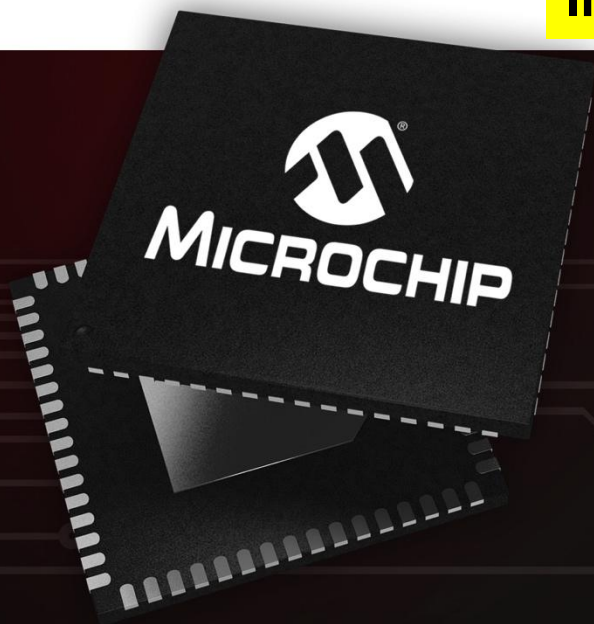




MICROCHIP

Introducing Microchip 2.0



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



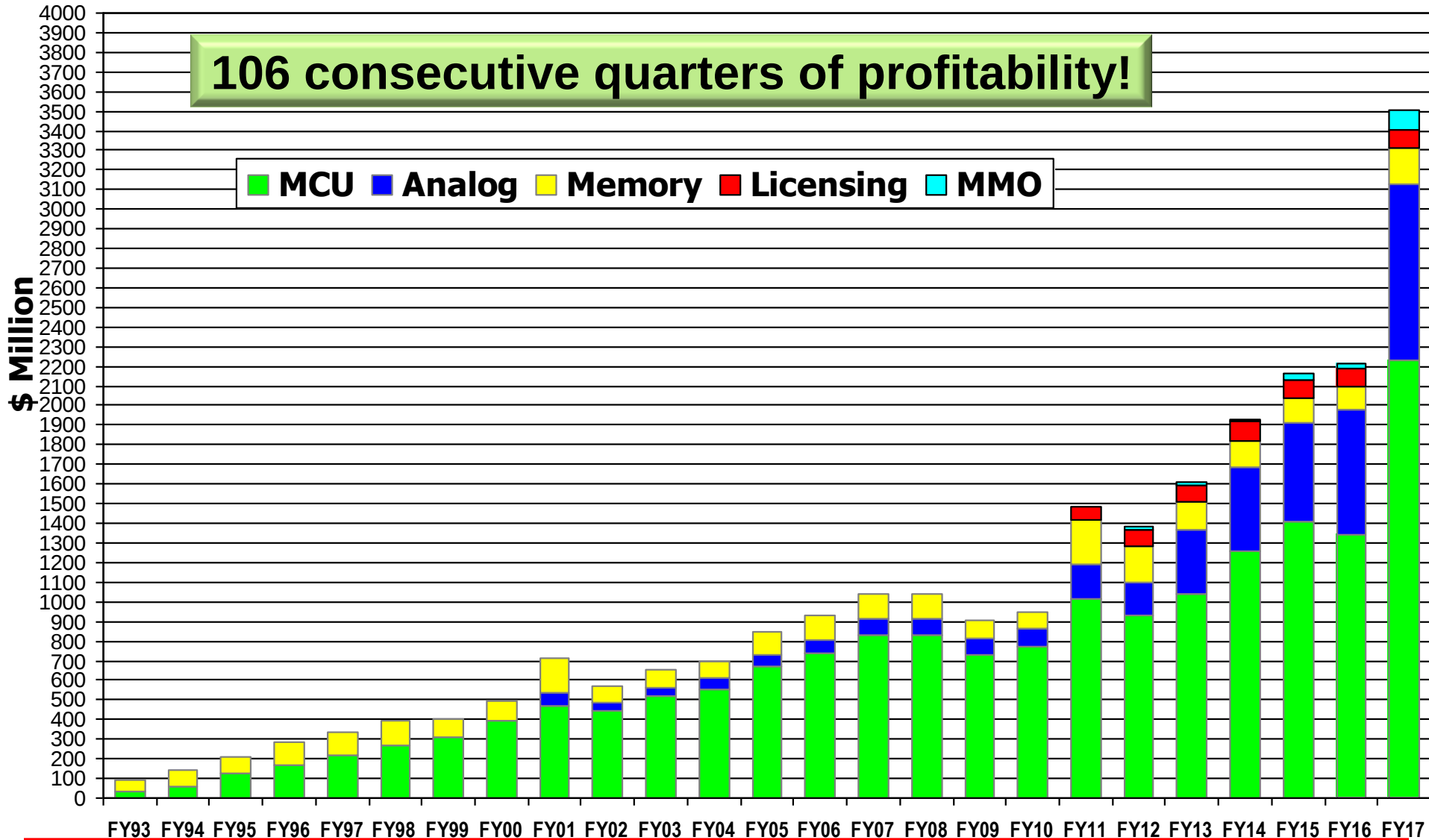
Steve Sanghi, CEO
Eric Bjornholt, CFO

Business Update

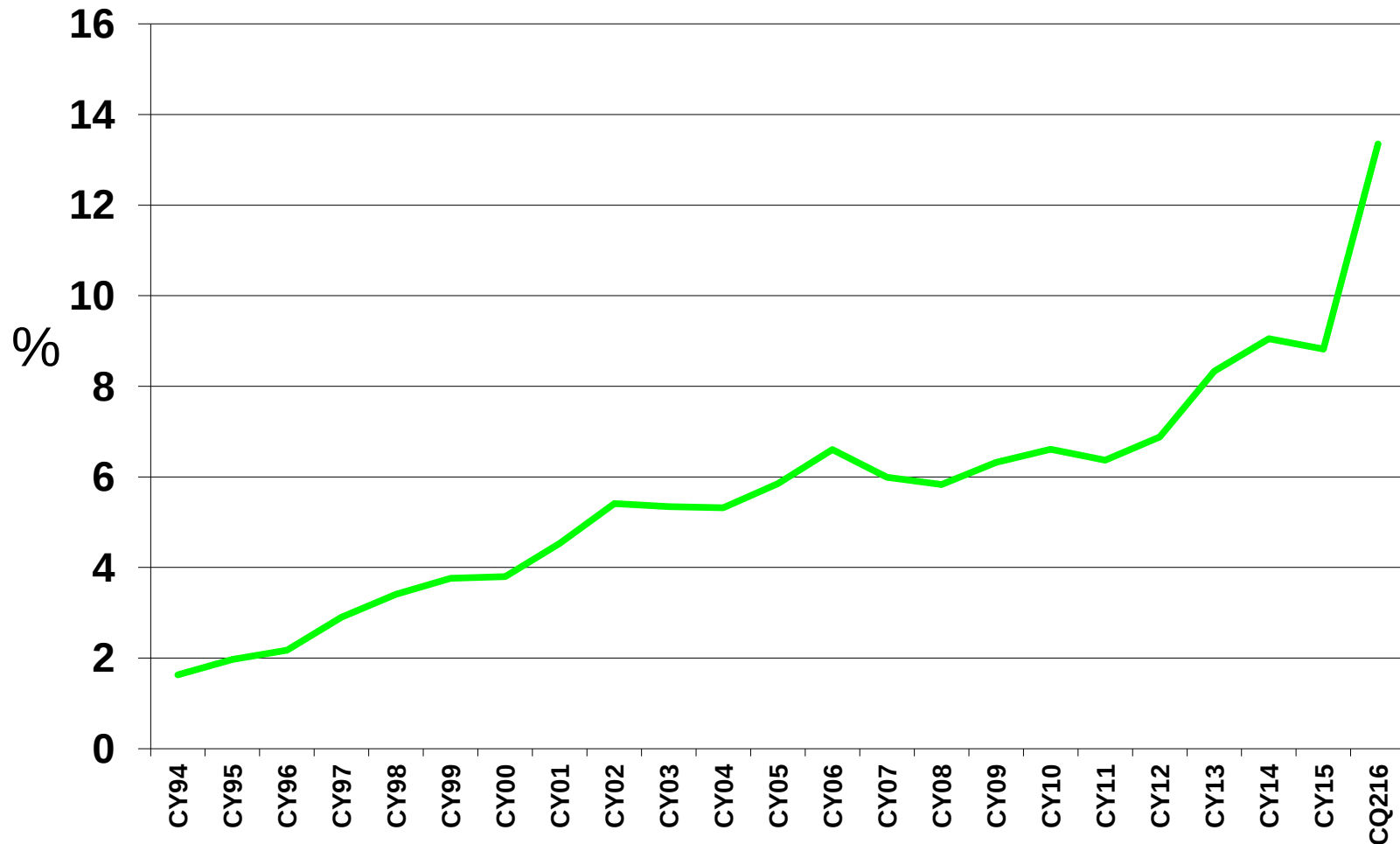
- **Net sales for Q1FY18 expected to be +4.5% to +6% sequentially (previous guidance +2% to +7%).**
- **Non GAAP EPS for Q1FY18 expected to be between \$1.22 to \$1.26 per share (previous guidance \$1.17 to \$1.27 per share).**
- **Business conditions continue to be very strong. Backlog is strong. Lead times stretching out.**
- **Significant capacity challenges to persist for up to one year before lead times are normal.**
- **Long-term updated 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.**

