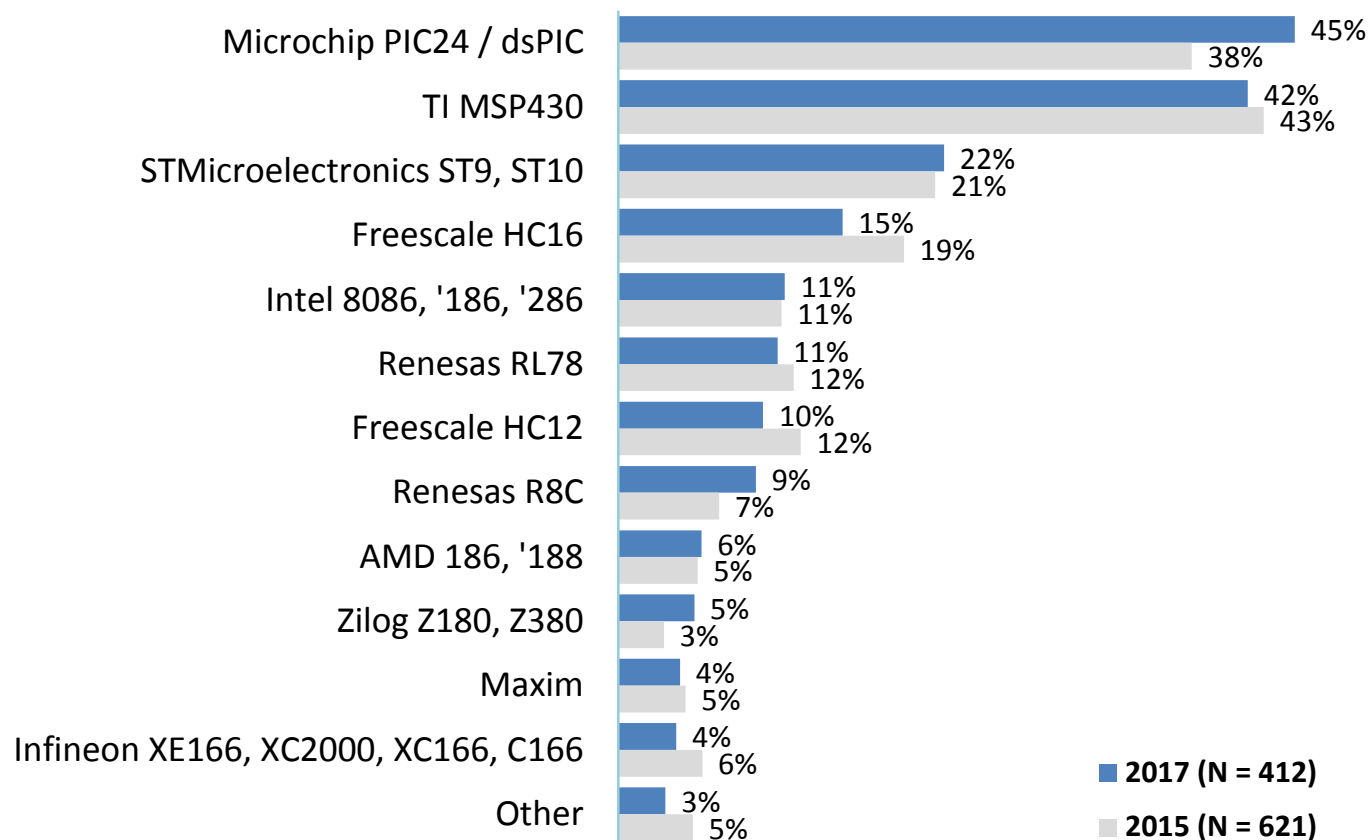
■ 2017 (N = 462)

■ 2015 (N = 695)



ASPENCORE

Which of the following 16-bit chip families would you consider for your next embedded project?



