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. We will also make projections or other forward-looking statements regarding our pending acquisition of Microsemi including deal timing, deal benefits, synergies, integration plans, plans to finance the transaction, deal accretion and pro-forma financial information for the transaction. We wish to caution you that such statements are just predictions and that actual events or results may differ materially. These statements are subject to a number of risks and uncertainties, including the actual timing of the closing of the Microsemi acquisition, the satisfaction of the conditions to closing in the Microsemi acquisition agreement, any termination of the Microsemi acquisition agreement, the effect of the acquisition on Microchip’s and Microsemi’s existing relationships with customers and vendors and their operating results and businesses; the costs and outcome of any litigation involving Microchip, Microsemi or the acquisition transaction, our ability to successfully integrate the operations and employees, retain key employees and customers and otherwise realize the expected synergies and benefits of our Microsemi acquisition; the impact of any future significant acquisitions that we may make; any economic uncertainty due to monetary policy, political 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; changes in U.S. corporate tax laws as a result of the Tax Cuts and Jobs Act of 2017 or other future legislation, 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; the level of sell-through of our products through distribution; changes or fluctuations in customer order patterns and seasonality; 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; 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. Actual results may differ materially from the expected results. For a detailed discussion of these and other risk factors, please refer to Microchip’s and Microsemi’s filings on Forms 10-K, 10-Q and 8-K. You can obtain copies of Forms 10-K, 10-Q, 8-K and other relevant documents for free at Microchip’s website (www.microchip.com), Microsemi’s website (www.microsemi.com) or the SEC’s website (www.sec.gov) or from commercial document retrieval services. These documents contain and identify other important factors that could cause our actual results to differ materially from those contained in our projections or forward-looking statements. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. We do not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after this presentation or to reflect the occurrence of unanticipated events.

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Agenda

- Overview & Value proposition  
  - Steve Sanghi

- Microsemi Acquisition  
  - Steve Sanghi

- Smart, Connected and Secure  
  - Ganesh Moorthy

- Total Systems Solution  
  - Rich Simoncic

- Financial Metrics  
  - Eric Bjornholt
Business Update

- March quarter is tracking according to the mid point of guidance.
- Narrowing March quarter Net sales guidance to be flat to -2%. (previous guidance -3% to +1%).
- March quarter guidance at mid point up 9% over year ago quarter.
- Expecting June quarter net sales to be up ~5% sequentially and ~6.3% over a year ago quarter (Soft landing).
- Bookings are very strong. 3 month book to bill ratio ending February 2018 at 1.09 compared to 1.0 ending December 2017.
- 12 months backlog is at an all time record.
- June 2018 backlog well above March 2018 quarter backlog at end of November 2017.
- Latest market share data shows consistent market share gains.
- Canary has not died in the coal mine.
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

109 consecutive quarters of profitability!
## Worldwide Microcontroller Market Share

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

<table>
<thead>
<tr>
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<td>Microchip</td>
<td>Atmel</td>
<td>ST-Micro</td>
<td>NXP</td>
<td>Infineon</td>
<td>TI</td>
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<td>TI</td>
<td>TI</td>
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<td>TI</td>
<td>TI</td>
<td>Infineon</td>
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<td>Atmel</td>
<td>Cypress</td>
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<td>ST-Micro</td>
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<td>NXP</td>
<td>Atmel</td>
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<td>Spansion</td>
<td>Samsung</td>
<td>CEC Huada</td>
</tr>
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<td>ST-Micro</td>
<td>NXP</td>
<td>NXP</td>
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<td>Samsung</td>
<td>Samsung</td>
<td>CEC Huada</td>
<td>Toshiba</td>
</tr>
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Total MCU (8/16/32) Market Share %
Analog Yearly Revenue (k$)
Historical Financial Performance

### Revenue ($mm)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>$1,931</td>
<td>$2,161</td>
<td>$2,214</td>
<td>$3,502</td>
<td>$3,963</td>
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</table>

### Gross margin (%)

<table>
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<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>59%</td>
<td>59%</td>
<td>58%</td>
<td>58%</td>
<td>61%</td>
</tr>
</tbody>
</table>

### EBITDA ($mm) and margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$705</td>
<td>$790</td>
<td>$783</td>
<td>$1,239</td>
<td>$1,664</td>
</tr>
<tr>
<td>Margin</td>
<td>37%</td>
<td>37%</td>
<td>35%</td>
<td>35%</td>
<td>42%</td>
</tr>
</tbody>
</table>

### Free cash flow ($mm)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Value</td>
<td>$563</td>
<td>$572</td>
<td>$647</td>
<td>$984</td>
<td>$1,216</td>
</tr>
</tbody>
</table>

Note: Represents non-GAAP financials on a reported fiscal year end in March; ¹FY18 represents Q1 – Q3 FY18 actual results plus midpoint of Q4 guidance; ²Calculated as Cash flow from operations less capital expenditures.
Expanding Our Solutions Through Acquisitions

HI-TECH
Development Tools
Compiler

Advanced Silicon
Motor Drive Products

Roving Networks
Bluetooth® & Embedded Wi-Fi®

Supertex
High-Voltage Analog & Mixed-Signal Products

Hampshire
Touch Screen Controllers

ZeroG
Low-Power Embedded Wi-Fi®

LSS
High-Speed ADCs

Novocell
Non-volatile Memory IP

Micrel
Analog, mixed-signal, timing & power management

R&E International
Security & Life Safety ASICs

SST
High-Density Flash & IP

Ident
3D Gesture Capture & Proximity Detect

EqcoLogic
Equalizer & Coaxial Transceiver Products

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

MMT
Assembly & Test Capacity Expansion

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

ISSC
Bluetooth® Low Energy

©March 2018
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
6. End market mix skewed to Industrial and Automotive
7. New LT model with industry leading operating profits
Growing at 20%+ year over year
Revenue by End Market

- Industrial: 35%
- Automotive: 25%
- Consumer: 24%
- Computing: 9%
- Communication: 5%
- Defense & Aerospace: 2%
Summary

