Analog Devices Completes Maxim Integrated Acquisition

Capital Allocation & Accretion Timeline

September 8, 2021

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Forward-Looking Statements; Non-GAAP Reconciliations

This presentation contains "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements address a variety of subjects, including, for example, statements as to the anticipated benefits of the transaction, the anticipated impact of the transaction on the combined organization's business and future financial and operating results, the expected amount and timing of synergies from the transaction, and excepted capital allocation and accretion. Statements that are not historical facts, including statements about ADI's beliefs, plans and expectations, are forward-looking statements. Such statements are based on ADI's current expectations and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements often contain words such as "expect," "anticipate," "intend," "plan," "believe," "will," "estimate," "would," "target" and similar expressions, as well as variations or negatives of these words. The following important factors and uncertainties, among others, could cause actual results to differ materially from those described in these forward-looking statements: the uncertainty as to the extent of the duration, scope and impacts of the COVID-19 pandemic; political and economic uncertainty, including any faltering in global economic conditions or the stability of credit and financial markets; erosion of consumer confidence and declines in customer spending; unavailability of raw materials, services, supplies or manufacturing capacity; changes in geographic scope or product or customer mix; changes in export classifications, import and export regulations or duties and tariffs; changes in ADI's estimate of its expected tax rate based on current tax law; ADI's ability to successfully integrate Maxim's businesses and technologies; the risk that the expected benefits and synergies of the transaction and growth prospects of the combined company may not be fully achieved in a timely manner, or at all; adverse results in litigation matters, including the potential for litigation related to the transaction; the risk that ADI will be unable to retain and hire key personnel; unanticipated difficulties or expenditures relating to the transaction, the response of business partners and retention as a result of the transaction; uncertainty as to the long-term value of ADI's common stock; and the diversion of management time on transaction-related matters. For additional information about other factors that could cause actual results to differ materially from those described in the forward-looking statements, please refer to ADI's and Maxim's respective periodic reports and other filings with the Securities and Exchange Commission, including the risk factors contained in ADI's and Maxim's most recent Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. Forward-looking statements represent management's current expectations and are inherently uncertain and are made only as of the date hereof. Except as required by law, ADI does not undertake or assume any obligation to update any forward-looking statements, whether as a result of new information or to reflect subsequent events or circumstances or otherwise.

Non-GAAP Reconciliations – This presentation includes non-GAAP financial measures that have been adjusted in order to provide investors with useful information regarding our results of operations, business trends and financial goals. Reconciliations of these non-GAAP measures to their most directly comparable GAAP measures can be found in the appendix.

A High-Performance Analog Semiconductor Leader

Technologies

Analog & mixed signal

Power management

Radio frequency (RF) & microwave

Edge processors & sensors

Talent

~23K
Employees

10K+
Engineers

35
Countries

Portfolio breadth

~75K
SKUs

125K+
Customers

90+
Combined years

Leading innovation

$1.6B[1]
R&D investment

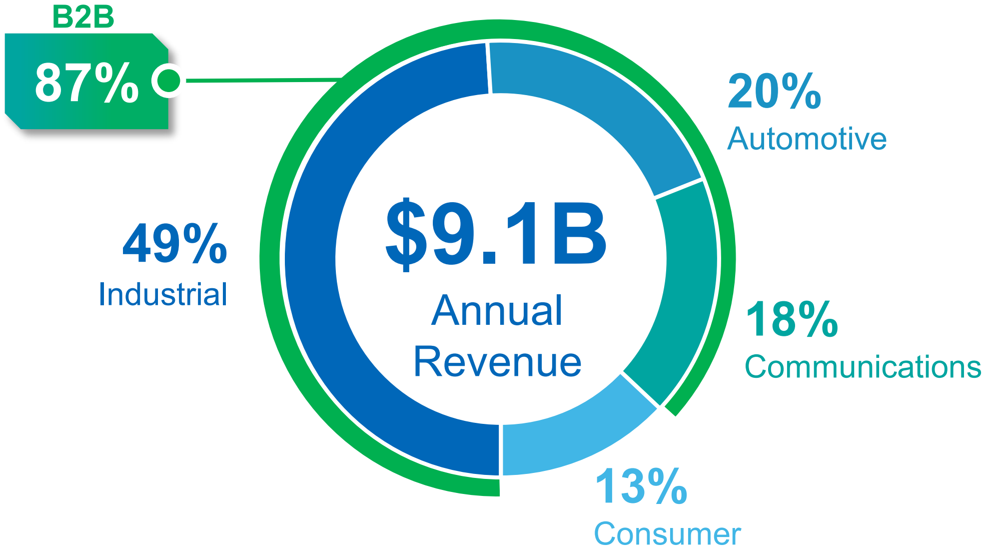
~6.5K
Patents

~70
Design centers

1. Pro-forma trailing twelve month figures based on Analog Devices fiscal third quarter ended July 31, 2021 and Maxim Integrated fiscal year ended June 26, 2021.

