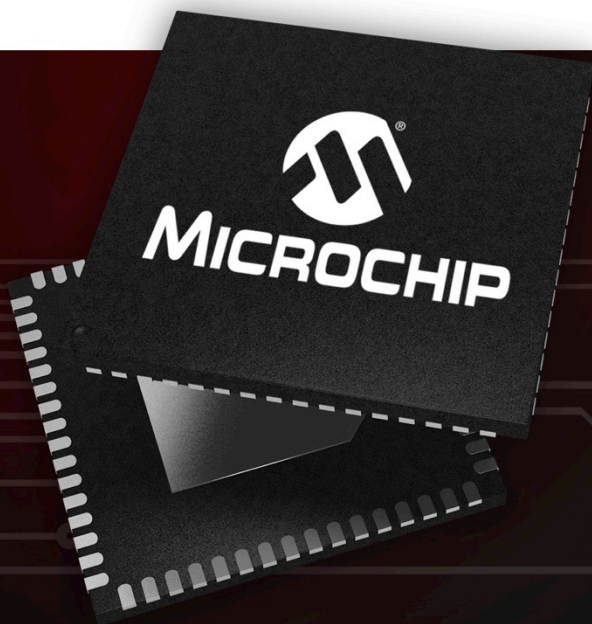
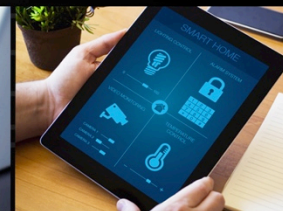




# MICROCHIP



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





---

**Forward Looking Statement Safe Harbor:**

During the course of this presentation, we will make projections or other forward-looking statements regarding the future financial performance of the company or future events, including our strategy, growth drivers, industry outlook, industry trends, market size and our financial model. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including, but not limited to: any economic uncertainty due to monetary policy, political, trade or other issues in the U.S. or internationally, any unexpected fluctuations or weakness in the U.S. and global economies (including China), changes in demand or market acceptance of our products and the products of our customers; our ability to successfully integrate the operations and employees, retain key employees and customers and otherwise realize the expected synergies and benefits of our acquisitions (including our acquisition of Microsemi Corporation); the impact of current and future changes in U.S. corporate tax laws (including the Tax Cuts and Jobs Act of 2017), foreign currency effects on our business; the mix of inventory we hold and our ability to satisfy short-term orders from our inventory; changes in utilization of our manufacturing capacity and our ability to effectively manage and expand our production levels; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; changes or fluctuations in customer order patterns and seasonality; the impact of any future significant acquisitions that we may make; our ability to obtain a sufficient supply of wafers from third party wafer foundries and the cost of such wafers, the costs and outcome of any current or future tax audit or any litigation or other matters involving intellectual property, customers, or other issues; our actual average stock price in the June 2019 quarter and the impact such price will have on our share count; fluctuations in our stock price and trading volume which could impact the number of shares we acquire under our share repurchase program and the timing of such repurchases; disruptions in our business or the businesses of our customers or suppliers due to natural disasters (including any floods in Thailand), terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns or disruptions in the transportation system; and general economic, industry or political conditions in the United States or internationally. For a detailed discussion of these and other risk factors, please refer to Microchip's filings on Forms 10-K and 10-Q. You can obtain copies of Forms 10-K and 10-Q and other relevant documents for free at Microchip's website ([www.microchip.com](http://www.microchip.com)) or the SEC's website ([www.sec.gov](http://www.sec.gov)) or from commercial document retrieval services. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Microchip does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date of this presentation or to reflect the occurrence of unanticipated events.