- 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 %



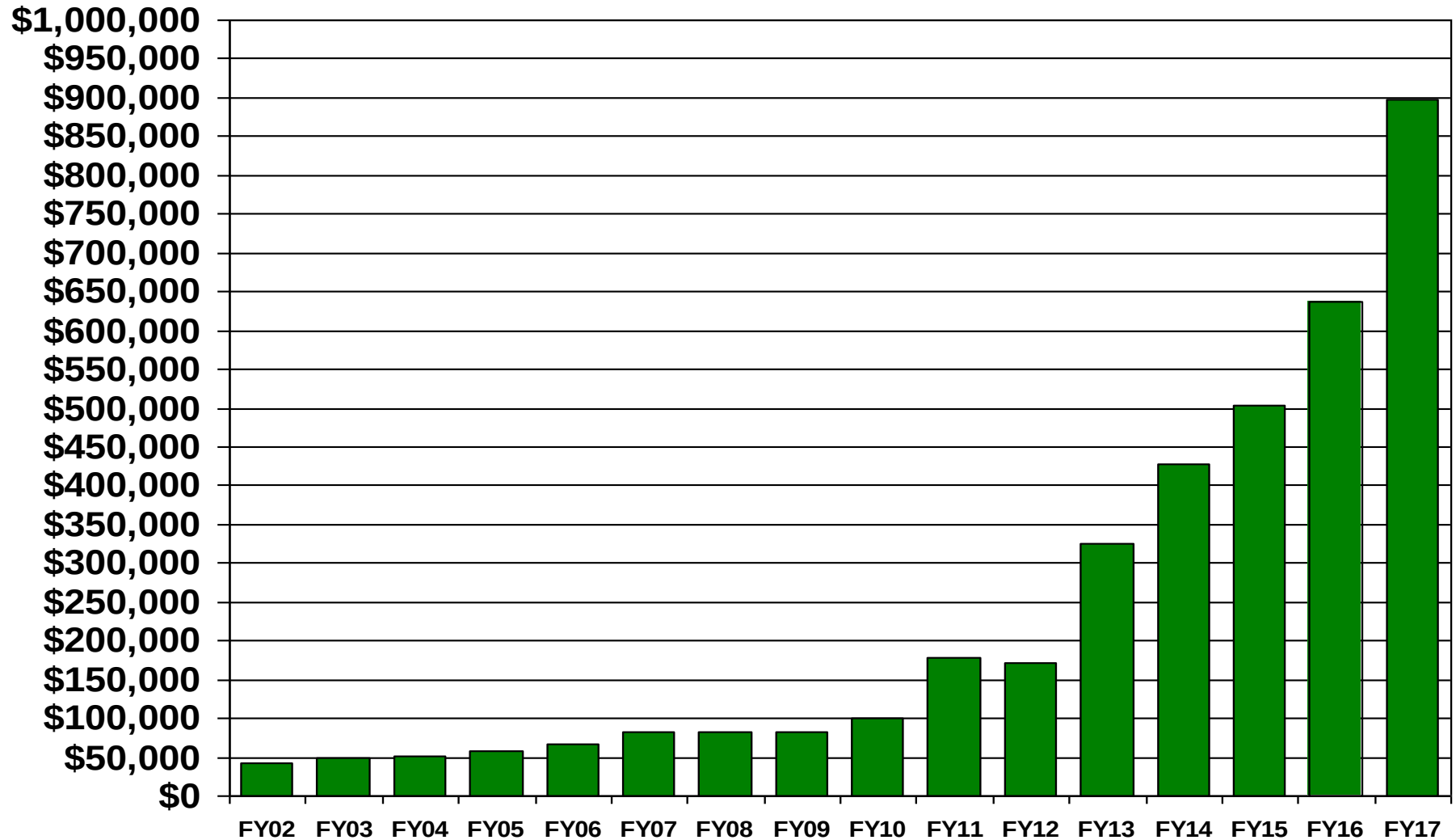
CQ2 16 includes Atmel

Worldwide Microcontroller Market Share

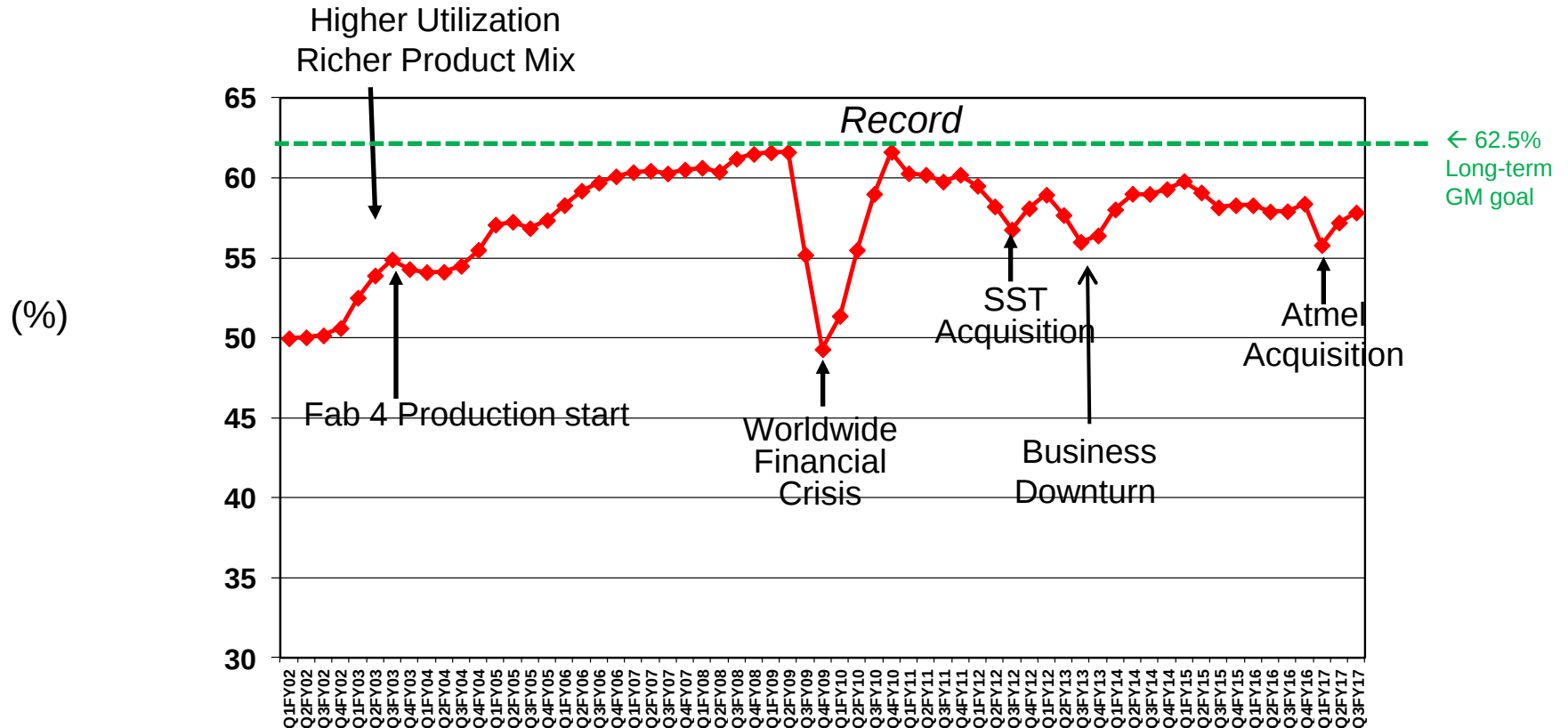
<u>No.</u>	<u>2003 Rank</u>	<u>2008 Rank</u>	<u>2009 Rank</u>	<u>2010 Rank</u>	<u>2012 Rank</u>	<u>2014 Rank</u>	<u>2015 Rank</u>	<u>2016 Rank</u>
1	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas
2	Motorola	NEC	NEC	Freescall	Freescall	Freescall	NXP	NXP
3	NEC	Freescall	Freescall	Samsung	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\$)

