



MACOM Technology Solutions Holdings Corporate Overview

December 2018



Introduction

Forward-Looking Statement Safe Harbor and Use of Non-GAAP Financial Measures



DISCLOSURE NOTICE: This presentation contains forward-looking statements based on MACOM management's beliefs and assumptions and on information available to our management on November 13, 2018. Forward-looking statements include, among others, information concerning our stated guidance, business outlook and future results of operations, our product mix, our strategy for driving revenue growth, accelerating growth and expanding margins, our expectations for our various markets and our positions in various markets, product lines or business units, including PON, Metro-Long Haul and Datacenter markets and elsewhere, the expected impact of the settlement of our litigation against Infineon, our positioning and growth aspirations in Datacenter, Telecom, Industrial & Defense or other markets, our expectations as to the growth prospects of the Cloud Data Center, 5G Telecom Networks, Global & Homeland Defense/Security and Active and Security Radar Antenna markets, our GaN strategy and expectations for execution on that strategy and any other statements regarding future trends, business strategies, competitive position, industry conditions, acquisitions, divestitures, investment decisions, partnerships or other business relationships and their expected benefits, and market opportunities. Forward-looking statements include all statements that are not historical facts and generally may be identified by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "seeks," "should," "will," "would" or similar expressions and the negatives of those terms.

These forward-looking statements reflect MACOM's current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause those events or our actual activities or results to differ materially from those expressed in any forward-looking statement. Although MACOM believes that the expectations reflected in the forward-looking statements are reasonable, it cannot and does not guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including the potential that we are unable to identify and timely enter into new markets for our products, such as our publicly-announced market opportunities in Cloud Data Centers, 100G optical networks, 10G PON, 25G lasers, L-PICs, Active [and Security Radar] Antennas and our AlGaAs and GaN technologies, the potential that we are unable to timely deliver the quantities of our products targeting these or other applications at the right price point due to design challenges, manufacturing bottlenecks, supply shortages, yield issues or otherwise, the potential that the expected rollout of Cloud Data Center build-outs, 5G network upgrades, fiber-to-the-home network technology or other new optical or other network technology deployments in the U.S., China, Japan and other geographies fails to occur, occurs more slowly than we expect or does not result in the amount or type of new business we anticipate, lower than expected demand in the Cloud Data Center market, the optical network infrastructure market or any or all of our primary end markets or from any or all of our large OEM customers based on seasonal effects, regulatory action (such as the recently resolved ZTE export ban or previously announced Huawei investigation or other denial orders prohibiting sales to certain Chinese aerospace customers) or inaction, technology shifts, standards changes, macro-economic weakness or otherwise, and other events and trends on a national, regional and global scale, including those of a political, economic, business, competitive, intellectual property and regulatory nature, the potential for greater than expected pricing pressure and average selling price erosion based on attempts to win or maintain market share, competitive factors, technology shifts or otherwise, the impact of international trade agreements, including new or potential increases in existing trade tariffs, on our business, our suppliers, or our customers, our potential inability to ramp key new products into volume production with acceptable manufacturing yields to satisfy key customer demand in a timely fashion, the potential for inventory obsolescence and related write-offs, the expense, business disruption or other impact of any current or future investigations, administrative actions, litigation or enforcement proceedings we may be involved in, the potential loss of access to any in-licensed intellectual property or inability to license technology we may require on reasonable terms, the impact of any claims of intellectual property infringement or misappropriation, which could require us to pay substantial damages for infringement, expend significant resources in prosecuting or defending such matters or developing non-infringing technology, incur material liability for royalty or license payments, or prevent us from selling certain of our products, greater than expected dilutive effect on earnings of our equity issuances, outstanding indebtedness and related interest expense and other costs, our failure to realize the expected economies of scale, lowered production cost, increased customer penetration and other anticipated benefits of our previously announced GaN intellectual property licensing program or supply chain build-out initiatives, the potential for defense spending cuts, program delays, cancellations or sequestration, failures or delays by any customer in winning business or to make purchases from us in support of such business, lack of adoption or delayed adoption by customers and industries we serve of Cloud Data Centers, MACsec, single-Lambda PAM4, MMICs, L-PICs, Active [and Security Radar] Antennas, SPAR tiles, GaN, InP lasers, AlGaAs or other solutions offered by us, failures or delays in porting and qualifying GaN or InP process technology to our fabrication facilities or third party facilities and achieving anticipated manufacturing economies of scale, lower than expected utilization and absorption in our manufacturing facilities, lack of success or slower than expected success in our new product development or new product introduction efforts, loss of key personnel to competitors or otherwise, failure of any announced transaction to close in accordance with its terms, failure to successfully integrate acquired companies, technologies or products or realize synergies associated with acquisitions, the potential that we will experience difficulties in managing the personnel and operations associated with our acquisitions, loss of business due to competitive factors, product or technology obsolescence, customer program shifts or otherwise, the potential for a shift in the mix of products sold in any period toward lower-margin products or a shift in the geographical mix of our revenues, the impact of any executed or abandoned acquisition, divestiture, joint venture, financing or restructuring activity, the impact of supply shortages or other disruptions in our internal or outsourced supply chain, the impact of changes in export, environmental or other laws applicable to us, the relative success of our cost-savings initiatives, as well as those factors described in "Risk Factors" in MACOM's filings with the Securities and Exchange Commission ("SEC"), including MACOM's Annual Report on Form 10-K for the fiscal year ended September 28, 2018, as filed on November 16, 2018. MACOM undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. MACOM's filings with the SEC are available at www.sec.gov.

Forward-Looking Statement Safe Harbor and Use of Non-GAAP Financial Measures Continued

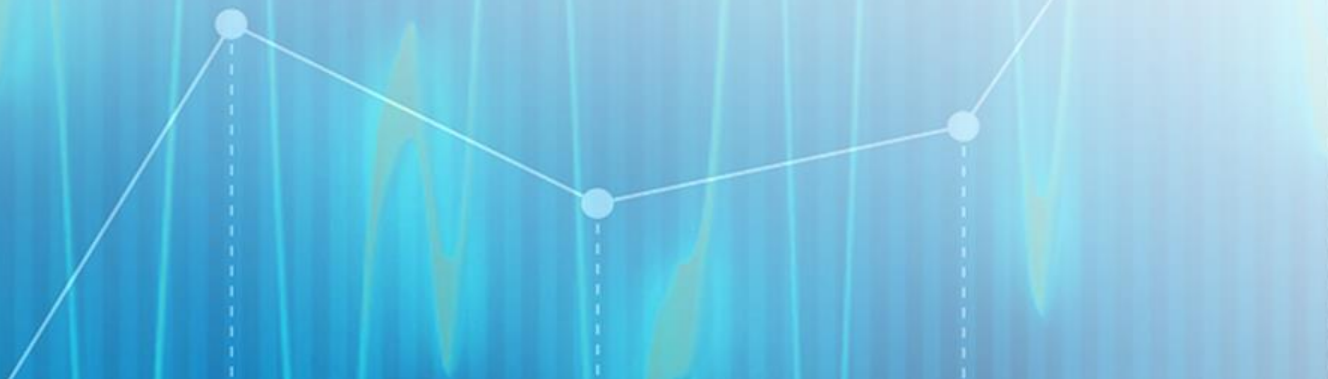


We make references in this presentation to certain financial information calculated on a basis other than in accordance with accounting principles generally accepted in the United States (GAAP) including non-GAAP revenue, non-GAAP gross profit, non-GAAP gross margin and operating margin, non-GAAP earnings per share, non-GAAP income from operations and operating income, non-GAAP operating expenses, non-GAAP net income and net income margin, non-GAAP diluted shares, non-GAAP earnings per diluted share, adjusted EBITDA, and Free Cash Flow. We may alternatively refer to such non-GAAP measures as “adjusted” measures. These non-GAAP measures are provided as additional insight into on-going financial performance. These non-GAAP measures are provided in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. See our reconciliation of MACOM non-GAAP results to the nearest GAAP measure in the appendix provided at the end of this presentation. We have not provided a reconciliation with respect to any forward-looking non-GAAP financial data presented because we do not have and cannot reliably estimate certain key inputs required to calculate the most comparable GAAP financial data, such as the future price per share of our common stock for purposes of calculating the value of our common stock warrant liability and share-based compensation costs, future acquisition costs, the possibility and impact of any litigation costs, changes in our GAAP effective tax rate, impairment charges and acquisition, integration and other costs related to our acquisitions, which are difficult to predict and estimate. Our fiscal year end is the Friday closest to September 30th. Fiscal year 2018 will include 52 weeks.

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

All financial guidance projections referenced and forward-looking statements made by us in this presentation were made as of November 13, 2018 or another historical date noted herein, and any references to such projections or forward-looking statements herein are not intended to reaffirm them as of any later date. MACOM assumes no obligation to update such projections or forward-looking statements contained in this presentation.

