

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

May 25, 2017

(Date of earliest event reported)



**Qorvo, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-36801**  
(Commission File  
Number)

**46-5288992**  
(I.R.S. Employer  
Identification No.)

**7628 Thorndike Road, Greensboro, North Carolina 27409-9421**

(Address of principal executive offices)

(Zip Code)

**(336) 664-1233**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

On May 25, 2017, Qorvo, Inc. (the "Company") will host an Investor Day in New York City. A copy of the Investor Day presentation materials is furnished as Exhibit 99.1 to this Form 8-K. Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Qorvo, Inc. Investor Day Presentation dated May 25, 2017

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Qorvo, Inc.**

By: /s/ Mark J. Murphy

Mark J. Murphy

Chief Financial Officer

Date: May 25, 2017

EXHIBIT INDEX

Exhibit No.

Description

99.1

Qorvo, Inc. Investor Day Presentation dated May 25, 2017



**Qorvo**  
all around you

# Qorvo Investor Day

May 25, 2017

© Qorvo, Inc.



**Qorvo**

**Doug DeLieto, Vice President of IR**



# Safe Harbor

## Forward-looking statements

This presentation contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations and contentions and are not historical facts and typically are identified by use of terms such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “forecast,” “predict,” “potential,” “continue” and similar words, although some forward-looking statements are expressed differently. You should be aware that the forward-looking statements included herein represent management’s current judgment and expectations, but our actual results, events and performance could differ materially from those expressed or implied by forward-looking statements. We do not intend to update any of these forward-looking statements or publicly announce the results of any revisions to these forward-looking statements, other than as is required under U.S. federal securities laws. Qorvo’s business is subject to numerous risks and uncertainties, including those relating to fluctuations in our operating results, our dependence on a few large customers for a substantial portion of our revenue, a loss of revenue if contracts with the U.S. government or defense and aerospace contractors are canceled or delayed, our ability to implement innovative technologies, our ability to bring new products to market and achieve design wins, the efficient and successful operation of our wafer fabrication and other facilities, our ability to adjust production capacity in a timely fashion in response to changes in demand for our products, variability in manufacturing yields, industry overcapacity, inaccurate product forecasts and corresponding inventory and manufacturing costs, dependence on third parties, our dependence on international sales and operations, our ability to attract and retain skilled personnel and develop leaders, the possibility that future acquisitions may dilute our stockholders’ ownership and cause us to incur debt and assume contingent liabilities, fluctuations in the price of our common stock, our ability to protect our intellectual property, claims of intellectual property infringement and other lawsuits, security breaches and other similar disruptions compromising our information, and the impact of government and stringent environmental regulations. These and other risks and uncertainties, which are described in more detail in Qorvo’s most recent Annual Report on Form 10-K and in other reports and statements filed with the Securities and Exchange Commission, could cause actual results and developments to be materially different from those expressed or implied by any of these forward-looking statements.

For more information regarding non-GAAP financial measures, including reconciliations to the nearest GAAP measures, see the Supplemental Information on Non-GAAP Financial Measures included with this presentation and our earnings releases available on our website at [www.qorvo.com](http://www.qorvo.com).



## [AUDIO TRANSCRIPT OF VIDEO TO BE PLAYED AT INVESTOR DAY]

[A successful journey begins with vision – to solve problems, to simplify and improve lives. At Qorvo, we envision this and so much more. We are helping customers at the center of communication, building solutions that meet the growing demands of a connected world. Our RF expertise and core technologies are critical and life changing, and our values and commitment to a better world are serving on the ground, at sea and in the air. At Qorvo, we see a future where you remotely control all aspects of your home, where medical conditions are proactively managed, where your car is self-driving, your reality is virtual and new possibilities emerge – a future where our core technologies bring people closer to the stars. At Qorvo, what we do matters – developing solutions today for a better more connected tomorrow.]



