

MACOM Technology Solutions Holdings (MTSI)

May 2017



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 May 15, 2017. 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 market positions, product lines or business units, the potential benefits and synergies, strategic plans, divestitures, cost savings, accretion, revenue, margins, market share capture, competitive position, integration and financial and business expectations associated with our acquisition of AppliedMicro, opportunity for the combined AppliedMicro and MACOM business in Cloud Data Centers and elsewhere, our plans to divest Applied Micro'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 and any other statements regarding future trends, business strategies, competitive position, industry conditions, anticipated divestitures, other acquisitions 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.

Our forward-looking statements are subject to assumptions, risks and uncertainties, and are not guarantees of future results. You are cautioned not to place undue reliance on these forward-looking statements. Risks and uncertainties that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include 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 possibility that the expected benefits from the AppliedMicro acquisition or any potential divestitures will not be realized or will not be realized within the expected time period; the risk that the businesses will not be integrated successfully; disruption from the transaction making it more difficult to maintain business, contractual and operational relationships; negative effects of this presentation or the consummation of the acquisition on the market price of MACOM's common stock and on MACOM's operating results; significant transaction costs; unknown liabilities; the risk of litigation and/or regulatory actions related to the acquisition or otherwise; other business effects, including the effects of industry, market, economic, political or regulatory conditions; future exchange and interest rates; changes in tax and other laws, regulations, rates and policies; future business combinations or disposals; the uncertainties inherent in research and development and product qualification, including our ability to sustain and increase the rate of growth in revenues for our products; failure to achieve anticipated financial measures; and competitive developments. Actual results may differ materially from the outcomes stated or implied by our forward-looking statements based on any assumptions and other risk factors we may mention today. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in the section entitled "Risk Factors" in MACOM's filings with the Securities and Exchange Commission (SEC), including its Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed with the SEC on April 26, 2017, its Quarterly Report on Form 10-Q for the quarter ended December 30, 2016 as filed with the SEC on February 1, 2017, and MACOM's Annual Report on Form 10-K for the fiscal year ended September 30, 2016 as filed with the SEC on November 17, 2016. 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 gross margin and operating margin, non-GAAP earnings per share, non-GAAP operating income, non-GAAP EBITDA and non-GAAP adjusted revenue. 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 2017 will include 52 weeks.

This presentation also contains market statistics 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 April 26, 2017 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 as the result of new information or future events or developments.



John Croteau

President and Chief Executive Officer



Preet Virk

SVP and General Manager,
GM Networks



Vivek Rajgarhia

VP and General Manager,
Lightwave Networking Components



Bob McMullan

SVP and Chief Financial Officer



Experienced and Proven Management Team



John Croteau
President & CEO



Robert McMullan
SVP & CFO



Preet Virk
SVP & GM,
Networks



Robert Dennehy
SVP, Operations



Vivek Rajgarhia
VP & GM,
Lightwave Networking Components



Thomas Hwang
SVP, Global Sales



Alex Behfar
Chief Scientist, SVP & Chief
Scientist, Photonic Solutions



Doug Carlson
VP, Technology



Michael Murphy
SVP & GM,
RF & Microwave



Toshihiro Takada
President,
MACOM Japan



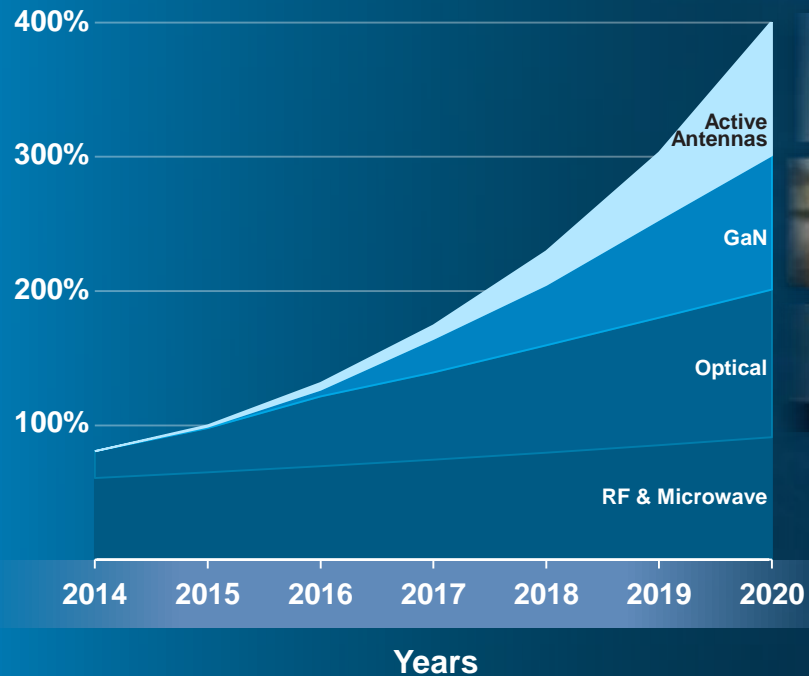
Jack Kennedy
SVP & GM,
Aerospace & Defense Solutions



Greg Baker
SVP Strategy







Long Term Growth Model



Represents long-term growth targets that assume perfect execution on our current growth strategy, are forward-looking and subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management. Actual results will vary and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals will be achieved and the Company undertakes no duty to update its goals.

Delivering on the Vision



	Compounded	FY2013	FY2014	FY2015	FY2016	FY2017 Consensus ⁽³⁾
Revenue ⁽¹⁾	 33% CAGR	\$238.3 ⁽²⁾	\$338.1 ⁽²⁾	\$420.6	\$544.3	\$738.5
Adjusted Gross Margin ⁽²⁾	 1070 basis points	48.4%	54.3%	57.5%	58.1%	59.1%
Adjusted EBITDA ⁽²⁾	 49% CAGR	\$47.5	\$75.8	\$111.0	\$159.6	\$235.3
Adjusted EPS ⁽²⁾	 45% CAGR	\$0.60	\$0.91	\$1.28	\$1.91	\$2.65

Track Record of Success Based on Organic Growth and M&A

(1) Revenue figures are in millions.

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

(3) Represents consensus of analysts covering MACOM as reported by First Call in May 12, 2017. Analyst consensus is provided for convenience of reference only, and MACOM does not adopt or endorse consensus as reflective of its results of operations or predictive of its expected results of operations.

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

Breakout in the Carrier to Cloud Transition

Complete Portfolio for 100G-400G Data Center Transceivers

100G-400G Drivers, TIAs, CDRs



25G EFT Lasers

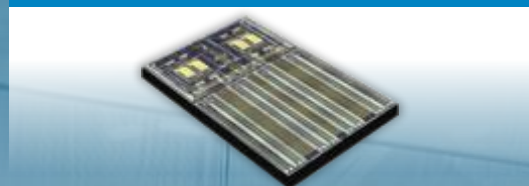


100G TOSAs & ROSAs



Breakthrough Manufacturability Enabled by SAEFT™

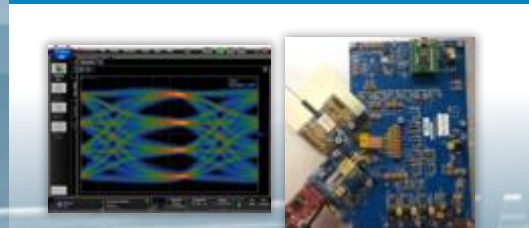
100G CWDM & 400G PAM-4 L-PIC™



Demonstrated the Single Lambda 100G Solution, the Building Block for 400G, 4 Lambda Solution

