

# Investor Fact Sheet – Q2 2018



## Key Investment Considerations:

Cypress is uniquely positioned for strong revenue and cashflow growth

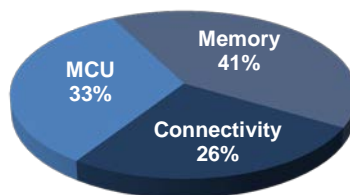
- **Growth.** Focused on the high-growth Internet of Things (“IoT”) and Auto markets
- **Diversification.** Broad product line, channel and customer base (none >10%)
- **Margins.** Differentiated Wi-Fi, Bluetooth, MCU, Memory and Software
- **Leverage in model.** Non-GAAP earnings growing 2.5x faster than revenue
- **Cashflow.** Strong cashflow for debt repayment and capital returns to shareholders
- **Execution.** Extending Cypress product adoption through cross-selling & content gains

NASDAQ: CY  
 SHARES O/S: 360M  
 REV Q218: \$624M  
 DIVIDEND YIELD: 2.8%<sup>(1)</sup>  
 EMPLOYEES (7/1/18): 5,893

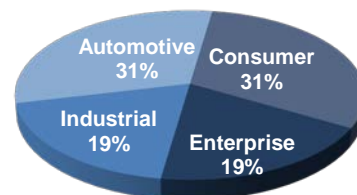
## Q2 2018 Revenue

- #1 in IoT Wi-Fi®/Bluetooth® Combos
- #1 in Auto Instrument Cluster MCUs
- #1 in Auto NOR Flash Memory
- #1 in Auto Touch Controllers
- #1 in Secure, Ultra-Low Power MCUs
- #1 in USB-C Controllers
- #1 in USB Solutions

### By Solution



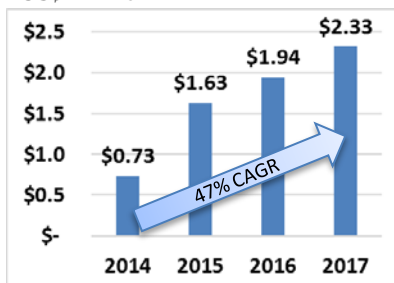
### By End Market



US\$ in Million	Annual		Quarterly				
	2016	2017	Q317	Q417	Q118	Q218	Q318 Guidance
Non-GAAP Revenue	\$1,941.9	\$2,327.8	\$604.6	\$597.5	\$582.2	\$624.1	\$655-\$685
Non-GAAP Gross Profit	755.8	982.8	260.0	271.3	267.4	289.3	
Non-GAAP R&D	289.0	317.5	80.5	82.9	86.0	82.4	
Non-GAAP SG&A	239.8	273.5	64.7	67.5	67.8	67.5	
Non-GAAP Operating Income	227.0	391.8	114.8	120.9	113.6	139.4	
Non-GAAP Diluted EPS	\$ 0.48	\$ 0.89	\$ 0.27	\$ 0.28	\$ 0.27	\$ 0.33	\$0.36-\$0.40
Adjusted EBITDA	\$ 302.5	\$ 459.4	\$131.5	\$139.6	\$130.7	\$155.6	
<b>% of Sales</b>							
Non-GAAP Gross Margin %	38.9%	42.2%	43.0%	45.4%	45.9%	46.3%	46.5% - 47.5%
Non-GAAP R&D %	14.9%	13.6%	13.3%	13.9%	14.8%	13.2%	
Non-GAAP SG&A %	12.3%	11.7%	10.7%	11.3%	11.6%	10.8%	
Non-GAAP Operating Margin %	11.7%	16.8%	19.0%	20.2%	19.5%	22.3%	

## Revenue Growth

US\$ in Billion



## High-Growth Markets

Long-term Revenue Growth <sup>(2)</sup>	
Connectivity	16-18%
MCU / PSoC	5-7%
Memory	(2-5%)
Total	7-9%

## Target Model

Long-term Financial Model <sup>(3)</sup>	
Gross Margin	50%
Operating Expense	< 30%
Operating Margin	> 20%
Cash	\$150M
Debt/Adj EBITDA (LTM)	2.0x

\*Non-GAAP results. Please refer to pages 3-4 for comparable GAAP results and reconciliations to GAAP. Certain fiscal 2016 amounts have been revised. For details, please refer to our Form 10-K filed Feb. 26, 2018.

