

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 25, 2017

MACOM Technology Solutions Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-35451
(Commission
File Number)

27-0306875
(I.R.S. Employer
Identification No.)

100 Chelmsford Street
Lowell, Massachusetts
(Address of principal executive offices)

01851
(Zip Code)

Registrant's telephone number, including area code: (978) 656-2500

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On April 25, 2017, MACOM Technology Solutions Holdings, Inc. (the “Company”) issued a press release reporting its results of operations for the fiscal second quarter ended March 31, 2017. A copy of the press release is furnished as Exhibit 99.1 to this report.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Description |
|-----------------------|---|
| 99.1 | Press Release, dated April 25, 2017, announcing results of operations for the fiscal second quarter ended March 31, 2017. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MACOM TECHNOLOGY SOLUTIONS
HOLDINGS, INC.**

Dated: April 25, 2017

By: /s/ Robert J. McMullan

Robert J. McMullan

Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

| Exhibit Number | Description |
|-----------------------|---|
| 99.1 | Press Release, dated April 25, 2017, announcing results of operations for the fiscal second quarter ended March 31, 2017. |

MACOM Reports Fiscal Second Quarter 2017 Financial Results

LOWELL, MA, April 25, 2017 - MACOM Technology Solutions Holdings, Inc. (NASDAQ: MTSI) (“MACOM”), a leading supplier of high-performance RF, microwave, millimeterwave and lightwave semiconductor products, today announced its financial results for its fiscal second quarter ended March 31, 2017.

Second Quarter Fiscal Year 2017 GAAP Results

- Revenue was \$186.1 million, an increase of 39.3%, compared to \$133.6 million in the previous year fiscal second quarter and an increase of 22.6% compared to \$151.8 million in the prior fiscal quarter;
- Gross profit was \$68.9 million, an increase of 5.1%, compared to \$65.5 million in the previous year fiscal second quarter and a decrease of 12.3% compared to \$78.5 million in the prior fiscal quarter;
- Gross margin was 37.0%, compared to 49.1% in the previous year fiscal second quarter and 51.7% in the prior fiscal quarter;
- Operating loss was \$33.6 million, compared to \$7.2 million in the previous year fiscal second quarter and operating income of \$10.5 million in the prior fiscal quarter; and
- Net loss from continuing operations was \$134.3 million, resulting in \$2.21 loss per diluted share, compared to a net loss from continuing operations of \$12.0 million, or \$0.23 loss per diluted share, in the previous year fiscal second quarter and net loss from continuing operations of \$2.2 million, or \$0.04 loss per diluted share, in the prior fiscal quarter.
- The net loss from continuing operations of \$134.3 million for the fiscal second quarter of 2017 includes expenses related to the January 26, 2017 acquisition of Applied Micro Circuits Corporation (“AppliedMicro”) such as the amortization of inventory stepped up to fair value, recorded as cost of revenue, transaction expenses and change in control payments to former AppliedMicro employees, recorded as selling general and administrative expenses, as well as establishing a deferred tax asset valuation allowance of \$88.0 million, recorded as income tax expense.

Second Quarter Fiscal Year 2017 Adjusted Non-GAAP Results

- Adjusted gross margin was 58.5%, compared to 58.1% in the previous year fiscal second quarter and 57.2% in the prior fiscal quarter;
- Adjusted operating income was \$48.6 million, or 26.1% of revenue, compared to \$32.4 million, or 24.3% of revenue, in the previous year fiscal second quarter and \$41.0 million, or 27.0% of revenue, in the prior fiscal quarter;
- Adjusted net income was \$39.4 million, or \$0.63 per diluted share, compared to adjusted net income of \$25.7 million, or \$0.46 per diluted share, in the previous year fiscal second quarter and adjusted net income of \$31.8 million, or \$0.57 per diluted share, in the prior fiscal quarter; and
- Adjusted EBITDA was \$56.7 million, compared to \$39.0 million for the previous year fiscal second quarter and \$48.4 million for the prior fiscal quarter.

Management Commentary

John Croteau, MACOM's President and Chief Executive Officer, stated, “We had yet another quarter of solid execution, achieving the top end of guidance for revenue and adjusted earnings per share. Aerospace & Defense and Multi-market were both up sequentially and year on year.