Enabling Bandwidth Networks for 100G, 400G & Beyond

100G PAM-4 PHY

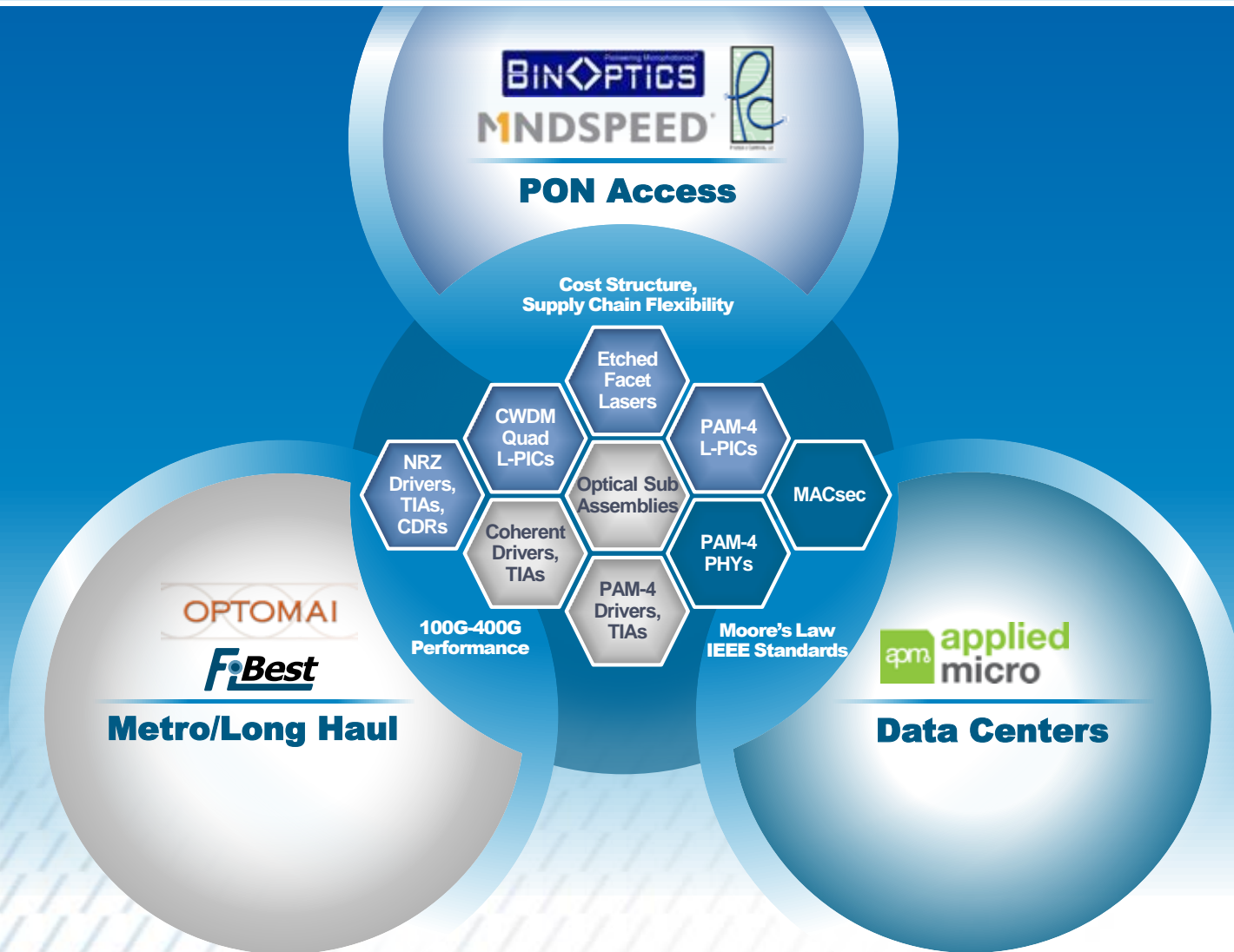


MACOM Enabled 1M Ports in FY 2016; 1.6M Ports in 1H 2017

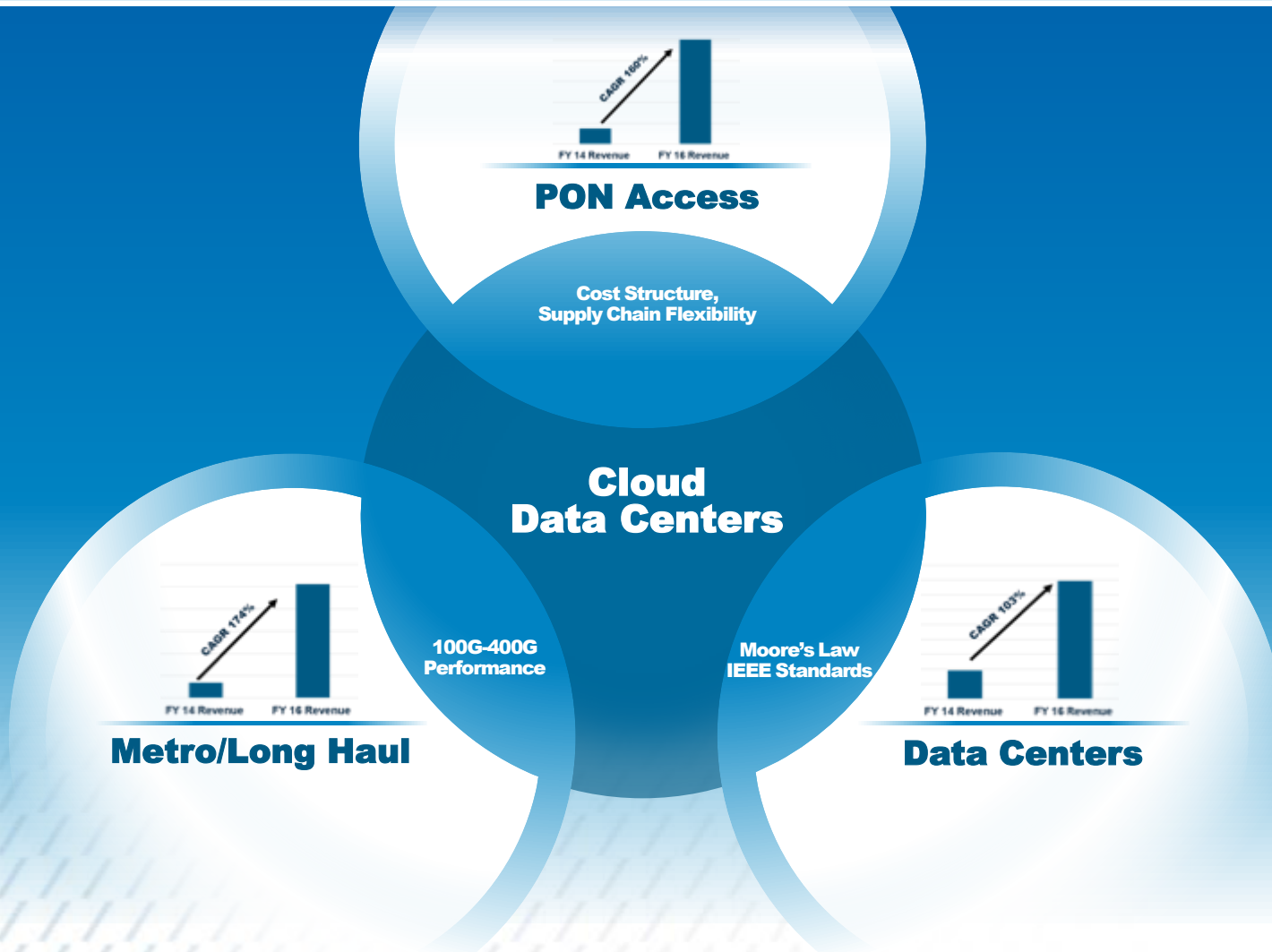
Success in Data Centers Requires Diverse Competencies & Capabilities



