

SEMTECH



# INVESTOR PRESENTATION

Q3 FY2023 | SMTC | [semtech.com](http://semtech.com)



# Legal Disclaimers

This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on Semtech Corporation's (the “Company's”) current expectations, estimates and projections about its operations, industry, financial condition, performance, results of operations and liquidity. Forward-looking statements are statements other than historical information or statements of current condition and relate to matters such as future financial and operational performance, the anticipated impact of specific items on future earnings, and the Company's plans, objectives and expectations. Forward-looking statements involve known and unknown risks and uncertainties that could cause actual results and events to differ materially from those projected. Potential factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the uncertainty surrounding the impact and duration of supply chain constraints and any associated disruptions; the uncertainty surrounding the impact and duration of the COVID-19 pandemic, and the factors identified under the heading “Risk Factors” in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2022, the Company's Quarterly Reports on Form 10-Q filed on August 31, 2022 and November 30, 2022 and in other filings with the Securities and Exchange Commission. Investors are cautioned not to place undue reliance on any forward-looking information contained herein, which reflect management's analysis only as of the date hereof. Except as required by law, the Company assumes no obligation to publicly release the results of any update or revision to any forward-looking statement that may be made to reflect new information, events or circumstances after the date hereof or to reflect the occurrence of unanticipated or future events, or otherwise.

This presentation also includes a presentation of select non-GAAP financial measures, namely: Adjusted Gross Profit, and non-GAAP Gross Margin, Adjusted Operating Cost and Expense, non-GAAP Operating Expense, non-GAAP Gross Profit, non-GAAP Operating Income, Operating Margin, Free Cash Flow, Free Cash Flow Margin and diluted non-GAAP earnings per share. The reconciliations of these to the most comparable GAAP measures are shown at the end of the presentation.

As used in this presentation, “non-GAAP Operating Income” means our Operating Income, adjusted to exclude from the applicable financial measure, as reported for purposes of our financial statements, items such as share-based compensation, restructuring, integration, transaction and other acquisition-related expenses, intangible amortization and impairments, and other items which would not otherwise have been incurred by the Company in the normal course of the Company's business operations or are not reflective of the Company's core results over time. As used in this presentation, “non-GAAP earnings per share” means non-GAAP diluted earnings per share, and “non-GAAP Gross Margins” means our Gross Margin determined in accordance with GAAP but without taking share-based compensation into account.

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# Semtech's Vision



To be the global leader in analog, mixed-signal platforms and advanced algorithms that enable architectural and performance differentiation



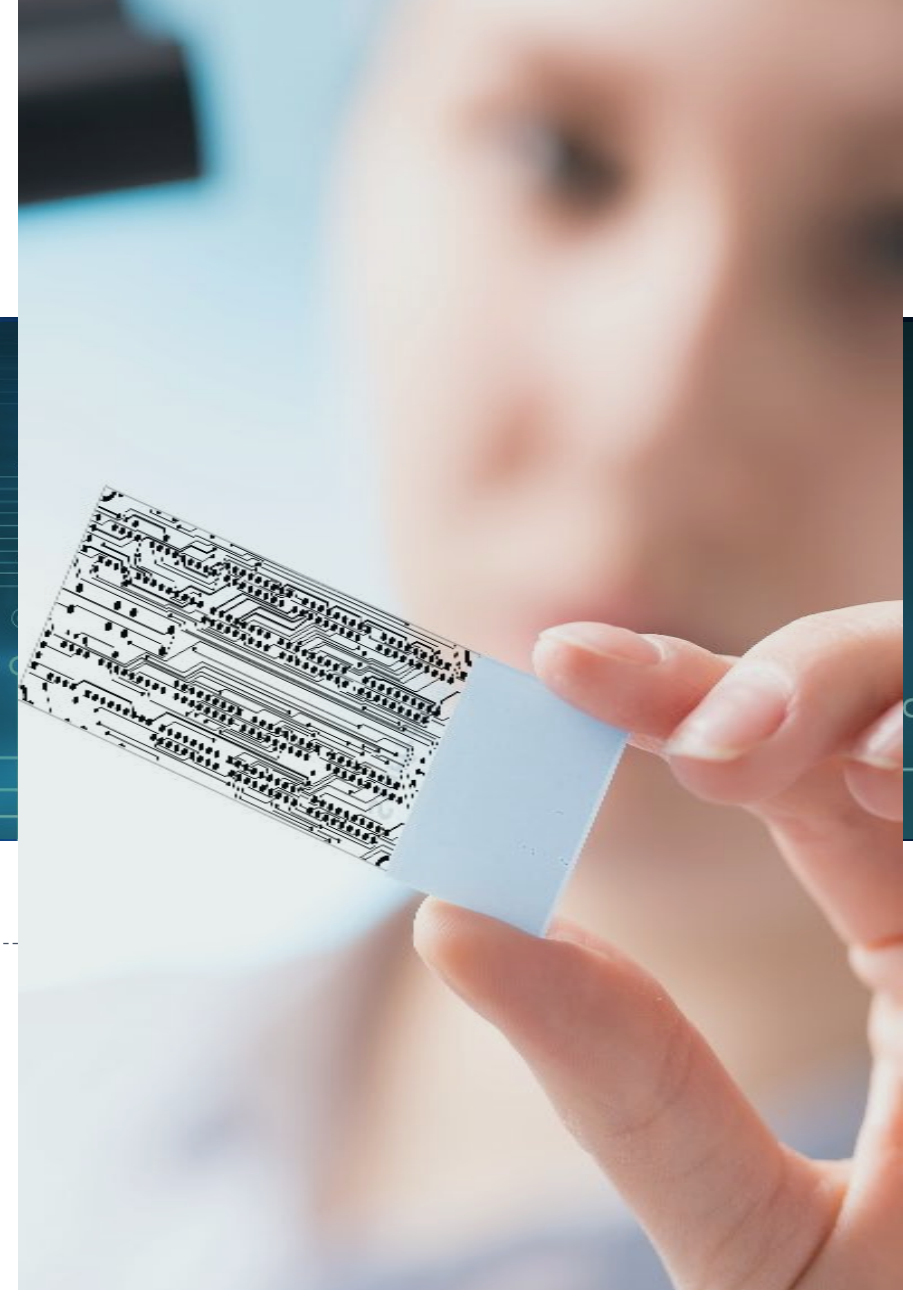
Achieve leadership positions in our target product segments



