

**Investor Presentation
Fiscal Second Quarter 2025
December 2024 Update**



MICROCHIP

A Leading Provider of Smart, Connected and Secure Embedded Solutions

SAFE HARBOR

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During the course of this presentation, we will make projections or other forward-looking statements regarding the future financial performance of the company (including our guidance) or future events, including our strategy, growth drivers, industry trends, end markets, our long-term profitability, business and operation guidance (including revenue, financial impact of Fab 2 shut down, leadership and strategic outlook), PIC64 opportunity, market megatrends, TSS solutions, capital return strategy including debt paydown, dividends, and buybacks. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including, but not limited to: any continued uncertainty, fluctuations or weakness in the U.S. and world economies (including China and Europe) due to changes in interest rates, high inflation, actions taken or which may be taken by the Biden administration or the U.S. Congress or by the incoming Trump administration and the incoming U.S. Congress, monetary policy, political, geopolitical, trade or other issues in the U.S. or internationally (including the military conflicts in Ukraine-Russia and the Middle East), further changes in demand or market acceptance of our products and the products of our customers and our ability to respond to any increases or decreases in market demand or customer requests to reschedule or cancel orders; the mix of inventory we hold, our ability to satisfy any short-term orders from our inventory and our ability to effectively manage our inventory levels; the impact that the CHIPS Act will have on increasing manufacturing capacity in our industry by providing incentives for us, our competitors and foundries to build new wafer manufacturing facilities or expand existing facilities; the amount and timing of any incentives we may receive under the CHIPS Act, the impact of current and future changes in U.S. corporate tax laws (including the Inflation Reduction Act of 2022 and the Tax Cuts and Jobs Act of 2017), foreign currency effects on our business; changes in utilization of our manufacturing capacity and our ability to effectively manage our production levels to meet any increases or decreases in market demand or any customer requests to reschedule or cancel orders; the impact of inflation on our business; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; our ability to realize the expected benefits of our long-term supply assurance program; changes or fluctuations in customer order patterns and seasonality; our ability to effectively manage our supply of wafers from third party wafer foundries to meet any decreases or increases in our needs and the cost of such wafers, our ability to obtain additional capacity from our suppliers to increase production to meet any future increases in market demand; our ability to successfully integrate the operations and employees, retain key employees and customers and otherwise realize the expected synergies and benefits of our acquisitions; the impact of any future significant acquisitions or strategic transactions we may make; the costs and outcome of any current or future litigation or other matters involving our acquisitions (including the acquired business, intellectual property, customers, or other issues); the costs and outcome of any current or future tax audit or investigation regarding our business or our acquired businesses; disruptions in our business or the businesses of our customers or suppliers due to natural disasters (including any floods in Thailand), terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns or disruptions in the transportation system; and general economic, industry or political conditions in the United States or internationally. For a detailed discussion of these and other risk factors, please refer to Microchip's filings on Forms 10-K and 10-Q. You can obtain copies of Forms 10-K and 10-Q and other relevant documents for free at Microchip's website (www.microchip.com) or the SEC's website (www.sec.gov) or from commercial document retrieval services. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Microchip does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date of this presentation or to reflect the occurrence of unanticipated events.

Use of Non-GAAP Financial Measures: In this presentation, we have included certain non-GAAP financial information, including for example, adjusted EBITDA, non-GAAP gross profit margin and operating profit margin and adjusted free cash flow. Our non-GAAP results exclude the effect, where applicable, of share-based compensation, cybersecurity incident expenses, COVID-19 shelter in place restrictions on manufacturing activities, manufacturing excursion, other manufacturing adjustments, expenses related to our acquisition activities (including intangible asset amortization, severance, and other restructuring costs, and legal and other general and administrative expenses associated with acquisitions including legal fees and expenses for litigation and investigations related to our Microsemi acquisition), professional services associated with certain legal matters, IT security remediation costs, non-cash interest expense on our convertible debentures, losses on the settlement of debt, and gains and losses related to equity investments. For the second quarters of fiscal 2024 and fiscal 2025, our non-GAAP income tax expense is presented based on projected cash taxes for the applicable fiscal year, excluding transition tax payments under the Tax Cuts and Jobs Act. Our determination of our non-GAAP measures might not be the same as similarly titled measures used by other companies, and it should not be construed as a substitute for amounts determined in accordance with GAAP. There are limitations associated with using non-GAAP measures, including that they exclude financial information that some may consider important in evaluating our performance. Management compensates for this by presenting information on both a GAAP and non-GAAP basis for investors and providing reconciliations of the GAAP and non-GAAP results. Non-GAAP measures should not be considered in isolation or as an alternative to net income, cash from operations or other measures of profitability, liquidity or performance under GAAP. Certain supplemental information and reconciliations are available on our website at www.microchip.com/investors under the heading "Supplemental Financial Information".