This document contains forward-looking statements, including the guidance, our long-term revenue growth projections, and the long-term financial model. Risks and uncertainties could cause actual results to differ materially from the results anticipated by the forward-looking statements, and historical results should not be considered as an indication of future performance. Additional information on important risk factors and uncertainties that could cause such differences can be found in Cypress' SEC filings, including our most recent Forms 10-K and 10-Q. Except as otherwise stated, all information in this fact sheet is as of July 26<sup>th</sup>, 2018. Cypress does not intend, and undertakes no duty, to update this information to reflect subsequent events or circumstances.

## Tier 1 Customer List

No customer greater than 10% of revenue

Consumer	Automotive	Industrial	Enterprise

## Broadest IoT product offering in the industry

Connectivity	MCU	Memory
<p>Key Products:</p> <ul style="list-style-type: none"> <li>• Wi-Fi</li> <li>• Bluetooth/BLE</li> <li>• USB-C</li> <li>• USB 3.0</li> </ul>	<p>Key Products:</p> <ul style="list-style-type: none"> <li>• PSoC® programable MCU</li> <li>• CapSense® capacitive sensing</li> <li>• Traveo® auto display MCU</li> <li>• 8/16-bit MCU</li> </ul>	<p>Key Products:</p> <ul style="list-style-type: none"> <li>• Flash (NOR &amp; NAND)</li> <li>• SRAM</li> <li>• FRAM</li> <li>• Specialty Memories</li> </ul>

### Management Team

#### Hassane El-Khoury

President, Chief Executive Officer,  
Member of Board of Directors

#### Thad Trent

Chief Financial Officer

#### Wei-Chung Wang

WW Manufacturing

#### Michael Balow

WW Sales and Applications

#### Chris Cook

Chief Marketing Officer

#### J. Augusto de Oliveira

Chief Technical Officer

#### Sam Geha

Memory Products

#### Sudhir Gopalswamy

Microcontroller & Connectivity

#### Pamela Tondreau

Chief Legal Officer and Human Resources

### Board of Directors

W. Steve Albrecht, Chairman

Hassane El-Khoury, CEO

Oh Chul Kwon

Catherine P. Lego

Camillo Martino

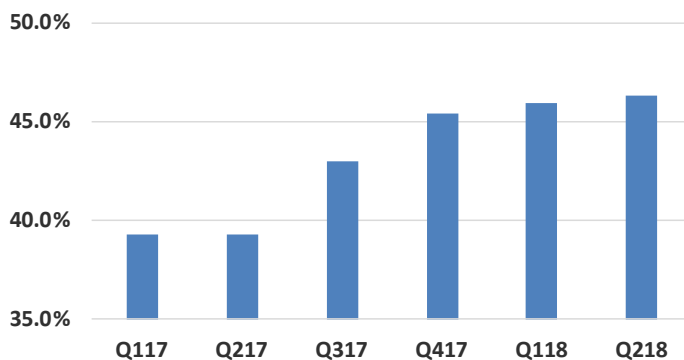
J. Daniel McCranie

Jeffrey J. Owens

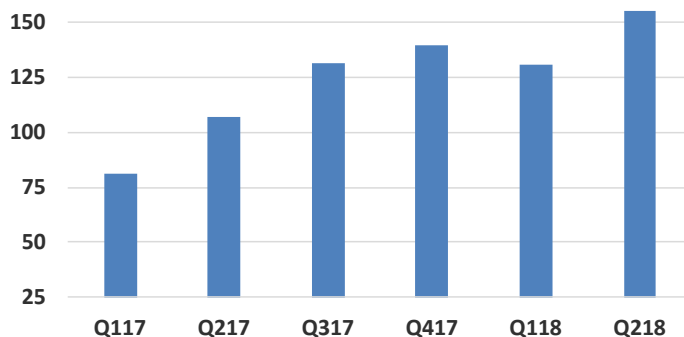
Jeannine Sargent

Michael S. Wishart

### Quarterly Non-GAAP Gross Margin



### Quarterly Adjusted EBITDA



### Corporate Headquarters

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San Jose, CA 95134 USA  
Tel: +1-408-943-2600

(1) Dividend yield is calculated as our annualized dividend (i.e., our most recent quarterly per-share dividend multiplied by four) divided by the closing market price of CY stock on 6/29/18. No assurance is given regarding future dividends.

(2) Long-term revenue growth projections above are Cypress' estimate of the compound annual growth rate (CAGR) expected in each identified segment of the overall market from a base year of 2017 through 2021.

