

4Q15 and Fiscal Year 2015 Earnings Release

SUPPLEMENTAL INFORMATION

NOVEMBER 24, 2015



AHEAD OF WHAT'S POSSIBLE™

FORWARD-LOOKING STATEMENTS

This presentation may be deemed to contain forward-looking statements, which address a variety of subjects, including, for example, financial goals and expectations, including earnings per share goals, shareholder returns, market trends, growth opportunities and business strategy, and expected customer demand for our products. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Such statements are based on our current expectations, beliefs, assumptions, estimates, forecasts, and projections, and are subject to a number of uncertainties and factors, which could cause actual results to differ materially from those described in the forward-looking statements, and such statements should not be relied upon as representing Analog Devices' expectations or beliefs as of any date subsequent to the date of this presentation. Important factors that may affect actual outcomes and results include: any faltering in global economic conditions or the stability of credit financial markets; erosion of consumer confidence and declines in consumer spending; unavailability of raw materials, services or supplies or manufacturing capacity; changes in geographic, product or consumer mix; our ability to successfully integrate acquired businesses and technologies; adverse results in litigation matters; and other risk factors described in our most recent filings with the Securities and Exchange Commission, including the risk factors contained in ADI's most recent Annual Report on Form 10-K. Except as required by law, we do not undertake any obligation to update forward looking statements made by us to reflect subsequent events or circumstances.

GAAP RECONCILIATION

This presentation includes non-GAAP financial measures that have been adjusted in order to provide investors with useful information regarding our results of operations and business trends. Reconciliations of these non-GAAP measures to their most directly comparable GAAP measures can be found on slides 13 and 14.

Summary

4Q15 Results

- Quarterly revenue of \$979M vs. guidance range of \$880M to \$940M
 - Revenue +13% QoQ and +20% YoY
- Non-GAAP diluted EPS of \$1.03 per share vs. guidance range of \$0.79 to \$0.87 per share
 - Non-GAAP diluted EPS +34% QoQ and +49% YoY
- \$237M returned to shareholders through dividends and share repurchases

1Q16 Guidance

- Revenue in the range of \$805M to \$855M
- Non-GAAP diluted EPS in the range of \$0.65 to \$0.73

Non-GAAP results exclude special items. See slides 13 and 14 for a reconciliation of our historical non-GAAP to GAAP results and slide 11 for a reconciliation of our non-GAAP to GAAP outlook for the first quarter of fiscal 2016.

4Q15 Financial Snapshot

<i>in millions; except diluted EPS</i>	4Q15	3Q15	4Q14	QoQ	YoY
Revenue	\$979	\$863	\$814	+13%	+20%
Gross Margin ⁽¹⁾	65.7%	66.1%	66.4%	-40bp	-70bp
Operating Margin ⁽¹⁾	35.9%	34.2%	33.2%	+170bp	+270bp
Diluted EPS ⁽¹⁾	\$1.03	\$0.77	\$0.69	+34%	+49%
Free Cash Flow ⁽²⁾ (TTM)	\$754	\$821	\$694	--	--
Cash Return (TTM)	\$718	\$784	\$811	--	--
% of FCF (TTM)	95%	96%	117%	--	--

(1) Financial results are presented on a non-GAAP basis. Non-GAAP results exclude special items. See slides 13 and 14 for a reconciliation of our non-GAAP to GAAP results.

(2) Free cash flow is defined as cash provided by (used in) operating activities less capital expenditures.

FY2015 Financial Snapshot

<i>in millions; except EPS</i>	F2015	F2014	YoY
Revenue	\$3,435	\$2,865	+20%
Gross Margin ⁽¹⁾	66.0%	66.0%	--
Operating Margin ⁽¹⁾	33.9%	31.8%	+210bp
Diluted EPS ⁽¹⁾	\$3.17	\$2.39	+33%

(1) Financial results are presented on a non-GAAP basis. Non-GAAP results exclude special items. See slide 13 and 14 for a reconciliation of our non-GAAP to GAAP results.