MACOM Has Built Leadership Position Through Strategic M&A



MACOM is Positioned for Success in Cloud Data Centers



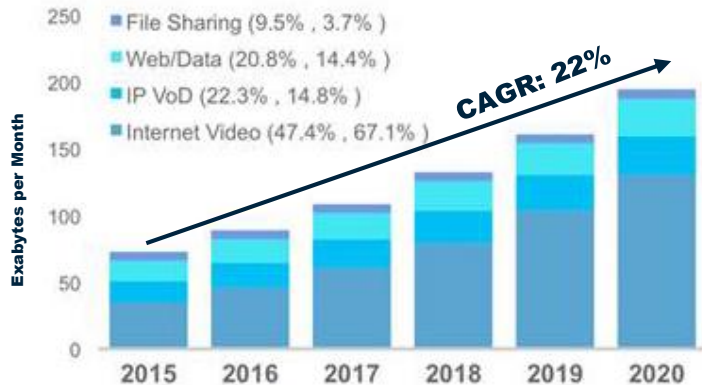


Preet Virk

SVP & GM, Networks

Cloud Services Growth Fueling Major Investments in Data Centers

Growth of IP Traffic

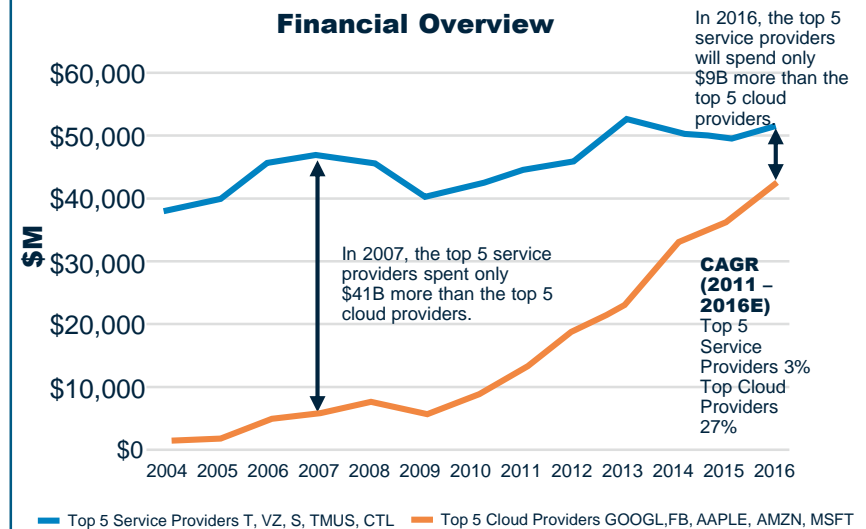


Figures (n) refer to 2015, 2020 traffic shares.

Source: Cisco VNI Global IP Traffic Forecast, 2015–2020

Data Center vs. Service Provider Spend

Financial Overview



Source: Operator Historicals & Projections, Jefferies Research

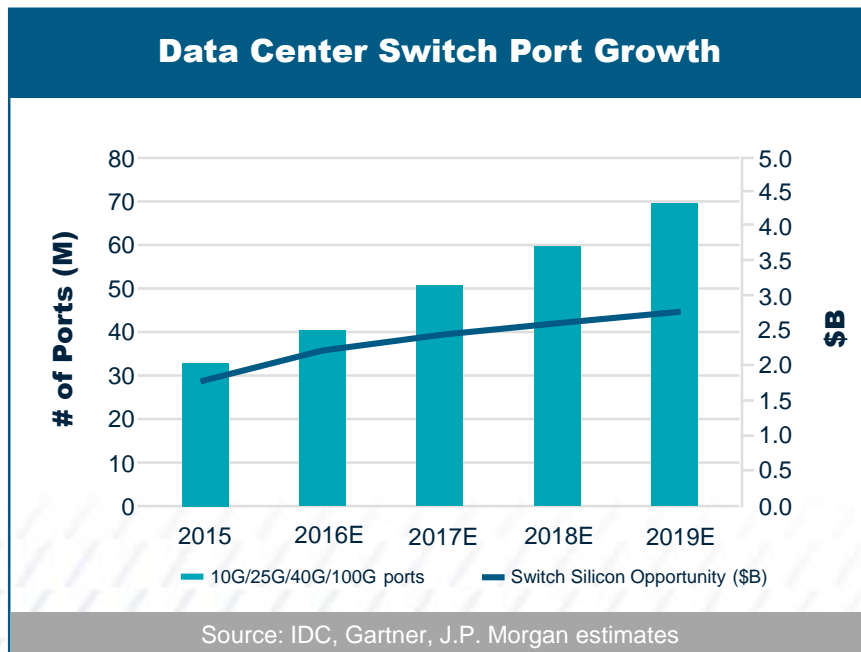
Data Tsunami: Text Migrated to Pictures & Voice,
Now Migrating to Video and Augmented Reality and Virtual Reality

Data Centers Driving Exponential Increases in Port Growth

“Need to change boutique industry model to micro electronics like model.”

- Urs Holzle, SVP Google Technical Infrastructure. OFC 2017

“Launch of new applications and services is being gated by migration to higher speed optical links.” - Leading CSP Data Center Architect



Data Center Switch Port Growth > 20%
Data Center Switch Silicon Growth ~ 11-13%
Data Center Switch Silicon Opportunity: \$2.3B in 2016

-J.P.Morgan

- > Supply Chain Needs to be Flexible Enough to Support 10's of Millions of Units not 100's of Thousands as in the Telecom World
- > Need to Think in Terms of Cloud Scale Manufacturing and Moore's Law Pace of Innovation

Cloud Ecosystem Requires Accelerated Pace of Innovation

Carrier



- Five 9's Reliability
- Stringent Environmental Specs
- 20-Year Design Life
- 100's of Thousands of Ports
- Slower Pace of Innovation

Cloud



- Climate Controlled
- Equipment Upgrades Every ~3 Years
- Tens of Millions of Ports
- Rapid Innovation

Traditional Telecom Ecosystem has been Evolutionary
Cloud Ecosystem Follows Moore's Law

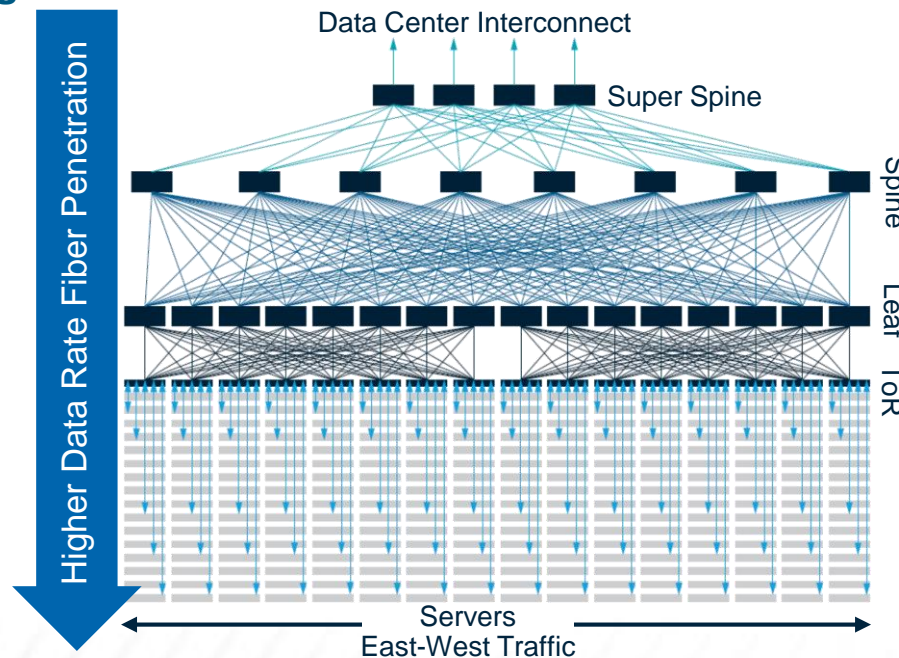
Massive Data Traffic Driving Architectural Changes Inside the Data Center

Data Center Types

- > HPC – Spine & Leaf
- > Classical Leaf and Spine (Proprietary &/or open workloads)
- > Clos Architecture

Architectural Choices

- > Different Levels of Oversubscription
- > Redundancy
- > Different Distances
- > Different Data Rates



