



**MICROCHIP**

**Investor Presentation  
JP Morgan Technology, Media & Telecom  
Conference**

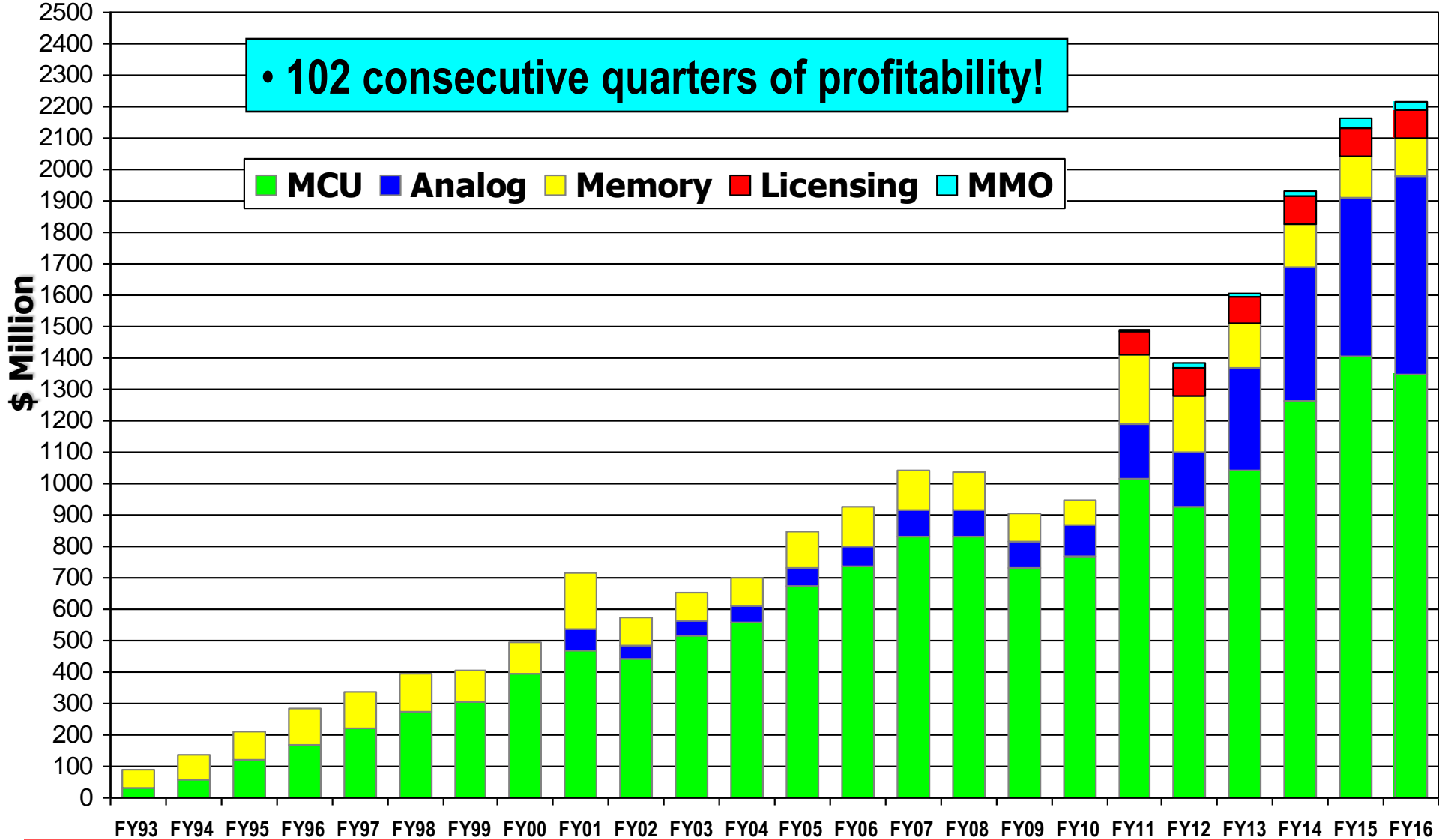