Corporate Overview

Leading Total Systems Solutions Provider

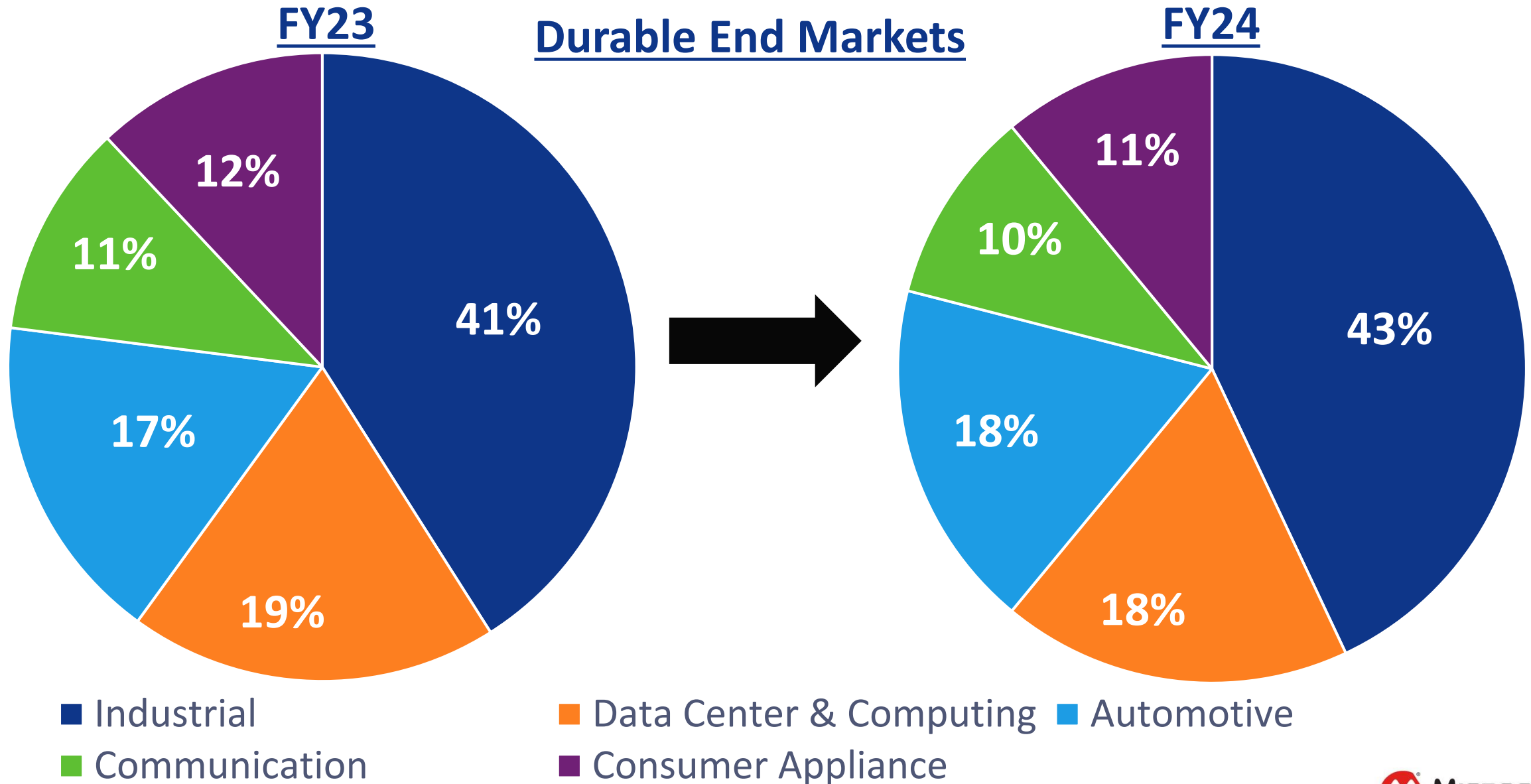
- High-performance standard and specialized Mixed-Signal Microcontroller, Digital Signal Controller and Microprocessor solutions
- Mixed-Signal, Analog, Interface and Security solutions
- Clock and Timing solutions
- Wireless and Wired Connectivity solutions
- FPGA solutions
- Non-volatile EEPROM and Flash Memory solutions
- Flash IP solutions