Core to Spine

Today: 40G, moving to 100G CWDM4 and LR

2019: 100G, moving to 400G

Spine to Leaf

Today: 40G, moving to 100G CWDM4 & LR4

2019: 100G, moving to 400G

Leaf to Top of Rack

Today: 40G, moving to 100G PSM4 and CWDM4

2019: 100G, moving to 400G

Top of Rack to Server

Today: 25G, 40G Mostly Cu

2019: 40G, 100G Begins to migrate to 100G SR4 MM Fibre

Ports Grow Exponentially as 100G Migrates Throughout Data Center Infrastructure

Leadership in Enabling 100G Optical Links for Data Center



- > Data Center is a natural extension of our PON portfolio
 - Industry broadest portfolio, winning by delivering superior performance and delivering and exceeding Data Center cost and power requirements
 - Sustainable value through insatiable demand for performance
- > Enabled 2.6M 100G ports to date, established preeminent market share
 - Shipping NRZ today, sampling PAM4 components
 - Ahead of what market research reports were predicting for 100G ramps
- > Delivered Quarter on Quarter CAGR of 64% for DC component shipments



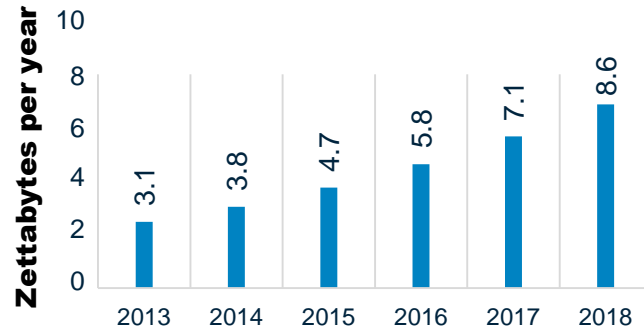


Vivek Rajgarhia

VP & GM, Lightwave Networking Components

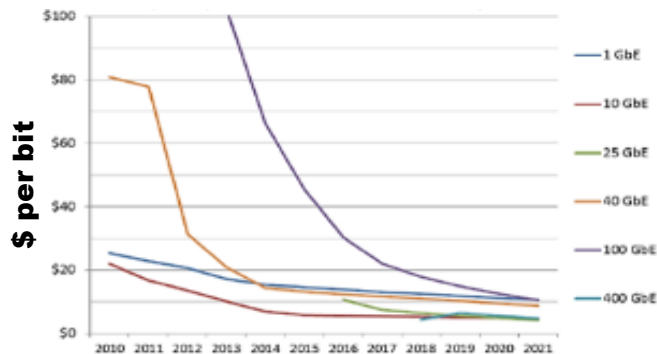
Trends in Data Centers for Cloud Service Providers

Datacenter Traffic

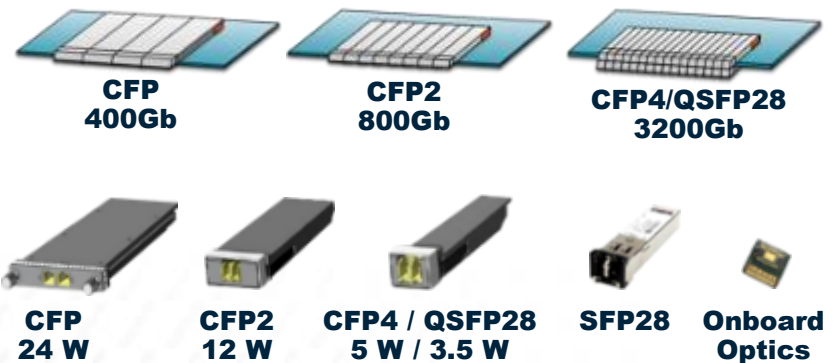
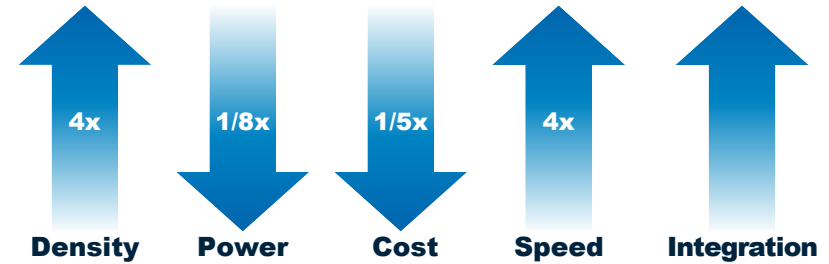


Source: Cisco Global Cloud Index, 2013–2018

Cost Per Bit



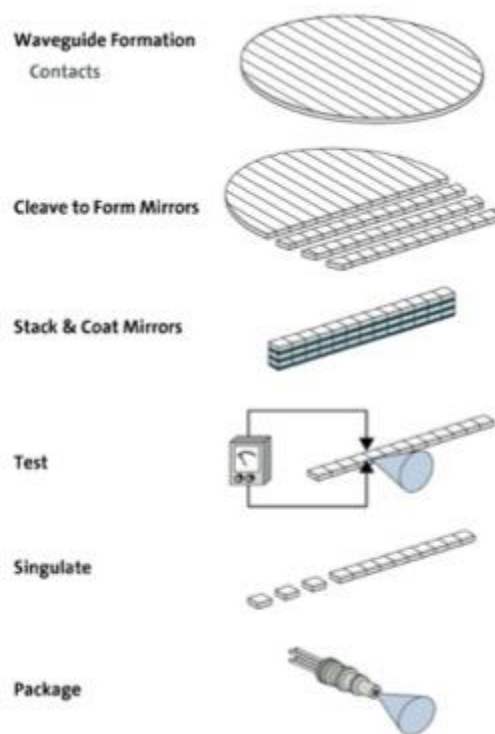
Source: Lightcounting



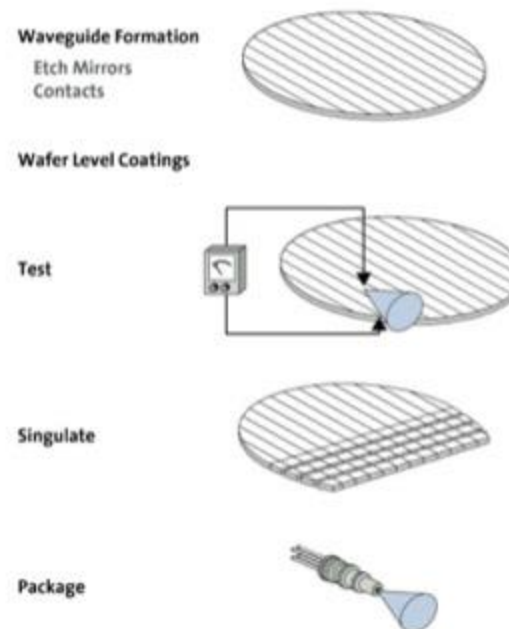
Driving to 100G, 400G at 1/5 the Cost Per Bit

Disrupting the Cost, Capacity, and Supply Chain for Data Centers

Cleaved Facet Laser



MACOM's Etched Facet Laser



Patented EFT Technology Positioned to Meet Cloud Scale Manufacturing Challenge in Data Centers

#1 Global Supplier of Indium Phosphide Lasers



- #1 Supplier of 2.5G Lasers Globally for PON⁽¹⁾
- Supplied Over 125 Million Lasers to Date

