

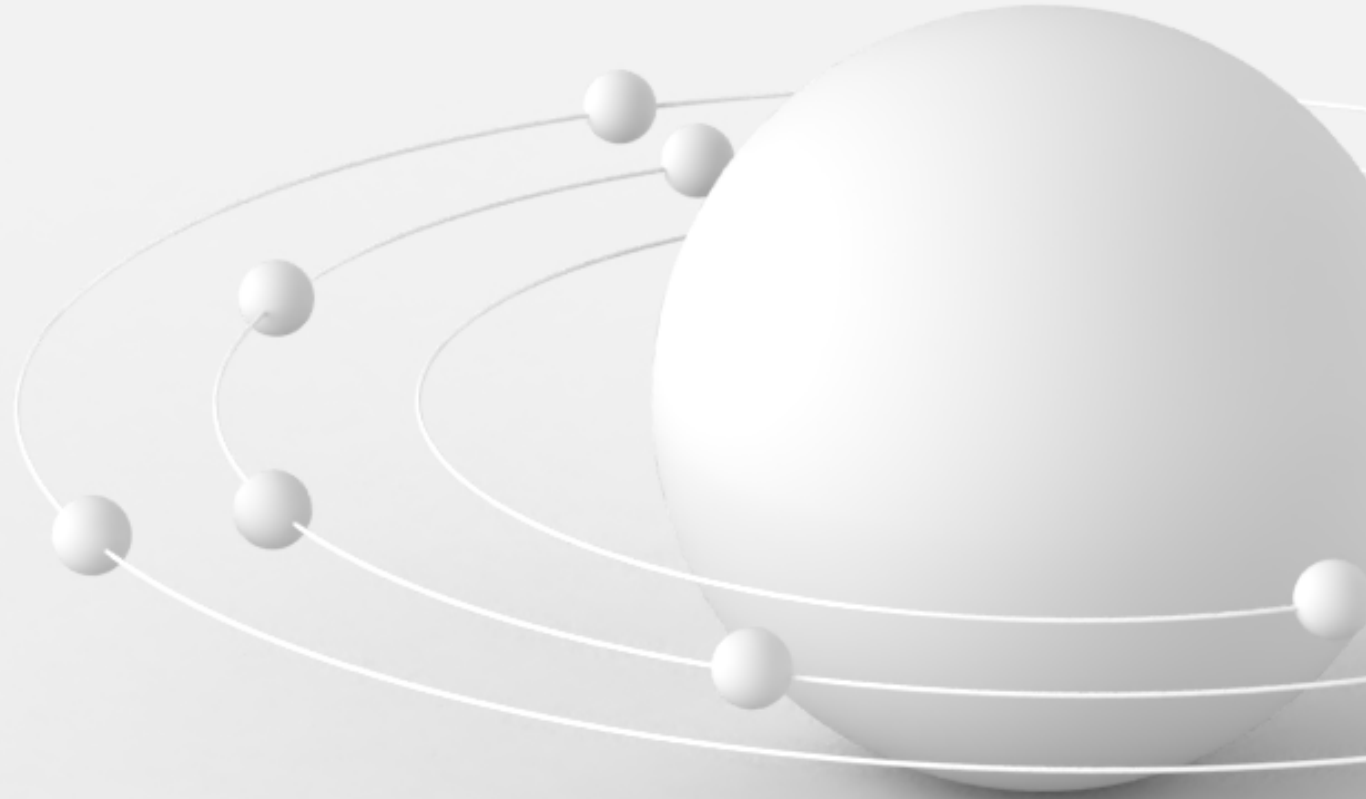


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# Divestiture of Infrastructure & Automotive

Simplify and Focus to Accelerate IoT Market Leadership and Growth

22 April 2021





“

The measure of intelligence is  
the ability to change.

ALBERT EINSTEIN



SILICON LABS

# Transaction Summary

- Silicon Labs to be a pure-play leader of intelligent wireless connectivity for the IoT

## Overview

**Divested Asset:** Silicon Labs (NASDAQ: SLAB) Infrastructure & Automotive (“I&A”) business unit

**Acquiror:** Skyworks Solutions, Inc. (NASDAQ: SWKS)

**Transaction Structure:** Asset sale

**Revenue & Employees:** ~\$375M of CY20 revenue and approximately 350+ employees

## Consideration & Use of Proceeds

\$2.75B total considerations at closing in cash (~\$2.3B of expected after-tax proceeds)

The company intends to return approximately \$2.0B to shareholders after the transaction closes through a combination of special dividends and/or share repurchases

## Timing of Transaction Close

Expected to close in the 3rd quarter of 2021 with minimal regulatory hurdles

Subject to customary closing conditions & regulatory approvals in various jurisdictions; does not require SAMR approval

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# Why Divest I&A Now?