*Steve Sanghi, Chairman and CEO*



# Annual Net Sales Growth

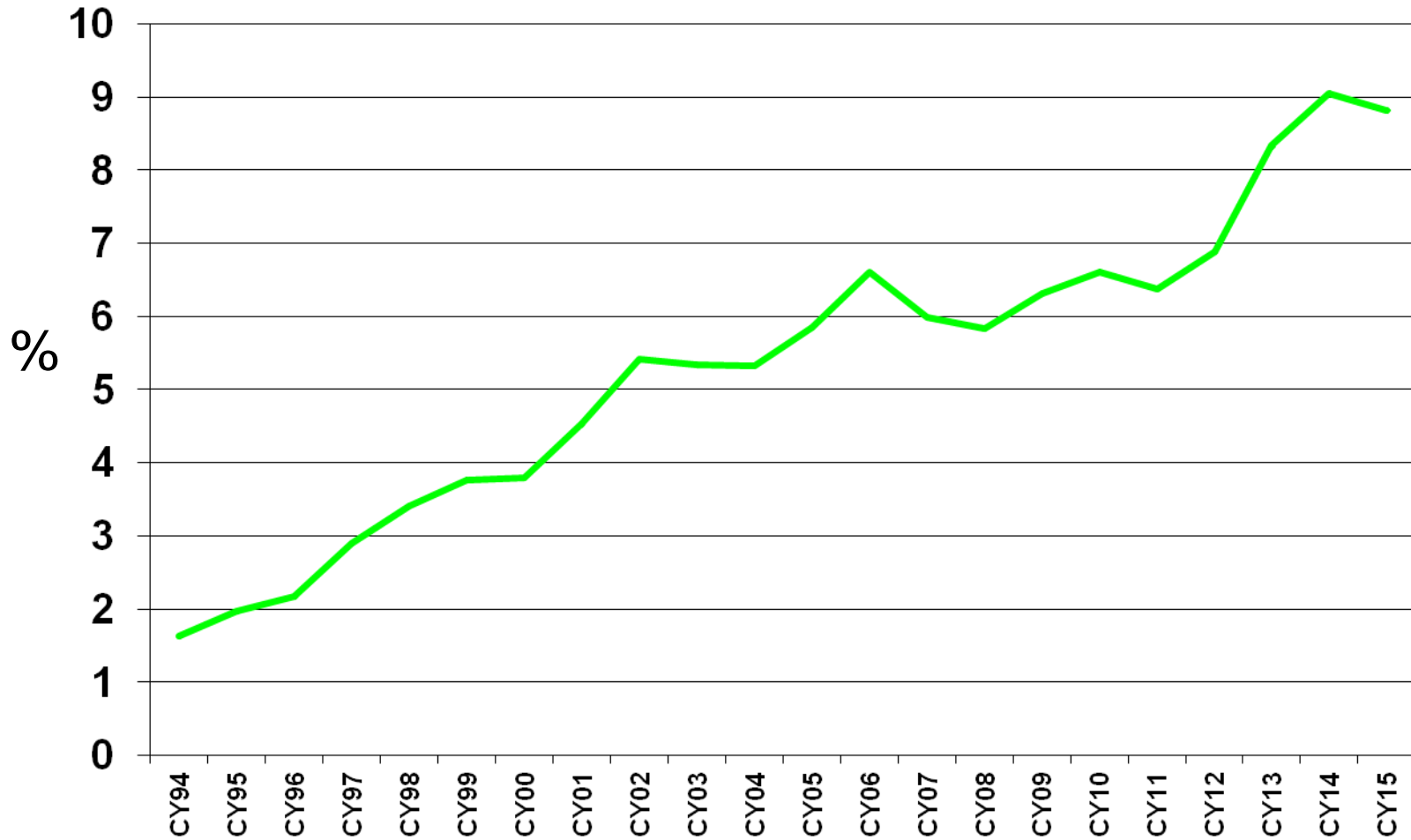
• 102 consecutive quarters of profitability!