Diverse Franchise with Strong Financials & Exposure to Durable Markets

Industry-leading financial profile[1]

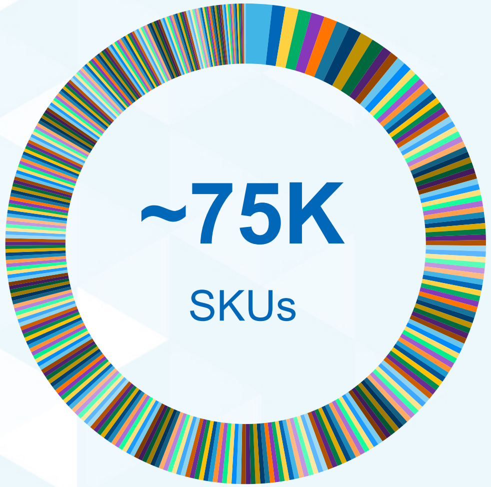


~70%
Gross margin

~41%
Operating margin

~34%
Free cash flow margin

Highly diversified portfolio with long life cycles



~80%
of revenue derived from products that individually contribute 0.1% or less

~50%
of revenue derived from products 10+ years old

1. Pro-forma trailing twelve month figures based on Analog Devices fiscal third quarter ended July 31, 2021 and Maxim Integrated fiscal year ended June 26, 2021. Gross margin, operating margin and free cash flow margin are presented on a non-GAAP basis and exclude special items. Please see the appendix for a reconciliation of the non-GAAP items to the most comparable GAAP financial measure.

Increasing Scope & Expanding SAM Across Applications

Additional Maxim Capability

Industrial

- **Instrumentation & Test**
- **Automation**
  - I/O Connectivity
  - Digital Motion Control
- **Aerospace & Defense**
- **Digital Healthcare**
  - Sensing Capabilities
- **Clean Energy**

Automotive

- **Vehicle Electrification / BMS**
  - BMS
- **In-Cabin Multimedia**
  - High-Speed Connectivity
- **Autonomous Mobility**

Communications

- **Wireless Infrastructure**
- **Carrier / Data Center**
  - Processor/Accelerator Power
  - Optical Data Connectivity

Consumer

- **Portables**
- **Prosumer A/V**
  - Class-D Audio Amps

Strengthening Power capabilities across all markets

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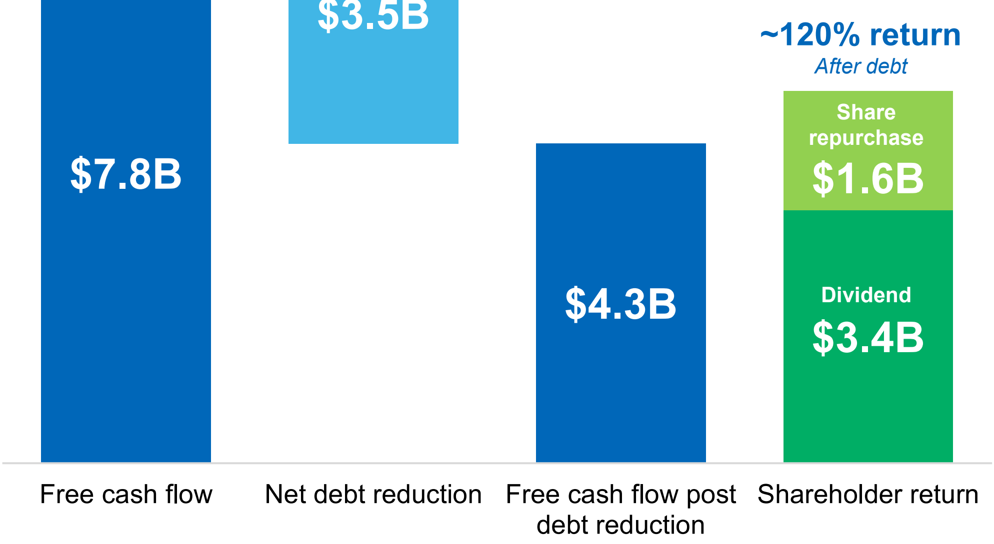
Capital Allocation Model: 100% Free Cash Flow Return

Free cash flow & capital allocation since LTC[1]

(LTC close through 3Q'21)



New capital allocation model

Share repurchase

- Deploy excess cash via $2.5B ASR
- Return all residual free cash flow after dividend to reduce share count annually

Dividend

- Consistent annual increase
- Target 40%-60% of free cash flow payout

Debt repayment

- No need to further reduce debt
- Net leverage ratio ~1.5x

1. Free cash flow and net debt are presented on a non-GAAP basis and exclude special items. Please see the appendix for a reconciliation of the non-GAAP items to the most comparable GAAP financial measure.

