



Semtech Analyst Day 2018

June 20 | New York City | www.semtech.com

2018 | SMTC



Agenda

The Semtech Journey

Mohan Maheswaran

Signal Integrity Products Group

Gary Beauchamp/Bharat Tailor

- Powering The Data Center Revolution

Protection Products Group

Mark Costello/Madhu Rayabhari

- The Golden Era Of Protection

Wireless & Sensing Products Group

Marc Pégulu/Alistair Fulton

- LoRa: the DNA of IoT

The Journey Continues

Emeka Chukwu

Goals For Today – We Will Introduce You To

- Our Strong Leadership Team
- Our Path to \$1B in Net Sales
- Our Growth Engines
- Our Diversification, Our End Market Balance, Our Geographical Balance, Our Portfolio Balance and Our Financial Balance
- Our Future Innovations - both Unique and Exciting

World Class Executive Team

Experienced, Culturally Diverse & All Share The Same Values



Mohan Maheswaran
President and CEO



Emeka Chukwu
EVP and CFO



Charles Ammann
EVP and General
Counsel & Secretary



Jean-Paul Bardyn
CTO and VP,
Wireless & Sensing



Gary Beauchamp
EVP and GM,
Signal Integrity



Simon Brown
VP and GM,
Power &
High Reliability



Chris Chang
SVP, Corporate
Marketing & Business
Development



Mark Costello
VP and GM,
Protection



Sharon Faltemier
SVP,
Human Resources



James Kim
SVP,
Worldwide Sales



Marc Pégulu
VP and GM,
Wireless & Sensing



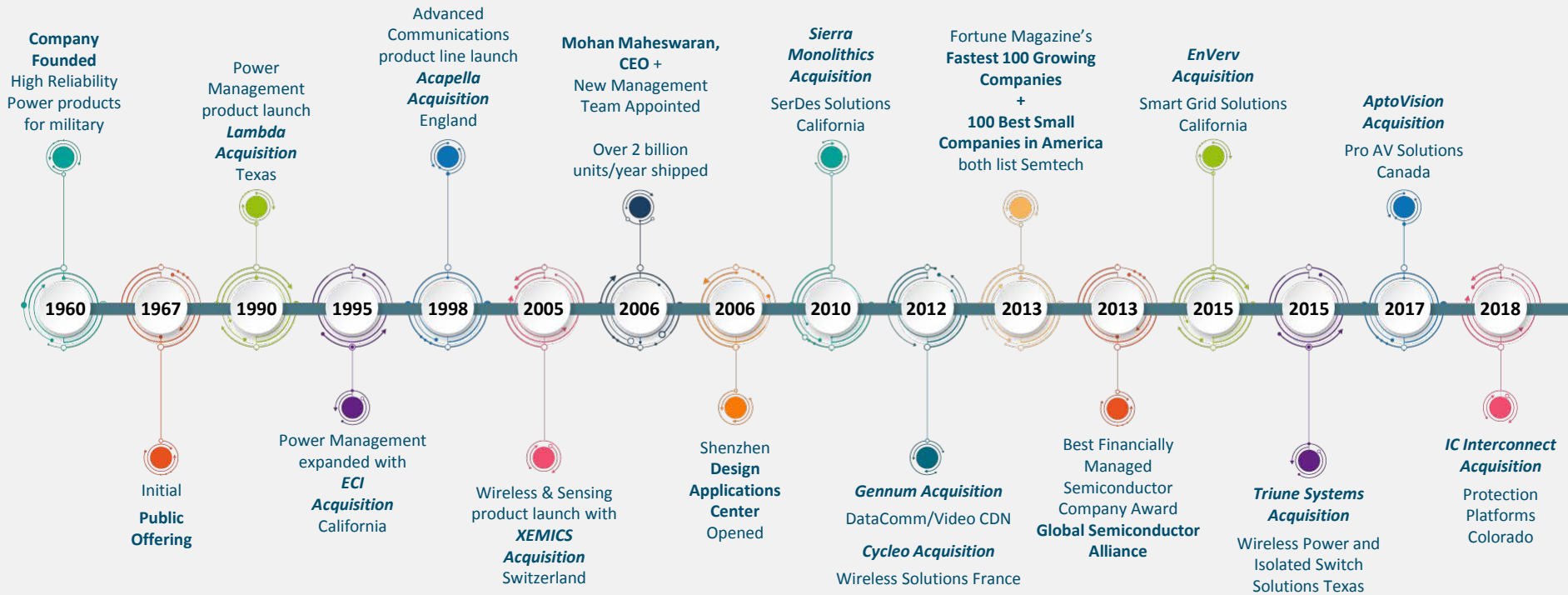
Asaf Silberstein
SVP,
Worldwide Operations



Mike Wilson
EVP,
Quality & Reliability

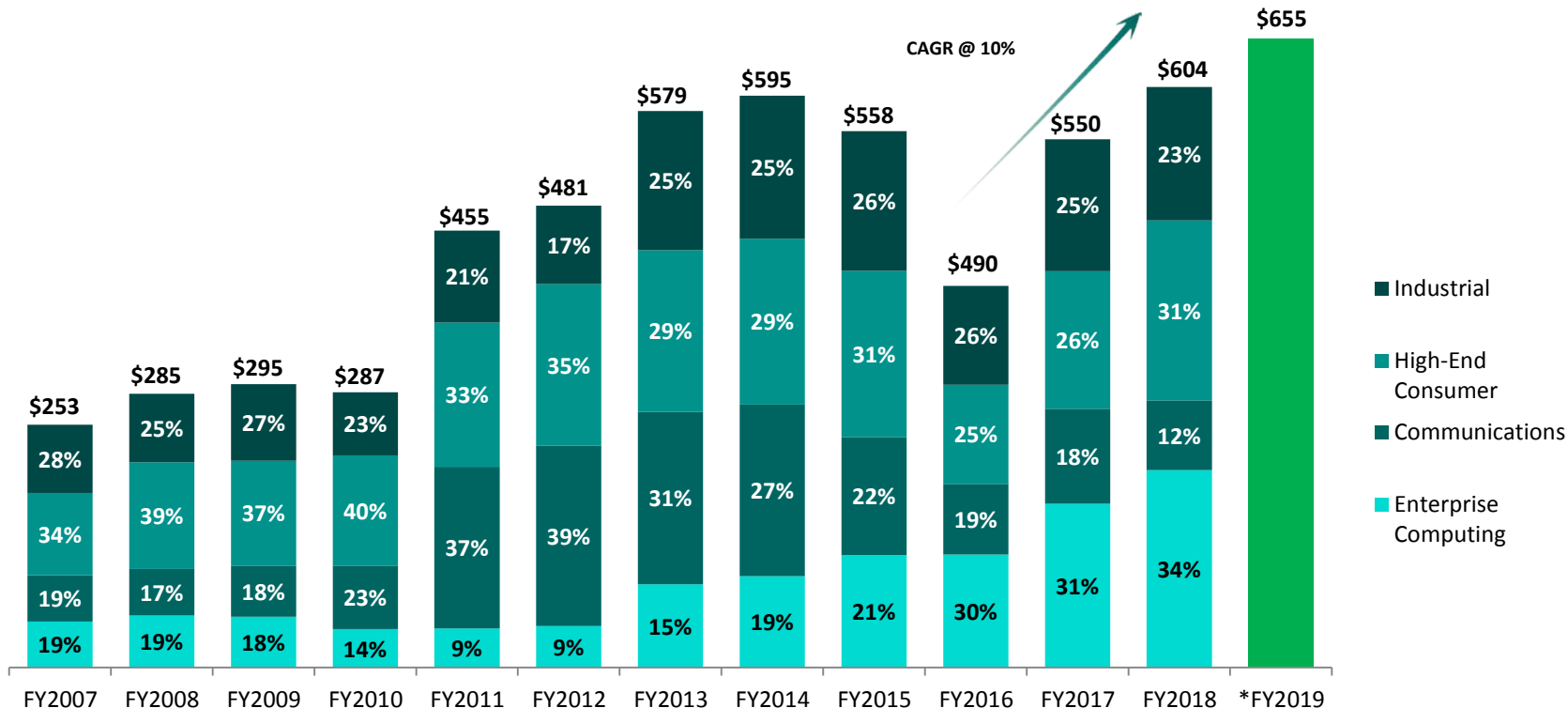
Our History

Successful Acquisitions Contribute to Diversification & Growth



Semtech Transformed

Portfolio Transformation, End Market Transformation & Infrastructure Transformation



*Consensus Estimate; FactSet 6/12/18.

¹Based on non-GAAP Net Sales. Please refer to the description and reconciliation of GAAP to non-GAAP measures at the end of the presentation.

FY18 Record Performance

Fiscal Year 2018 Results*

Record Net Sales	\$604 Million
Record Operating Income	\$161 Million
Record EPS	\$1.87
Record SIP Revenues	\$263 Million
Record WSP Revenues	\$165 Million
Record Design Wins	8,694



**Based on non-GAAP results for fiscal year 2018. Please see reconciliation of GAAP to non-GAAP measures at the end of this presentation.*

Our Vision

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

- Achieve leadership positions in our target product segments
- Deliver revenue growth exceeding high performance analog sector
- Attain the high end of Semtech's stated operating model



Semtech - Uniquely Positioned To Benefit

From Three Industry Megatrends



**Internet
of Things**



1 Billion LPWAN Sensors Will Be Deployed By 2020 - INSATIABLE APPETITE FOR MORE DATA

**Smartphones
& Wearables**



3 Billion Mobile Devices Will Be Sold Annually By 2020 - MOBILITY IS REQUIRED

**Cloud/
Big Data/
Data Center**

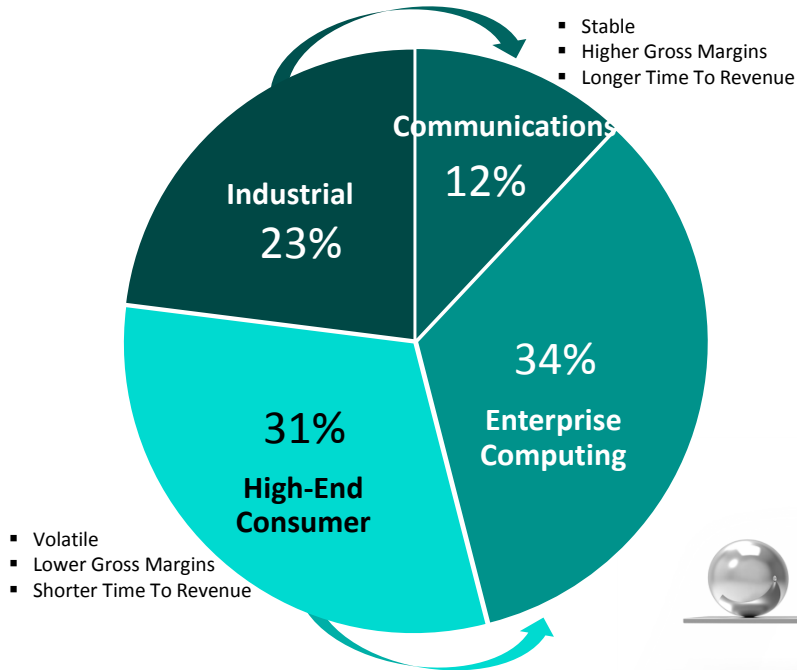


5 Million Data Centers Deployed By 2020 - INCREASING VOICE/VIDEO/DATA & IoT TRAFFIC

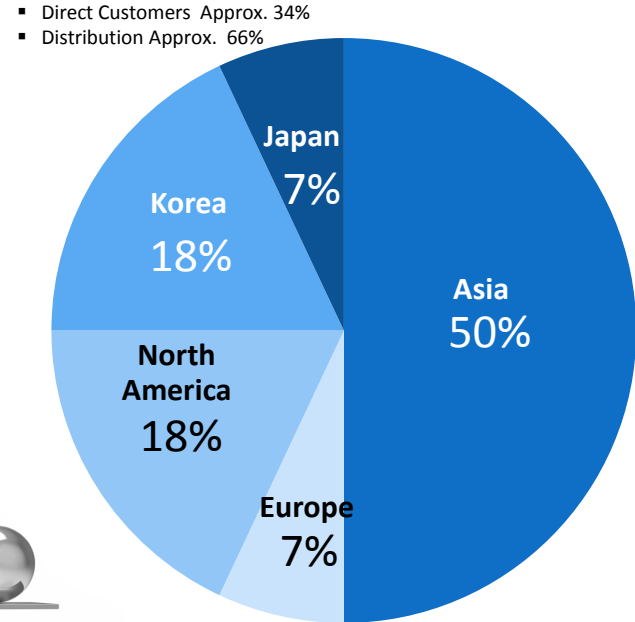
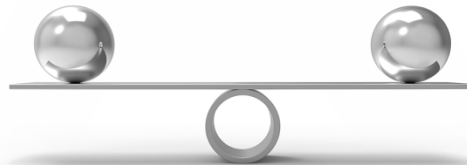
Source: Semtech Internal

We Strive For End Market & Geographical Balance

Mitigates Against End Market Transitions & Regional Macro Issues



FY18 Net Sales
\$604M*



*Amounts and percentages are based non-GAAP Net Sales for fiscal year 2018. Please see reconciliations of GAAP to non-GAAP measures at the end of this presentation.

We Strive For Product Diversification

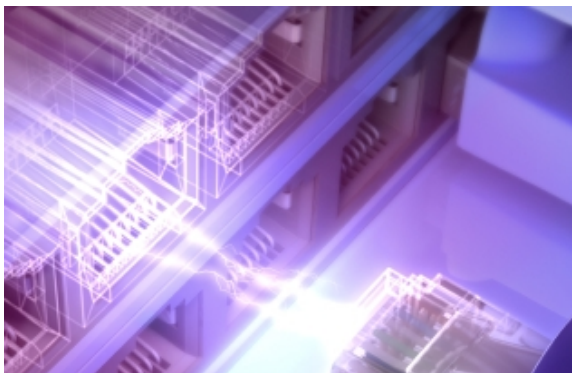
Broad Portfolio & Broad Customer Base Ensures Sustainability



SIGNAL INTEGRITY

- Clock & Data Recovery (CDR)
- Physical Media Devices (PMD)

44%*



PROTECTION

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

29%*



WIRELESS & SENSING

- LoRa® Long Range Wireless
- Proximity Sensors

27%*

**Percent of non-GAAP Net Sales for fiscal year 2018. Please see reconciliation of GAAP to non-GAAP measure at the end of this presentation.*

We Strive For Disruption

Three Industry Disruptors Will Drive Our Growth

100G/400G CDR Platform

- High B/W Connectivity
- Low Cost (Goal < \$1.5/Gbit)
- Path To > 400Gbps

Powering The
Data Center Revolution



Z-Platform

- Small Form Factor
- Low Capacitance
- High Energy

Enabling Next
Generation Mobility



LoRa® Wireless Platform

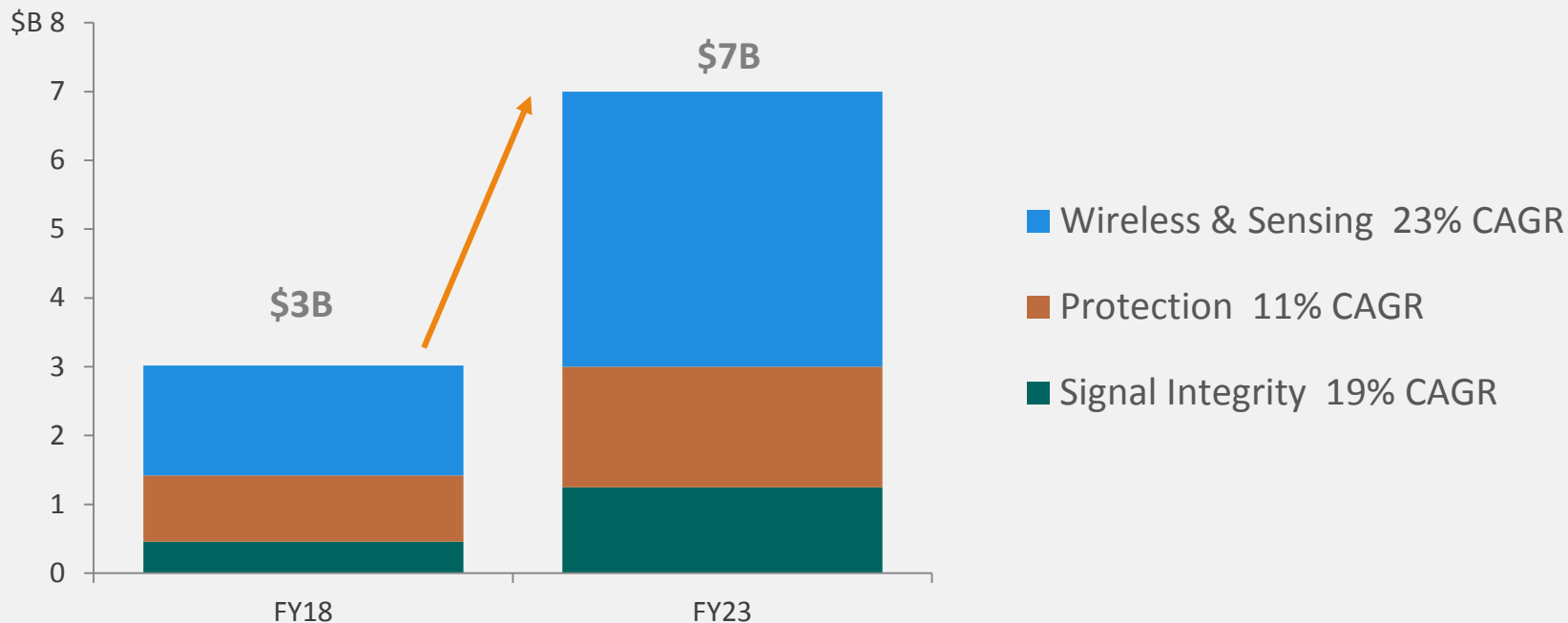
- Low Power
- Long Range
- Low Cost
- Localization

The DNA of IoT



Our Opportunity Is Going To More Than Double

SAM Approx. 18% CAGR

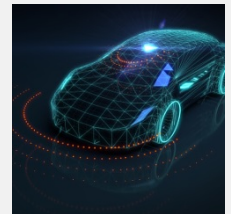
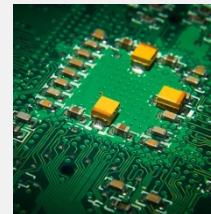
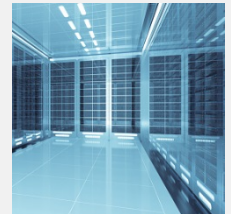
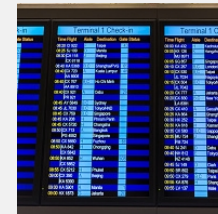
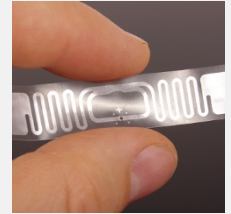
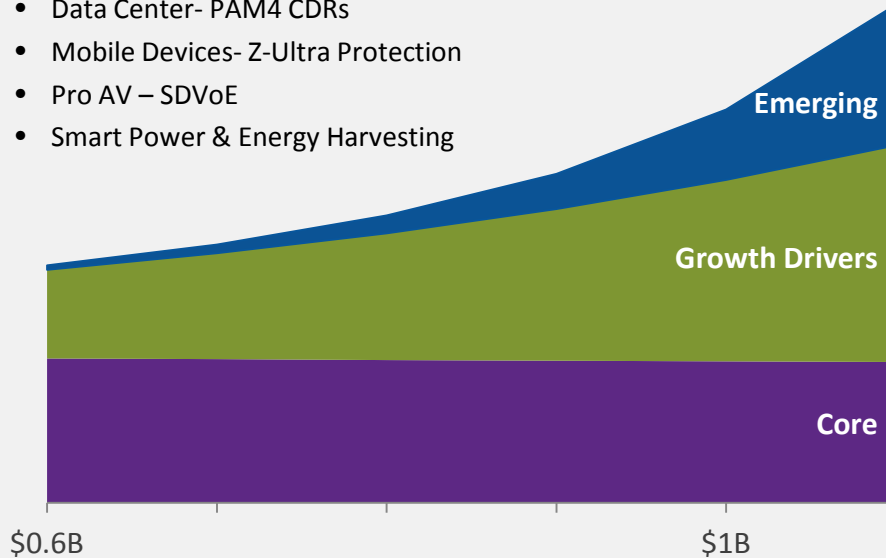


Beyond \$1 Billion

We Are Focused On Creating New Markets To Drive Future Growth

Emerging Growth Drivers

- IoT- LoRa-Tags/Microservices
- Data Center- PAM4 CDRs
- Mobile Devices- Z-Ultra Protection
- Pro AV – SDVoE
- Smart Power & Energy Harvesting



Semtech's Strategic Advantage

Our Competencies Come From 60 Years Of Developing Analog Solutions & Global Acquisitions



HIGH PERFORMANCE

Analog/Mixed Signal Design

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



ARCHITECTURAL DISRUPTION

Through Systems Knowhow

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



ALGORITHM DESIGN

Interface to Analog

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

A Game Changer For IoT



- End Node Chip Sales
- Gateway Chip Sales
- End Node Chip Royalties
- Micro-Services;
 - e.g. Geolocation
- Connect Battery Operated Assets Indoors and Outdoors?
- Low Cost Communication
- Low Cost Infrastructure and Low Cost End Nodes
- Low Power Technology
- Fixed and Mobile Communication
- Scalable and Secure
- Public or Private Network – Connectivity on Demand

...And A Game Changer For Semtech
As LoRa Becomes The De Facto Standard In A Trillion Dollar Industry

LoRa's SAM is Limited Only By **Our Imagination!**



SMART ENVIRONMENT & INDUSTRIAL

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

TRACKING

- Motor bikes
- Cars
- Bicycles
- Kids
- Pets
- Insurance – valuable assets
- Find My Stuff

SMART METERING

- Electric
- Water
- Gas
- Infrastructure and production

AGRICULTURE

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

SMART CITY

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

SECURITY & SMART HOME

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

Why Invest in Semtech

Our Future Value Will Be Driven By Today's Innovation



**Fast Growing
Diversified
Analog Company**



**Multiple
Growth Drivers**



**End Market &
Geographically
Balanced**




**Financially
Stable**

A Balanced Growth Story With Huge Upside!

The Journey Is **Just Beginning**

We Have Never Been Better Poised To Take Advantage Of Secular Growth Opportunities



World Class Products
World Class Infrastructure
World Class Team
LoRa[®] is a Game Changer
.....Just The Beginning



Signal Integrity Products

Powering The Data Center Revolution

Semtech Analyst Day 2018 | SMTC

Signal Integrity Products Group

Market and Product Development

- \$262M in FY18 sales
- 44% of Semtech FY18 net sales
- Over 300M units shipped
- Innovative engineering talent and world class marketing
- 300 staff in eight locations: US, Canada, Europe, China
- Numerous patents/applications



Signal Integrity Products

High Performance Portfolio

Key Takeaways

Signal Integrity Products (SIP)



- **World's #1 IC supplier** to the Datacom optical transceiver industry
- **Record FY18** with the three largest product lines (CDR, PON, PMD) all delivering record years
- **FY19 forecast** to be ninth straight record year, driven by 100G data centers
- **Data rates increasing** significantly, underpinning the need for more signal integrity IC content
- **35% SAM** addition via AptoVision acquisition – a sizeable new growth opportunity

Signal Integrity Products



Introduction

Data Center

Wireless Base Station

PON (Access)

Pro AV

Summary

What Are Signal Integrity Products?