Separating, Simplifying and Scaling for the Future

## Deal Logic

- Internet of Things (IoT) and Infrastructure and Automotive (I&A) businesses are different – unique markets, customers, supply chains, R&D, selling motion and corporate organization
- By divesting I&A to Skyworks, each business will get focus needed to succeed and grow

## Announcement

- Silicon Labs to be a pure-play leader of intelligent wireless connectivity for the IoT

## Opportunities

- Simplify and focus to accelerate IoT market leadership and growth
- Strategically align and scale IoT innovation to create greater customer value

## Timing

- Capitalize on opportunity for long-term value creation

# Pure-Play Leader of Intelligent Wireless Connectivity



## Large, diverse, growing IoT opportunity

Capitalizing on increased wireless adoption and predicted connected devices growth

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## Unmatched wireless portfolio, hardware & software platform

“Works with” industry’s widest range of protocols, ecosystems for multitude of secure applications

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## Ecosystem leader defining future of IoT

10Ks of customers, 1Ks of applications, 100s of major technology partners

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## Proven track record of sustainable growth

Value creation with attractive long-term target operating model/margin profile

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## Driven by customer success, ability to solve global challenges

People, products and purpose help developers transform industries, grow economies, improve lives

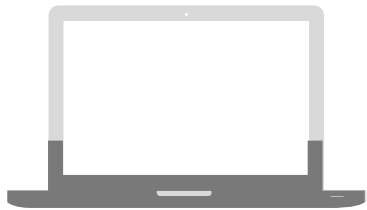


# Focused on the Large, Diverse, Growing IoT Opportunity

## Devices Per Person

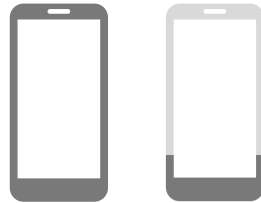
0.3

Personal Computers



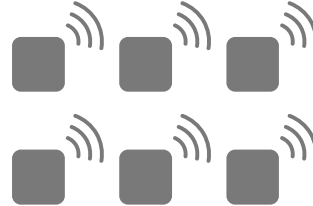
1.2

Mobile Handsets



>6

IoT Connected Devices



>50

IoT Connected Devices



10's of Billions of  
Connected Devices

10+

wireless protocols

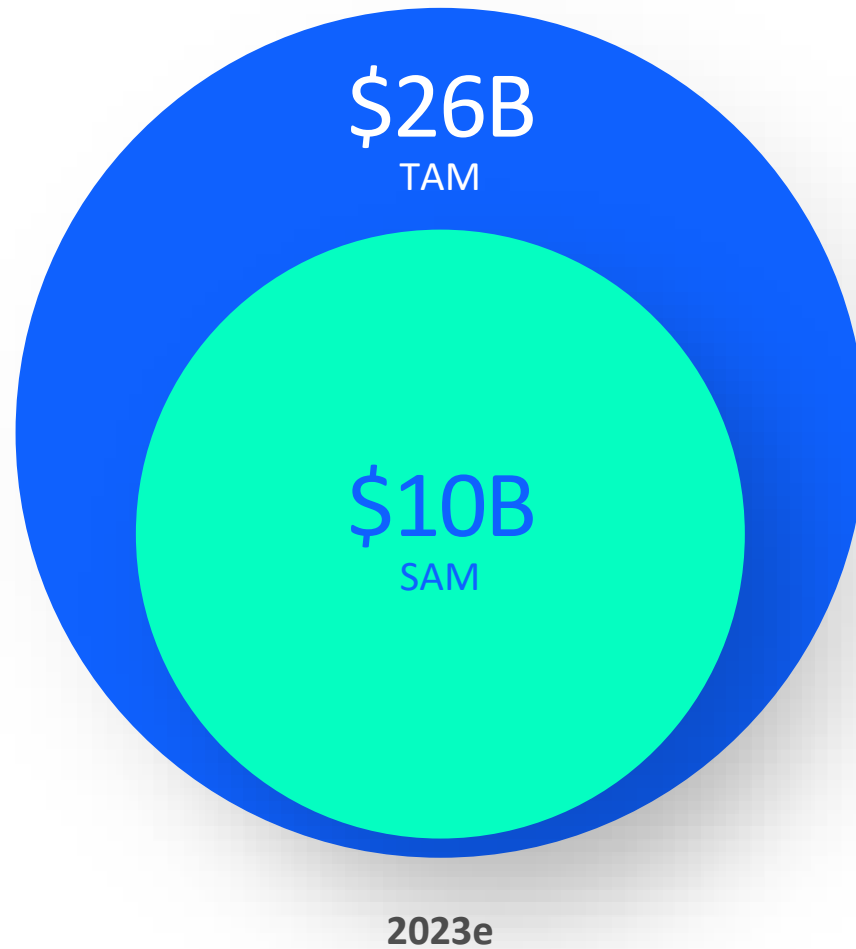


+ MORE

Today

Next Decade+

# Focused on the Large, Diverse, Growing IoT Opportunity

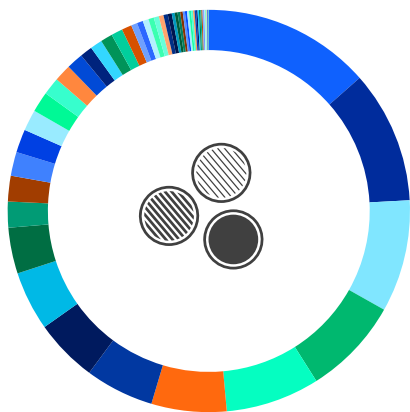


Source: ABI, OMDIA, and Silicon Labs estimates

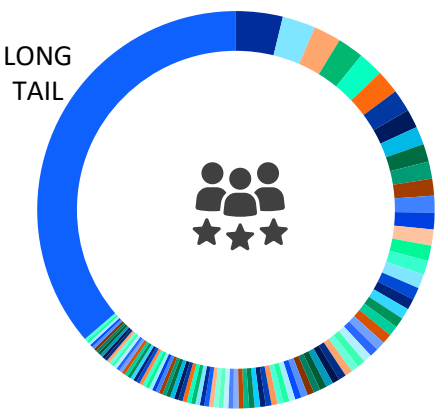
- Intelligent Wireless Connectivity driving growth
- Leading solutions in target markets
- Well positioned to capture share