**Use of Non-GAAP Financial Measures:** In this presentation, we have included certain non-GAAP financial information. Our non-GAAP adjustments include, where applicable, the effect of share-based compensation, expenses related to our acquisition activities (including intangible asset amortization, inventory valuation costs, excess capacity charges to normalize acquired inventory levels, severance and other restructuring costs, and legal and other general and administrative expenses associated with acquisitions), non-cash interest expense on our convertible debentures, adjustments for a manufacturing excursion issue with one of our suppliers, losses on the settlement of debt, and losses on available-for-sale investments. For the fourth quarter of fiscal 2019, our non-GAAP income tax expense is presented based on projected cash taxes for fiscal 2019, excluding transition tax payments under the Tax Cuts and Jobs Act. For the fourth quarter of fiscal 2018, our non-GAAP income tax expense is presented in a manner that excludes the tax impact of non-GAAP adjustments calculated using the applicable tax rates in the jurisdictions where the adjustments occurred, tax adjustments in accordance with ASC 740-270, and one-time tax events. Following our required adoption of the new revenue recognition standard effective April 1, 2018, we disclose "end market demand" which is the net dollar amount of our products, licensing revenue and other services delivered to our direct (non-distributor) customers and by our distributors to their customers. Our determination of our non-GAAP measures might not be the same as similarly titled measures used by other companies, and it should not be construed as a substitute for amounts determined in accordance with GAAP. There are limitations associated with using non-GAAP measures, including that they exclude financial information that some may consider important in evaluating our performance. Management compensates for this by presenting information on both a GAAP and non-GAAP basis for investors and providing reconciliations of the GAAP and non-GAAP results. Reconciliations of certain of our non-GAAP and GAAP results are available on our website at [www.microchip.com/investors](http://www.microchip.com/investors).

# Q1FY20 Business Update

---

- **We have no guidance update since our earnings call of May 8th**
- **The rhetoric on tariffs has gotten more negative since our May 8th call**
- **Since May 8th the Huawei shipment ban was announced and is in effect**
  - Huawei represents between 1% and 2% of our revenue
- **The rest of our business is progressing as expected**

- **Leading Total Systems Solutions provider:**
  - High-performance standard and specialized Microcontrollers, Digital Signal Controllers and Microprocessors
  - Mixed-Signal, Analog, Interface and Security solutions
  - Clock and Timing solutions
  - Wireless and Wired Connectivity solutions
  - FPGA solutions
  - Non-volatile EEPROM and Flash Memory solutions
  - Flash IP solutions
- **~ \$5.5 billion in revenue**
- **~ 18,200 employees**
- **Headquartered near Phoenix in Chandler, AZ**

# Our Vision

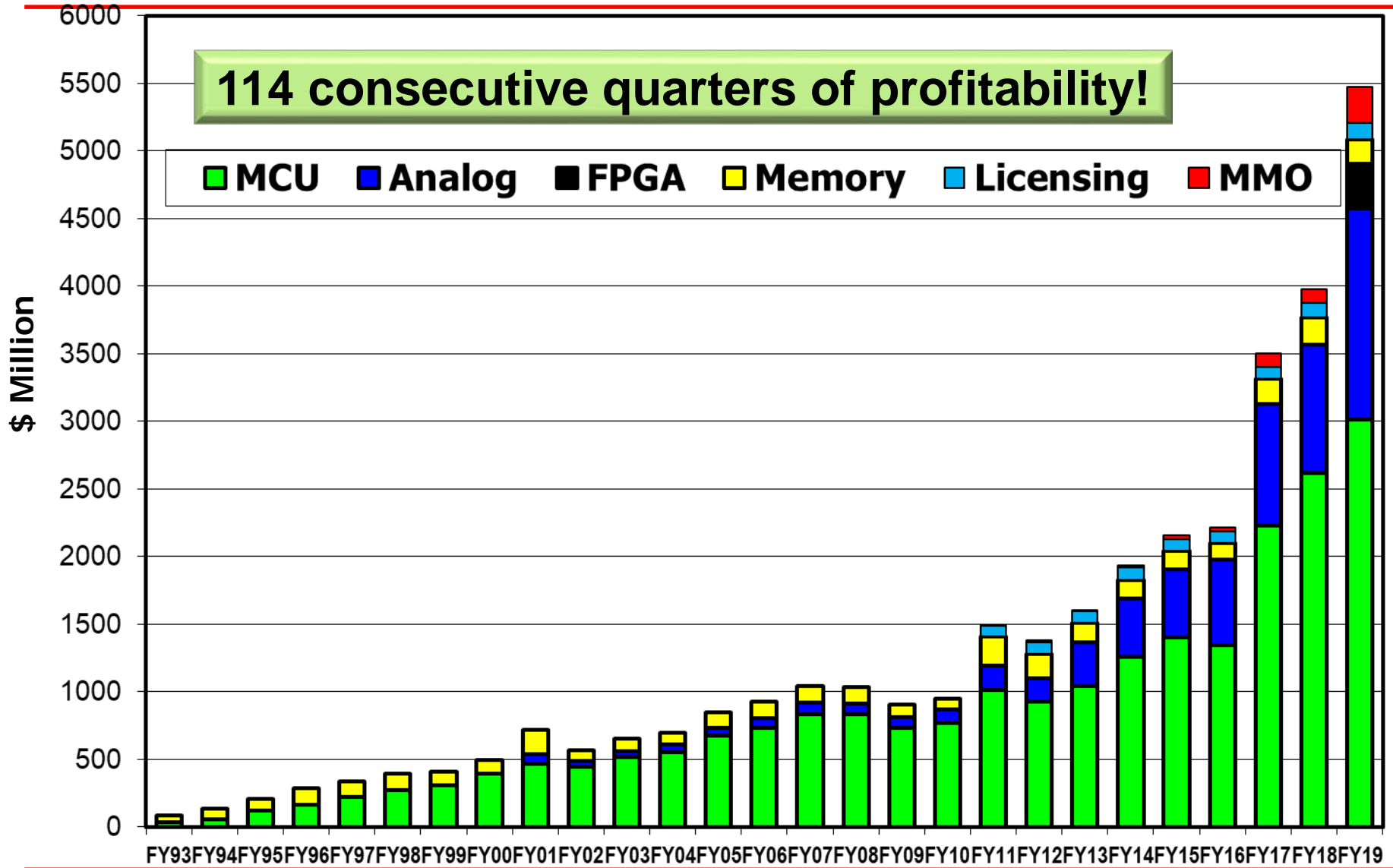
***Be The Very Best Embedded  
Control Solutions Company Ever***