ICs that Help Transport Data from Point A to Point B Reliably

Signal Integrity (SI) Influencers

- *Data Rate, Transmission Distance, Media Type*

Data Rates Increasing Significantly

- Demanding additional SI, *especially CDRs*
 - **Data Center:** 100G → 400G
 - **PON:** 2.5G → 10G
 - **Wireless Base Station:** 10G → 25G & 100G
 - **Video Broadcast:** 3G → 12G



Multiple Markets



Serving Six Different Markets

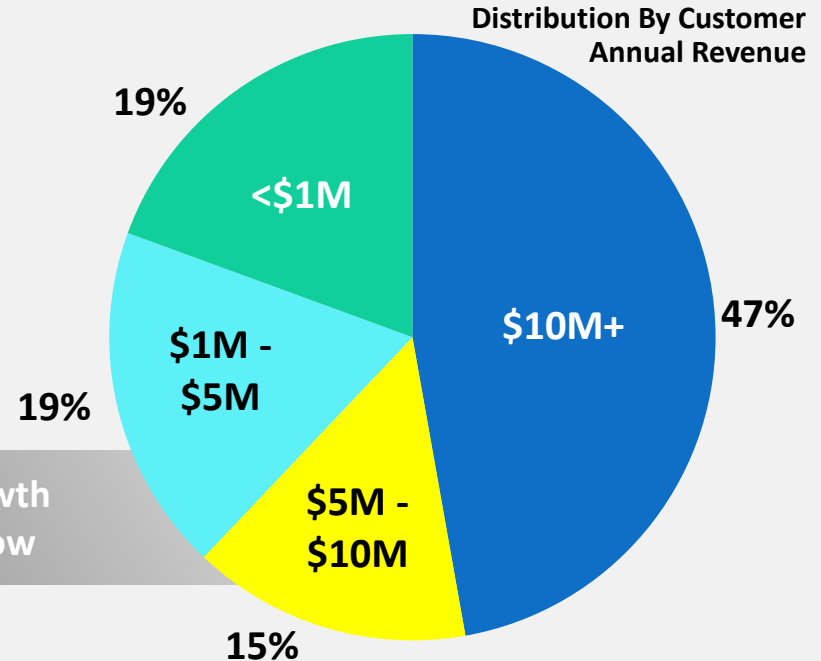
- Datacom
 - Data center
 - Enterprise
 - Wireless base stations
 - Access (PON)
- Video
 - Broadcast
 - Pro AV

Highly Diversified

Diversified Products, Markets and Customer Base

- 450 products, 1300 customers, serving 6 different end markets
- No 10% customer
- 36 \$1M+ customers

High Diversification is a Pillar to Sustained & Stable Growth
SIP Has Delivered Growth for the Past Eight Years in a Row



Market Trends & Growth Drivers

Data Center & Pro AV — Key Near Term Growth Markets

Main Growth Driver Markets

- Data Centers
- Pro AV

Macro Trends

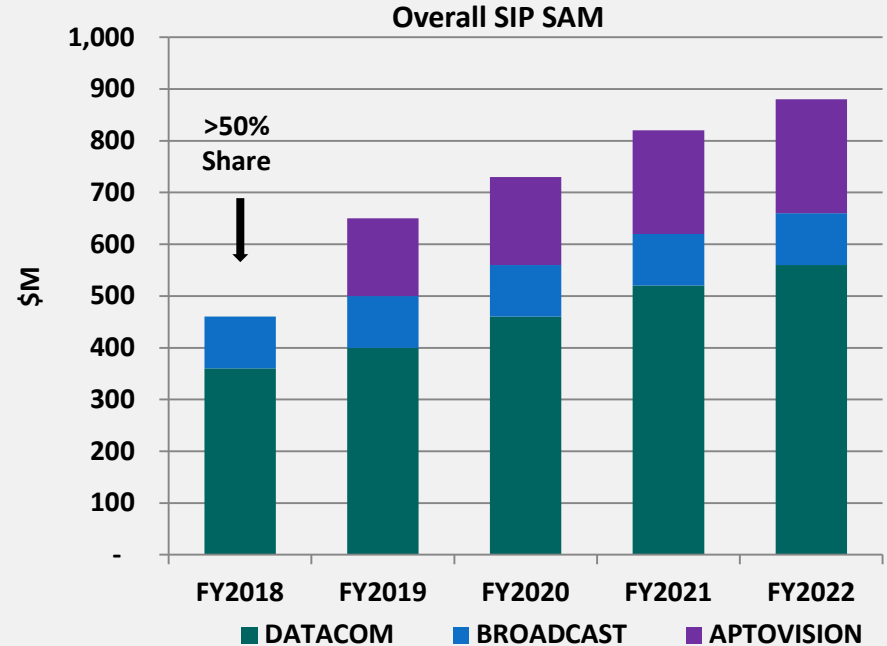
- Data Center: Cloud computing, social networking, video streaming, AI, IoT
- Pro AV: Proliferation of video displays



Market SAM Set to Double

AptoVision Acquisition Increases SAM by 35%

- SAM forecast to grow from **\$460M to \$880M**
- SIP FY18 share **>50%**
- Main growth expected from Data Centers and Pro AV (AptoVision)



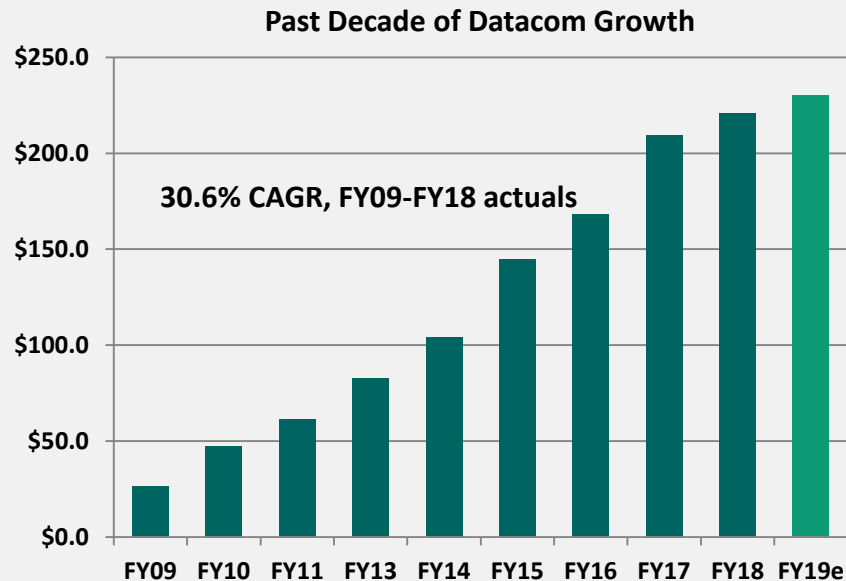
Source: Semtech Internal

Datacom: Proven and Sustained Execution

Proven Execution, Year After Year

- Sustained growth
- A focus on innovation, quality, cost, and customer care
- Broadest line of optical IC products in the industry

Source: Semtech Internal



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Signal Integrity Products Group



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Data Center & Enterprise Networks

100G Data Center Is A High Growth Optical Market

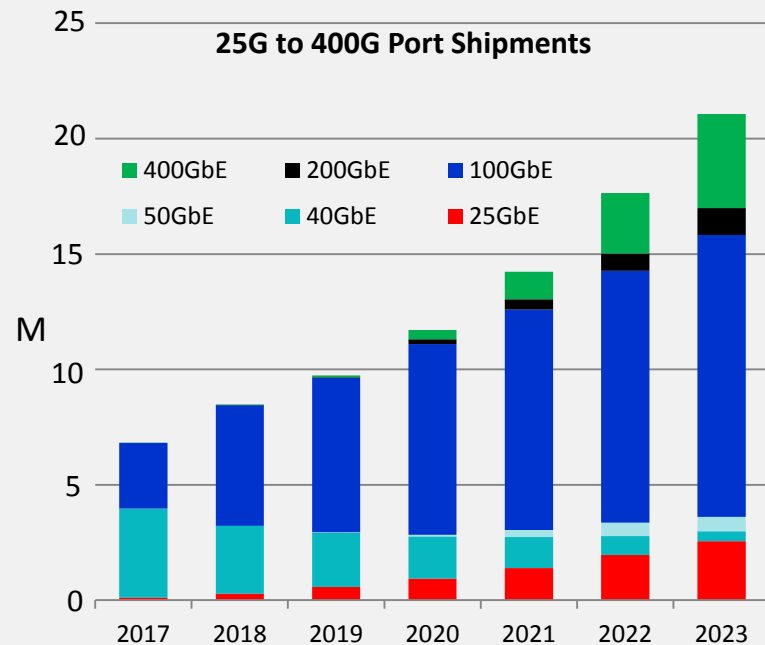
#1 Supplier — high speed optical transceiver ICs

100G data centers in full swing — Still growing

25G data centers to begin in China in 2018 — Near term growth

400G data centers to begin in 2020/21 — Longer term growth

Source: Lightcounting, March 2018



Products: CDR, PMD, ROSA

100G Optical Transceiver Implementations Today

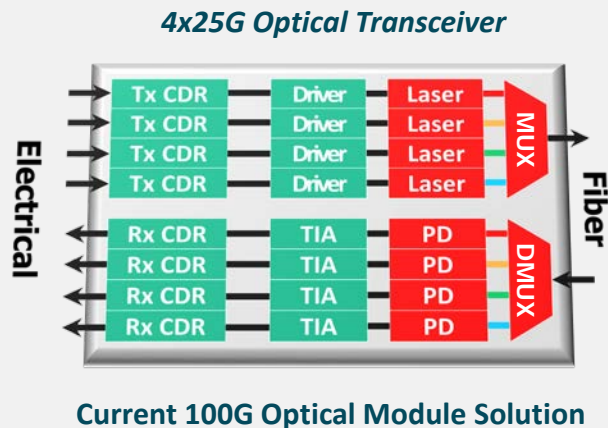
NRZ CDR-Based Solutions Dominate 100G Data Centers Today

100G Transceivers Via 4x25G CDRs

- 4x25G deployed today in millions/year
- In the past three years, they have become cost effective, power efficient, highly integrated, and very reliable

#1 Share of 100G Data Center CDRs

- 100G CDRs driving product line to record levels
- **12M** 100G CDRs shipped in FY18, up from 5.5M in FY17



Semtech ClearEdge® CDR Technology Is the 100G Data Center Leader

100G Optical Transceiver Price Reductions

4x25G NRZ CDR-Based Solutions Remarkably Cost Effective

100G Optical Transceiver Costs

- Dramatic cost reductions in past three years
- From \$30 to \$5 per Gigabit average, **80% drop**
- CWDM4 pricing now sub \$3 per Gigabit (\$300 per module)

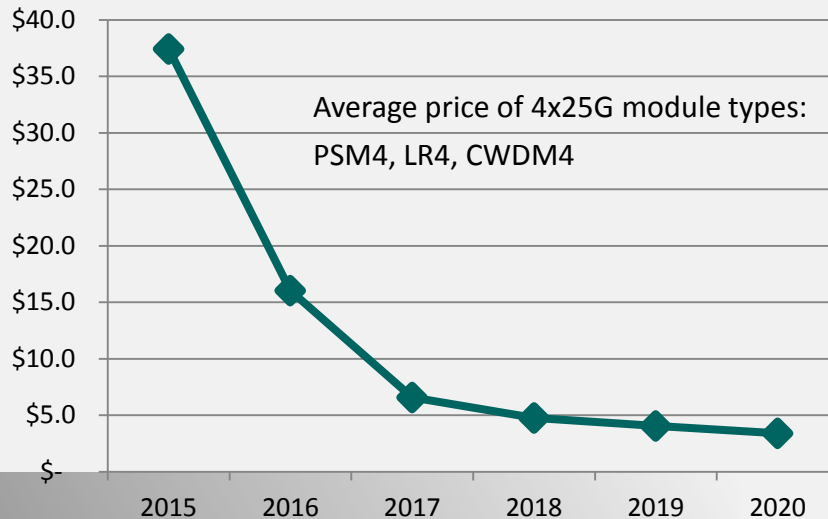
4x25G — Longer Than Planned Life

- Cost reductions, power efficiency, proven reliability (millions deployed)

Success Of 4x25G Is Extending the Life of 4x25G

Source: Lightcounting, March 2018

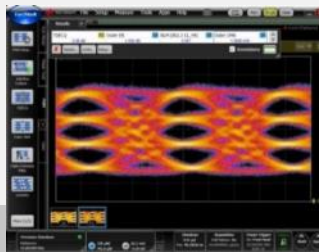
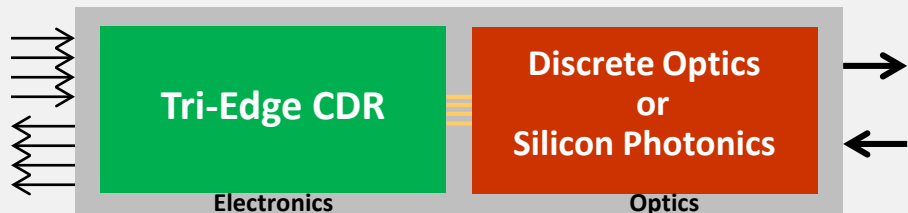
100G Optical Module Price Per Gigabit



PAM4 — Next Step in Data Center Transmission Protocol

Tri-Edge - Semtech's Advanced New Platform of PAM4 CDRs

- Technical advances have made high data rate **PAM4 CDRs** possible — lowest cost, power and latency
- Developing solutions for the **highest volume** applications
- **80% to 90% of** volume accessible with this new technology
 - Meters (VSR), 2km (SR), 10km (LR)



Tri-Edge PAM4 CDR eyes

High Volume Short Reach PAM4 CDRs for 400G, 200G, 100G

Signal Integrity Products Group



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Strong Wireless Traffic Growth Continues

New 5G Wireless to Drive Mobile Capacity Expansion

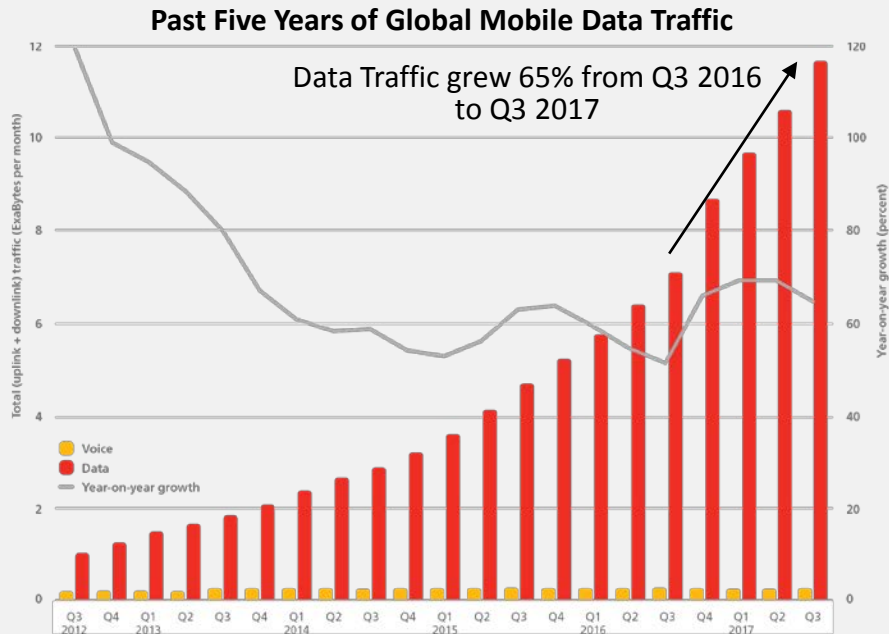
Drivers – Increasing Mobile Traffic

- Quarterly mobile data traffic expanding rapidly
- Solution to capacity problem – 5G Wireless
- More nodes, higher data rates per node (25G, 100G)

Impact

- Increased number of optical transceivers
- Higher data rates necessitate CDRs for first time

Source: *Ericsson Mobility Report, June 2017



Source: Ericsson traffic measurements (Q3 2017)

¹ Traffic does not include DVB-H, Wi-Fi, or Mobile WIMAX. VoIP is included in data traffic

5G Wireless Requires More Signal Integrity

5th Generation (5G) Wireless Will Need CDRs for the First Time

>70% share of the base station transceiver IC market today

6G & 10G data rates today

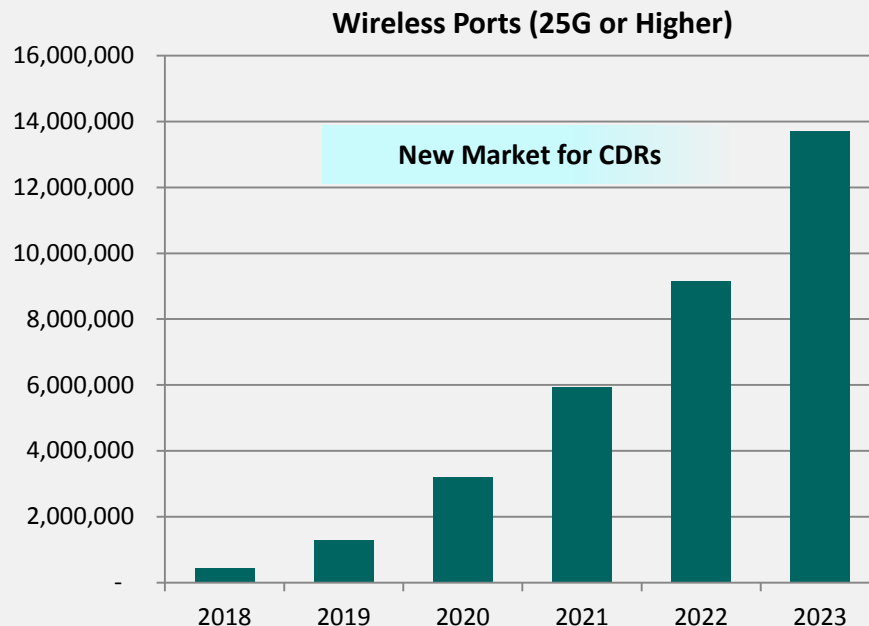
25G & 100G data rates tomorrow for 5th gen wireless

SIP Products

Today: TIA, LD

Tomorrow: TIA, CDR+LD

Source: Lightcounting, Nov 2017



Signal Integrity Products Group



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Fiber To The Home **Growth Continues**

SmartONUs Being Introduced in China – Driving a Replacement Cycle

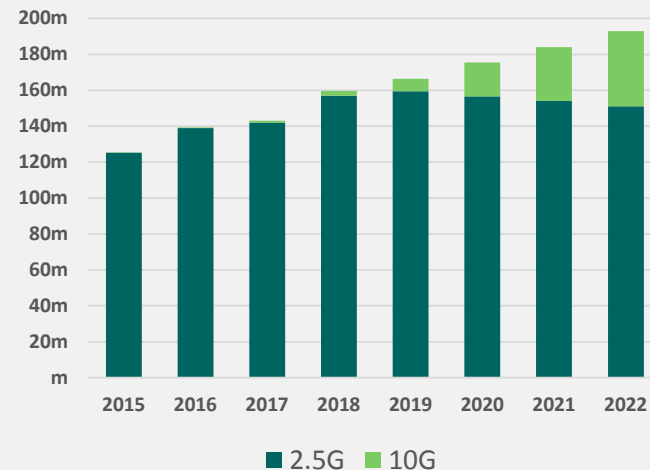
2.5G PON IC Market

- >70% IC share, record PON sales in FY18
- 2.5G PON ONU replacement cycle starts in 2018
- Advanced “SmartONU”, replacing existing ONUs

SmartONUs

- SmartONUs to allow the operator to provide consumers with a range of new services, including remote mobile control

PON Units



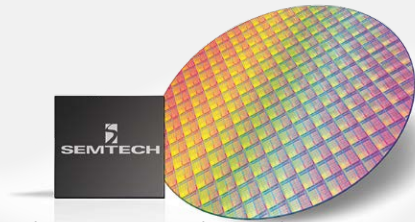
Source: Lightcounting

10G PON Ramping

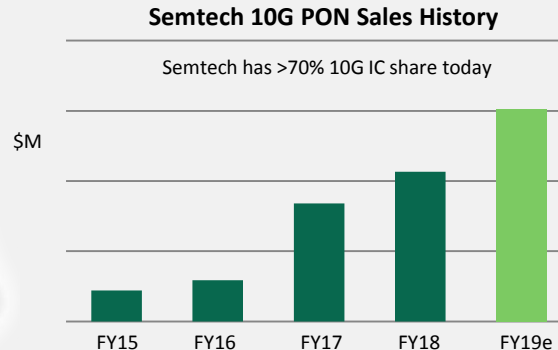
CDRs Needed For First Time in PON – A Semtech Core Competence

10G PON Is the New Growth Segment

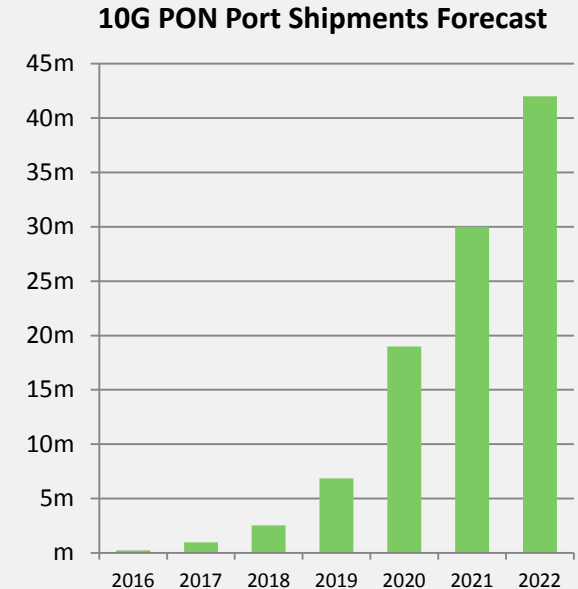
- 10G PON requires CDRs for the first time ever
- Strong Chinese government direction to significantly increase bandwidth to the home



Source: Lightcounting, Semtech Internal



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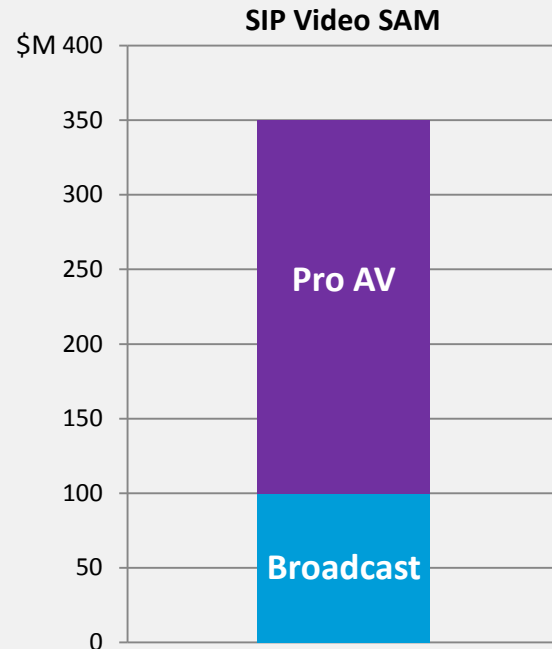
Professional Audio Video SAM

AptoVision Acquisition Adds \$250M SAM to Signal Integrity Products Group

AptoVision targets the Pro AV market, a \$250M SAM

- Disruptive, unique, high barriers to entry
- Significant lead over any competitors (two to three years)
- An existing market using “dinosaur technology” primed for a modern revolution — enter AptoVision

**The right technology,
in the right market, at the right time**



What Is the AptoVision Pro AV Technology

One of a Kind Disruptive Technology

- Pro AV systems today use **custom** switching and dedicated signal routing systems
- AptoVision converts all audio and video to run on low cost widely available **10G Ethernet** hardware and cabling
- The technology has won industry accolades and is being implemented or tested by virtually all major Pro AV suppliers

A Disruptive Technology Whose Time Has Come

AV Awards 2015 Winner

AVTechnology Best of Show 2015

RAVE Best of ISE 2015

RAVE best of Infocomm 2015

AVTechnology Best of Show
ISE 2016

Installation Best of Show 2016

InAVation Awards Technology
Finalist 2017

Pro AV's Ethernet Disruption – Why now?