- A consistent revenue grower and market share gainer with multiple growth drivers
- High margin business model and shareholder friendly
- Successfully managed soft landing with seasonal March quarter and strong expectation for June quarter with record backlog
- 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.
- State of the union at Microchip is very strong
Thank You!
Microsemi Acquisition
March 1, 2018

Steve Sanghi
Chief Executive Officer

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

- Strong complementary portfolio of Specialized Ethernet, Storage and Optical Networking Microcontrollers, FPGA, Wireless, Timing, Analog and Mixed-Signal products
- Leadership in Defense, Aerospace, Data Center and Communication markets – ~ 80% of revenue
  - Markets where Microchip has less penetration
- FY2017 (9/30/2017) revenue of ~$1.8B
  - 64% non-GAAP gross margin; 31.9% non-GAAP operating margin
  - FQ1 (12/31/2017) revenue of $468.7M; 63.2% non-GAAP gross margin and 32.2% non-GAAP operating profit
- Diversified global customer base and channels
  - ~64% of revenue from Asia and Europe
  - ~49% of revenue through distribution
- Net debt of $1.8B on the balance sheet at 12/31/2017
- Headquartered in Aliso Viejo, CA
  - Approximately 4800 employees worldwide

Source: Microsemi SEC reports on Form 10-K and 10-Q and information on Microsemi website
Strategically and Financially Compelling Transaction

- Strengthens Microchip’s presence in Defense, Aerospace, Data Center and Communications markets
- Expands our Ethernet portfolio to serve Industrial IoT, Enterprise and Carrier markets
- Adds specialized Microcontrollers to serve the Enterprise Storage and Optical Networking markets
- Extends Microchip’s portfolio of Timing, Low Power Wireless, Analog Power and Mixed Signal solutions
- Adds Discrete and FPGA as new product capabilities to add to portfolio
- Drives further scale in manufacturing, customer reach and sales channels
- Adds a patent portfolio of over 1500 patents to Microchip’s strong IP portfolio
- Significant EPS accretion through growth and synergy with estimated $300 million in synergies in year 3 after close
Over $18B SAM Expansion

- Strengthened end market presence
- Expanded portfolio
- Specialized solutions

Source: Gartner/Dataquest reports and Microchip and Microsemi management estimates

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End-Market Diversification

Microchip

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

$3.9bn

Microsemi

- Aerospace & Defense: 29%
- Communications: 31%
- Computing: 20%
- Industrial: 11%
- Other: 9%

$1.8bn

Combined

- Aerospace & Defense: 11%
- Computing: 12%
- Communications: 13%
- Consumer: 16%
- Automotive: 17%
- Industrial: 27%
- Other: 3%

$5.7bn

Note: Reflects non-GAAP financials and end market diversification is based on management estimates
Extensive Combined Portfolio Across End Markets

- MCUs
- Analog
- Mixed signal
- Interface
- Memory
- Power mgmt.
- Switches & controllers
- High-Rel Discrete
- Enterprise storage
- FPGA

Industrial 27%
Automotive 17%
Consumer 16%
Communication 13%
Computing 12%
A&D 11%

Combined Capabilities
# Highly Profitable Financial Model *

* In millions, except percentages. All figures are non-GAAP and are based on results for the December 2017 quarter. Revenue and operating income dollars are based on December 2017 quarter results which were annualized by multiplying the December quarter numbers by four.

<table>
<thead>
<tr>
<th></th>
<th>Microchip</th>
<th>Microsemi</th>
<th>Microchip + Microsemi</th>
<th>Long Term Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($M)</td>
<td>$3,977</td>
<td>$1,875</td>
<td>$5,852</td>
<td></td>
</tr>
<tr>
<td>Gross Margin (%)</td>
<td>61.4%</td>
<td>63.2%</td>
<td>62.0%</td>
<td>63%</td>
</tr>
<tr>
<td>R&amp;D (%)</td>
<td>12.1%</td>
<td>18.5%</td>
<td>14.2%</td>
<td>13%</td>
</tr>
<tr>
<td>SG&amp;A (%)</td>
<td>9.9%</td>
<td>12.5%</td>
<td>10.7%</td>
<td>9.5%</td>
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<tr>
<td>Op Income ($M)</td>
<td>$1,567</td>
<td>$603</td>
<td>$2,170</td>
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<tr>
<td>Op Income (%)</td>
<td>39.4%</td>
<td>32.2%</td>
<td>37.1%</td>
<td>40.5%</td>
</tr>
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</table>

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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 FY18 to FY19 with accretion from Microsemi (assumes June 2018 close)
  - Microsemi adds ~75 cents of non-GAAP EPS accretion annualized run rate in the first year after close
- Long term: 3rd year after close (FY2021), we expect:
  - $300M in synergy from cost savings and revenue growth
  - Microsemi to contribute ~$1.75 of non GAAP EPS
  - Targeting consolidated Microchip non GAAP EPS of ~$8/share
- Represents non GAAP EPS growth of over 14% per year for Microchip from FY18 through FY21
- Extends Microchip’s record of organic as well as acquisition driven revenue and non GAAP EPS growth
Transaction Summary And Financing

- **Transaction value of $10.15B**
  - Includes assumption of net debt of Microsemi of $1.8B as of 12/31/2017
- **$68.78 per share in cash to Microsemi stockholders**
- **Transaction is being funded through a combination of:**
  - $1.6B of cash from combined company balance sheets
  - $0.6B of cash bridge loan that will build on the combined companies balance sheet from 12/31/17 through the close
  - $3B from our existing line of credit
  - Approximately $5B in new debt
  - A large portion of the new debt is expected to be pre-payable
- **Pro forma net Debt/EBITDA leverage at transaction close of 4.7x (assumes CQ2 2018 close)**
  - Plan rapid de-leveraging post transaction close through a combination of growth in free cash flow (used to paydown debt) and EBITDA expansion
- **Expect transaction to close in CQ2 2018, subject to customary closing conditions, and stockholder as well as regulatory approvals**

Note: net Debt/EBITDA excludes $686 million of convertible debt that matures in 2037 which is consistent with Microchip’s credit facility.
Summary