MCU Analog Memory Licensing MMO



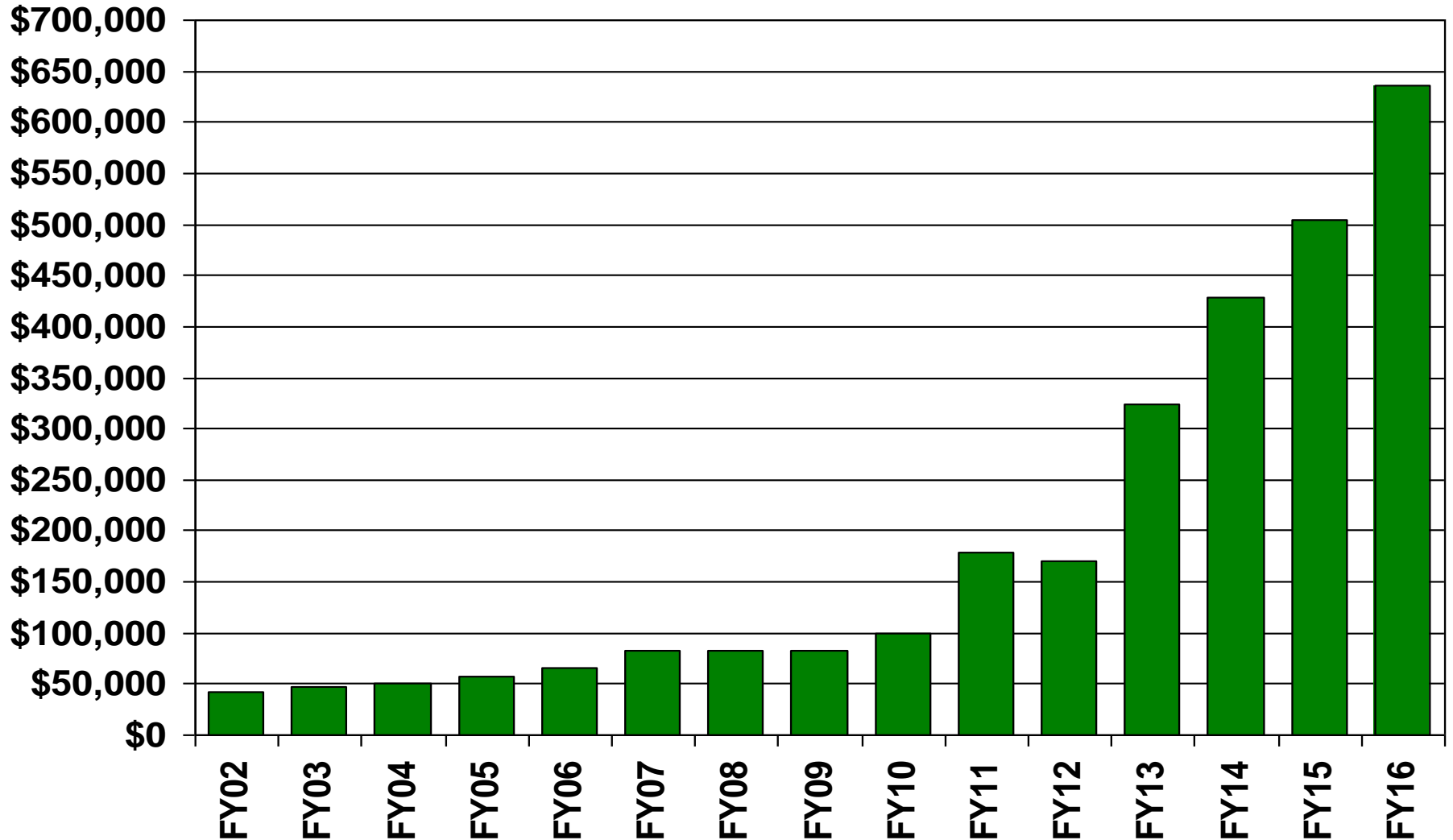


# Total MCU (8/16/32) Market Share %





# Analog Yearly Revenue (k\$)





# Highly Profitable Financial Model \*

	Microchip	Atmel	Microchip + Atmel	Long Term Model
Revenue (\$M)	\$585.5	\$235.0	\$820.5	
Gross Margin (%)	58.4%	46.5%	55.0%	59%
Operating Expense (%)	26.45%	37.0%	29.5%	26%
Operating Income (\$M)	\$187.1	\$22.5	\$209.6	
Operating Income (%)	31.95%	9.5%	25.5%	33%