- > **Industry leading supplier** of high-performance compound semiconductor products for infrastructure applications
- > **High-performance “analog” business model** — long life cycle, differentiated products, diverse end markets, limited competitive pool
- > **Expansive IP portfolio** of proprietary, disruptive core technologies creating high barriers to entry
- > **Uniquely positioned** to capitalize in key areas of industry secular growth — Cloud Datacenter, 5G Telecom, Global & Homeland Defense
- > **Target financial model** of 20% revenue growth, 60% gross margin and 30% operating margin, 60% free cash flow

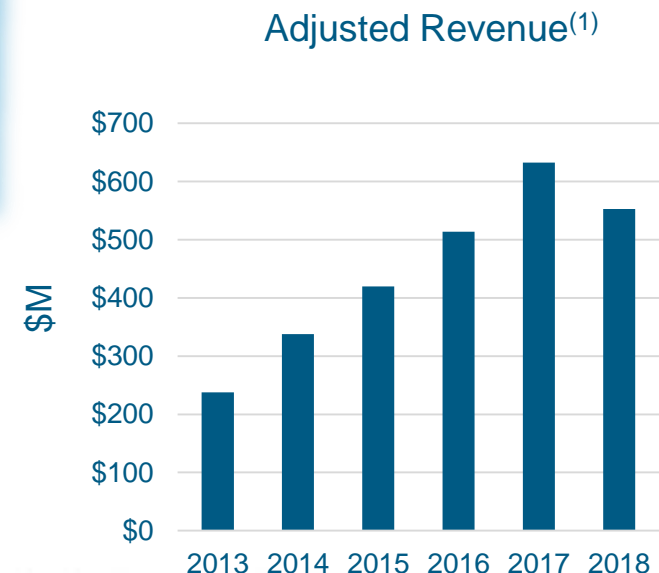


Track Record of Demonstrated Growth



19% 5-year CAGR despite China cyclical correction in FY2018

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Adjusted Revenue⁽¹⁾	\$238.3 ⁽²⁾	\$338.1 ⁽²⁾	\$420.6	\$544.3	\$698.8	\$577.4
Adjusted Gross Margin⁽²⁾	48.4%	54.3%	57.5%	58.1%	58.1%	54.0%
Adjusted Diluted EPS⁽²⁾	\$0.60	\$0.91	\$1.28	\$1.91	\$2.32	\$0.52



Sustained investment positions MACOM to resume growth in FY2019 fueled by next phase of infrastructure spending in Cloud Data Centers, 5G Telecom and Global and Homeland Security

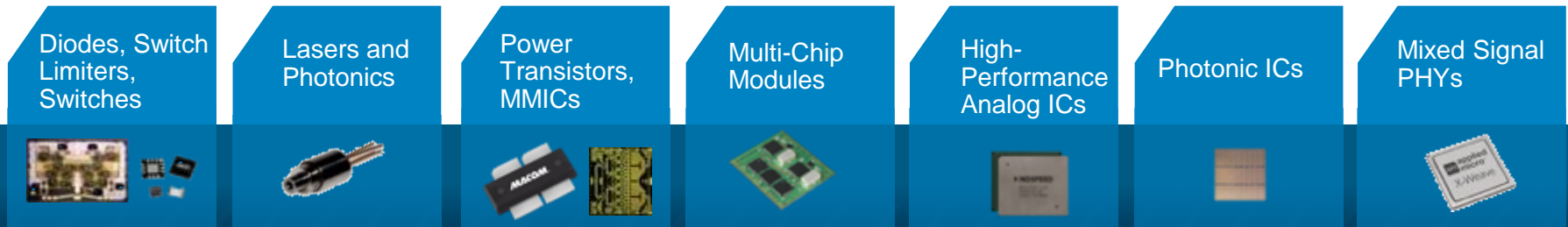
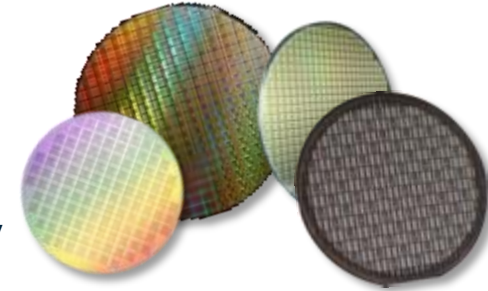
(1) Adjusted Revenue in millions.

(2) Adjusted for Nitronex revenue prior to acquisition and other items.

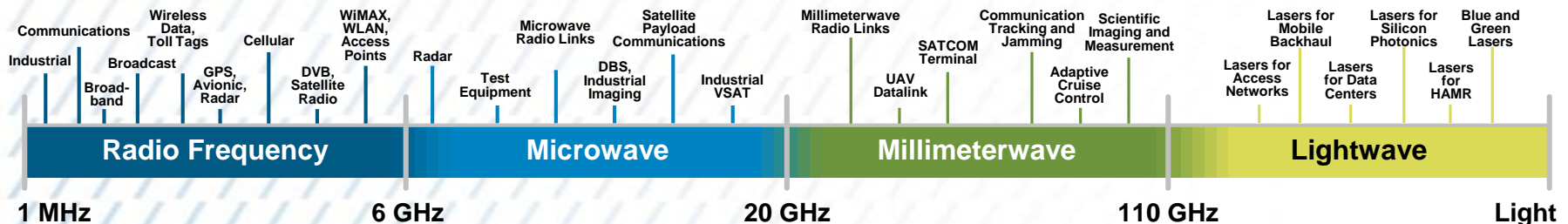
Please see the appendix for a reconciliation of all Adjusted Non-GAAP measures presented to most comparable GAAP measures.

Who We Are

- High-performance RF and Microwave heritage
- “Fab-rite” manufacturing with differentiated technologies
- Strong intellectual property portfolio with high barriers to entry
- Advanced compound semiconductor materials, processes and specialized packaging



Serving a Broad Frequency Spectrum... **From RF to Light**



New Breed of “Analog” Semiconductor Company



High-performance analog business attributes positioned in areas of secular industry growth

Secular Growth Opportunities

High-Performance “Analog”

- Broad Diverse End Markets
- Customer Base
- Long Life Cycles
- Specialized Materials Processing
- Differentiated Manufacturing
- Broad Product Portfolio
- Core IP

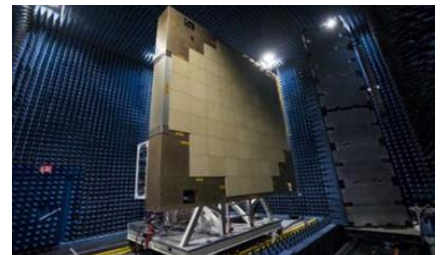
Cloud Data Center
Connectivity



5G Telecom
Networks



Global & Homeland
Defense



Large and Diverse End Markets



Addressing next generation infrastructure buildouts across a broad array of customers and applications

Data Center



Optical connectivity in hyper scale data centers enabling new cloud application and service revenue streams

Telecom



Optical and wireless networks for FTTx, Metro, 4G LTE and 5G applications and services

Industrial & Defense



RF and Microwave components and sub-assemblies for industrial, civil and defense infrastructure buildouts



ARISTA



facebook.