- Microsemi adds strong complementary product lines which support the Microchip 2.0 strategy
- Microsemi’s strength in Defense, Aerospace, Data Center and Communication markets complements Microchip’s strength in Industrial, Automotive and Consumer markets
- Microsemi adds further operational and customer scale in a consolidating industry
- The transaction creates significant stockholder value from strong non GAAP EPS accretion
- Microsemi acquisition is the next step in Microchip’s track record of successful M&A

Another Compelling Transaction!
Thank You!
A Leading Provider of Microcontroller, Mixed-Signal, Analog & Flash-IP Solutions

Smart, Connected and Secure Solutions

Ganesh Moorthy
President and
Chief Operating Officer
Our Vision

Be The Very Best Embedded Control Solutions Company Ever

SMART | CONNECTED | SECURE

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The Tip Of The Iceberg

The News Echo Chamber

AI, VR, AR, Autonomous Driving, Big Data, Bitcoin Mining
The Rest Of The Iceberg

The Real News

Smart, Connected and Secure Applications

Tens of thousands of applications

AI, VR, AR, Autonomous Driving, Big Data, Bitcoin Mining

Industrial

Automotive

Computing

Consumer

Communication

Defense & Aerospace

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Smart, Connected and Secure

Thermostat
Smart, Connected and Secure

Electric Meter
Smart, Connected and Secure

Car Door Lock
### Microchip 1.0 → Microchip 2.0

**Product Lines**

<table>
<thead>
<tr>
<th>Microchip 1.0</th>
<th>Microchip 2.0</th>
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<tbody>
<tr>
<td>• Strong 8-bit and 16-bit MCU portfolio</td>
<td>• Strong 8/16/32-bit MCU and 32-bit MPU portfolio</td>
</tr>
<tr>
<td>• World class dev tools</td>
<td>• World class dev tools</td>
</tr>
<tr>
<td>• Emerging Analog portfolio</td>
<td>• Broad Analog portfolio</td>
</tr>
<tr>
<td>• Strong EEPROM portfolio</td>
<td>• Strong EEPROM, Flash &amp; embedded memory portfolio</td>
</tr>
<tr>
<td>• SSO approach; embarking on “attach”</td>
<td>• Strong wired and wireless connectivity portfolio</td>
</tr>
<tr>
<td>• Strong Channel partnerships</td>
<td>• Strong security portfolio</td>
</tr>
<tr>
<td>• Consistent growth and market share gains</td>
<td>• Total System Solutions (TSS)</td>
</tr>
<tr>
<td></td>
<td>• Strong Channel partnerships</td>
</tr>
<tr>
<td></td>
<td>• Consistent growth and market share gains</td>
</tr>
</tbody>
</table>
Providing Total System Solutions

Microcontrollers & Microprocessors

- Power
- DC-DC Converters
- Supervisors
- LDOs

- Encryption & Security
- Encryption
- Security

- Sensors
- Amplifiers
- Filters
- A/D

- Digital Potentiometer
- Precision Voltage Reference

- Touch Sensing
  - Proximity/3D
  - Buttons/Slider
  - Touch Screen

- Timing
  - Clocks
  - Timers
  - RTCC

- Memory
  - EEPROM
  - Serial Flash
  - Serial SRAM

- USB
  - Smart Hubs
  - Switches
  - Transceivers
  - Bridges

- Auto/Industrial Communication
  - MOST®
  - RS232/485
  - CAN/LIN

- Wireless
  - Wi-Fi®
  - Bluetooth®
  - LoRa®
  - zigbee®/MiWi™

- Ethernet
  - Switches
  - Controllers
  - EtherCAT®
  - PHYs

- LEDs
- Motor Drivers
- Power Drivers
- D/A
- A/D
- USB
- Smart Hubs
- Switches
- Transceivers
- Bridges

- Microcontrollers & Microprocessors

- Long product life times – customer driven obsolescence

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Microchip Is Thriving “Below The Waterline”

**Business Transformation**

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<thead>
<tr>
<th>FY10*</th>
<th>Q3FY18 RR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>~$1B</td>
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<tr>
<td>GM %</td>
<td>57.4%</td>
</tr>
<tr>
<td>OM %</td>
<td>30.3%</td>
</tr>
</tbody>
</table>

Since FY10

MCHP has grown revenue by ~ 300%
Increased Gross Margin by ~ 400 bps
Increased Operating Margin by > 900 bps

* FY10 = non-GAAP financial results for the fiscal year ending March 31, 2010. Q3FY18RR = 12/31/2017 quarter non-GAAP results multiplied by four
The Tip Of The Iceberg

**We play in this space too!**

- Google “AIY” – do it yourself AI
- Neuromorphic memory technology to enable analog computing for AI
- USB hub for VR/AR
- Smart Sensors, Connectivity and Security for Autonomous Driving
- Data on-ramp for big data systems
- Smart power conversion for Bitcoin servers
Microsemi Expands Our Served Available Market

Leading Provider of Semiconductor Solutions
Differentiated by Power, Security, Reliability and Performance

COMMUNICATIONS
- Broadband Home / CPE
- Access Network
- Cellular Infrastructure
- Metro Network
- Optical Networking
- Wireless Backhaul
- Enterprise Infrastructure
- Data Center Interconnect

AEROSPACE & DEFENSE
- Actuation & Power Management Systems
- Avionics, Engine Systems & Control
- Drone / UAV
- Electrical Power & Payload Systems
- Telemetry Tracking & Control
- Secure Communications
- Radar / Electronic Warfare
- Guidance & Control Computers

DATA CENTER
- NVMe Storage Solutions
- Server Storage and Co-Processors
- Ethernet Networking
- Storage Systems
- Data Protection & Security
- Motherboard Components
- Rack Connectivity

INDUSTRIAL
- Industrial Ethernet Networking
- Automotive
- Motor Control
- HMI (Human Machine Interface)
- Smart Energy
- Medical
- IP Security Camera
- Programmable Logic Control