# Diversity of IoT Business is Key to Our Success

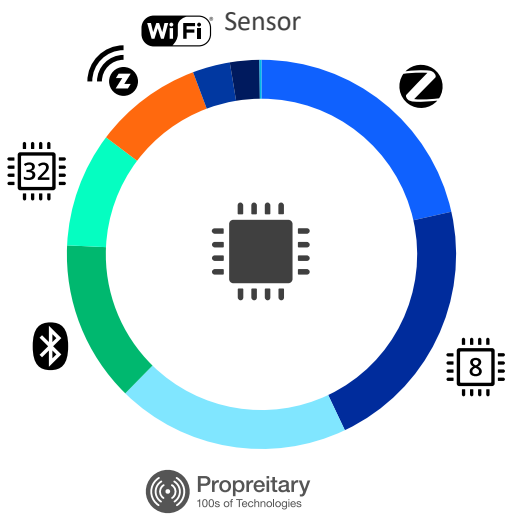
## APPLICATIONS



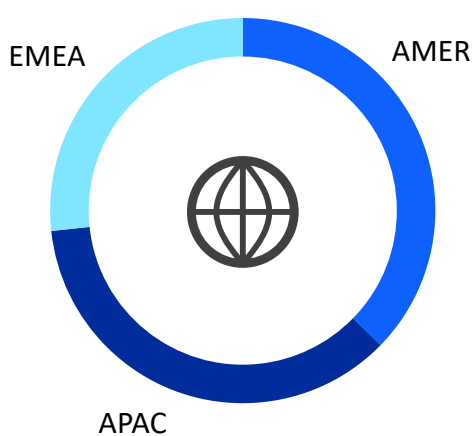
## CUSTOMERS



## TECHNOLOGIES



## GEOGRAPHIES



% of 2020 Revenue



# Leader IoT Wireless Connectivity

  
**Growing**  
Revenue Based  
on IoT

 Bluetooth®  Multiprotocol  
 Proprietary  THREAD  Wi-Fi®  
 Wi-SUN  zigbee  Z-WAVE  
Breadth and Depth of Wireless IoT Protocols

  
**#1**

Share in Mesh

  
**1st**

To Market with Multiprotocol,  
BLE Mesh, BLE 5.1



**Innovation**

Security, Energy Efficiency,  
Intelligence, Modules

**ember**

2012

Software ZigBee SoC

 **ENERGY**  
micro

2013

Low-power 32-bit MCUs

**blue giga**

2015

BT Smart Modules

 **telegesis**

2015

ZigBee/Thread Modules

**Micrium®**

2016

Software RTOS

**ZENTRI**

2017

Device Management

 **Z-WAVE**

2018

Smart Home Protocol

 **REDPINE  
SIGNALS**

2020

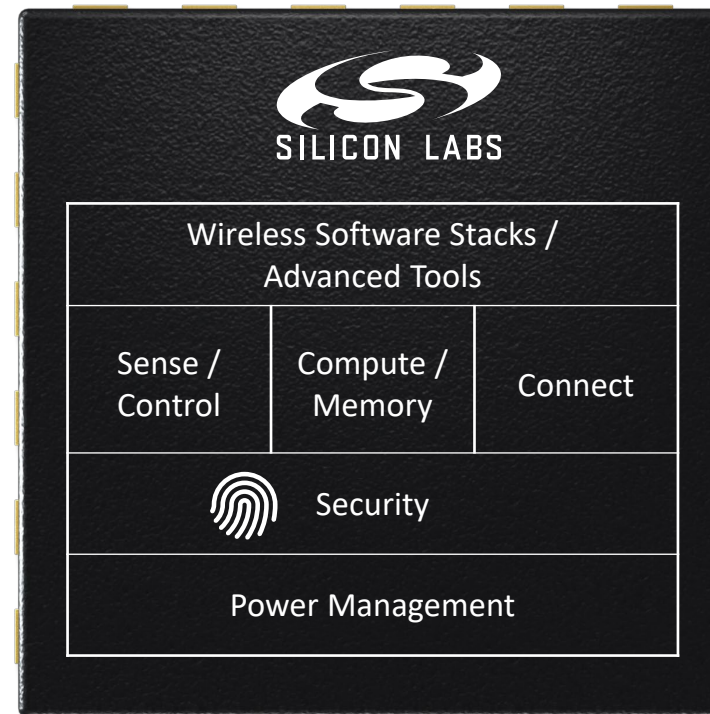
Ultra Low Power Wi-Fi

# Our Hardware and Software Platform for the IoT

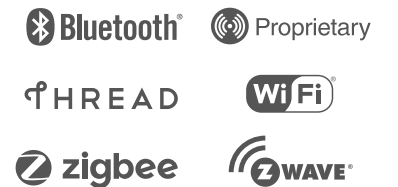
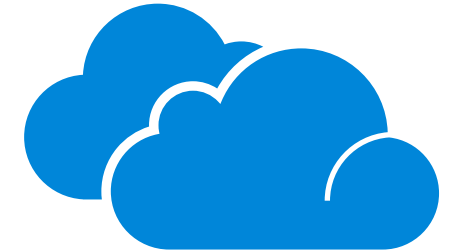
## Modern Development Suite