NOKIA

FUJITSU



NORTHROP GRUMMAN

Rockwell
Collins

THALES

Raytheon

HARRIS

SIEMENS

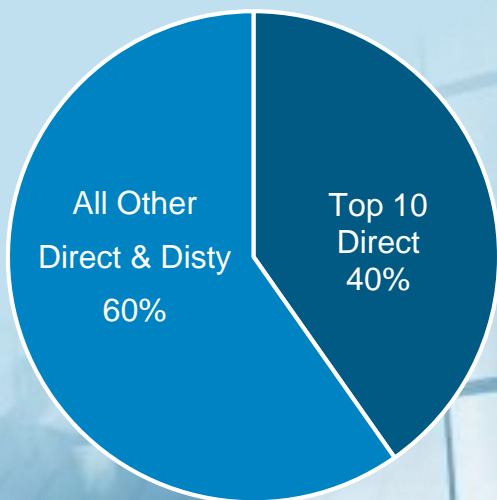


Diversified Portfolio of Businesses

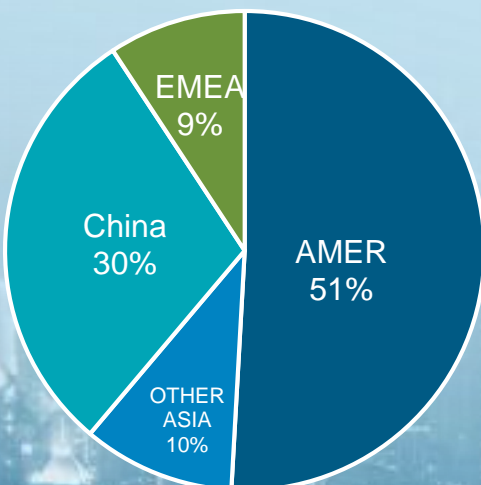


Across a wide range of customers, end markets and geographies

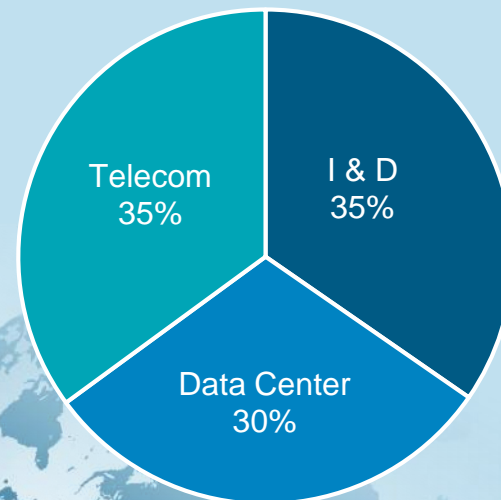
Customers



Geographies



End Markets



Disruptive Technologies Aligned with Secular Industry Growth

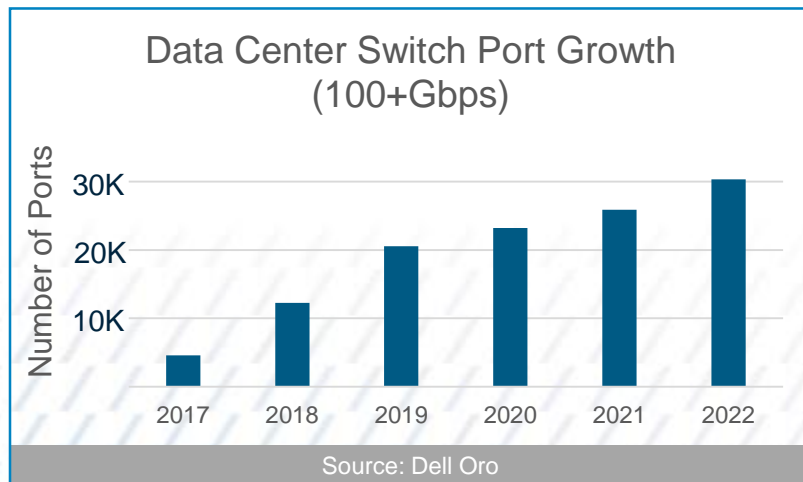
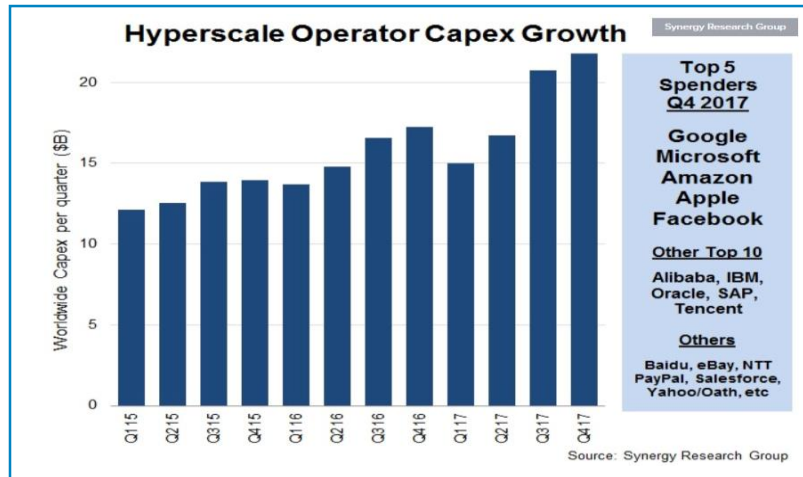


Strategic investments in Optical, GaN and Active Antenna technologies aimed at monetizing areas of strong secular industry growth

DISRUPTIVE TECHNOLOGIES

SECULAR INDUSTRY GROWTH			
	5G Telecom	Cloud Data Center	Global & Homeland Security
Optical	<ul style="list-style-type: none">> 25G Fronthaul> 100G Midhaul Transport> Coherent Metro/ Backhaul	<ul style="list-style-type: none">> 100G CWDM> 100, 200, 400G PAM-4	
GaN	<ul style="list-style-type: none">> Macrocell Basestations> M-MIMO Antennas> Millimeterwave Access Points		<ul style="list-style-type: none">> AESA Radar> Military Comms
Active Antennas	<ul style="list-style-type: none">> M-MIMO Antennas		<ul style="list-style-type: none">> SENSAR Air Traffic Control Radar> Civil Defense> Expeditionary & Mobile Radar

Cloud Data Center Connectivity



End Market Dynamics

- > Optical connectivity is a key factor in cloud service providers' data center performance and economics
- > Moore's Law defines pace of innovation and bandwidth requirements through the next decade
- > 100G CWDM4 ports expected to double in 2019 and approach 10 million units
- > 100G PAM-4 expected to proliferate in 2019
- > 200 and 400G to follow

Target Customers

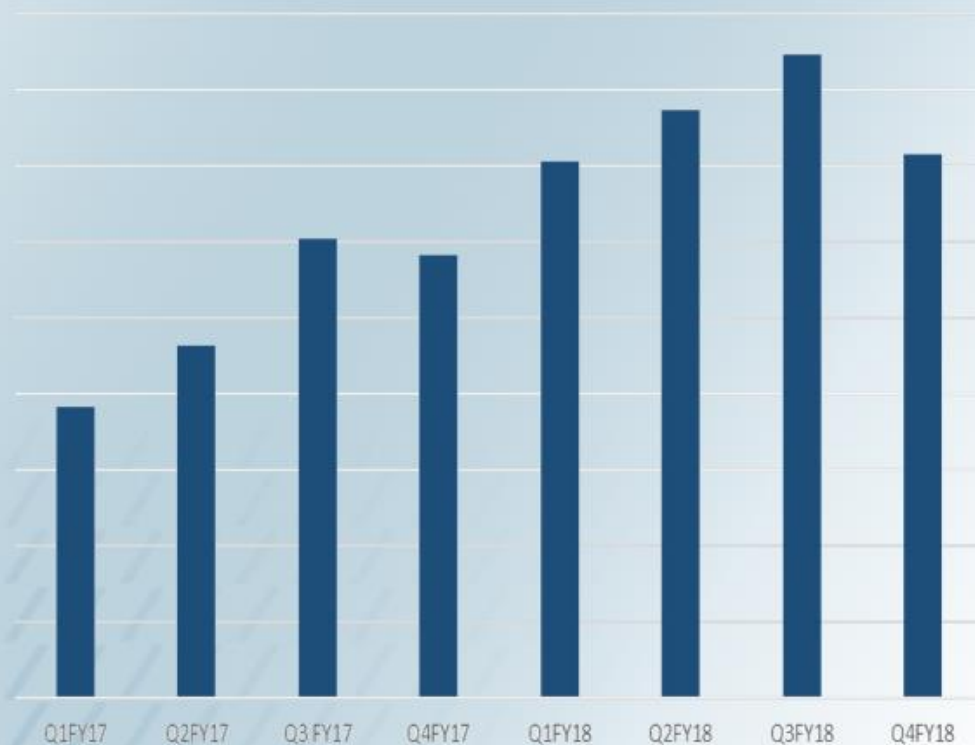




Sustained success in an exponentially growing market

Enabled 100G Port Count

100G modules enabled by HPA components



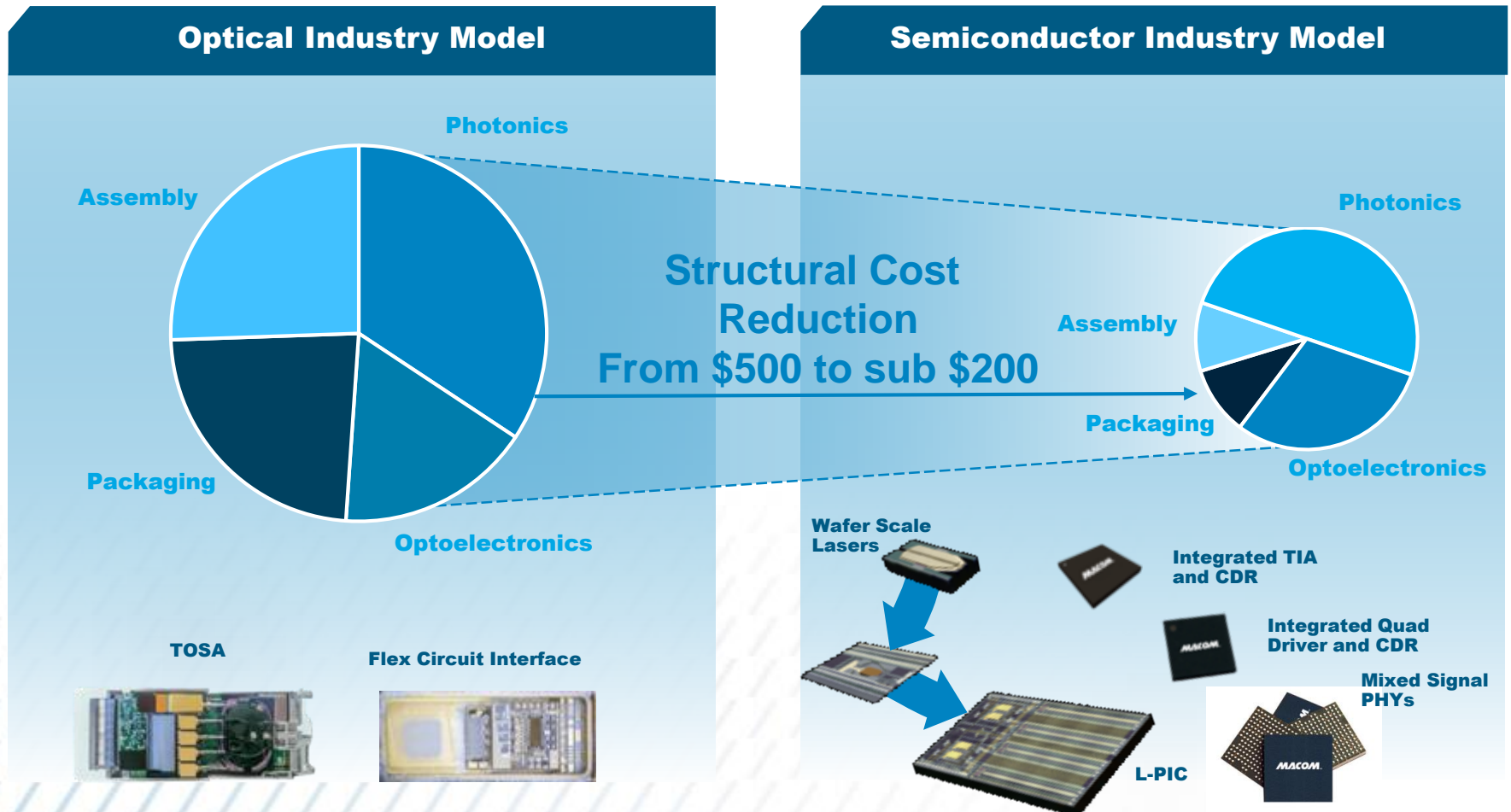
- > 6 Million in FY 18
- > 4 Million in FY 17
- > 1 Million in FY 16