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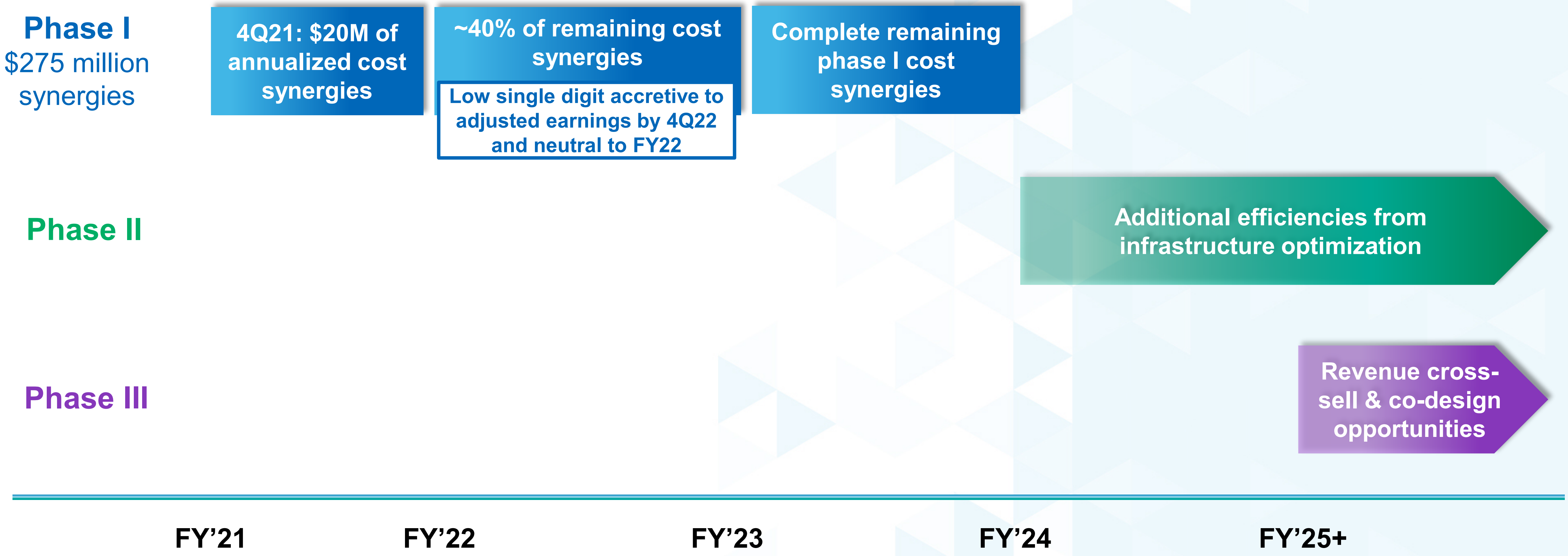
Planned ~$5B in Buybacks Through 2022

	Today	Over coming quarters	Exit 2022
Buyback	**$2.5B** ASR	**~$2.5B**	**~$5B** >5% of market cap ~50% of authorization
Balance sheet & leverage	Reduce cash to ~$1.5B ⇧ Leverage ratio to ~1x	Residual FCF after dividend ⇔ Leverage ratio	Maintain cash at target $1.5B & net debt position

Significant share count reduction over the coming quarters

Accretive by 4Q'22… Six Months Ahead of Initial Timeline



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Industry-Leading Financial Model

	ANALOG DEVICES (TTM as of 7/31/21)	maxim integrated (TTM as of 6/26/21)	ANALOG DEVICES maxim integrated (excl. synergies)[1]	ANALOG DEVICES maxim integrated (incl. synergies, ASR)[1]
Gross Margin (%)	*70.6%*	*67.7%*	*69.8%*	*>70%*
Operating Margin (%)	*42.0%*	*38.7%*	*41.0%*	*>43%*
Net Leverage Ratio	1.2x	(1.1x)	0.6x	~1x
Free Cash Flow	$2.2B	$0.9B	$3.1B	>$3.3B

Driving towards

$10B+
annual revenue

&

40%
free cash flow margin

1. Pro-forma trailing twelve month figures based on Analog Devices fiscal third quarter ended July 31, 2021 and Maxim Integrated fiscal year ended June 26, 2021. Gross margin, operating margin, net leverage ratio, and free cash flow are presented on a non-GAAP basis and exclude special items. Please see the appendix for a reconciliation of the non-GAAP items to the most comparable GAAP financial measure.

