

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

	Three Months Ended		Twelve Months Ended	
	Nov 2, 2019	Nov 3, 2018 (1)	Nov 2, 2019	Nov 3, 2018 (1)
Revenue	\$ 1,443,219	\$ 1,536,128	\$ 5,991,065	\$ 6,224,689
Cost of sales	501,028	490,585	1,977,315	1,974,293
Gross margin	942,191	1,045,543	4,013,750	4,250,396
Operating expenses:				
Research & development	277,018	295,609	1,130,348	1,165,047
Selling, marketing, general and administrative	154,799	175,296	648,094	695,540
Amortization of intangibles	107,225	107,345	429,041	428,902
Special charges	64,788	1,842	95,659	61,318
Total operating expenses	603,830	580,092	2,303,142	2,350,807
Operating income	338,361	465,451	1,710,608	1,899,589
Nonoperating expenses (income):				
Interest expense	50,775	59,102	229,075	253,589
Interest income	(1,988)	(2,791)	(10,229)	(9,383)
Other, net	1,747	(196)	6,034	69
	50,534	56,115	224,880	244,275
Income before income tax	287,827	409,336	1,485,728	1,655,314
Provision for income taxes	10,133	4,481	122,717	148,334
Net income	<u>\$ 277,694</u>	<u>\$ 404,855</u>	<u>\$ 1,363,011</u>	<u>\$ 1,506,980</u>
Shares used to compute earnings per share - basic	369,051	371,074	369,133	370,430
Shares used to compute earnings per share - diluted	372,584	375,116	372,871	374,938
Basic earnings per common share	\$ 0.75	\$ 1.09	\$ 3.68	\$ 4.05
Diluted earnings per common share	\$ 0.74	\$ 1.08	\$ 3.65	\$ 4.00

(1) Balances have been restated to reflect the adoption of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*.

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

	November 2, 2019	November 3, 2018 (1)
Cash & cash equivalents	\$ 648,322	\$ 816,591
Accounts receivable	635,136	639,717
Inventories	609,886	586,760
Other current assets	91,782	69,058
Total current assets	1,985,126	2,112,126
Net property, plant and equipment	1,219,989	1,154,328
Investments	77,324	68,583
Goodwill	12,256,880	12,252,604
Intangible assets, net	4,217,224	4,778,192
Deferred tax assets	1,582,382	9,665
Other	53,716	62,868
Total assets	<u>\$ 21,392,641</u>	<u>\$ 20,438,366</u>
Other current liabilities	\$ 1,208,965	\$ 984,748
Debt, current	299,667	67,000
Long-term debt	5,192,252	6,265,674
Deferred income taxes	2,088,212	990,409
Other non-current liabilities	894,357	862,362
Shareholders' equity	11,709,188	11,268,173
Total liabilities & equity	<u>\$ 21,392,641</u>	<u>\$ 20,438,366</u>

(1) Balances have been restated to reflect the full retrospective adoption of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*.

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

	Three Months Ended		Twelve Months Ended	
	Nov 2, 2019	Nov 3, 2018 (1)	Nov 2, 2019	Nov 3, 2018 (1)
Cash flows from operating activities:				
Net income	\$ 277,694	\$ 404,855	\$ 1,363,011	\$ 1,506,980
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation	61,636	58,874	240,677	228,525
Amortization of intangibles	143,528	142,316	570,574	570,538
Stock-based compensation expense	37,580	37,454	150,300	151,165
Non-cash portion of special charge	9,800	—	14,167	—
Deferred income taxes	(35,809)	(18,892)	(91,253)	(730,376)
Other non-cash activity	14,206	14,550	40,907	36,569
Changes in operating assets and liabilities	149,270	75,284	(35,283)	678,960
Total adjustments	380,211	309,586	890,089	935,381
Net cash provided by operating activities	657,905	714,441	2,253,100	2,442,361
Percent of revenue	45.6 %	46.5 %	37.6 %	39.2 %
Cash flows from investing activities:				
Additions to property, plant and equipment	(51,076)	(86,004)	(275,372)	(254,876)
Payments for acquisitions, net of cash acquired	(11,170)	—	(11,170)	(52,839)
Change in other assets	(1,512)	(3,015)	(6,644)	(6,283)
Net cash used for investing activities	(63,758)	(89,019)	(293,186)	(313,998)
Cash flows from financing activities:				
Proceeds from debt	—	—	1,250,000	743,778
Early termination of debt	—	—	(1,250,000)	—
Proceeds from revolver	—	—	75,000	—
Payments on revolver	—	—	(75,000)	—
Debt repayments	(200,000)	(225,000)	(850,000)	(2,275,000)
Dividend payments to shareholders	(200,196)	(179,416)	(777,481)	(703,307)
Repurchase of common stock	(172,389)	(184,116)	(613,005)	(225,977)
Proceeds from employee stock plans	10,388	10,668	116,523	99,027
Change in other financing activities	5,087	(2,882)	(2,831)	3,437
Net cash used for financing activities	(557,110)	(580,746)	(2,126,794)	(2,358,042)
Effect of exchange rate changes on cash	(879)	(660)	(1,389)	(1,568)
Net increase (decrease) in cash and cash equivalents	36,158	44,016	(168,269)	(231,247)
Cash and cash equivalents at beginning of period	612,164	772,575	816,591	1,047,838
Cash and cash equivalents at end of period	<u>\$ 648,322</u>	<u>\$ 816,591</u>	<u>\$ 648,322</u>	<u>\$ 816,591</u>