Networks was also up sequentially with and without the contribution of Applied Micro, with strong growth in Cloud Data Centers more than offsetting cyclical weakness in our carrier-based optical businesses. We are excited

about the opportunity in Cloud Data Centers which is now a separate and distinct secular growth driver for MACOM and believe we are uniquely positioned in one of the highest growth markets of the electronics industry.”

Mr. Croteau concluded, “Also during the quarter, the AppliedMicro integration has gone exceptionally well. The opportunity for our combined businesses has exceeded our expectations, elevating our strategic status at many of the Cloud Data Center customers.”

Business Outlook

For the fiscal third quarter ending June 30, 2017, we expect revenue to be in the range of \$194 million to \$198 million. Adjusted gross margin is expected to be between 58% and 61%, and adjusted earnings per share between \$0.67 and \$0.71, on an anticipated 66.3 million fully diluted shares outstanding.

Conference Call

MACOM will host a conference call on Tuesday, April 25, 2017 at 5:00 p.m. Eastern Time to discuss its fiscal second quarter 2017 financial results and business outlook. Investors and analysts may join the conference call by dialing 1-877-837-3908 and providing the passcode 2993987.

International callers may join the teleconference by dialing +1-973-872-3000 and entering the same passcode at the prompt. A telephone replay of the call will be made available beginning two hours after the call and will remain available for five business days. The replay number is 1-855-859-2056 with a passcode of 2993987. International callers should dial +1-404-537-3406 and enter the same passcode at the prompt.

Additionally, this conference call will be broadcast live over the Internet and can be accessed by all interested parties in the Investors section of MACOM's website at <http://www.macom.com>. To listen to the live call, please go to the Investors section of MACOM's website and click on the conference call link at least fifteen minutes prior to the start of the conference call. For those unable to participate during the live broadcast, a replay will be available shortly after the call and will remain available for approximately 30 days.

About MACOM

MACOM enables a better-connected and safer world by delivering breakthrough semiconductor technologies for optical, wireless and satellite networks that satisfy society's insatiable demand for information.

Today, MACOM powers the infrastructure that millions of lives and livelihoods depend on every minute to communicate, transact business, travel, stay informed and be entertained. Our technology increases the speed and coverage of the mobile Internet and enables fiber optic networks to carry previously unimaginable volumes of traffic to businesses, homes and datacenters.

Keeping us all safe, MACOM technology enables next-generation radars for air traffic control and weather forecasting, as well as mission success on the modern networked battlefield.

MACOM is the partner of choice to the world's leading communications infrastructure, aerospace and defense companies, helping solve their most complex challenges in areas including network capacity, signal coverage, energy efficiency and field reliability, through its best-in-class team and broad portfolio of RF, microwave, millimeterwave and lightwave semiconductor products.

MACOM is a pillar of the semiconductor industry, thriving for more than 60 years of daring to change the world for the better, through bold technological strokes that deliver true competitive advantage to customers and superior value to investors.

Headquartered in Lowell, Massachusetts, MACOM is certified to the ISO9001 international quality standard and ISO14001 environmental management standard. MACOM has design centers and sales offices throughout North America, Europe, Asia and Australia.

MACOM, M/A-COM, M/A-COM Technology Solutions, M/A-COM Tech, Partners in RF & Microwave and related logos are trademarks of MACOM. All other trademarks are the property of their respective owners. For more information about MACOM, please visit www.macom.com follow [@MACOMtweets](https://twitter.com/MACOMtweets) on Twitter, join MACOM on [LinkedIn](https://www.linkedin.com/company/macom) or visit the MACOM [YouTube Channel](https://www.youtube.com/channel/UC...).

Special Note Regarding Forward-Looking Statements

This press release and our commentary in our conference call held today each contain forward-looking statements based on MACOM management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include, among others, information concerning our stated business outlook and future results of operations, the opportunity for the combined AppliedMicro and MACOM business in Cloud Data Centers and elsewhere, our plans to divest AppliedMicro's Compute business, our positioning and growth aspirations in Aerospace & Defense, Multi-market, Cloud Data Centers and the electronics industry generally, our expectations as to the growth prospects of the Cloud Data Center market, our GaN strategy and expectations for execution on that strategy, the expected outcome of our ongoing litigation against Infineon and any other statements regarding future trends, business strategies, competitive position, industry conditions, acquisitions 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.