**SMART | CONNECTED | SECURE**

# Annual End Market Demand Growth

**114 consecutive quarters of profitability!**





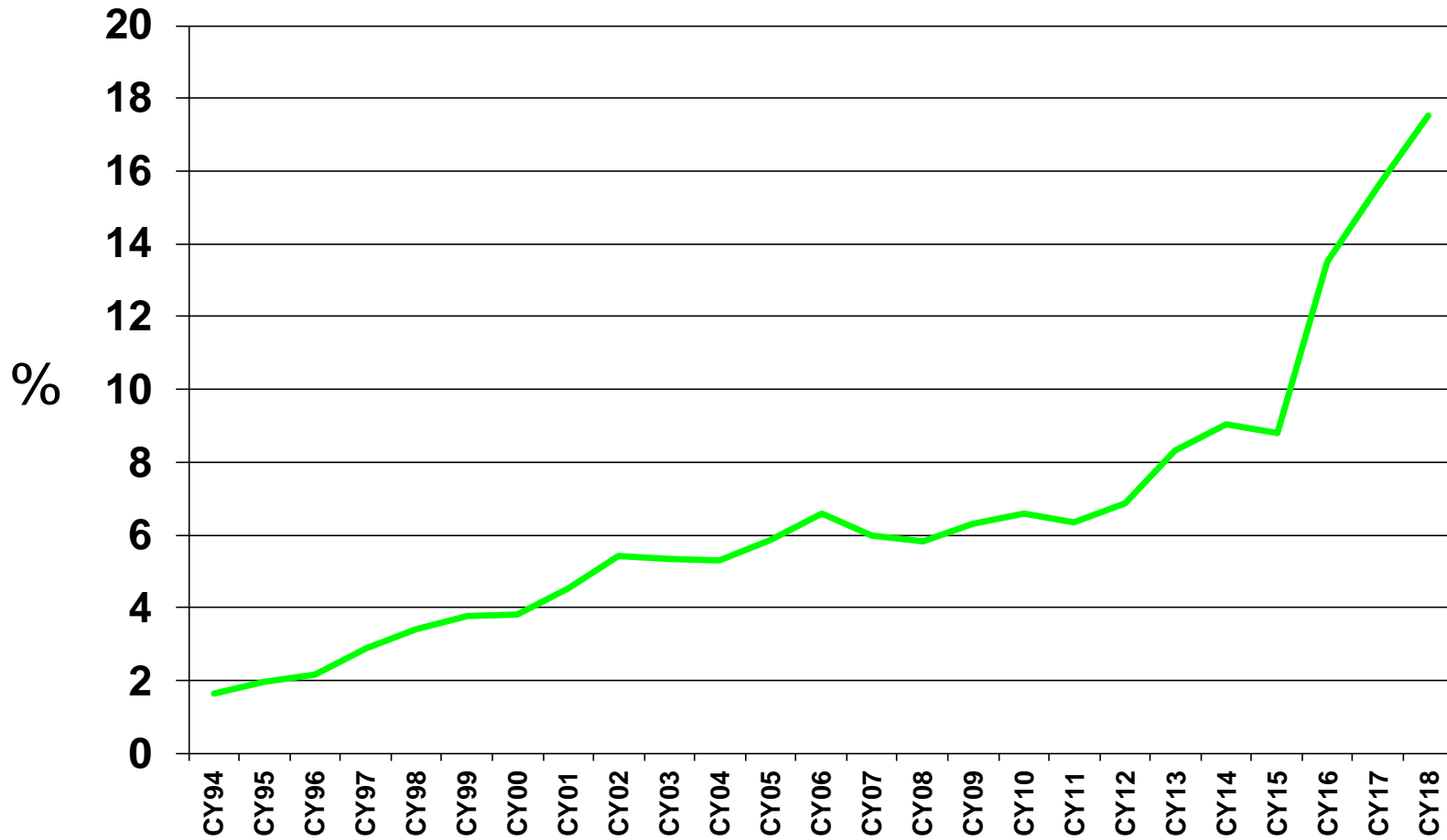
# Worldwide Microcontroller Market Share

