

# EXAR

## A NEW DIRECTION

Mixed Signal and Data Management Solutions for a Connected World



## Forward-Looking Statements

This presentation and accompanying press release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The forward-looking statements contained in this press release and in related comments by our management, our use of the words "expect," "anticipate," "possible," "potential," "target," "believe," "commit," "intend," "continue," "may," "would," "could," "should," "project," "projected," "positioned" or **similar** expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. These statements are not guarantees of any event or future performance, involve risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Therefore, actual outcomes and results may differ materially from what is expressed herein. In any forward-looking statement in which the Company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis at the time expressed, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished and the Company disclaims any duty to update such statements. The Company urges investors to review in detail the risks and uncertainties in the Company's Securities and Exchange Commission filings, including but not limited to the Annual Report on Form 10-K for the fiscal year ended March 31, 2013 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.

## Generally Accepted Accounting Principles

The Company reports its financial results in accordance with GAAP. Additionally, the Company supplements reported GAAP financials with non-GAAP measures which are included in related press releases and reports furnished to the SEC, copies of which are available at the Company's website: <http://www.exar.com> or the SEC's website at: <http://www.sec.gov>. In this press release and in related comments by management, we are disclosing non-GAAP gross profit, non-GAAP operating expenses, non-GAAP operating income or loss, non-GAAP net income or loss, and non-GAAP basic and diluted net income or loss per share, which are adjusted to exclude from our GAAP results all stock-based compensation expense, amortization of acquired intangible assets and inventory step-up, restructuring charges and exit costs, provisions for dispute resolutions, certain income tax benefits and credits, certain warranty charges, net change in the fair value of contingent consideration, and related income tax effects on certain excluded items. We are also disclosing the non-GAAP measure of free cash flow, which is derived from our net cash provided (used) by operations, less purchases of fixed assets and IP, plus proceeds from the sale of IP. These non-GAAP measures are presented in part to enhance the understanding of the Company's historical financial performance and comparability between reporting periods. The Company believes the non-GAAP presentation, when shown in conjunction with the corresponding GAAP measures, provides relevant and useful information to analysts, investors, management and other interested parties. For its internal purposes, the Company uses the foregoing non-GAAP measures to evaluate performance across reporting periods, determine certain employee benefits as well as plan for and forecast the Company's future periods. These non-GAAP measures are not in accordance with, or an alternative for measures prepared in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. The Company believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP. These measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures. A reconciliation of the non-GAAP numbers to the most comparable GAAP numbers is provided in the tables included with this press release.





# Exar Discussion Points

- Q2 Fiscal 2014 Results
- Q3 Fiscal 2014 Guidance
- Q2 Fiscal 2014 Milestones
- Q2 Fiscal 2014 End Market Data
- Q2 Fiscal 2014 Geographic Market Data
- Exar Market Relevance

\*Non-GAAP Results



# Exar Corporation

- Q2 Fiscal 2014 Financial Results\*
  - Revenue \$34.0 million up 4% Q/Q and 11% Y/Y
  - Operating Income \$4.8 million up \$0.3 million Q/Q and \$2.6 million Y/Y
  - Earnings Per Fully Diluted Share \$0.10
  - \$3.2 million Free Cash

\*Non-GAAP Results



# Exar Success Model

	Q1FY13 Results* (Jun-12)	Q2FY13 Results* (Sep-12)	Q3FY13 Results* (Dec-12)	Q4FY13 Results* (Mar-13)	Q1FY14 Results* (Jun-13)	Q2FY14 Results* (Sept-13)	Quarterly Long-Term Model*
Revenue	\$29.3M	\$30.6M	\$31.0M	\$31.2M	\$32.6M	\$34.0M	≈\$45M
Growth	5%	5%	1%	1%	5%	4%	17% - 20%
Gross Margin	47%	47%	49%	53%	52%	52%	53% - 55%
Gross Profit	\$13.8M	\$14.3M	\$15.2M	\$16.4M	\$17.1M	\$17.7M	\$24.3M
Op Expense	44%	39%	37%	39%	38%	38%	32% - 34%
Op Income	\$0.9M	\$2.2M	\$3.6M	\$4.3M	\$4.6M	\$4.8M	≈\$10.4M
Op Margin	3%	7%	11%	14%	14%	14%	≈23%
EPS	\$0.03	\$0.06	\$0.09	\$0.10	\$0.10	\$0.10	\$0.20 - \$0.25