Forward-looking statements contained in this press release 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, GaN technology and Active Antennas, the potential that we are unable to timely deliver the quantities of our products targeting Cloud Data Center 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 Huawei, Cisco or any or all of our large OEM customers based on seasonal effects, regulatory action or inaction, macro-economic weakness or otherwise, 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, 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 and other anticipated benefits of our previously announced GaN intellectual property licensing program, 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, Active Antennas, SPAR tiles, GaN, InP lasers 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 its Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2016, as filed with the SEC on February 1, 2017, and its Annual Report on Form 10-K for the fiscal year ended September 30, 2016, as filed on November 17, 2016. MACOM undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Discussion Regarding the Use of Historical and Forward-Looking Non-GAAP Financial Measures

In addition to GAAP reporting, MACOM provides investors with financial measures that have not been calculated in accordance with United States Generally Accepted Accounting Principles ("GAAP"), such as: non-GAAP gross profit and gross margin, non-GAAP income from operations and operating margin, non-GAAP operating expenses, non-GAAP net income, non-GAAP diluted earnings per share, adjusted EBITDA, and Free Cash Flow. From time to time in this release or elsewhere, we may alternatively refer to such non-GAAP measures as "adjusted" measures. 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, other costs and the tax effect of each adjustment. The non-GAAP information includes consulting agreement related income associated with the Automotive divestiture.

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 included in the supplemental financial data attached to this press release. 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, future acquisition costs, the possibility and impact of any litigation costs, changes in our GAAP effective tax rate and impairment charges. 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.

Additional information and management's assessment regarding why certain items are excluded from our Non-GAAP measures are summarized below:

Amortization Expense - is related to acquired intangible assets which are based upon valuation methodologies, and are generally amortized over the expected life of the intangible asset at the time of acquisition, which may result in amortization amounts that vary over time. The expense is not considered by management in making operating decisions, and the expense is non-cash.

Share-Based and Non-cash Compensation Expense - includes share based compensation including awards that are equity and liability classified on our balance sheet as well as non-cash compensation expense primarily associated with amounts due to employees of an acquired business that were placed in escrow at the time of the acquisition and amortized as expense over a 2-year period. Share Based Compensation expense is partially outside of our control due to factors such as stock price volatility and interest rates, which may be unrelated to our operating performance during the period in which the expense is incurred. It is an expense based upon valuation methodologies and assumptions that vary over time, and the amount of the expense can vary significantly between companies due to factors that can be outside of their control. Share-based and non-cash compensation expense amounts are not considered by management in making operating decisions.

Impairment Charges - includes expenses associated with our strategic decision to exit a product line and end programs with a license and technology transfer as well as certain related fixed assets and inventory. We believe these charges are one-time in nature and are not correlated to future business operations and including such charges does not reflect our ongoing operations.

Restructuring Charges - includes amounts primarily associated with approved plans to reduce staffing and manufacturing or administrative footprints. We believe these amounts are not correlated to future business operations and including such charges does not reflect our ongoing operations.

Warrant Liability Expenses/Gains - are associated with mark-to-market fair value adjustments which are largely based on the value of our common stock, which may vary from period to period due to factors such as stock price volatility. We believe these amounts are not correlated to future business operations and including such charges does not reflect our ongoing operations.

Non Cash Interest, Net - includes amounts associated with the amortization of certain fees associated with the establishment or amendment of our Credit Agreement and Term Loans that are being amortized over the life of the agreement. We believe these amounts are non-cash in nature and not correlated to future business operations and including such charges does not reflect our ongoing operations.

Litigation Costs - includes gains, losses and expenses related to the resolution of other-than-ordinary-course threatened and actually filed lawsuits and other-than-ordinary-course contractual disputes and legal matters. We exclude these gains and losses because they are not considered by management in making operating decisions. We believe such gains, losses and expenses do not necessarily reflect the performance of our ongoing operations for the period in which such charges are recognized and the amount of such gains or losses and expenses can vary significantly between companies and make comparisons less reliable.

Acquisition and Integration Related Costs - includes such items as professional fees incurred in connection with pre-acquisition and integration specific activities, post-acquisition employee retention amounts, contingent consideration adjustments, severance and other amounts accrued or paid to terminated employees of acquired businesses, costs including salaries incurred which are not expected to have a continuing contribution to operations or are expected to have a diminishing contribution during the integration period and the amortization of the fair market step-up value of acquired inventory and fixed assets. We believe the exclusion of these items is useful in providing management a basis to evaluate ongoing operating activities and strategic decision making.