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Embedded Market Trends

- Relentless innovation
- Harsh and demanding environments
- Flexibility through development and manufacturing stages
- Distributed Intelligence – IoT
- Energy Efficiency
- Human Interface
- Intelligent Sensors
- Smaller, thinner, higher density packages
Flexibility and Easy to Use Products & Ecosystem

- Deterministic hardware performance enabled by intuitive graphical tools that enable configurable on-chip Core Independent Peripherals (CIP)
- Internally connect multiple CIPs together along with on-chip Analog peripherals to create application functions
- The Peripheral Pin Select (PPS) architecture enables customers to electronically configure board level pinouts. PPS also adds another migration flexibility feature to our portfolios of 1200+ 8-bit MCUs
- Best in class noise performance in harsh environments
- Lowest power with the widest operating ranges
16-bit MCU Innovation

Robust Applications
Functional Safety, High Temp, Harsh Environment

Precision Motor Control
Complex Algorithms

General Purpose/Low Power
Core Independent Peripherals (CIP), eXtreme Low Power (XLP)

Digital Power Conversion
Dual Core Precision, Live Update

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32-bit MCU & MPU Innovation

Leading Graphics & Touch Solution in MCU & low-cost MPU class of products

Best in Class Software and Hardware design support
Complete Software Framework
Mainline Linux support
Easy to use SiP / SOM

Strong Industrial & Automotive focus
5V devices
High temp

Leader in Secure MPU
PCI pre-certified for financial transaction (50Mu+ shipped in payment applications)

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Analog Power Innovation

- Highly integrated Automotive power for in-vehicle networking solutions and LED lighting - DEPA
- Intelligent USB Type-C™ Power
- High Voltage Technologies
  - Enabling LIDAR for ADAS, enhancing Ultrasound imaging and Optical networking.
- Advanced Motor drive front ends that match with our microcontrollers
Analog Linear and Mixed-Signal Innovation

- Broad family of ultra-low power analog
- High speed A/D convertors
- Market leading smoke & CO detection
- AC & DC Power measurement
- Analog & Digital Temp Sensors
- Precision Voltage References
Strong presence in embedded wired segments

Strong offering in factory Automation and Industrial Ethernet

Automotive Computing Industrial Communication

Leader in Vehicle infotainment USB, MOST®, Ethernet

Leader in PLC in Smart Meters

Rapid expansion across Automotive ADAS systems

Extensive Automotive Networks LIN, CAN, CAN FD, 10/100 Base-T1

Long history in Computing and Server Innovation in USB/Ethernet

©March 2018
Wireless Connectivity Innovation

Strong presence in embedded wireless segments

Battery management
In Power Tools
(Industrial grade BLE)

Smart Speakers
(Bluetooth Audio
Wi-Fi, BLE)

Key supplier in the growing wireless electric, gas and water meter deployment
(Proprietary RF, zigbee)

IoT
Automotive
Computing
Industrial
Appliances
Medical

Automation of
Production &
Shipment

Leader in Passive Entry, Passive Start solution for cars, with best in class Security

Leading brands of Smart Appliances using our industrial grade Wi-Fi® & BLE solutions

Leader in Connected Lighting with industry leading zigbee® stack

©March 2018
Microchip Security Solutions

- Intrusion Protection
- Secure Key Storage
- Hardware Encryption
- Secure Boot ROM
- Secure Field Updates
- Non-intrusive Attack Defenses
- Protected Execution TrustZone®
- Authentication Algorithms in Hardware
- Secure Production Flow

20+ year track record with secure products
Scalable security solutions from CryptoAuthentication™ secure elements to secure microprocessors for payment terminals
End-to-end/Total System Solutions (hardware & software)

Security Innovation
Security Innovation

Enterprise Cloud, Gateways & POS
- POS terminals
- CC-Certified Trusted Platform Modules (TPM)
- Certified Root of Trust & authentication modules

Cloud Authentication, IoT Nodes
(Open Ecosystems)
- Strong authentication in large ecosystems
- Strong authentication in small/medium ecosystems
- Private deployments/pre-shared keys

Consumables
(Closed Ecosystems)
- Single-wire/I²C authentication
- RFID authentication, RF identification
- Unique ID, OTP

Easy to Use
Cost Effective
Flexible Solutions
Most Integrated Solution
Secure Supply Chain
User Interface

mTouch® Technology
QTouch® Technology

Proximity Buttons Sliders

maXTouch® Technology

Touch Pad Touchscreens

GestIC® Technology

Free-Space Gesture Control

Microchip – sole solution provider for all dimensions
Clock and Timing Innovation

ONE STOP SHOP FOR TIMING NEEDS

- MEMS & Quartz-Based Solutions
- Low Jitter
- Low Power
- Small Size
- Highly Integrated
- Field & Online Programmable
- Automotive Qualified (AEC-Q100)

- Oscillators
- Clock Generators
- Clock Buffers

- Cloud Computing
- Wireless LTE
- Data Center
- Networking
- Smart Meters
- Healthcare
- Automotive
- Smart Devices
- Home Automation
- Wearables
Industry’s most complete MEMS-based timing solutions offering:

- High reliability (AEC-Q100 certified)
- Wide operating temperature range (-55°C to 125°C)
- Superb shock and vibration resistance
- High accuracy (±10ppm)
- Ultra-small size (1.6mm x 1.2mm)

Key Applications:

- Automotive
- Consumer
- Industrial
- Cloud Computing
Memory Innovation

- **EERAM**
  - Non-Volatile, Unlimited Endurance

- **Serial SRAM**
  - High Performance

- **Flash Memory**
  - Low Power, Fast Programming

- **EEPROM**
  - High Reliability, Outstanding Quality
Ecosystem Innovation

- MPLAB® X IDE and Studio design tools
- Extensive Software Libraries
- MCC & START
- Software framework
- Mainline Linux support
- 3rd Party Tools & SW
- WW technical support team
- Extensive Training programs
- MASTERS conference
- Reference designs
- Communities – AVR® Freaks, Arduino™, Maker Movement
- University programs
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 Open End)
## Key Industrial Products