Bandwidth, Cost, Technology

- **Bandwidth** — For the first time, the bandwidth from an IP network (10G Ethernet) is more than needed to transfer the latest high end video (4K)
- **Cost** — For the first time, the cost per port for switching in an IP network (10G Ethernet) is lower than the cost of custom AV switching solutions
- **Technology** — For the first time, technology is available to transport uncompressed audio video on 10G Ethernet networks → AptoVision's BlueRiver

The Tipping Point Has Arrived

**Source: Semtech Internal*



New Technology
solves the challenge of
transporting uncompressed video
on 10G Ethernet networks

Pro AV Signal Distribution – “It’s Everywhere”

Very Broad Application Environment



Retail



Sporting Venues



Industrial Control



Hospitality



Commercial



Transportation



Medical – Operating Rooms



Education

AptoVision technology has a very broad application environment that is growing worldwide



Pro AV: A Growing SAM

Increased Adoption of AV for Signage, Communication & Collaboration

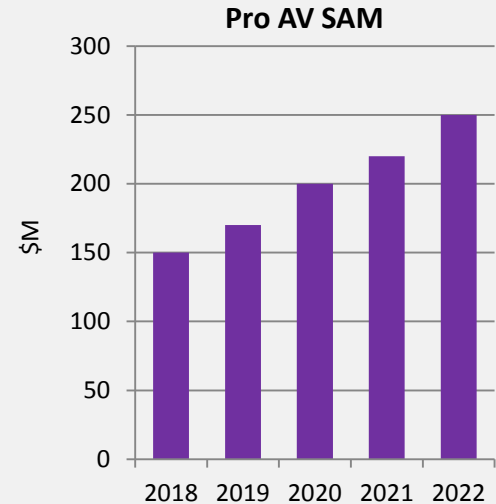
Drivers

- Printed signage replaced with digital TVs
- Lower price, higher quality, large format displays
- Video for communication, collaboration and signage

Objective

- Disruption. Displace incumbent “custom” technology by Ethernet networks

Expecting Pro AV to be a \$100M product line in the next 5 years



Source: Semtech Internal with FutureSource Consulting Reports AV over IP & HDBaseT reports

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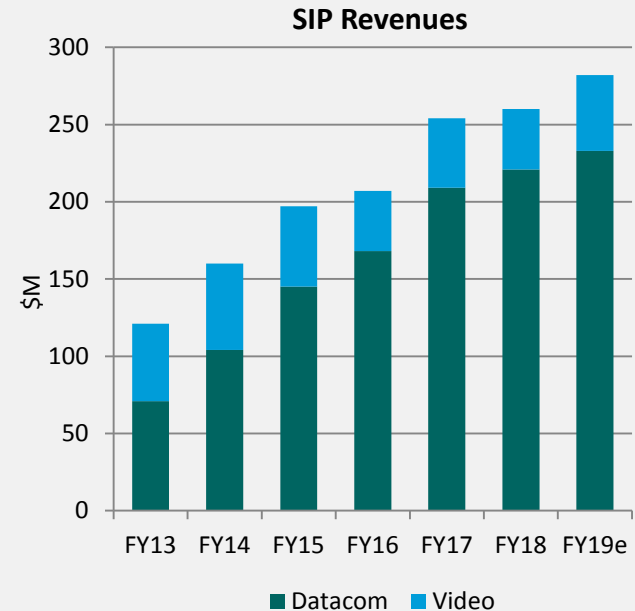
Signal Integrity Products: Continued Growth Ahead

Market Growth, Strength of Position, Large SAM Addition

Growth Drivers

- Continued internet expansion (25G, 100G, 400G)
- Increasing data rates increase CDR content
- China backing: 10G PON and 5G wireless
- Pro AV: Proliferation of video displays, disruptive, tipping point

**Forecast Continued Revenue Growth Based on Strong Markets,
Strong Technology, Large SAM Addition**



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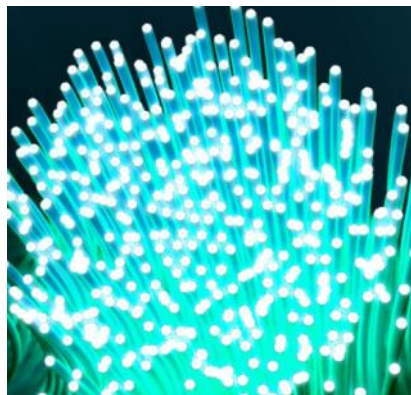
Well Positioned for the Future

Rapidly Growing Datacom Markets and Significant New Video SAM



Data Center

10G → 25G, 100G, 400G



PON

10G → 25G



Wireless

10G → 25G, 100G

Terminal 1 Check-in					
Time	Flight	Aisle	Destination	Gate	Status
09:00	KA 432	H	Kaohsiung		
09:05	HX 128	K	Hangzhou	510	
	MU 8971	F	Singapore		
09:05	SQ 887	F	Singapore		
09:10	CX 257	B/C	London/LHR		
09:10	CX 630	B/C	Taipei	41	
	JL 7034	B/C	Nagoya		
09:15	CX 604	B/C	Tokyo/NRT		
	JL 7042	B/C	Tokyo/NRT		
09:20	CX 777	A	Jakarta		
09:20	CX 830	B/C	New York/JFK	62	
	LA 8381	B/C	New York/JFK		
09:25	CX 410	A	Seoul/CN	45	
09:25	KA 864	H	Shanghai/PVG	502	
09:30	HX 252	K	Taipei		
09:30	KA 618	H	Xiamen		
09:35	CX 580	B/C	Sapporo		
09:35	MU 724	J	Shanghai/PVG		
	FM 724	J	Shanghai/PVG		

Pro AV

Large TAM Disruption

Powering the Data Center Revolution



Protection Products

The Golden Era of Protection

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Protection Products Group

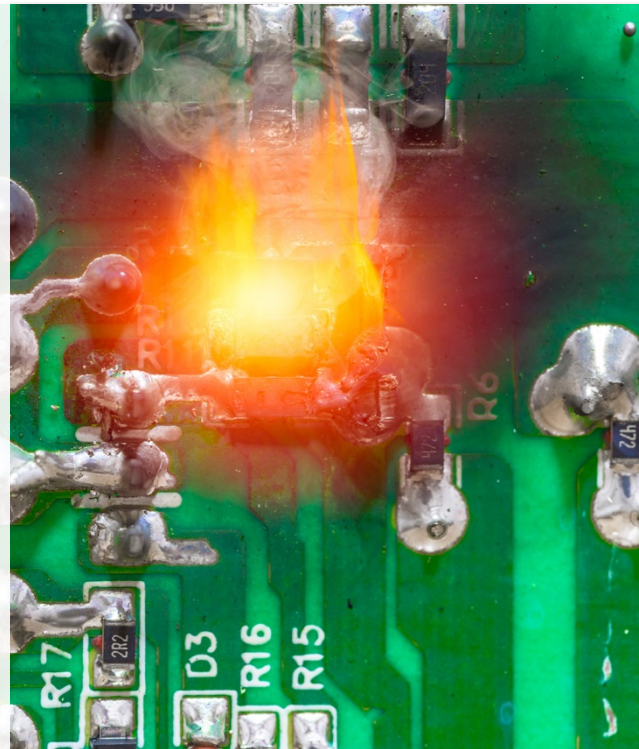
Success Through Technology Leadership

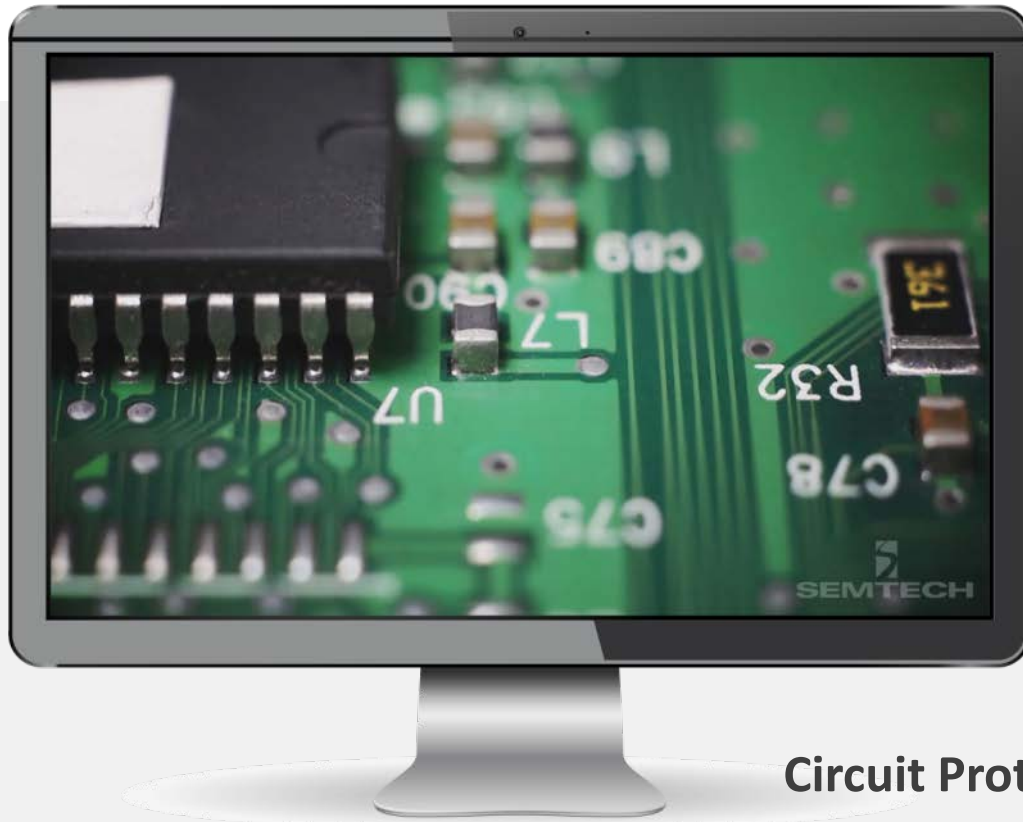
Highest Performance Protection

- Low operating voltage
- Low capacitance
- Lowest clamping voltage
- Highest efficiency
- Device integration and packaging

Protection Products Group FY18

- 29% of Semtech Net Sales for FY18
- ~9 billion units shipped in FY18





Circuit Protection Products

Key Takeaways

The Golden Era of Protection

- **Protection is a growth business** driven by high performance interfaces and diversification
- **Disruptive technologies and IP** expanding our SAM
- **Strong financial growth performance:** growth in revenues and profitability



Vision & Strategy

Provide Highest Value Solutions to Toughest Protection Challenges

Vision

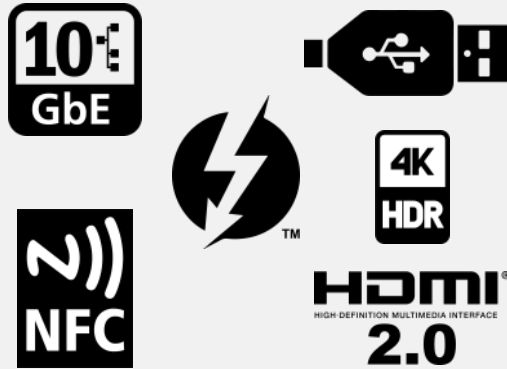
- Technology leader in high performance protection

Strategy

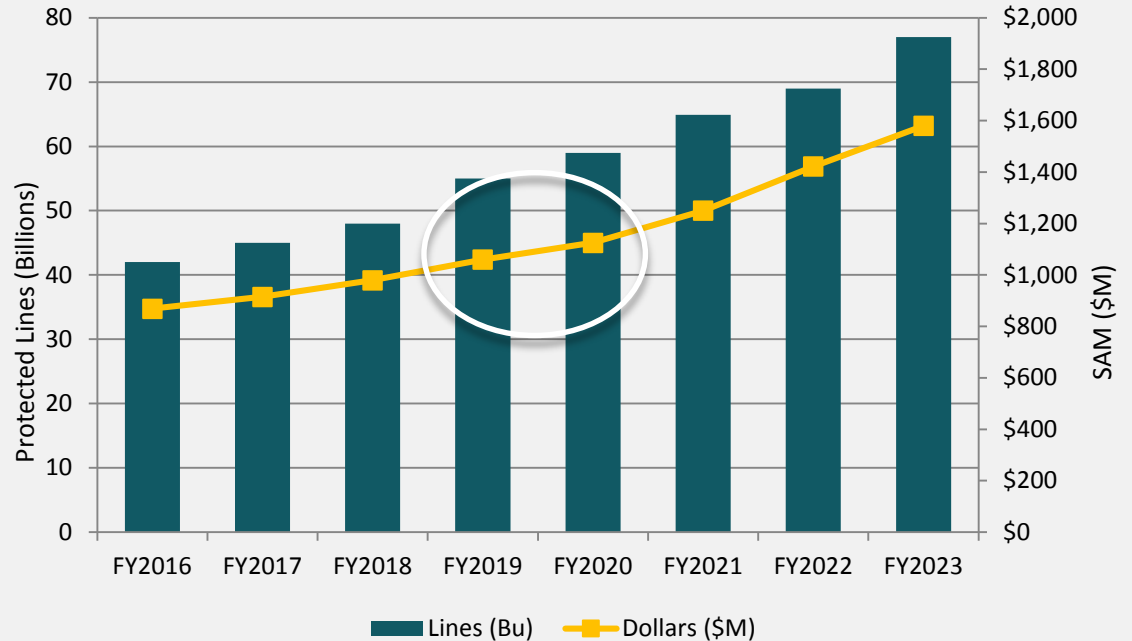
- Growth by solving toughest protection challenges on new interfaces
- Technology and applications leadership enables first-to-market solutions
- Maximize ROI by leveraging technology in all markets

Protection: A Growth Market

Inflection Point: Rapid Adoption of Multiple High-speed Interfaces



Protection SAM



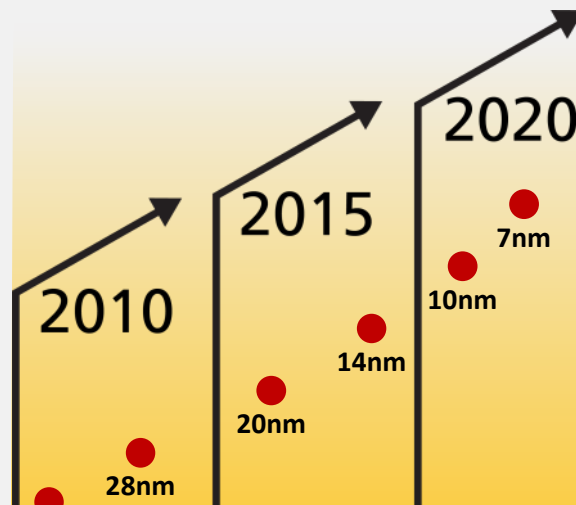
Source: IHS 2018, Semtech Internal Estimates

Key Factors Driving Growth

Significant SAM Expansion Driven by Important Market Trends



**Increasingly Higher
Interface Speeds and
Power Levels**



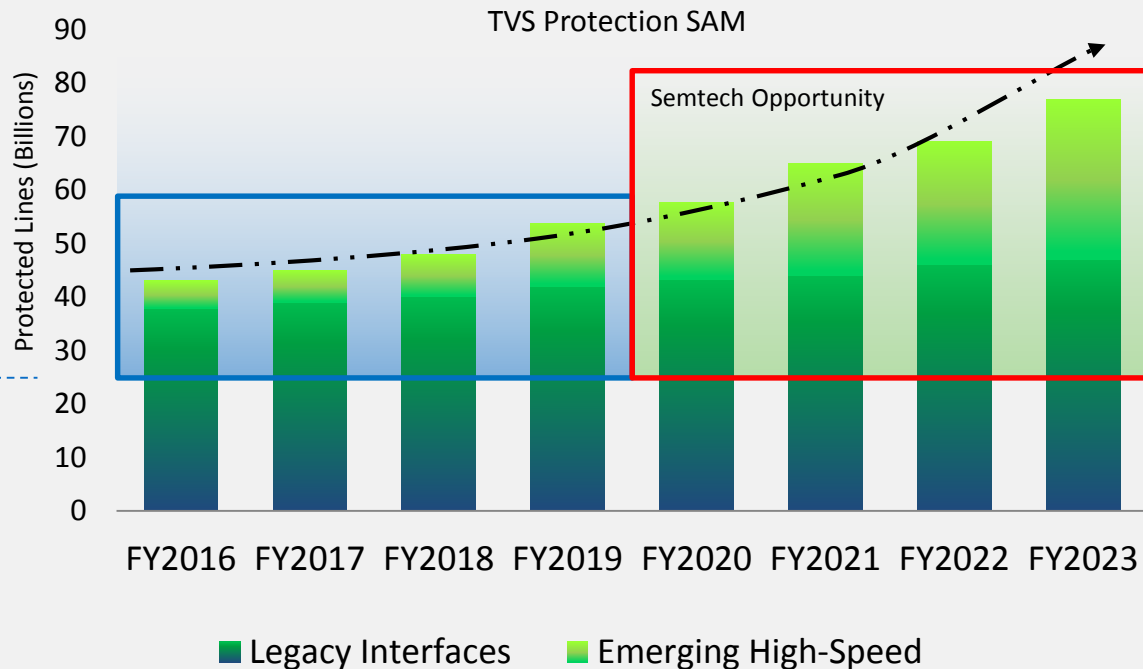
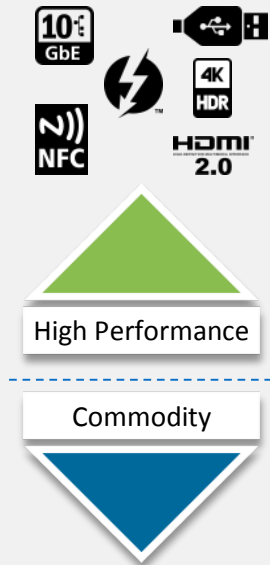
**Accelerating Geometry
Transitions**



**IoT/Industrial and
Automotive Growth**

High-Speed Interfaces Driving the Future

Growth from Higher Performance Applications

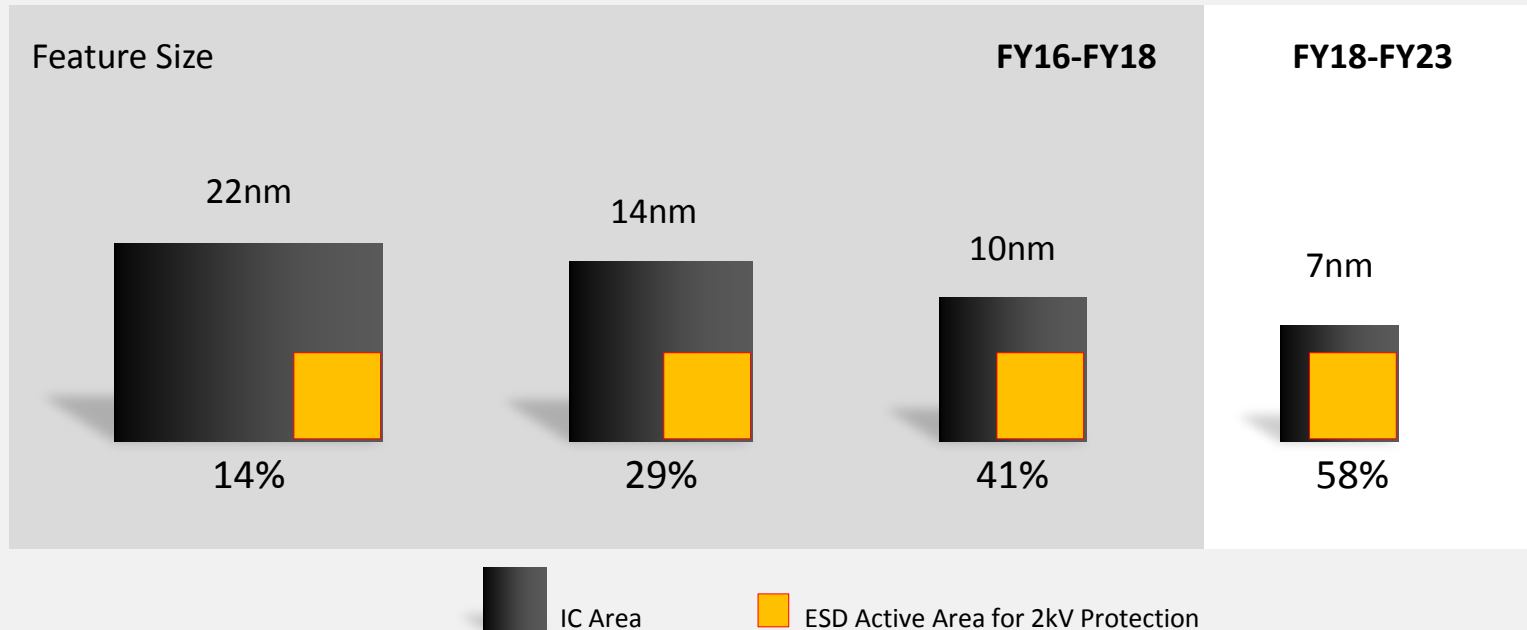


Design Challenges

- Signal Integrity
- Power Surges

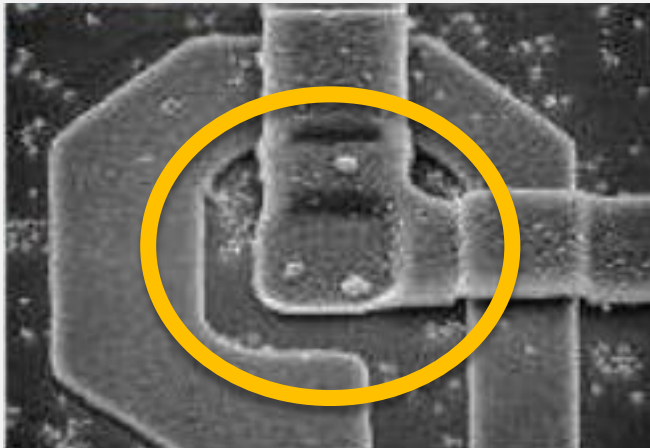
Shrinking Geometries Mandate Advanced Off-chip Protection

