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Analog Devices Outlines Strong Strategic Vision and New Financial Model at 2022 Investor Day

April 5, 2022

- Actions Underway Include Driving Growth Through Customer Success and Moving Up the Technology Stack to Build and Empower the Intelligent Edge

- Reinforces High-Performance Broad Portfolio; Diverse Customers, Applications, and Markets; Customer-Centric Culture; and Resilient Hybrid Manufacturing Model

- Announces New Financial Model that Increases Revenue Growth Target to 7-10% CAGR and Adjusted Operating Margin Target to 42-50%

WILMINGTON, Mass.--(BUSINESS WIRE)--Apr. 5, 2022-- Analog Devices, Inc. (Nasdaq: ADI), a leading global high-performance analog technology company, today hosted its 2022 Investor Day at its new LEED-certified Wilmington, MA headquarters. Members of the leadership team shared how the Company is leveraging its high-performance analog portfolio to capitalize on key secular growth trends aligned with electrification, digitization, automation, and connectivity.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20220405006014/en/>

"For more than half a century, we have stayed true to our ethos of solving our customers' critical and complex problems, while building the most durable and premier analog, mixed signal, and power franchise. We have a tremendous opportunity ahead of us as we execute our long-term vision to build and empower the intelligent edge by bringing digital technologies and software closer to the edge, making it more intelligent and prescient," said Vincent Roche, Chief Executive Officer and Chair of ADI. "As we move up the technology stack, capture opportunity presented by key secular trends and deepen customer relationships through innovation, we have great confidence we will achieve our increased annual revenue growth target of 7% to 10%. While we deliver sustainable growth, we see a path to \$15 of adjusted earnings per share and 40% free cash flow margin, enabling us to create significant value for shareholders for years to come."

In conjunction with today's event, ADI announced its new long-term financial model, highlighting the following expectations:

Metric	New Model ¹
Revenue growth	7-10% CAGR
Adjusted Gross margin	Floor of 70%
Adjusted Operating margin	42-50%
Free cash flow margin ²	34-40%
Free cash flow return	100%

Capital expenditures as a percent of revenue 4-6%

¹ A reconciliation of the non-GAAP financial measures included in this chart to the corresponding GAAP measures is not available without unreasonable effort. Refer to the Company's 1Q22 press release available at investor.analog.com for historical adjustments from GAAP to Non-GAAP measures, which have been significant in prior periods.

² Free cash flow (FCF) is equal to operating cash flow, less capital expenditures. FCF margin is FCF divided by revenue.

In addition, ADI also updated its synergy targets related to the acquisition of Maxim Integrated. The Company now expects to capture cost synergies of \$400 million by fiscal 2023 and revenue synergies of more than \$1 billion in the next five years.

The presentation materials and a replay of the event will be available at investor.analog.com.

About Analog Devices

Analog Devices, Inc. (Nasdaq: ADI) operates at the center of the modern digital economy, converting real-world phenomena into actionable insight with its comprehensive suite of analog and mixed signal, power management, radio frequency (RF), and digital and sensor technologies. ADI serves 125,000 customers worldwide with more than 75,000 products in the industrial, communications, automotive, and consumer markets. ADI is headquartered in Wilmington, MA. Visit <http://www.analog.com>.

Forward Looking Statements

This press release contains forward-looking statements, which address a variety of subjects including, for example, statements regarding expected financial goals and results, expected product development, product offerings and technical advances, growth opportunities and anticipated growth, market trends and opportunities, expected customer demand, targeted free cash flow returns and capital allocation strategy, and expected benefits and synergies of the acquisition of Maxim Integrated Products, Inc. (Maxim). Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The following important factors and uncertainties, among others, could cause actual results to differ materially from those described in these forward-looking statements: the uncertainty as to the extent of the duration, scope and impacts of the COVID-19 pandemic; political and economic uncertainty, including any faltering in global economic conditions or the stability of credit and financial markets; erosion of consumer confidence and declines in customer spending; unavailability of raw materials, services, supplies or manufacturing capacity; changes in geographic, product or customer mix; changes in export classifications, import and export regulations or duties and tariffs; changes in our estimates of our expected tax rates based on current tax law; adverse results in litigation matters, including the potential for litigation related to the acquisition of Maxim; the risk that we will be unable to retain and hire key personnel; unanticipated difficulties or expenditures relating to integrating Maxim; uncertainty as to the long-term value of our common stock; the diversion of management time on integrating Maxim's business and operations; our ability to successfully integrate acquired businesses and technologies, including Maxim; and the risk that expected benefits, synergies and growth prospects of acquisitions, including our acquisition of Maxim, may not be fully achieved in a timely manner, or at all. For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please refer to our filings with the Securities and Exchange Commission, including the risk factors contained in our most recent Quarterly Report on Form 10-Q and Annual Report on Form 10-K. Forward-looking statements represent management's current expectations and are inherently uncertain. 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.

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(ADI-WEB)

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