## IoT Wireless SoCs, Modules, Prototyping Kits



## Cloud

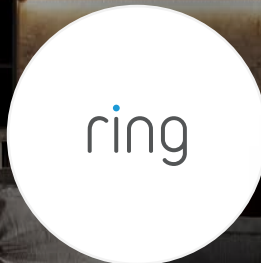


## Smartphones





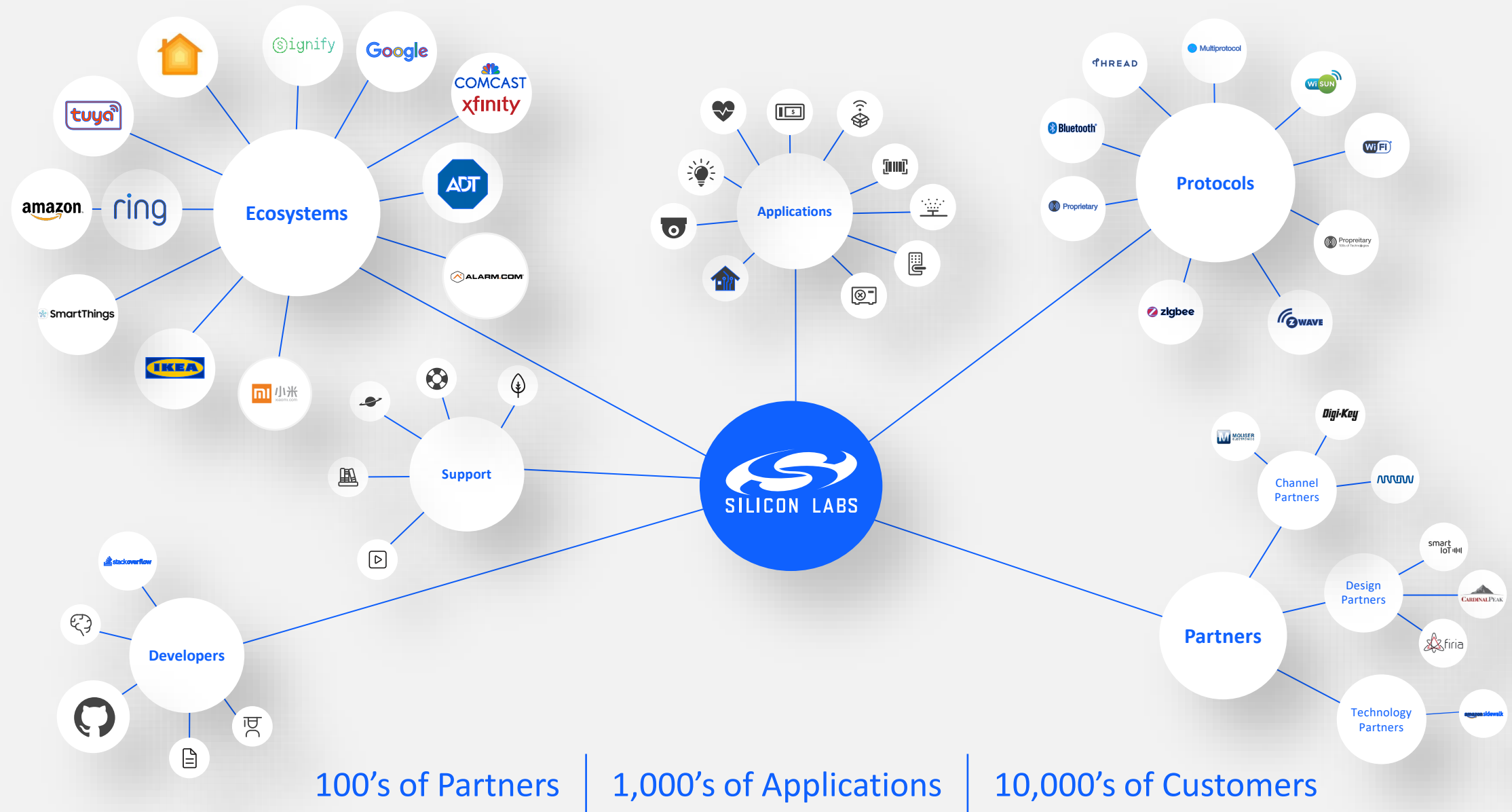
# Ecosystem Leader Defining the Future of IoT