(3) The long-term financial model describes financial objectives Cypress hopes to achieve over several years and is inherently speculative and uncertain. Cypress' long-term objectives are subject to business, economic, competitive, industry, regulatory, market, and financial uncertainties, many of which are beyond Cypress' control. All descriptions of the financial model are subject to the cautionary note above regarding forward-looking statements. We cannot assure you that the estimates and assumptions made in preparing the long-term objectives will prove accurate, and Cypress' long-term financial model might not be achieved.

### Investor Relations Contact

Colin Born  
VP, Corporate Development &  
Investor Relations  
[investorrelations@cypress.com](mailto:investorrelations@cypress.com)

	Q2'18	Q1'18	Q4'17	Q3'17	FY17	FY16
GAAP Revenue	\$ 624,090	\$ 582,241	\$ 597,547	\$ 604,574	\$ 2,327,771	\$ 1,923,108
Revenue from IP License	—	—	—	—	—	18,750
Non-GAAP Revenue	\$ 624,090	\$ 582,241	\$ 597,547	\$ 604,574	\$ 2,327,771	\$ 1,941,858
	Q2'18	Q1'18	Q4'17	Q3'17	FY17	FY16
GAAP Gross Profit	\$ 234,138	\$ 212,392	\$ 222,385	\$ 209,696	\$ 781,935	\$ 458,496
GAAP Gross Margin %	37.5%	36.5%	37.2%	34.7%	33.6%	23.8%
Revenue from IP License	—	—	—	—	—	18,750
Stock-based compensation	3,986	3,584	3,001	4,720	15,606	18,932
Amortization of Intangibles and other	49,438	49,438	44,199	43,345	174,981	156,489
Restructuring costs, including severance	1,589	1,887	317	—	548	1,420
Inventory Step-up related to acquisition accounting	—	—	—	704	—	13,264
Impairment related to assets held for sale	—	—	—	—	—	37,219
Impairment of acquisition related intangibles	—	—	—	—	—	33,944
Changes in value of deferred compensation plan	102	61	92	208	603	288
Merger, integration and related costs, and adjustments related to assets held for sale	—	—	1,334	1,336	9,090	17,927
Non-GAAP Gross Profit	\$ 289,253	\$ 267,362	\$ 271,328	\$ 260,009	\$ 982,763	\$ 756,729
Non-GAAP Gross Margin %	46.3%	45.9%	45.4%	43.0%	42.2%	39.0%
	Q2'18	Q1'18	Q4'17	Q3'17	FY17	FY16
GAAP Operating Income (Loss)	\$ 50,846	\$ 35,762	\$ 41,694	\$ 41,080	\$ 78,093	\$ (608,738)
GAAP Operating Margin %	8.1%	6.1%	7.0%	6.8%	3.4%	(31.7)%
Revenue from IP License	—	—	—	—	—	18,750
Stock-based compensation	33,907	18,458	23,065	21,011	91,579	102,251
Changes in value of deferred compensation plan	1,141	683	1,098	2,901	7,367	3,061
Merger, integration and related costs, and adjustments related to assets held for sale	—	—	1,200	700	4,204	49,852
Inventory step-up related to acquisition accounting	—	—	—	704	3,735	13,264
Amortization of acquisition-related intangible assets and other	53,793	54,588	49,224	48,428	195,256	174,745
Restructuring charges	1,239	4,096	5,618	—	9,087	30,631
Gain on sale of cost method investment	(1,521)	—	—	—	—	—
Gain related to investment in Deca Technologies	—	—	—	—	—	(112,774)
Impairment related to assets held for sale	—	—	—	—	—	37,219
Goodwill impairment charge	—	—	—	—	—	488,504
Impairment of acquisition related intangibles	—	—	—	—	—	33,944
Settlement charges	—	—	(1,000)	—	2,500	—
Non-GAAP Operating Income	\$ 139,405	\$ 113,587	\$ 120,899	\$ 114,825	\$ 391,822	\$ 230,709
Non-GAAP Operating Margin %	22.3%	19.5%	20.2%	19.0%	16.8%	11.9%
Depreciation	16,239	17,140	18,701	16,674	67,577	75,500
Adjusted EBITDA	\$ 155,644	\$ 130,727	\$ 139,600	\$ 131,499	\$ 459,399	\$ 306,209