Deliver revenue growth exceeding the high-performance analog sector



Attain the high end of Semtech's stated target operating model





# Semtech Strategic Advantage



## High Performance

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### Analog/Mixed Signal Design

1. Circuit Innovation
2. Package Innovation
3. Patents
4. Partnerships



## Architectural Disruption

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### Through Systems Know-how

1. Disrupt Systems
2. Push Technology Envelope
3. Application-Specific Standard Products



## Algorithm Design

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### Interface to Analog

1. Flexible Architectures
2. Applications Knowledge
3. Customer Partnerships
4. Disrupt Markets

# Megatrends Driving Growth Opportunities



## Smarter Planet

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The Internet of Things



## Higher Bandwidth

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Optical Infrastructure



## Greater Mobility

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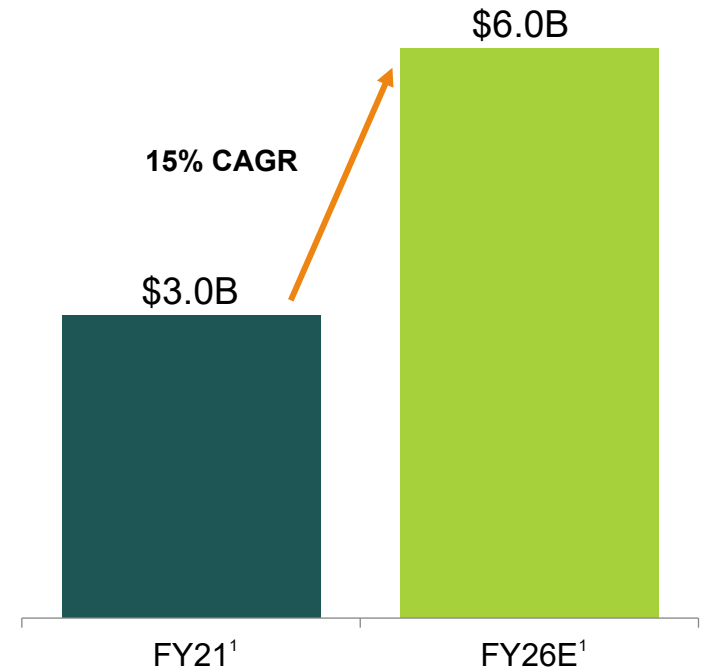
Portable Platforms & Wearables