Each Process Geometry Transition Expands Our SAM

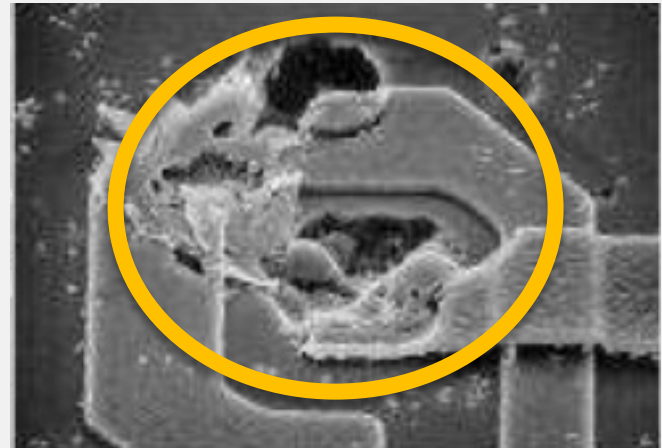


High Performance Off-chip Protection Prevents Failure

Effects of Inadequate Protection on Leading Edge Process Nodes



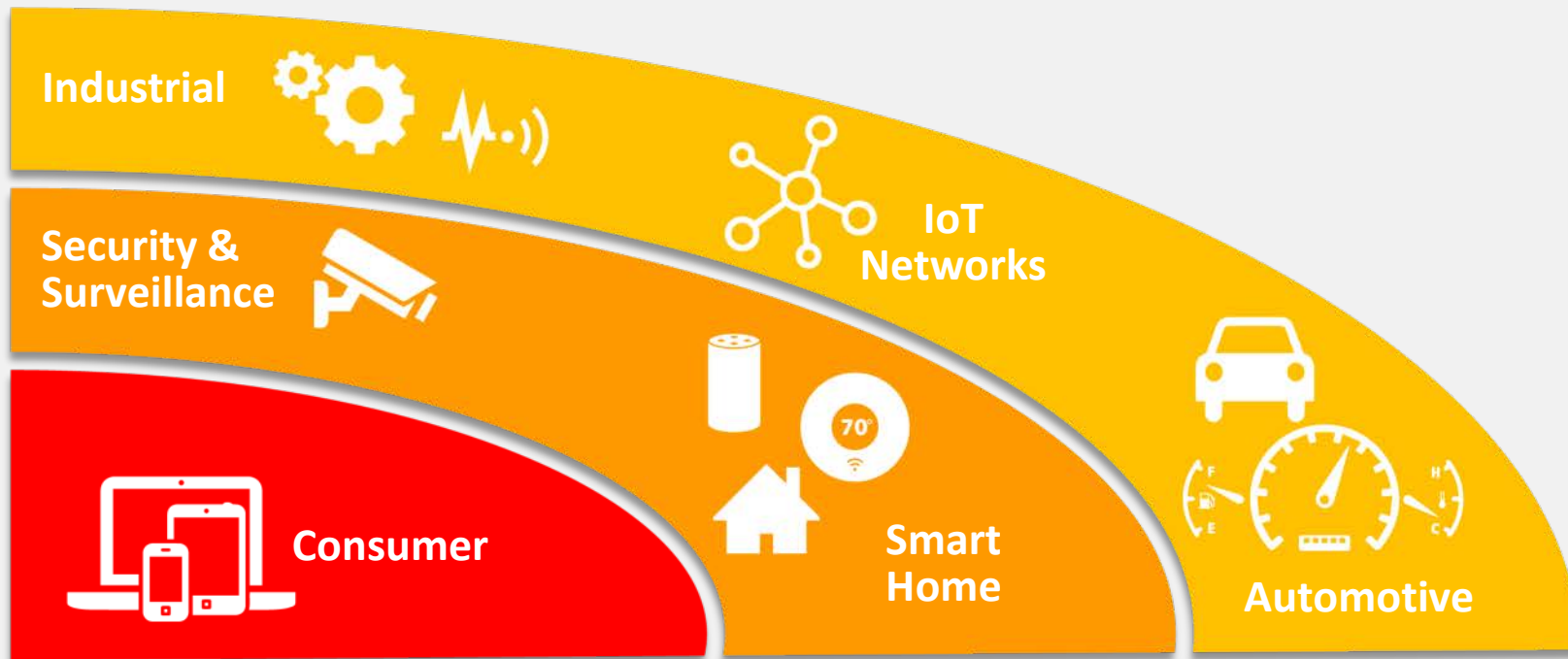
With Off-Chip Protection



Without Protection

Protection Continues to Grow from All End Markets

Growth Driver: Rapid Adoption of Key Interfaces Across All Applications



Industry Leading Solutions Driving Consumer Growth

Adoption of High Performance Interfaces Driving SAM Expansion

> 35 lines
\$0.35-\$0.65
per phone



Wearables

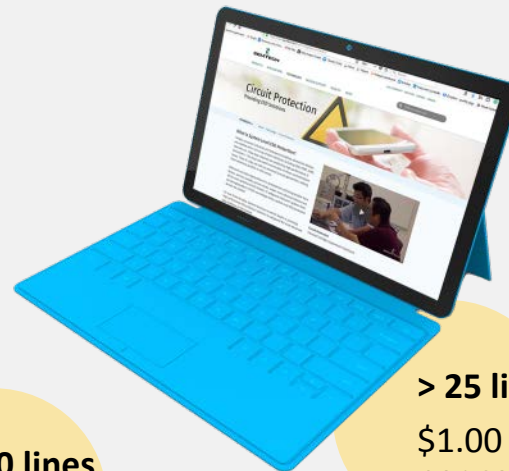


Smart-home devices

> 10 lines
\$0.15-\$0.20
per device



> 20 lines
\$0.50
per tablet



> 25 lines
\$1.00
per computer

The Connected Car: Electronics Content Continued Growth

Connected Car Technologies Demand Highest Levels of Protection



USB 3.0/HDMI

Audio Video Infotainment,
Back-end Display



SD Card/Memory

Navigation Applications



Analog Video, LVDS

ADAS, Back-up Camera Application



2-Wire Ethernet

ADAS, 360 Camera View, Audio



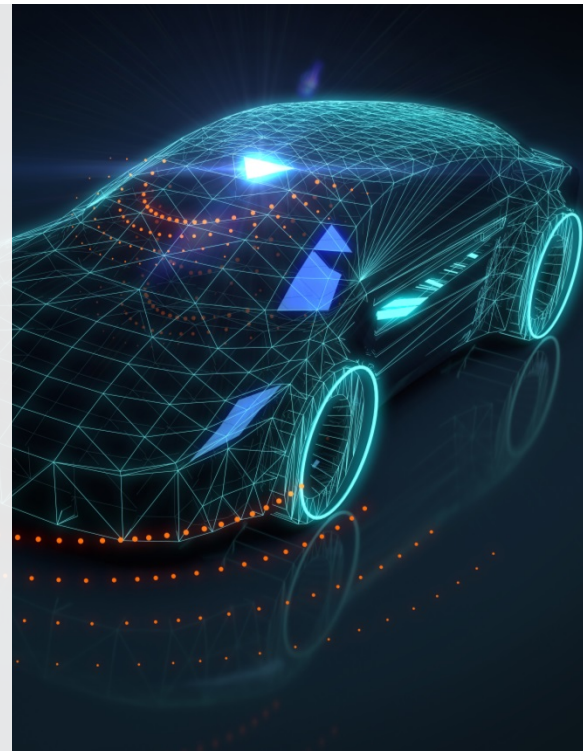
Antennas

AM/FM, DAB, GPS, Satellite,
Wi-Fi, Telematics Applications



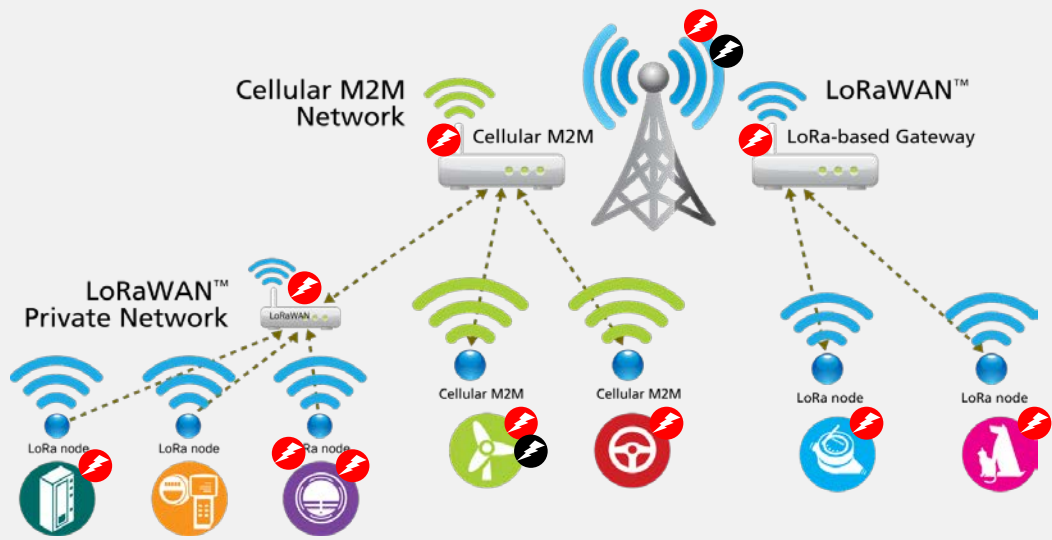
Standard Ethernet

On-board Diagnostics, Networking



IoT Opportunities Driving Industrial Segment Growth

SAM Expansion from Demanding Protection Specs Driven by Long Lifetime Expectation



**IoT/LoRa[®]-enabled end-nodes:
Installed base of
120B nodes by 2030***

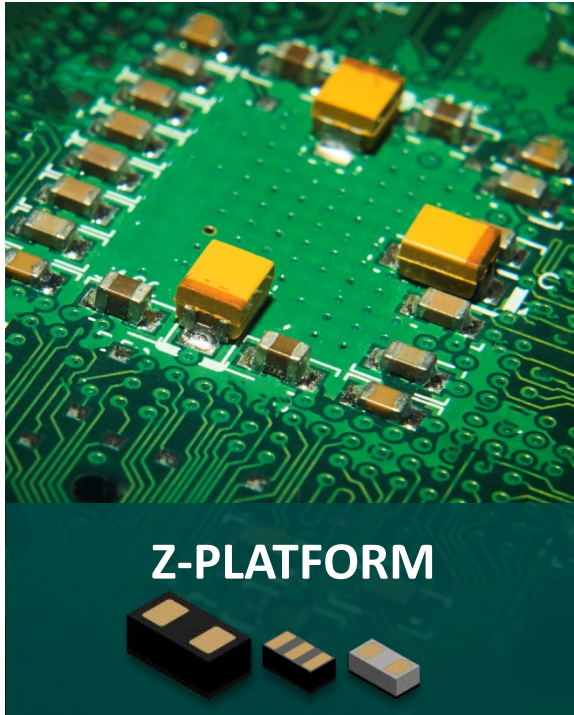
**Source: IHS Dec 2017*



Every Node Requires Protection For 1 to 8 Ports

Why We Win

Two Pillars Of Success: Over 50 Years of Advanced Protection & Systems Expertise



A Decade of Z-Platform Innovations

Superior Technology Commands a Premium

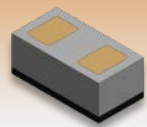
2008

GEN 1
0.8pF



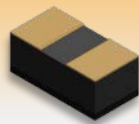
SLP/DFN

GEN 2
0.35pF



Z-Pak™ 1.0

GEN 3
0.25pF



Z-Pak 1.5

2016

GEN 4
0.12pF



Z-Pak 2.0

Next GEN
Z-Ultra

Next gen Z-platform

Patented
Protection

for ultra-high speed
buses and ultra-high
power surge

A Decade of Z-Platform Innovations

Superior Technology Commands a Premium

2008

GEN 1

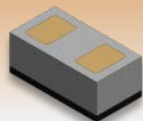
0.8pF



SLP/DFN

GEN 2

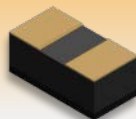
0.35pF



Z-Pak™ 1.0

GEN 3

0.25pF



Z-Pak 1.5

2016

GEN 4

0.12pF



Z-Pak 2.0

GEN 5

0.10pF



Z-Pak ZC

Next-gen protection
for ultra-high speed buses

>100 A Surge

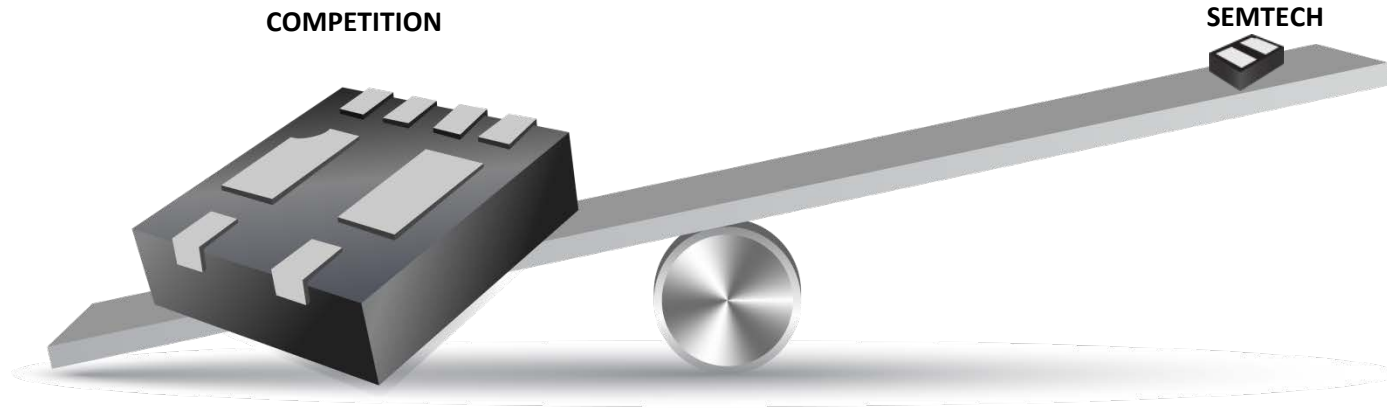


Z-Pak ZV

Next-gen protection
for ultra-high surge power

Z-Ultra: Next-Generation Surge Protection

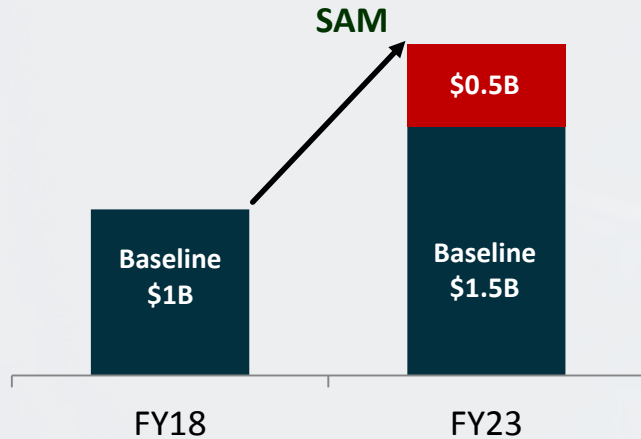
Highest Energy Density in the Smallest Footprint



2.5x Energy Density
70% Smaller Footprint

Z-Ultra Opens New Markets

Disrupts Discrete Protection Solutions

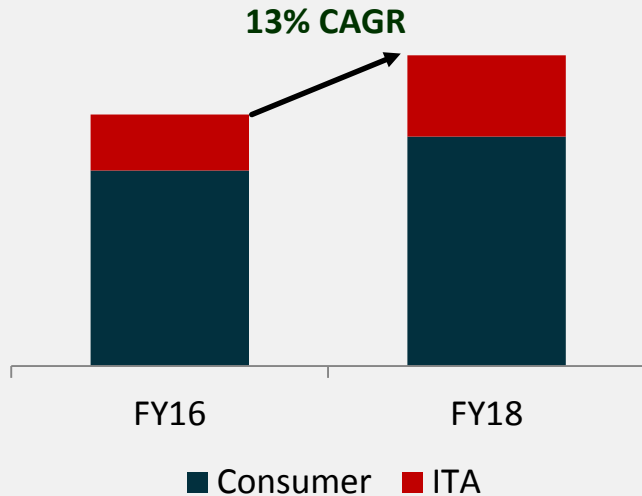


**Significant SAM Expansion
\$500M**



Financial Results

Strong Performance on All Fronts



Delivered on Key Objectives

Leveraged growth drivers

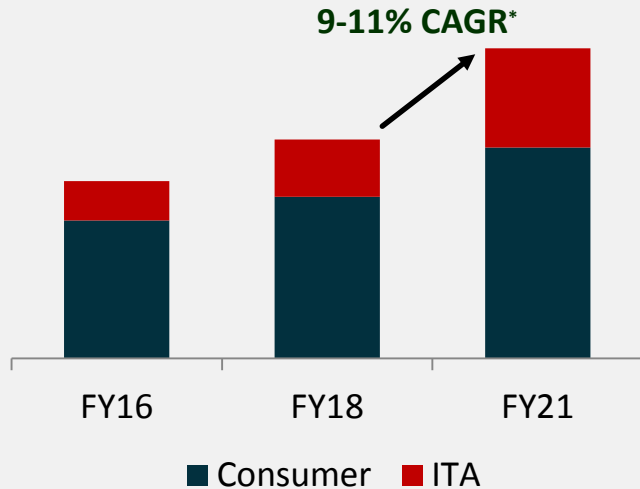
- Expanded consumer customer base

21% CAGR in Industrial, Telecom & Auto (ITA)

- Long and stable revenue life cycles

Looking Ahead

Our Ability to Differentiate Will Drive Financial Performance



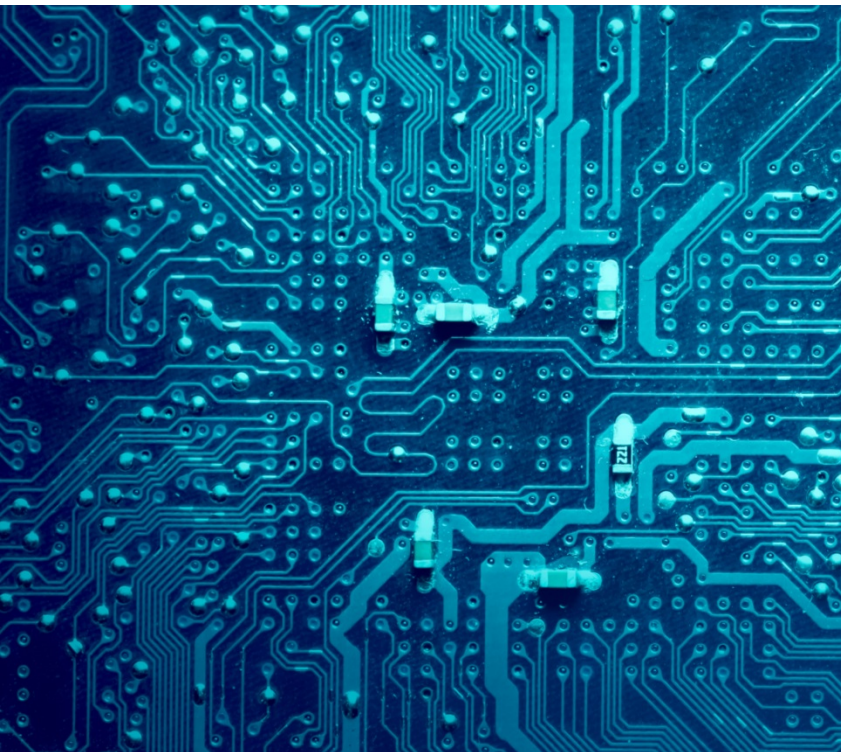
The Golden Era of Protection

- **1st to market solutions for high performance interfaces** in the consumer segment, enables a solid revenue base
- **Z-Ultra Platform** enables steep expansion into the ITA segment driving substantial growth

**This presentation contains "forward-looking statements" based on the Company's current expectations, estimates and projections. Actual results may vary and could be material. The Company undertakes no duty to update its estimates or results.*

Summary

The Golden Era of Protection



- **Protection is a growth business** driven by high performance interfaces and diversification
- **Disruptive technologies and IP** expanding our SAM
- **Strong financial growth performance** with growth in net sales and profitability



Protection Products

The Golden Era of Protection

Semtech Analyst Day 2018 | SMTC



Break

June 20 | New York City | www.semtech.com

2018 | SMTC





LoRa[®] Wireless & Sensing Products

LoRa: The DNA of IoT

Semtech Analyst Day 2018 | SMTC



Our Connectivity Solutions & Smart Sensors

Shaping the Internet of Things

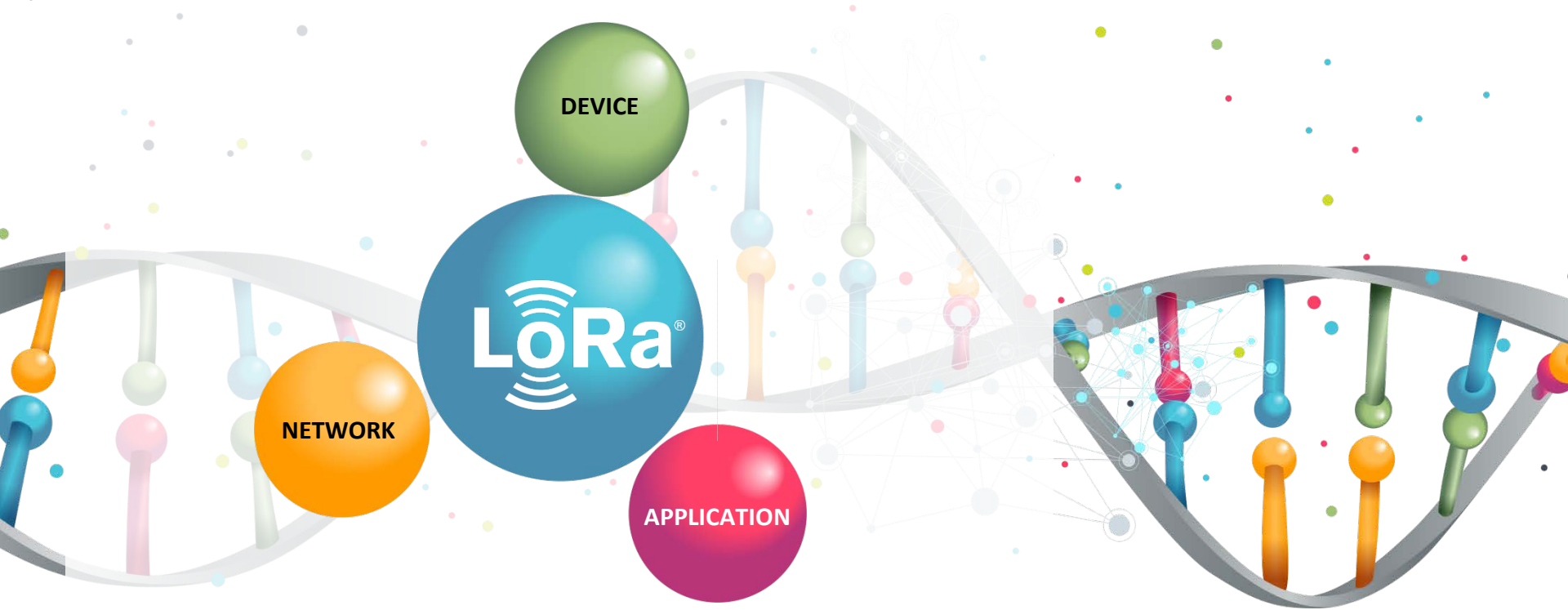
LoRa[®] Wireless
Smart Power Management
Proximity Sensing