	Q2'18	Q1'18	Q4'17	Q3'17	FY17	FY16
GAAP Net Income (Loss) attributable to Cypress	\$ 27,706	\$ 9,078	\$ (34,012)	\$ 13,016	\$ (80,915)	\$ (683,234)
GAAP Diluted EPS	\$ 0.07	\$ 0.02	\$ (0.10)	\$ 0.04	\$ (0.06)	\$ (2.14)
Revenue from IP License	—	—	—	—	—	18,750
Stock-based compensation	33,907	18,458	23,066	21,012	91,582	102,251
Changes in value of deferred compensation plan	18	417	(112)	1,167	1,280	735
Merger, integration and related costs, and adjustments related to assets held for sale	—	—	1,210	1,404	7,948	49,852
Inventory Step-up related to acquisition accounting	—	—	—	—	—	13,264
Impairment related to assets held for sale	—	—	—	—	—	37,219
Gain related to investment in Deca Technologies	—	—	—	—	—	(112,774)
Equity in net loss and impairment of equity method investees	3,755	3,461	56,930	4,931	71,772	17,644
Imputed interest on convertible debt and other	4,415	6,229	1,393	7,373	17,540	8,306
Settlement charges	—	—	(1,000)	—	2,500	—
Amortization of Intangibles and other	53,793	54,588	49,224	48,428	195,255	176,706
Restructuring costs, including severance	1,239	4,096	5,618	—	9,088	30,631
Goodwill impairment charge	—	—	—	—	—	488,504
Impairment of acquisition related intangibles	—	—	—	—	—	33,944
Gain on sale of cost method investment	(1,521)	—	—	—	—	—
Loss on extinguishment of debt	—	1,533	7,246	—	7,246	—
Tax impact of Non-GAAP adjustments	1,652	2,436	(4,876)	1,649	962	(11,327)
Non-GAAP Net Income	\$ 124,964	\$ 100,296	\$ 104,687	\$ 98,980	\$ 324,258	\$ 170,471
Non-GAAP Diluted EPS	\$ 0.33	\$ 0.27	\$ 0.28	\$ 0.27	\$ 0.22	\$ 0.49
	Q2'18	Q1'18	Q4'17	Q3'17	FY17	FY16
GAAP R&D	\$ 96,693	\$ 93,233	\$ 94,566	\$ 90,422	\$ 362,931	\$ 347,131
GAAP R&D % of Revenue	15.5%	16.0%	15.8%	15.0%	15.3%	18.1%
Stock Based Compensation	13,800	6,713	8,050	8,692	36,804	40,966
Changes in Value of Deferred Compensation Plan	467	272	389	1,278	2,826	884
Merger, integration and related costs and adjustments related to assets held for sale	—	—	—	—	(96)	3,106
Restructuring charges	33	292	3,205	—	5,915	15,956
Non-GAAP R&D	\$ 82,393	\$ 85,956	\$ 82,922	\$ 80,452	\$ 317,482	\$ 286,219
Non-GAAP R&D % of Non-GAAP Revenue	13.2%	14.8%	13.9%	13.3%	13.6%	14.9%
	Q2'18	Q1'18	Q4'17	Q3'17	FY17	FY16
GAAP SG&A	\$ 86,599	\$ 83,397	\$ 86,125	\$ 78,194	\$ 326,649	\$ 720,103
GAAP SG&A % of Revenue	13.9%	14.3%	14.4%	12.9%	14.0%	37.4%
Stock Based Compensation	16,121	8,161	12,014	7,600	39,173	42,353
Changes in Value of Deferred Compensation Plan	572	350	617	1,415	3,936	1,889
Merger, integration and related costs and adjustments related to assets held for sale	—	—	(135)	(636)	(1,057)	28,819
Amortization of Acquisition-Related intangible assets	4,355	5,150	5,025	5,083	20,323	18,256
Gain related to investment in Deca Technologies	—	—	—	—	—	(112,774)
Goodwill impairment charge	—	—	—	—	—	488,504
Gain on sale of cost method investment	(1,521)	—	—	—	—	—
Restructuring charges	(383)	1,917	2,097	—	2,625	13,255
Settlement charges	—	—	(1,000)	—	(1,000)	—
Non-GAAP SG&A	\$ 67,455	\$ 67,819	\$ 67,507	\$ 64,732	\$ 262,649	\$ 239,801
Non-GAAP SG&A % of Non-GAAP Revenue	10.8%	11.6%	11.3%	10.7%	11.3%	12.3%

Gross Margin Diluted earnings per share	Forward looking GAAP estimate (A)	Adjustments (B)				Forward looking Non-GAAP estimate (C)=(A)+(B)
		Amortization of intangibles	Share-based compensation expense	Restructuring	Other items (1)	
	38.0% - 39.0%	7.4%	0.7%	0.0%	0.3%	46.5% - 47.5%
	\$0.11 to \$0.15	\$ 0.14	\$ 0.07	\$ 0.00	\$ 0.03	\$0.36 to \$0.40