

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended	
	Feb. 1, 2020	Feb. 2, 2019
Revenue	\$ 1,303,565	\$ 1,541,101
Cost of sales	455,423	501,445
Gross margin	848,142	1,039,656
Operating expenses:		
Research & development	257,073	287,382
Selling, marketing, general and administrative	199,280	167,342
Amortization of intangibles	107,225	107,324
Special charges	11,136	21,782
Total operating expenses	574,714	583,830
Operating income	273,428	455,826
Nonoperating expense (income):		
Interest expense	48,813	58,728
Interest income	(1,940)	(2,688)
Other, net	338	(160)
	47,211	55,880
Income before income tax	226,217	399,946
Provision for income taxes	22,343	44,940
Net income	\$ 203,874	\$ 355,006
Shares used to compute earnings per common share - basic	368,241	368,703
Shares used to compute earnings per common share - diluted	372,264	372,506
Basic earnings per common share	\$ 0.55	\$ 0.96
Diluted earnings per common share	\$ 0.55	\$ 0.95

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

	Feb. 1, 2020	Nov. 2, 2019
Cash & cash equivalents	\$ 654,408	\$ 648,322
Accounts receivable	584,366	635,136
Inventories	588,503	609,886
Other current assets	83,902	91,782
Total current assets	1,911,179	1,985,126
Net property, plant and equipment	1,206,769	1,219,989
Investments	78,228	77,324
Goodwill	12,257,064	12,256,880
Intangible assets, net	4,073,078	4,217,224
Deferred tax assets	1,567,521	1,582,382
Other	282,988	53,716
Total assets	<u>\$ 21,376,827</u>	<u>\$ 21,392,641</u>
Other current liabilities	\$ 1,022,082	\$ 1,208,965
Debt, current	748,460	299,667
Long-term debt	4,745,302	5,192,252
Deferred income taxes	2,055,100	2,088,212
Other non-current liabilities	1,116,366	894,357
Shareholders' equity	11,689,517	11,709,188
Total liabilities & equity	<u>\$ 21,376,827</u>	<u>\$ 21,392,641</u>

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended	
	Feb. 1, 2020	Feb. 2, 2019
Cash flows from operating activities:		
Net income	\$ 203,874	\$ 355,006
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	59,863	58,293
Amortization of intangibles	144,069	142,292
Stock-based compensation expense	37,501	36,393
Non-cash portion of special charge	—	4,367
Deferred income taxes	(13,982)	15,652
Non-cash contribution to charitable foundation	40,000	—
Other non-cash activity	2,332	6,693
Changes in operating assets and liabilities	(124,009)	(246,929)
Total adjustments	145,774	16,761
Net cash provided by operating activities	349,648	371,767
Percent of revenue	26.8 %	24.1 %
Cash flows from investing activities:		
Additions to property, plant and equipment	(54,839)	(90,993)
Changes in other assets	107	(5,222)
Net cash used for investing activities	(54,732)	(96,215)
Cash flows from financing activities:		
Proceeds from revolver	—	75,000
Payments on revolver	—	(75,000)
Debt repayments	—	(100,000)
Dividend payments to shareholders	(199,160)	(177,716)
Repurchase of common stock	(106,030)	(227,093)
Proceeds from employee stock plans	16,113	19,229
Changes in other financing activities	(495)	(569)
Net cash used for financing activities	(289,572)	(486,149)
Effect of exchange rate changes on cash	742	(130)
Net increase (decrease) in cash and cash equivalents	6,086	(210,727)
Cash and cash equivalents at beginning of period	648,322	816,591
Cash and cash equivalents at end of period	<u>\$ 654,408</u>	<u>\$ 605,864</u>

ANALOG DEVICES, INC.
REVENUE TRENDS BY END MARKET
(Unaudited)
(In thousands)

The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the “sold to” customer information, the “ship to” customer information and the end customer product or application into which our product will be incorporated. As data systems for capturing and tracking this data and our methodology evolve and improve, the categorization of products by end market can vary over time. When this occurs, we reclassify revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market.

	Three Months Ended				
	Feb. 1, 2020			Feb. 2, 2019	
	Revenue	% of revenue*	Y/Y %	Revenue	% of revenue*
Industrial	\$ 684,862	53%	(7)%	\$ 733,432	48%
Communications	239,928	18%	(31)%	347,016	23%
Automotive	205,330	16%	(16)%	244,062	16%
Consumer	173,445	13%	(20)%	216,591	14%
Total revenue	\$ 1,303,565	100%	(15)%	\$ 1,541,101	100%

*The sum of the individual percentages may not equal the total due to rounding.

