

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

	Three Months Ended	
	Jan. 30, 2021	Feb. 1, 2020
Revenue	\$ 1,558,458	\$ 1,303,565
Cost of sales	513,087	455,423
Gross margin	1,045,371	848,142
Operating expenses:		
Research and development	288,150	257,073
Selling, marketing, general and administrative	185,275	199,280
Amortization of intangibles	107,648	107,225
Special charges	438	11,136
Total operating expenses	581,511	574,714
Operating income	463,860	273,428
Nonoperating expense (income):		
Interest expense	42,479	48,813
Interest income	(209)	(1,940)
Other, net	(15,028)	338
	27,242	47,211
Income before income taxes	436,618	226,217
Provision for income taxes	48,099	22,343
Net income	<u>\$ 388,519</u>	<u>\$ 203,874</u>
Shares used to compute earnings per common share - basic	369,203	368,241
Shares used to compute earnings per common share - diluted	373,106	372,264
Basic earnings per common share	\$ 1.05	\$ 0.55
Diluted earnings per common share	\$ 1.04	\$ 0.55

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

	Jan. 30, 2021	Oct. 31, 2020
Cash & cash equivalents	\$ 1,048,063	\$ 1,055,860
Accounts receivable	826,964	737,536
Inventories	618,640	608,260
Other current assets	131,074	116,032
Total current assets	2,624,741	2,517,688
Net property, plant and equipment	1,129,214	1,120,561
Other investments	91,720	86,729
Goodwill	12,282,751	12,278,425
Intangible assets, net	3,535,475	3,650,280
Deferred tax assets	1,466,489	1,503,064
Other assets	309,720	311,856
Total assets	\$ 21,440,110	\$ 21,468,603
Other current liabilities	\$ 1,277,537	\$ 1,364,986
Debt, current	399,220	—
Long-term debt	4,747,347	5,145,102
Deferred income taxes	1,862,068	1,919,595
Other non-current liabilities	1,066,192	1,040,975
Shareholders' equity	12,087,746	11,997,945
Total liabilities & equity	\$ 21,440,110	\$ 21,468,603