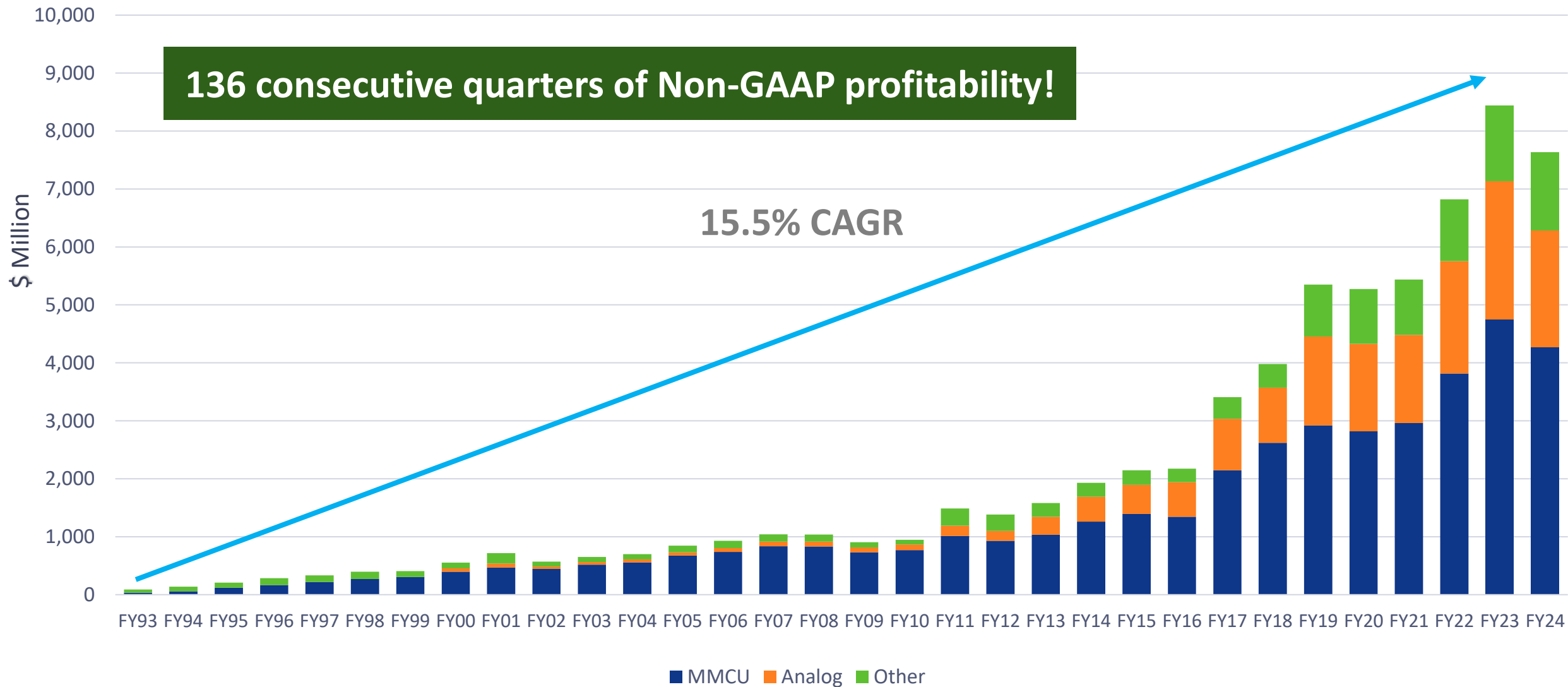
SMART | CONNECTED | SECURE

- **\$7.6 Billion** in FY24 net sales
- Elite long-term non-GAAP profitability & returns
- Diversified and resilient business model
- Durable end markets
- Solid track-record of shareholder value creation