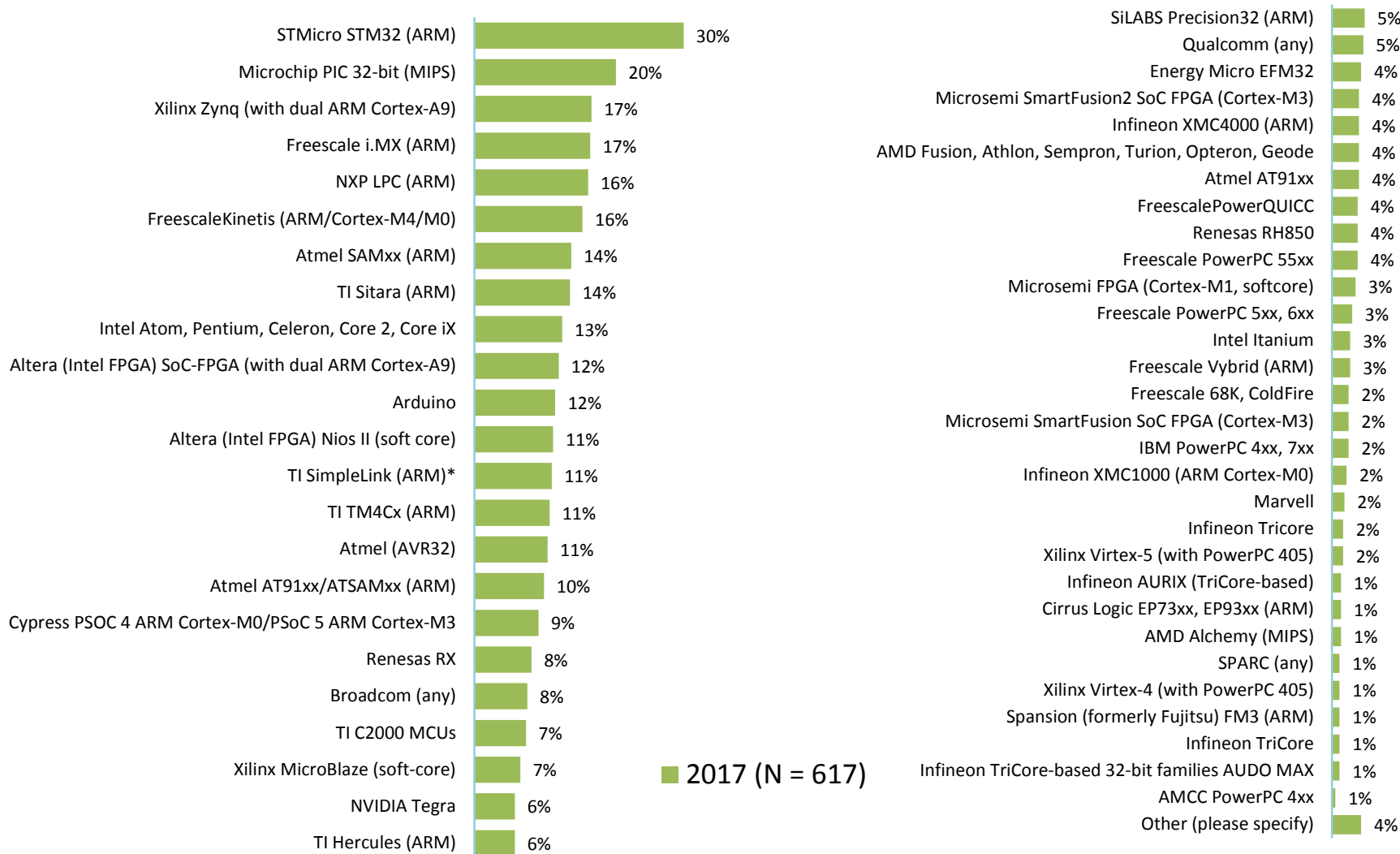
■ 2017 (N = 412)

■ 2015 (N = 621)