3 Yr Recap: Revenue Growth + Margin Expansion = EPS Power

<i>in millions where applicable</i>	FY12	FY15	Change
Revenue	\$2,701	\$3,435	+8% CAGR
Gross Margin*	64.5%	66.0%	+150bp
Operating Margin*	30.7%	33.9%	+320bp
EPS*	\$2.13	\$3.17	+14% CAGR
Dividend	\$1.20	\$1.60	+10% CAGR
S/H Returns	\$505	\$718	--

*Financial results are presented on a non-GAAP basis. Non-GAAP results exclude special items. See slides 13 and 14 for a reconciliation of our non-GAAP to GAAP results.

FY2015 Revenue by End-Market

Comms Infrastructure

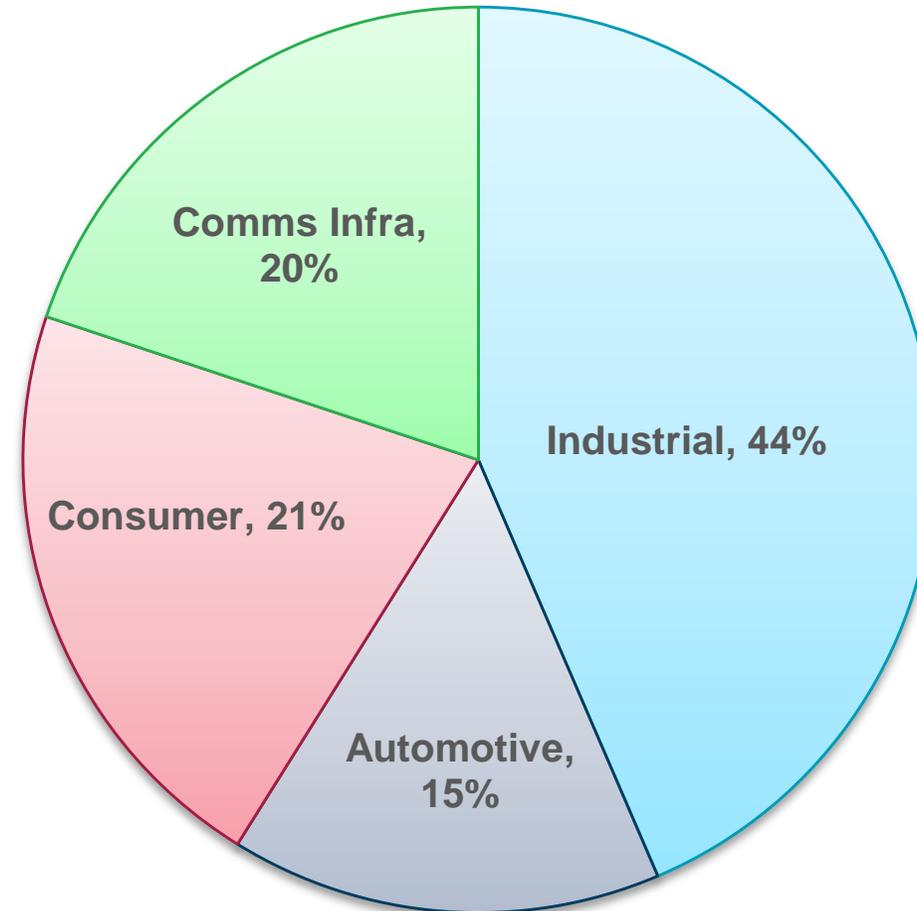
Wireline
Wireless

Consumer

Portable Devices
Prosumer Audio / Video

Automotive

Infotainment
Powertrain
Safety

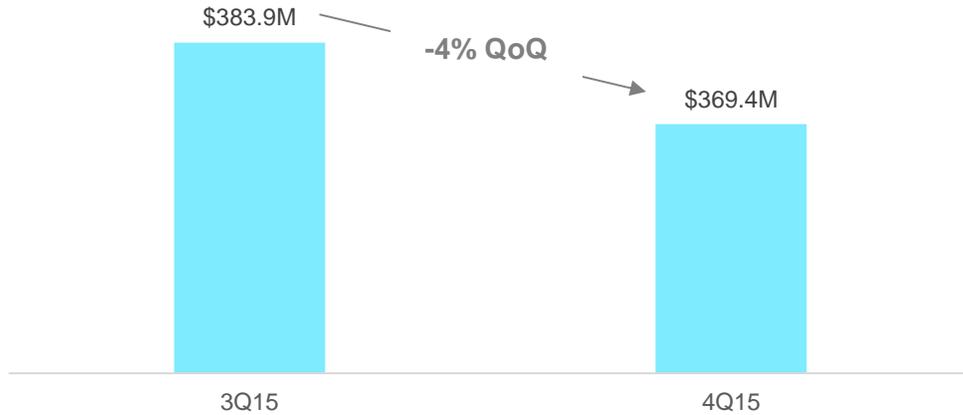


Industrial

Aerospace & Defense
Automation
Energy
Healthcare
Instrumentation

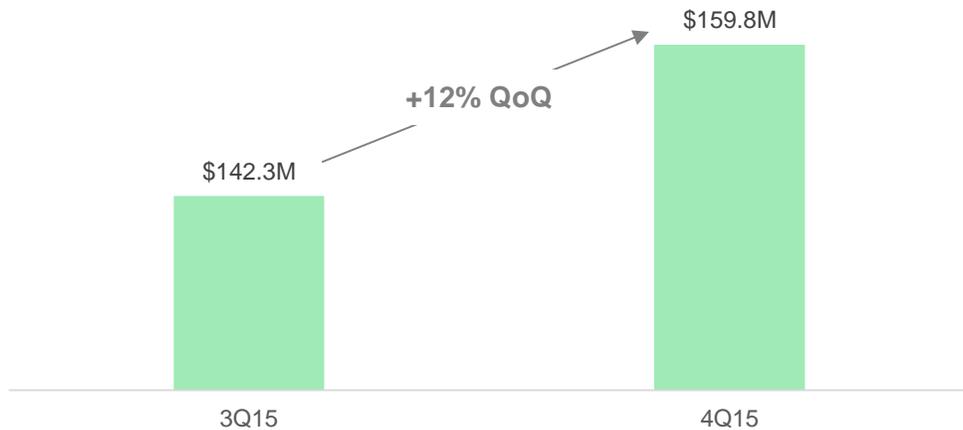
FY15 Revenue: \$3.4B

Industrial



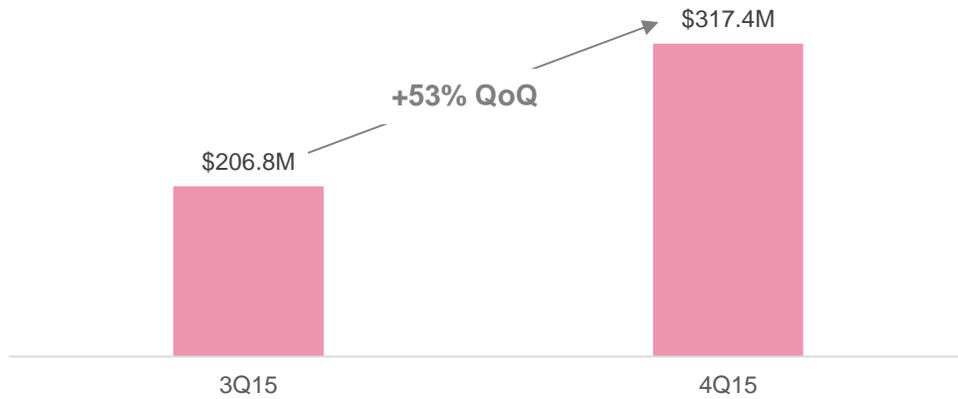
- Industrial sales -4% QoQ
- All segments declined QoQ, in-line with seasonal patterns, except Aerospace & Defense applications where revenue was stable sequentially