No.	2003 Rank	2008 Rank	2009 Rank	2010 Rank	2014 Rank	2016 Rank	2017 Rank	2018 Rank
1	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas	Renesas
2	Motorola	NEC	NEC	Freescale	Freescale	NXP	NXP	NXP
3	NEC	Freescale	Freescale	Samsung	ST-Micro	Microchip	Microchip	Microchip
4	Matsushita	Infineon	Samsung	Microchip	Microchip	ST-Micro	ST-Micro	ST-Micro
5	Infineon	Samsung	Microchip	Atmel	NXP	TI	TI	TI
6	Fujitsu	Microchip	TI	TI	TI	Infineon	Infineon	Infineon
7	Toshiba	ST-Micro	Infineon	Infineon	Infineon	Cypress	Cypress	Cypress
8	Microchip	TI	ST-Micro	ST-Micro	Atmel	Samsung	Samsung	Samsung
9	Samsung	Fujitsu	Fujitsu	Fujitsu	Spansion	CEC Huada	Toshiba	Toshiba
10	ST-Micro	NXP	NXP	NXP	Samsung	Toshiba	Si-Labs	CEC Huada

Based on dollar shipment volume 2003-2018, Source: Gartner and Microchip



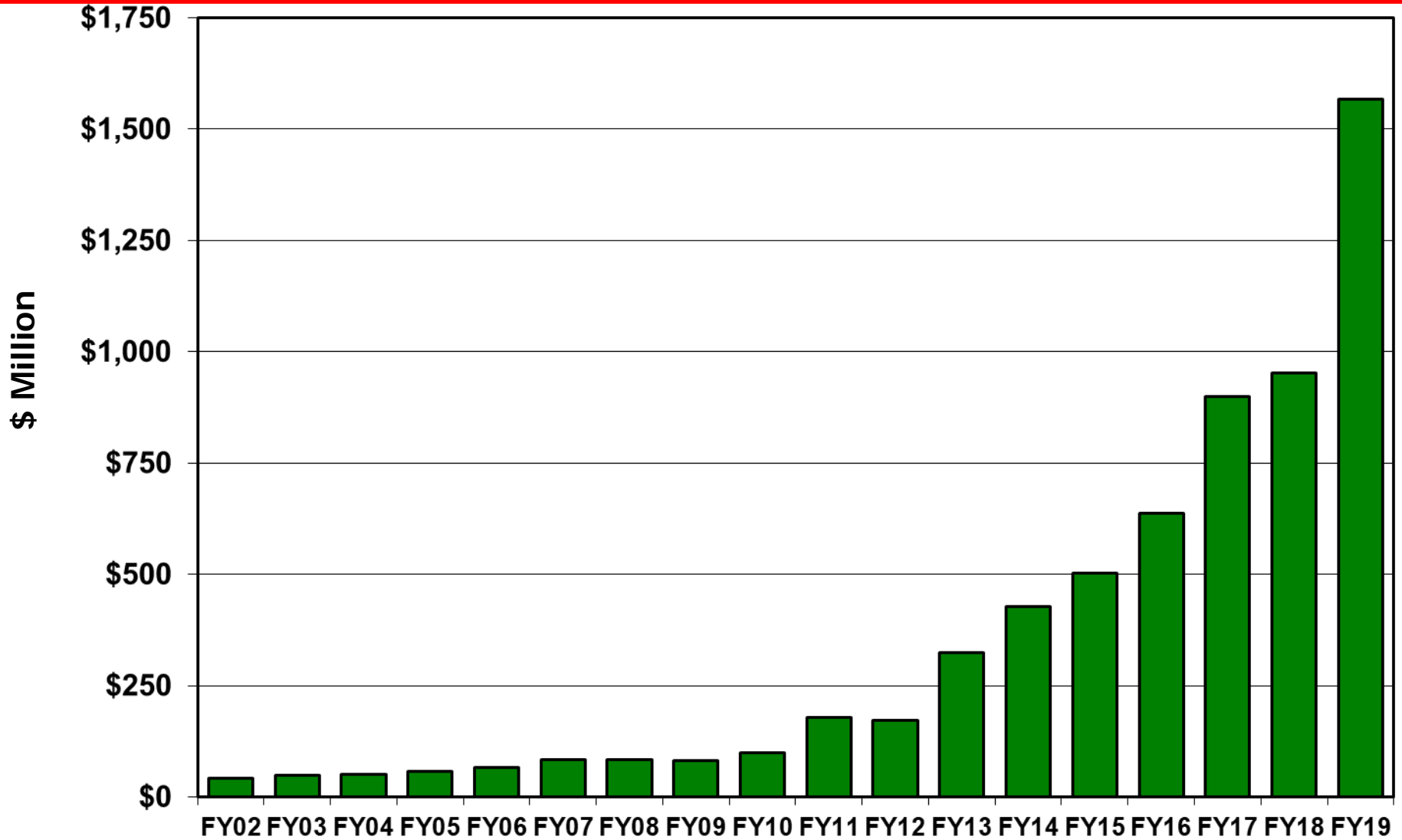