Discontinued Operations excluding consulting income - includes the profit and loss amounts of discontinued operations, with the exception of consulting income associated with a consulting agreement we entered into at the time of our Automotive business divestiture. We believe excluding gains and losses associated with historically divested businesses from our net income provides management with a comparable basis to our current ongoing operating activities. We do not exclude the consulting agreement income classified as discontinued operations

because management views this income as part of our ongoing operations and correlated with future operations since we both derive income and incur ongoing costs associated with the consulting services available under the consulting agreement.

Other - primarily include transaction expenses incurred as part of our Credit Agreement Amendments in the fourth fiscal quarter of 2016 and the second fiscal quarter of 2017. We believe these amounts are not correlated to future business operations and including such charges does not reflect our ongoing operations.

Tax Effect of Non-GAAP Adjustments - adjustments to arrive at an estimate of our Adjusted Non-GAAP tax rate associated with our Adjusted Non-GAAP income over a period of time. We determine our Adjusted Non-GAAP income tax rate by using applicable rates in taxing jurisdictions and assessing certain factors including our historical and forecast earnings by jurisdiction, discrete items, cash taxes paid in relation to our Adjusted Non-GAAP Net Income before income taxes and our ability to realize tax assets. We generally assess this Adjusted Non-GAAP income tax rate quarterly and have utilized 10% for our second fiscal quarter of 2017, 12% for our first fiscal quarter of 2017 and 15% for our fiscal year 2016. Our historical effective income tax rate under GAAP has varied significantly from our Adjusted Non-GAAP income tax rate. Items that have historically resulted in significant difference between our effective income tax rate under GAAP and our Adjusted Non-GAAP income tax rate include changes in fair values of the common stock warrant liability, which is excluded from our Adjusted Non-GAAP net Income and is neither deductible nor taxable for tax purposes, income taxed in foreign jurisdictions at generally lower tax rates, non-deductible compensation, research and development tax credits and merger expenses, as well as the establishment of a valuation allowance against our U.S. deferred tax assets during the three months ended March 31, 2017. We believe it is beneficial for our management to review our Adjusted Non-GAAP income tax rate on a consistent basis over periods of time. Items such as those noted above may have a significant impact on our U.S. GAAP income tax expense and associated effective tax rate over time. Our Adjusted Non-GAAP income tax rate is an estimate, and may differ from our effective income tax rate determined under GAAP.

Adjusted EBITDA - is a calculation that adds depreciation expense and consulting agreement income to our Adjusted Non-GAAP Income from Operations. Adjusted EBITDA is a measure that management reviews and utilizes for operational analysis purposes. We believe competitors and others in the financial industry utilize this Non-GAAP measure for analysis purposes.

Free Cash Flow - is a calculation that starts with cash flow from operating activities, reduces this amount by our capital expenditures in the applicable period and adds AppliedMicro transaction related payments. Free Cash Flow is a measure that management reviews and utilizes for cash flow analysis purposes. We believe competitors and others in the financial industry utilize this Non-GAAP measure for analyzing a company's cash flow.

* * *

Company Contact:

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MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share data)