Revenue By End Market*

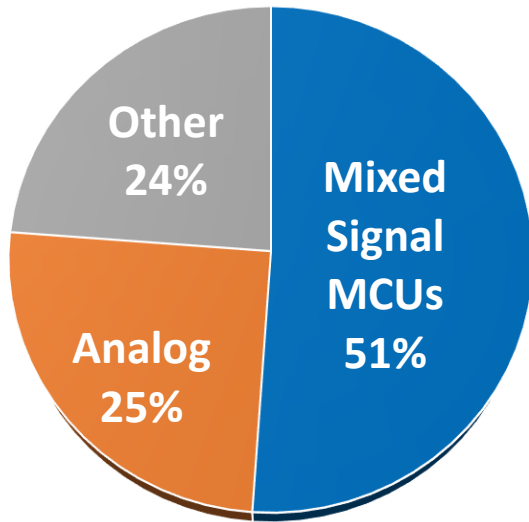


Net Sales Growth

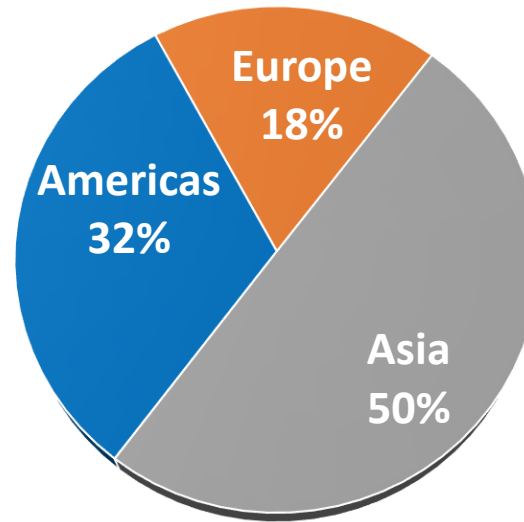


Second Quarter FY2025 Revenue Mix

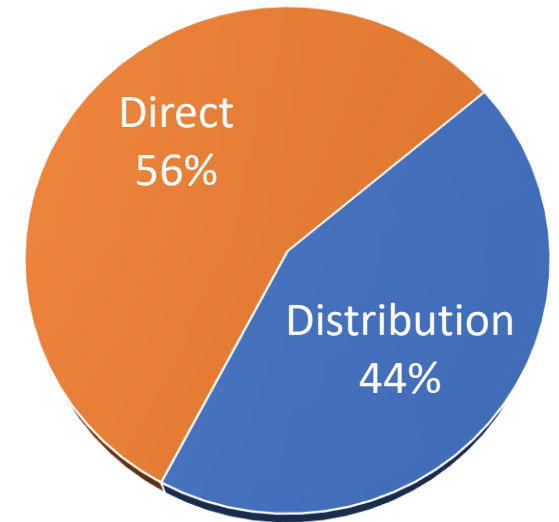
Net Sales by Product Line



Net Sales by Geography



Net Sales by Channel



- Organic growth efforts focused on TSS and Megatrends
- Synergistic product portfolio empowers disruptive growth trends
- Diversified product portfolio with long process technology and life cycles
- Customer driven obsolescence policy create high-quality revenue streams

Fiscal 2nd Quarter 2025 Results (Non-GAAP)

- **GAAP Revenue of \$1.16 billion; declined 6.2% QoQ and 48.4% YoY**
- **Gross margin of 59.5%**
- **Operating margin of 29.3%**
- **Earnings per share of \$0.46**
- **Total debt increased by \$256 million**
 - Cumulatively paid down ~\$6.4 billion of debt over the last 25 quarters
- **Adj. TTM EBITDA of \$2.2 billion**
- **Net debt to adj. EBITDA ratio of 2.85**
- **Total cash return of \$261.0 million**
 - Dividends of \$243.7 million and share repurchases of \$17.3 million
- **Announced record dividend of 45.5 cents per share for Q3FY25 up 3.6% YoY**