# Total MCU (8/16/32) Market Share %







# Analog End Market Demand Growth



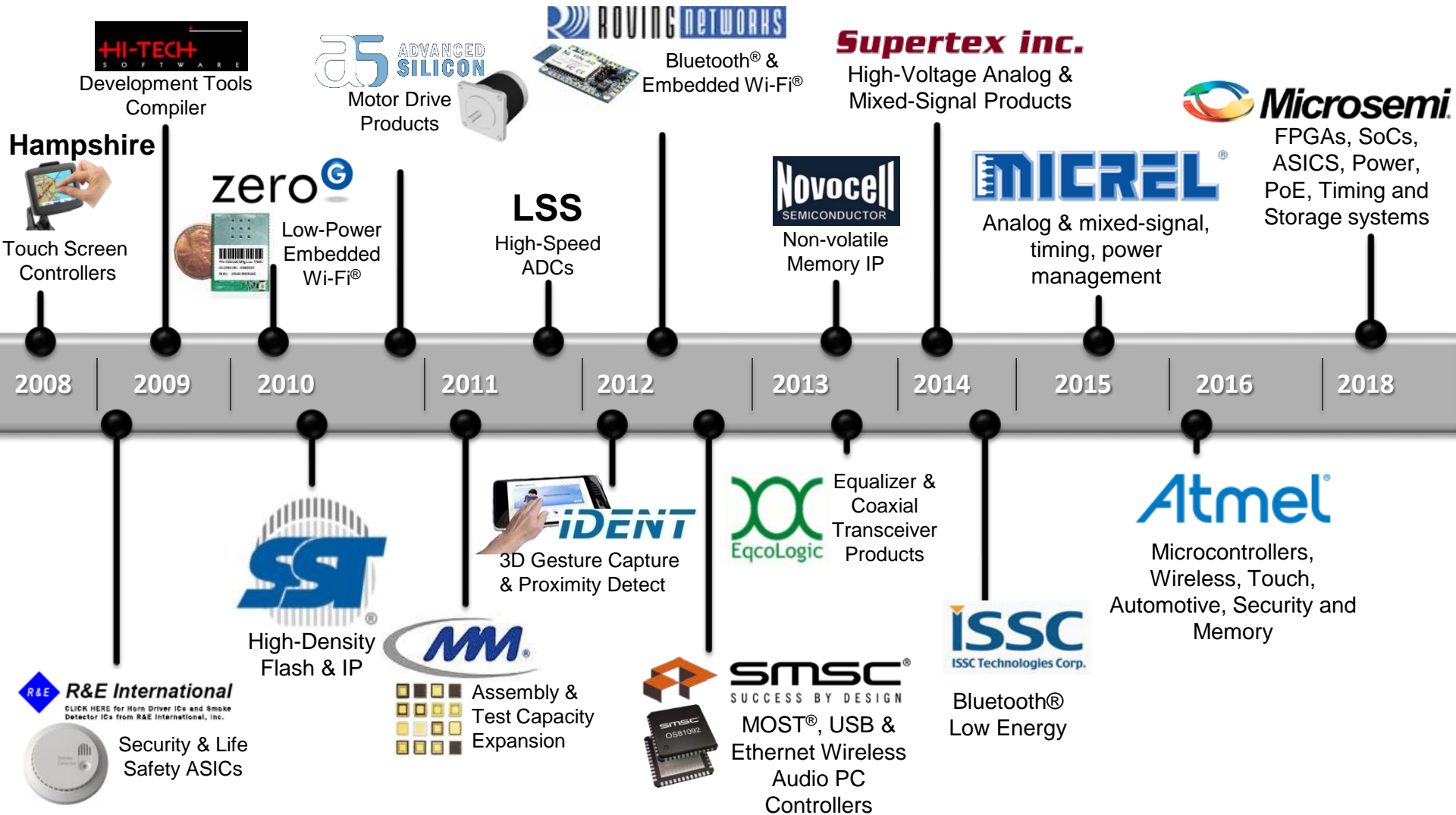


# Microchip 2.0

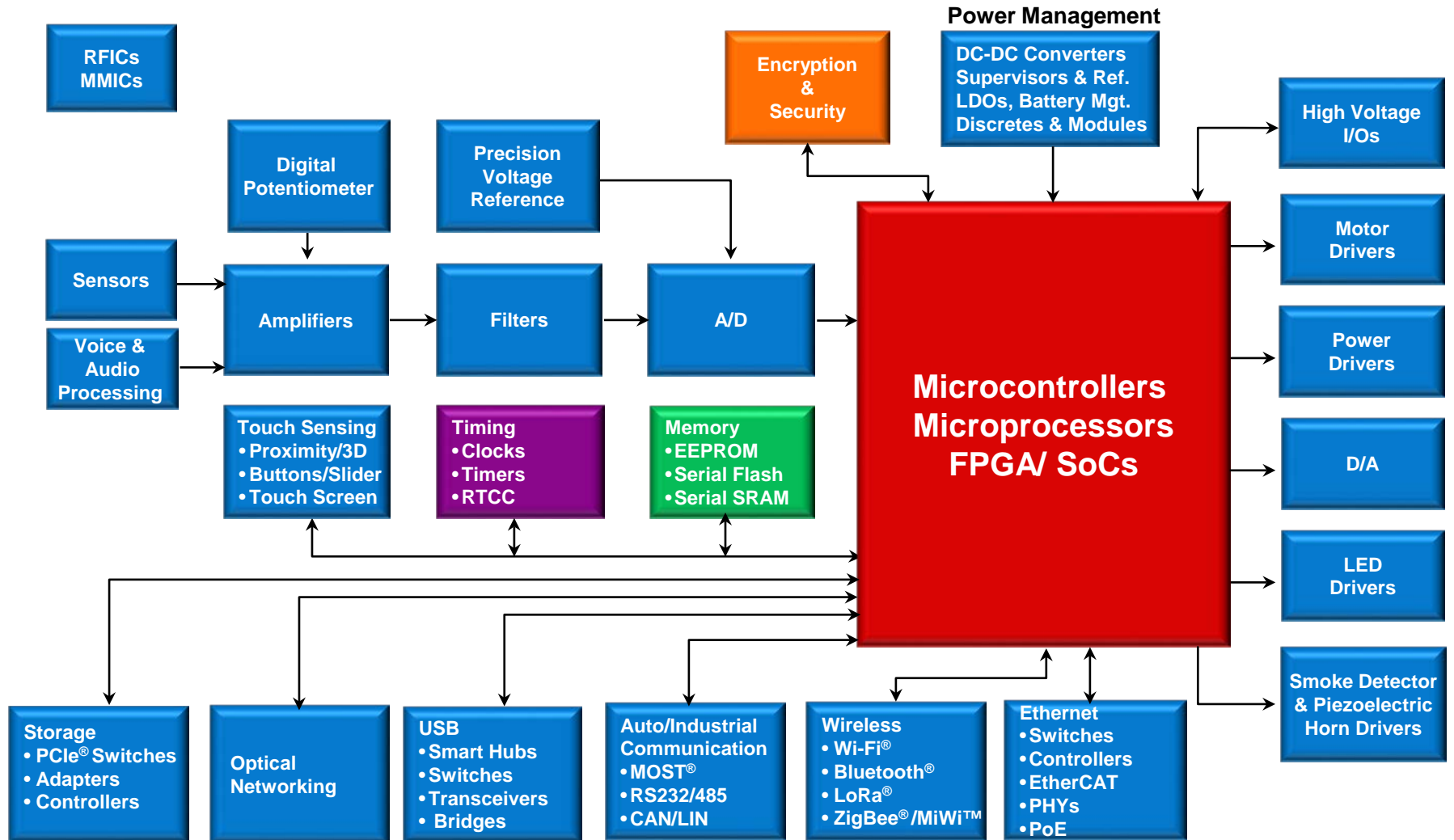
---

- 1. Total System Solution in Embedded Control**
- 2. Leading customer preference to design with our MCUs**
- 3. Multiple growth drivers**
- 4. Non-GAAP gross margin target of 63% of end market demand with multiple drivers**