Comms. Infrastructure



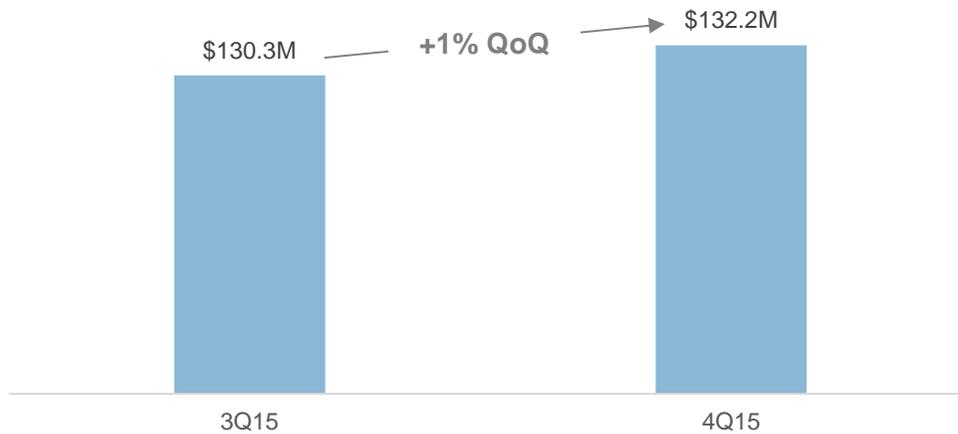
- Communications infrastructure sales +12% QoQ
- Strong sequential growth in wireless infrastructure. Wireline applications decreased sequentially

Consumer



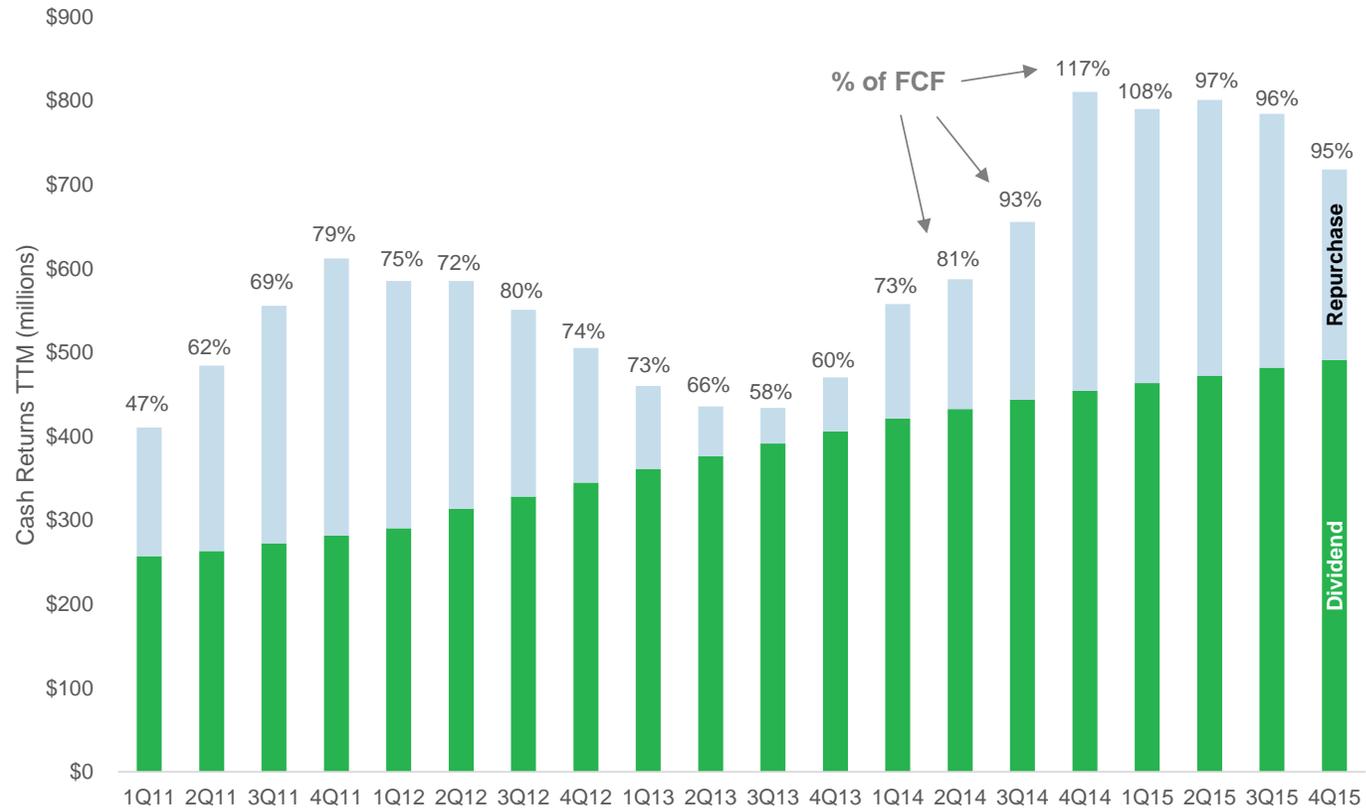
- Consumer sales +53% QoQ
- Continued strength in portable consumer devices drove growth QoQ