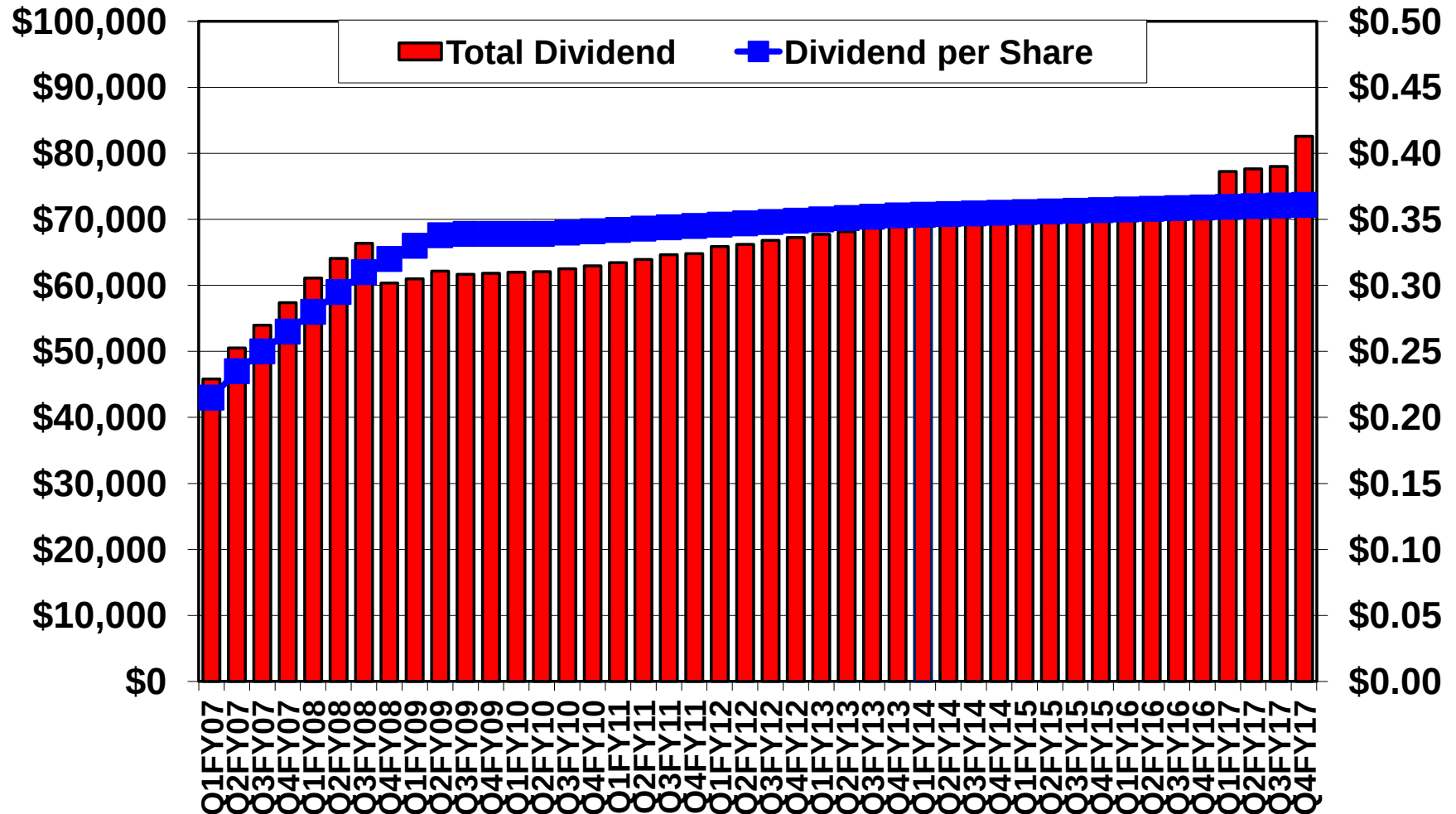


Gross Margin % (Non-GAAP*)



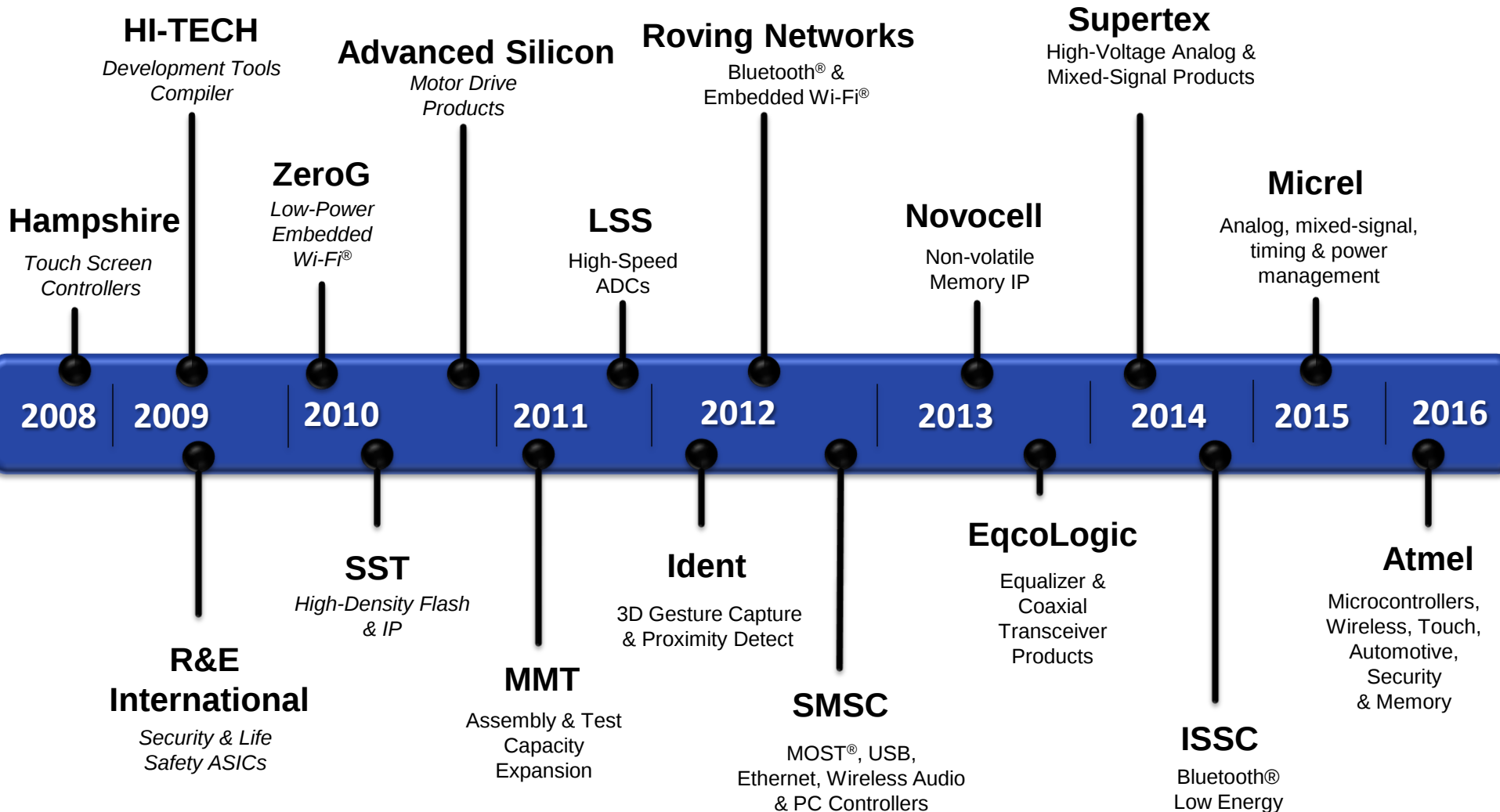
*Excludes share-based compensation and acquisition-related expenses. A reconciliation of our GAAP to non-GAAP results is available at www.microchip.com.

~ \$4.5B Returned To Shareholders



~ \$3.1B in dividends and ~\$1.4B in share buy-backs!