- 5. Non-GAAP operating expense target of 22.5% of end market demand**
- 6. End market mix skewed to Industrial and Automotive for classic Microchip, augmented by Microsemi**
- 7. Microsemi adds complementary focus on Aerospace & Defense, Computing/Datacenter & Communication**
- 8. Long-term model with industry leading operating profits**

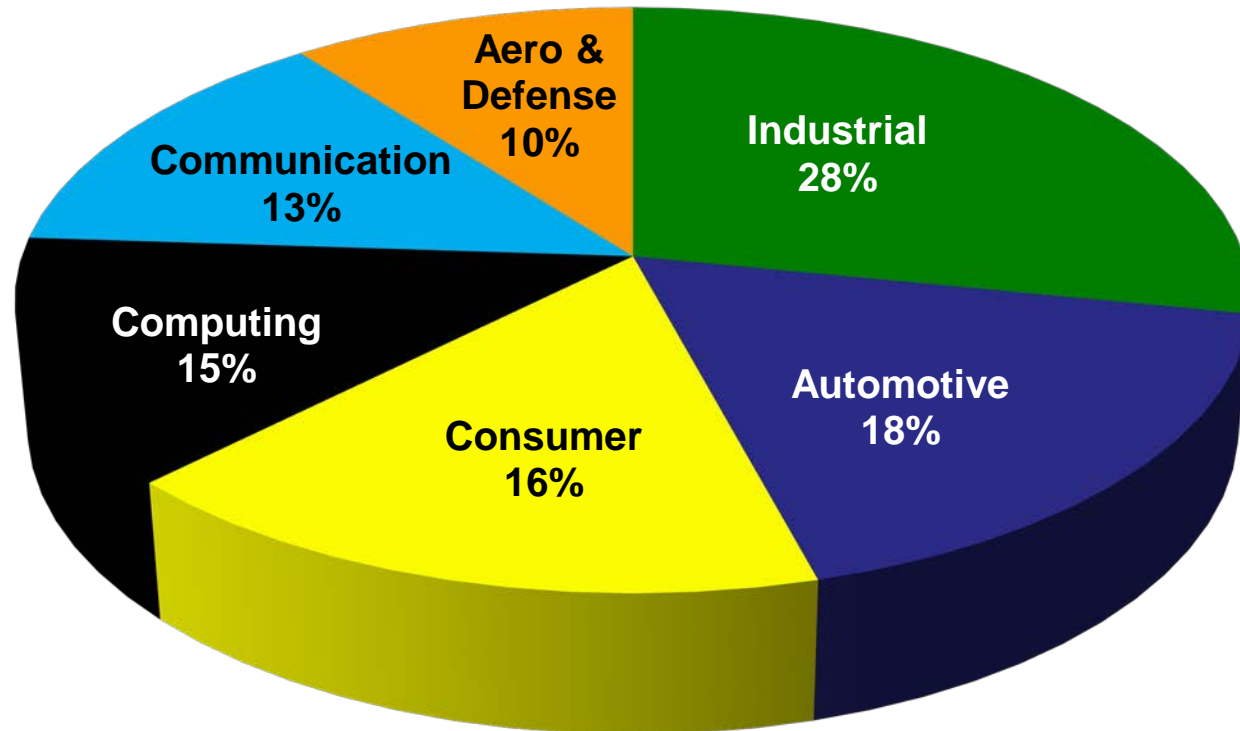
# Expanding Microchip Solutions Through Acquisitions