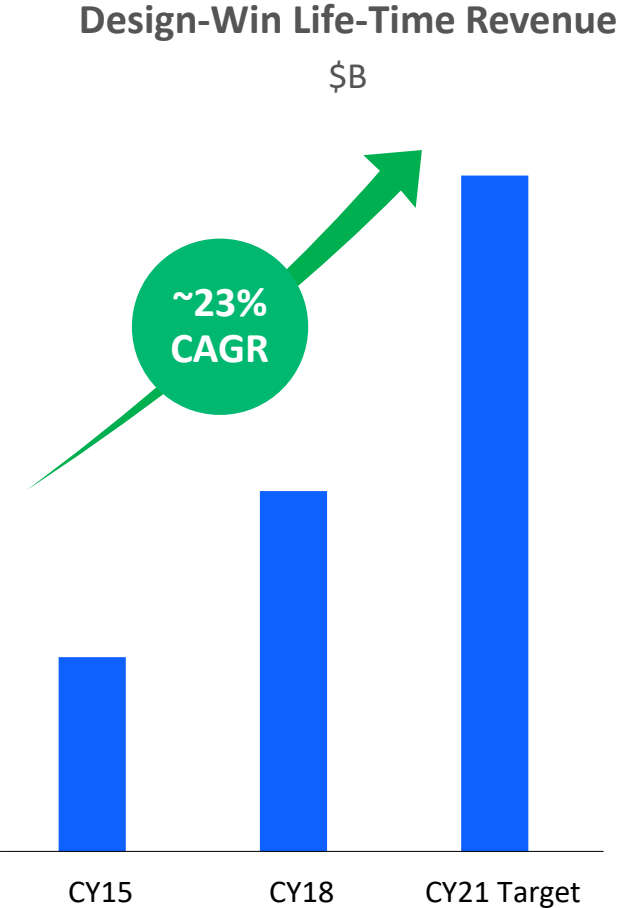
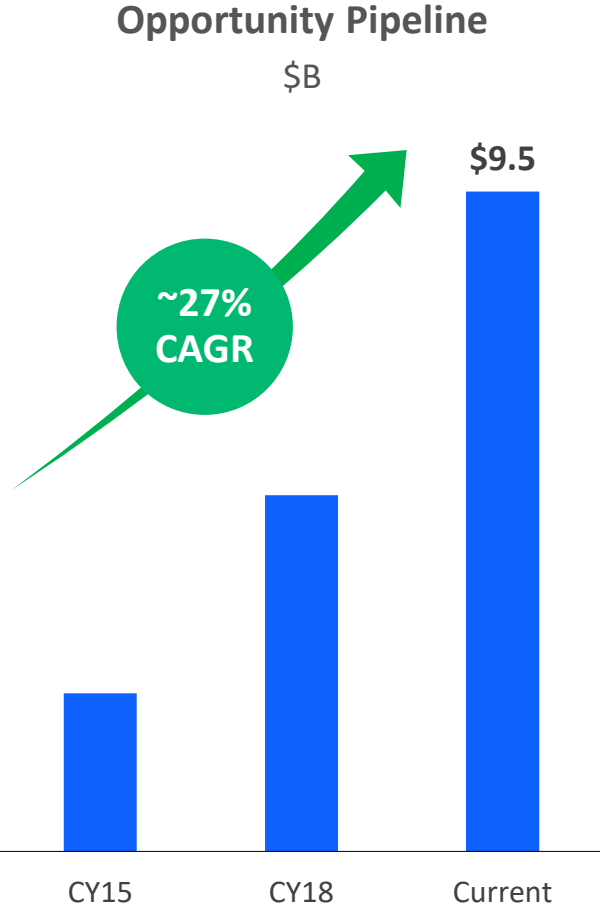
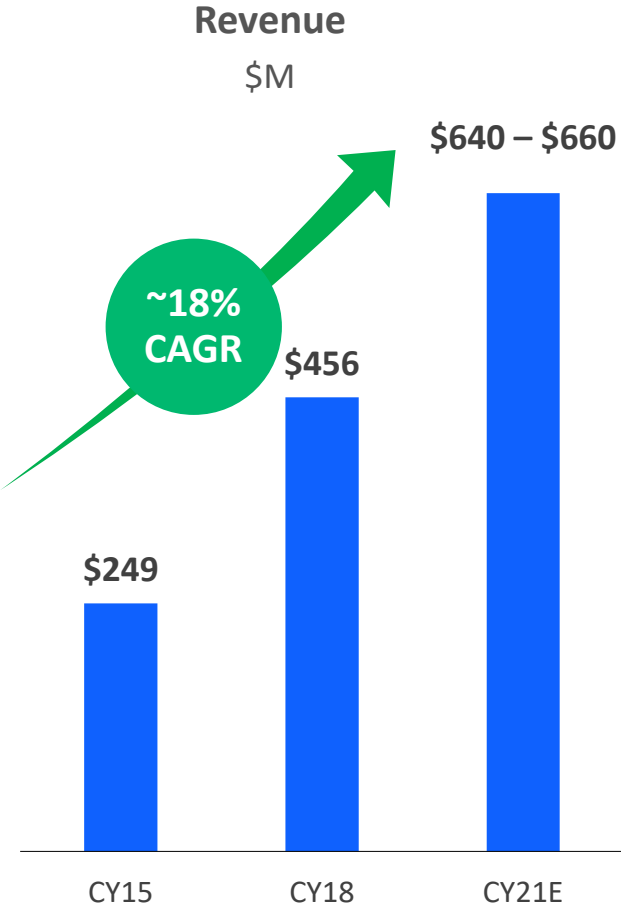
+ MORE



