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

	Three Months Ended		Nine Months Ended	
	Aug. 1, 2020	**Aug. 3, 2019**	**Aug. 1, 2020**	**Aug. 3, 2019**
Revenue	$ 1,456,136	$ 1,480,143	$ 4,076,761	$ 4,547,846
Cost of sales	483,558	482,332	1,409,367	1,476,287
Gross margin	972,578	997,811	2,667,394	3,071,559
Operating expenses:				
Research & development	260,794	280,102	770,280	853,330
Selling, marketing, general and administrative	153,753	162,825	494,808	493,295
Amortization of intangibles	107,077	107,231	321,448	321,816
Special charges	31,830	927	44,286	30,871
Total operating expenses	553,454	551,085	1,630,822	1,699,312
Operating income	419,124	446,726	1,036,572	1,372,247
Nonoperating expense (income):				
Interest expense	45,914	59,871	144,712	178,300
Interest income	(504)	(2,625)	(3,778)	(8,241)
Other, net	685	(78)	1,331	4,287
	46,095	57,168	142,265	174,346
Income before income tax	373,029	389,558	894,307	1,197,901
Provision for income taxes	10,364	27,184	60,072	112,584
Net income	$ 362,665	$ 362,374	$ 834,235	$ 1,085,317
Shares used to compute earnings per common share - basic	368,791	369,533	368,417	369,160
Shares used to compute earnings per common share - diluted	372,003	373,077	371,857	372,967
Basic earnings per common share	$ 0.98	$ 0.98	$ 2.26	$ 2.93
Diluted earnings per common share	$ 0.97	$ 0.97	$ 2.24	$ 2.90

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

	Aug. 1, 2020	Nov. 2, 2019
Cash & cash equivalents	$ 1,090,264	$ 648,322
Accounts receivable	681,728	635,136
Inventories	612,646	609,886
Other current assets	100,599	91,782
Total current assets	2,485,237	1,985,126
Net property, plant and equipment	1,134,236	1,219,989
Other investments	82,953	77,324
Goodwill	12,273,799	12,256,880
Intangible assets, net	3,796,932	4,217,224
Deferred tax assets	1,522,772	1,582,382
Other assets	303,639	53,716
Total assets	$ 21,599,568	$ 21,392,641
Other current liabilities	$ 1,238,452	$ 1,208,965
Debt, current	449,324	299,667
Long-term debt	5,143,653	5,192,252
Deferred income taxes	1,961,009	2,088,212
Other non-current liabilities	1,029,570	894,357
Shareholders' equity	11,777,560	11,709,188
Total liabilities & equity	$ 21,599,568	$ 21,392,641

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

	Three Months Ended		Nine Months Ended	
	Aug. 1, 2020	**Aug. 3, 2019**	**Aug. 1, 2020**	**Aug. 3, 2019**
Cash flows from operating activities:				
Net income	$ 362,665	$ 362,374	$ 834,235	$ 1,085,317
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation	57,598	61,606	176,722	179,041
Amortization of intangibles	143,865	142,521	431,985	427,046
Stock-based compensation expense	39,560	36,098	112,961	112,720
Non-cash portion of special charge	—	—	—	4,367
Deferred income taxes	(7,412)	(33,601)	(42,802)	(55,444)
Non-cash contribution to charitable foundation	—	—	40,000	—
Other non-cash activity	1,874	8,272	5,675	26,701
Changes in operating assets and liabilities	(40,950)	(24,724)	(222,887)	(184,552)
Total adjustments	194,535	190,172	501,654	509,879
Net cash provided by operating activities	557,200	552,546	1,335,889	1,595,196
Percent of revenue	38.3 %	37.3 %	32.8 %	35.1 %
Cash flows from investing activities:				
Additions to property, plant and equipment	(20,804)	(58,094)	(135,804)	(224,297)
Payments for acquisitions, net of cash acquired	(12,763)	—	(12,763)	—
Changes in other assets	70	(547)	(1,214)	(5,132)
Net cash used for investing activities	(33,497)	(58,641)	(149,781)	(229,429)
Cash flows from financing activities:				
Proceeds from debt	—	1,250,000	395,646	1,250,000
Early termination of debt	—	(1,250,000)	—	(1,250,000)
Payments on revolver	—	—	(350,000)	(75,000)
Proceeds from revolver	—	—	350,000	75,000
Debt repayments	—	(300,000)	(300,000)	(650,000)
Dividend payments to shareholders	(228,798)	(200,068)	(656,558)	(577,285)
Repurchase of common stock	(17,651)	(112,001)	(237,265)	(440,616)
Proceeds from employee stock plans	26,853	19,228	57,750	106,135
Changes in other financing activities	436	(1,774)	(4,015)	(7,918)
Net cash used for financing activities	(219,160)	(594,615)	(744,442)	(1,569,684)
Effect of exchange rate changes on cash	784	(727)	276	(510)
Net increase (decrease) in cash and cash equivalents	305,327	(101,437)	441,942	(204,427)
Cash and cash equivalents at beginning of period	784,937	713,601	648,322	816,591
Cash and cash equivalents at end of period	$ 1,090,264	$ 612,164	$ 1,090,264	$ 612,164

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				
	Aug. 1, 2020			Aug. 3, 2019	
	Revenue	% of revenue*	Y/Y %	Revenue	% of revenue*
Industrial	$ 774,353	53%	3%	$ 753,118	51%
Communications	363,613	25%	14%	319,250	22%
Automotive	162,480	11%	(29)%	228,235	15%
Consumer	155,690	11%	(13)%	179,540	12%
Total revenue	**$ 1,456,136**	**100%**	**(2)%**	**$ 1,480,143**	**100%**