ASPENCORE

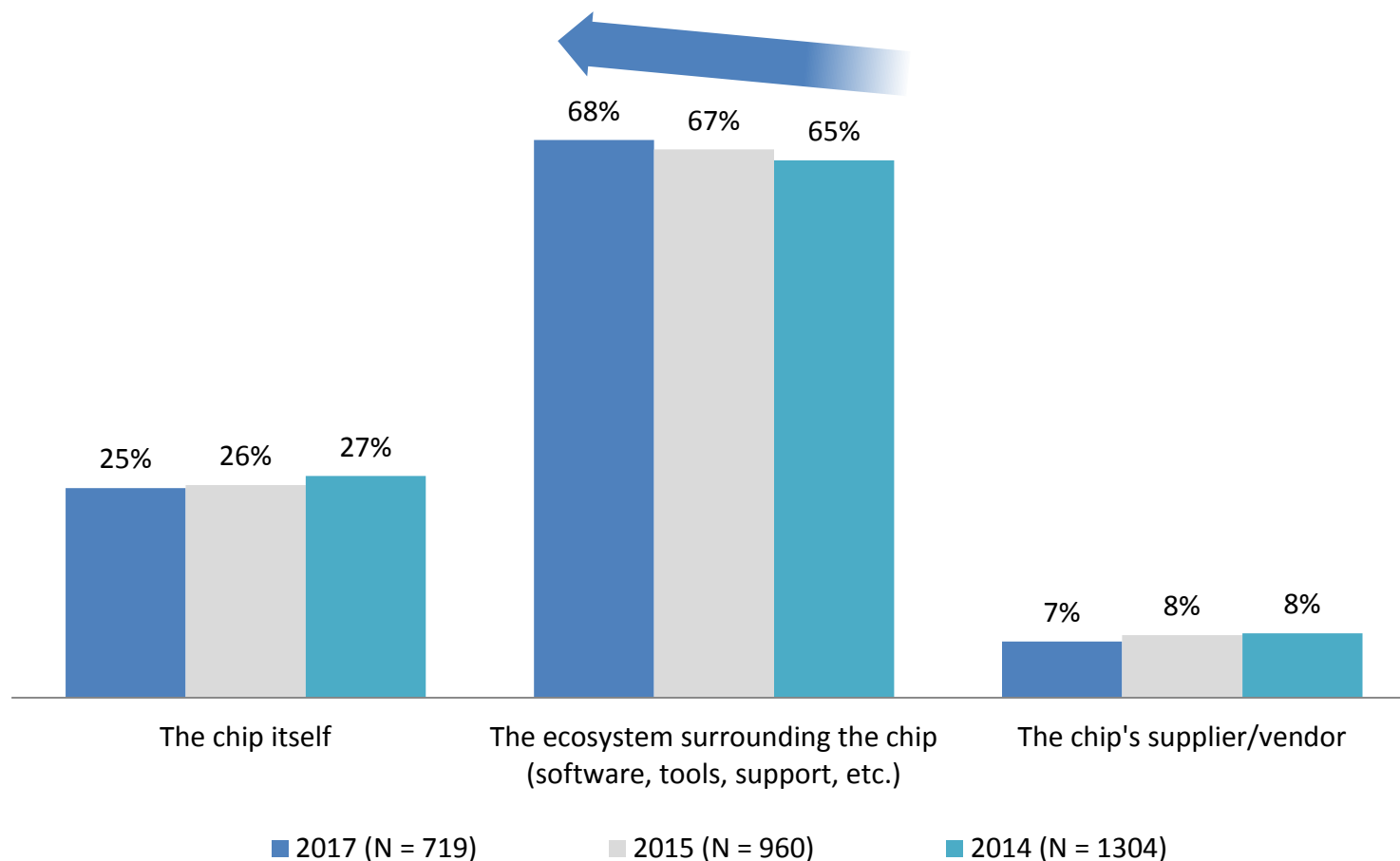
Which of the following 32-bit chip families would you consider for your next