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|----------------------|------------------|-------------------|------------------|
| | March 31, 2017 | December 30, 2016 | April 1, 2016 | March 31, 2017 | April 1, 2016 |
| Revenue | \$ 186,084 | \$ 151,752 | \$ 133,579 | \$ 337,836 | \$ 249,353 |
| Cost of revenue | 117,220 | 73,257 | 68,054 | 190,477 | 123,510 |
| Gross profit | 68,864 | 78,495 | 65,525 | 147,359 | 125,843 |
| Operating expenses: | | | | | |
| Research and development | 39,685 | 30,174 | 26,203 | 69,859 | 51,525 |
| Selling, general and administrative | 62,326 | 36,496 | 34,617 | 98,821 | 69,303 |
| Impairment charges | — | — | 11,005 | — | 11,005 |
| Restructuring charges | 469 | 1,287 | 851 | 1,757 | 1,008 |
| Total operating expenses | 102,480 | 67,957 | 72,676 | 170,437 | 132,841 |
| Income from operations | (33,616) | 10,538 | (7,151) | (23,078) | (6,998) |
| Other income (expense): | | | | | |
| Warrant liability expense | (2,573) | (4,823) | (4,201) | (7,395) | (19,079) |
| Interest expense, net | (7,374) | (7,350) | (4,408) | (14,724) | (8,754) |
| Other (expense) income, net | (899) | (4) | (81) | (904) | 19 |
| Total other expense | (10,846) | (12,177) | (8,690) | (23,023) | (27,814) |
| Loss before income taxes | (44,462) | (1,639) | (15,841) | (46,101) | (34,812) |
| Income tax expense (benefit) | 89,805 | 532 | (3,796) | 90,337 | (5,997) |
| (Loss) income from continuing operations | (134,267) | (2,171) | (12,045) | (136,438) | (28,815) |
| Income from discontinued operations | 4,136 | 1,206 | 1,396 | 5,342 | 2,595 |
| Net (loss) income | \$ (130,131) | \$ (965) | \$ (10,649) | \$ (131,096) | \$ (26,220) |
| Net (loss) income per share: | | | | | |
| Basic: | | | | | |
| (Loss) income from continuing operations | \$ (2.21) | \$ (0.04) | \$ (0.23) | \$ (2.38) | \$ (0.54) |
| Income from discontinued operations | 0.07 | 0.02 | 0.03 | 0.09 | 0.05 |
| (Loss) income per share - basic | \$ (2.14) | \$ (0.02) | \$ (0.20) | \$ (2.29) | \$ (0.49) |
| Diluted: | | | | | |
| (Loss) income from continuing operations | \$ (2.21) | \$ (0.04) | \$ (0.23) | \$ (2.38) | \$ (0.54) |
| Income from discontinued operations | 0.07 | 0.02 | 0.03 | 0.09 | 0.05 |
| (Loss) income per share - diluted | \$ (2.14) | \$ (0.02) | \$ (0.20) | \$ (2.29) | \$ (0.49) |
| Shares - Basic | 60,813 | 53,737 | 53,228 | 57,276 | 53,122 |
| Shares - Diluted | 60,813 | 53,737 | 53,228 | 57,276 | 53,122 |

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in thousands)

| | March 31, 2017 | September 30, 2016 |
|---|-----------------------|-------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 112,615 | \$ 332,977 |
| Short term investments | 31,571 | 23,776 |
| Accounts receivable, net | 127,709 | 108,331 |
| Inventories | 139,622 | 114,935 |
| Income tax receivable | 20,199 | 21,607 |
| Assets held for sale, current | 30,652 | — |
| Prepays and other current assets | 17,805 | 11,318 |
| Total current assets | 480,173 | 612,944 |
| Property and equipment, net | 118,518 | 99,167 |
| Goodwill and intangible assets, net | 948,761 | 379,626 |
| Deferred income taxes | 1,941 | 89,606 |
| Other long-term assets | 6,339 | 7,208 |
| TOTAL ASSETS | \$ 1,555,732 | \$ 1,188,551 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current portion of lease payable | \$ 991 | \$ 1,152 |
| Current portion of long-term debt obligations | 6,051 | 6,051 |
| Liabilities held for sale | 6,869 | — |
| Accounts payable, accrued liabilities and other | 92,186 | 84,947 |
| Total current liabilities | 106,097 | 92,150 |
| Lease payable, less current portion | 14,036 | 2,463 |
| Long-term debt obligations, less current portion | 572,180 | 573,882 |
| Common stock warrant liability | 45,648 | 38,253 |
| Deferred income taxes | 10,116 | 11,765 |
| Other long-term liabilities | 7,537 | 7,254 |
| Total liabilities | 755,614 | 725,767 |
| Stockholders' equity | 800,118 | 462,784 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 1,555,732 | \$ 1,188,551 |

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Six Months Ended | |
|--|-------------------------|----------------------|
| | March 31, 2017 | April 1, 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (131,096) | \$ (26,220) |
| Adjustments to reconcile loss to net operating cash | 168,083 | 77,452 |
| Change in operating assets and liabilities | (16,148) | (16,134) |
| Net cash provided by operating activities | <u>20,839</u> | <u>35,098</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of businesses, net | (229,423) | (85,516) |
| Purchases, sales and maturities of investments | (7,939) | 15,596 |
| Proceeds from discontinued operations | 3,750 | 3,750 |
| Sale of businesses | 18,020 | — |
| Proceeds from sale of assets | 215 | — |
| Purchases of property and equipment | (16,295) | (16,962) |
| Acquisition of intellectual property | — | (777) |
| Net cash used in investing activities | <u>(231,672)</u> | <u>(83,909)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from corporate facility financing obligation | 4,250 | — |
| Payments of notes payable and assumed debt | (3,644) | (10,870) |
| Proceeds from stock option exercises and employee stock purchases | 2,688 | 3,071 |
| Repurchase of common stock | (10,027) | (6,152) |
| Other adjustments | (2,517) | (1,195) |
| Net cash provided by (used in) financing activities | <u>(9,250)</u> | <u>(15,146)</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (279) | (168) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | <u>(220,362)</u> | <u>(64,125)</u> |
| CASH AND CASH EQUIVALENTS — Beginning of period | 332,977 | 122,312 |
| CASH AND CASH EQUIVALENTS — End of period | <u>\$ 112,615</u> | <u>\$ 58,187</u> |
| Supplemental disclosure of non-cash activities | | |
| Issuance of common stock in connection with the AppliedMicro Acquisition | 465,082 | — |