(1) Balances have been restated to reflect the full retrospective adoption of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*.

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				
	Nov 2, 2019			Nov 3, 2018 (1)	
	Revenue	% of revenue (2)	Y/Y %	Revenue	% of revenue (2)
Industrial	\$ 744,137	52%	—%	\$ 742,549	48%
Communications	260,128	18%	(19)%	320,827	21%
Automotive	226,124	16%	(8)%	244,759	16%
Consumer	212,830	15%	(7)%	227,993	15%
Total revenue	\$ 1,443,219	100%	(6)%	\$ 1,536,128	100%

	Twelve Months Ended				
	Nov 2, 2019			Nov 3, 2018 (1)	
	Revenue	% of revenue (2)	Y/Y %	Revenue	% of revenue (2)
Industrial	\$ 3,003,927	50%	(4)%	\$ 3,129,569	50%
Communications	1,284,087	21%	12%	1,151,359	18%
Automotive	933,143	16%	(8)%	1,009,927	16%
Consumer	769,908	13%	(18)%	933,834	15%
Total revenue	\$ 5,991,065	100%	(4)%	\$ 6,224,689	100%

(1) Balances have been restated to reflect the full retrospective adoption of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*.

(2) 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		Twelve Months Ended	
	Nov 2, 2019	Nov 3, 2018 (1)	Nov 2, 2019	Nov 3, 2018 (1)
Gross margin	\$ 942,191	\$ 1,045,543	\$ 4,013,750	\$ 4,250,396
Gross margin percentage	65.3 %	68.1 %	67.0 %	68.3 %
Acquisition related expenses	44,822	43,896	175,266	180,903
Adjusted gross margin	\$ 987,013	\$ 1,089,439	\$ 4,189,016	\$ 4,431,299
Adjusted gross margin percentage	68.4 %	70.9 %	69.9 %	71.2 %
Operating expenses	\$ 603,830	\$ 580,092	\$ 2,303,142	\$ 2,350,807
Percent of revenue	41.8 %	37.8 %	38.4 %	37.8 %
Acquisition related expenses	(112,219)	(117,651)	(451,511)	(477,132)
Acquisition related transaction costs	—	(5,628)	—	(22,197)
Accelerated stock-based compensation expense	—	(3,402)	—	(3,402)
Restructuring related expense	(64,788)	(1,842)	(95,659)	(61,318)
Adjusted operating expenses	\$ 426,823	\$ 451,569	\$ 1,755,972	\$ 1,786,758
Adjusted operating expenses percentage	29.6 %	29.4 %	29.3 %	28.7 %
Operating income	\$ 338,361	\$ 465,451	\$ 1,710,608	\$ 1,899,589
Operating margin	23.4 %	30.3 %	28.6 %	30.5 %
Acquisition related expenses	157,041	161,547	626,777	658,035
Acquisition related transaction costs	—	5,628	—	22,197
Accelerated stock-based compensation expense	—	3,402	—	3,402
Restructuring related expense	64,788	1,842	95,659	61,318
Adjusted operating income	\$ 560,190	\$ 637,870	\$ 2,433,044	\$ 2,644,541
Adjusted operating margin	38.8 %	41.5 %	40.6 %	42.5 %
Provision for income taxes	\$ 10,133	\$ 4,481	\$ 122,717	\$ 148,334
Income tax on non discrete tax items above	35,903	7,285	104,470	32,260
Income tax from prior period tax liabilities	7,622	(10,333)	7,622	(12,289)
Income tax on certain inventory intra-entity transfers	14,500	—	14,500	—
Income tax from state tax valuation allowance adjustment	(13,435)	11,311	(13,435)	11,311
Income tax from prior period tax credits	—	—	11,210	—
Income tax on voluntary accounting policy change	—	—	17,155	—
Income tax from uncertain tax positions	—	25,676	—	32,832
Income tax from one time transitional tax	—	(3,904)	7,500	(690,965)
Income tax from deferred tax recalibration	11,615	(6,125)	16,675	633,573