Why We Win



Enabling Cloud Service Providers with the semiconductor industry economics, scale and supply chain flexibility

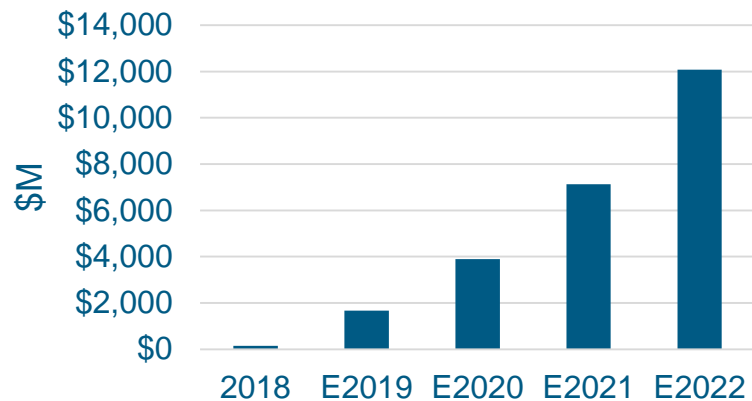


5G Telecom Networks

5G Telecom Networks - Market Overview

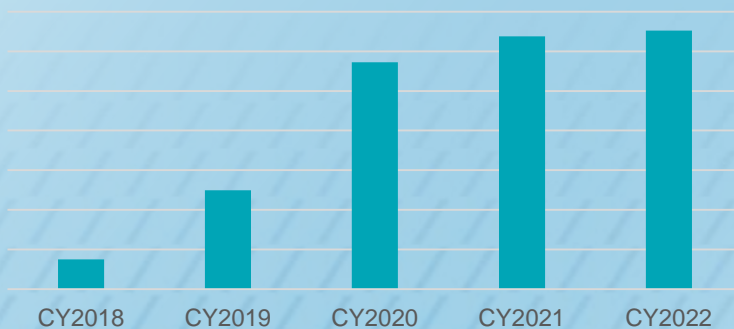
5G Buildout Timeline

5G Wireless Infra Capex



Source: Dell'Oro, Mobile RA Five Year Forecast, July 2018

Customer 5G Forecast



End Market Dynamics

RF & Wireless

- > Sub 6GHz M-MIMO Macro Basestations
- > 28-38GHz Access Points

Optical

- > 25G Fronthaul
- > 100G CWDM4/PAM-4 Midhaul
- > Coherent (Metro) Backhaul

Target Customers and Deployments





Based on prior generation buildouts, MACOM has a leadership position in requisite technologies and products for 5G optical and wireless networks

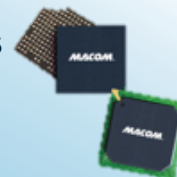
4G LTE

- > 10G Itemp Lasers
- > AlGaAs Switches
- > 38-42 GHz Point-to-Point



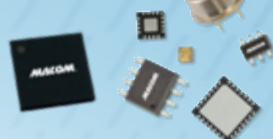
Cloud Data Center

- > CDRs, Drivers, TIAs
- > 25G DML Lasers
- > PAM-4 PHYs



S- and X-Band Radar

- > AlGaAs Switches
- > GaN Transistors
- > Front End Modules (FEMs)



100G Metro Long-Haul

- > Coherent Drivers and TIAs

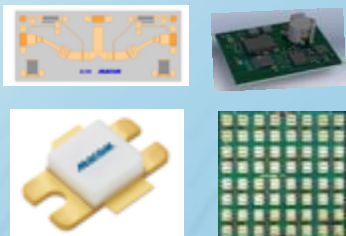




Based on prior generation buildouts, MACOM has a leadership position in requisite technologies and products for 5G optical and wireless networks

M-MIMO Antennas

- > GaN MMICs
- > AlGaAs Switches
- > SPAR™ Tiles



Access Points

- > AlGaAs Switches and Varactors



5G Optical

- > 25G Lasers
- > CWDM4, PAM-4 Solutions
- > Coherent Modulator Drivers



Global and Homeland Defense

Global and Homeland Defense Market Overview

Addressing Modern Threats at Home and Abroad

- > Weaponized Commercial Drones
- > Smart Munitions



End Market Dynamics

- > High profile with FAA, Dept of Defense, Dept of Homeland Security
- > Modernization and upgrade of fixed, mobile and expeditionary civil and defense radar infrastructure
- > Increasing security concerns around public venues and events

Target Customers and Agencies

Raytheon



BOEING



SAAB

SRC



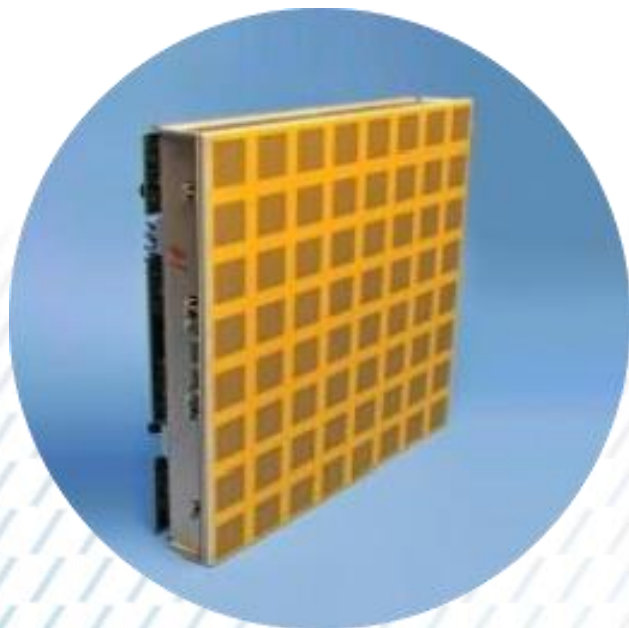
SENSR Overview

Spectrum Efficient National Surveillance Radar

MACOM™

Largest Radar Procurement in US History

- > Full scale prototypes expected in 2019/20
- > Production expected in 2021/22 completing in 2027
- > Deployed at ~400 sites



End Market Dynamics

- > Sponsored by the FAA, Dept of Defense, Dept of Homeland Security
- > MACOM and 4 prime contractors responded to RFI in October 2018 based on MACOM's SPAR™ Tiles
- > RFP expected August 2019
- > Full scale prototypes required in 2019/20 from each committed bid to support 2020/21 operational demo

Target Customers

Raytheon



BOEING



SAAB

SRC

Track Record of Success



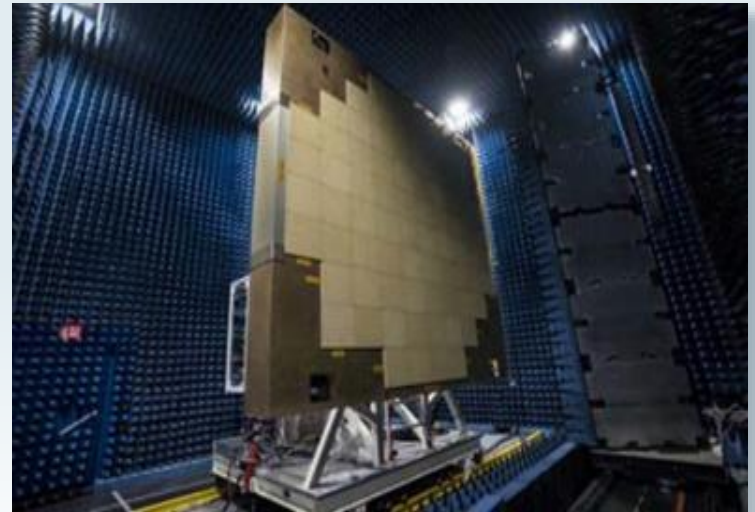
MACOM is in a unique position with an antenna technology that customers believe meets the technical requirements, the right economics and production readiness for requisite deployment timeline