- Now Ramping 25G Lasers for 100G – 400G Connectivity in Data Centers

Leveraging our Market Leadership into 100G Datacenter Laser Opportunity

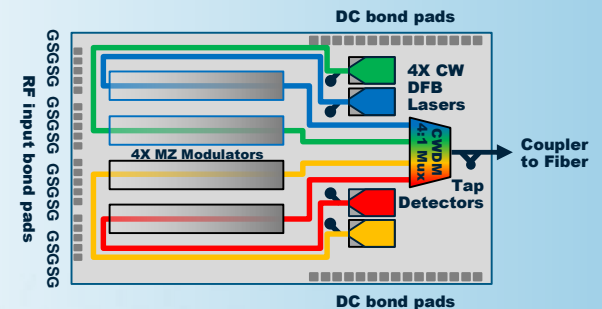
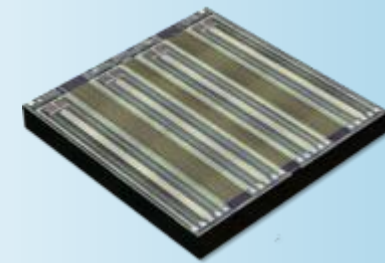
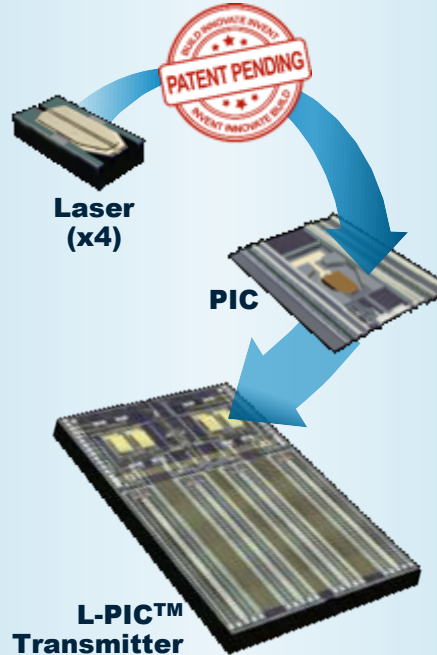
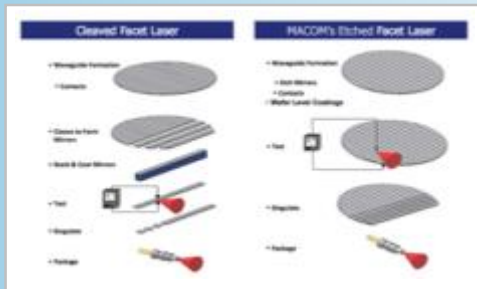
⁽¹⁾ Source: – MACOM Internal Estimates

Extending EFT Leadership for Breakthroughs Enabling Transceiver Manufacturability

Etched Facet Laser (EFT)

Self Aligning Etched Facet Technology SAEFT™

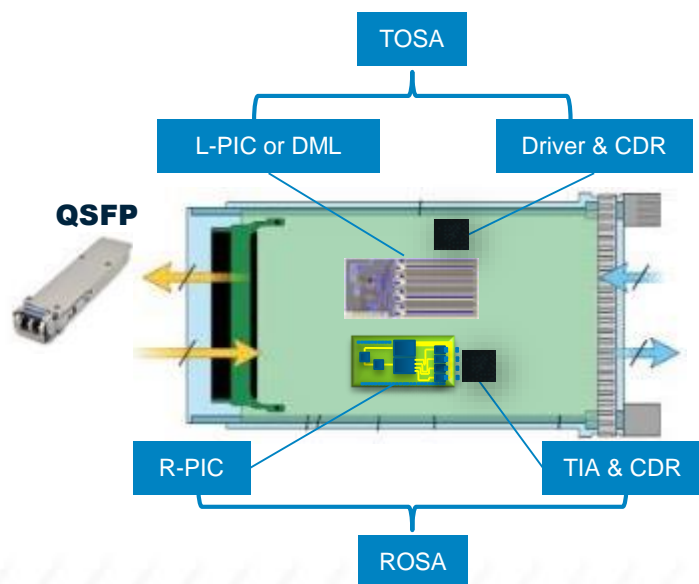
Silicon Photonic ICs



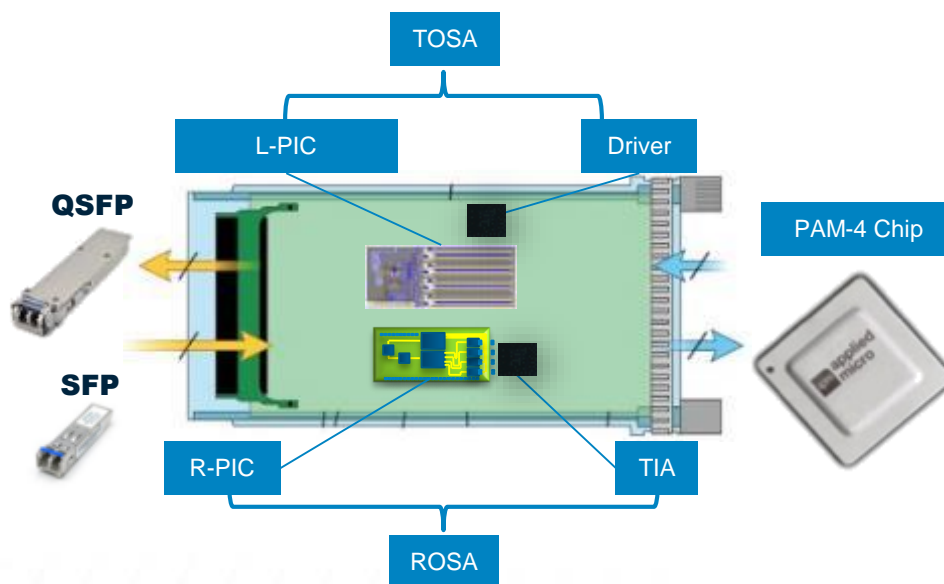
Transforming a Boutique Industry into a Semiconductor Merchant Market

Setting the Pace of Industry Innovation Across All Networking Standards

100G NRZ



100G Single Lambda & 400G



LUMENTUM

CISCO

muRata
INNOVATOR IN ELECTRONICS

Accelink

FOXCONN

amazon
web services

Google

INNO LIGHT
Innovation Lights Our Future

ColorChip
SystemOnGlass™

ARISTA

molex®

Hisense

AOI
APPLIED OPTOELECTRONICS, INC.

Xm
KAIAM

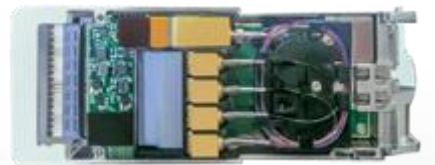
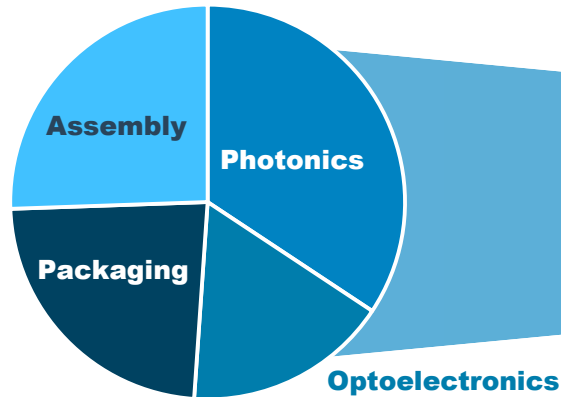
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PHOTONICS