\* Represents the midpoint of the non-GAAP financial guidance for the June 2016 quarter



# Synergy and Accretion Expectations

- Transaction is expected to be immediately accretive to our non GAAP earnings per share
- Short term: Targeting 18% growth in non-GAAP EPS from FY16 to FY17 with accretion from Micrel and Atmel.
  - Atmel adds ~25 cents in FY 2017
- Long term: 3<sup>rd</sup> year after close (FY2019), we expect:
  - \$170M in synergy from cost savings and revenue growth
  - Atmel to contribute ~90 cents/share of non GAAP EPS (this assumes shares issued in the Atmel transaction are purchased back prior to FY19)
  - Targeting consolidated Microchip non GAAP EPS of \$4.25/share
- Represents non GAAP EPS growth of over 17% per year for Microchip over the next 3 years.
- Full synergy of over \$200M in the 4<sup>th</sup> year (FY 2020)
- Extends Microchip's record of organic as well as acquisition driven revenue and non GAAP EPS growth

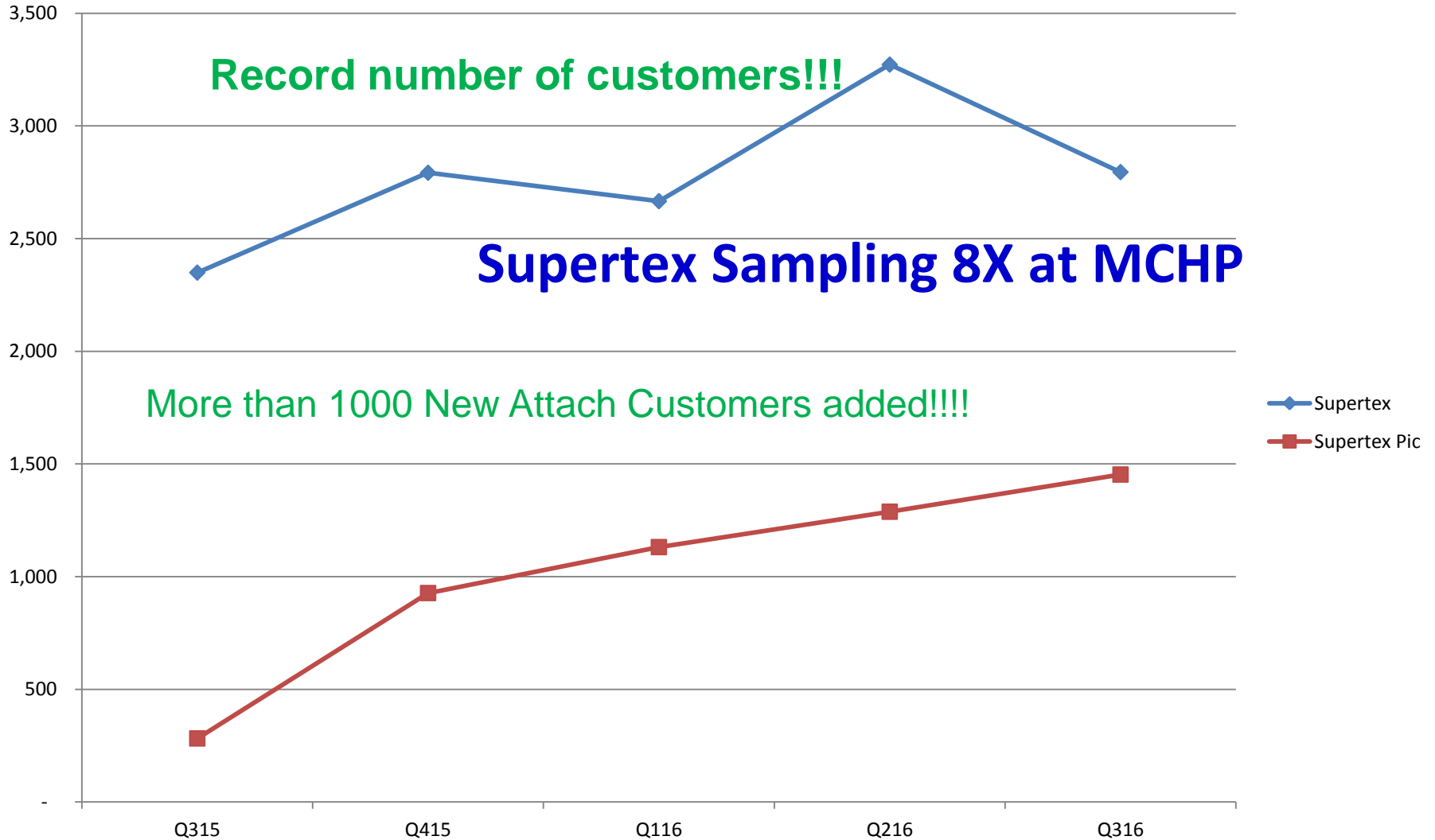


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**Attach \$ Multiply Team**



# SUPX - SUPX PIC Customer Counts

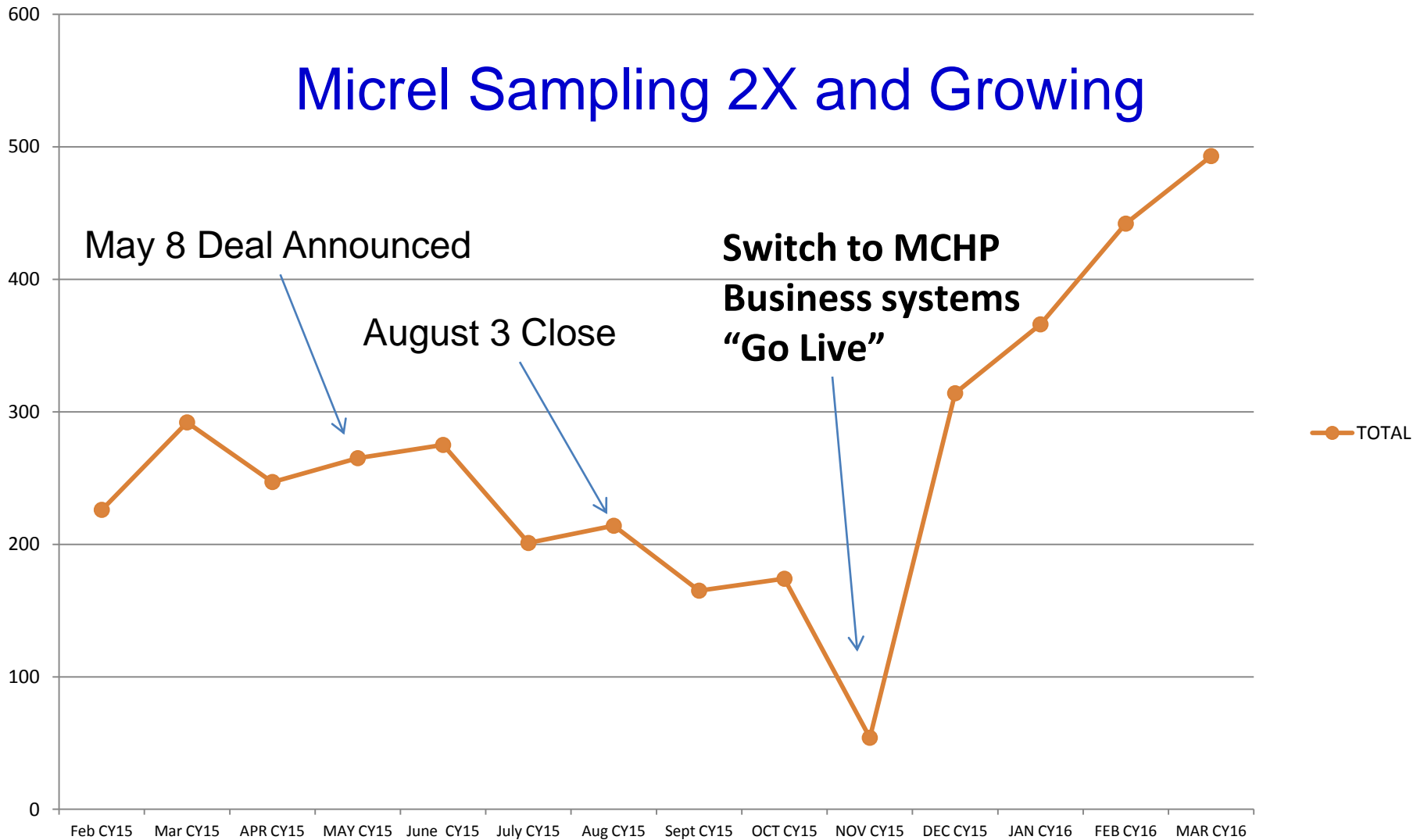