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(unaudited and in thousands, except per share data)

| | Three Months Ended | | | | | | Six Months Ended | | | | | |
|---|--------------------|-----------|-------------------|-----------|---------------|-----------|------------------|-----------|---------------|-----------|--|--|
| | March 31, 2017 | | December 30, 2016 | | April 1, 2016 | | March 31, 2017 | | April 1, 2016 | | | |
| | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | | |
| Gross profit - GAAP | \$ 68,864 | 37.0 | \$ 78,495 | 51.7 | \$ 65,525 | 49.1 | \$ 147,359 | 43.6 | \$ 125,843 | 50.5 | | |
| Amortization expense | 7,277 | 3.9 | 6,001 | 4.0 | 6,642 | 5.0 | 13,279 | 3.9 | 13,809 | 5.5 | | |
| Share-based and non-cash compensation | 966 | 0.5 | 794 | 0.5 | 691 | 0.5 | 1,760 | 0.5 | 1,233 | 0.5 | | |
| Impairment and restructuring charges | — | — | — | — | 1,950 | 1.5 | — | — | 1,950 | 0.8 | | |
| Acquisition and integration related costs | 31,793 | 17.1 | 1,546 | 1.0 | 2,748 | 2.1 | 33,339 | 9.9 | 2,680 | 1.1 | | |
| Adjusted gross profit (Non-GAAP) | \$ 108,900 | 58.5 | \$ 86,836 | 57.2 | \$ 77,556 | 58.1 | \$ 195,737 | 57.9 | \$ 145,515 | 58.4 | | |

| | Three Months Ended | | | | | | Six Months Ended | | | | | |
|---|--------------------|-----------|-------------------|-----------|---------------|-----------|------------------|-----------|---------------|-----------|--|--|
| | March 31, 2017 | | December 30, 2016 | | April 1, 2016 | | March 31, 2017 | | April 1, 2016 | | | |
| | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | | |
| Operating expenses - GAAP | \$ 102,480 | 55.1 | \$ 67,957 | 44.8 | \$ 72,676 | 54.4 | \$ 170,437 | 50.4 | \$ 132,841 | 53.3 | | |
| Amortization expense | (7,163) | (3.8) | (6,467) | (4.3) | (6,304) | (4.7) | (13,630) | (4.0) | (10,727) | (4.3) | | |
| Share-based and non-cash compensation | (11,260) | (6.1) | (9,291) | (6.1) | (7,718) | (5.8) | (20,551) | (6.1) | (18,599) | (7.5) | | |
| Impairment and restructuring charges | (469) | (0.3) | (1,287) | (0.8) | (11,856) | (8.9) | (1,757) | (0.5) | (12,013) | (4.8) | | |
| Litigation costs | (780) | (0.4) | (262) | (0.2) | (232) | (0.2) | (1,041) | (0.3) | (340) | (0.1) | | |
| Acquisition and integration related costs | (22,334) | (12.0) | (4,768) | (3.1) | (1,412) | (1.1) | (27,102) | (8.0) | (5,727) | (2.3) | | |
| Other | (183) | (0.1) | (2) | — | — | — | (184) | (0.1) | — | — | | |
| Adjusted operating expenses (Non-GAAP) | \$ 60,291 | 32.4 | \$ 45,880 | 30.2 | \$ 45,154 | 33.8 | \$ 106,172 | 31.4 | \$ 85,435 | 34.3 | | |