- > 8 years of collaboration and innovation between MIT/Lincoln Labs and MACOM
- > Over \$100 million invested by FAA and NOAA

3 Years of Field Trials in Oklahoma



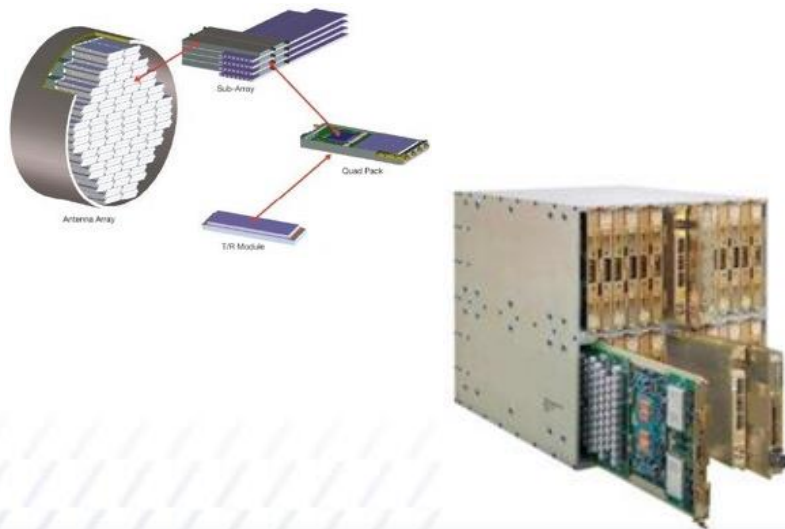
Advanced Technology Demonstrator



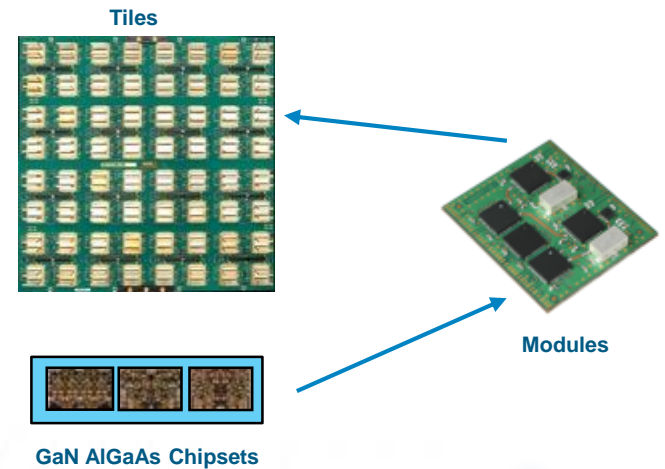


With deep roots in all semiconductor content MACOM SPAR™ Tiles deliver commercial cost structure for large scale deployments

Legacy AESA Technology



Automated Commercial Manufacturing




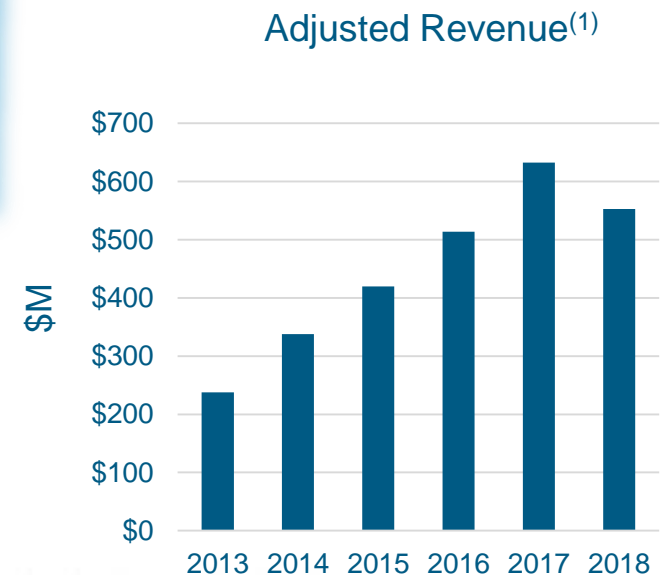
Financial Overview

Track Record of Demonstrated Growth



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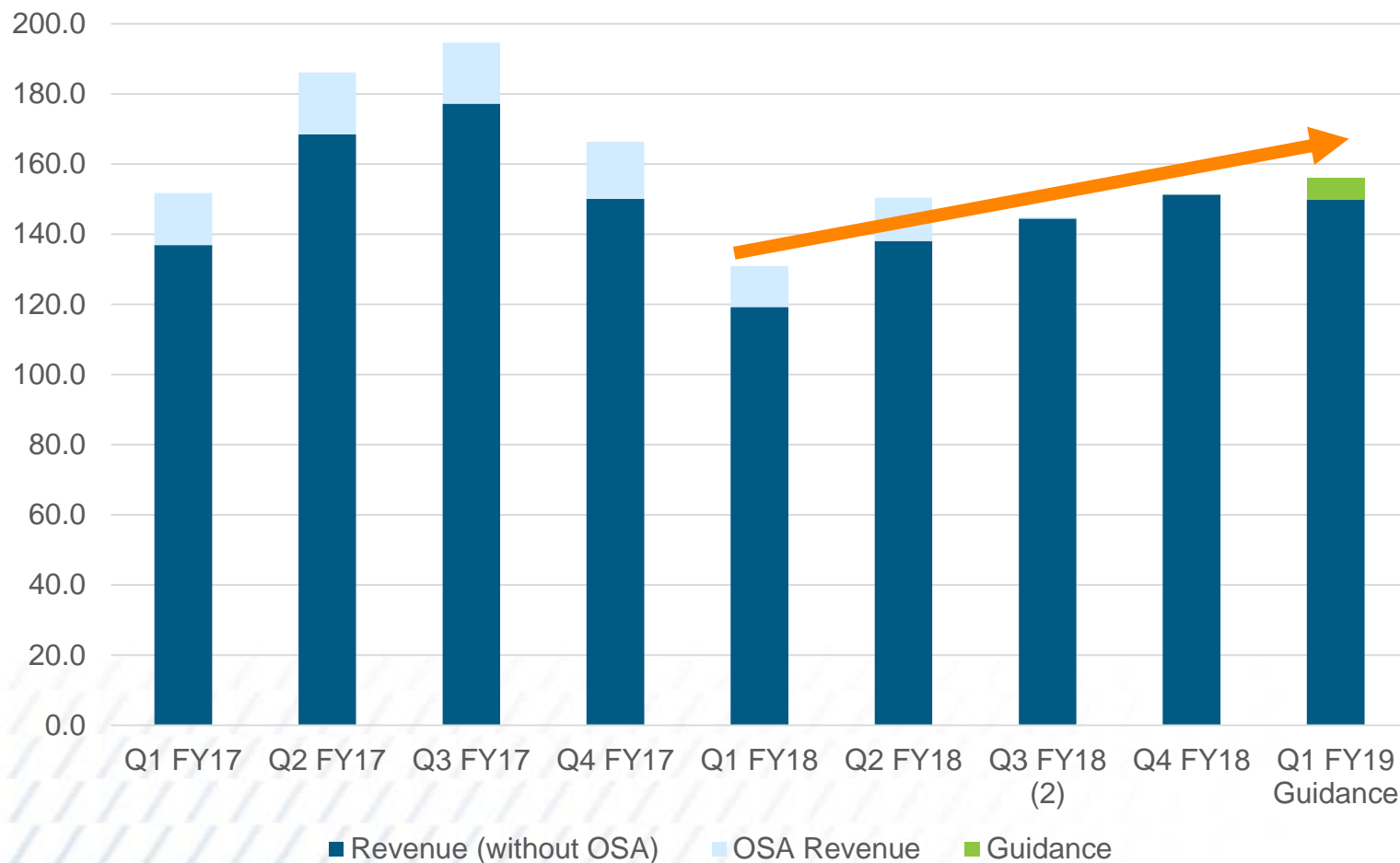
Sustained investment positions MACOM to resume growth in FY2019 fueled by next phase of infrastructure spending in Cloud Data Centers, 5G Telecom and Global and Homeland Security

(1) Adjusted Revenue in millions.

(2) Adjusted for Nitronex revenue prior to acquisition and other items.

Please see the appendix for a reconciliation of all Adjusted Non-GAAP measures presented to most comparable GAAP measures.

Revenue Performance⁽¹⁾



(1) Non-GAAP Financial Measure. Please see the appendix for a reconciliation to GAAP. Guidance is as of November 13, 2018 and is not updated or reaffirmed hereby.