\*Non-GAAP Results



# Exar Corporation

- Q3 Fiscal 2014 Guidance\*
  - Revenue \$30.5 million to \$33.5M
  - Gross Margin 50% to 52%
- Networking Market
  - Experiencing a Transient Event
  - Networking Expected to Return to Strong Growth in Q4FY2014 (Q1CY2014)
- Expect Growth throughout CY2013
  - Data Management – XR9200 and AltraHD
  - High Performance Analog – Surveillance and Metering

\*Non-GAAP Results





# Q2 Fiscal 2014 Milestones

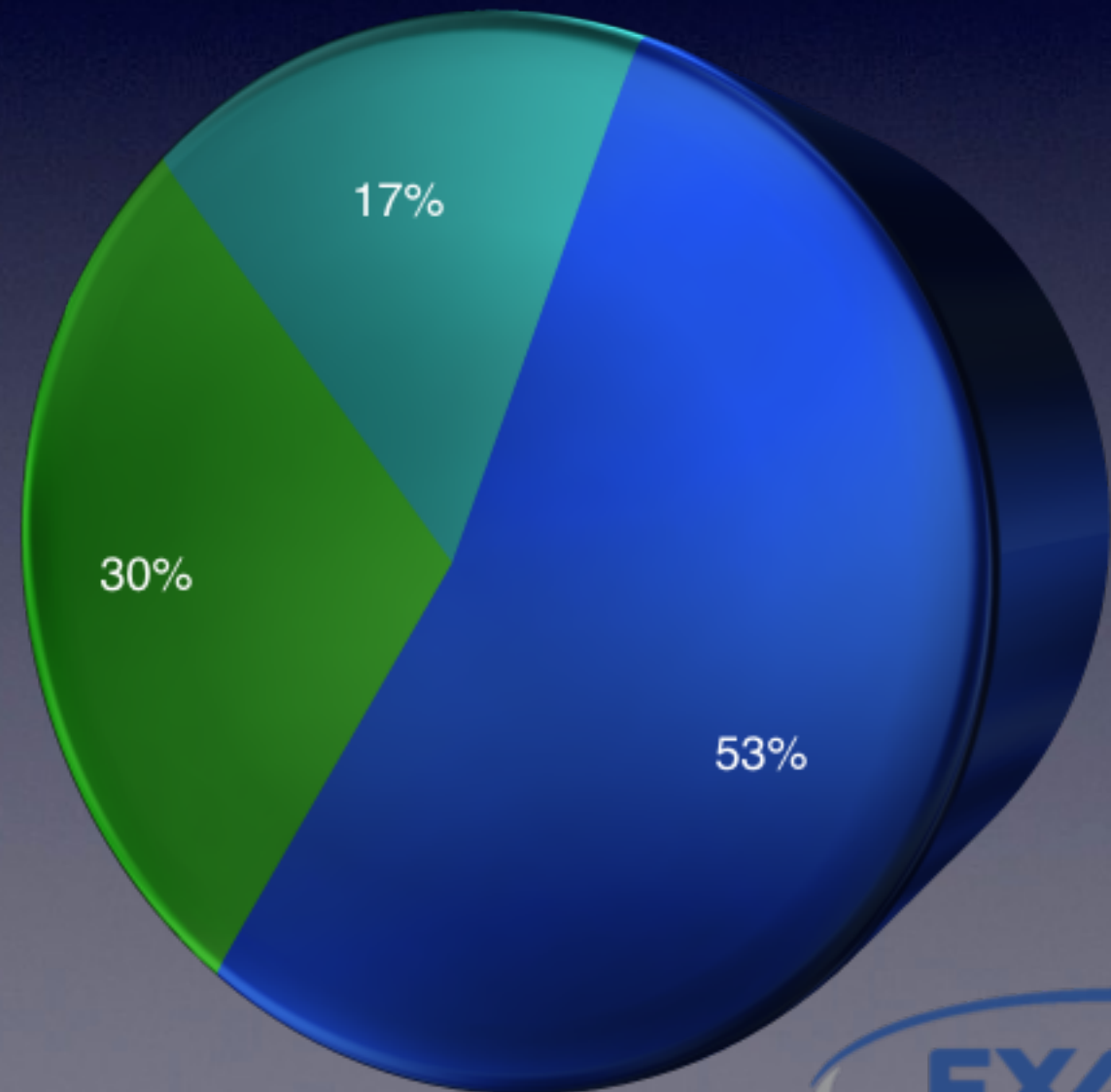
- Cadeka Integration Complete
- Panther II Next Generation Coprocessor Sampling
- AltraHD (Hadoop) Solution – Sampling
- Sales Leadership Change in Europe - New VP in Munich
- New Product Development Accelerating – Introduction in Data Management, High Performance Analog, Power, Connectivity