The Internet of Things is driving the growth



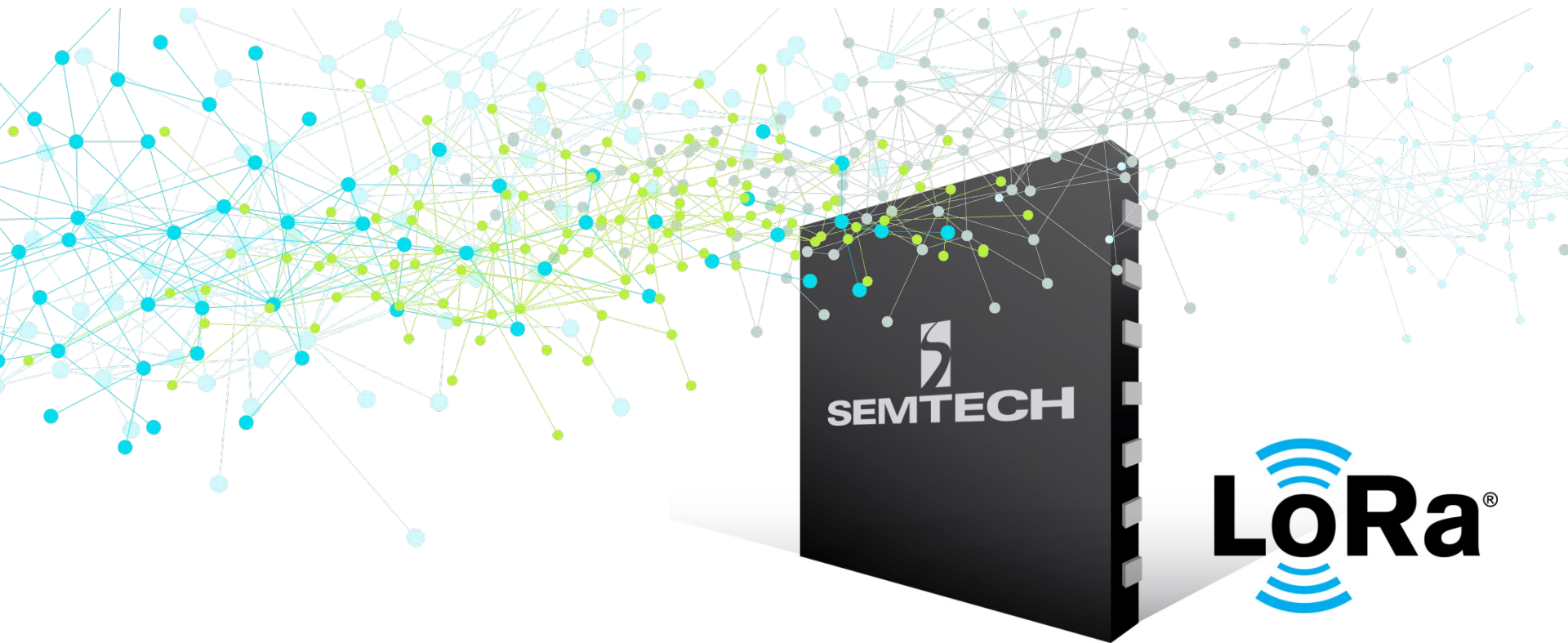
LoRa[®] Is the **DNA** of IoT

LoRa Is the Enabler of Low Power Connected Devices



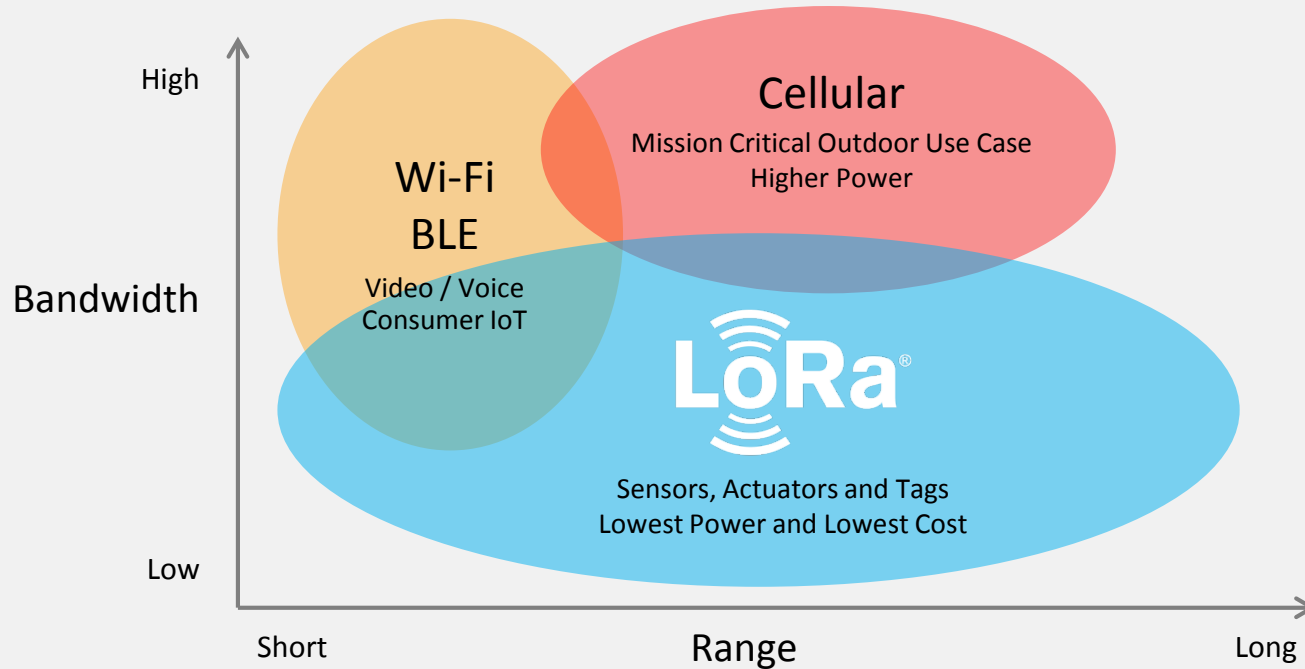
LoRa Is the Lowest Power Long Range RF Connectivity

The Connectivity of Choice for Sensors, Tags and Actuators



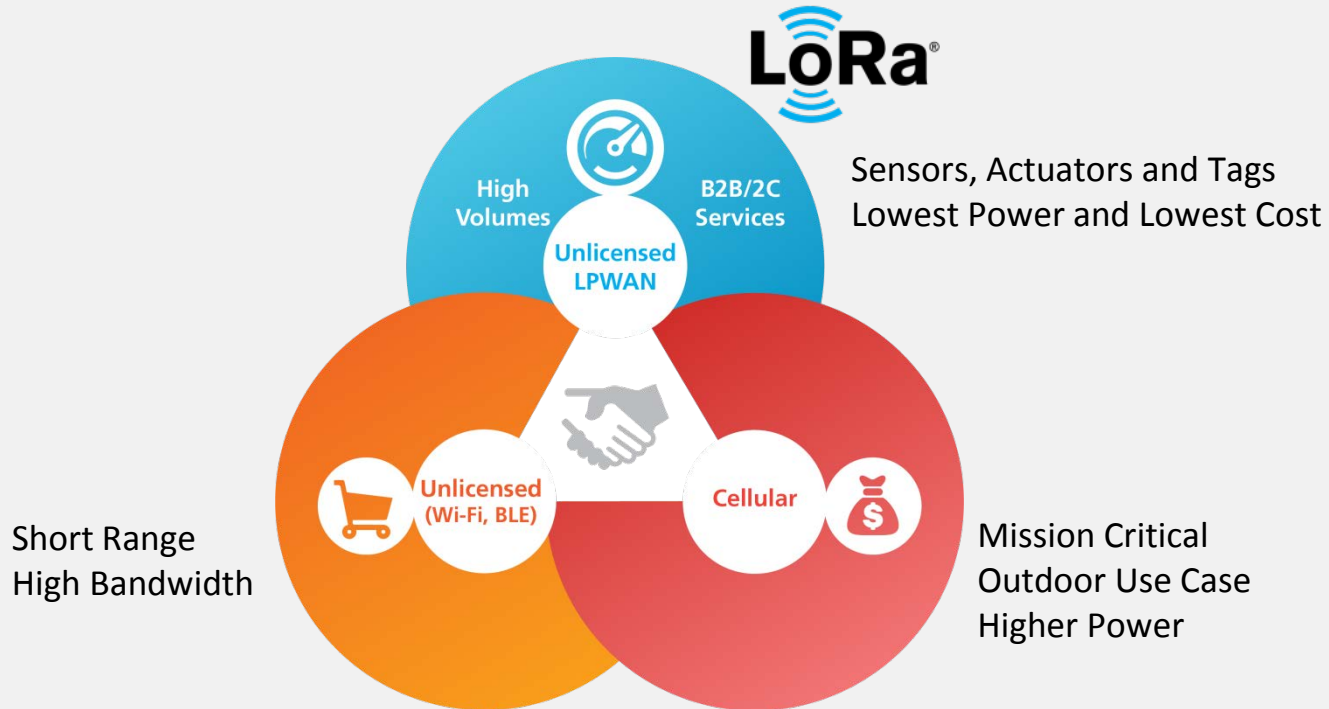
LoRa Fills a Technology Gap

Low Bandwidth, Short and Long Range



LoRa Complements Cellular and Wi-Fi Businesses

A Superior Solution for Small Assets, Sensors and Moving End Points



LoRa[®] Connects **Devices to the Cloud**

The Most Simple and Effective Network Infrastructure

Connectivity Range

Low Power

Highly Secure

Simple Network



LoRa Wireless Has Unique Features

The Majority of Low Power Use Cases Require LoRa

Long Range

Lowest Power

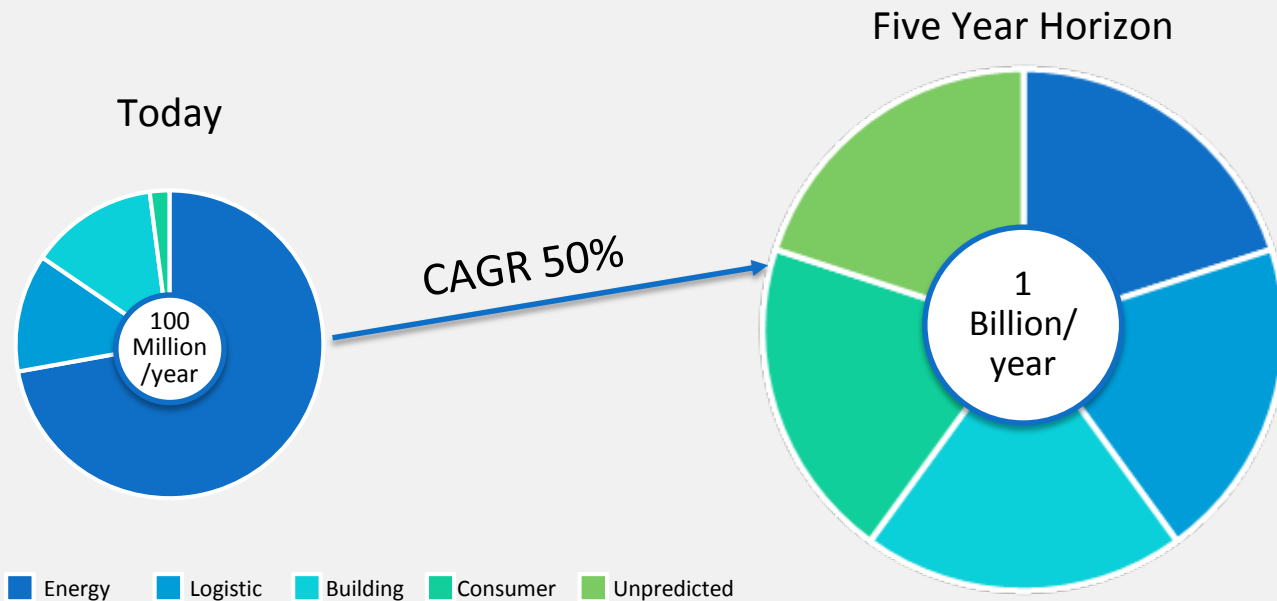
Mobility

Lowest Cost

LoRa[®]

LPWAN Market Is A Large & Rapidly Growing Opportunity

IoT Market Will Be Dominated by Low Power Wide Area Network (LPWAN)