embedded project?





ASPENCORE

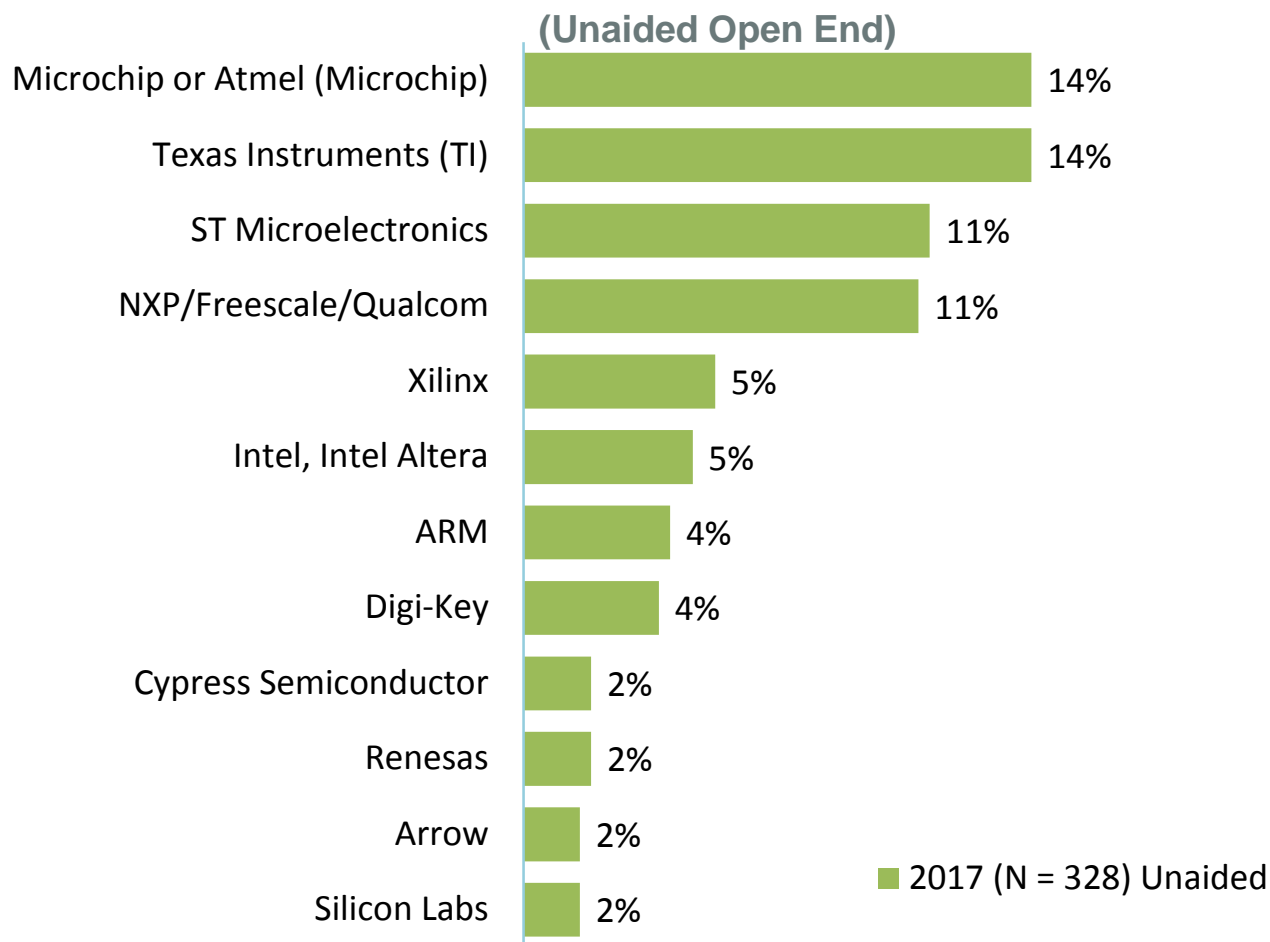
What's most important when choosing a microprocessor?