Key Takeaways

Strengthening leadership position

- Strong financial profile with a diversity of customers, applications, & products
- Increases breadth of engineering capabilities, enabling disruptive innovation & ability to develop more complete solutions with $1.6B annual R&D investment

Accelerating accretion timeline

- Deal expected to be low-single digit accretive to adjusted EPS by 4Q'22, six months ahead of original timeline, & neutral in FY'22
- Additional efficiencies from infrastructure optimization begins in FY'24… revenue cross-sell & co-design opportunities in FY'25+

Enhancing shareholder returns

- Targeting 100% free cash flow return through dividends & share repurchases
- Expect to repurchase ~$5B of shares through 2022, including a $2.5B ASR
- Committed to dividend growth with FCF payout of 40%-60% & annual share count reduction

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Appendix

Reconciliation from GAAP to Non-GAAP[1]

($ in millions)	4Q20	1Q21	2Q21	3Q21	TTM	1Q21	2Q21	3Q21	4Q21	TTM	TTM Combined
	ANALOG DEVICES					maxim integrated					ANALOG DEVICES maxim integrated
Total Revenue	**$1,526**	**$1,558**	**$1,661**	**$1,759**	**$6,505**	**$ 619**	**$ 628**	**$ 665**	**$ 720**	**$2,633**	**$ 9,138**
GAAP Gross Profit	**$1,023**	**$1,045**	**$1,137**	**$1,221**	**$4,426**	**$ 417**	**$ 416**	**$ 443**	**$ 484**	**$1,760**	**$ 6,187**
Covid 19 - response programs	-	-	-	-	-	1	1	1	1	3	3
Acquisition related expense	45	45	41	38	168	4	6	4	3	17	186
Acquisition related transaction costs	-	-	-	-	-	1	1	-	-	2	2
Adjusted Gross Profit	**$1,068**	**$1,090**	**$1,177**	**$1,259**	**$4,595**	**$ 424**	**$ 424**	**$ 448**	**$ 488**	**$1,783**	**$ 6,377**
% Revenue	*70.0%*	*70.0%*	*70.9%*	*71.6%*	*70.6%*	*68.4%*	*67.4%*	*67.4%*	*67.7%*	*67.7%*	*69.8%*
GAAP Operating Income	**$ 462**	**$ 464**	**$ 520**	**$ 610**	**$2,055**	**$ 201**	**$ 214**	**$ 247**	**$ 283**	**$ 946**	**$ 3,001**
Covid 19 - response programs	-	-	-	-	-	1	1	1	1	3	3
Acquisition related expenses	156	155	151	147	609	5	7	5	4	21	630
Acquisition related transaction costs	11	15	23	18	68	15	9	3	2	29	97
Restructuring related expense, net	8	0	0	(9)	(0)	9	3	0	1	13	13
Other	-	-	-	-	-	-	1	6	1	7	7
Adjusted Operating Income	**$ 636**	**$ 635**	**$ 694**	**$ 766**	**$2,731**	**$ 231**	**$ 234**	**$ 262**	**$ 292**	**$1,019**	**$ 3,750**
% Revenue	*41.7%*	*40.7%*	*41.7%*	*43.6%*	*42.0%*	*37.4%*	*37.2%*	*39.4%*	*40.5%*	*38.7%*	*41.0%*
Net cash provided by operating activities	**$ 673**	**$ 428**	**$ 736**	**$ 630**	**$2,467**	**$ 163**	**$ 210**	**$ 271**	**$ 280**	**$ 924**	**$ 3,391**
Capital expenditure	(30)	(67)	(59)	(86)	(243)	(13)	(16)	(16)	(20)	(65)	(308)
Free Cash Flow	**$ 643**	**$ 361**	**$ 677**	**$ 544**	**$2,224**	**$ 150**	**$ 194**	**$ 255**	**$ 260**	**$ 859**	**$ 3,083**
% Revenue	*42%*	*23%*	*41%*	*31%*	*34%*	*24%*	*31%*	*38%*	*36%*	*33%*	*34%*

(1) The sum and/or computation of the individual amounts may not equal the total due to rounding.