Adjusted provision for income taxes	\$ 66,338	\$ 28,391	\$ 288,414	\$ 155,056
Income before income taxes	\$ 287,827	\$ 409,336	\$ 1,485,728	\$ 1,655,314
Effective tax rate	3.5 %	1.1 %	8.3 %	9.0 %
Acquisition related expenses	157,041	161,547	626,777	658,035
Acquisition related transaction costs	—	5,628	—	22,197
Accelerated stock-based compensation expense	—	3,402	—	3,402
Restructuring related expense	64,788	1,842	95,659	61,318
Adjusted income before income taxes	\$ 509,656	\$ 581,755	\$ 2,208,164	\$ 2,400,266
Adjusted tax rate	13.0 %	4.9 %	13.1 %	6.5 %
Diluted EPS	\$ 0.74	\$ 1.08	\$ 3.65	\$ 4.00
Acquisition related expenses	0.42	0.43	1.68	1.76
Acquisition related transaction costs	—	0.02	—	0.06
Accelerated stock-based compensation expense	—	0.01	—	0.01
Restructuring related expense	0.17	0.00	0.26	0.16
Income tax on non discrete tax items above	(0.10)	(0.02)	(0.28)	(0.09)
Income from prior period tax liabilities	(0.02)	0.03	(0.02)	0.03
Income tax on certain inventory intra-entity transfers	(0.04)	—	(0.04)	—
Income tax from state tax valuation allowance adjustment	0.04	(0.03)	0.04	(0.03)
Income tax from prior period tax credits	—	—	(0.03)	—
Income tax on voluntary accounting policy change	—	—	(0.05)	—
Income tax from uncertain tax positions	—	(0.07)	—	(0.09)
Income tax from one time transitional tax	—	0.01	(0.02)	1.84
Income tax from deferred tax recalibration	(0.03)	0.02	(0.04)	(1.69)
Adjusted diluted EPS (2)	\$ 1.19	\$ 1.48	\$ 5.15	\$ 5.97

- (1) Balances have been restated to reflect the full retrospective adoption of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*.
- (2) 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			
	Nov 2, 2019	Nov 2, 2019	Aug 3, 2019	May 4, 2019	Feb 2, 2019
Revenue	\$ 5,991,065	\$ 1,443,219	\$ 1,480,143	\$ 1,526,602	\$ 1,541,101
Net cash provided by operating activities	\$ 2,253,100	\$ 657,905	\$ 552,546	\$ 670,882	\$ 371,767
% of Revenue	38 %	46 %	37 %	44 %	24 %
Capital expenditures	\$ (275,372)	\$ (51,076)	\$ (58,094)	\$ (75,209)	\$ (90,993)
Free cash flow	\$ 1,977,728	\$ 606,829	\$ 494,452	\$ 595,673	\$ 280,774
% of Revenue	33 %	42 %	33 %	39 %	18 %

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

	Three Months Ending Feb 1, 2020	
	Reported	Adjusted
Revenue	\$1.30 Billion (+/- \$50 Million)	\$1.30 Billion (+/- \$50 Million)
Operating margin	23.7% (+/-150 bps)	36.7% (1) (+/-100 bps)
Nonoperating expenses	~ \$49 Million	~ \$49 Million
Tax rate	12% to 15%	12% to 15% (2)
Earnings per share	\$0.61 (+/- \$0.07)	\$1.00 (3) (+/- \$0.07)

(1) Includes \$158 million of adjustments related to acquisition related expenses and approximately \$10 million of restructuring related expenses, as previously defined in the Non-GAAP Financial Information section of this press release.

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

(3) Includes \$0.39 of adjustments related to the net impact of \$0.42 of acquisition related expenses, \$0.03 of restructuring related expenses and \$0.06 of tax effects on those items.

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