Amphenol

intel

Enabling Cloud Scale Deployments Inside the Data Center

100G Telecom Transceiver

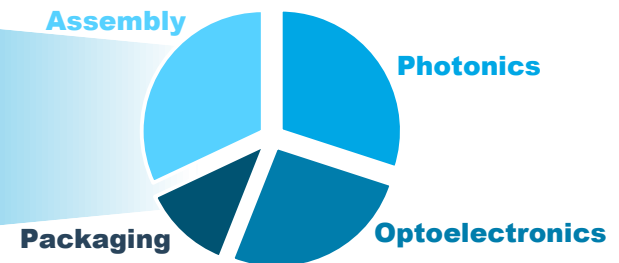


TOSA



Flex Ckt Interface

100G Data Center Transceiver



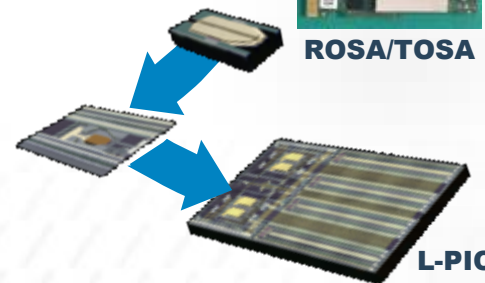
Pick & Place



ROSA/TOSA



Integrated Quad Driver and CDR



L-PIC



Integrated TIA and CDR

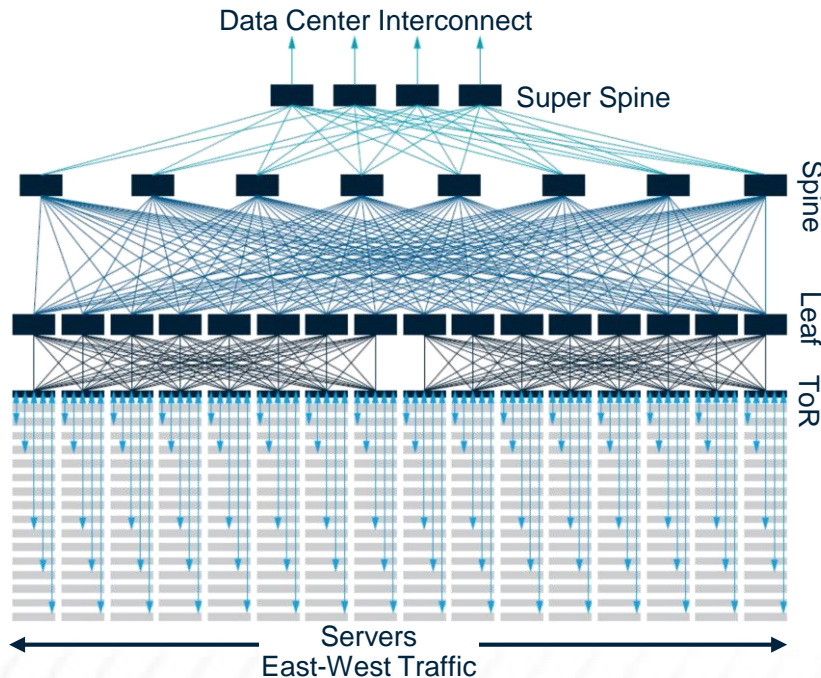
Removing the Choke Point of Boutique Manufacturing



Preet Virk

SVP & GM, Networks

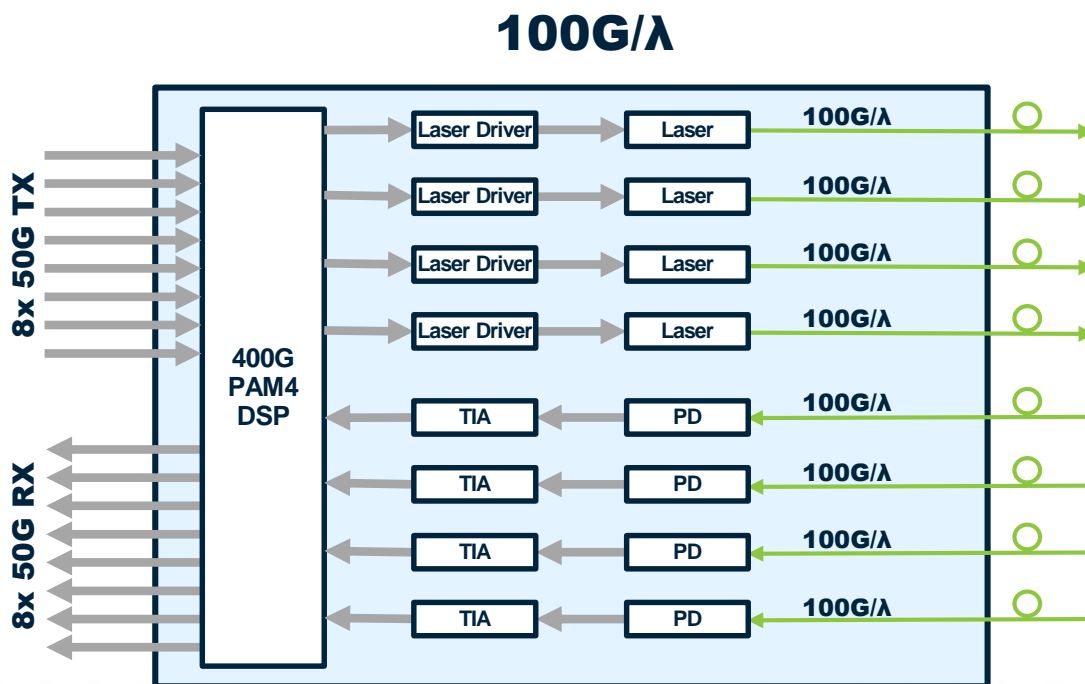
Requisite Pace of Innovation Leads to Sustainable Growth and Profitability



- Core Switch and Network Infrastructure is Progressing at Moore's Law
- Data Center Operators Replace and Upgrade every 2-3 years
- The Next Major Transition is to 400G
- Long Term Suppliers Need to Prepare for Terabit

Trends Within the Data Center Present a Long Term Secular Growth Opportunity

Requisite Pace of Innovation Leads to Sustainable Growth and Profitability



- Fits in QSFP-DD or OSFP Form Factor
- 10W Architecture Using MACOM Components Sets a New Low Power Standard in Terms of mW/Gb
- Live Demonstration by MACOM at OFC 2017

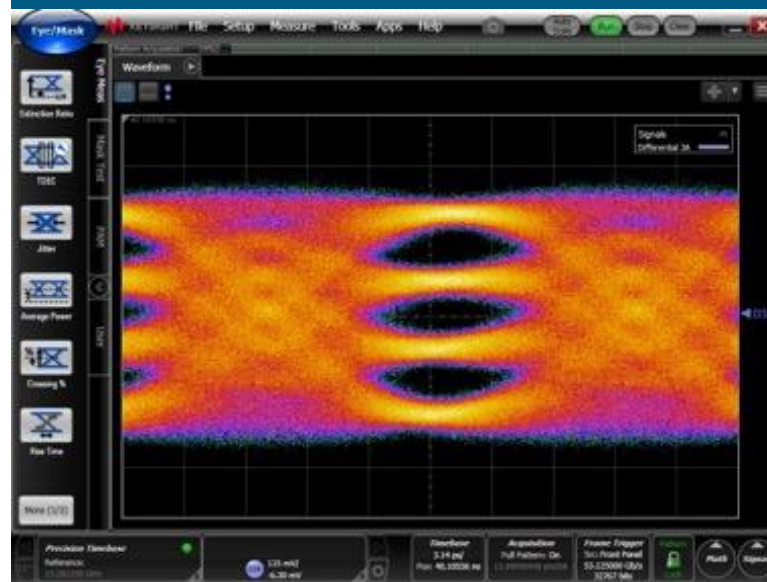
IEEE Standards 100GBASE-DR1 802.3cd & 400GBASE-DR4 802.3bs

MACOM Single Lambda PAM-4 Ramping in 2017

Live PAM-4 Demonstration



PAM-4 Eye Pattern



At OFC We Demonstrated the Single Lambda 100G Solution,
the Building Block for 400G, 4 Lambda Solution







Bob McMullan

SVP & Chief Financial Officer

- 
- A decorative graphic on the left side of the slide. It features a blue background with a white line graph showing an upward trend. Below the graph, there are several white rectangular bars of varying heights, resembling a bar chart. The entire graphic is semi-transparent and overlaid on a darker blue background.
- > **Drive revenue growth** through market share gains and leadership in high growth segments of our markets
 - > **Accelerate growth** through targeted acquisitions and investments in high growth, defensible markets
 - > **Expand margins** to drive strong adjusted EPS growth and increase shareholder value