Automotive



- Automotive sales +1% QoQ
- Powertrain, Infotainment, and Safety applications were generally stable to the prior quarter

Shareholder Returns (TTM)



4Q15 Shareholder Returns

- Total: \$237M
- Dividend: \$125M
- Share repurchase: \$112M
- TTM: \$754M, 95% of FCF
- Remaining share repurchase authorization as of end F4Q15: ~\$545M

1Q16 Guidance

	GAAP	non-GAAP Adjustments	non-GAAP
Revenue	\$805 to \$855 million	--	\$805 to \$855 million
Gross Margin	approx. 64.3%	\$1.4 million ⁽¹⁾	approx. 64.5%
Operating Expenses	\$292 to \$297 million	\$17.5 million ⁽²⁾	\$274 to \$279 million
Interest & Other Expense	\$5.0 million	--	\$5.0 million
Tax Rate	approx. 15%	--	approx. 14%
Earnings per share	\$0.59 to \$0.67	\$0.06 ⁽²⁾	\$0.65 to \$0.73

(1) Reflects estimated adjustments for amortization of purchased intangible assets and depreciation of step up value on purchased fixed assets.

(2) Represents estimated impact of expenses associated with non-GAAP adjustments on a per share basis.

ADI Financial Model

	Financial Model	FY 2015
Revenue	2x- 3x GDP	20%
Gross Margin*	65% - 68%	66%
Operating Margin*	32% - 36%	34%
Free Cash Flow (% of Sales)	28% - 32%	22%**
Free Cash Flow Return	80%	95%**
EPS Growth - per share*	8% - 15%	33%
Dividend Growth - per share	5% - 10%	8%

Target EPS \$4 to \$5 by 2020*

* Gross Margin, Operating Margin, EPS growth, and target EPS are on a non-GAAP basis. See slides 13-14 for a reconciliation of FY2015 non-GAAP results to FY2015 GAAP results.

** Excluding special payment of \$223M in relation to the conversion of the Company's Irish defined pension plan in F4Q15, FY2015 FCF as % of sales would be 29% and FCF Return would be 73%. See slide 14 for reconciliation.