# Key Platforms Expected to Drive SAM Growth

**Our Opportunity** Is Expected To Double

Source: Semtech Internal

<sup>1</sup>Market size estimates are as of end of specified calendar year



## LoRa<sup>®</sup> Platform

De Facto Wireless Platform of IoT

- Long Range
- Low Power
- Low Cost
- Cloud Services



## Infrastructure Platforms

Delivering Higher Bandwidth

- Tri-Edge™ Analog CDRs
- FiberEdge® PMDs
- 10G PON
- Wireless base stations

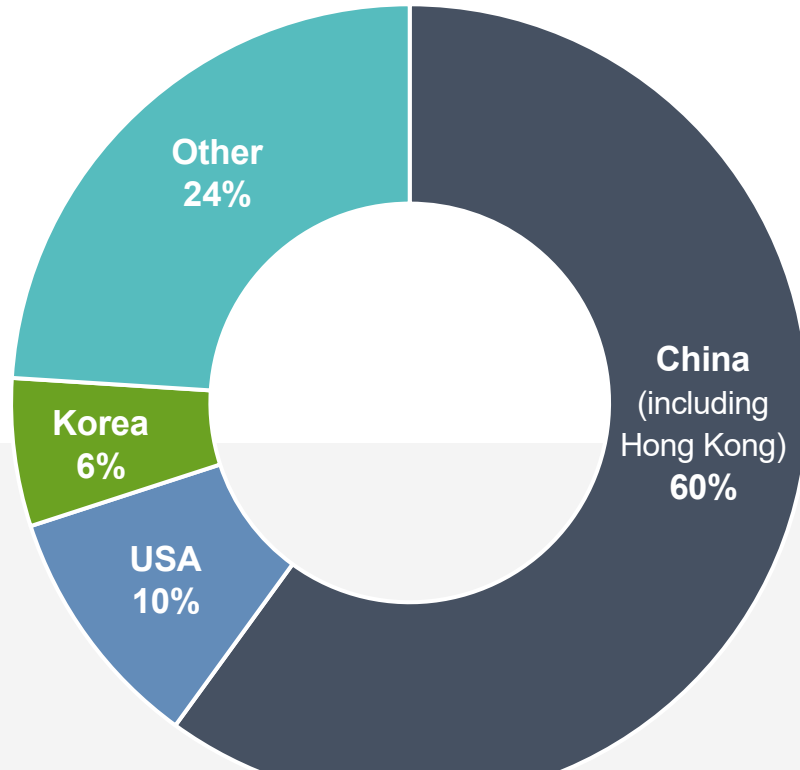


## Mobile Platforms

Enabling Next Generation Mobility

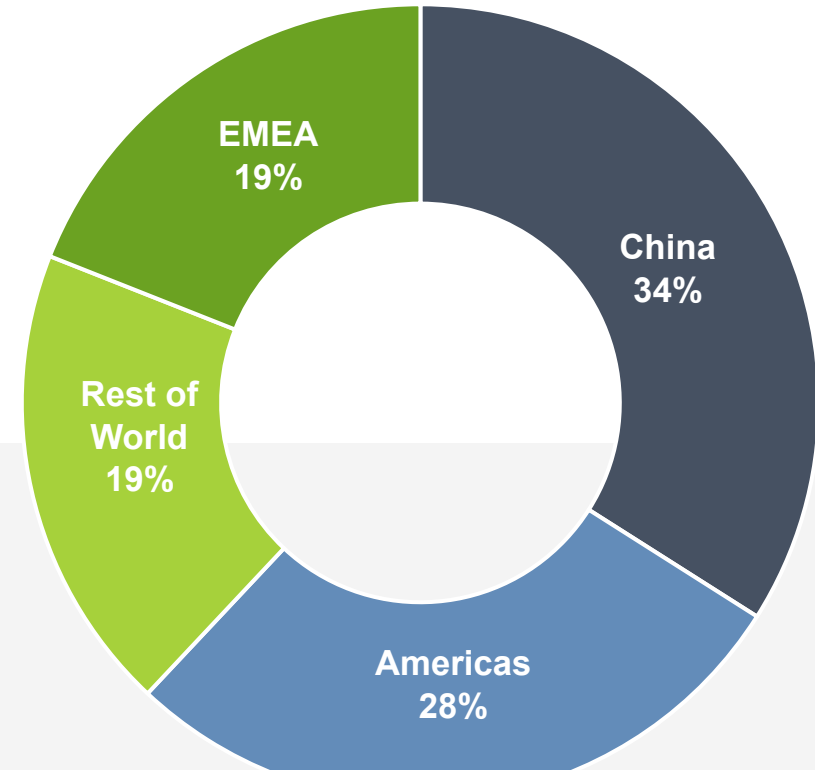
- Z-Platform Protection Devices
- PerSe® Proximity Sensing Devices

# Geographically Balanced



**Semtech FY2022 Sales by Geography**

*Source: Company reports and SEC filings*



**Semtech FY2022 Estimated Geographic Consumption**

*Source: Semtech Internal*

# Disruptive Solutions for Diverse End-Markets



## Infrastructure (35%\*)

- Hyperscale and Cloud Data Centers
- 5G/4G/LTE Base Stations
- PON/FTTH
- Routers and Switches
- Broadband Access

## Industrial (35%\*)

- IoT, Sensor Networks
- Factory Automation
- ADAS, Infotainment
- UHD Video, Pro AV

## High-End Consumer (30%\*)

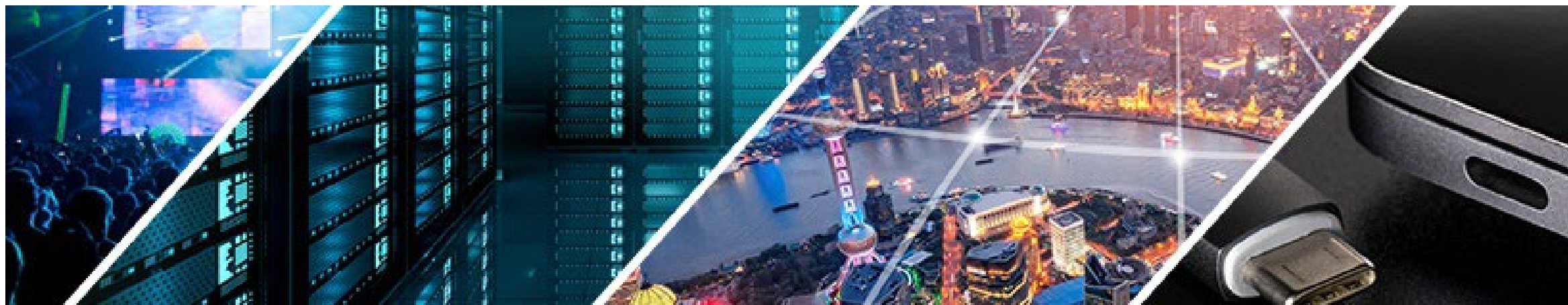
- Smartphones
- Tablets
- Wearables
- TVs, PCs, Set Top Boxes
- White Goods

*\*Percentage of fiscal year 2022 net sales.*

*Source: Company reports and SEC filings*



# Diversified Product Groups Provide Sustainable Growth



## WIRELESS & SENSING PRODUCTS

- LoRa® Long Range Wireless
- PerSe® Proximity Sensors
- High Reliability
- Neo-Iso® Switches

**33%\***



## PROTECTION PRODUCTS

- ESD Protection
- ESD-EMI Filter Devices
- High-Current Lightning Protection
- Low-Capacitance Protection
- Low-Voltage ESD Protection

**27%\***



## SIGNAL INTEGRITY PRODUCTS

- ClearEdge® and Tri-Edge™ Clock & Data Recovery (CDR)
- FiberEdge® Physical Media Devices (PMD)
- Professional AV (Pro AV)

**40%\***

Source: Company reports and SEC filings.  
\*Percentage of fiscal year 2022 net sales.



# Signal Integrity Products Group

## GROWTH DRIVERS

- Higher data rates driving higher CDR content
  - Hyperscale and Cloud Data Center: 100G, 200G, 400G & 800G
  - PON: 2.5G & 10G
  - Wireless Base Station: 10G, 25G & 50G
- Proliferation of video displays

### Q3 2023\*

(Three months ended October 30, 2022)

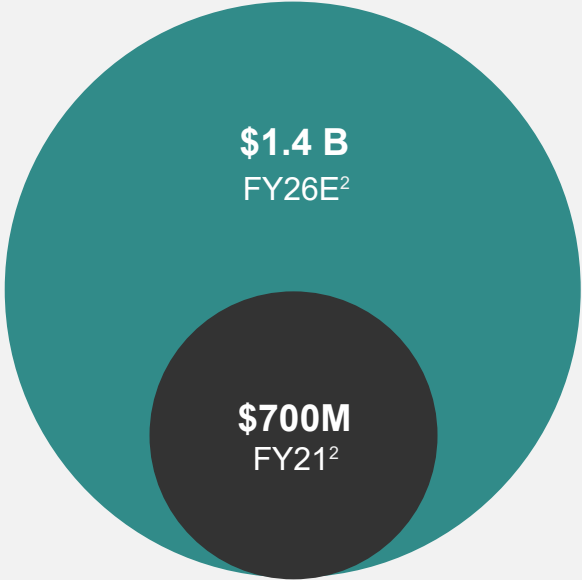
Percentage of Net Sales	44%
Gross Margin	65%+
Target Long-term Growth Rate <sup>1</sup>	10%+

<sup>1</sup> Represents the Company's long-term target that assumes execution of our strategy and is forward-looking and subject to uncertainties and risks. Actual results may vary and could be material. Nothing in this presentation should be represented that it will be achieved. The Company undertakes no duty to update its goals or targets.