# Providing Total System Solutions



# Revenue by End Market



***Microchip is a top 10 semiconductor player in each of Automotive and Industrial markets and # 1 in the world for Aero & Defense***



# Financial Results, Guidance and Long-Term Model

	Actual Results											
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19
Non-GAAP Net Sales	\$844.0	\$873.8	\$881.2	\$902.7	\$972.1	\$1,012.1	\$994.2	\$1,002.3	\$1,216.8	\$1,513.3	\$1,416.0	\$1,329.8
Gross Profit	\$471.1	\$499.9	\$509.7	\$534.7	\$587.2	\$617.8	\$610.6	\$618.4	\$756.7	\$933.7	\$881.1	\$826.9
Gross Margin	55.8%	57.2%	57.8%	59.2%	60.4%	61.0%	61.4%	61.7%	62.2%	61.7%	62.2%	62.2%
Operating Expenses	\$240.0	\$233.6	\$220.6	\$213.6	\$222.9	\$227.3	\$218.9	\$222.8	\$283.2	\$354.5	\$351.1	\$342.8
Operating Income	\$231.1	\$266.3	\$289.1	\$321.2	\$364.3	\$390.5	\$391.7	\$395.6	\$473.5	\$579.3	\$530.0	\$484.1
Operating Margin	27.4%	30.5%	32.8%	35.6%	37.5%	38.6%	39.4%	39.5%	38.9%	38.3%	37.4%	36.4%
Net Income	\$194.0	\$219.6	\$246.5	\$276.9	\$319.1	\$344.1	\$341.2	\$351.3	\$405.8	\$454.6	\$405.6	\$370.4
Diluted EPS	\$0.84	\$0.94	\$1.05	\$1.16	\$1.31	\$1.41	\$1.36	\$1.40	\$1.61	\$1.81	\$1.66	\$1.48
EBITDA	\$264.1	\$298.8	\$321.3	\$356.5	\$395.6	\$422.5	\$425.9	\$429.6	\$537.5	\$574.0	\$556.3	\$544.4

Q1 FY20 Guidance from 5/8/19	
Net Sales	\$1,260 - \$1,400
Gross Margin %	61.8% - 62.2%
Operating Expense %	25.3% to 26.3%
Operating Margin	35.5% to 36.9%
Diluted EPS	\$1.26 - \$1.49

Long Term Model Including Microsemi	
Gross Margin	63.0%
Operating Expenses	22.5%
Operating Margin	40.5%

Microchip does not utilize a GAAP long-term model. All figures are Non-GAAP. Figures prior to Q4 FY19 and are measured off of end market demand. In Q4 FY19, based on discussions with the SEC, Microchip changed to providing Non-GAAP guidance based on GAAP revenue. 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](http://www.microchip.com).

# Summary

---

- A consistent revenue grower and market share gainer with multiple growth drivers
- High margin business model and shareholder friendly
- Microsemi integration and accretion ahead of schedule
- Executing on Microchip 2.0 - Total system solutions - Smart, Connected and Secure
- Premium long-term non-GAAP financial model of 63% gross margin, 22.5% operating expenses and 40.5% operating income based on end market demand



**MICROCHIP**

***Thank You!***



SMART | CONNECTED | SECURE