Reconciliation of Non-GAAP measures to GAAP measures

	Three Months Ended			Twelve Months Ended	
	4Q 15 Oct. 31, 2015	3Q 15 Aug. 1, 2015	4Q 14 Nov. 1, 2014	FY 15 Oct. 31, 2015	FY 14 Nov. 1, 2014
GAAP Revenue	\$978,722	\$863,365	\$814,247	\$3,435,092	\$2,864,773
<i>Y/Y Revenue growth %</i>				20%	9%
<i>Q/Q Revenue growth %</i>	13%	5%	12%		
Hittite Operations	-	-	-	-	(5,392)
Non-GAAP Revenue	<u>\$ 978,722</u>	<u>\$ 863,365</u>	<u>\$ 814,247</u>	<u>\$ 3,435,092</u>	<u>\$ 2,859,381</u>
<i>Y/Y Revenue growth %</i>				20%	9%
<i>Q/Q Revenue growth %</i>	13%	5%	13%		
GAAP Gross Margin	\$641,796	\$569,037	\$486,037	\$2,259,262	\$1,830,188
<i>Gross Margin Percentage</i>	65.6%	65.9%	59.7%	65.8%	63.9%
Hittite Operations	-	-	-	-	(3,015)
Acquisition-Related Expenses	1,399	1,307	54,388	7,199	61,225
Stock-Based Compensation Expense	-	-	(113)	113	(113)
Non-GAAP Gross Margin	<u>\$ 643,195</u>	<u>\$ 570,344</u>	<u>\$ 540,312</u>	<u>\$ 2,266,574</u>	<u>\$ 1,888,285</u>
<i>Gross Margin Percentage</i>	65.7%	66.1%	66.4%	66.0%	66.0%
GAAP Operating Expenses	\$ 533,166	\$ 303,768	\$ 336,108	\$ 1,428,421	\$ 1,077,704
<i>Percent of Revenue</i>	54.5%	35.2%	41.3%	41.6%	37.6%
Other Operating Expense	(223,672)	-	-	(223,672)	-
Hittite Operations	-	-	-	-	(2,033)
Acquisition-Related Expenses	(17,682)	(23,490)	(27,166)	(89,738)	(32,450)
Acquisition-Related Transaction Costs	-	(5,139)	(5,987)	(10,016)	(27,110)
Restructuring-Related Expense	-	-	(34,637)	-	(37,322)
Stock-Based Compensation Expense	-	-	1,302	(4,164)	1,302
Non-GAAP Operating Expenses	<u>\$ 291,812</u>	<u>\$ 275,139</u>	<u>\$ 269,620</u>	<u>\$ 1,100,831</u>	<u>\$ 980,091</u>
<i>Percent of Revenue</i>	29.8%	31.9%	33.1%	32.0%	34.3%
GAAP Operating Income/Margin	\$ 108,630	\$ 265,269	\$ 149,929	\$ 830,841	\$ 752,484
<i>Percent of Revenue</i>	11.1%	30.7%	18.4%	24.2%	26.3%
Other Operating Expense	223,672	-	-	223,672	-
Hittite Operations	-	-	-	-	(982)
Acquisition-Related Expenses	19,081	24,797	81,554	96,937	93,675
Acquisition-Related Transaction Costs	-	5,139	5,987	10,016	27,110
Restructuring-Related Expense	-	-	34,637	-	37,322
Stock-Based Compensation Expense	-	-	(1,415)	4,277	(1,415)
Non-GAAP Operating Income/Margin	<u>\$ 351,383</u>	<u>\$ 295,205</u>	<u>\$ 270,692</u>	<u>\$ 1,165,743</u>	<u>\$ 908,194</u>
<i>Percent of Revenue</i>	35.9%	34.2%	33.2%	33.9%	31.8%
GAAP Other Expense (Income)	\$ 3,953	\$ 5,791	\$ 11,231	\$ 20,727	\$ 23,139
<i>Percent of Revenue</i>	0.4%	0.7%	1.4%	0.6%	0.8%
Acquisition-Related Debt Costs	-	-	(4,823)	-	(6,336)
Non-GAAP Other Expense	<u>\$ 3,953</u>	<u>\$ 5,791</u>	<u>\$ 6,408</u>	<u>\$ 20,727</u>	<u>\$ 16,803</u>
<i>Percent of Revenue</i>	0.4%	0.7%	0.8%	0.6%	0.6%

(1) The sum of the individual per share amounts may not equal the total due to rounding.