# Silicon Labs' Wireless Portfolio is Unmatched in Breadth and Depth



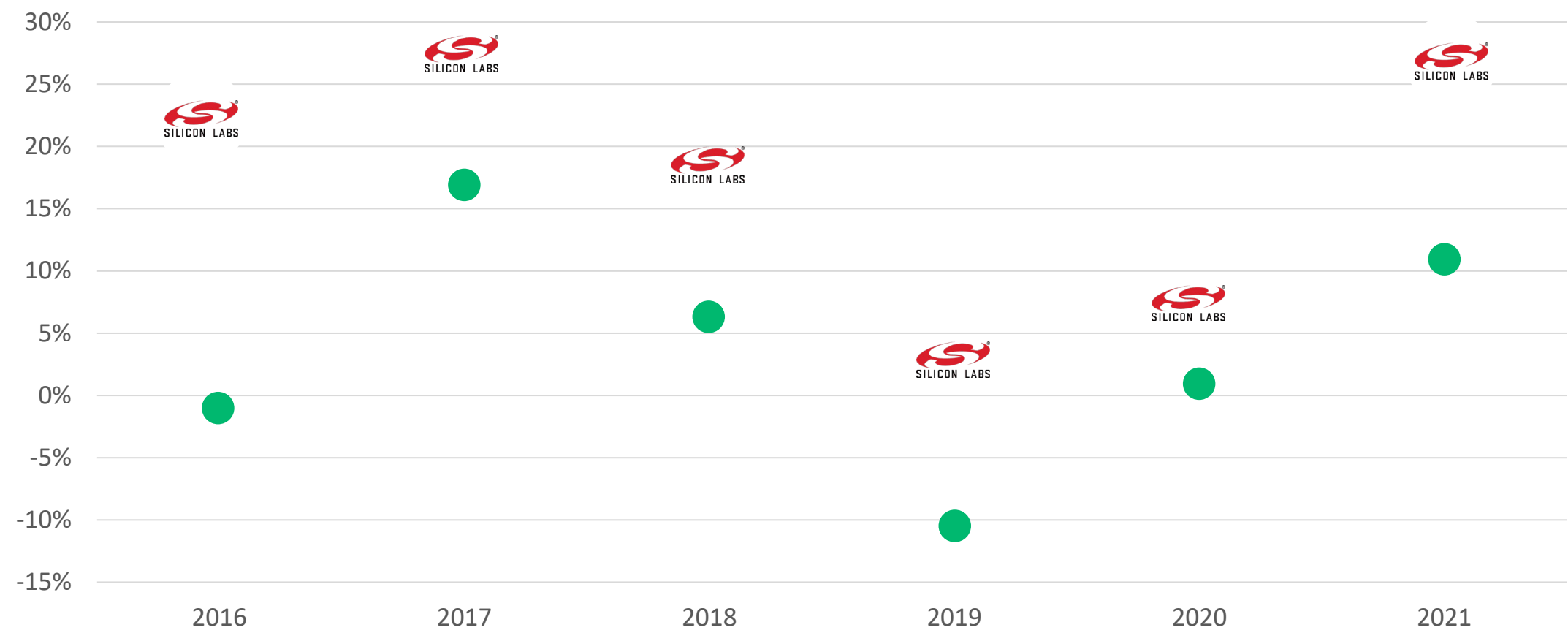
# Proven Track Record of Sustainable Growth



Pipeline data as of January 1 of each year.  
Current pipeline as of April 3, 2021.

# Consistent Outperformance of the Market

Silicon Labs IoT Revenue Growth vs WSTS



Source: WSTS, Public Silicon Labs – IoT.