**Adjusted EBITDA is as defined in the Company's Amended and Restated Credit Agreement dated as of December 16, 2021.

For our GAAP results, please refer to the reconciliations referred to in the safe harbor statement

Fiscal 3rd Quarter 2025 Guidance (non-GAAP)*

December 2024 Update	Q2 FY25 Actual	Q3 FY25 Guide @ low-end
GAAP Revenue (\$ Million)	\$1,163.8	\$1,025.0
Gross Margins	59.5%	57.0%
Operating Expenses	30.3%	34.8%
Operating Margins	29.3%	22.2%
Earnings per share	\$0.46	\$0.25*

*Represents guidance provided on December 02, 2024

Additional guidance metrics can be found in the Q2 FY2025 earning release. [Click here](#)

Business & Operational Updates - December 2024

Leadership Update

- Steve Sanghi confirms commitment as Interim CEO/President with no set timeline for succession

Revenue Guidance

- December 2024 quarter revenue expected at lower end of guidance (~\$1.025B*) due to slower turns orders
- Manufacturing Restructuring: Shutting down Tempe Fab 2 facility, with production to be absorbed by Oregon and Colorado factories

Financial Impact

- Expected annual cash savings of \$90 million after September 2025 shutdown
- P&L savings to begin June 2026 quarter (FIFO basis)
- Initial restructuring costs: \$3-8M, with potential additional costs up to \$15M
- Inventory reduction expected to begin March 2025 quarter

Strategic Outlook

- Design-in momentum remains strong
- Total System Solutions strategy driving growth
- Continued focus on right-sizing manufacturing footprint