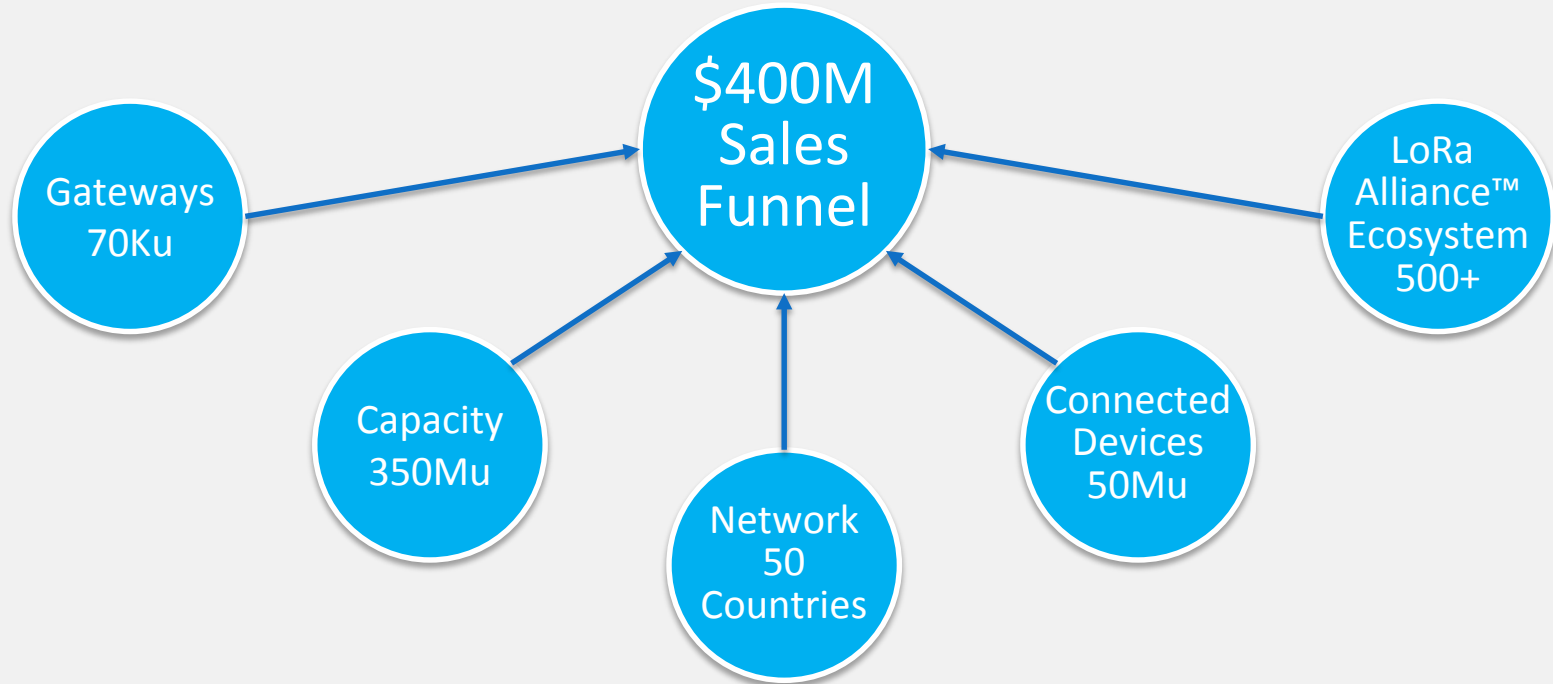
Source: IHS + Semtech Internal

LoRa Is Becoming the **De Facto Standard** of LPWAN



LoRa[®] Achieved **Key Milestones**

FY18 Set Foundation to Drive Future Revenue Growth

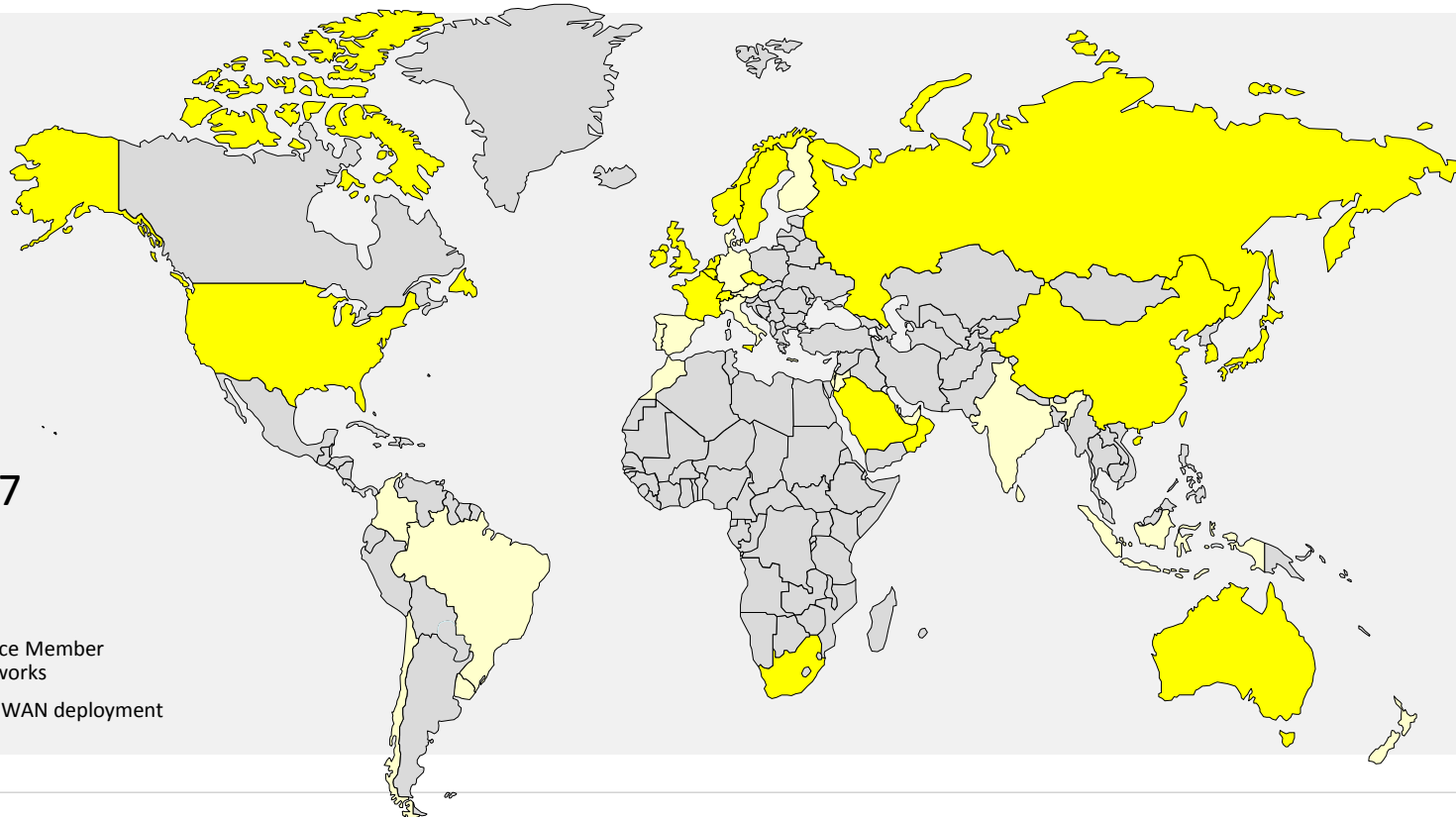


Expanding Our Geographic Network Coverage

From 20 LoRaWAN™ Countries

FY2017

- LoRa Alliance Member Public Networks
- Other LoRaWAN deployment

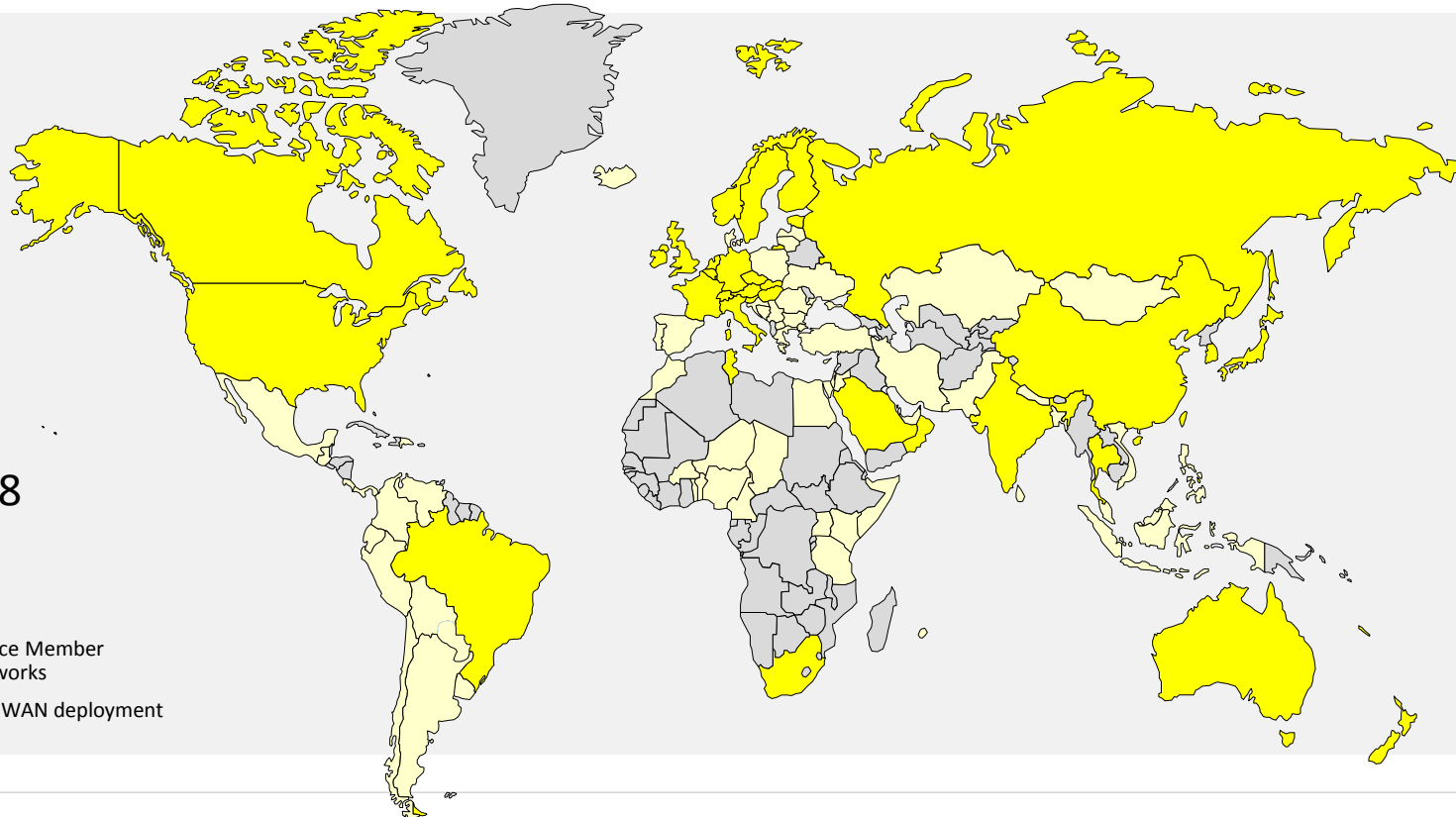


Expanding Our Geographic Network Coverage

To 50 LoRaWAN™ Countries

FY2018

- LoRa Alliance Member Public Networks
- Other LoRaWAN deployment

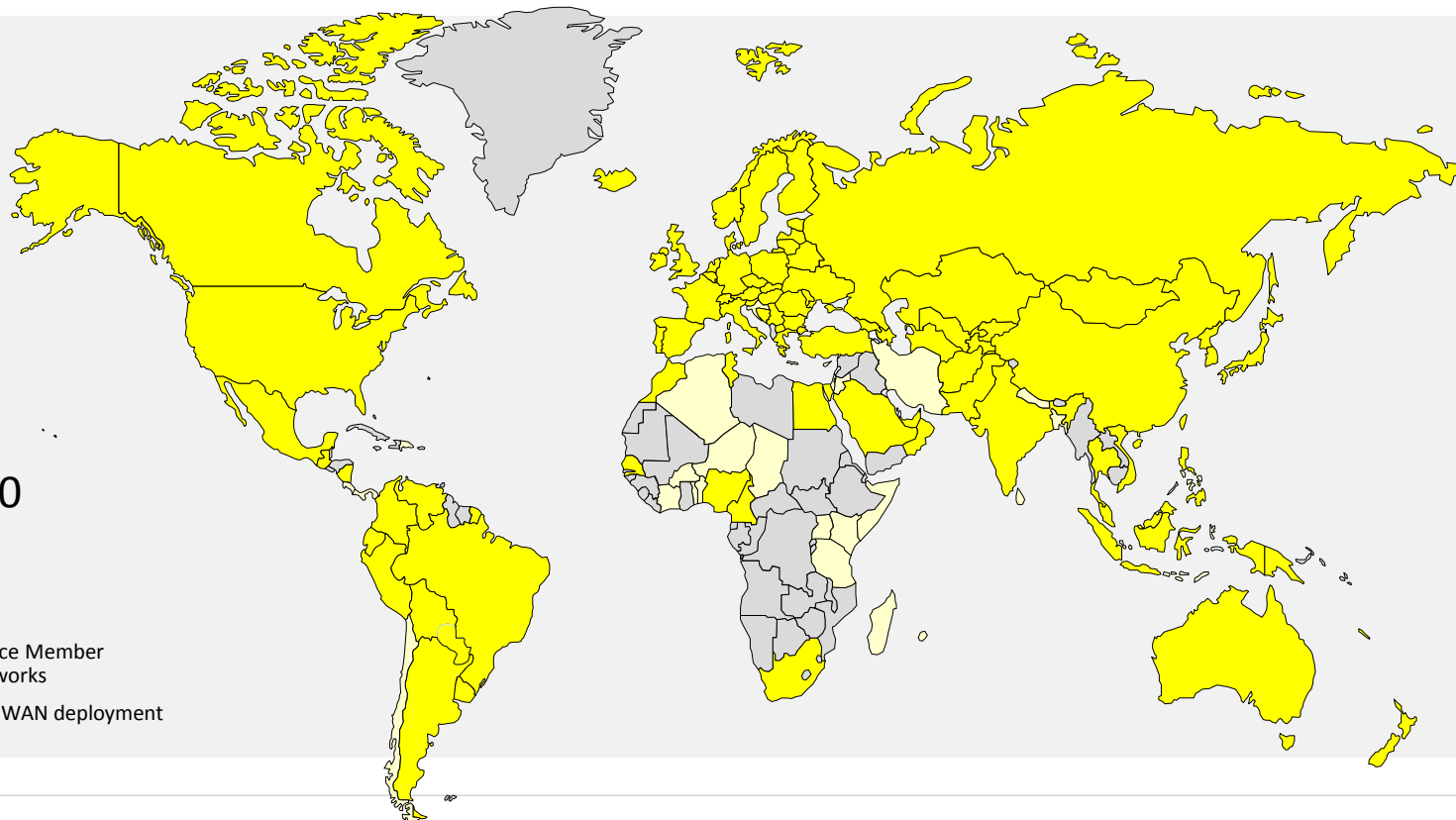


Expanding Our Geographic Network Coverage

Toward 100 LoRaWAN™ Countries

FY2020

- LoRa Alliance Member Public Networks
- Other LoRaWAN deployment



Fast Deployment of LoRa Gateways

Expected to More Than Double in FY19

Indoor GW (Picocell)

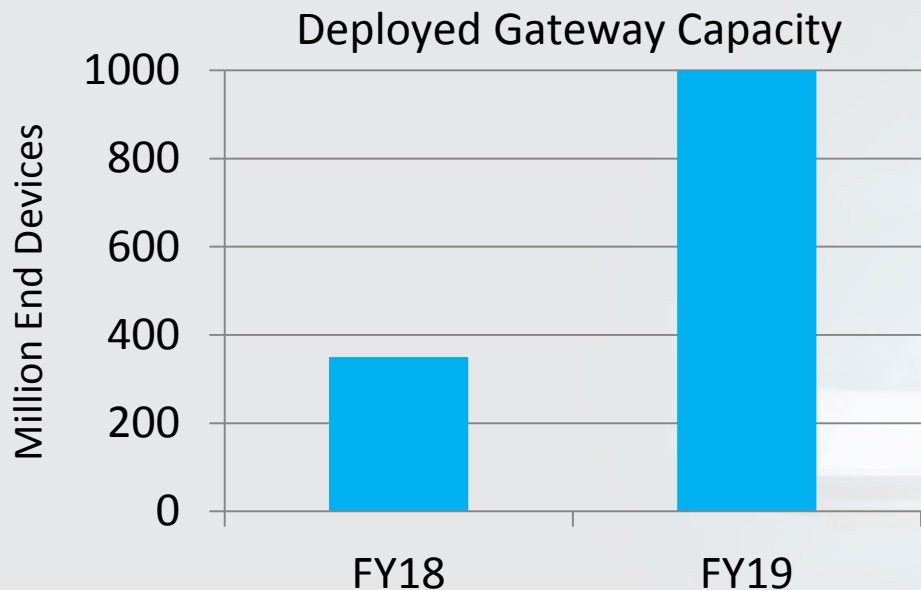


Outdoor GW (Macrocell)



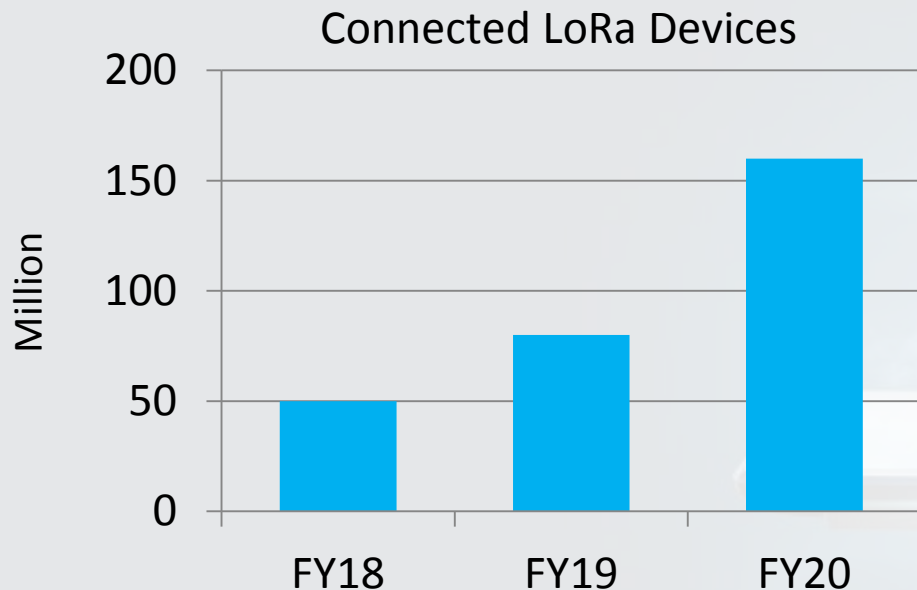
Network Capacity Projected to Triple This Year

Network Deployment Plans Support Growth to 1 Billion LoRa[®] Devices



LoRa Nodes Volumes **Doubling Every Year**

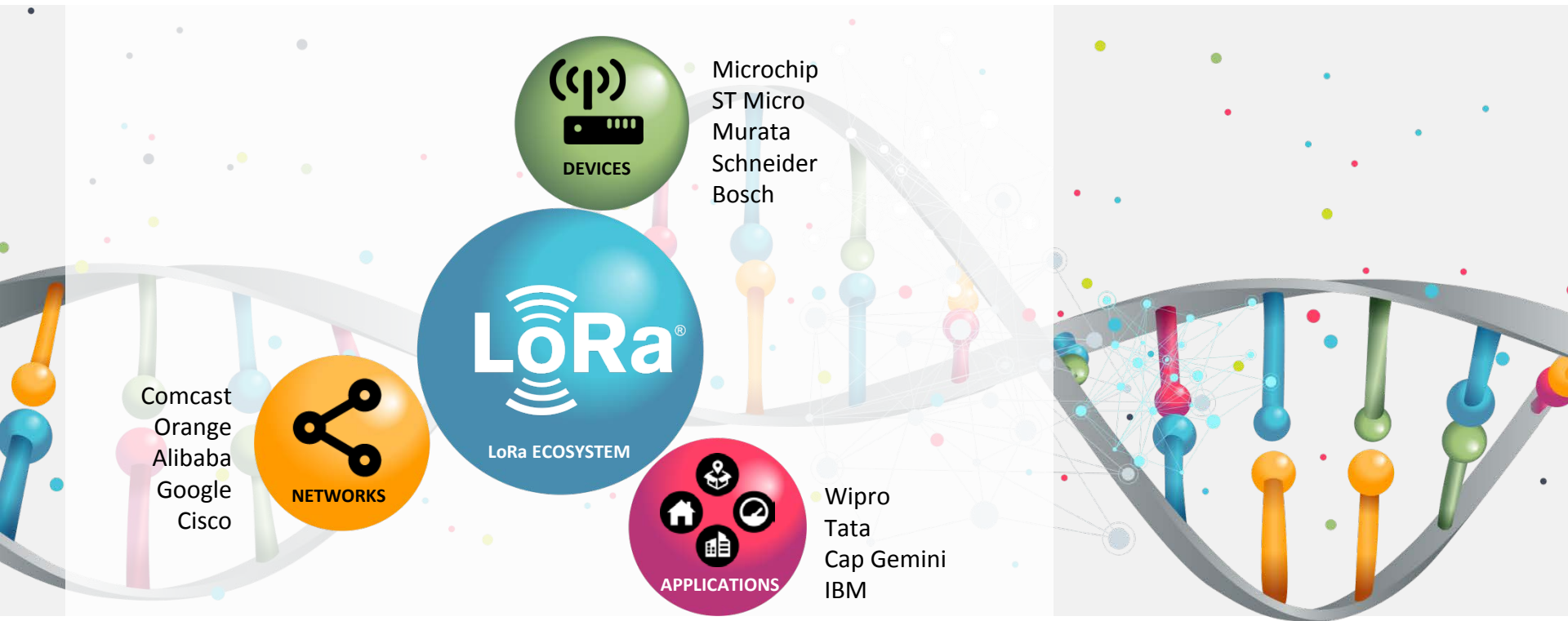
Funnel Opportunity to Support Over 100 Million LoRa Devices



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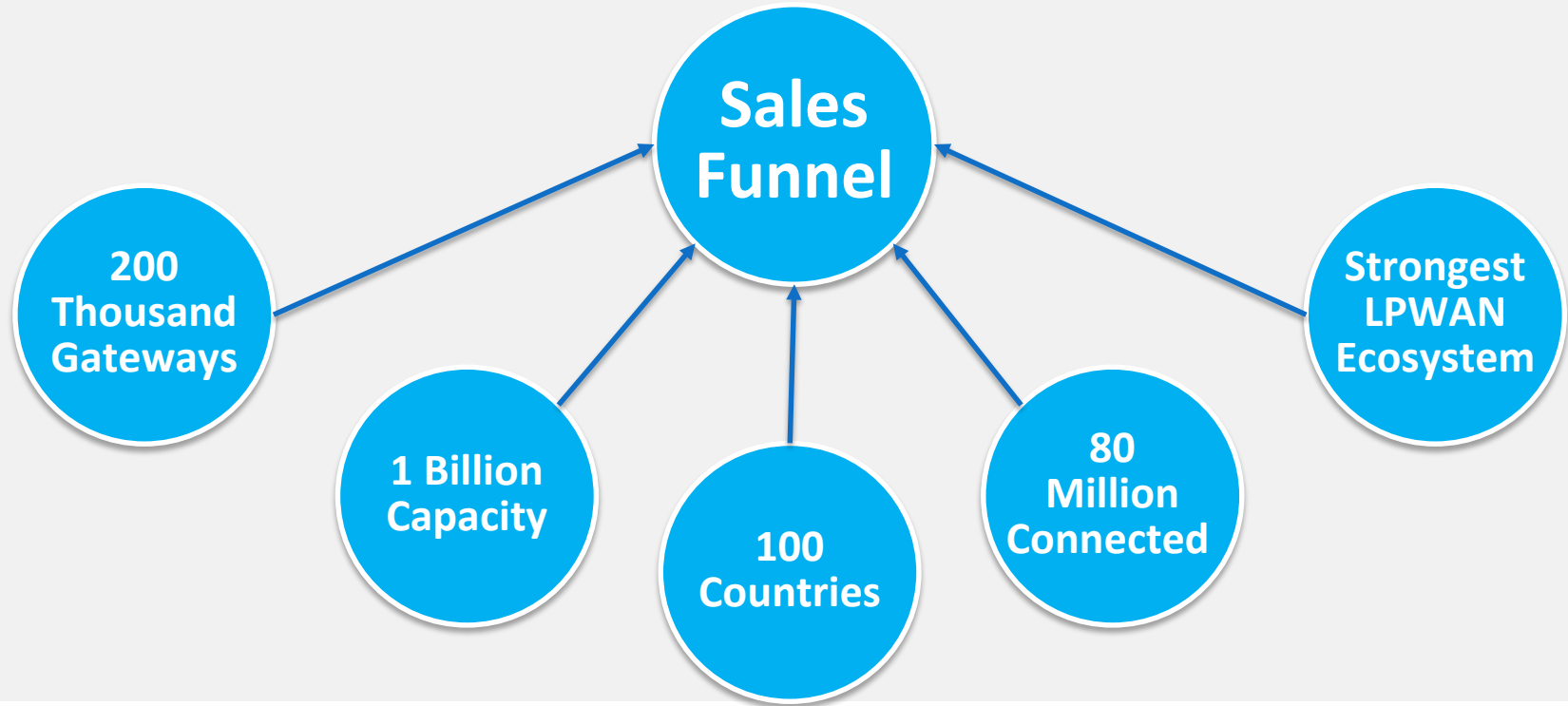
LoRa Alliance™ as World IoT Organization

The Fastest Growing Alliance



LoRa[®] FY19 Milestones

LoRa Is Becoming the LPWAN De Facto Standard



LoRa[®] Use Cases Are **Growing Fast**



LoRa Case Study: 30 Million Units Smart Meters

LoRa Has Delivered Higher Performance and Lower Infrastructure Cost

LoRa Enables Low Cost Smart Meters

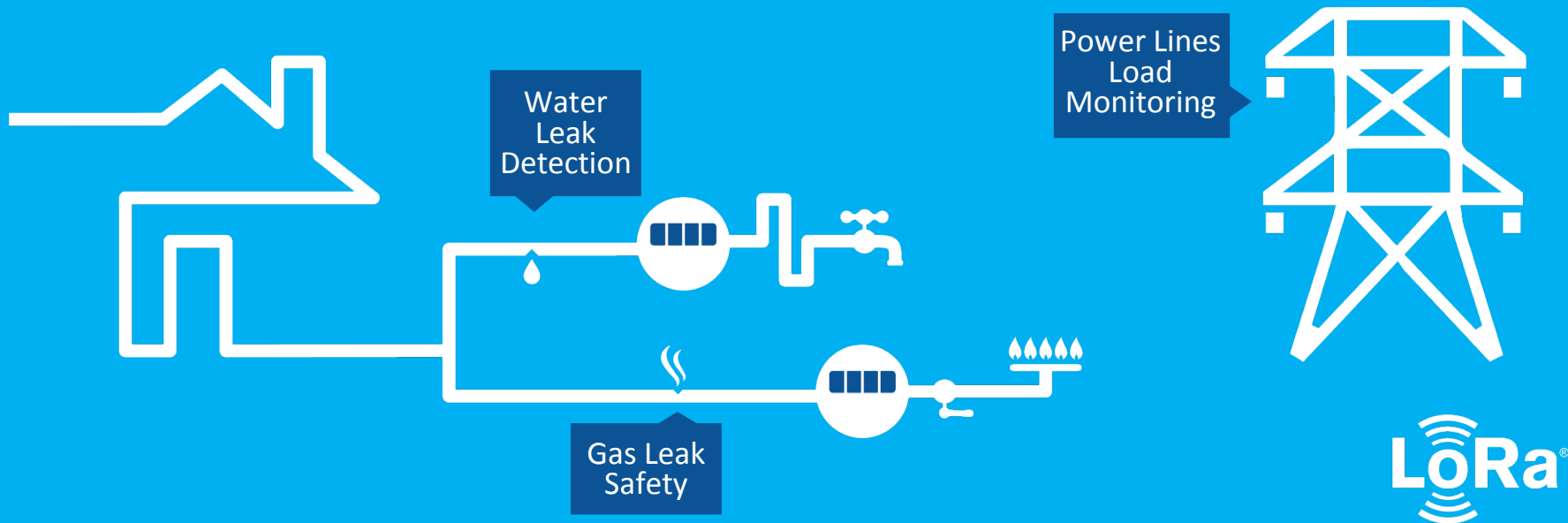
- Deep indoor and underground connectivity
- Light network infrastructure with no repeater
- Lower operational cost with 10x longer battery lifetime

LoRa Network Becomes a Large Utility Asset



LoRa-Enabled Smart Meter Network **Opens Adjacent Segments**

Includes Power Line Surveillance, Water Saving and Gas Leak Prevention



Strong Adoption of LoRa In The Smart Home Market

Simpler and More Effective Technology is Driving Demand

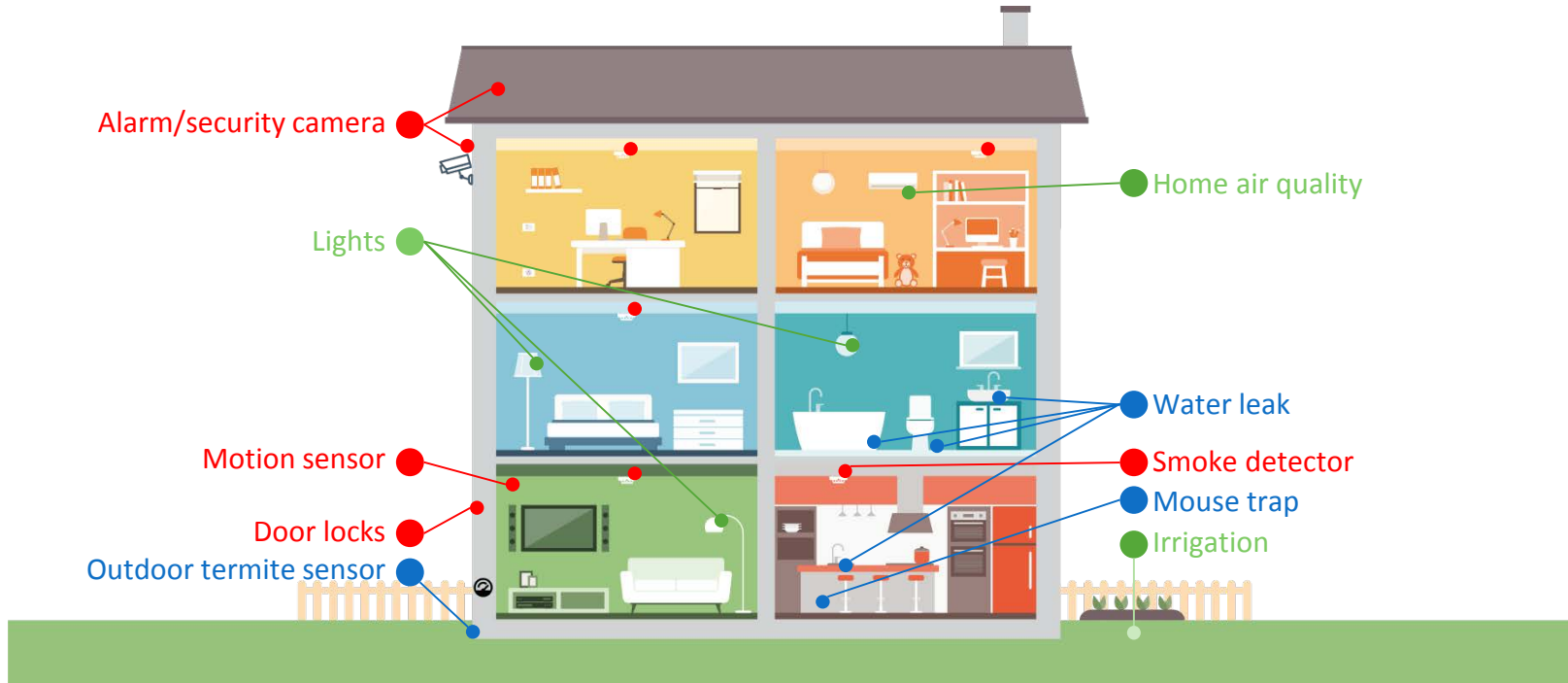


- Convenience
- Safety
- Home Insurance



Smart Home Use Cases Are Indoor and Outdoor

Potential for Over 20 LoRa® Devices Per Home



LoRa[®] Roadmap to **Disrupt More Industries**

LoRa Tag[™] to Enable the Disposable Segments



Media



Logistics



Compliance



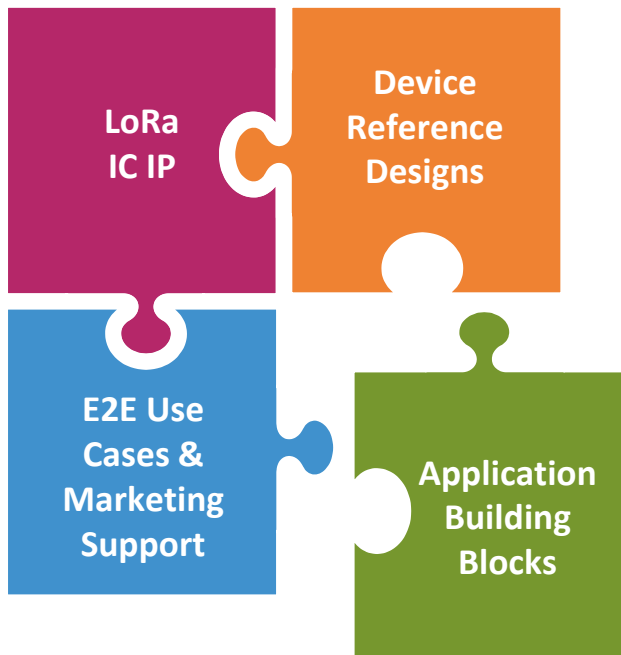
Looking Towards **the Future**



- Our experience in LPWAN IoT offers growth opportunities
- New business model focused on installed devices