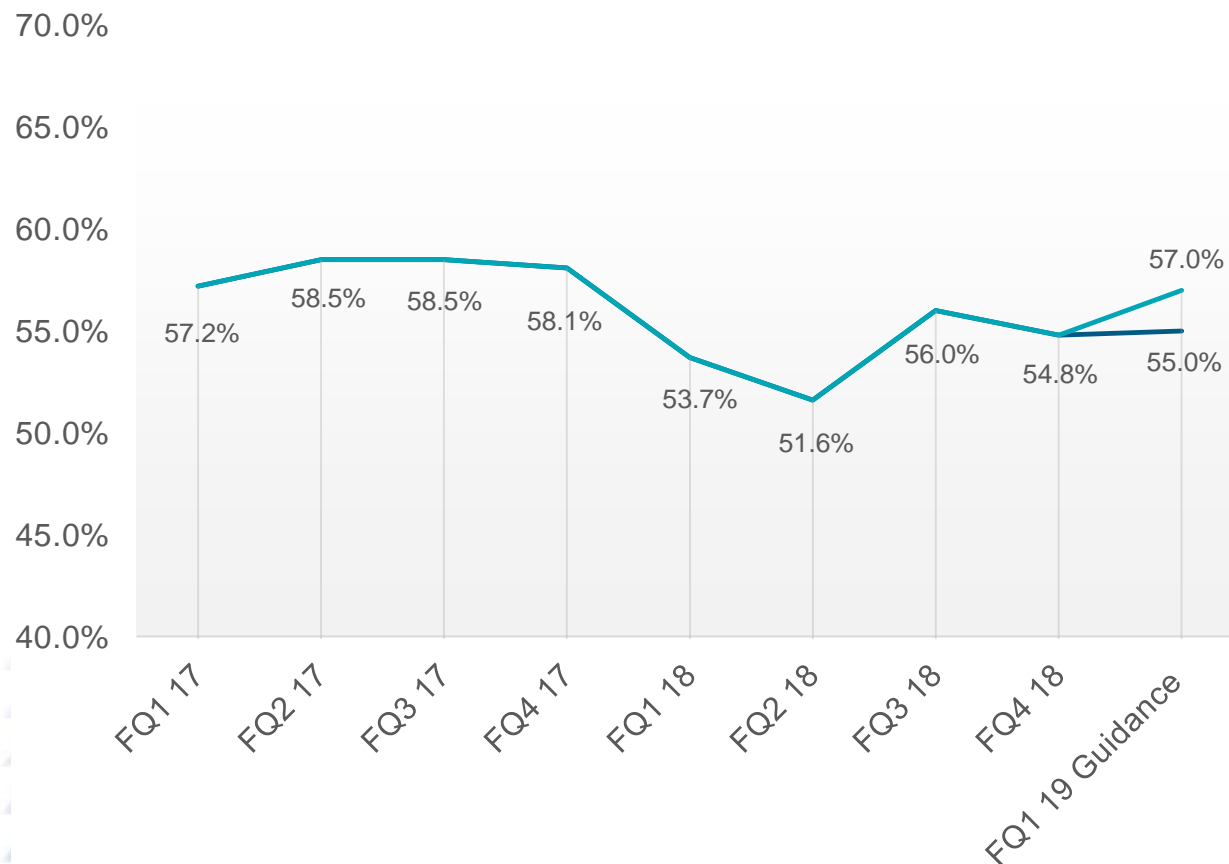
(2) Includes \$7.0 million of deferred revenue

Long-Term Target Operating Model



⁽¹⁾ Capital Expenditures – 8% to 10% of Revenue; Adjusted Operating Margins – 30% of Revenue

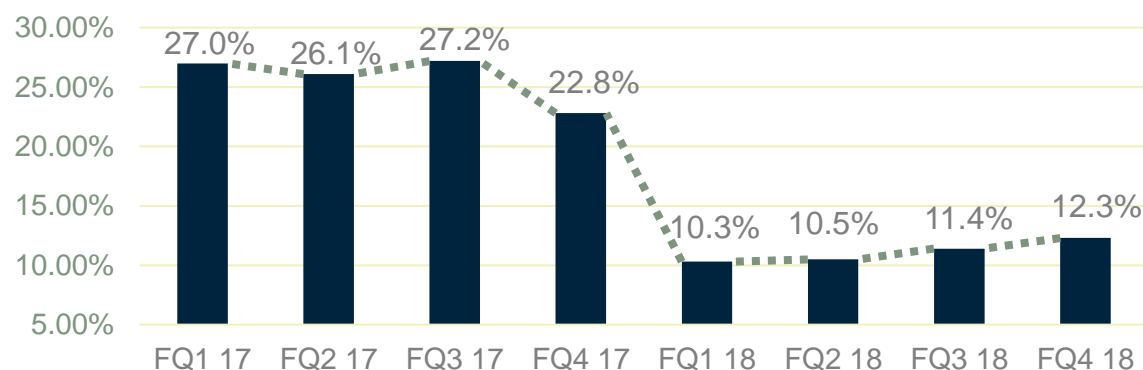
Adjusted Gross Margin Performance (1)



Continued focus
manufacturing cost
reductions

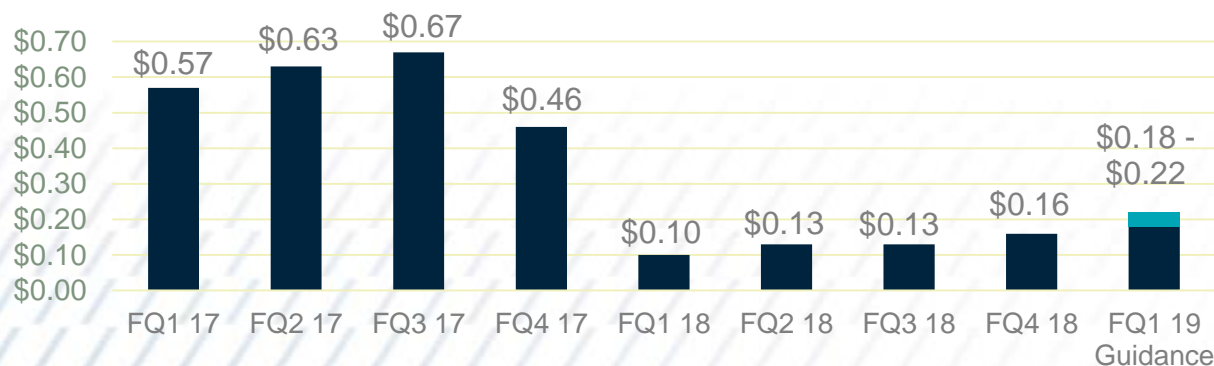
¹ Non-GAAP financial measure. Please see the appendix for reconciliation to GAAP. Guidance is as of November 13, 2018 and is not updated or reaffirmed hereby.

Adjusted Operating Income Margin ⁽¹⁾



Delivering adjusted EPS while continuing to invest

Adjusted EPS ⁽¹⁾



¹ Adjusted Operating Income Margin and Adjusted EPS are Non-GAAP financial measures. Non-GAAP financial measures are adjusted to include the effect, where applicable, of discontinued operations, intangible amortization expense, share-based compensation costs, impairment and restructuring charges, changes in common stock warrant liability, financing and litigation costs, acquisition and integration related costs, other costs and the tax effect of each adjustment. Please see the appendix for reconciliation to GAAP. Guidance is as of November 13, 2018 and is not updated or reaffirmed hereby.

Balance Sheet



(\$ in thousands)

(unaudited)

ASSETS		
	September 28, 2018	September 29, 2017
Current assets:		
Cash and cash equivalents	\$ 94,676	\$ 130,104
Short Term Investments	98,221	84,121
Accounts receivable, net	97,375	136,096
Inventories	122,837	136,074
Income tax receivable	17,601	18,493
Assets held for sale	4,840	35,571
Prepays and other current assets	23,311	22,438
Total current assets	458,861	562,897
Property and equipment, net	149,923	131,019
Goodwill & intangible assets	826,861	934,857
Deferred income taxes	2,272	948
Other investments	31,094	-
Other long term assets	13,484	7,402
Total assets	\$1,482,495	\$1,637,123

LIABILITIES AND STOCKHOLDERS' EQUITY		
	September 28, 2018	September 29, 2017
Current liabilities:		
Current portion of debt obligations	\$ 7,352	\$ 7,700
Liabilities held for sale	-	2,144
Accounts payable, accrued liabilities and other	99,653	107,275
Total current liabilities	107,005	117,119
Long-term debt obligations, less current portion	687,395	678,746
Common stock warrant liability	13,129	40,775
Deferred income taxes	389	15,172
Other long-term liabilities	5,902	7,937
Total liabilities	813,820	859,749
Total stockholders' equity	668,675	777,374
Total liabilities and stockholders' equity	\$1,482,495	\$1,637,123

Appendix

Non-GAAP Financial Measures



We make references in this presentation to certain financial information calculated on a basis other than in accordance with accounting principles generally accepted in the United States (GAAP) including non-GAAP revenue, non-GAAP gross profit non-GAAP gross margin and operating margin, non-GAAP earnings per share, non-GAAP income from operations and operating income, non-GAAP operating expenses, non-GAAP net income and net income margin, non-GAAP diluted shares, non-GAAP earnings per diluted share, adjusted EBITDA and free cash flow. We may alternatively refer to such non-GAAP measures as adjusted measures. These non-GAAP measures are provided as additional insight into on-going financial performance. This non-GAAP information excludes the effect, where applicable, of discontinued operations, intangible amortization expense, share-based compensation costs, impairment and restructuring charges, changes in common stock warrant liability, financing and litigation costs, acquisition and integration related costs, equity investment gains and losses, divested business losses, other costs and the tax effect of each adjustment. The non-GAAP information includes income associated with a consulting agreement that we entered into in connection with the Automotive divestiture which ended in August 2017.