| | Three Months Ended | | | | | | Six Months Ended | | | | | |
|--|--------------------|-----------|-------------------|-----------|---------------|-----------|------------------|-----------|---------------|-----------|--|--|
| | March 31, 2017 | | December 30, 2016 | | April 1, 2016 | | March 31, 2017 | | April 1, 2016 | | | |
| | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | | |
| Income (loss) from operations - GAAP | \$ (33,616) | (18.1) | \$ 10,538 | 6.9 | \$ (7,151) | (5.4) | \$ (23,078) | (6.8) | \$ (6,998) | (2.8) | | |
| Amortization expense | 14,440 | 7.8 | 12,468 | 8.2 | 12,946 | 9.7 | 26,909 | 8.0 | 24,536 | 9.8 | | |
| Share-based and non-cash compensation | 12,226 | 6.6 | 10,085 | 6.6 | 8,409 | 6.3 | 22,311 | 6.6 | 19,832 | 8.0 | | |
| Impairment and restructuring charges | 469 | 0.3 | 1,287 | 0.8 | 13,806 | 10.3 | 1,757 | 0.5 | 13,963 | 5.6 | | |
| Litigation costs | 780 | 0.4 | 262 | 0.2 | 232 | 0.2 | 1,041 | 0.3 | 340 | 0.1 | | |
| Acquisition and integration related costs | 54,127 | 29.1 | 6,314 | 4.2 | 4,160 | 3.1 | 60,441 | 17.9 | 8,407 | 3.4 | | |
| Other | 183 | 0.1 | 2 | — | — | — | 184 | 0.1 | — | — | | |
| Adjusted income from operations (Non-GAAP) | \$ 48,609 | 26.1 | \$ 40,956 | 27.0 | \$ 32,402 | 24.3 | \$ 89,565 | 26.5 | \$ 60,080 | 24.1 | | |
| Depreciation expense | 6,173 | 3.3 | 5,535 | 3.6 | 4,840 | 3.6 | 11,708 | 3.5 | 8,743 | 3.5 | | |
| Consulting income | 1,875 | 1.0 | 1,875 | 1.2 | 1,792 | 1.3 | 3,717 | 1.1 | 3,746 | 1.5 | | |
| Adjusted EBITDA (Non-GAAP) | \$ 56,657 | 30.4 | \$ 48,366 | 31.9 | \$ 39,034 | 29.2 | \$ 104,990 | 31.1 | \$ 72,569 | 29.1 | | |

| | Three Months Ended | | | | | | Six Months Ended | | | | | |
|--|--------------------|-----------|-------------------|-----------|---------------|-----------|------------------|-----------|---------------|-----------|--|--|
| | March 31, 2017 | | December 30, 2016 | | April 1, 2016 | | March 31, 2017 | | April 1, 2016 | | | |
| | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | | |
| Net (loss) income - GAAP | \$ (130,131) | (69.9) | \$ (965) | (0.6) | \$ (10,649) | (8.0) | \$ (131,096) | (38.8) | \$ (26,220) | (10.5) | | |
| Amortization expense | 14,440 | 7.8 | 12,468 | 8.2 | 12,946 | 9.7 | 26,909 | 8.0 | 24,536 | 9.8 | | |
| Share-based and non-cash compensation | 12,226 | 6.6 | 10,085 | 6.6 | 8,409 | 6.3 | 22,311 | 6.6 | 19,832 | 8.0 | | |
| Impairment and restructuring charges | 469 | 0.3 | 1,287 | 0.8 | 13,806 | 10.3 | 1,757 | 0.5 | 13,963 | 5.6 | | |
| Warrant liability expense | 2,573 | 1.4 | 4,823 | 3.2 | 4,201 | 3.1 | 7,395 | 2.2 | 19,080 | 7.7 | | |
| Non-cash interest, net | 721 | 0.4 | 702 | 0.5 | 425 | 0.3 | 1,424 | 0.4 | 823 | 0.3 | | |
| Litigation costs | 780 | 0.4 | 261 | 0.2 | 232 | 0.2 | 1,041 | 0.3 | 340 | 0.1 | | |
| Acquisition and integration related costs | 54,127 | 29.1 | 6,314 | 4.2 | 4,158 | 3.1 | 60,441 | 17.9 | 8,384 | 3.4 | | |
| Discontinued operations, excluding consulting income | (2,261) | (1.2) | 669 | 0.4 | 479 | 0.4 | (1,592) | (0.5) | 1,155 | 0.5 | | |
| Other | 1,055 | 0.6 | 2 | — | — | — | 1,055 | 0.3 | — | — | | |
| Tax effect of non-GAAP adjustments | 85,424 | 45.9 | (3,810) | (2.5) | (8,327) | (6.2) | 81,615 | 24.2 | (14,381) | (5.8) | | |
| Adjusted net income (Non-GAAP) | \$ 39,423 | 21.2 | \$ 31,836 | 21.0 | \$ 25,680 | 19.2 | \$ 71,260 | 21.1 | \$ 47,512 | 19.1 | | |