Operating Performance



	Compounded	FY2013	FY2014	FY2015	FY2016	FY2017 Consensus ⁽³⁾
Revenue ⁽¹⁾	 33% CAGR	\$238.3 ⁽²⁾	\$338.1 ⁽²⁾	\$420.6	\$544.3	\$738.5
Adjusted Gross Margin ⁽²⁾	 1070 basis points	48.4%	54.3%	57.5%	58.1%	59.1%
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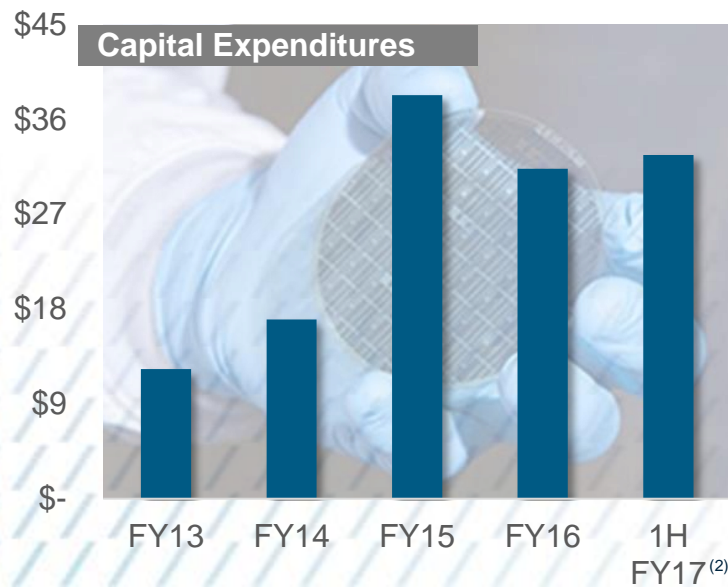
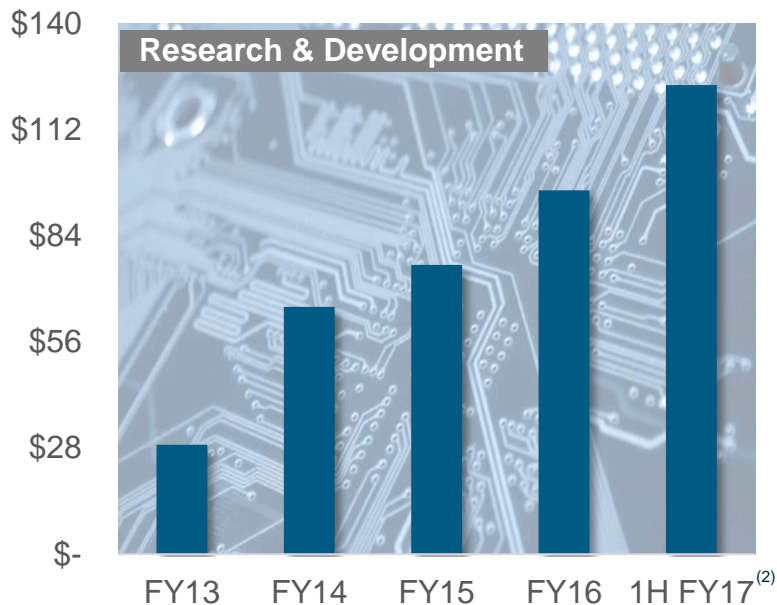
⁽¹⁾ Revenue figures are in millions.

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

⁽³⁾ Represents consensus of analysts covering MACOM as reported by First Call in May 12, 2017. Analyst consensus is provided for convenience of reference only, and MACOM does not adopt or endorse consensus as reflective of its results of operations or predictive of its expected results of operations.

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

Investing to Support Growth Objectives



- Expanding Engineering Capabilities Through Organic Investment and Targeted Acquisitions
- Growing Intellectual Property Portfolio — 895 Patents Issued⁽¹⁾
- Utilizing Internal Manufacturing Where we Provide Competitive Advantage and Outsourcing for Scalability — Fab-rite Manufacturing Model
- Creating Sustainable Differentiation

⁽¹⁾ Includes U.S. and Foreign Patents

⁽²⁾ Represents Annualized Number

Solid Balance Sheet



(\$ in thousands)

(unaudited)

ASSETS		
	March 31, 2017	September 30, 2016
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	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 & intangible assets	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		
	March 31, 2017	September 30, 2016
Current liabilities:		
Current portion of debt obligations	\$ 7,042	\$ 7,203
Liabilities held for sale	6,869	-
Accounts payable, accrued liabilities and other	92,186	84,947
Total current liabilities	106,097	92,150
Long-term debt obligations, less current portion	586,216	576,345
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
Total stockholders' equity	800,118	462,784
Total liabilities and stockholders' equity	\$ 1,555,732	\$ 1,188,551

Target Operating Model

Revenue	+20% Growth
Adjusted Gross Margin	60%
Adjusted Operating Margin	30% → 40%
Adjusted Free Cash Flow⁽¹⁾	60% Adjusted Net Income

⁽¹⁾ Capital Expenditures – 5% of Revenue

Adjusted Operating Margins – 30% of Revenue

Appendix

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 gross margin and non-GAAP operating margin, non-GAAP earnings per share, non-GAAP operating income, non-GAAP free cashflow and non-GAAP adjusted revenue. 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, other costs and the tax effect of each adjustment. The non-GAAP information includes consulting agreement related to 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 presentation of these and other similar items in 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 millions)
(unaudited)