# MICREL LPS Group Customer Sample Shipments

Micrel Sampling 2X and Growing





# Fiscal 4<sup>th</sup> Quarter 2016 Micrel

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	<u>Qtr ending 9/30/15</u>	<u>Qtr ending 12/31/15</u>	<u>Qtr ending 3/31/16</u>
<b>Gross Margin %</b>	<b>45.4%</b>	<b>49.5%</b>	<b>53.2%</b>
<b>Operating Exp</b>	<b>41.8%</b>	<b>31.9%</b>	<b>30.4%</b>
<b>Operating Prof.</b>	<b>3.6%</b>	<b>17.6%</b>	<b>22.8%</b>

# Core Diversity in Competitive Platforms

Supplier	8 Bit	16 Bit	32 Bit
NXP/Freescale	<ul style="list-style-type: none"> <li>• 68HC05</li> <li>• 68HC08</li> <li>• 68HC11/12</li> <li>• RS08xxx</li> <li>• LPC900</li> </ul>	<ul style="list-style-type: none"> <li>• 68HC16</li> <li>• 56800/568000</li> </ul>	<ul style="list-style-type: none"> <li>• MPCXXX</li> <li>• MCFXXX</li> <li>• MSC8XX</li> <li>• LPC, Kinetis</li> </ul>
Renesas	<ul style="list-style-type: none"> <li>• H8</li> </ul>	<ul style="list-style-type: none"> <li>• H16</li> <li>• M16</li> <li>• 78K</li> <li>• R8C</li> </ul>	<ul style="list-style-type: none"> <li>• M32</li> <li>• V850</li> <li>• RX</li> <li>• SH7</li> <li>• S3</li> </ul>