<sup>2</sup> Market size estimates are as of end of specified calendar year.

\*Source: Company reports and SEC filings

## SIGNAL INTEGRITY PRODUCTS SAM





# Protection Products Group

## GROWTH DRIVERS

- Shrinking process geometries demand off-chip protection
- Emerging high-speed interfaces driving increase in SAM
- Broader adoption of high-speed interfaces across industrial, automotive and communications platforms
- ESG initiatives for the reduction of electronic waste

### Q3 2023\*

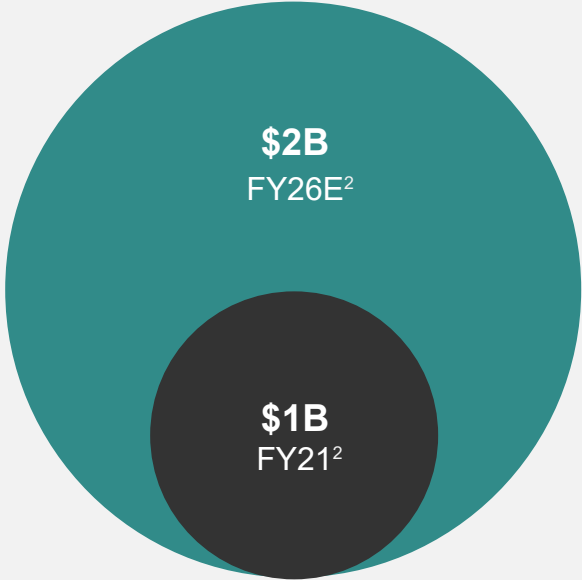
(Three months ended October 30, 2022)

Percentage of Net Sales	22%
Gross Margin	50%+
Target Long-term Growth Rate <sup>1</sup>	10%+

<sup>1</sup> Represents the Company's long-term target that assumes execution of our strategy and is forward-looking and subject to uncertainties and risks. Actual results may vary and could be material. Nothing in this presentation should be represented that it will be achieved. The Company undertakes no duty to update its goals or targets.

<sup>2</sup> Market size estimates are as of end of specified calendar year.

## PROTECTION PRODUCTS SAM



\*Source: Company reports and SEC filings



# Wireless & Sensing Products Group

## GROWTH DRIVERS

- LoRa® is the de facto wireless platform of IoT
- LoRa Cloud™ Services
- PerSe® enabling safety standards around higher power radios

## Q3 2023\*

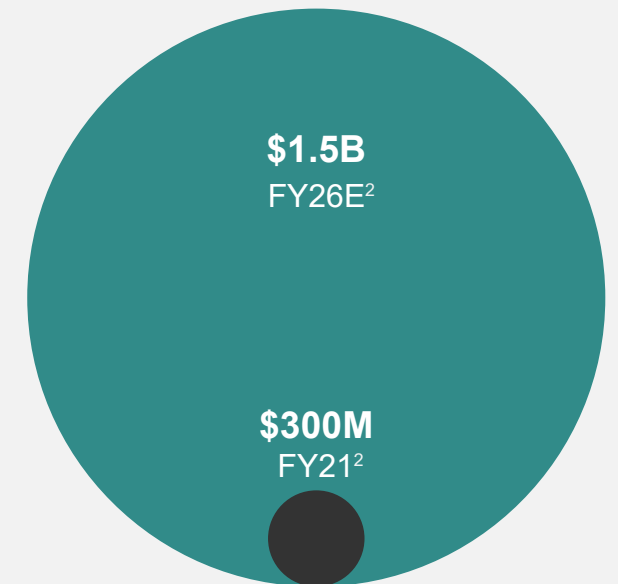
(Three months ended October 30, 2022)

Percentage of Net Sales	<b>34%</b>
Gross Margin	<b>65%+</b>
Target Long-term Growth Rate <sup>1</sup>	<b>20%+</b>

<sup>1</sup> Represents the Company's long-term target that assumes execution of our strategy and is forward-looking and subject to uncertainties and risks. Actual results may vary and could be material. Nothing in this presentation should be represented that it will be achieved. The Company undertakes no duty to update its goals or targets.

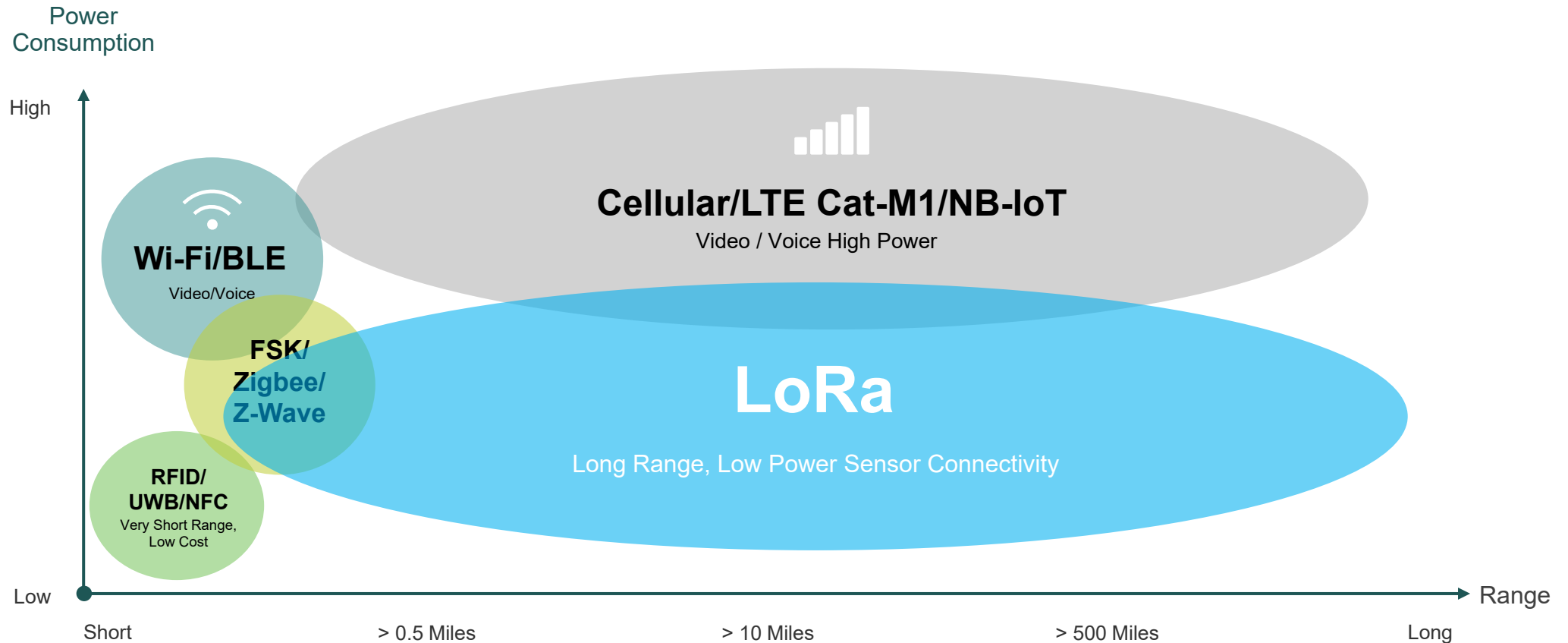
<sup>2</sup> Market size estimates are as of end of specified calendar year.