Management believes that these excluded items are not reflective of our underlying performance. Management uses these non-GAAP financial measures to: evaluate our ongoing operating performance and compare it against prior periods, make operating decisions, forecast future periods, evaluate potential acquisitions, compare our operating performance against peer companies and assess certain compensation programs. The exclusion of these and other similar items from our non-GAAP financial results should not be interpreted as implying that these items are non-recurring, infrequent or unusual. We believe this non-GAAP financial information provides additional insight into our ongoing performance and have therefore chosen to provide this information to investors for a more consistent basis of comparison and to help them evaluate the results of our ongoing operations and enable more meaningful period-to-period comparisons. These non-GAAP measures 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 between GAAP and non-GAAP financial data is attached to this presentation. We have not provided a reconciliation with respect to any forward-looking non-GAAP financial data presented, because we do not have and cannot reliably estimate certain key inputs required to calculate the most comparable GAAP financial data, such as the future price per share of our common stock for purposes of calculating the value of our common stock warrant liability and share-based compensation costs, future acquisition costs, the possibility and impact of any litigation costs, changes in our GAAP effective tax rate, impairment charges and acquisition integration and other costs related to our acquisitions, which are difficult to predict and estimate. We believe these unknown inputs are likely to have a significant impact on any estimate of the comparable GAAP financial data.

Investors are cautioned against placing undue reliance on these non-GAAP financial measures and are urged to review and consider carefully the adjustments made by management to the most directly comparable GAAP financial measures to arrive at these non-GAAP financial measures. Non-GAAP financial measures may have limited value as analytical tools because they may exclude certain expenses that some investors consider important in evaluating our operating performance or ongoing business performance. Further, non-GAAP financial measures may have limited value for purposes of drawing comparisons between companies because different companies may calculate similarly titled non-GAAP financial measures in different ways because non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Reconciliation of GAAP to Non-GAAP Results



Reconciliation of GAAP to Non-GAAP Results

(\$ in thousands)

(unaudited)

	Three Months Ended							
	Q4FY18 9/28/18	Q3FY18 6/29/18	Q2FY18 3/30/18	Q1FY18 12/29/17	Q4FY17 9/29/17	Q3FY17 6/30/17	Q2FY17 3/31/17	Q1FY17 12/30/16
Revenue - GAAP	\$151,188	\$137,872	\$150,414	\$130,925	\$166,381	\$194,555	\$186,084	\$151,752
Deferred revenue	-	7,000	-	-	-	-	-	-
Revenue - non-GAAP	\$ 151,188	\$ 144,872	\$ 150,414	\$ 130,925	\$ 166,381	\$ 194,555	\$ 186,084	\$ 151,752
Gross Profit - GAAP	\$70,982	\$48,169	\$65,601	\$60,954	\$86,896	\$92,629	\$68,864	\$78,495
Amortization expense	8,515	8,593	8,173	8,146	8,592	8,416	7,277	6,001
Share-based and non-cash compensation	1,115	1,059	952	927	931	956	966	794
Impairment related charges	-	-	2,568	-	-	-	-	-
Acquisition, integration and restructuring related costs	1,176	93	358	338	208	11,736	31,793	1,546
Production and product line exits	1,000	16,165	-	-	-	-	-	-
Deferred revenue	-	7,000	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Gross Profit - non-GAAP	\$82,788	\$81,079	\$77,652	\$70,365	\$96,627	\$113,737	\$108,900	\$86,836
Gross Margin - non-GAAP	54.8%	56.0%	51.6%	53.7%	58.1%	58.5%	58.5%	57.2%
(Loss) income From Operations - GAAP	(\$17,488)	(\$42,644)	(\$23,396)	(\$22,993)	\$347	\$6,648	(\$33,616)	\$10,538
Amortization expense	20,953	21,676	19,926	19,139	19,585	19,248	14,440	12,468
Share-based and non-cash compensation	8,099	9,716	4,635	9,215	8,538	10,789	12,226	10,085
Impairment and restructuring charges	(36)	102	10,681	4,661	4,753	586	469	1,287
Litigation costs	982	997	781	746	675	569	780	262
Acquisition, integration and restructuring related costs	4,293	1,856	3,112	2,653	3,843	14,380	54,127	6,314
Production and product line exits	1,857	17,753	-	-	-	-	-	-
Deferred revenue	-	7,000	-	-	-	-	-	-
Other	-	-	-	-	218	719	183	2
Income From Operations - non-GAAP	\$18,660	\$16,456	\$15,739	\$13,421	\$37,959	\$52,939	\$48,609	\$40,956
Operating Income Margin - non-GAAP	12.3%	11.4%	10.5%	10.3%	22.8%	27.2%	26.1%	27.0%

Reconciliation of GAAP to Non-GAAP Results



Reconciliation of GAAP to Non-GAAP Results

(\$ in thousands)

(unaudited)

	Three Months Ended							
	Q4FY18 9/28/18	Q3FY18 6/29/18	Q2FY18 3/30/18	Q1FY18 12/29/17	Q4FY17 9/29/17	Q3FY17 6/30/17	Q2FY17 3/31/17	Q1FY17 12/30/16
Net (loss) Income - GAAP	(\$16,494)	(\$85,430)	(\$15,484)	(\$22,569)	(\$10,720)	(\$27,677)	(\$130,131)	(\$965)
Amortization expense	20,953	21,676	19,926	19,139	19,585	19,248	14,440	12,468
Share-based and non-cash compensation	8,099	9,716	4,635	9,215	8,538	10,789	12,226	10,085
Impairment and restructuring charges	(36)	102	10,681	4,661	4,753	586	469	1,287
Warrant liability (gain) expense	(2,750)	6,728	(17,015)	(14,608)	(13,958)	9,085	2,573	4,823
Non-cash interest	1,015	1,036	1,508	1,028	827	1,122	721	702
Litigation costs	982	997	781	746	675	569	780	261
Acquisition, integration and restructuring related costs	4,293	1,856	3,112	2,653	3,843	14,380	54,127	6,314
Production and product line exits	1,857	17,753	-	-	-	-	-	-
Discontinued Operations	378	220	18	5,599	12,594	15,575	(2,261)	669
Equity investment and sale of business losses	3,462	37,202	4,085	-	-	-	-	-
Deferred revenue	-	7,000	-	-	-	-	-	-
Other	-	-	-	-	218	1,856	1,055	2
Tax effect of non-GAAP adjustments	(11,235)	(10,232)	(3,762)	775	3,981	(1,653)	85,424	(3,810)
Net Income - non-GAAP	\$10,524	\$8,624	\$8,485	\$6,639	\$30,336	\$43,880	\$39,423	\$31,836
Net Income Margin - non-GAAP	7.0%	6.0%	5.6%	5.1%	18.2%	22.6%	21.2%	21.0%
Diluted shares - GAAP	65,648	64,920	65,132	65,109	64,243	64,019	60,813	53,737
Incremental stock options, warrants, restricted stock and units	236	725	478	500	1,687	1,916	2,031	1,875
Diluted shares - non-GAAP	65,884	65,645	65,610	65,609	65,930	65,935	62,844	55,612
Earnings per diluted share - GAAP	(0.29)	(1.32)	(0.50)	(0.57)	(0.38)	(0.43)	(2.14)	(0.02)
Earnings per diluted share - non-GAAP	0.16	0.13	0.13	0.10	0.46	0.67	0.63	0.57

Reconciliation of GAAP to Non-GAAP Results

Reconciliation of GAAP to Non-GAAP Results

(\$ in millions)

(unaudited)