Expanding Our Solutions Through Acquisitions



Microchip 2.0

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



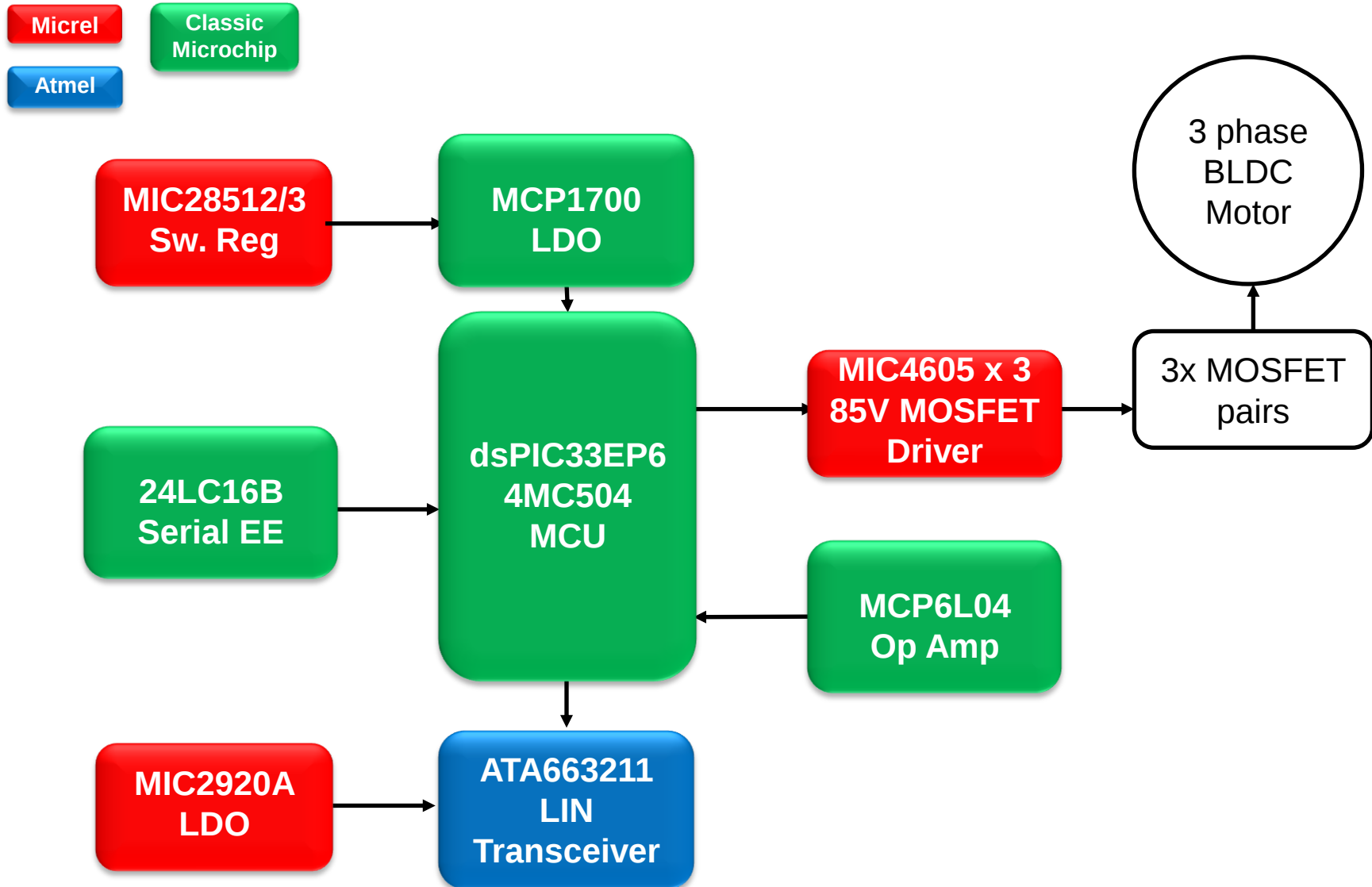
SMART | CONNECTED | SECURE

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**

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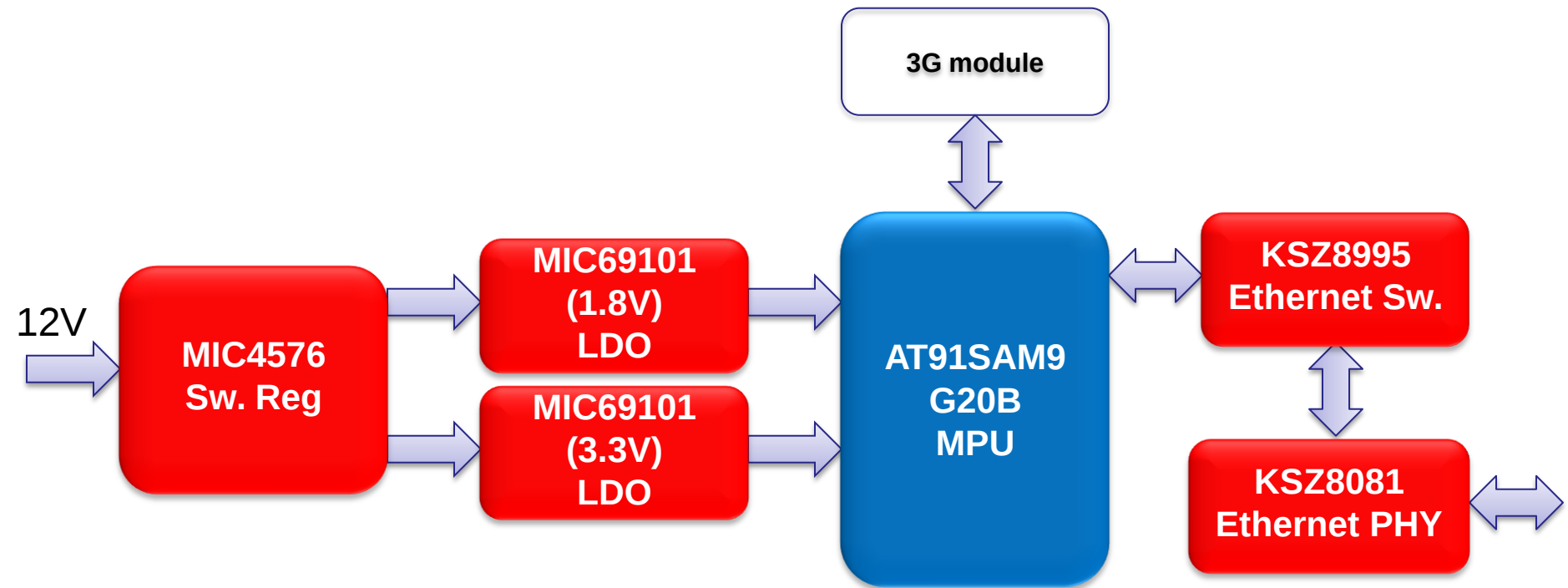
Automotive Water Pump