Accelerating The **Pace of Innovation**

Simplifying Development of LoRa-based Solutions

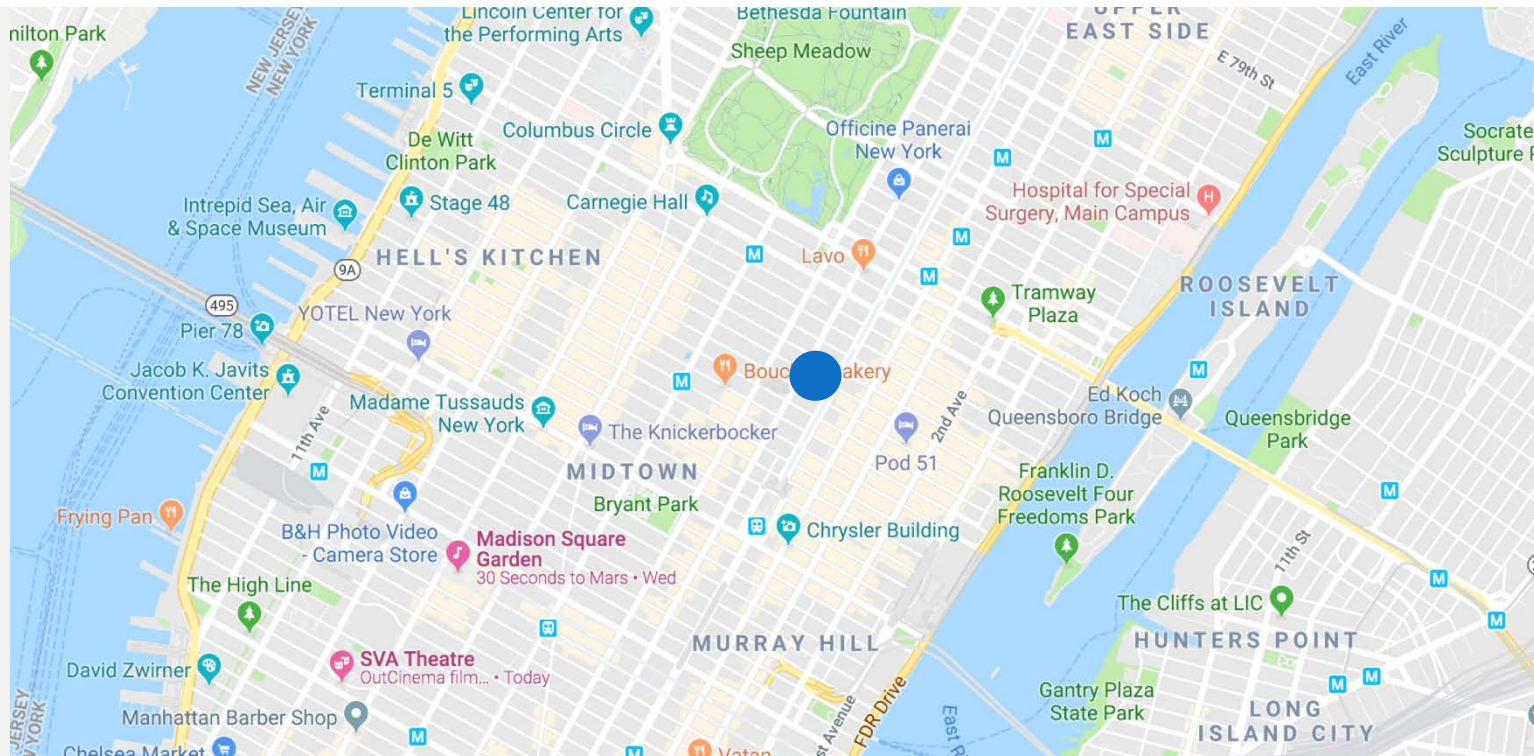


- Identify areas which drive solution development timeline and cost
- Provide basic application building blocks that simplify bringing solutions to market
- Enable the ecosystem to innovate and add value



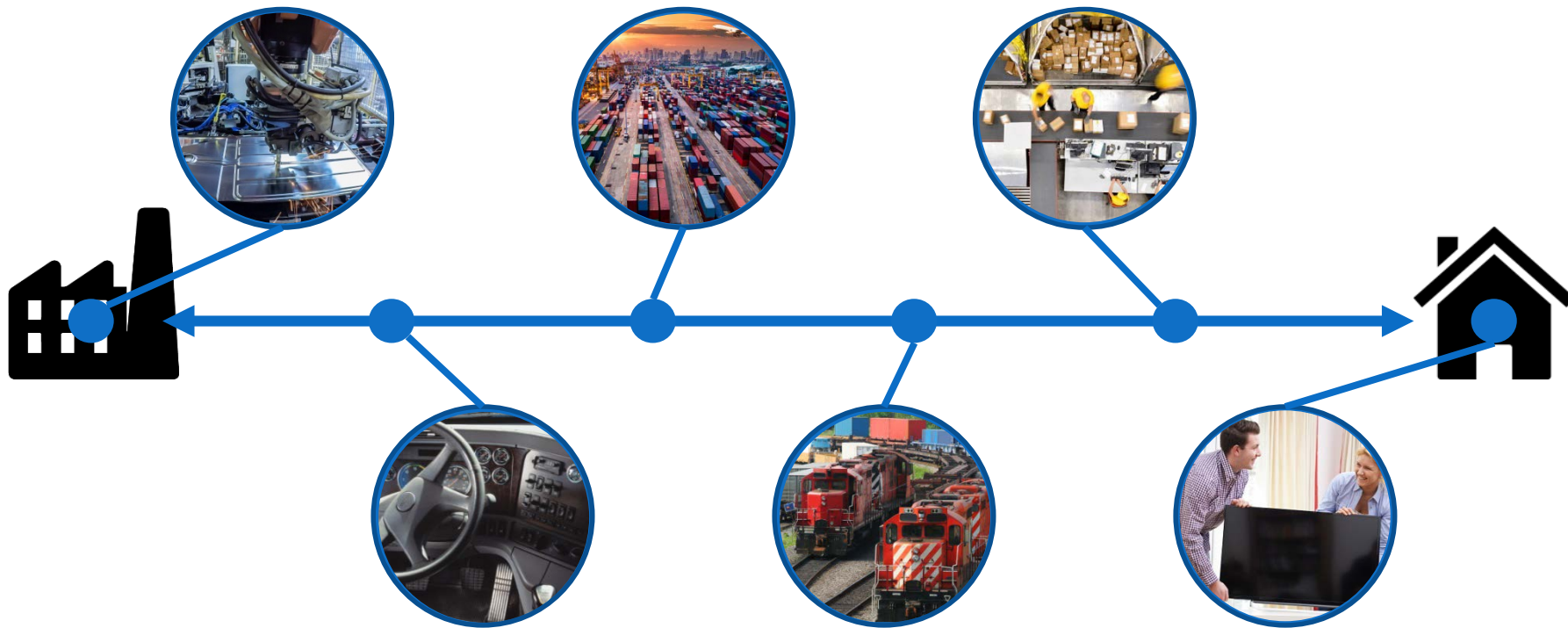
The Little Blue Dot...and Low Power IoT

Satisfying Needs of Low Power IoT Device Geolocation



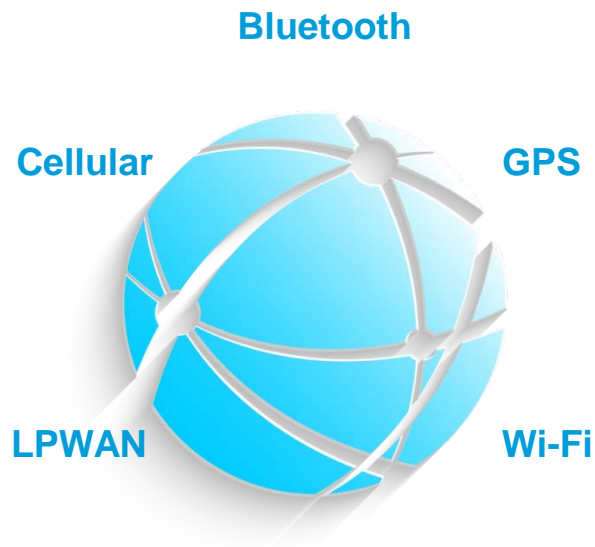
The Little Blue Dot...and Low Power IoT

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The Little Blue Dot...and Low Power IoT

Satisfying Needs of Low Power IoT Device Geolocation

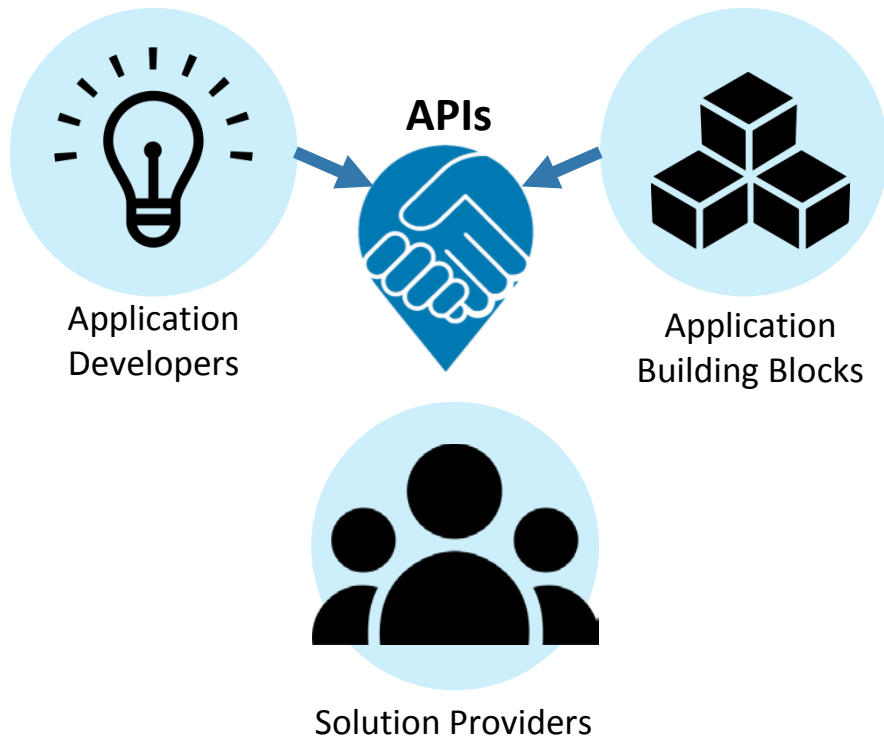


- Enable application developers to select the “best tool” for the job
- Leverage LoRa to reduce operational cost and complexity
- Extend IC capabilities to reduce BOM cost



Combining **Simplicity** and **Scale**

To Enable Rapid Innovation



- Providing application building blocks to simplify development
- Cloud service accessible over simple API consumption model
- Marketplace function to support innovation and monetization

Summary

LoRa: The DNA of IoT

- LPWAN market is the biggest opportunity of IoT
- LoRa expected to connect 1 Billion devices within next four years
- Geolocation and micro-services offer recurring monetization over installed LoRa Devices





LoRa[®] Wireless & Sensing Products

LoRa: The DNA of IoT

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Semtech Analyst Day 2018

June 20 | New York City | www.semtech.com

2018 | SMTC

Forward-Looking Statements

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 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 factors identified in Semtech Corporation’s Form 10-K for the fiscal year ended January 28, 2018 under the heading “Risk Factors” and in the Company’s Quarterly Reports on Form 10-Q, in other filings with the Securities and Exchange Commission, and in material incorporated therein by reference. 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.

Use of Non-GAAP Financial Information

In this presentation references are made to certain financial information calculated on a basis other than in accordance with accounting principles generally accepted in the United States (GAAP). These non-GAAP measures are provided as additional insight into on-going financial performance and are provided in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation of these non-GAAP information to the most comparable GAAP measures is shown in the Appendix provided at the end of this presentation.

This presentation also contains market statistics and industry data that are subject to uncertainty and are not necessarily reflective of market conditions. Although Semtech believes that these statistics and data are reasonable, they have been derived from third party sources and have not been independently verified by Semtech.

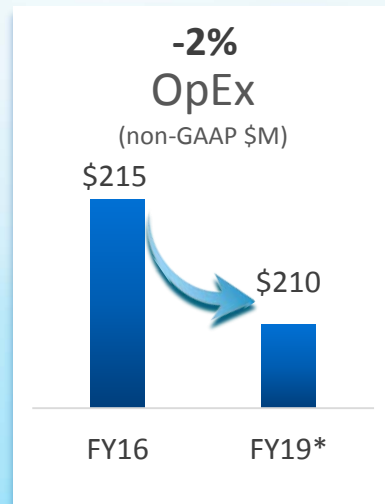
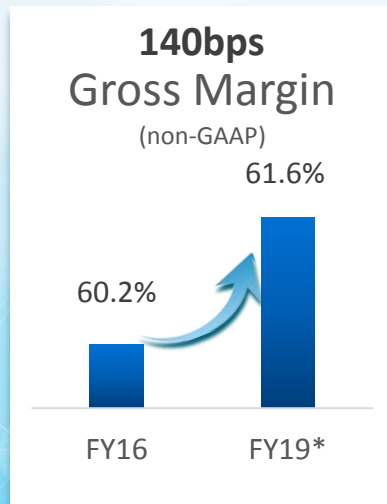
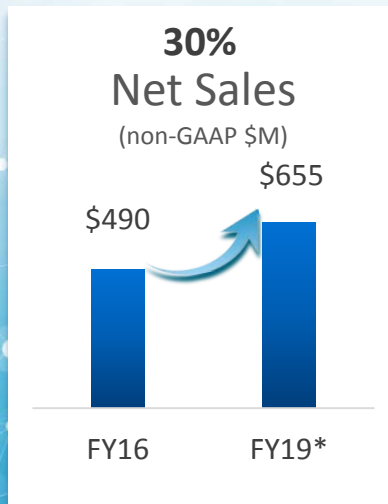
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Solid Foundation for Long Term Profitable Growth

- Emerging growth drivers to sustain multi-year growth
- Value-added platforms driving operating margin expansion
- Strong cash flow provides flexibility for growth

Executing Well

Earnings Have Grown Much Faster Than Net Sales



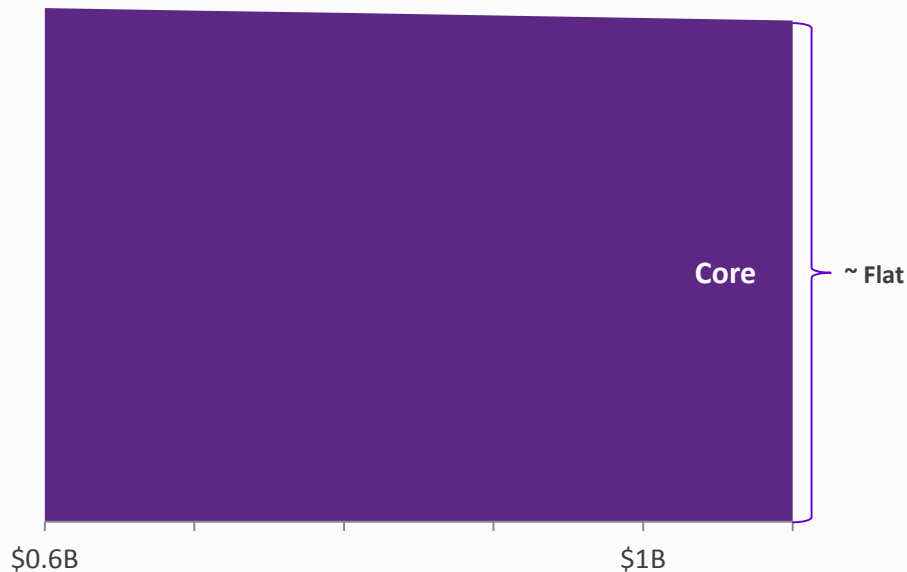
Source: Semtech Internal

¹Net sales, gross margin, OpEx, and earnings per share are non-GAAP. Please see the reconciliation to most comparable GAAP measure at the end of this presentation.

*Represents the consensus of current Analyst's estimates as of 6/12/18; Source: FactSet.

A Solid Foundation of Core Revenue

CAGR
FY18-FY23



Core Products

- PON and Wireless base stations
- Broadcast Video
- Legacy Protection products
- Power/Hi-Rel products
- Other Legacy products

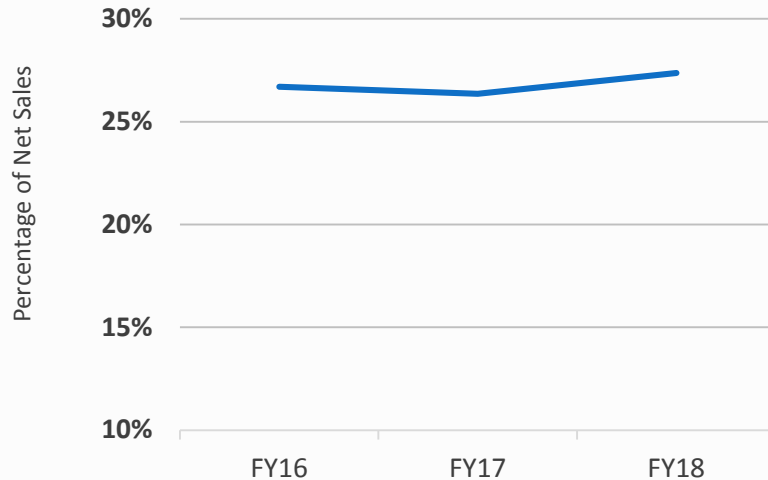
¹Net Sales is non-GAAP. Please see the reconciliation to most comparable GAAP measure at the end of this presentation.

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Source: Semtech Internal

Broad and Diverse Net Sales Base

Top 10 Customers



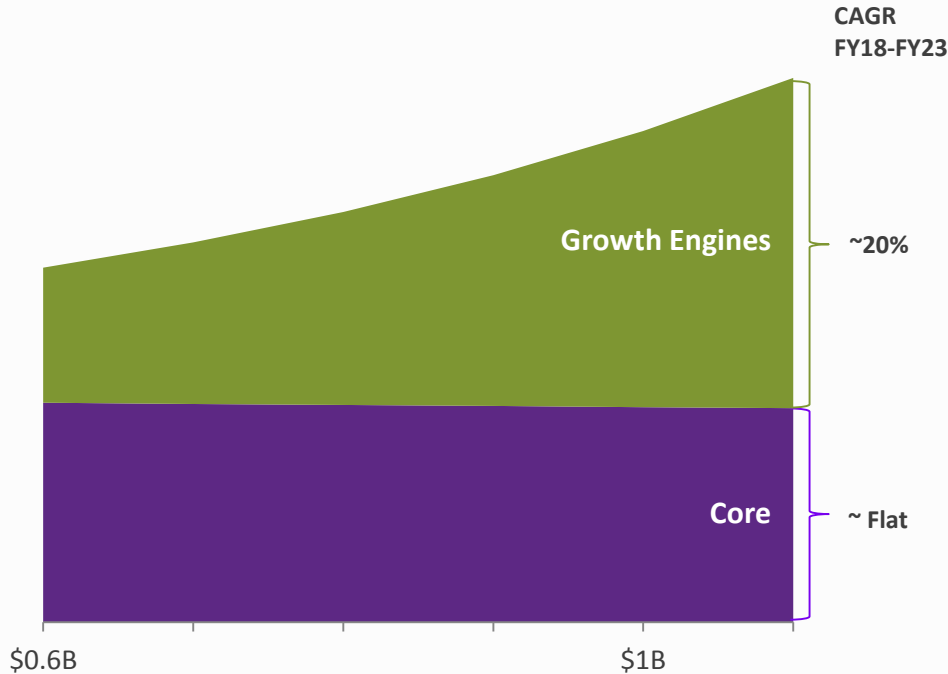
No 10% Customers

No 10% product

**More than 65% of Net Sales
through distribution**

Source: Semtech Internal

Growth Drivers Leading the Path to \$1B



Growth Engines

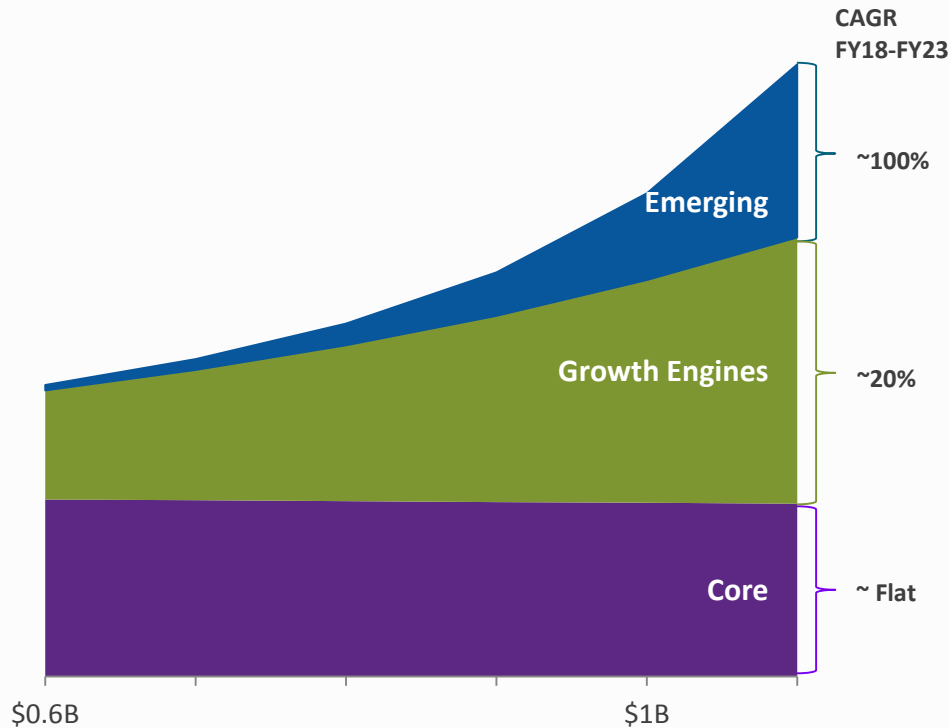
- IoT— LoRa® Enabled Net Sales
- Data Center — CDRs (25G-100G NRZ)
- Mobile Devices — Z Protection Platforms and Proximity Sensors

¹Net Sales is non-GAAP. Please see the reconciliation to most comparable GAAP measure at the end of this presentation.