ASPENCORE

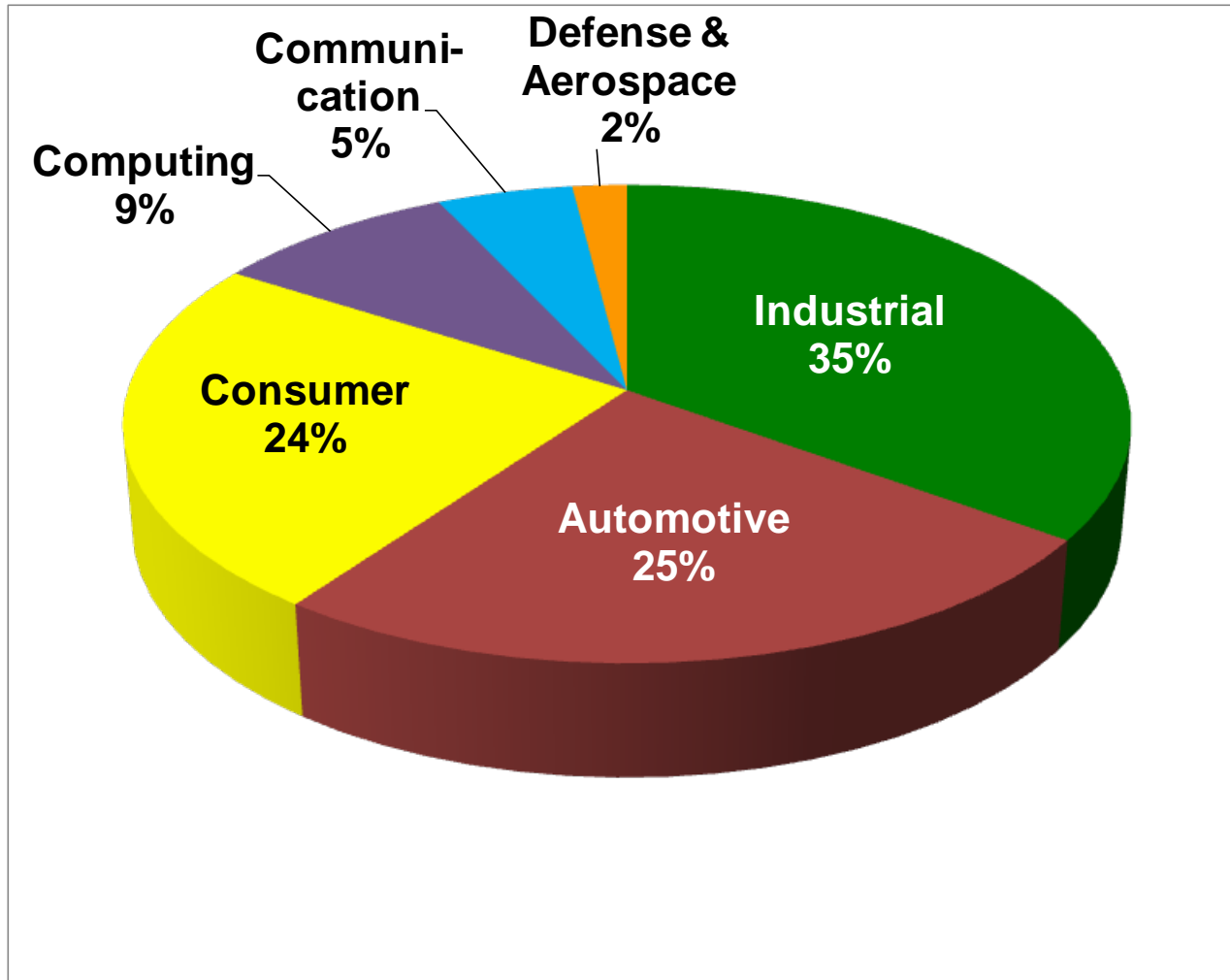
Which vendor has the best ecosystem for your needs?