TI		<ul style="list-style-type: none"> <li>• MSP430</li> </ul>	<ul style="list-style-type: none"> <li>• C2000/C28000</li> <li>• MSP432</li> <li>• LM3, LM4, Tiva</li> </ul>
MCHP	<ul style="list-style-type: none"> <li>• PIC16</li> <li>• PIC18</li> <li>• AVR8</li> <li>• 8051</li> </ul>	<ul style="list-style-type: none"> <li>• dsPIC</li> <li>• PIC24</li> </ul>	<ul style="list-style-type: none"> <li>• AVR32</li> <li>• PIC32</li> <li>• SAM</li> </ul>



# MCHP Financial Information Consolidated

	<u>Actual</u>	<u>Guidance</u>	
	<u>Actual</u> <u>Mar. 31, 2016</u>	<u>Q1FY17</u> <u>Guidance</u> <u>Jun. 30, 2016</u>	<u>Long-Term</u> <u>Model With</u> <u>Atmel</u>
Net Sales (\$MM Non-GAAP)	\$568.4	\$799.1 – 841.9	
Gross Margin*	58.4%	54.8% - 55.2%      ~ 59%	
Operating Expenses* (% of Sales)	27.0%	29.1% - 29.8%      ~ 26%	
Operating Profit	31.4%	25.0% - 26.1%      ~ 33%	
EPS (Non-GAAP**)	\$0.70	\$0.70 – 0.79	
EPS (GAAP)	\$0.31		

\* 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](http://www.microchip.com).



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***Thank You!***