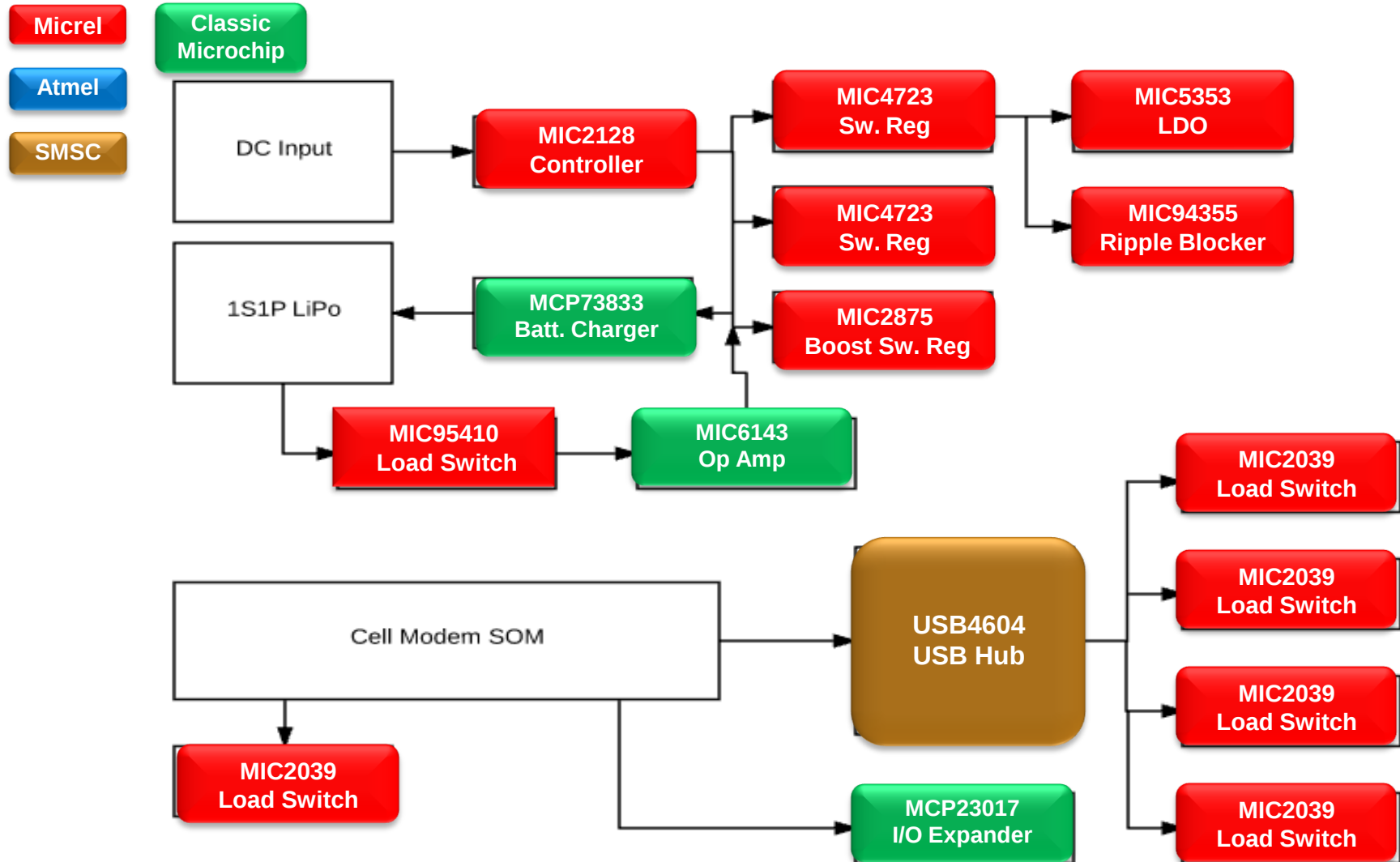
Micrel

Classic
Microchip

Atmel

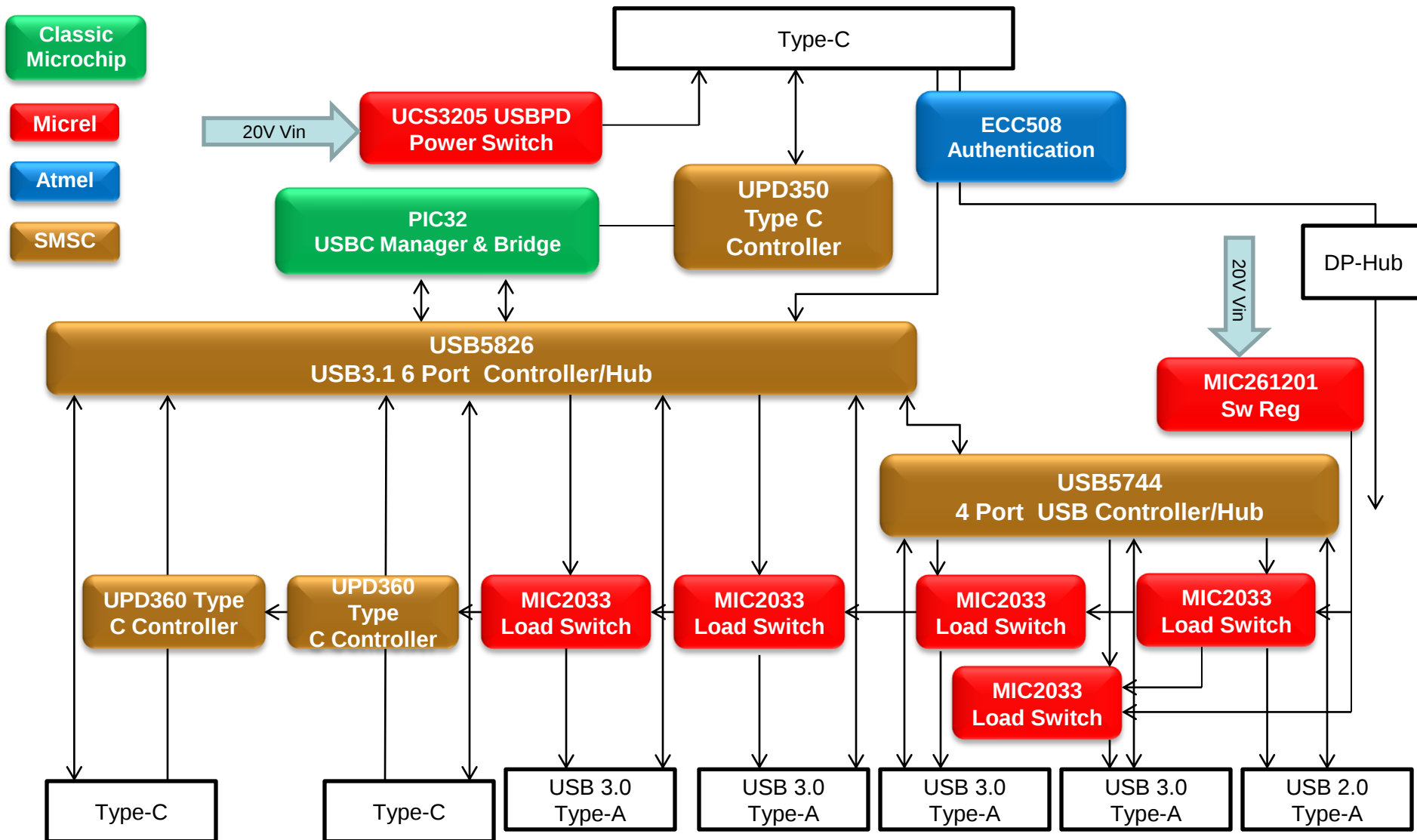


Alarm Panel Uplink

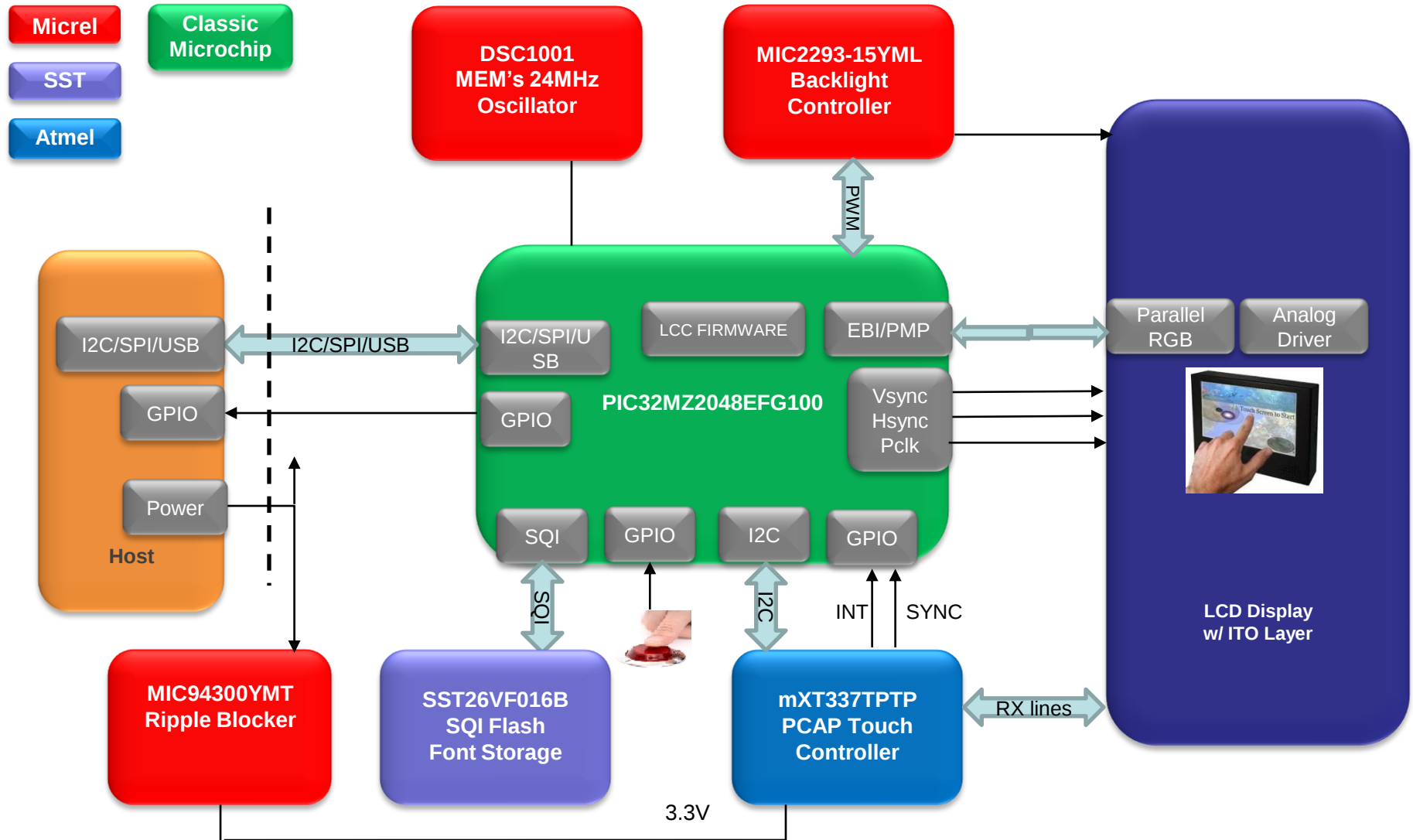




PC Dock



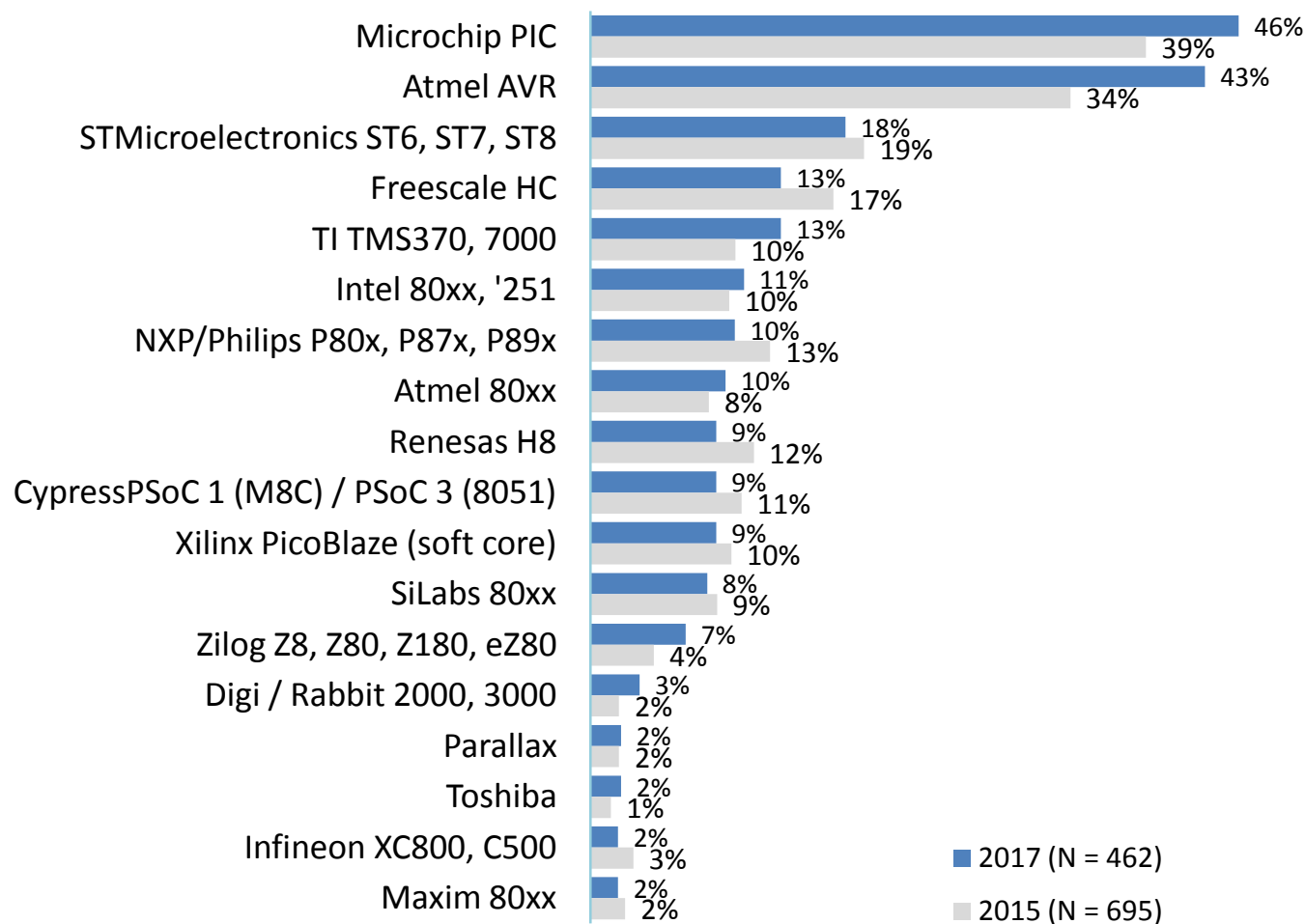
Display Module