	Nine Months Ended				
	Aug. 1, 2020			Aug. 3, 2019	
	Revenue	% of revenue*	Y/Y %	Revenue	% of revenue*
Industrial	$ 2,174,183	53%	(4)%	$ 2,262,597	50%
Communications	880,921	22%	(14)%	1,030,283	23%
Automotive	551,395	14%	(22)%	708,711	16%
Consumer	470,262	12%	(14)%	546,255	12%
Total revenue	**$ 4,076,761**	**100%**	**(10)%**	**$ 4,547,846**	**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		Nine Months Ended	
	Aug. 1, 2020	Aug. 3, 2019	Aug. 1, 2020	Aug. 3, 2019
Gross margin	$ 972,578	$ 997,811	$ 2,667,394	$ 3,071,559
Gross margin percentage	66.8 %	67.4 %	65.4 %	67.5 %
Acquisition related expenses	45,222	43,694	134,633	130,444
Adjusted gross margin	$ 1,017,800	$ 1,041,505	$ 2,802,027	$ 3,202,003
Adjusted gross margin percentage	69.9 %	70.4 %	68.7 %	70.4 %
Operating expenses	$ 553,454	$ 551,085	$ 1,630,822	$ 1,699,312
Percent of revenue	38.0 %	37.2 %	40.0 %	37.4 %
Acquisition related expenses	(110,460)	(112,636)	(333,298)	(339,293)
Acquisition related transaction costs	(9,121)	—	(9,121)	—
Charitable foundation contribution	—	—	(40,000)	—
Restructuring related expense	(31,830)	(927)	(44,287)	(30,871)
Adjusted operating expenses	$ 402,043	$ 437,522	$ 1,204,116	$ 1,329,148
Adjusted operating expenses percentage	27.6 %	29.6 %	29.5 %	29.2 %
Operating income	$ 419,124	$ 446,726	$ 1,036,572	$ 1,372,247
Operating margin	28.8 %	30.2 %	25.4 %	30.2 %
Acquisition related expenses	155,682	156,330	467,931	469,737
Acquisition related transaction costs	9,121	—	9,121	—
Charitable foundation contribution	—	—	40,000	—
Restructuring related expense	31,830	927	44,287	30,871
Adjusted operating income	$ 615,757	$ 603,983	$ 1,597,911	$ 1,872,855
Adjusted operating margin	42.3 %	40.8 %	39.2 %	41.2 %
Provision for income taxes	$ 10,364	$ 27,184	$ 60,072	$ 112,584
Income tax effect of adjustments above	29,266	20,927	79,413	68,567
Income tax from certain discrete tax items	25,951	28,365	25,951	40,925
Adjusted provision for income taxes	$ 65,581	$ 76,476	$ 165,436	$ 222,076
Income before income taxes	373,029	389,558	894,307	1,197,901
Effective tax rate	2.8 %	7.0 %	6.7 %	9.4 %
Acquisition related expenses	155,682	156,330	467,931	469,737
Acquisition related transaction costs	9,121	—	9,121	—
Charitable foundation contribution	—	—	40,000	—
Restructuring related expense	31,830	927	44,287	30,871
Adjusted income before income taxes	$ 569,662	$ 546,815	$ 1,455,646	$ 1,698,509
Adjusted tax rate	11.5 %	14.0 %	11.4 %	13.1 %
Diluted EPS	$ 0.97	$ 0.97	$ 2.24	$ 2.90
Acquisition related expenses	0.42	0.42	1.26	1.26
Acquisition related transaction costs	0.02	—	0.02	—
Charitable foundation contribution	—	—	0.11	—
Restructuring related expense	0.09	—	0.12	0.08
Income tax effect of adjustments above	(0.08)	(0.06)	(0.21)	(0.18)
Income tax from certain discrete tax items	(0.07)	(0.08)	(0.07)	(0.11)
Adjusted diluted EPS (1)	$ 1.36	$ 1.26	$ 3.47	$ 3.96

(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			
	Aug. 1, 2020	**Aug. 1, 2020**	**May 2, 2020**	**Feb. 1, 2020**	**Nov. 2, 2019**
Revenue	$5,519,980	$ 1,456,136	$ 1,317,060	$ 1,303,565	$ 1,443,219
Net cash provided by operating activities	$1,993,794	$ 557,200	$ 429,041	$ 349,648	$ 657,905
% of Revenue	36 %	38 %	33 %	27 %	46 %
Capital expenditures	$ (186,880)	$ (20,804)	$ (60,161)	$ (54,839)	$ (51,076)
Free cash flow	$1,806,914	$ 536,396	$ 368,880	$ 294,809	$ 606,829
% of Revenue	33 %	37 %	28 %	23 %	42 %

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

	Three Months Ending October 31, 2020	
	Reported	**Adjusted**
Revenue	$1.44 Billion	$1.44 Billion
	(+/- $70 Million)	(+/- $70 Million)
Operating margin	31.0%	42.0% (1)
	(+/-140 bps)	(+/-100 bps)
Nonoperating expense	~ $46 Million	~ $46 Million
Tax rate	12% to 13%	12% to 13% (2)
Earnings per share	$0.95	$1.32 (3)
	(+/- $0.10)	(+/- $0.10)

(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 $22 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.

(ADI-WEB)

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