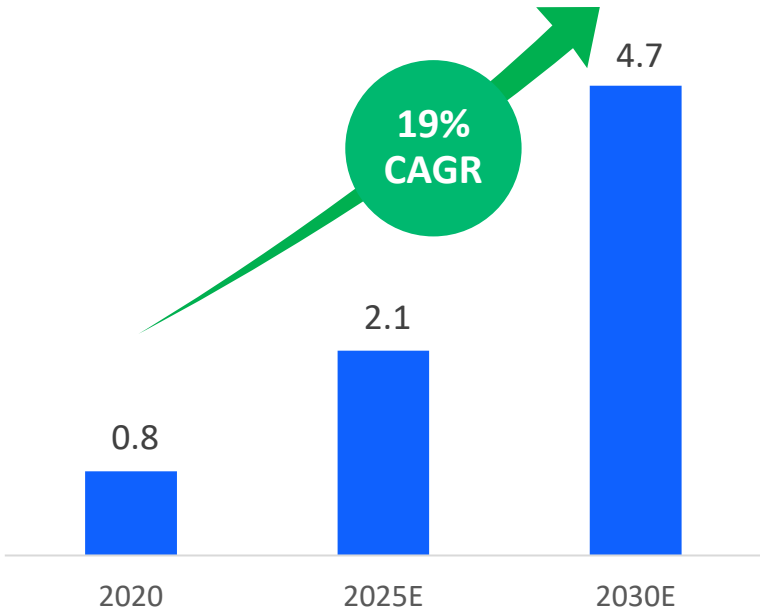
● WSTS – Short-range wireless + MCU



# Focus on Large & Growing Markets

## Industrial & Commercial

Billions of Wireless IC Units

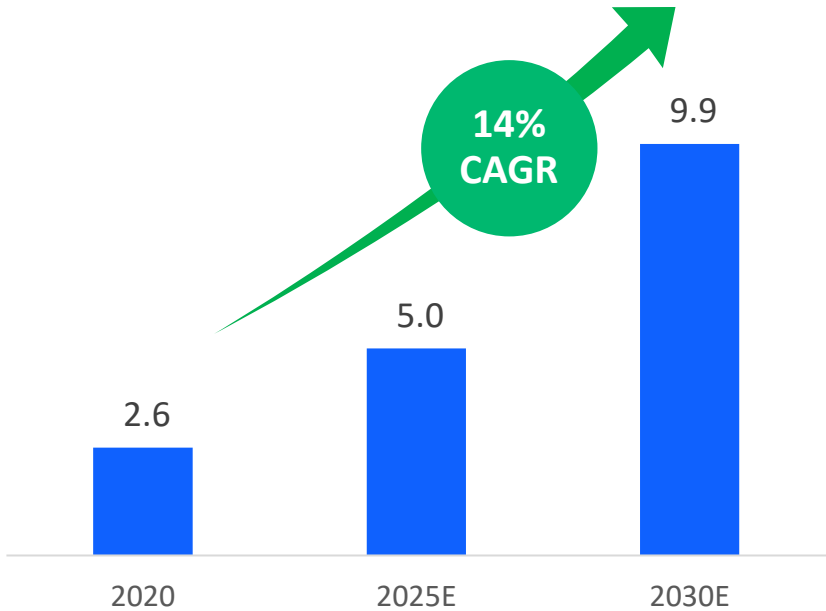


### KEY RELATIONSHIPS



## Home & Life

Billions of Wireless IC Units



### KEY RELATIONSHIPS



Source: TAM according to OMDIA IoT Devices Market Tracker (October 2020).