- **FPGA**
- **Industrial Ethernet**
- **Power & High-Reliability**
- **RF Microwave**
- **Clocks & Timing**
- **PoE**

## Key Industrial Applications

- **Automation**
- **Motor Control**
- **IIoT**
- **Medical**
- **Smart Energy**
- **Oil & Gas**
- **Building Automation**
- **IP security cameras**
- **Automotive**
- **Ethernet in the car**

---

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Access Infrastructure from Core to Last Mile

Last Mile

- Broadband/Residential
  Voice, TW, WiFi

- Wireless/Microwave Backhaul
  Sync, 1588, FPGA, Ethernet, PHY

- Enterprise
  Ethernet, PoE, Clocks, FPGA

- Datacenter Interconnect (DCI)
  OTN, Clocks, Optical Modulator

Access/Aggregation

- Access Infrastructure
  Carrier Ethernet, PHY, FPGA, RPF, 1588, Midspan, Clocks, PON

Metro/Core

- Edge/Core Routers
  OTN, FPGA, 1588, Clocks

- Packet Transport
  1588, FPGA, Clocks, PHY, Carrier Ethernet

- Optical Transport Metro and Core
  OTN, Clocks, FPGA
Ethernet as a Platform to Deliver a Comprehensive Solution

- **Drivers** (Optical Drivers Inside Fiber Modules)
- **SoC**
- **FPGAs**
- **Timing** (Clock Mgmt & Network Sync)
- **Media**
  - Fiber
  - Copper Cable
  - Copper Trace
- **Signal Interface**
  - Signal Integrity
  - PHY
  - Layer 1 Physical Interface
  - Layer 2 Switching and Layer 3 Forwarding
- **Switching / Routing**
- **Software**
  - Diodes
  - Rectifiers & Bridges
- **Discretes & Modules**
- **Power over Ethernet (PoE)** Systems and ICs

*Industry’s Only Complete 1588 System Solution!*
Comprehensive Data Center Portfolio for Key Applications

Storage Systems

Rack Scale Architecture

Servers

NVM Storage

Custom ASIC

Data Protection & Security

Data Center Power

Ethernet Switching

Data Center Interconnect

Network Timing

Hybrid Cloud

Private Cloud

Public Cloud

Connect

Leading Data Center Applications use Microsemi Solutions
Storage Leadership Driving Greater Penetration of the Data Center

Storage Leadership

Market Adoption & Success
- #1 in SAS Ports Shipped
- #1 in Storage Systems
- #1 in Performance
- #1 in Density / Port Count
- #1 in Flash Controllers

Technology & Innovation
- 1st Controller Based Encryption
- 1st 24 Port SAS Controller
- 1st PCIe Gen 3 RAID Controller
- 1st NVMe Flash Controller
- 1st PCIe Storage Switch

Penetration of Motherboard & Rack Infrastructure

Key Benefits and Focus
- Low Power & Footprints
- AES-256 FIPS-197
- Performance - Low Jitter, etc
- BOM Consolidation
- Platform Integration

Technology & Innovation
- Secure Boot
- Ultra Low Jitter
- Hysteretic Control
- SEU Immunity
- Extreme Timing Accuracies

Clock Tree Synthesis, Rate Conversion, Attenuation, & Distribution
DC Converters
- Hysteretic Control, Energy Management, Hot Swap Support
FPGA
- Low Power, Reliable, System Solutions
Re-Timers & Value add PHY’s
- 1588, MACsec

Adaptec™
- Highest SAS/SATA port density and performance

Flashtec™
- Industry’s highest performance NVMe controller

Switchtec™
- Industry’s leading PCIe port count and signal integrity

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What do we License?

SuperFlash® Cell Generations

- **ESF1**
  - 800-130nm
- **ESF2**
  - 250-110nm
- **ESF3**
  - 90nm and below

Process License

Design License

Design Services

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Markets and Future for SuperFlash® Licensing

### 2014 Served Market
- **MCU**: $5B
- **Analog**: $4B
- **SmartCard**: $2B
- **Others**: $6B

### 2014 Served Market Share
- **MCU**: 68%
- **Analog**: 4%
- **SmartCard**: 28%

Reference for MCU data is Gartner and GIA

### 2018 Served Market
- **MCU**: $8.8B
- **Analog**: $4B
- **SmartCard**: $2B
- **Others**: $5B

### 2018 Served Market Share
- **MCU**: 84%
- **Analog**: 3%
- **SmartCard**: 13%

### 2014 TAM
- **SuperFlash®**: $25B

### 2018 TAM
- **SuperFlash®**: $32.5B

Reference for MCU data is Gartner and GIA
SuperFlash® Enabled Devices

>85 Billion Shipped!

Annual Shipment Run Rate of >12 Billion

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SuperFlash® Technology Leads The Microcontroller Market

<table>
<thead>
<tr>
<th>Company</th>
<th>Embedded Flash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renesas Electronics</td>
<td>MCHP + Internal</td>
</tr>
<tr>
<td>NXP</td>
<td>MCHP + Internal</td>
</tr>
<tr>
<td>Microchip</td>
<td>MCHP + Internal</td>
</tr>
<tr>
<td>Infineon</td>
<td>MCHP + Internal</td>
</tr>
<tr>
<td>STM</td>
<td>MCHP + Internal</td>
</tr>
<tr>
<td>TI</td>
<td>MCHP + Internal</td>
</tr>
<tr>
<td>Cypress/Fujitsu</td>
<td>Internal</td>
</tr>
<tr>
<td>Toshiba</td>
<td>MCHP + Internal</td>
</tr>
<tr>
<td>Samsung</td>
<td>MCHP + Internal</td>
</tr>
<tr>
<td>Panasonic</td>
<td>Internal</td>
</tr>
</tbody>
</table>

80% of Top 10 MCU providers rely on SuperFlash® Technology
Licensing Business Summary

- SuperFlash® technology is the embedded Flash market leader
  - Licensed to Foundries, Fabless Companies, Independent Device Makers (IDMs) & Design Partners

- Synergistic with our microcontroller technology needs, providing earlier access for our business units

- Revenue streams from upfront NRE, followed by royalties for a very long time

- On track for >$100M revenue in FY18 at high margins
Total System Solutions (TSS)
Power of TSS

- Our portfolio of products has quadrupled over the last 6 years creating a powerful platform for embedded system designers.