## LoRa® PRODUCTS SAM







\*Source: Company reports and SEC filings

# LoRa® Fills a Technology Gap in the IoT



# Key Milestones Driving LoRa® Revenue Growth

	KEY MILESTONES	YEAR-END FY21	YEAR-END FY22	YEAR-END FY23 GOALS*
	LoRa-enabled Gateways <sup>1</sup>	>1,300,000	>3,200,000	>5,000,000
	Capacity	>5.0 billion nodes	>6.9 billion nodes	>10 billion nodes
	Connected Nodes	178 million	240 million	300 million
	LoRaWAN® Operators	150	166	>180

<sup>1</sup> Includes both macrocell and picocell gateways

\*Assumes execution of our strategy and are forward-looking statements and subject to uncertainties and risks. Actual results may vary and could be material. Nothing in this presentation should be represented that it will be achieved. The Company undertakes no duty to update its goals or targets.

# LoRa® SAM Is Limited Only By Your Imagination!

## Smart Environment & Industrial

- Forest fires
- Air pollution
- Earthquake sensors
- Avalanche and flooding
- Heating and AC
- Equipment status
- Factory control
- Occupancy management

## Smart Metering

- Electric
- Water
- Gas
- Infrastructure and production

## Smart City

- Smart parking
- Traffic sensors and control
- Street lighting
- Infrastructure monitoring
- Trash and waste containers
- Public events
- Location services
- Advertising displays

## Tracking

- Motor bikes
- Cars
- Bicycles
- Pets
- Insurance – valuable assets
- Find My Stuff
- Contact tracing
- Distance tracking

## Agriculture

- Irrigation control
- Environment sensing
- Animal tracking
- Animal sensing – ovulation, birth

## Security & Smart Home

- Smoke detectors
- Security systems
- Smart appliances
- Heating control and monitoring

...and many others











# Financials



# Long-Term Target Model<sup>1</sup>

	SEMTECH METRIC	SEMTECH OPERATING TARGET
	Net Sales Growth	Three Points Above Industry Growth
	Non-GAAP Gross Margin <sup>2</sup>	58%-63%
	Non-GAAP Operating Expense <sup>2</sup>	Half the Rate of Net Sales Growth
	Non-GAAP Operating Margin <sup>2</sup>	32%-36%
	CapEx	~4% of Net Sales
	Free Cash Flow Margin <sup>2,3</sup>	25%-30%

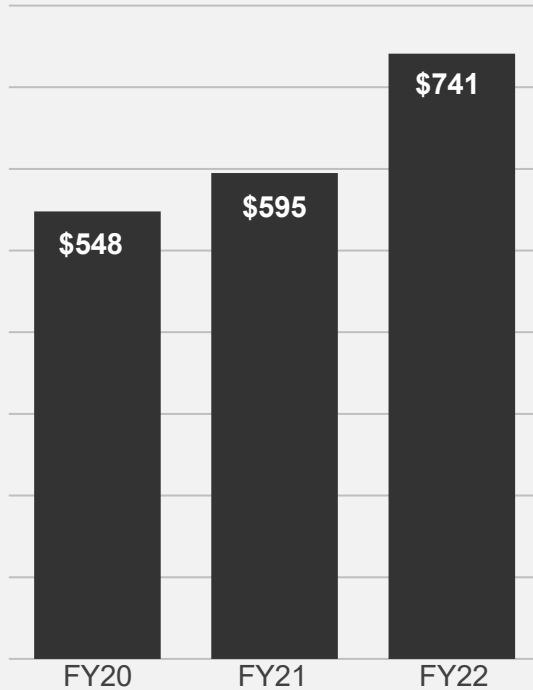
<sup>1</sup>Represents the Company's long-term target that assumes execution of our strategy and is forward-looking and subject to uncertainties and risks. Actual results may vary and could be material. Nothing in this presentation should be represented that it will be achieved. The Company undertakes no duty to update its goals or targets.

<sup>2</sup>Gross margin, operating expense, and operating margin used in the target operating model are non-GAAP measures. Please see the reconciliations to the most comparable GAAP measures at the end of this presentation.