# Industrial & Commercial

## Industrial IoT



### Commercial Lighting

15.4, Bluetooth Mesh, Thread



### HVAC

15.4, Bluetooth Mesh, Thread



### Electric Submetering

15.4, Bluetooth, Wi-Fi, Z-Wave



### Human Machine Interface

Bluetooth AoX

## Smart Retail



### Electronic Shelf Labels

Proprietary 2.4Ghz



### Direction Finding

Proprietary 2.4Ghz



### Loss Prevention

15.4, Wi-Fi



### Smart Lighting

15.4, Wi-Fi

## Smart City



### Building Automation

15.4, Bluetooth Mesh, Thread



### Energy

15.4, Proprietary, Thread, Wi-Fi



### Utilities

15.4, Bluetooth, Wi-Fi, Z-Wave



### Health

15.4, Bluetooth, Wi-Fi, Z-Wave



### Leak Detection

Bluetooth AoX

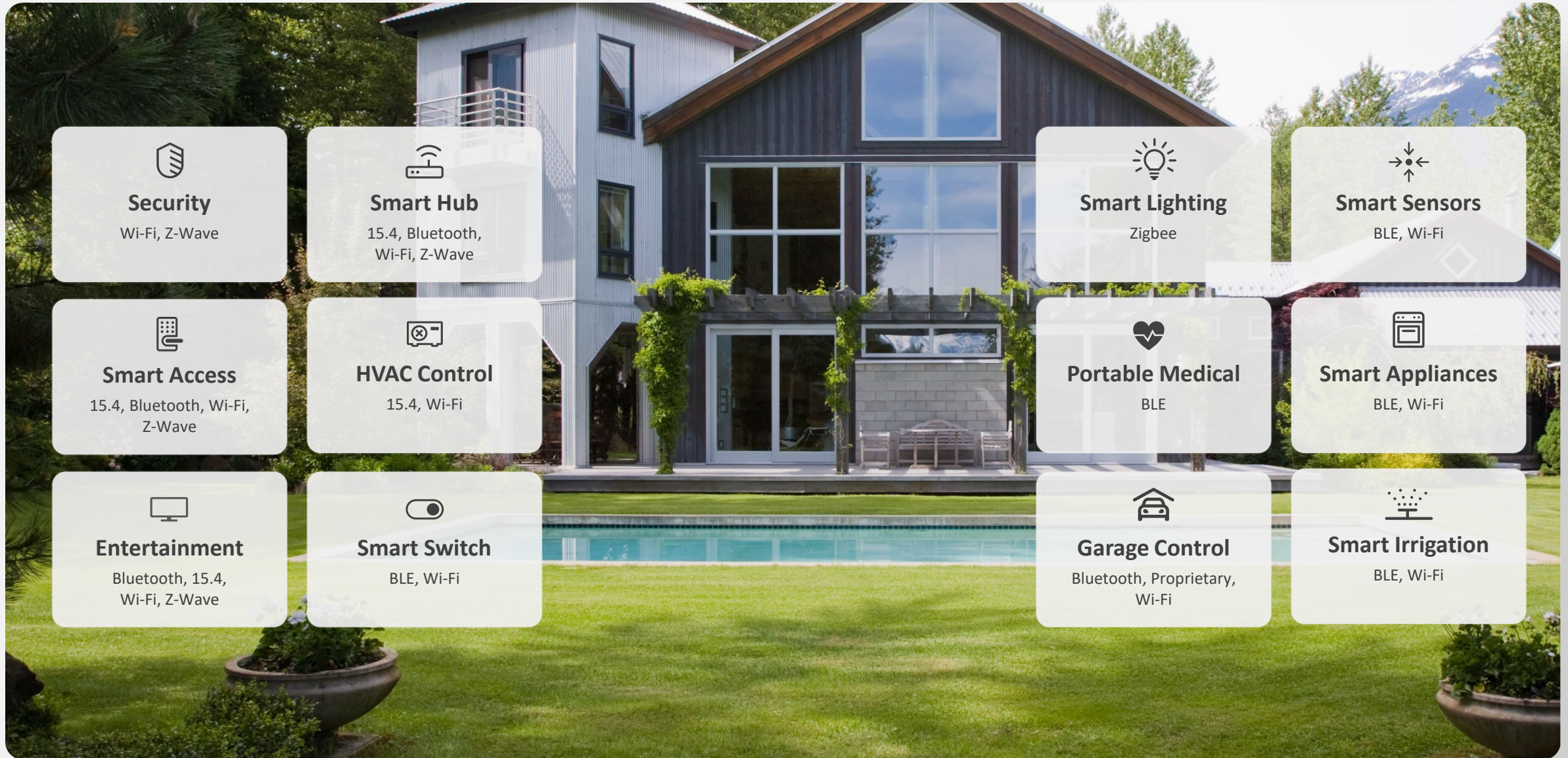


### Lights

Bluetooth AoX



# Home & Life



## Security

Wi-Fi, Z-Wave



## Smart Hub

15.4, Bluetooth,  
Wi-Fi, Z-Wave



## Smart Lighting

Zigbee



## Smart Sensors

BLE, Wi-Fi



## Smart Access

15.4, Bluetooth, Wi-Fi,  
Z-Wave



## HVAC Control

15.4, Wi-Fi



## Portable Medical

BLE



## Smart Appliances

BLE, Wi-Fi



## Entertainment

Bluetooth, 15.4,  
Wi-Fi, Z-Wave



## Smart Switch

BLE, Wi-Fi



## Garage Control

Bluetooth, Proprietary,  
Wi-Fi



## Smart Irrigation

BLE, Wi-Fi



Our products, people,  
and purpose are  
addressing some of  
today's biggest  
challenges.

We help developers transform  
industries, grow economies, and  
improve lives.



## Good Corporate Citizen

Committed to operational excellence

Support for people and communities globally

“Do the right thing” for our shareholders, employees, communities, and the planet

## Focused on Sustainability

Business operations, product design and technology investments all take into consideration environmental impact

Help customers develop sustainable applications, including smart metering and lighting

## Pride in Our People

Hire innovative talent

Awarded Most Respected Public Semiconductor Company and a certified Great Place to Work

# Matt Johnson Promoted to President



- Joined company in 2018 as SVP & GM of IoT
- Experienced business, engineering and operations leader
- Expanded role to include management of day-to-day business operations and product execution
- Previous experience at NXP, Freescale, and Fairchild
- Bachelor of Electrical Engineering Technology degree from University of Maine and executive programs from Harvard and Stanford

# Strong & Sustainable Growth, and Highly Attractive Target Model

	CY2021 Guidance	Long-Term Target Model @ Various Revenue Levels		
Revenue	\$640M – \$660M	\$1.0B	\$1.25B	\$1.5B
Revenue Growth %	25% – 30%	~20%		
Gross Margin % (Non-GAAP)	56% – 58%	Mid-50%s		
OPEX % (Non-GAAP)	~50%	~40%	Mid-30%s	Low-30%s
EBIT % (Non-GAAP)	Mid-Single-Digit	~15%	~20%	Mid-20%s

## Growth supported by massive pipeline and strong design-win momentum

- More than ~\$10B in opportunity pipeline today
- Design win growth from 2016 – 2020 at a 27% CAGR
- Growing revenue faster than end markets
- Stable long-term gross margin
- Significant earnings leverage

Note: Gross margin, opex and operating income are non-GAAP and exclude stock compensation expense, amortization of intangible assets, restructuring charges, non-cash interest expense on convertible notes, and certain other adjustments in the reconciliations above. The above model reflects management's current projections for the ongoing pro forma operations of the IoT-only business, after closing the divestiture of the Infrastructure & Automotive business, and net of transaction costs, transition services and restructuring costs.





SILICON LABS

SUMMARY

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# Why We Lead the IoT

## Markets and Financial

- Large, diverse, growing IoT opportunity
- Proven track record of high-quality, sustainable growth

## Technology

- Wireless portfolio with unmatched breadth/depth
- Robust IoT hardware & software platform

## Ecosystem

- Ecosystem leader defining future of connectivity

## Mission

- Driven by customer success
- Good corporate citizen



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proposed transaction, including with respect to receipt of required regulatory approvals; the timing and scope of anticipated share repurchases and/or dividends; the impact of COVID-19 on the U.S. and global economy, including the restrictions on travel and transportation and other actions taken by governmental authorities and disruptions to the business of our customers or our global supply chain that have occurred or may occur in the future, the ongoing impact of COVID-19 on our employees and our ability to provide services to our customers and respond to their needs; risks that Silicon Labs may not be able to maintain its historical growth; quarterly fluctuations in revenues and operating results; difficulties developing new products that achieve market acceptance; risks associated with international activities (including trade barriers, particularly with respect to China); intellectual property litigation risks; risks associated with acquisitions and divestitures; product liability risks; difficulties managing Silicon Labs' distributors, manufacturers and subcontractors; dependence on a limited number of products; absence of long-term commitments from customers; inventory-related risks; difficulties managing international activities; risks that Silicon Labs may not be able to manage strains associated with its growth; credit risks associated with its

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