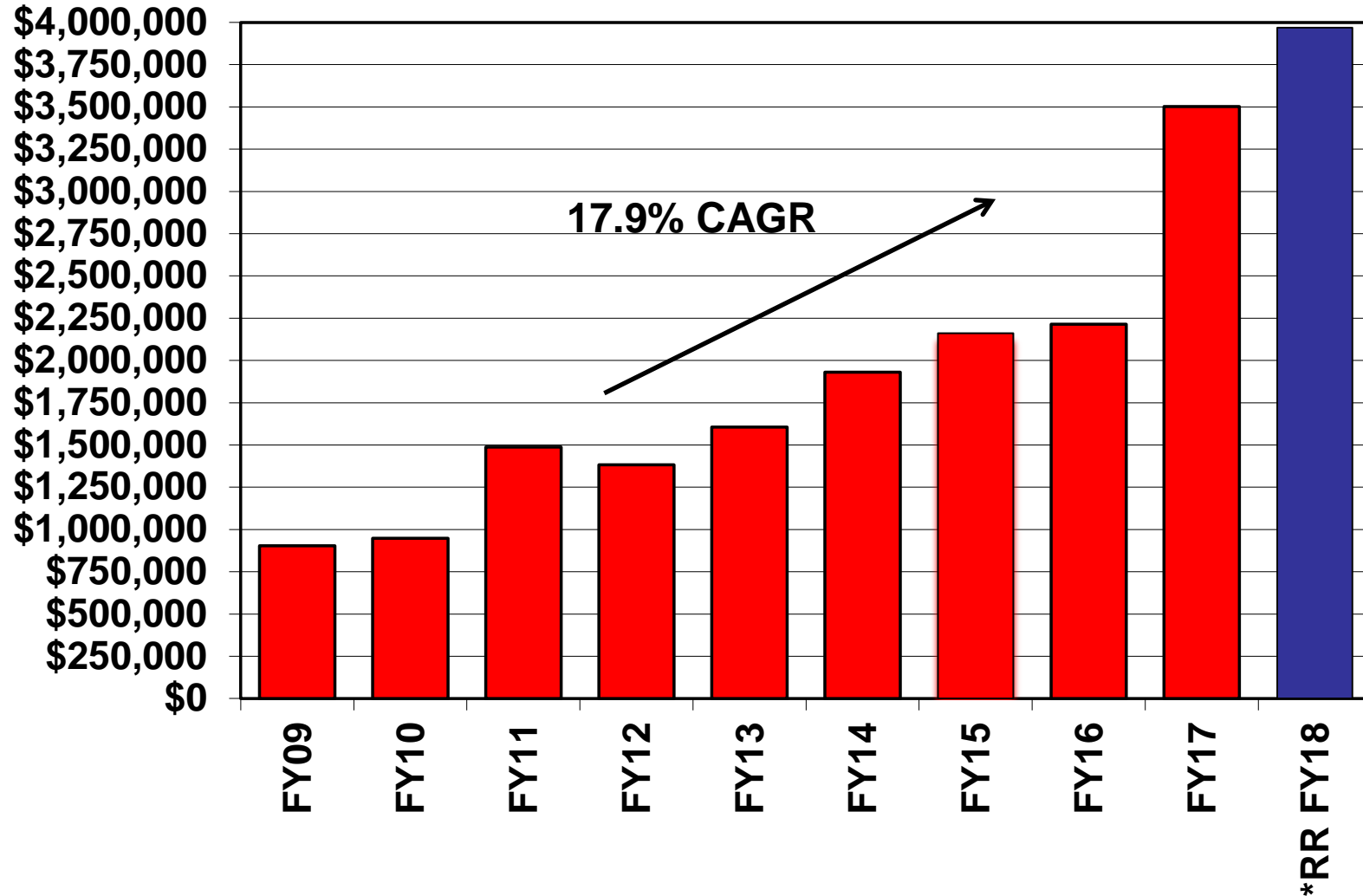
Multiple Growth Drivers

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

Revenue by End Market