- TSS approach creates tremendous attach opportunities for Analog, Memory & MCU.

- TSS approach makes our whole solution greater than the sum of the parts.

- TSS may shift revenue classification over time between Analog and Microcontrollers.
MCU Integration

Analog

MCU

- Standard 4-Port USB Hub
  - Type A
  - Type A
  - Type A
- Standard 2-Port USB Hub
  - Type A
  - Scalar
- Smart Hub
  - USB Type B
  - SPI MEM
  - Type A
  - Type A
  - Type A
  - Type A
  - Scalar

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MCU Integration

MCP3911

Energy Measurement AFE

Powerline Modem

MCP39F511

Energy Measurement AFE

Powerline Modem

Analog Front End + MCU

MCP3911

Energy Measurement AFE

Powerline Modem

MCU

LCD Display

Data logging & Calibration

Wireless Tx/Rx

MCU

LCD Display

Data logging & Calibration

Wireless Tx/Rx

MCU Integration
Enduring Competitive Advantage
Culture – An Enduring Competitive Advantage

- Strong, practiced guiding values
- Teamwork trumps prima donnas
- Shared rewards & sacrifices
- Non-commissioned salesforce
- Substantial investment in training
- Leadership development and succession planning

Culture Eats Strategy For Breakfast!!
Microchip’s Guiding Values

- Quality comes first
- Customers are our focus
- Continuous improvement is essential
- Employees are our greatest strength
- Products and technology are our foundation
- Total cycle times are optimized
- Safety is never compromised
- Profits and growth provide for everything we do
- Communication is vital
- Suppliers, representatives and distributors are our partners
- Professional ethics are practiced

Values are not what we say – they are what we practice
Average % of Time MCHP Practices the Guiding Values

- Quality: 88.6
- Customers: 90.7
- Improvement: 87.9
- Employees: 83.0
- Products: 88.3
- Cycle Times: 85.9
- Safety: 91.1
- Profits: 90.7
- Communication: 87.2
- Suppliers: 87.6
- Ethics: 88.5
- Supervisors: 87.7
Employee Responses Expressed in Mean Scores over time

- Quality
- Customers
- Improve
- Employees
- Products
- Cycle Time
- Safety
- Profits
- Comm.
- Partners
- Ethics

- 1990
- 1995
- 2000
- 2008
- 2014
- 2015
- 2016

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Summary

- There is a growing and innovative embedded market that forms the “iceberg below the waterline”
- Most embedded systems are on a journey to become Smart, Connected and Secure – this is what IoT is!!
- Our innovation in Smart, Connected and Secure solutions is enabling our clients to create and drive their innovation
- Microsemi’s innovation adds complementary solutions and end market emphasis
- Microchip 2.0 and TSS have positioned Microchip well to capitalize on this growing opportunity
- We have several growth multipliers that we expect will drive organic growth and market share gains
- Our unique culture is a hidden but enduring competitive advantage
Thank You!
What’s most important when choosing a microprocessor? Total System Solutions is important to clients.

Total System Solutions is the Ecosystem

2017 (N = 719) 2015 (N = 960) 2014 (N = 1304)

- The chip itself: 25% 26% 27%
- The ecosystem surrounding the chip (software, tools, support, etc.): 68% 67% 65%
- The chip’s supplier/vendor: 7% 8% 8%
Total System Solution

Combining all our capabilities to help clients achieve their desired outcomes
Creating Value for our Clients
The Product, Function, End Equipment Focus

Products/Software/Services

Building-Block Functions

End Equipment(s)

TSS
(for a specific client)
FUNCTIONs - interacting elements (software, hardware, services) architected to achieve our clients End Equipment goals.
Total System Solution
Actual Examples
Automotive
Tractor Trailer Tracking

- **GSM Radio**
- **RN4871 BLE**
- **WINC1500 Wi-Fi® (MQTT)**
- **PIC24FJ128GA306 MCU**
- **H.S. Sw.**
- **GPS**
- **MIC94066 H.S. Sw.**
- **MIC94066 H.S. Sw.**
- **Accelerometer**
- **SST25VF020B S. FLASH**
- **MCP9700 Temperature**

**Microchip Components**

- **Stepper Motor**
  - +15V
- **MCP16311 Buck Reg.**
- **MCP73871 L-Ion Chg.**
- **MCP1603 Buck Reg.**
  - +3.3V

**Power Sources**

- **Solar Cell**
- **Li-Ion Cell**

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Automotive Water Pump

- Micrel
- Classic Microchip
- Atmel

Components:
- MIC28512/3 Sw. Reg
- MCP1700 LDO
- MIC4605 x 3 85V MOSFET Driver
- MIC2920A LDO
- dsPIC33EP6 4MC504 MCU
- 24LC16B Serial EE
- MCP6L04 Op Amp
- ATA663211 LIN Transceiver
- 3 phase BLDC Motor
- 3x MOSFET pairs

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Total System Solution
Actual Examples
Medical
Nebulizer

- MCP7940M
- PIC16F1718
- SHA204A
- 24AA512
- Battery
- MCP2221A
- MCP4728

Classic Microchip
Atmel
Total System Solution
Actual Examples
Computing/Data Communication
GigE Switch

Linux

Micrel

Classic Microchip

Atmel

ATECC508A
Crypto Element

KSZ9477
7-Port Gigabit Switch

ATSAMA5D33
MPU

DSC1101
125 MHz
MEMS Oscillator

PL902171
Jitter Blocker

MIC826
Reset Generator

MIC25041
Buck Regulator

MCP1826
Linear Regulator

MCP1826
Linear Regulator

MIC23303
Switching Regulator

MIC826
Reset Generator

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Base Station

Micrel
SST
Atmel

Microchip

Base Station Firmware

Radio

MCP1700 Regulator

SST26VF064B SQI Flash Font Storage

MCP1700 Regulator

LAN8720A Ethernet PHY

PIC32MX170F512 Main CPU

WINC1500 Wi-Fi® Radio

PIC32MX795F512 Ethernet Bridge

MIC5219 5V Regulator

MCP16301 Buck Regulator

MCP1700 Regulator

SST26VF064B SQI Flash Font Storage

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Microsemi Enterprise Reference Design