MICROCHIP 2.0

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Which of the following 8-bit chip families would you consider for your next embedded project?



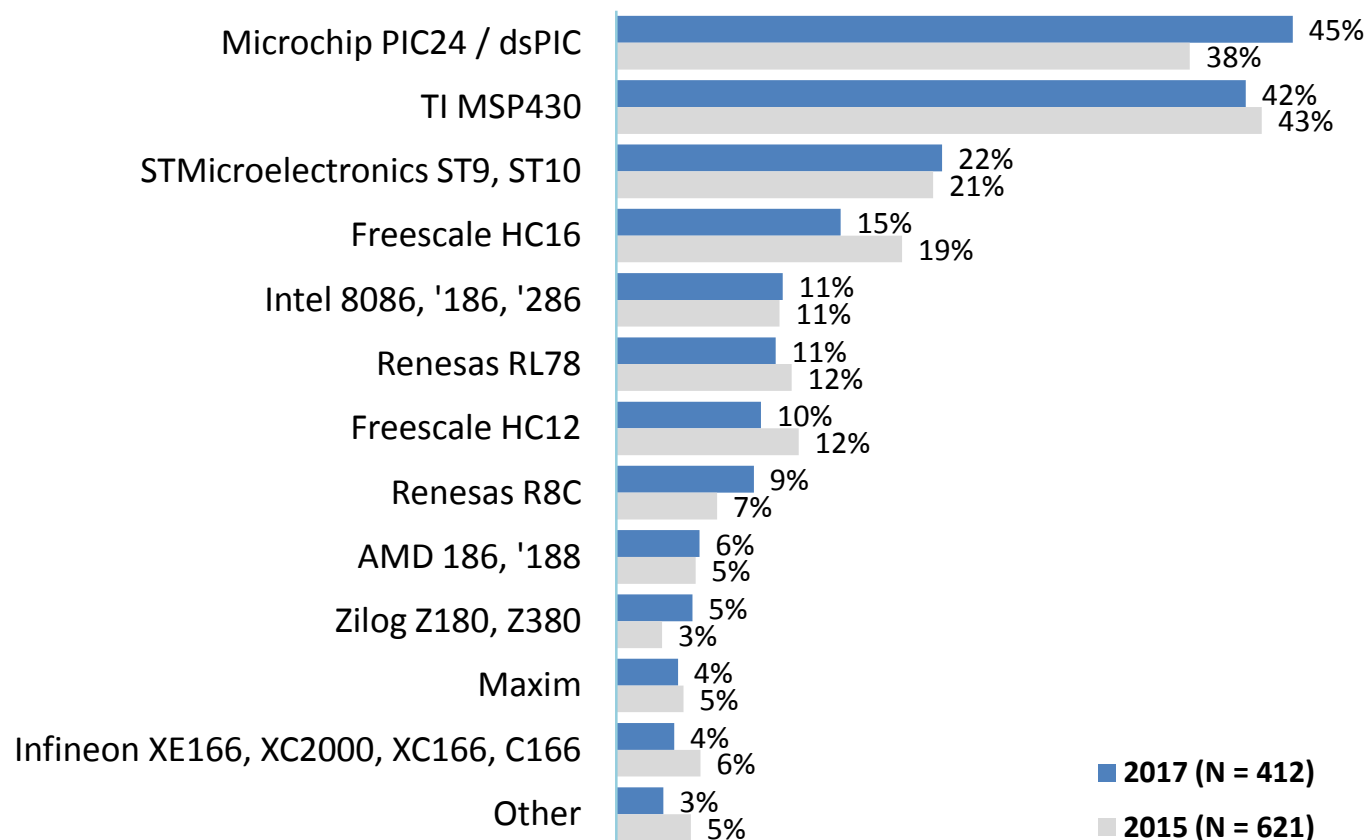
■ 2017 (N = 462)

■ 2015 (N = 695)



