ADI: Enabling the Internet of Things

October 2015
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Analog Devices Company Overview

Overview
- Founded in 1965
- Approximately $3bn in annual revenues in 2014
- 9,000+ employees across 23 countries
- 20k products and 100k+ customers
- Our technology helps our customers intelligently bridge the physical and digital worlds

Market Leader in Data Converters and High Precision Amps

Diversified Growth: 1/3 Sales from Products >10 Years Old

Shareholder Returns: $7bn+ since 2004

Target: 80% FCF
ADI’s Technology Is Moving to the Center of the IoT Connected World

► We have a 50 year heritage in measuring, sensing, and interpreting the real world
**What is IoT?** The creation of information through sensing, measuring, interpreting, connecting, and analyzing data.
### ADI IoT Portfolio

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**Domain and Application Knowledge**

ADI has the ability to incorporate all technologies and to optimize them in the lowest power solution that will solve the customers problem from sensor to cloud.
ADI: Transforming Businesses and Creating Value Through IoT

Target Markets
- Transformational markets with customers transitioning from a cap-ex intensive model to an op-ex focused strategy
- Require most reliable, robust technology
- Strong customer relationships
  - 65% FY14 sales went to the industrial/auto markets

First Mover Markets
- Strategic focus given overlap with transformational markets

Value Creation: $3 Trillion in Economic Value by 2025

Total Cost of Ownership

Value

Savings

IoT

Data and Op-ex

Historical Model (Capex) Op-ex (IoT) Model

Target Markets
- Smart Factory
- Smart City
- Healthcare
- Utilities—Smart Energy
- Auto—(Semi) Autonomous Driving
- Smart Agriculture
- Transport
- Smart Building

First Mover Markets
- Wearables
- Home Automation
ADI Is Helping Shape the Future of IoT

www.analog.com/IoT

50 Years of Leading Measurement and Interpretation
Transforming industries with our customers

Smart Factory

Smart Building

Smart Healthcare

Smart City
IoT Evolving to More Intelligence at the Node

- Data stays data: does not generate wisdom and knowledge at the node
  - Power hungry and bandwidth intensive to convert and send all data

- Intelligent “Smart” Sensing: node turns data into information
  - Lowers overall power consumption, lowers latency, reduces bandwidth waste
  - Enables move from reactive IoT → predictive and real-time IoT
  - Important in Smart Healthcare, Smart City, and Smart Factory
ADI Is Well-Positioned for IoT Value Creation

Sensors, Signal Processing, Power, MCU, Connectivity

Algorithms, Domain Knowledge

Gateway

Data History, Data Analytics

Pattern Recognition

Predictive Analytics

Transformation

Interpretations

Connections

Pattern Recognition

Decisions

DATA INFO KNOWLEDGE WISDOM
ADI “More than Moore” Capability

- Allows ADI to deliver products that enable the entire sensing, monitoring, control, and connectivity signal chain
- Critical to delivering sensor and signal processing integration
ADI “More than Silicon” Capability

- ADI partnering to capture full value of IoT (Hardware + Services)
  - Services—the IoT multiplier with total value above silicon content dollars

- **Domain acquisitions:** Lyric, Metroic

- **Partners:** PTC (ThingWorx), IBM (Bluemix), MathWorks
**ADI IoT Revenues**

- Hundreds of millions of $ today and positioned for stronger growth ahead

**Historical CAGR: mid-SD%**

**Forecast: at least 2x Historical CAGR**

*Revenues derived from the definition of IoT on Slide 5*
The market leader in sensing, measuring, and interpreting real-world signals

Unmatched domain and application knowledge

Investing in areas that solve the toughest challenges
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