Reconciliation from GAAP to Non-GAAP[1]

($ in millions)	4Q20	1Q21	2Q21	3Q21	TTM	1Q21	2Q21	3Q21	4Q21	TTM	TTM Combined
	ANALOG DEVICES					maxim integrated					ANALOG DEVICES / maxim integrated
Income From Continuing Operations, Net of Tax	**$ 387**	**$ 389**	**$ 423**	**$ 503**	**$1,701**	**$ 170**	**$ 184**	**$ 220**	**$ 254**	**$ 827**	**$ 2,529**
Provision for Income Taxes	31	48	53	69	201	25	27	27	27	106	307
Income From Continuing Operations before income Tax (GAAP)	**$ 417**	**$ 437**	**$ 476**	**$ 572**	**$1,902**	**$ 194**	**$ 210**	**$ 247**	**$ 281**	**$ 933**	**$ 2,835**
Non operating expense (income)	44	27	44	37	153	7	3	0	6	16	169
Restructuring related expense, net	8	0	0	(9)	(0)	9	3	0	1	13	13
Stock-based compensation expense [2]	37	37	40	42	155	36	31	21	20	108	263
Acquisition related transaction costs	11	15	23	18	68	7	3	3	2	15	83
Acquisition related expenses	156	155	151	147	609	5	7	5	4	21	630
Depreciation [2]	57	56	52	50	216	19	19	19	20	77	293
Total Adj. EBITDA	**$ 730**	**$ 728**	**$ 786**	**$ 858**	**$3,103**	**$ 277**	**$ 277**	**$ 296**	**$ 333**	**$ 1,183**	**$ 4,286**
Gross Debt					$ 5,149					$ 995	$ 6,145
Cash and cash equivalents					1,481					2,291	3,772
Net Debt					**$3,668**					**$ (1,296)**	**$ 2,373**
Net Leverage Ratio					***1.2***					***(1.1)***	***0.6***

(1) The sum and/or computation of the individual amounts may not equal the total due to rounding.
(2) Stock based compensation expense and depreciation exclude acquisition-related adjustments incorporated into acquisition-related expenses.

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Reconciliation from GAAP to Non-GAAP[1]

($ in millions)

	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	Cumulative FCF since LTC Close
Net cash (used for) provided by operating activities	$ (364)	$ 707	$ 388	$ 719	$ 621	$ 714	$ 372	$ 671	$ 552	$ 658	$ 350	$ 429	$ 557	$ 673	$ 428	$ 736	$ 630	$ 8,841
Capital expenditures	$ (64)	$ (65)	$ (63)	$ (54)	$ (52)	$ (86)	$ (91)	$ (75)	$ (58)	$ (51)	$ (55)	$ (60)	$ (21)	$ (30)	$ (67)	$ (59)	$ (86)	$ (1,037)
Free cash flow	**$ (428)**	**$ 642**	**$ 325**	**$ 665**	**$ 569**	**$ 628**	**$ 281**	**$ 596**	**$ 494**	**$ 607**	**$ 295**	**$ 369**	**$ 536**	**$ 643**	**$ 361**	**$ 677**	**$ 544**	**$ 7,804**

	Analog Devices					Maxim Integrated					Analog Devices + Maxim Integrated
	4Q20	1Q21	2Q21	3Q21	TTM	1Q21	2Q21	3Q21	4Q21	TTM	TTM Combined
Net cash (used for) provided by operating activities	$ 673	$ 428	$ 736	$ 630	$ 2,467	$ 163	$ 210	$ 271	$ 280	$ 924	$ 3,391
Capital expenditures	$ (30)	$ (67)	$ (59)	$ (87)	$ (243)	$ (13)	$ (16)	$ (16)	$ (20)	$ (65)	$ (308)
Free cash flow	**$ 643**	**$ 361**	**$ 677**	**$ 543**	**$ 2,224**	**$ 150**	**$ 194**	**$ 255**	**$ 260**	**$ 859**	**$ 3,083**

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Reconciliation from GAAP to Non-GAAP[1]

($ in millions)	2Q17	3Q21	Net Debt Reduction Since LTC Close
Total debt	$ 12,894	$ 5,149	$ 7,745
Less: Cash and cash equivalents	$ 5,698	$ 1,481	$ 4,217
Net debt	**$ 7,196**	**$ 3,668**	**$ 3,528**

(1) The sum and/or computation of the individual amounts may not equal the total due to rounding.