ASPENCORE

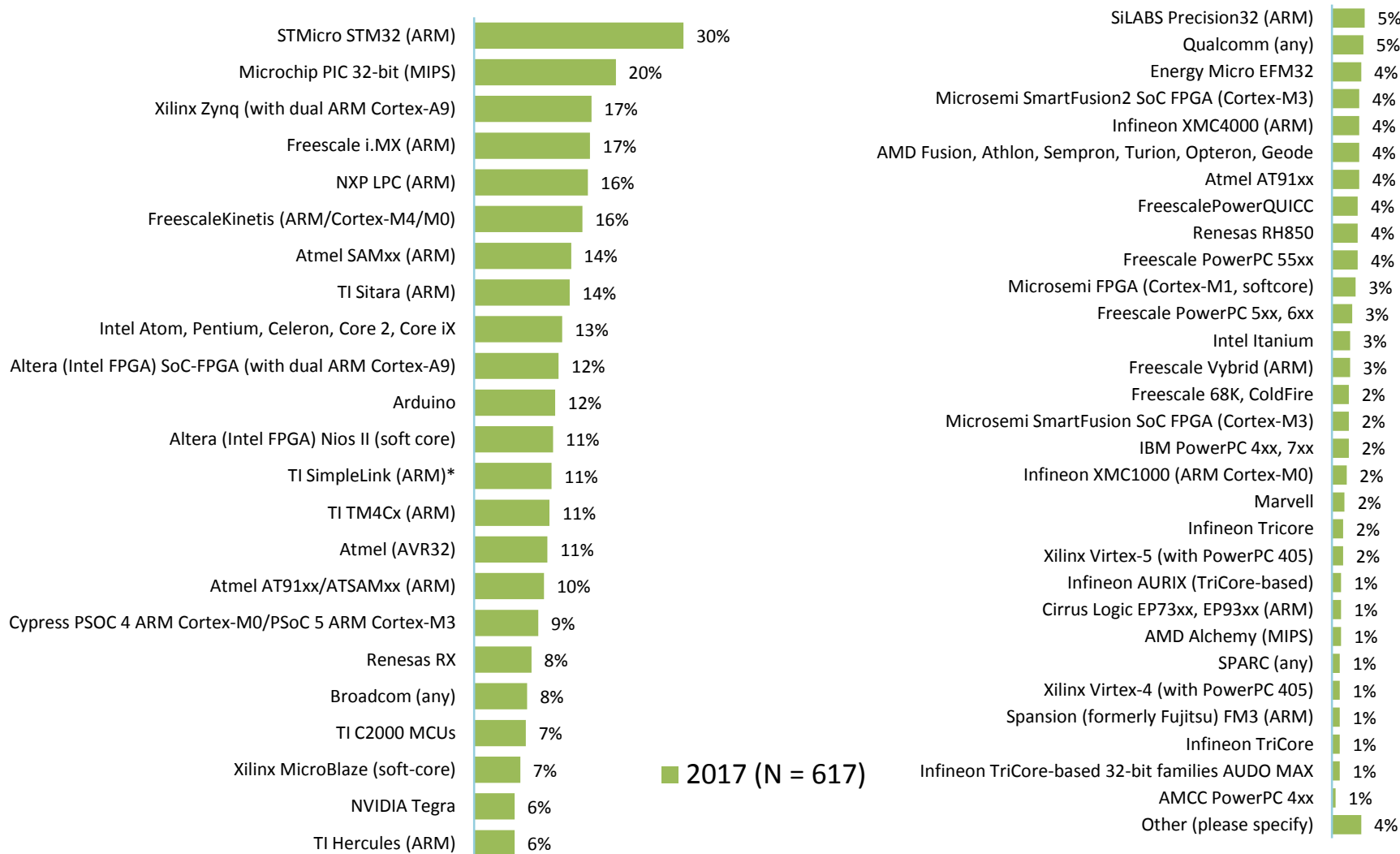
Which of the following 16-bit chip families would you consider for your next embedded project?





ASPENCORE

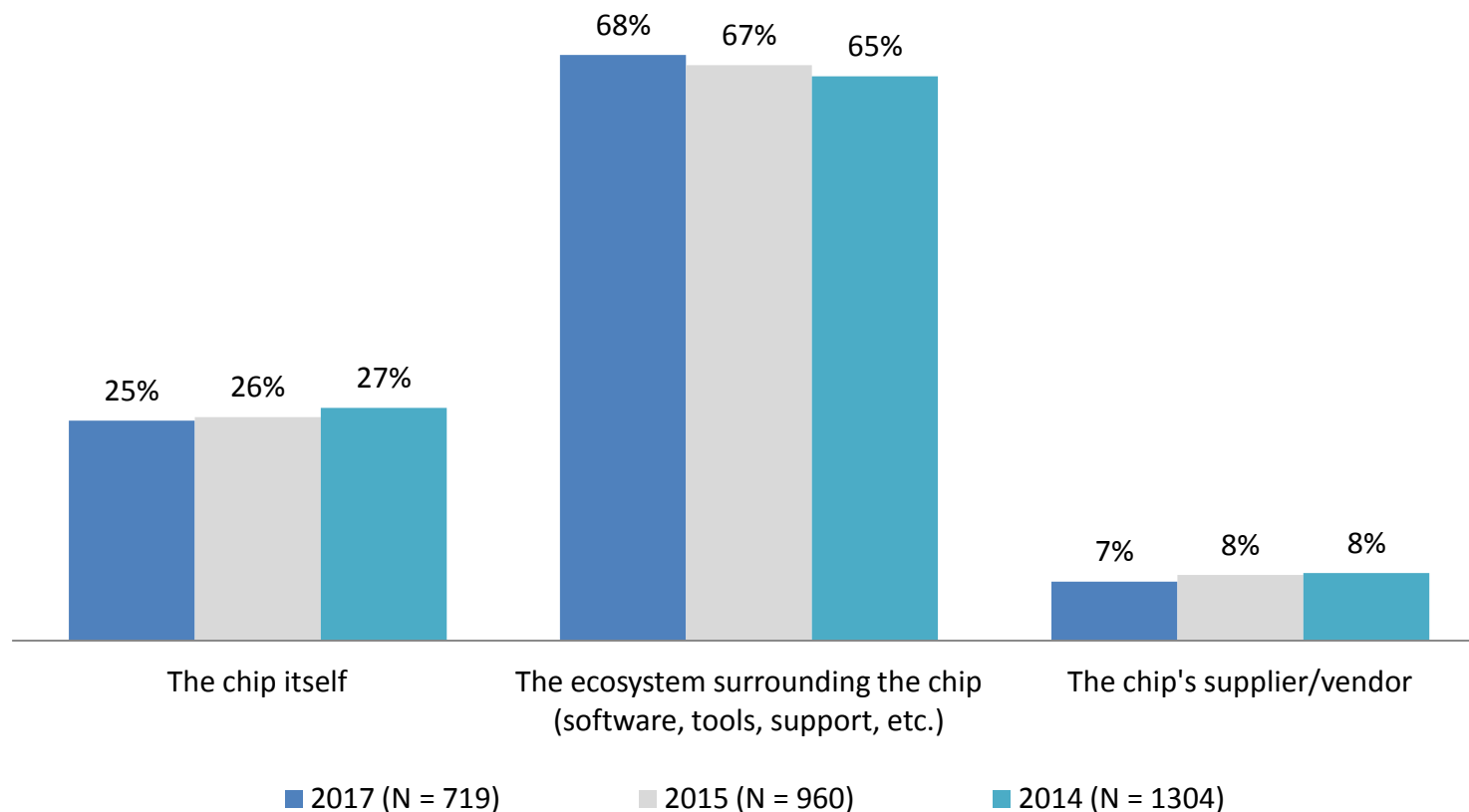
Which of the following 32-bit chip families would you consider for your next embedded project?





ASPENCORE

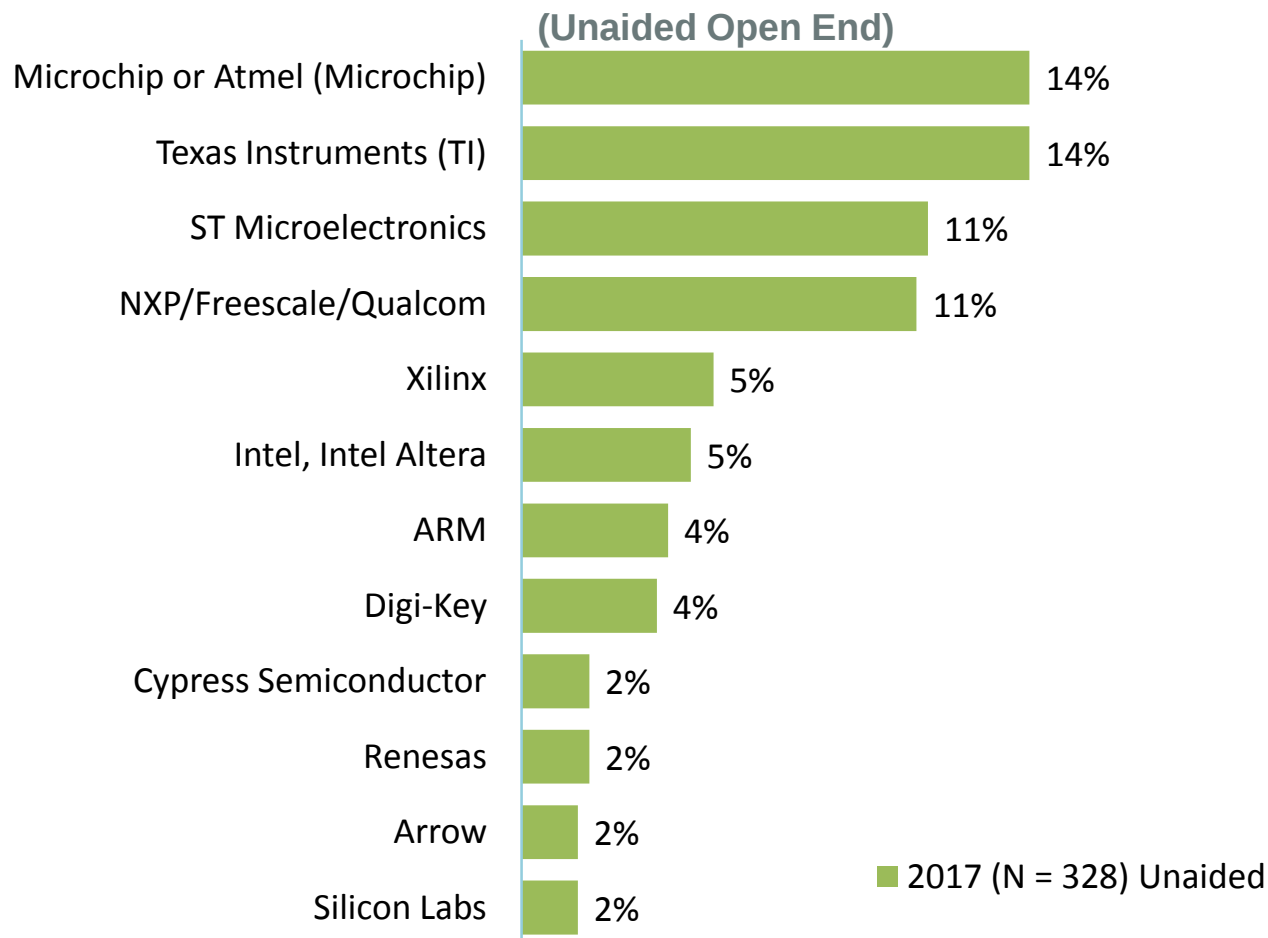
What's most important when choosing a microprocessor?