| | Three Months Ended | | | | | | Six Months Ended | | | | | |
|-----------------------------|--------------------|---------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|--|--|
| | March 31, 2017 | | December 30, 2016 | | April 1, 2016 | | March 31, 2017 | | April 1, 2016 | | | |
| | Net Income (Loss) | Income (loss) per diluted share | Net Income (Loss) | Income (loss) per diluted share | Net Income (Loss) | Income (loss) per diluted share | Net Income (Loss) | Income (loss) per diluted share | Net Income (Loss) | Income (loss) per diluted share | | |
| Net (loss) income - diluted | \$ (130,131) | \$ (2.14) | \$ (965) | \$ (0.02) | \$ (10,649) | \$ (0.20) | \$ (131,096) | \$ (2.29) | \$ (26,220) | \$ (0.49) | | |
| Adjusted (Non-GAAP) | \$ 39,423 | \$ 0.63 | \$ 31,836 | \$ 0.57 | \$ 25,680 | \$ 0.46 | \$ 71,260 | \$ 1.20 | \$ 47,512 | \$ 0.86 | | |

| | Three Months Ended | | | Six Months Ended | |
|------------------------------------|--------------------|-------------------|---------------|------------------|---------------|
| | March 31, 2017 | December 30, 2016 | April 1, 2016 | March 31, 2017 | April 1, 2016 |
| | Shares | Shares | Shares | Shares | Shares |
| Diluted shares - GAAP | 60,813 | 53,737 | 53,228 | 57,276 | 53,122 |
| Incremental shares | 2,031 | 1,875 | 2,139 | 1,953 | 2,081 |
| Adjusted diluted shares (Non-GAAP) | 62,844 | 55,612 | 55,367 | 59,229 | 55,203 |

| | Three Months Ended | | | | | | Six Months Ended | | | |
|--------------------------------------|--------------------|-----------|-------------------|-----------|---------------|-----------|------------------|-----------|---------------|-----------|
| | March 31, 2017 | | December 30, 2016 | | April 1, 2016 | | March 31, 2017 | | April 1, 2016 | |
| | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue |
| Interest expense, net - GAAP | \$ 7,374 | 4.0 | \$ 7,350 | 4.8 | \$ 4,408 | 3.3 | 14,724 | 4.4 | 8,754 | 3.5 |
| Non-cash interest expense | (721) | (0.4) | (702) | (0.5) | (425) | (0.3) | (1,423) | (0.4) | (823) | (0.3) |
| Adjusted Interest Expense (Non-GAAP) | \$ 6,653 | 3.6 | \$ 6,648 | 4.4 | \$ 3,983 | 3.0 | \$ 13,301 | 3.9 | \$ 7,931 | 3.2 |

| | Three Months Ended | | | | | | Six Months Ended | | | |
|---|--------------------|-----------|-------------------|-----------|---------------|-----------|------------------|-----------|---------------|-----------|
| | March 31, 2017 | | December 30, 2016 | | April 1, 2016 | | March 31, 2017 | | April 1, 2016 | |
| | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue | Amount | % Revenue |
| Cash flow from operations | \$ 432 | 0.2 | \$ 20,407 | 13.4 | \$ 19,584 | 14.7 | 20,839 | 6.2 | 35,098 | 14.1 |
| Capital expenditures | (11,353) | (6.1) | (4,942) | (3.3) | (11,032) | (8.3) | (16,295) | (4.8) | (17,738) | (7.1) |
| AppliedMicro transaction related payments | 28,114 | 15.1 | — | — | — | — | 28,114 | 8.3 | — | — |
| Free cash flow (Non-GAAP) | \$ 17,193 | 9.2 | \$ 15,465 | 10.2 | \$ 8,552 | 6.4 | \$ 32,658 | 9.7 | \$ 17,360 | 7.0 |
| Free cash flow as a percentage of adjusted net income | 44% | | 49% | | 33% | | 46% | | 37% | |