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Revenue - GAAP	\$570.4	\$698.8	\$544.3	\$420.6	\$339.2	\$242.7
Nitronex prior to acquisition	0.0	0.0	0.0	0.0	(1.0)	(4.4)
Deferred revenue	7.0	0.0	0.0	0.0	0.0	0.0
Revenue - non-GAAP	\$577.4	\$698.8	\$544.3	\$420.6	\$338.1	\$238.3
Gross Profit - GAAP	\$245.7	\$326.9	\$281.6	\$203.6	\$140.9	\$109.2
Nitronex prior to acquisition	0.0	0.0	0.0	0.0	1.0	3.3
Amortization expense	33.4	30.3	26.6	27.3	18.3	1.9
Share-based and non-cash compensation	4.1	3.6	2.5	2.3	1.8	1.0
Impairment related charges	2.6	0.0	2.0	0.0	0.0	0.0
Acquisition, integration and restructuring related costs	2.0	45.3	3.6	7.1	20.3	0.0
Production and product line exits	17.2	0.0	0.0	0.0	0.0	0.0
Deferred revenue	7.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	1.6	1.5	0.0
Gross Profit - non-GAAP	\$311.9	\$406.1	\$316.4	\$241.8	\$183.7	\$115.4
Gross Margin - non-GAAP	54.0%	58.1%	58.1%	57.5%	54.3%	48.4%
(Loss) income From Operations - GAAP	(\$106.5)	(\$16.1)	\$13.2	\$10.1	(\$27.8)	\$7.7
Nitronex prior to acquisition	\$0.0	\$0.0	\$0.0	\$0.0	\$3.1	\$9.7
Amortization expense	\$81.7	\$65.7	\$50.3	\$39.0	\$20.1	\$3.2
Share-based and non-cash compensation	\$31.7	\$41.6	\$36.5	\$31.3	\$12.0	\$6.1
Impairment and restructuring charges	\$15.4	\$7.1	\$17.2	\$1.3	\$14.8	\$2.2
Litigation costs	\$3.5	\$2.3	\$2.2	\$0.9	\$1.6	\$9.2
Acquisition, integration and restructuring related costs	\$11.9	\$78.7	\$13.4	\$14.3	\$39.4	(\$0.6)
Production and product line exits	\$19.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred revenue	\$7.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$0.0	\$1.1	\$0.6	\$0.0	\$0.0	(\$0.6)
Income From Operations - non-GAAP	\$64.3	\$180.5	\$133.3	\$96.9	\$63.1	\$36.9
Depreciation expense	\$30.1	\$25.9	\$18.7	\$14.1	\$12.6	\$10.2
Consulting and other income	\$0.0	\$7.5	\$7.6	\$0.0	\$0.1	\$0.4
Adjusted EBITDA - non-GAAP	\$94.4	\$213.9	\$159.6	\$111.0	\$75.8	\$47.5
Operating Income Margin - non-GAAP	11.1%	25.8%	24.5%	23.0%	18.7%	15.5%

Note: MTSI's fiscal year end is the Friday closest to September 30th.

Reconciliation of GAAP to Non-GAAP Results

Reconciliation of GAAP to Non-GAAP Results

(\$ in millions)

(unaudited)

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Net Income (loss) - GAAP	(\$140.0)	(\$169.5)	\$1.4	\$48.6	(\$29.4)	\$18.2
Nitronex prior to acquisition	0.0	0.0	0.0	0.0	3.1	0.0
Amortization expense	81.7	65.7	50.3	39.0	16.4	2.0
Share-based and non-cash compensation	31.7	41.6	36.5	31.3	9.9	3.8
Impairment and restructuring charges	15.4	7.1	17.2	1.3	12.2	0.3
Warrant liability (gain) expense	(27.6)	2.5	16.4	6.0	3.9	4.3
Non-cash interest	4.6	3.4	1.7	1.7	2.5	0.2
Litigation costs	3.5	2.3	2.2	0.9	1.3	5.8
Acquisition, integration and restructuring related costs	11.9	78.7	13.4	12.3	25.1	0.0
Production and product line exits	19.6	0.0	0.0	0.0	0.0	0.0
Discontinued Operations	6.2	26.6	1.8	(54.1)	4.6	(6.7)
Exited leased facility costs	0.0	0.0	0.0	0.0	0.0	0.8
Transition services for divested businesses	0.0	0.0	0.0	(0.4)	(2.4)	0.0
Impairment of minority investment	0.0	0.0	0.0	3.5	0.0	0.0
Equity investment and sale of business losses	44.7	0.0	0.0	0.0	0.0	0.0
Deferred revenue	7.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	3.1	0.6	0.0	0.0	0.0
Tax effect of non-GAAP adjustments	(24.5)	83.9	(35.9)	(21.9)	(2.9)	0.0
Net Income - non-GAAP	\$34.3	\$145.5	\$105.5	\$68.1	\$44.2	\$28.7
Net Income Margin - non-GAAP	5.9%	20.8%	19.4%	16.2%	13.1%	12.0%
Diluted shares - GAAP	65.3	53.4	53.4	51.1	47.0	47.1
Incremental stock options, warrants, restricted stock and units	0.4	1.9	1.9	2.1	1.4	0.8
Diluted shares - non-GAAP	65.7	54.3	55.2	53.2	48.4	47.9
Earnings per diluted share - GAAP	(2.57)	(2.79)	0.03	0.95	(0.63)	0.39
Earnings per diluted share - non-GAAP	0.52	2.32	1.91	1.28	0.91	0.60

Note: MTSI's fiscal year end is the Friday closest to September 30th.

List of RF to Light Acronyms

AC: <i>alternating current</i>	DAC: <i>digital to analog convertor</i>	IC: <i>integrated circuit</i>	MPAR: <i>multi phased-array radar</i>	SMT: <i>surface mount technology</i>
Active antenna: <i>an antenna that contains active electronic components</i>	dB: <i>decibel</i>	IL: <i>insertion loss</i>	MTTF: <i>mean time to failure</i>	SNR: <i>signal to noise ratio</i>
ADC: <i>analog to digital convertor</i>	DCI: <i>datacenter interconnects</i>	InP: <i>indium phosphide</i>	mw: <i>milliwatt</i>	SoC: <i>system on chip</i>
AESA: <i>active electronically scanned array</i>	DOD: <i>Department of Defense</i>	IIP3: <i>input third order intercept point</i>	MW: <i>microwave</i>	SPAR: <i>scalable planar array</i>
AM: <i>amplitude modulation</i>	DPDT: <i>double pole double throw</i>	I/O: <i>input/output</i>	NF: <i>noise figure</i>	SPDT: <i>single pole, double throw</i>
APD: <i>avalanche photodiodes</i>	DSP: <i>digital signal processor</i>	IP: <i>intellectual property</i>	NIP: <i>N-type/intrinsic/P-type</i>	SPST: <i>single pole, single throw</i>
APS: <i>antenna positioning system</i>	EFT: <i>etched facet technology</i>	IP2: <i>second order intercept point</i>	NOAA: <i>National Oceanic and Atmospheric Administration</i>	SP3T: <i>single pole, three throw</i>
BER: <i>bit error rate</i>	ESA: <i>electronically steered array</i>	IP3: <i>third order intercept point</i>	OSA: <i>optical sub-assembly</i>	SS: <i>small signal</i>
BFN: <i>beam forming network</i>	ESD: <i>electrostatic charge</i>	KHz: <i>kilohertz</i>	P1dB: <i>power at one- db gain compression</i>	SSG: <i>small signal gain</i>
BiCMOS: <i>bipolar complementary metal oxide semiconductor</i>	EW: <i>electronic warfare</i>	LAN: <i>local area network</i>	PAE: <i>power added efficiency</i>	TIA: <i>transimpedance amplifier</i>
BJT: <i>bipolar junction transistor</i>	FAA: <i>Federal Aviation Administration</i>	LDMOS: <i>laterally diffused metal oxide semiconductor</i>	PAM: <i>pulse amplitude modulation</i>	T/R: <i>transmit receive</i>
BOM: <i>bill of materials</i>	FET: <i>field effect transistor</i>	LNA: <i>low noise amplifier</i>	PAM-4: <i>four pulse amplitude modulation</i>	TX: <i>transmit</i>
BW: <i>bandwidth</i>	FM: <i>frequency modulation</i>	LO: <i>local oscillator</i>	PIC: <i>photonic integrated circuit</i>	UHD: <i>ultra high definition</i>
CAGR: <i>compound annual growth rate</i>	FTTH: <i>fiber to the home</i>	L-PIC: <i>laser photonic integrated circuit</i>	PIN: <i>P-type/intrinsic/N-type</i>	VCO: <i>voltage controlled oscillator</i>
CDR: <i>clock data recovery</i>	FTTx: <i>fiber to the x</i>	MCM: <i>multi chip module</i>	PPM: <i>parts per million</i>	VPIN: <i>vertical PIN diode</i>
CMOS: <i>complementary metal-oxide semiconductor</i>	GaAs: <i>gallium arsenide</i>	MESFET: <i>metal field effect transistor</i>	PSM4: <i>four-lane parallel single mode</i>	VSCSEL: <i>vertical-cavity surface-emitting laser</i>
C/N: <i>carrier-to-noise ratio</i>	GaN: <i>gallium nitride</i>	MHz: <i>mega hertz</i>	SAEFT: <i>self-aligned etched facet technology</i>	VVA: <i>voltage-variable attenuator</i>
COB: <i>chip on board</i>	Gbps: <i>gigabyte per second</i>	MIMO: <i>multiple input multiple output</i>	SDI: <i>serial digital interface</i>	WB: <i>wideband</i>
COTS: <i>commercial off the shelf</i>	GHz: <i>gigahertz</i>	MLB: <i>multi layer board</i>	SDR: <i>software defined radio</i>	WIP: <i>work in progress</i>
CPRI: <i>common public radio interface</i>	HEMT: <i>high electron mobility transistor</i>	MMIC: <i>monolithic microwave integrated circuit</i>	Si: <i>silicon</i>	WLAN: <i>wireless local area network</i>
CW: <i>continuous wave</i>	HMIC: <i>heterolithic microwave integrated circuit</i>	mmW: <i>millimeter wave</i>	SiGe: <i>silicon germanium</i>	
	HPA: <i>high power amplifier or high performance analog</i>	MOSFET: <i>metal/ oxide/ semiconductor field effect transistor</i>	SMD: <i>surface mount device</i>	

THANK YOU