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

	Three Months Ended	
	Jan. 30, 2021	Feb. 1, 2020
Cash flows from operating activities:		
Net income	\$ 388,519	\$ 203,874
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	56,309	59,863
Amortization of intangibles	145,044	144,069
Stock-based compensation expense	36,638	37,501
Deferred income taxes	(27,275)	(13,982)
Non-cash contribution to charitable foundation	—	40,000
Other non-cash activity	(14,553)	2,332
Changes in operating assets and liabilities	(156,741)	(124,009)
Total adjustments	39,422	145,774
Net cash provided by operating activities	427,941	349,648
Percent of revenue	27 %	27 %
Cash flows from investing activities:		
Proceeds from other investments	18,566	—
Additions to property, plant and equipment	(67,388)	(54,839)
Cash paid for asset acquisition	(22,522)	—
Payments for acquisitions, net of cash acquired	(2,428)	—
Changes in other assets	(1,299)	107
Net cash used for investing activities	(75,071)	(54,732)
Cash flows from financing activities:		
Dividend payments to shareholders	(229,179)	(199,160)
Repurchase of common stock	(157,057)	(106,030)
Proceeds from employee stock plans	19,920	16,113
Changes in other financing activities	2,493	(495)
Net cash used for financing activities	(363,823)	(289,572)
Effect of exchange rate changes on cash	3,156	742
Net (decrease) increase in cash and cash equivalents	(7,797)	6,086
Cash and cash equivalents at beginning of period	1,055,860	648,322
Cash and cash equivalents at end of period	<u>\$ 1,048,063</u>	<u>\$ 654,408</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 evolves and improves, 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				
	Jan. 30, 2021			Feb. 1, 2020	
	Revenue	% of revenue*	Y/Y %	Revenue	% of revenue*
Industrial	\$ 855,454	55%	24%	\$ 687,685	53%
Communications	281,049	18%	16%	241,804	19%
Automotive	245,250	16%	19%	205,712	16%
Consumer	176,705	11%	5%	168,364	13%
Total revenue	\$ 1,558,458	100%	20%	\$ 1,303,565	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	
	Jan. 30, 2021	Feb. 1, 2020
Gross margin	\$ 1,045,371	\$ 848,142
Gross margin percentage	67.1 %	65.1 %
Acquisition related expenses	44,997	45,016
Adjusted gross margin	<u>\$ 1,090,368</u>	<u>\$ 893,158</u>
Adjusted gross margin percentage	70.0 %	68.5 %
Operating expenses	\$ 581,511	\$ 574,714
Percent of revenue	37.3 %	44.1 %
Acquisition related expenses	(110,300)	(111,782)
Acquisition related transaction costs	(15,236)	—
Charitable foundation contribution	—	(40,000)
Restructuring related expense	(438)	(11,136)
Adjusted operating expenses	<u>\$ 455,537</u>	<u>\$ 411,796</u>
Adjusted operating expenses percentage	29.2 %	31.6 %
Operating income	\$ 463,860	\$ 273,428
Operating margin	29.8 %	21.0 %
Acquisition related expenses	155,297	156,798
Acquisition related transaction costs	15,236	—
Charitable foundation contribution	—	40,000
Restructuring related expense	438	11,136
Adjusted operating income	<u>\$ 634,831</u>	<u>\$ 481,362</u>
Adjusted operating margin	40.7 %	36.9 %
Provision for income taxes	\$ 48,099	\$ 22,343
Income tax effect of adjustments above	22,796	28,280
Adjusted provision for income taxes	<u>\$ 70,895</u>	<u>\$ 50,623</u>
Income before income taxes	436,618	226,217
Effective tax rate	11.0 %	9.9 %
Acquisition related expenses	155,297	156,798
Acquisition related transaction costs	15,236	—
Charitable foundation contribution	—	40,000
Restructuring related expense	438	11,136
Adjusted income before income taxes	<u>\$ 607,589</u>	<u>\$ 434,151</u>
Adjusted tax rate	11.7 %	11.7 %
Diluted EPS	\$ 1.04	\$ 0.55
Acquisition related expenses	0.42	0.42
Acquisition related transaction costs	0.04	—
Charitable foundation contribution	—	0.11
Restructuring related expense	0.00	0.03
Income tax effect of adjustments above	(0.06)	(0.08)
Adjusted diluted EPS*	<u>\$ 1.44</u>	<u>\$ 1.03</u>

* 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			
	Jan. 30, 2021	Jan. 30, 2021	Oct. 31, 2020	Aug. 1, 2020	May 2, 2020
Revenue	\$ 5,857,949	\$ 1,558,458	\$ 1,526,295	\$ 1,456,136	\$ 1,317,060
Net cash provided by operating activities	\$ 2,086,780	\$ 427,941	\$ 672,598	\$ 557,200	\$ 429,041
% of Revenue	36 %	27 %	44 %	38 %	33 %
Capital expenditures	\$ (178,241)	\$ (67,388)	\$ (29,888)	\$ (20,804)	\$ (60,161)
Free cash flow	\$ 1,908,539	\$ 360,553	\$ 642,710	\$ 536,396	\$ 368,880
% of Revenue	33 %	23 %	42 %	37 %	28 %

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

	Three Months Ending May 1, 2021	
	Reported	Adjusted
Revenue	\$1.60 Billion (+/- \$50 Million)	\$1.60 Billion (+/- \$50 Million)
Operating margin	30.6% (+/-110 bps)	41% (1) (+/-70 bps)
Nonoperating expense	~ \$44 Million	~ \$44 Million
Tax rate	11% to 13%	11% to 13% (2)
Earnings per share	\$1.06 (+/- \$0.08)	\$1.44 (3) (+/- \$0.08)

(1) Includes \$166 million of adjustments related to acquisition related expenses and acquisition related transaction costs as previously defined in the Non-GAAP Financial Information section of this press release.

(2) Includes \$23 million of tax effects associated with the adjustments for acquisition related expenses and acquisition related transaction costs noted above.

(3) Includes \$0.38 of adjustments related to the net impact of \$0.44 of acquisition related expenses and acquisition related transaction costs, as well as \$0.06 of tax effects on those items.

(ADI-WEB)

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