Empowering Innovation In Diverse, Durable Markets



Consumer



Industrial



Space



Sustainability



Automotive



Medical



Data Center



Defense



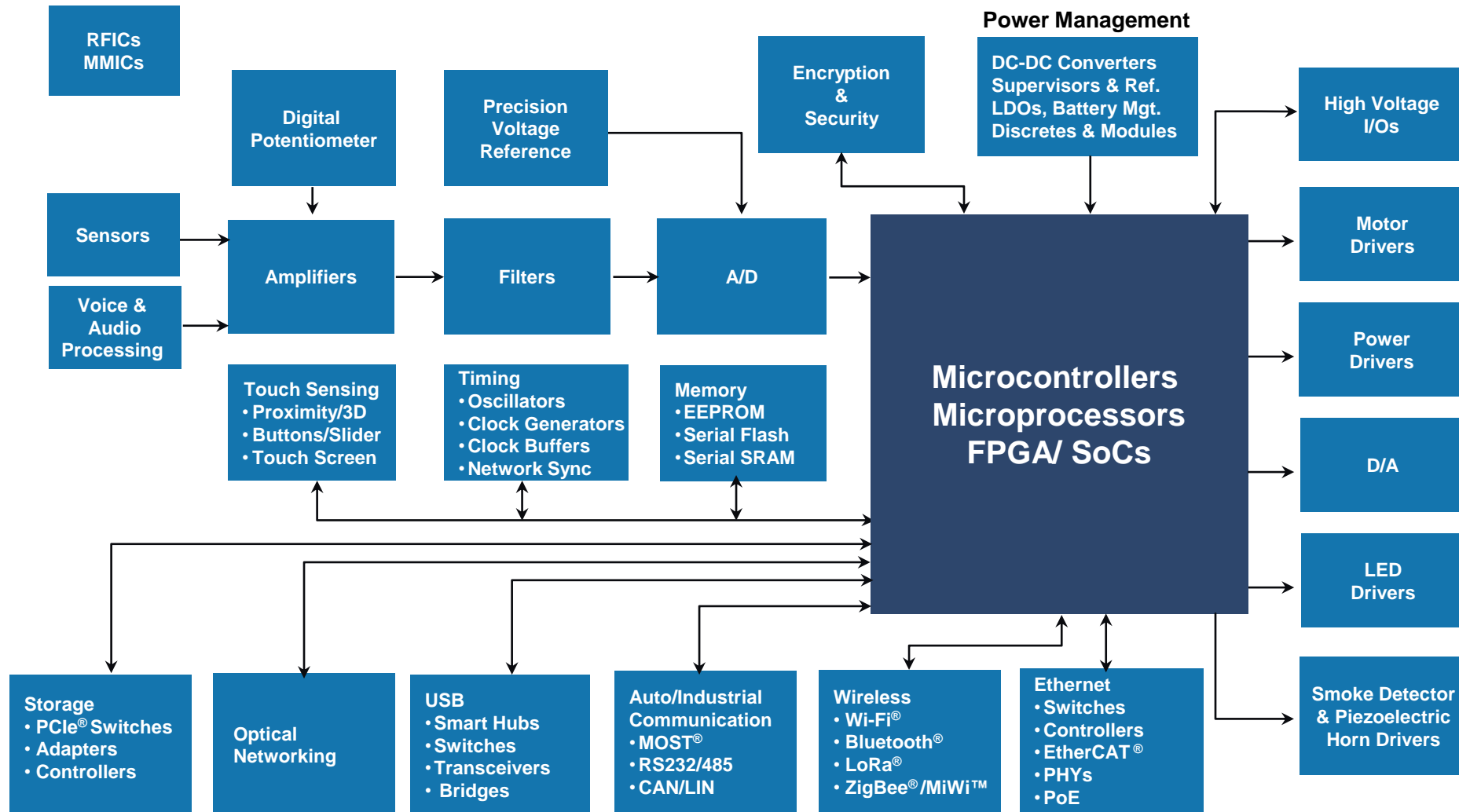
Communication Infrastructure



Aviation

Providing Total System Solutions

Portfolio of Hardware, Software and Services



Strategic Focus and In-Depth Knowledge

Megatrends



IoT/Edge Computing



Data Centers



AI/ML



5G



Sustainability



ADAS/Autonomous Driving



E-Mobility

Key Industries

Industrial



Data Center & Computing



Consumer Appliance



Communications



Aerospace & Defense



Automotive



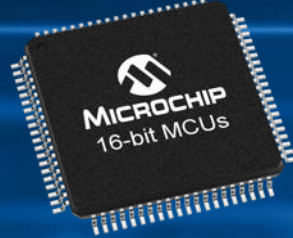
Expanding Compute Portfolio with PIC64™

8-bit



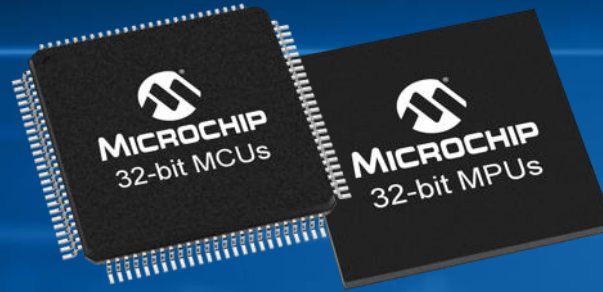
PIC® MCUs
AVR® MCUs

16-bit



PIC® MCUs
dsPIC® DSCs

32-bit



PIC® MCUs

SAM MPUs

64-bit



PIC® MPUs

Scalable Processing to Enable the Intelligent Edge

Performance levels from 8-to 64-Bits

Unified software tool MPLAB®, supports migration across compute landscape and agnostic to ISA