This presentation contains "forward-looking statements" based on the Company's current expectations, estimates and projections. Actual results may vary and could be material. The Company undertakes no duty to update its estimates or results.

Source: Semtech Internal

Emerging Growth Drivers to Lead Path Beyond \$1B



Emerging Growth Engines

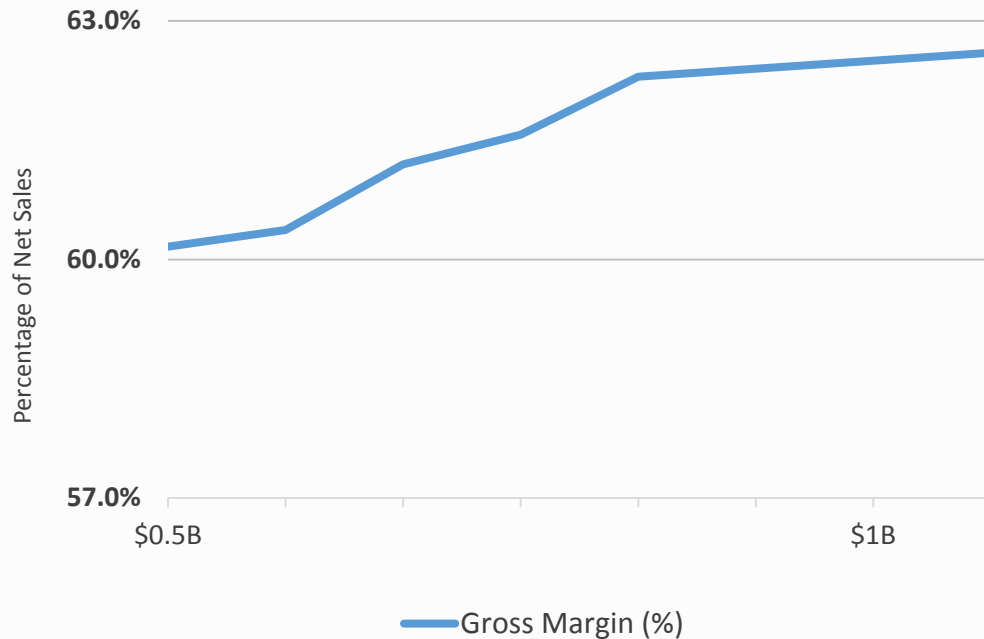
- LoRa Tag™
- LoRa Micro Services (Geolocation)
- LoRa IP Licensing
- PAM4 CDRs (200G/400G) for Data Centers
- Professional Audio Video (Pro AV)
- Z-Ultra Protection Platform
- Smart Power and Energy Harvesting

¹Net Sales is non-GAAP. Please see the reconciliation to most comparable GAAP measure at the end of this presentation.

This presentation contains "forward-looking statements" based on the Company's current expectations, estimates and projections. Actual results may vary and could be material. The Company undertakes no duty to update its estimates or results.

Source: Semtech Internal

Record Gross Margin Is Sustainable & Expanding



Key indicator of customer value creation

Balanced end markets

New products

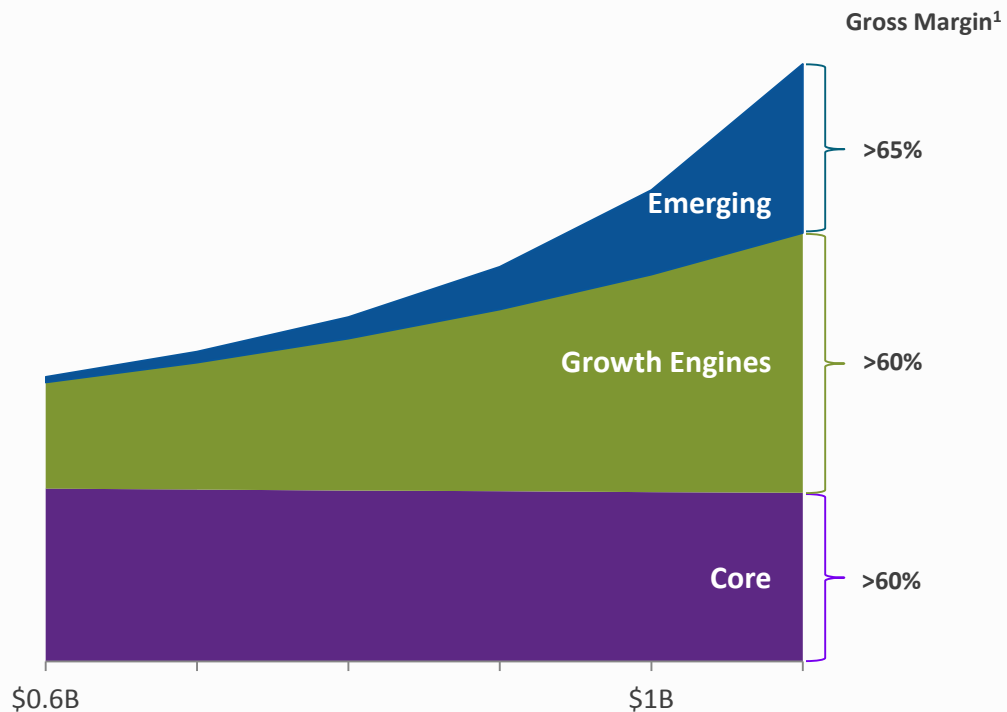
Operational excellence

¹Gross margin is non-GAAP. Please see the reconciliation to most comparable GAAP measure at the end of this presentation.

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Source: Semtech Internal

Emerging Growth Engines Should Expand Gross Margin



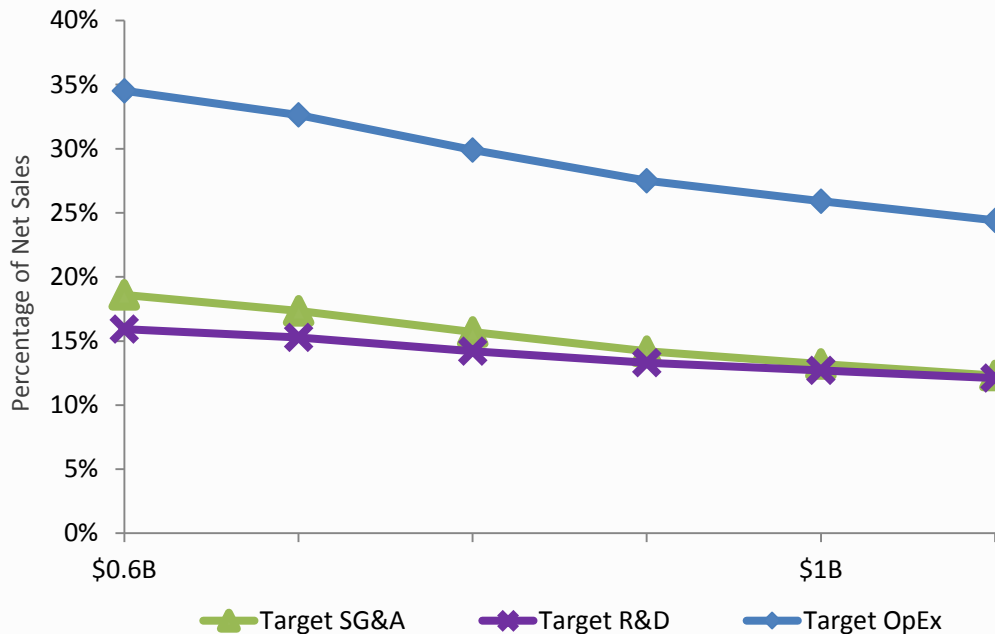
Majority of growth and emerging growth engines are at or above the upper range of target corporate model for gross margin¹

¹Gross margin is non-GAAP. Please see the reconciliation to most comparable GAAP measure at the end of this presentation.

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Source: Semtech Internal

OpEx Benefiting from Strategic Investments



SG&A leverage from infrastructure investments

Focus on improving returns on R&D spending

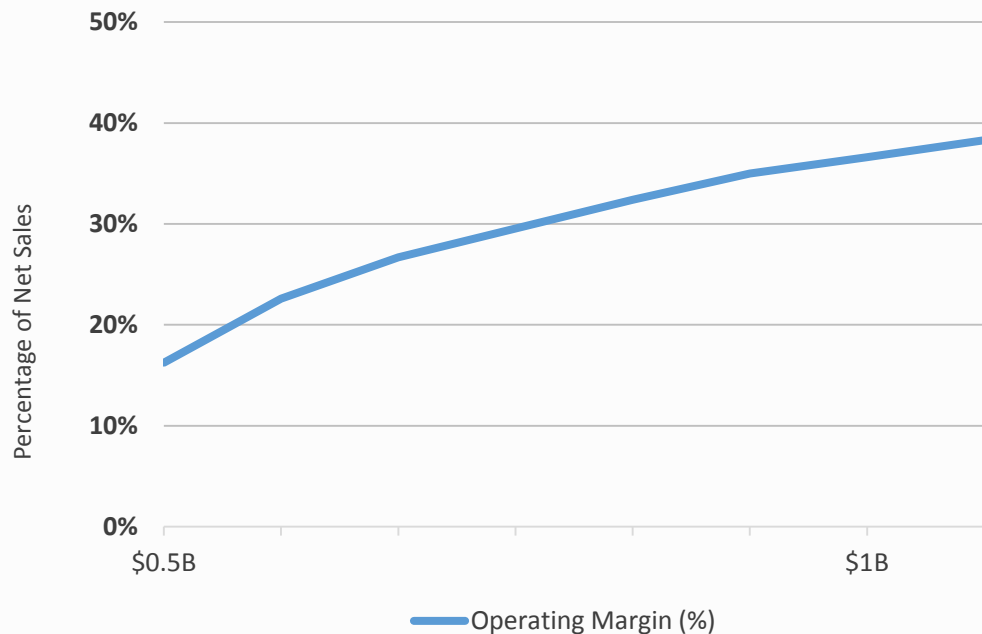
Ecosystem investing in the success of LoRa[®]

¹ OpEx is non-GAAP. Please see the reconciliation to most comparable GAAP measure at the end of this presentation.

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Source: Semtech Internal

Rapid Expansion of Operating Margin



Focus on key market trends driving Net Sales growth

Disruptive technology bringing more value to our customers

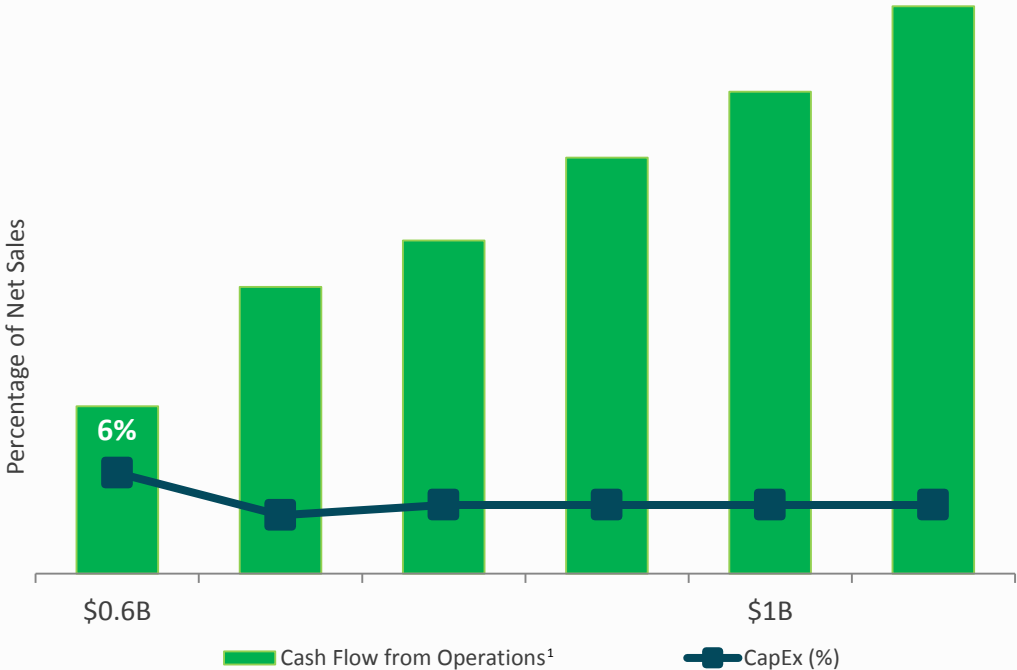
Value-based OpEx

¹Operating margin is non-GAAP. Please refer to the description and the reconciliation at the end of this presentation.

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Source: Semtech Internal

Operational Excellence Expected to Drive **Strong Cash Flow**



Net Sales growth

Best-in-class cash conversion cycle

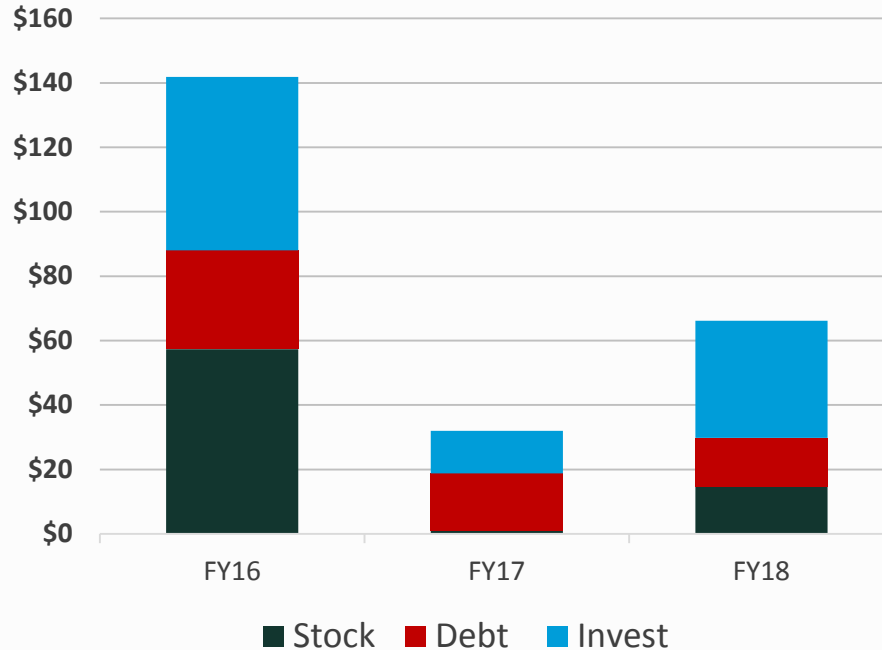
CapEx target of ~4% of Net Sales

¹Free cash flow is equal to cash flow from operations minus capital expenditures.

This presentation contains "forward-looking statements" based on the Company's current expectations, estimates and projections. Actual results may vary and could be material. The Company undertakes no duty to update its estimates or results.

Source: Semtech Internal and 10-K Cash Flow from Operations

Capital Allocation Focused on Growth & Shareholder Returns



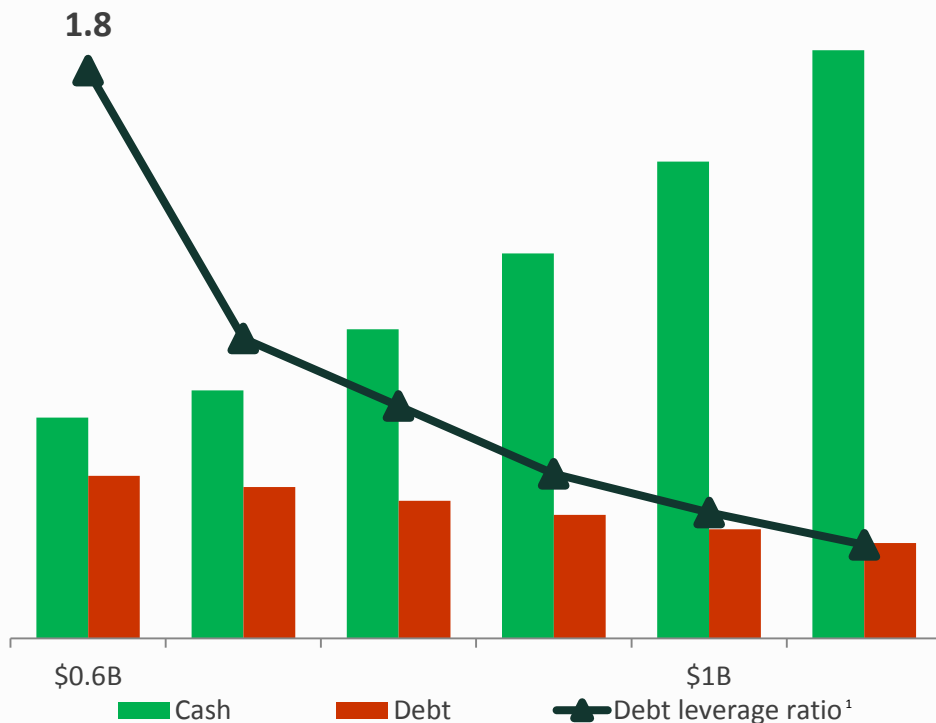
Repurchase Stock Opportunistically

- Authorization Increased by \$250M (May 2018)

Invest For Growth

- Strategic Acquisitions
- Minority Investments

Increasingly Stronger Capacity For Investment



Solid Cash Flow and profit growth contributing to strong balance sheet

¹Debt leverage ratio is equal to debt divided by last twelve months EBITDA.

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Source: Semtech Internal

Raising Our Operating Margin Target

SEMTECH TARGET	OPERATING MODEL	FY18 ACTUALS
Net Sales Growth ¹	Three Points Above Industry Growth	10%
Gross Margin ¹	58%-63%	61.2%
Operating Expense ¹	Half the Rate of Revenue Growth	0.0%
Operating Margin ¹	32%-36% (prior 28%-32%)	26.6%
CapEx	~4% of Net Sales (prior 5%)	6%
Free Cash Flow Margin ²	25%-30% (prior 20%-25%)	13%

¹Net sales, gross margin OpEx, and operating margin used in the targeted operating model are based on non-GAAP measures.

Please refer to the reconciliation of these items to GAAP for fiscal year 2018 results at the end of this presentation.

²Free cash flow is equal to cash flow from operations minus capital expenditures.



The Journey **Continues**

Our Future Value Is Being Driven by Today's Innovation

- Emerging growth drivers positioned to sustain multi-year growth
- Semtech's value-added platforms driving operating margin expansion
- Strong cash flow provides flexibility for growth



...Beyond Remarkable



Semtech Q&A Session

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Reconciliation of GAAP to Non-GAAP Results

Twelve Months Ended for FY16 - FY18

Net Sales & Gross Profit

Net Sales & Gross Profit (in thousands)

	Jan 28, 2018	Jan 29, 2017	Jan 31, 2016
GAAP Net Sales	\$ 587,847	\$ 544,272	\$ 490,219
Adjustments to GAAP Net Sales			
Revenue: share-based compensation - Comcast warrant	16,219	5,396	-
Non-GAAP Net Sales	<u>\$ 604,066</u>	<u>\$ 549,668</u>	<u>\$ 490,219</u>
GAAP gross profit	351,971	324,862	293,110
Adjustments to GAAP gross profit			
Revenue: share-based compensation - Comcast warrant	16,219	5,396	-
Stock-based compensation expense	1,478	1,478	1,555
Fair value adjustment related to acquired inventory	-	-	265
Non-GAAP gross profit	<u>\$ 369,668</u>	<u>\$ 331,736</u>	<u>\$ 294,930</u>
Net Sales	587,847	544,272	490,219
GAAP gross profit %	59.9%	59.9%	59.8%
Non-GAAP gross profit %	61.2%	61.2%	60.2%

Operating Expense

Operating Expense (in thousands)

	Jan 28, 2018	Jan 29, 2017	Jan 31, 2016
GAAP Operating Expenses	\$ 283,235	\$ 240,781	\$ 263,111
Adjustments to GAAP operating income			
Share-based compensation	(30,240)	(23,841)	(18,912)
Intangible amortization	(27,867)	(25,301)	(26,270)
Gain (loss) on disposition of business operations	(375)	25,513	
Transaction and integration related	(2,671)	(3,574)	104
Restructuring charges	(6,301)	(2,282)	
Acquisition related earn-outs	(5,031)	(2,012)	
Environmental and other reserves	(85)	(2,693)	(2,855)
Litigation cost net of recoveries	(2,183)	1,054	
Non-GAAP operating expenses	<u>\$ 208,482</u>	<u>\$ 207,645</u>	<u>\$ 215,178</u>
GAAP operating expense %	48.2%	44.2%	53.7%
Non-GAAP operating expense %	34.5%	37.8%	43.9%

Operating Income & Free Cash Flow

Operating Income (in thousands)

	Jan 28, 2018	Jan 29, 2017	Jan 31, 2016
Non-GAAP gross profit	\$ 369,668	\$ 331,736	\$ 294,930
Non-GAAP operating expenses	208,482	207,645	215,178
Non-GAAP operating income	<u>\$ 161,186</u>	<u>\$ 124,091</u>	<u>\$ 79,752</u>
GAAP operating income %	11.7%	15.4%	6.1%
Non-GAAP operating income %	26.7%	22.6%	16.3%
Free Cash Flow (in thousands)			
	Jan 28, 2018	Jan 29, 2017	Jan 31, 2016
Cash Flow from Operations	111,485	117,612	102,076
Net Capital Expenditures	(35,461)	(32,920)	(13,026)
Free Cash Flow	<u>76,024</u>	<u>84,692</u>	<u>89,050</u>

Source: Semtech Earnings Press Release