	Twelve Months Ended FY 12 Nov. 3, 2012
GAAP Operating Expenses	\$ 916,953
<i>Percent of Revenue</i>	33.9%
Restructuring-Related Expense	(5,836)
Non-GAAP Operating Expenses	<u>\$ 911,117</u>
<i>Percent of Revenue</i>	33.7%
GAAP Operating Income/Margin From Continuing Operations	\$ 824,048
<i>Percent of Revenue</i>	30.5%
Restructuring-Related Expense	5,836
Non-GAAP Operating Income/Margin From Continuing Operations	<u>\$ 829,884</u>
<i>Percent of Revenue</i>	30.7%
GAAP Diluted EPS Including Discontinued Operations	\$ 2.13
Diluted Loss Per Share from Discontinued Operations	-
GAAP Diluted EPS From Continuing Operations	<u>\$ 2.13</u>
IRS Tax Settlement	-
Impact of the Reinstatement of the R&D Tax Credit	-
Impact of State Tax Valuation	-
Impact of Increase in Irish Tax Rate	-
Restructuring-Related Expense	0.01
Impact of Expired Tax Statute	(0.01)
Non-GAAP Diluted EPS From Continuing Operations (1)	<u>\$ 2.13</u>

(1) The sum of the individual per share amounts may not equal the total due to rounding.

Reconciliation of Non-GAAP measures to GAAP measures

	Three Months Ended			Twelve Months Ended	
	4Q 15	3Q 15	4Q 14	FY 15	FY 14
	Oct. 31, 2015	Aug. 1, 2015	Nov. 1, 2014	Oct. 31, 2015	Nov. 1, 2014
GAAP Diluted EPS	\$ 0.30	\$ 0.68	\$ 0.34	\$ 2.20	\$ 1.98
Impact of Loss on Extinguishment of Debt	-	-	-	-	-
Other Operating Expense	0.71	-	-	0.71	-
Hittite Operations	-	-	-	-	-
Acquisition-Related Expenses	0.06	0.08	0.25	0.30	0.27
Acquisition-Related Transaction Costs	-	0.02	0.01	0.03	0.05
Acquisition-Related Debt Costs	-	-	0.01	-	0.01
Acquisition-Related Tax Impact	-	(0.00)	(0.02)	(0.01)	(0.02)
Restructuring-Related Expense	-	-	0.09	-	0.10
Stock-Based Compensation Expense	-	-	-	0.01	-
Impact of Reversal of Prior Period Tax Liabilities	(0.04)	-	-	(0.04)	-
Impact of the Reinstatement of the R&D Tax Credit	-	-	-	(0.02)	-
Non-GAAP Diluted EPS (1)	\$ 1.03	\$ 0.77	\$ 0.69	\$ 3.17	\$ 2.39

(1) The sum of the individual per share amounts may not equal the total due to rounding

Net cash (used for) provided by operating activities	\$ 197,975	\$ 197,139	\$ 262,263	\$ 907,798	\$ 871,602
Non-GAAP adjustments:					
Pension conversion payments	223,672	-	-	223,672	-
Adjusted cash flows from operations	\$ 421,647	\$ 197,139	\$ 262,263	\$ 1,131,470	\$ 871,602
Capital expenditures	(45,807)	(35,164)	(43,417)	(153,960)	(177,913)
Adjusted free cash flow	\$ 375,840	\$ 161,975	\$ 218,846	\$ 977,510	\$ 693,689
% of Revenues	38.4%	18.8%	26.9%	28.5%	24.2%
Free Cash Flow Returns (TTM)	73%	96%	117%	73%	117%

Contact Information

Ali Husain, Treasurer and Director of Investor Relations

Michael C. Lucarelli, Senior Manager of Investor Relations

investor.relations@analog.com