PIC64™ Addresses a Wide Range of End Markets

Scalable Compute



Diverse End Markets



Scalable Radiation Performance



Rad-Hard

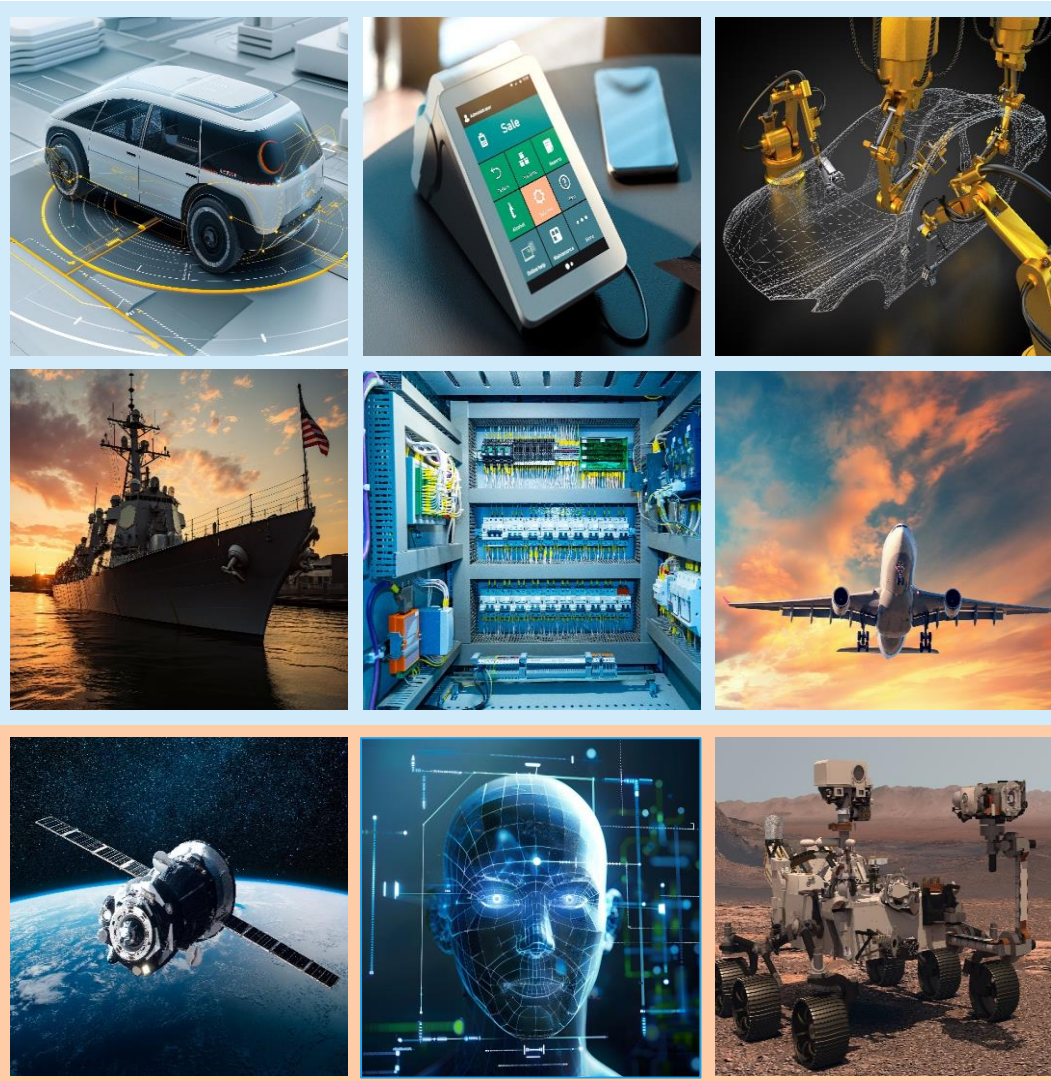


Rad-Tolerant



Engineering Model

Multiple Mission Profiles



EMBEDDED PROCESSING TAM

\$4 - \$5 Billion*

*Source: 2023 Gartner Semiconductor Market Share Report. Defined as: Gartner microprocessor embedded segment and includes wired and wireless communication electronics, Industrial & Military/Civil Aerospace, Automotive electronics segments.



Consistent, Disciplined and Balanced Capital Return Strategy

**Adjusted Free Cash
Flow (FCF)*
Generation**

FY2019 – Q2 FY2025

**~\$12.6
Billion**

Debt Paydown

\$6.4 Billion

Dividends Paid

~\$3.7 Billion

Shares Repurchased

~\$2.4 Billion

- Reduced debt in 21 out of the last 25 quarters
- Current leverage ratio of 2.85x

- 89 consecutive quarters of dividends paid

- Regain cash flow to create headroom for buyback
- Total cash return in FY2024 of \$1.89 billion, representing 15.4% year-over-year growth

TARGETING 100% OF FREE CASH FLOW

*Adj. FCF is defined as cash flow from operations less capital expenditures, cash collected under long-term supply arrangements, and amortization of capped call issued in connection with the 0.75% 2024 Sr. Convertible Debt

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