# Exar Corporation

- Q2 Fiscal 2014 End Market Results

- Industrial - 53%
- Networking - 30%
- Communications - 17%
- Other <1%

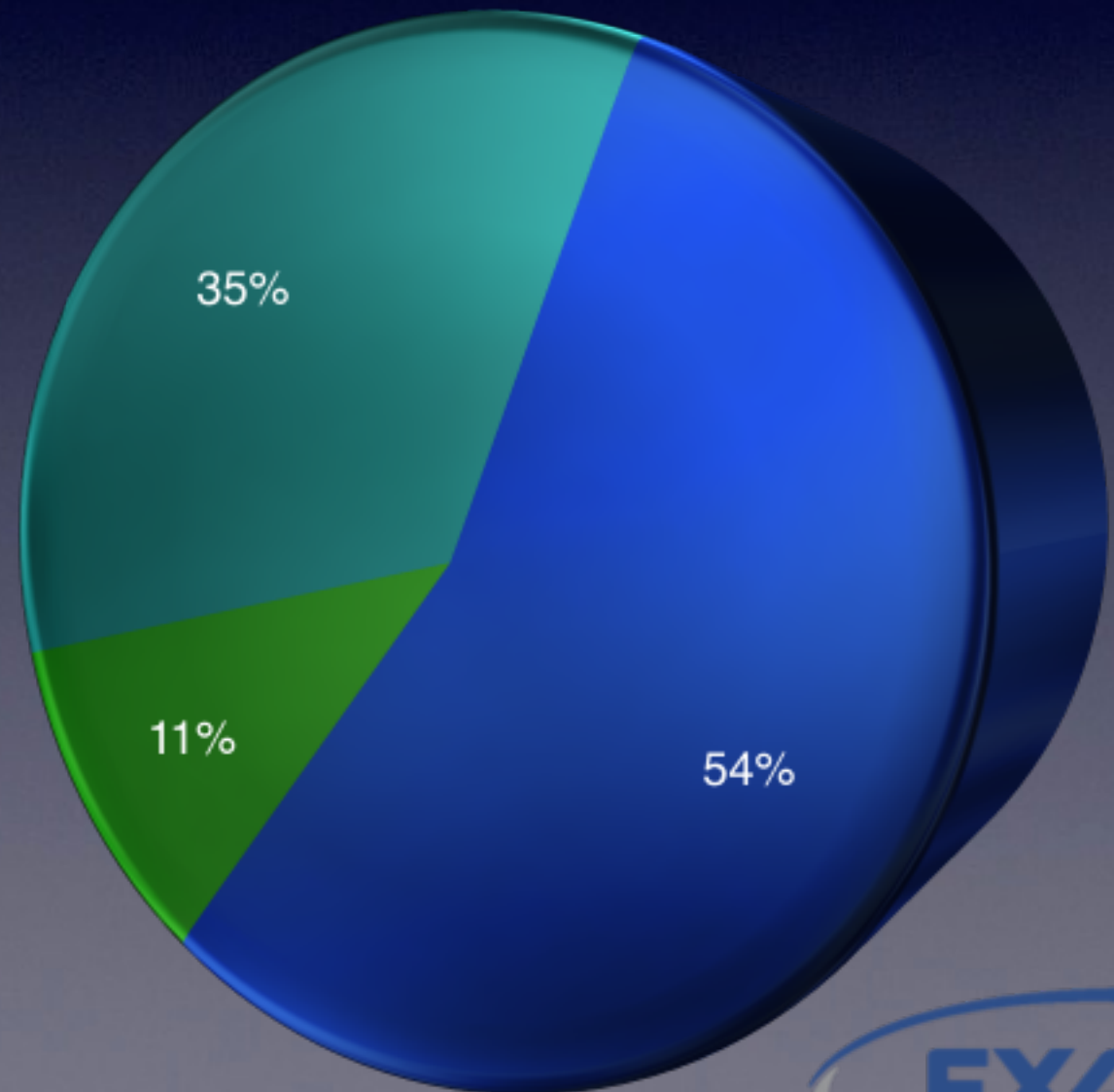




# Exar Corporation

- Q2 Fiscal 2014 Geographic Market Results

- Asia - 54%
- Americas - 35%
- Europe - 11%



# Exar - Relevance and Growth in CY 2014

- Differentiated Product Serving Diverse High Growth Markets
  - Data Management – Structured and Unstructured
  - High Performance Analog – Precision and High Speed
  - Connectivity – Protocol Bridges
  - Power Management – Integrated Power Modules



# Exar - Relevance and Growth in CY 2014

- Data Acceleration and Compression
  - Few Competitors
  - Significant Barriers to Entry
  - Excellent ASPs and Gross Margins

## Exar Corporation Unveils Next-Generation Compression and Security Coprocessors

### XR9200 Delivers Unparalleled System Performance for Data Analytics, Storage and Cloud Security Applications

 [Download PDF](#)

FREMONT, Calif., Oct. 15, 2013 /PRNewswire/ — Exar Corporation (NYSE: EXAR), a leading supplier of high performance analog mixed-signal components and data management solutions, today announced the market-leading performance applications for the data analytics, storage and cloud security applications.

## Exar Delivers Industry-First Hardware-Accelerated Compression Solution for Apache Hadoop

### AltraHD Maximizes Performance while Minimizing the Storage footprint of Hadoop Clusters

 [Download PDF](#)