ANALOG DEVICES, INC.
RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended	
	Feb. 1, 2020	Feb. 2, 2019
Gross margin	\$ 848,142	\$ 1,039,656
Gross margin percentage	65.1 %	67.5 %
Acquisition related expenses	45,016	43,495
Adjusted gross margin	<u>\$ 893,158</u>	<u>\$ 1,083,151</u>
Adjusted gross margin percentage	68.5 %	70.3 %
Operating expenses	\$ 574,714	\$ 583,830
Percent of revenue	44.1 %	37.9 %
Acquisition related expenses	(111,782)	(113,832)
Charitable foundation contribution	(40,000)	—
Restructuring related expense	(11,136)	(21,782)
Adjusted operating expenses	<u>\$ 411,796</u>	<u>\$ 448,216</u>
Adjusted operating expenses percentage	31.6 %	29.1 %
Operating income	\$ 273,428	\$ 455,826
Operating margin	21.0 %	29.6 %
Acquisition related expenses	156,798	157,327
Charitable foundation contribution	40,000	—
Restructuring related expense	11,136	21,782
Adjusted operating income	<u>\$ 481,362</u>	<u>\$ 634,935</u>
Adjusted operating margin	36.9 %	41.2 %
Provision for income taxes	\$ 22,343	\$ 44,940
Income tax effect of adjustments above	28,280	24,900
Income tax from certain discrete tax items	—	12,560
Adjusted provision for income taxes	<u>\$ 50,623</u>	<u>\$ 82,400</u>
Income before income taxes	226,217	399,946
Effective tax rate	9.9 %	11.2 %
Acquisition related expenses	156,798	157,327
Charitable foundation contribution	40,000	—
Restructuring related expense	11,136	21,782
Adjusted income before income taxes	<u>\$ 434,151</u>	<u>\$ 579,055</u>
Adjusted tax rate	11.7 %	14.2 %
Diluted EPS	\$ 0.55	\$ 0.95
Acquisition related expenses	0.42	0.42
Charitable foundation contribution	0.11	—
Restructuring related expense	0.03	0.06
Income tax effect of adjustments above	(0.08)	(0.07)
Income tax from certain discrete tax items	—	(0.03)
Adjusted diluted EPS (1)	<u>\$ 1.03</u>	<u>\$ 1.33</u>

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

ANALOG DEVICES, INC.
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW
(Unaudited)
(In thousands)

	Trailing Twelve Months	Three Months Ended			
	Feb. 1, 2020	Feb. 1, 2020	Nov. 2, 2019	Aug. 3, 2019	May 4, 2019
Revenue	\$ 5,753,529	\$ 1,303,565	\$ 1,443,219	\$ 1,480,143	\$ 1,526,602
Net cash provided by operating activities	\$ 2,230,981	\$ 349,648	\$ 657,905	\$ 552,546	\$ 670,882
% of Revenue	39 %	27 %	46 %	37 %	44 %
Capital expenditures	\$ (239,218)	\$ (54,839)	\$ (51,076)	\$ (58,094)	\$ (75,209)
Free cash flow	\$ 1,991,763	\$ 294,809	\$ 606,829	\$ 494,452	\$ 595,673
% of Revenue	35 %	23 %	42 %	33 %	39 %

ANALOG DEVICES, INC.
RECONCILIATION OF PROJECTED GAAP TO NON-GAAP RESULTS
(Unaudited)

	Three Months Ending May 2, 2020	
	Reported	Adjusted
Revenue	\$1.35 Billion (+/- \$50 Million)	\$1.35 Billion (+/- \$50 Million)
Operating margin	26.0% (+/-150 bps)	37.5% (1) (+/-100 bps)
Nonoperating expense	~ \$48 Million	~ \$48 Million
Tax rate	9% to 11%	10% to 12% (2)
Earnings per share	\$0.73 (+/- \$0.08)	\$1.10 (3) (+/- \$0.08)

(1) Includes \$157 million of adjustments related to acquisition related expenses as previously defined in the Non-GAAP Financial Information section of this press release.

(2) Includes \$21 million of tax effects associated with the adjustment for acquisition related expenses above.

(3) Includes \$0.36 of adjustments related to the net impact of \$0.42 of acquisition related expenses and \$0.06 of tax effects on those acquisition related expenses.

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