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

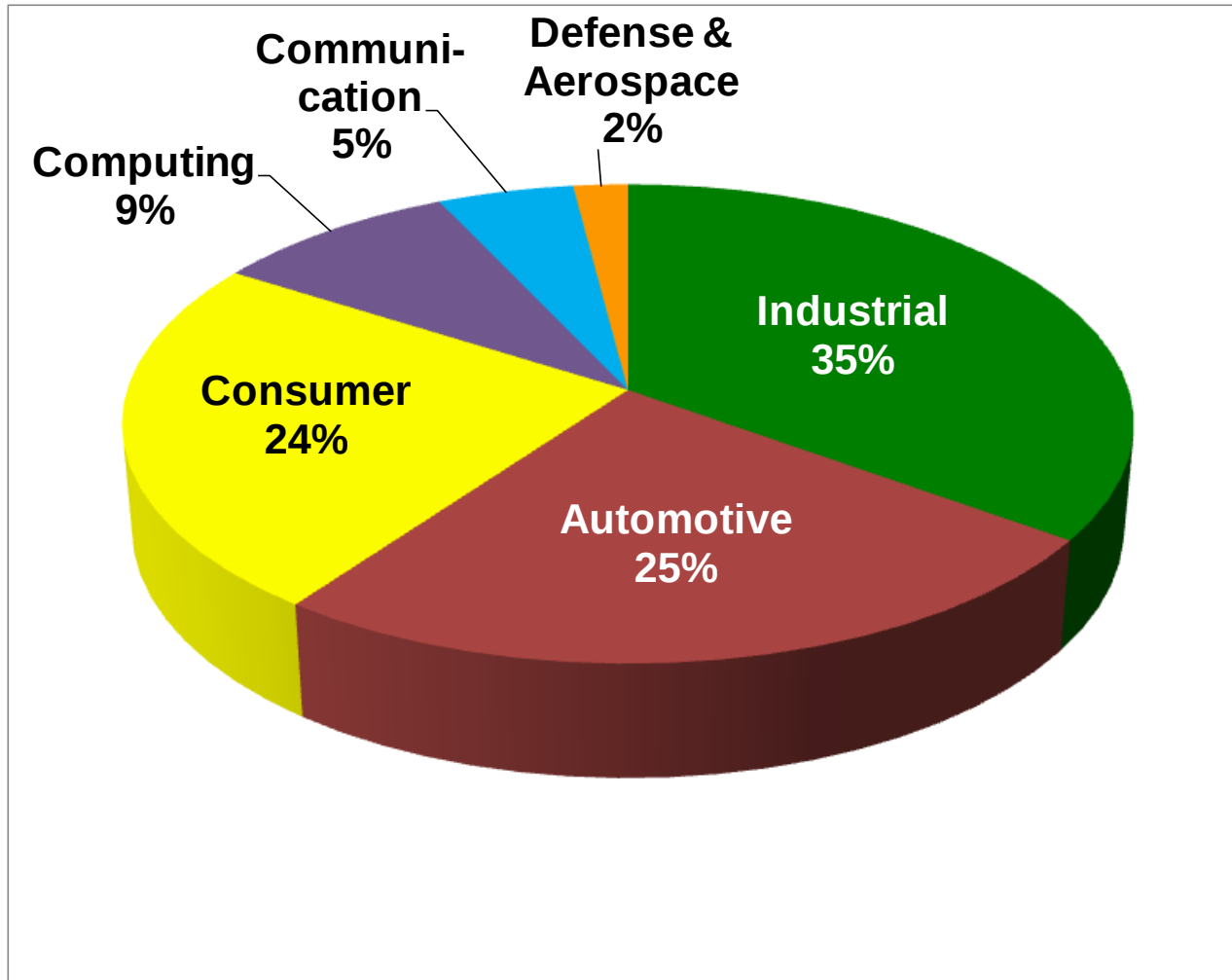
Gross Margin Drivers

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

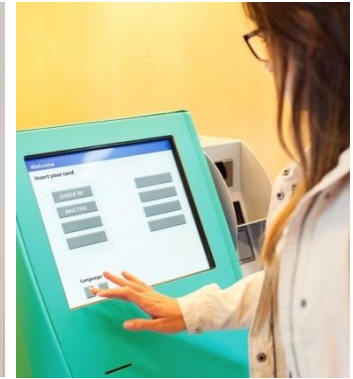
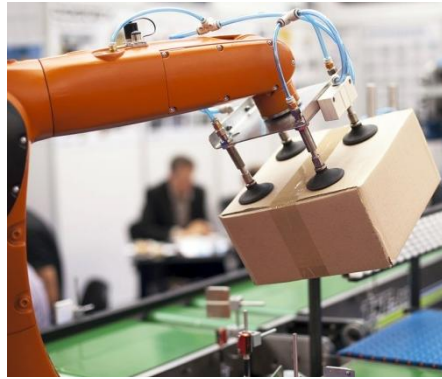
Operating expense leverage drivers

1. Consolidation of Atmel's G&A
2. Synergy in roadmaps on MCU, analog, wireless and memory
3. Convergence of Microchip and Atmel to common process technology platforms
4. Synergy in common development of IP libraries
5. Synergy in development of tools echo-system
6. Synergy in marketing - trade shows, technical conferences, website, training
7. Lower incremental opex for sales growth

Revenue by End Market



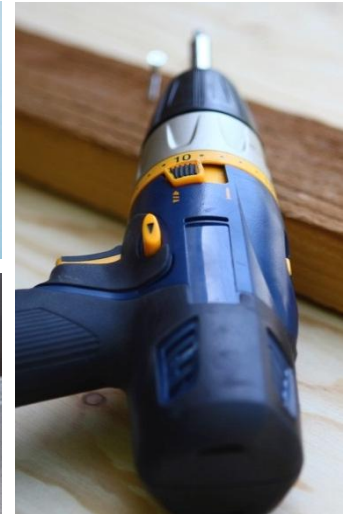
Industrial (35% of Sales)



Automotive (25% of sales)



Consumer (24% of sales)



Computing (9% of sales)



Communications (5% of sales)



Defense and Aerospace (2% of sales)





MCHP Financial Information Consolidated

	<u>Actual</u>	<u>Guidance</u>	
	<u>Actual</u>	<u>Q1FY18</u>	<u>Long-Term</u>
	<u>Mar. 31, 2017</u>	<u>Guidance</u>	<u>Model****</u>
	<u>June 30, 2017</u>		
Net Sales (\$MM)	\$902.7	\$943.3 – \$956.8	
Gross Margin**	59.2%	59.75% - 60.0%	~ 62.5%
Operating Expenses**			
(% of Sales)	25.7%	23.0% - 23.25%	~ 22.5%
Operating Profit	35.6%	36.50% - 37%	~ 40%
EPS*** (Non-GAAP***)	\$1.16	\$1.22 – \$1.26	
EPS*** (GAAP)	\$0.57	\$0.62 – \$0.64	

* 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 and adoption of ASC Subtopic 470-20.

*** 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
- Currently strong business conditions with June quarter revenue guidance increased and now expected to be up 4.5% to 6% sequentially
- Significant capacity challenges to persist for up to one year before lead times are normal.
- Revised long-term non-GAAP financial model to 62.5% gross margin, 22.5% operating expenses and 40% operating income.
- Launching Microchip 2.0- Total system solutions- Smart, connected and Secure.



MICROCHIP

Thank You!