Block diagram of VSC7448/VSC7449 managed 48+4 port switch
Note: VSC7448 supports up to 80G configurations, e.g. 40x1G+4x10G or 48x1G+3x10G
VSC7449 supports up to 188G configurations, e.g. 48x1G+4x10G

Microsemi

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Industrial IOT Gateway

CAN Block
- Temp Sensor
- SAM MCU

4-port USB Block
- Temp Sensor
- USB HUB

Main compute board

Embedded Controller
- USB HUB
- USB HUB

Analog Block
- Temp Sensor
- PIC32 MCU
- ADC

Digital I/O Block
- Temp Sensor
- USB Bridge
- GPIO
Sport Headset

- IS2021 Bluetooth® Audio
- MIC
- Keys
- LEDs
- USB Connector
- Switch Circuit
- Li-ion Battery x 2
- PIC10F220T NTC Temp Sensing
- UART
- GPIO
- USB 5V
- 5V
- NTC 1
- NTC 2

Classic Microchip
ISSC

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Audio System

- PIC32MX110 F016B MCU
- PIC24FJ256 MCU
- dsPIC33FJ64GP206 DSP
- PIC12LF1572 MCU (Housekeeping)
- MCP9700 Temp Sensor
- MIC2104 Sw. Ctlr
- MIC23153 Sw. Reg
- MIC2875 Sw. Reg
- MIC2253 Sw. Reg
- FPGA
- KSZ9031RNX Gb Ethernet
- Capacitive Buttons (Touch)
- Audio Speakers

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Total System Solution
Leading Indicators
More Parts/Application = Higher Revenue and Profit
Total System Solution Results

Parts/Project in Design

Growing at 20%+ year over year
Total System Solution Projects
Greater Than One Product Family

% of Projects with more than 1 Product Family in Design

Growing at 40%+ year over year
Total System Solution is a co-created combination of:

- Hardware
- Software
- Services

That best meet the client’s goals of:

- Increasing *their* revenue
- Reducing *their* cost
- Managing *their* risk

Which results in accelerated revenue and earnings growth for Microchip
Thank You!
Financials and Investor Value Proposition
Microchip Financial Attributes

- Microchip is a consistent revenue grower and market share gainer
- Strong track record of accretive acquisitions
- One of the premium business models in the semiconductor industry
  - Consistently high and improving gross margins
  - Disciplined management of operating expenses
  - Ability to drive 40% plus non-GAAP operating margins on a long-term basis
- Significant free-cash flow generation allowing for steady de-leveraging of the balance sheet
- ~$5B returned to shareholders through our consistently growing dividend and executed share repurchases
- Inventory is appropriately managed and well positioned
- Low capital intensity
## Accomplishments and Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-yr CAGR Revenue*</td>
<td>17.9%</td>
</tr>
<tr>
<td>9-yr CAGR Gross Margin*</td>
<td>18.6%</td>
</tr>
<tr>
<td>9-yr CAGR Operating Income*</td>
<td>21.1%</td>
</tr>
<tr>
<td>9-yr CAGR Adjusted EBITDA</td>
<td>18.2%</td>
</tr>
<tr>
<td>Quarters of Consecutive Profitability*</td>
<td>109</td>
</tr>
<tr>
<td>Gross Margin* Target</td>
<td>62.5%</td>
</tr>
<tr>
<td>Operating Expense* Target</td>
<td>22.5%</td>
</tr>
<tr>
<td>Operating Income* Target</td>
<td>40%</td>
</tr>
<tr>
<td>Long-term Cash tax rate</td>
<td>9%</td>
</tr>
<tr>
<td>Capital returned to shareholders</td>
<td>~$5B</td>
</tr>
<tr>
<td>Acquisitions Since 2008</td>
<td>17</td>
</tr>
<tr>
<td>Op Inc* Improvement since Q1 FY17</td>
<td>1200 bps</td>
</tr>
<tr>
<td>Drawn on $3.1B Revolver</td>
<td>$0</td>
</tr>
<tr>
<td>Customers</td>
<td>115K</td>
</tr>
</tbody>
</table>

* References are to non-GAAP operating results. Refer to our website for reconciliations of GAAP to non-GAAP results.
Expanding Our Solutions Through Acquisitions

HI-TECH
- Development Tools
- Compiler

Advanced Silicon
- Motor Drive Products

Roving Networks
- Bluetooth® & Embedded Wi-Fi®

Supertex
- High-Voltage Analog & Mixed-Signal Products

Hampshire
- Touch Screen Controllers

ZeroG
- Low-Power Embedded Wi-Fi®

LSS
- High-Speed ADCs

Novocell
- Non-volatile Memory IP

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

R&E International
- Security & Life Safety ASICs

SST
- High-Density Flash & IP

Ident
- 3D Gesture Capture & Proximity Detect

EqcoLogic
- Equalizer & Coaxial Transceiver Products

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

2008
- R&D Capacity Expansion

2009
- SST

2010
- ZeroG

2011
- Hi-TECH

2012
- Advanced Silicon
- Roving Networks
- Supertex

2013
- Hampshire

2014
- R&E International
- SST

2015
- LSS
- Novocell

2016
- Ident
- EqcoLogic
- Atmel

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### Microchip’s Business Transformation

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<th>Q3FY18 RR*</th>
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Since FY10

MCHP has grown revenue by ~300%
Increased Gross Margin by ~400 bps
Increased Operating Margin by >900 bps

* FY10 = non-GAAP financial results for the fiscal year ending March 31, 2010. Q3FY18RR = 12/31/2017 quarter non-GAAP results multiplied by four
Annual Non-GAAP Net Sales

17.9% CAGR

* FY18 represents Q1 – Q3 FY18 actual results plus midpoint of Q4 guidance
Revenue by Geography