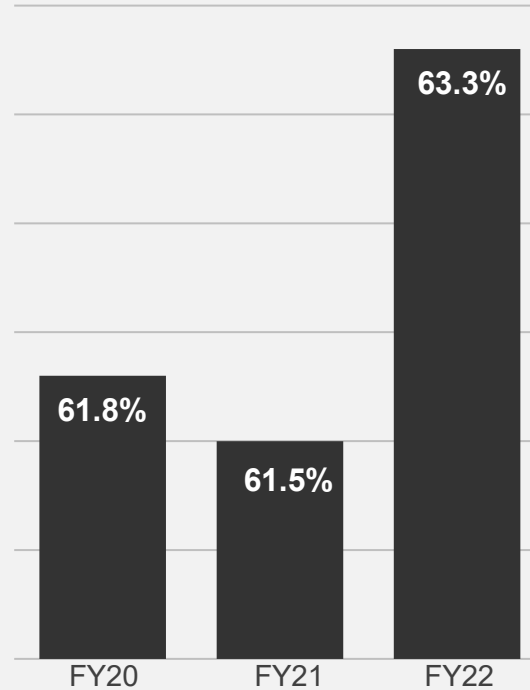
<sup>3</sup>Free cash flow is equal to cash flow from operations minus net capital expenditures.

# Operating Excellence

Net Sales (\$M)



Non-GAAP Gross Margin<sup>1</sup>



Non-GAAP EPS<sup>1</sup>



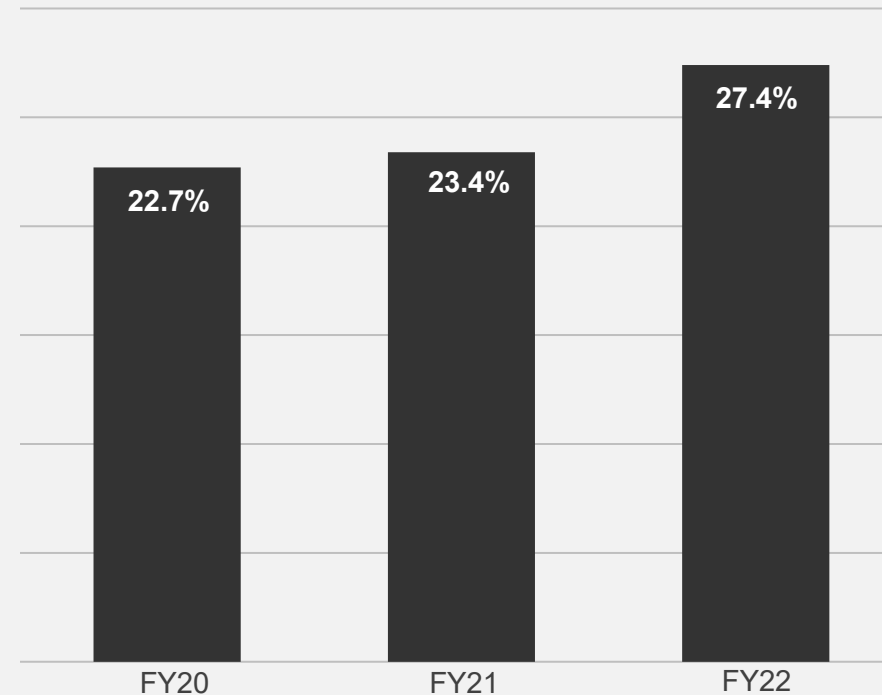
<sup>1</sup> Gross margin and earnings per diluted share are non-GAAP. Please see the reconciliations to most comparable GAAP measures at the end of this presentation.

# Operating Leverage

## Provides Strong Operating Leverage

- Focus on key market trends driving Net Sales growth
- Disruptive technology bringing more value to customers
- Value-based OpEx

Non-GAP Operating Income %<sup>1</sup>



Source: Company reports and SEC filings

<sup>1</sup> Non-GAAP Operating Income % based on reconciliation. Please see the reconciliations to most comparable GAAP measures at the end of this presentation.

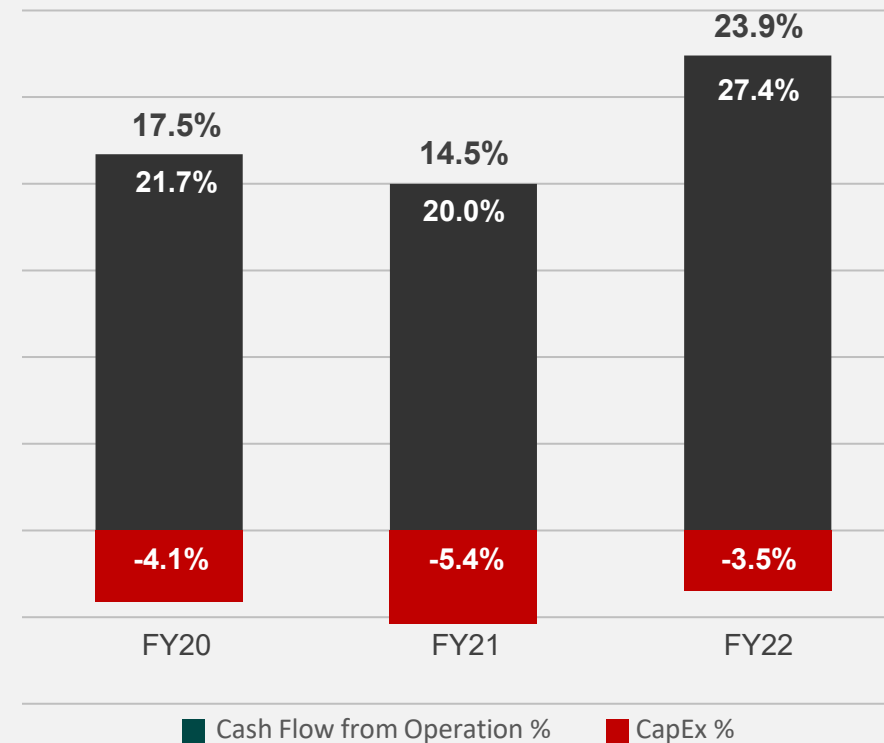
# Cash Flow

## Provides Strong Free Cash Flow

- Rapidly expanding profits
- Peer-leading cash conversion cycle
- Enables strategic investments

Source: Company reports and SEC filings

### Free Cash Flow<sup>1</sup>



<sup>1</sup> Free cash flow is equal to cash flow from operations minus net capital expenditures.