	Three Months Ended										Fiscal Year	Fiscal Year
	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16	Q1FY16	Q4FY15	Q3FY15	Q2FY15	Q1FY15	2016	2015
	3/31/17	12/30/16	9/30/16	7/1/16	4/1/16	1/1/16	10/2/15	7/3/15	4/3/15	1/2/15		
Revenue - GAAP	\$ 186.1	\$ 151.8	\$ 152.7	\$ 142.3	\$ 133.6	\$ 115.8	\$ 112.6	\$ 109.1	\$ 102.4	\$ 96.6	\$ 544.3	\$ 420.6
Revenue - non-GAAP	\$ 186.1	\$ 151.8	\$ 152.7	\$ 142.3	\$ 133.6	\$ 115.8	\$ 112.6	\$ 109.1	\$ 102.4	\$ 96.6	\$ 544.3	\$ 420.6
Gross Profit - GAAP	\$68.9	\$78.5	\$81.8	\$74.0	\$65.5	\$60.3	\$57.0	\$52.5	\$46.7	\$47.4	\$281.6	\$203.6
Amortization expense	7.3	6.0	6.4	6.4	6.6	7.2	7.6	6.9	7.3	5.4	26.6	27.3
Share-based and non-cash compensation	1.0	0.8	0.6	0.7	0.7	0.5	0.6	0.5	0.8	0.4	2.5	2.3
Impairment and restructuring charges	-	-	-	-	2.0	-	-	-	-	-	2.0	-
Acquisition and integration related costs	31.8	1.5	0.5	0.4	2.7	(0.1)	(0.6)	3.0	3.9	0.8	3.6	7.1
Other	-	-	-	-	-	-	-	0.4	0.3	0.9	-	1.6
Gross Profit - non-GAAP	\$109.0	\$86.8	\$89.3	\$81.5	\$77.6	\$68.0	\$64.6	\$63.3	\$59.0	\$54.9	\$316.4	\$241.8
Gross Margin - non-GAAP	58.6%	57.2%	58.5%	57.3%	58.1%	58.7%	57.4%	58.0%	57.6%	56.9%	58.1%	57.5%
Income (loss) From Operations - GAAP	(\$33.6)	\$10.5	\$10.1	\$10.2	(\$7.2)	\$0.2	\$4.7	\$4.4	(\$2.4)	\$3.4	\$13.2	\$10.1
Amortization expense	14.4	12.5	12.9	12.9	12.9	11.6	12.0	10.1	10.4	6.4	50.3	39.0
Share-based and non-cash compensation	12.2	10.1	9.7	6.9	8.4	11.4	8.4	7.2	11.0	4.6	36.5	31.3
Impairment and restructuring charges	0.5	1.3	1.4	1.9	13.8	0.2	0.3	0.6	0.4	-	17.2	1.3
Litigation costs	0.8	0.3	1.0	0.8	0.2	0.1	0.2	(0.0)	0.2	0.6	2.2	0.9
Acquisition and integration related costs	54.1	6.3	2.7	2.3	4.2	4.2	0.6	3.5	4.0	6.2	13.4	14.3
Other	0.2	-	0.6	-	-	-	-	-	-	-	0.6	-
Income From Operations - non-GAAP	\$48.6	\$41.0	\$38.3	\$34.9	\$32.4	\$27.7	\$26.2	\$25.8	\$23.7	\$21.2	\$133.3	\$96.9
Operating Income Margin - non-GAAP	26.1%	27.0%	25.1%	24.5%	24.3%	23.9%	23.2%	23.6%	23.2%	21.9%	24.5%	23.0%
Net Income (loss) - GAAP	(\$130.1)	(\$1.0)	\$5.1	\$22.6	(\$10.6)	(\$15.6)	\$54.4	\$8.0	(\$7.5)	(\$6.3)	\$1.4	\$48.6
Amortization expense	14.4	12.5	12.9	12.9	12.9	11.6	12.0	10.1	10.4	6.4	50.3	39.0
Share-based and non-cash compensation	12.2	10.1	9.7	6.9	8.4	11.4	8.4	7.2	11.0	4.6	36.5	31.3
Impairment and restructuring charges	0.4	1.3	1.4	1.9	13.8	0.2	0.3	0.6	0.4	0.0	17.2	1.3
Warrant liability expense (gain)	2.6	4.8	12.7	(15.3)	4.2	14.9	(9.7)	(0.5)	5.6	10.6	16.4	6.0
Non-cash interest	0.7	0.7	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	1.7	1.7
Litigation costs	0.8	0.3	1.0	0.8	0.2	0.1	0.2	(0.0)	0.2	0.6	2.2	0.9
Acquisition and integration related costs	54.1	6.3	2.7	2.3	4.2	4.2	0.6	3.5	2.0	6.2	13.4	12.3
Discontinued Operations	(2.3)	0.7	0.6	0.7	0.5	0.0	(40.6)	(6.3)	(3.6)	(3.7)	1.8	(54.1)
Transition services for divested businesses	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	0.2	(0.1)	(0.4)	0.0	(0.4)
Impairment of minority investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	0.0	3.5
Other	1.1	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Tax effect of non-GAAP adjustments	85.4	(3.8)	(17.1)	(5.1)	(8.3)	(5.4)	(7.1)	(4.8)	(5.8)	(4.1)	(35.9)	(21.9)
Net Income - non-GAAP	\$39.4	\$31.8	\$30.1	\$27.9	\$25.7	\$21.8	\$18.8	\$18.4	\$16.5	\$14.4	\$105.5	\$68.1
Net Income Margin - non-GAAP	21.1%	21.0%	19.7%	19.6%	19.2%	18.9%	16.7%	16.9%	16.1%	14.9%	19.4%	16.2%
Diluted shares - GAAP	60,813	53,737	53,676	53,516	53,228	53,015	53,287	53,098	50,593	47,606	53,364	51,146
Incremental stock options, warrants, restricted stock and units	2,031	1,875	1,609	1,772	2,139	1,997	1,704	2,076	1,908	1,600	1,855	2,056
Diluted shares - non-GAAP	62,844	55,612	55,285	55,288	55,367	55,012	54,991	55,174	52,501	49,206	55,219	53,202
Earnings per diluted share - GAAP	(2.14)	(0.02)	0.09	0.13	(0.20)	(0.29)	0.81	0.14	(0.15)	(0.13)	0.03	0.95
Earnings per diluted share - non-GAAP	0.63	0.57	0.54	0.51	0.46	0.40	0.34	0.33	0.31	0.29	1.91	1.28

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 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Revenue - GAAP	\$544.3	\$420.6	\$339.2	\$242.7
Nitronex prior to acquisition	\$0.0	\$0.0	(\$1.0)	(\$4.4)
Revenue - non-GAAP	\$544.3	\$420.6	\$338.1	\$238.3
Gross Profit - GAAP	\$281.6	\$203.6	\$140.9	\$109.2
Nitronex prior to acquisition	\$0.0	\$0.0	\$1.0	\$3.3
Amortization expense	\$26.6	\$27.3	\$18.3	\$1.9
Share-based and non-cash compensation	\$2.5	\$2.3	\$1.8	\$1.0
Impairment and restructuring charges	\$2.0	\$0.0	\$0.0	\$0.0
Acquisition and integration related costs	\$3.6	\$7.1	\$20.3	\$0.0
Other	\$0.0	\$1.6	\$1.5	\$0.0
Gross Profit - non-GAAP	\$316.4	\$241.8	\$183.7	\$115.4
Gross Margin - non-GAAP	58.1%	57.5%	54.3%	48.4%
Income (loss) From Operations - GAAP	\$13.2	\$10.1	(\$27.8)	\$7.7
Nitronex prior to acquisition	\$0.0	\$0.0	\$3.1	\$9.7
Amortization expense	\$50.3	\$39.0	\$20.1	\$3.2
Share-based and non-cash compensation	\$36.5	\$31.3	\$12.0	\$6.1
Impairment and restructuring charges	\$17.2	\$1.3	\$14.8	\$2.2
Litigation costs	\$2.2	\$0.9	\$1.6	\$9.2
Acquisition and integration related costs	\$13.4	\$14.3	\$39.4	(\$0.6)
Other	\$0.6	\$0.0	\$0.0	(\$0.6)
Income From Operations - non-GAAP	\$133.3	\$96.9	\$63.1	\$36.9
Depreciation expense	\$18.7	\$14.1	\$12.6	\$10.2
Consulting and other income	\$7.6	\$0.0	\$0.1	\$0.4
Adjusted EBITDA - non-GAAP	\$159.6	\$111.0	\$75.8	\$47.5
Operating Income Margin - non-GAAP	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

Net Income (loss) - GAAP	\$1.4	\$48.6	(\$29.4)	\$18.2
Nitronex prior to acquisition	\$0.0	\$0.0	\$3.1	\$0.0
Amortization expense	\$50.3	\$39.0	\$16.4	\$2.0
Share-based and non-cash compensation	\$36.5	\$31.3	\$9.9	\$3.8
Impairment and restructuring charges	\$17.2	\$1.3	\$12.2	\$0.3
Warrant liability expense (gain)	\$16.4	\$6.0	\$3.9	\$4.3
Non-cash interest	\$1.7	\$1.7	\$2.5	\$0.2
Litigation costs	\$2.2	\$0.9	\$1.3	\$5.8
Acquisition and integration related costs	\$13.4	\$12.3	\$25.1	\$0.0
Discontinued Operations	\$1.8	(\$54.1)	\$4.6	(\$6.7)
Exited leased facility costs	\$0.0	\$0.0	\$0.0	\$0.8
Transition services for divested businesses	\$0.0	(\$0.4)	(\$2.4)	\$0.0
Impairment of minority investment	\$0.0	\$3.5	\$0.0	\$0.0
Other	\$0.6	\$0.0	\$0.0	\$0.0
Tax effect of non-GAAP adjustments	(\$35.9)	(\$21.9)	(\$2.9)	\$0.0
Net Income - non-GAAP	\$105.5	\$68.1	\$44.2	\$28.7
Net Income Margin - non-GAAP	19.4%	16.2%	13.1%	12.0%
Diluted shares - GAAP	53.4	51.1	47.0	47.1
Incremental stock options, warrants, restricted stock and units	1.9	2.1	1.4	0.8
Diluted shares - non-GAAP	55.2	53.2	48.4	47.9
Earnings per diluted share - GAAP	0.03	0.95	(0.63)	0.39
Earnings per diluted share - non-GAAP	1.91	1.28	0.91	0.60

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