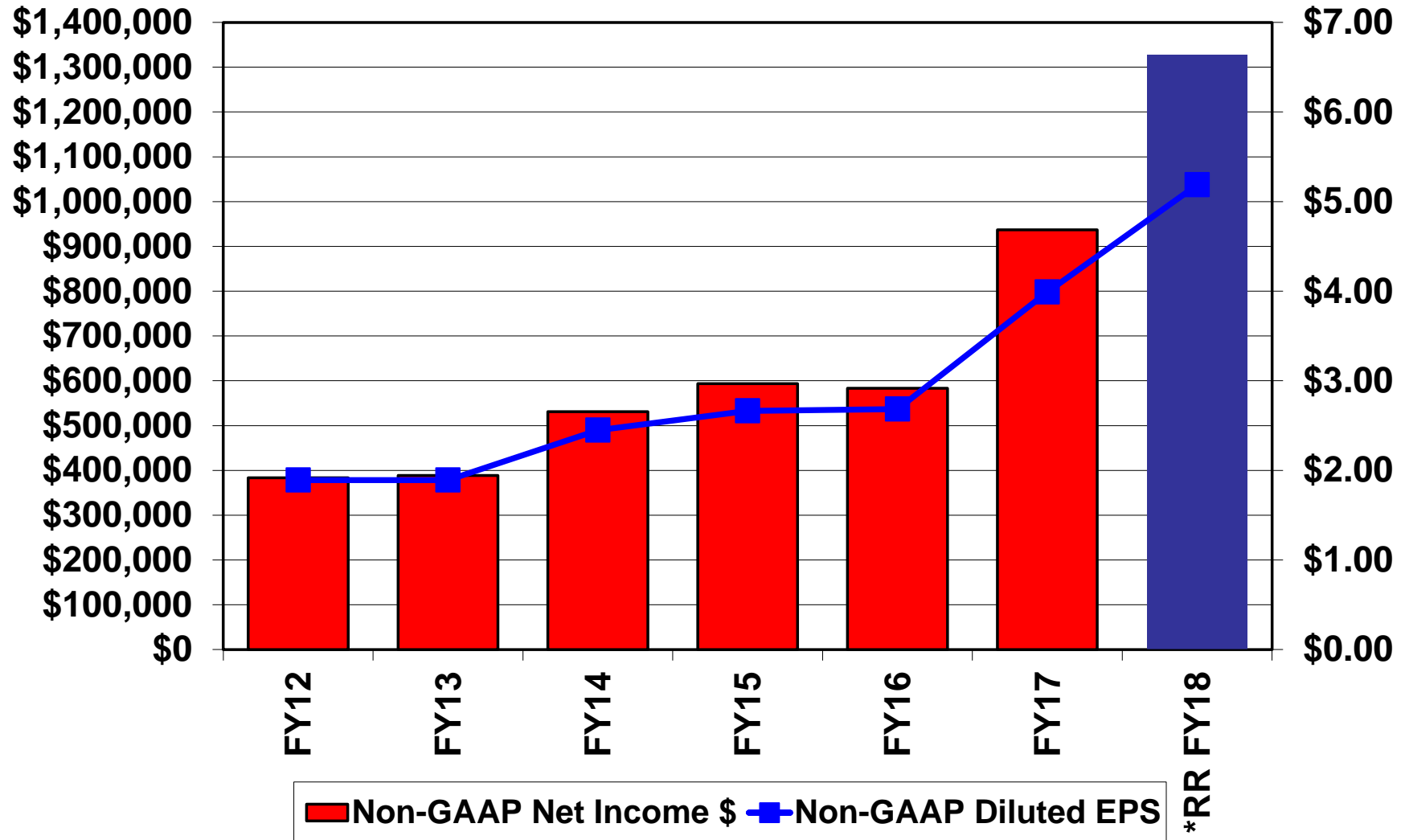


Non-GAAP Net Sales



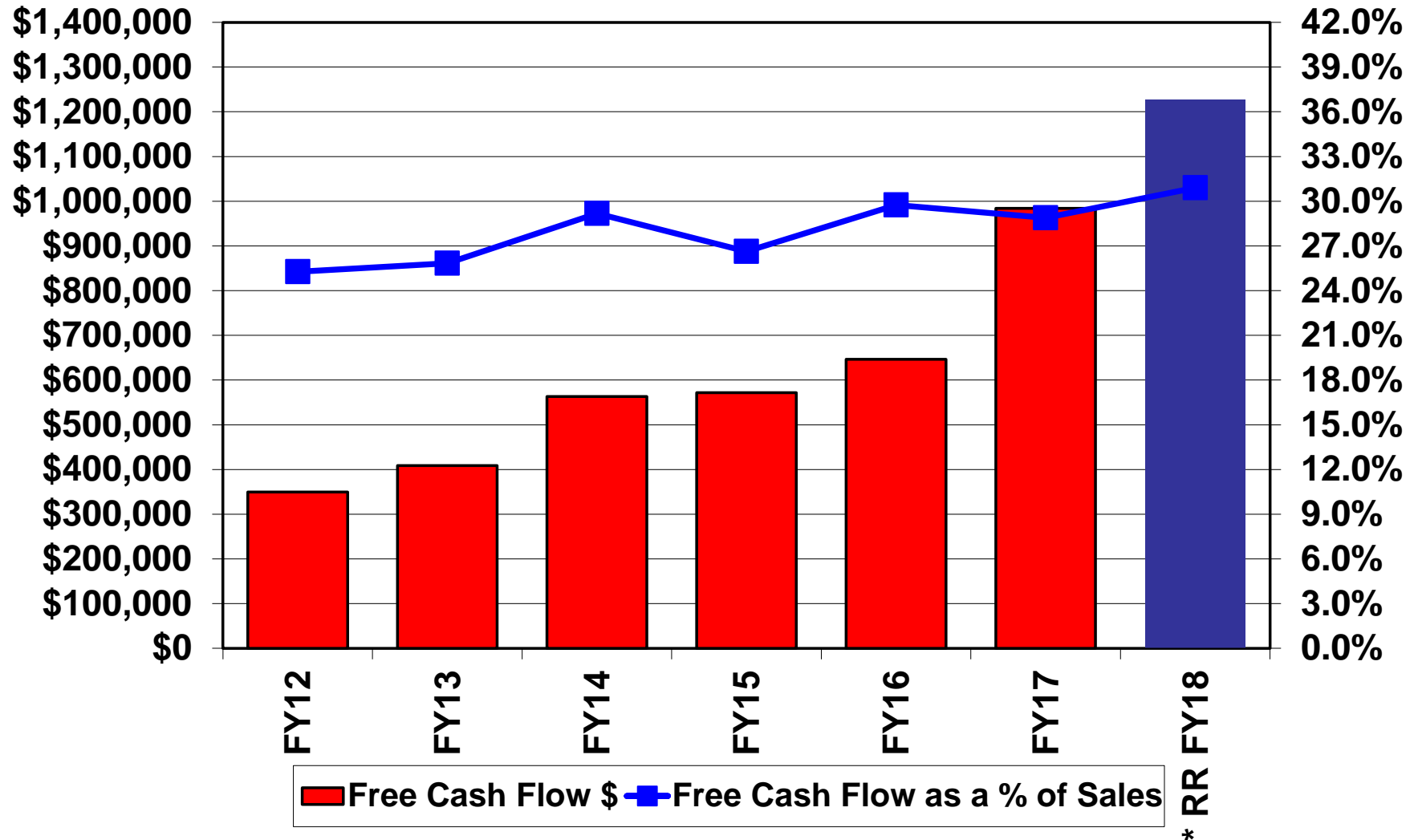
* Run rate for FY18 represent Q1 + Q2 FY18 actual results multiplied by two