## Repurchase Stock Opportunistically<sup>1</sup>

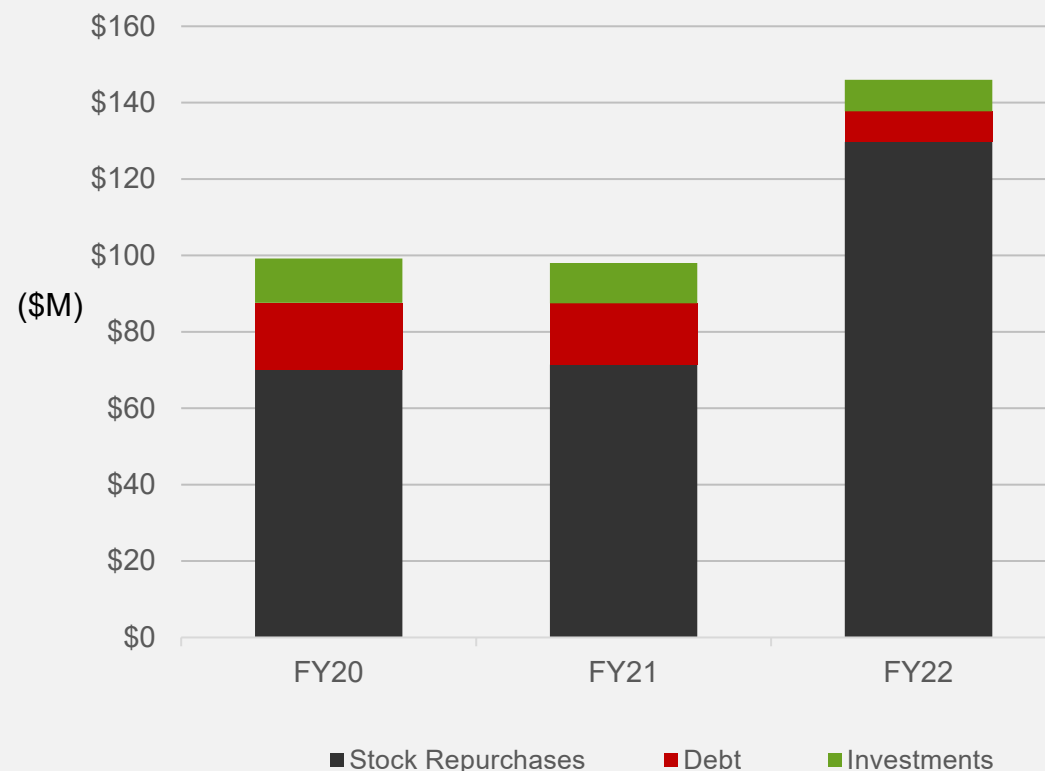
- Outstanding stock repurchase authorization amount is \$209.4 mil. as of Oct. 30, 2022

## Invest For Growth

- Strategic acquisitions
- Minority investments

# Capital Allocation

Focused on Growth & Shareholder Returns



Source: Company reports and SEC filings

# Why Invest in Semtech



Fast Growing,  
Diversified Analog  
Company



Multiple  
Secular Growth  
Drivers



End Market &  
Geographically  
Diversified



Strong  
Financials

Balanced Growth Story With Significant Upside



# Financials

GAAP – Non GAAP  
Reconciliation Tables

# Reconciliation of GAAP to Non-GAAP Results

## Gross Profit

Gross Profit (In Thousands)	Fiscal Year Ended		
	January 30, 2022	January 31, 2021	January 26, 2020
<b>Gross Profit - GAAP</b>	<b>\$ 466,081</b>	<b>\$ 363,549</b>	<b>\$ 336,684</b>
Share-based compensation	2,901	2,501	1,928
<b>Adjusted Gross Profit (Non-GAAP)</b>	<b>\$ 468,982</b>	<b>\$ 366,050</b>	<b>\$ 338,612</b>
<b>Net Sales</b>	<b>\$ 740,858</b>	<b>\$ 595,117</b>	<b>\$ 547,512</b>
GAAP Gross Margin %	62.9%	61.1%	61.5%
Non-GAAP Gross Margin %	63.3%	61.5%	61.8%

## Operating Expense

Operating Expenses (In Thousands)	Fiscal Year Ended		
	January 30, 2022	January 31, 2021	January 26, 2020
<b>Operating cost and expense - GAAP</b>	<b>\$ 321,064</b>	<b>\$ 288,593</b>	<b>\$ 284,675</b>
Share-based compensation	(48,288)	(50,485)	(50,121)
Intangible amortization	(4,942)	(8,265)	(16,546)
Transaction and integration related, including debt refinance costs	(259)	(784)	(691)
Restructuring and other reserves	(16)	(1,314)	(4,621)
Litigation cost net of recoveries	(1,382)	(1,263)	(1,340)
Changes in the fair value of contingent earn-out obligations	13	33	2,345
<b>Adjusted Operating cost and expense (Non-GAAP)</b>	<b>\$ 266,190</b>	<b>\$ 226,515</b>	<b>\$ 213,701</b>
<b>Net Sales</b>	<b>\$ 740,858</b>	<b>\$ 595,117</b>	<b>\$ 547,512</b>
GAAP Operating Expense %	43.3%	48.5%	52.0%
Non-GAAP Operating Expense %	35.9%	38.1%	39.0%

## Operating Income & Free Cash Flow

Operating Income (In Thousands)	Fiscal Year Ended		
	January 30, 2022	January 31, 2021	January 26, 2020
Non-GAAP Gross Profit	\$ 468,982	\$ 366,050	\$ 338,612
Non-GAAP Operating Expenses	266,190	226,515	213,701
<b>Non-GAAP Operating Income</b>	<b>\$ 202,792</b>	<b>\$ 139,535</b>	<b>\$ 124,911</b>
<b>GAAP Operating Income %</b>	<b>19.6%</b>	<b>12.6%</b>	<b>9.5%</b>
<b>Non-GAAP Operating Income %</b>	<b>27.4%</b>	<b>23.4%</b>	<b>22.7%</b>
Free Cash Flow (In Thousands)	Fiscal Year Ended		
	January 30, 2022	January 31, 2021	January 26, 2020
Cash Flow from Operations	\$ 203,123	\$ 118,930	\$ 118,616
Net Capital Expenditures	(26,071)	(32,349)	(22,704)
<b>Free Cash Flow</b>	<b>\$ 177,052</b>	<b>\$ 86,581</b>	<b>\$ 95,912</b>
<b>Free Cash Flow %</b>	<b>23.9%</b>	<b>14.5%</b>	<b>17.5%</b>