FREMONT, Calif., Oct. 28, 2013 /PRNewswire/ — Exar Corporation (NYSE: EXAR), a leading supplier of high performance analog mixed-signal components and data management solutions, today announced AltraHD, the industry's first hardware-accelerated compression solution for Apache™ Hadoop®. AltraHD enables all applications in the Hadoop stack to be transparently compressed using hardware acceleration, delivering unparalleled performance and storage efficiency.



# Exar - Relevance and Growth in CY 2014

- High Performance Analog
  - Fewer Competitors
  - Significant Barriers to Entry
  - Excellent ASPs and Gross Margins

## **Exar Announces Improved Replacements for Analog Devices High-Speed Operational Amplifier Family**

### **XR805x Family Delivers Superior Combination of Power Consumption and Performance**

 [Download PDF](#)

FREMONT, Calif., Oct. 24, 2013 /PRNewswire/ — Exar Corporation (NYSE: EXAR), a leading supplier of high performance analog mixed-signal components and data management solutions, today announced three industry-leading operational amplifiers the XR8051, XR8052 and XR8054. The devices are pin compatible replacements for the 110MHz Analog Devices AD8051, AD8052 and 150MHz AD8054 single, dual and quad devices, respectively. The XR805x family of high-speed operational amplifiers is well suited for applications such as video distribution and surveillance systems to achieve optimal performance and lower overall system power consumption.



# Exar Core Assets

**Management Team - Strong Record of Success**

**Brand Recognition - 40 Years of History**

**Customers - 14,000 Worldwide**

**Channel Partners - Future, Arrow and WT**

**Balance Sheet  $\approx$  \$185M Cash**



**Networking  
Industrial  
Communications**

**Power Management  
Data Management  
Connectivity  
High Performance Analog**



# Thank you

Louis DiNardo  
President and CEO