Q4FY18*

Q4FY17

Q3FY18

*Forecast

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Split of Revenue – Direct and Distribution

Q4FY18*

- Direct: 45.4%
- Distribution: 54.6%

Q4FY17

- Direct: 43.6%
- Distribution: 56.4%

Q3FY18

- Direct: 46.3%
- Distribution: 53.7%

*Forecast
Annual Non-GAAP Gross Profit

Millions of Dollars

FY09  FY10  FY11  FY12  FY13  FY14  FY15  FY16  FY17  *FY18E

$0    $500   $1,000 $1,500 $2,000 $2,500

18.6% CAGR

* FY18 represents Q1 – Q3 FY18 actual results plus midpoint of Q4 guidance
Operating Expenses

* Based on the midpoint of Q4 FY18 guidance. Revenue used in the calculations is non-GAAP.
R&D Expenses

* Based on the midpoint of Q4 FY18 guidance. Revenue used in the calculations is non-GAAP.
Selling, General and Administrative Expenses

* Based on the midpoint of Q4 FY18 guidance. Revenue used in the calculations is non-GAAP.

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Annual Non-GAAP Operating Income

* FY18 represents Q1 – Q3 FY18 actual results plus midpoint of Q4 guidance
Annual Non-GAAP Net Income and Diluted EPS Growth

* FY18 represents Q1 – Q3 FY18 actual results plus midpoint of Q4 guidance
Free Cash Flow as a % of Revenue

* FY18 run rate is first three quarter of FY18 divided by 3 and multiplied by 4. Free cash flow = operating cash flow minus capital expenditures.
# Financial Results, Guidance and Long-Term Model

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.

## Q4 FY18 Guidance

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY18 Guidance</th>
<th>Long Term Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>$964.4 - $1,004.1</td>
<td>Revenue Growth</td>
</tr>
<tr>
<td><strong>Gross Margin %</strong></td>
<td>61.3% - 61.7%</td>
<td>Gross Margin</td>
</tr>
<tr>
<td><strong>Operating Expense %</strong></td>
<td>22.0% to 22.4%</td>
<td>Operating Expenses</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>38.9% to 39.7%</td>
<td>Operating Margin</td>
</tr>
<tr>
<td><strong>Diluted EPS</strong></td>
<td>$1.30 - $1.39</td>
<td></td>
</tr>
</tbody>
</table>

## 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>
<th>Q2 FY18</th>
<th>Q3 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>
<td>$1,012.1</td>
<td>$994.2</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>
<td>$617.8</td>
<td>$610.6</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>
<td>61.0%</td>
<td>61.4%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>$240.0</td>
<td>$233.6</td>
<td>$220.6</td>
<td>$213.6</td>
<td>$222.9</td>
<td>$227.3</td>
<td>$218.9</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>
<td>$390.5</td>
<td>$391.7</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>
<td>38.6%</td>
<td>39.4%</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>
<td>$344.1</td>
<td>$341.2</td>
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<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>
<td>$1.41</td>
<td>$1.36</td>
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<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>
<td>$422.5</td>
<td>$425.9</td>
</tr>
</tbody>
</table>
Highly Profitable Financial Model *

<table>
<thead>
<tr>
<th></th>
<th>Microchip</th>
<th>Microsemi</th>
<th>Microchip + Microsemi</th>
<th>Long Term Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($M)</td>
<td>$3,977</td>
<td>$1,875</td>
<td>$5,852</td>
<td></td>
</tr>
<tr>
<td>Gross Margin (%)</td>
<td>61.4%</td>
<td>63.2%</td>
<td>62.0%</td>
<td>63%</td>
</tr>
<tr>
<td>R&amp;D (%)</td>
<td>12.1%</td>
<td>18.5%</td>
<td>14.2%</td>
<td>13%</td>
</tr>
<tr>
<td>SG&amp;A (%)</td>
<td>9.9%</td>
<td>12.5%</td>
<td>10.7%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Op Income ($M)</td>
<td>$1,567</td>
<td>$603</td>
<td>$2,170</td>
<td></td>
</tr>
<tr>
<td>Op Income (%)</td>
<td>39.4%</td>
<td>32.2%</td>
<td>37.1%</td>
<td>40.5%</td>
</tr>
</tbody>
</table>

* In millions, except percentages. All figures are non-GAAP and are based on results for the December 2017 quarter. Revenue and operating income dollars are based on December 2017 quarter results which were annualized by multiplying the December quarter numbers by four.
18.2% CAGR

* FY18 represents Q1 – Q3 FY18 actual results plus Q4 estimate based on midpoint of financial guidance
EBITDA and Net Leverage – Atmel Acquisition through the Current Quarter

* EBITDA as calculated in accordance with Microchip’s Credit Facility. Net leverage excludes 2037 convertible debt, consistent with Credit Facility.
~$5B Billion Returned to Shareholders

~ $3.5B in dividends and ~$1.4B in share buy-backs!

* FY18 includes estimated amount to be paid to shareholders on March 6, 2018

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Total Inventory*
(Distributor and Microchip)

Inventory Days Target
Microchip 115 – 120
Distributor 30 – 40
Total 145 – 160

* Reflects Non-GAAP inventory balances which exclude GAAP purchase accounting mark-up from acquisitions to allow period-to-period comparability.
Capital Expenditures

* Based on the midpoint of Q4 FY18 guidance. Revenue used in the calculations is non-GAAP.

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Financial Summary

- Microchip is a consistent revenue grower and market share gainer
- Long-term business outlook is very positive driven by Microchip 2.0
- One of the premium business models in the semiconductor industry
  - Consistently high and improving gross margins
  - Disciplined management of operating expenses
  - Ability to drive 40% plus non-GAAP operating margins on a long-term basis
- Strong track record of accretive acquisitions where business models of acquired companies have been transformed over a short period of time
- Significant free-cash flow generation allowing for steady deleveraging of the balance sheet
- Inventory within Microchip’s target range and positioned well leading into our strongest two quarters of the year (June and September)
Thank You!