Source: Semtech Earnings Press Releases  
Semtech Internal



# Reconciliation of GAAP to Non-GAAP Net Income

## Supplemental Information

(In Thousands)

	Fiscal Year Ended		
	January 30, 2022	January 31, 2021	January 26, 2020
<b>GAAP net income attributable to common stockholders</b>	<b>\$ 125,664</b>	<b>\$ 59,903</b>	<b>\$ 31,871</b>
Adjustments to GAAP net income attributable to common stockholders:			
Share-based compensation	51,189	52,986	52,049
Intangible amortization	4,942	8,265	16,546
Transaction and integration related	259	784	691
Restructuring and other reserves	16	1,314	4,621
Litigation cost, net of recoveries	1,382	1,263	1,340
Changes in the fair value of contingent earn-out obligations	(13)	(33)	(2,345)
Investment gains, losses, reserves and impairments	(71)	5,280	1,211
Loss on early extinguishment of debt	-	-	514
<b>Total Non-GAAP adjustments before taxes</b>	<b>57,704</b>	<b>69,859</b>	<b>74,627</b>
Associated tax effect	(10,040)	(13,792)	(3,701)
Equity in net losses (gains) of equity method investments	(2,115)	(329)	(109)
Total of supplemental information, net of taxes	45,549	55,738	70,817
<b>Non-GAAP net income attributable to common stockholders</b>	<b>\$ 171,213</b>	<b>\$ 115,641</b>	<b>\$ 102,688</b>
<b>Diluted GAAP earnings per share</b>	<b>\$ 1.92</b>	<b>\$ 0.91</b>	<b>\$ 0.47</b>
Adjustments per above	0.69	0.84	1.05
<b>Diluted non-GAAP earnings per share</b>	<b>\$ 2.61</b>	<b>\$ 1.75</b>	<b>\$ 1.52</b>
weighted-average share count - diluted	65,565	66,059	67,418

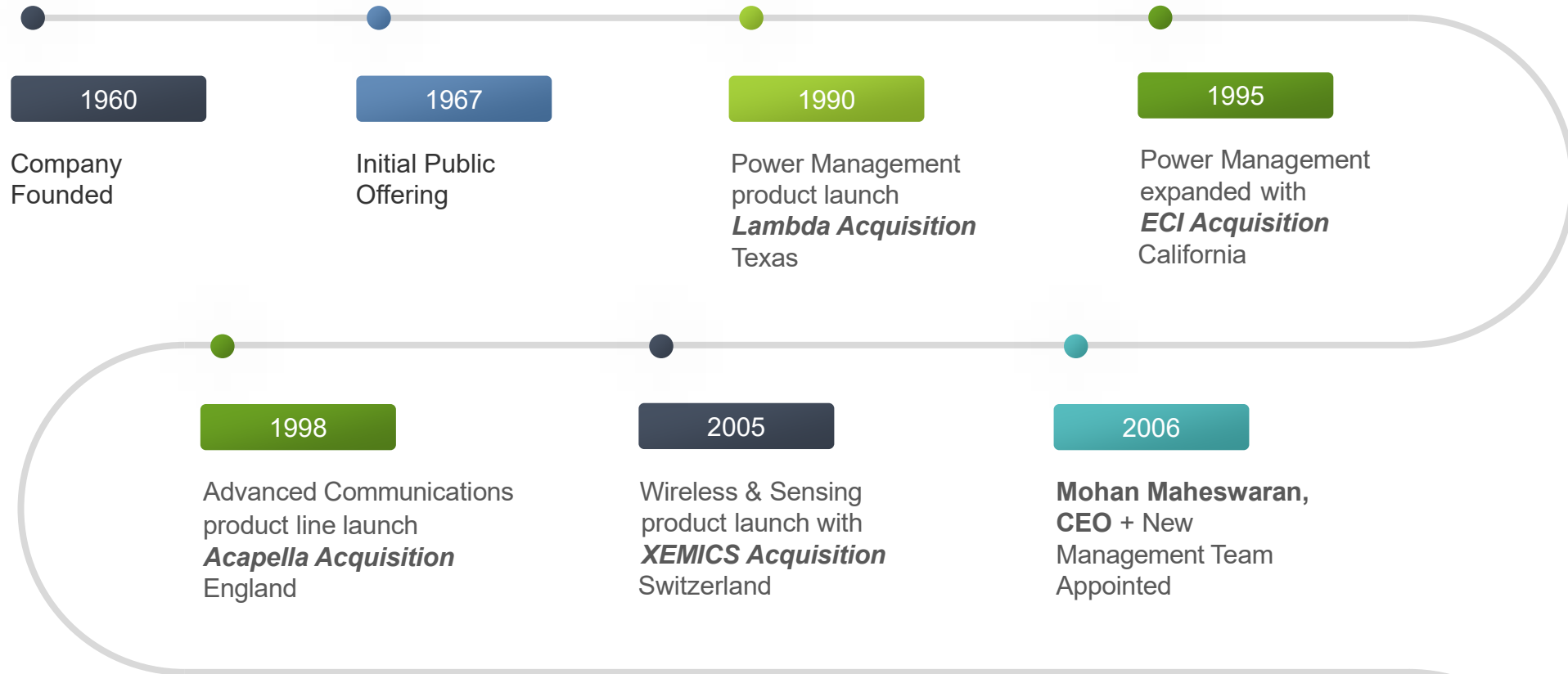
Source: Semtech Earnings Press Releases  
Semtech Internal



# APPENDIX

[semtech.com](https://semtech.com)

# Acquisitions Have Contributed to Diversification & Growth





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