Non-GAAP Net Income and Diluted EPS Growth



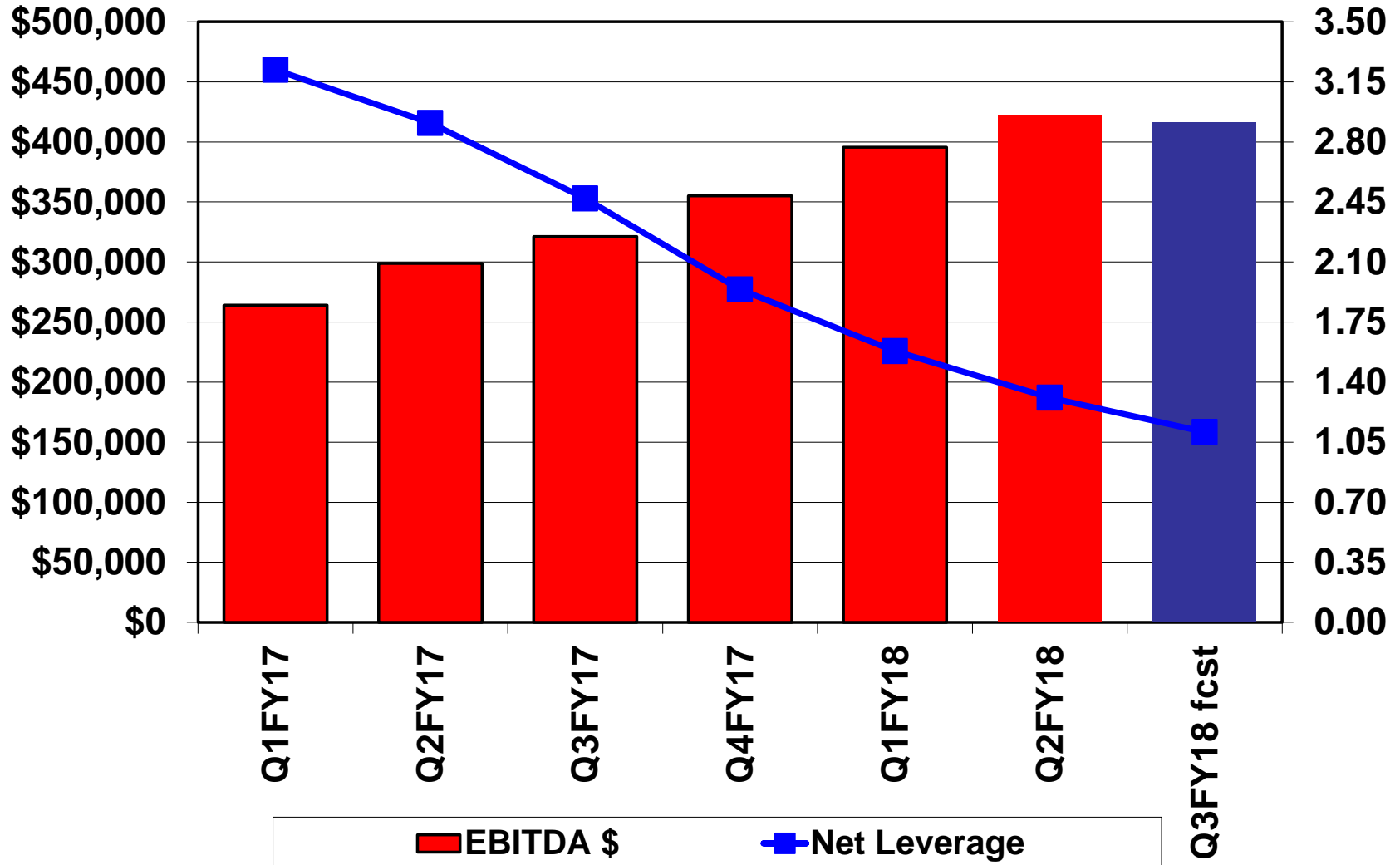
* Run rate for FY18 represent Q1 + Q2 FY18 actual results multiplied by two

Free Cash Flow as a % of Revenue



* Run rate for FY18 represent Q1 + Q2 FY18 actual results multiplied by two. Free cash flow = operating cash flow minus capital expenditures.

EBITDA and Net Leverage



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

Financial Results, Guidance and Long-Term Model

	Actual Results					
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18
Net Sales	\$844.0	\$873.8	\$881.2	\$902.7	\$972.1	\$1,012.1
Gross Profit	\$471.1	\$499.9	\$509.7	\$534.7	\$587.2	\$617.8
Gross Margin	55.8%	57.2%	57.8%	59.2%	60.4%	61.0%
Operating Expenses	\$240.0	\$233.6	\$220.6	\$213.6	\$222.9	\$227.3
Operating Income	\$231.1	\$266.3	\$289.1	\$321.2	\$364.3	\$390.5
Operating Margin	27.4%	30.5%	32.8%	35.6%	37.5%	38.6%
Net Income	\$194.0	\$219.6	\$246.5	\$276.9	\$319.1	\$344.1
Diluted EPS	\$0.84	\$0.94	\$1.05	\$1.16	\$1.31	\$1.41
EBITDA	\$264.1	\$298.8	\$321.3	\$356.5	\$395.6	\$422.5

Q3 FY18 Guidance	
Net Sales	\$971.7 - \$1,012.1
Gross Margin %	61.0% -61.4%
Operating Expense %	22.2% to 22.6%
Operating Margin	38.4% to 39.2%
Diluted EPS	\$1.30 - \$1.40

Long Term Model	
Revenue Growth	7% - 9%
Gross Margin	62.5%
Operating Expenses	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.

Summary

- A consistent revenue grower and market share gainer with multiple growth drivers
- High margin business model and shareholder friendly
- Inventory position improving from planned capacity additions resulting in improvement in lead times
- Some 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.



MICROCHIP

Thank You!