# Agenda

<b>Bob Bruggeworth</b>	<b>Overview</b>	<b>8:30 am – 8:40 am</b>
<b>James Klein</b>	<b>Infrastructure &amp; Defense</b>	<b>8:40 am – 9:25 am</b>
	<b>Break</b>	<b>9:25 am – 9:40 am</b>
<b>Eric Creviston</b>	<b>Mobile Products</b>	<b>9:40 am – 10:25 am</b>
<b>Steve Grant</b>	<b>Operations</b>	<b>10:25 am – 10:45 am</b>
<b>Mark Murphy</b>	<b>Financials</b>	<b>10:45 am – 11:00 am</b>
	<b>Q&amp;A</b>	<b>11:00 am – 11:30 am</b>





**Qorvo**

**Bob Bruggeworth, President and CEO**



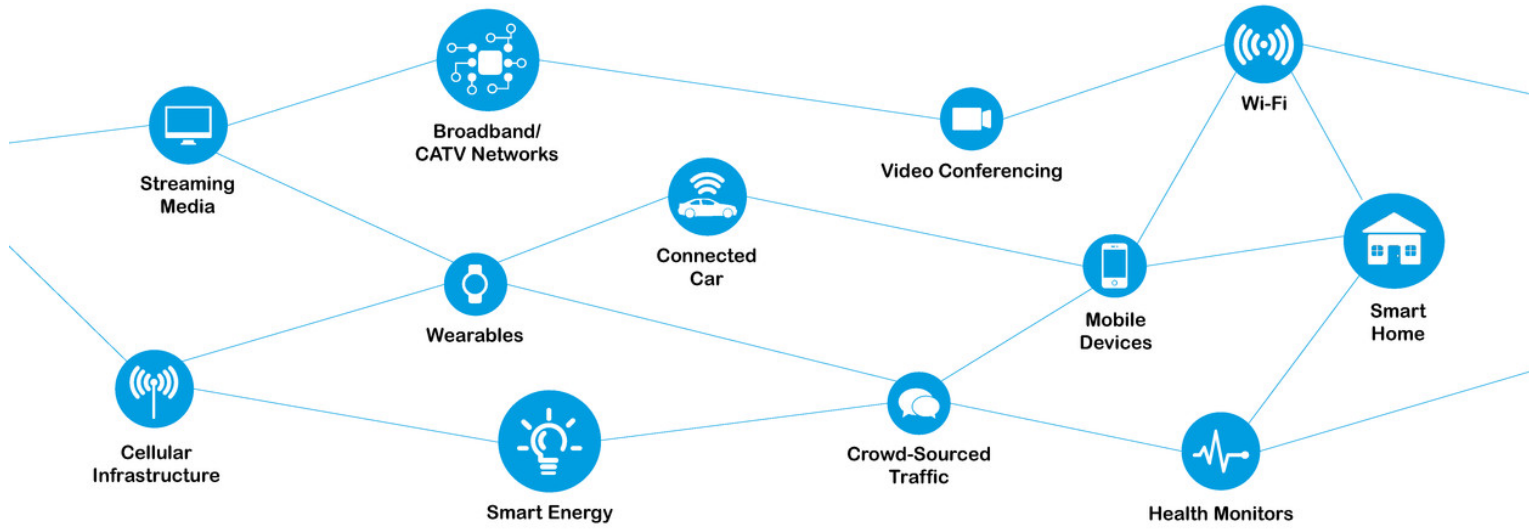


Connectivity Is A Way Of Life



QORVO

# Qorvo Connects the World

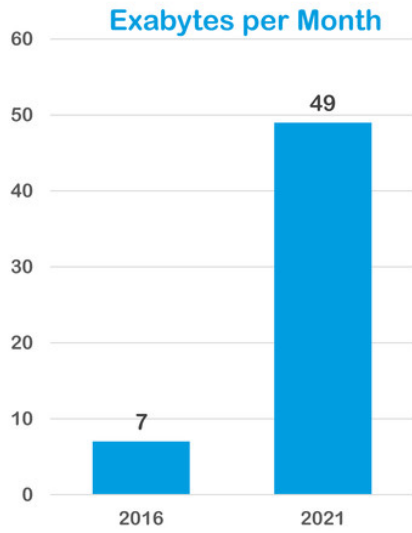


Connecting People, Places and Things





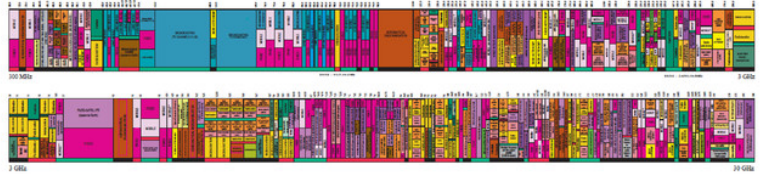
# Limited RF Spectrum vs. Unlimited Demand



Source: Cisco Visual Networking Index (VNI) Forecast, 2/2017

Demand for mobile data will grow **7X** by 2021 ...

... while RF spectrum is becoming increasingly crowded

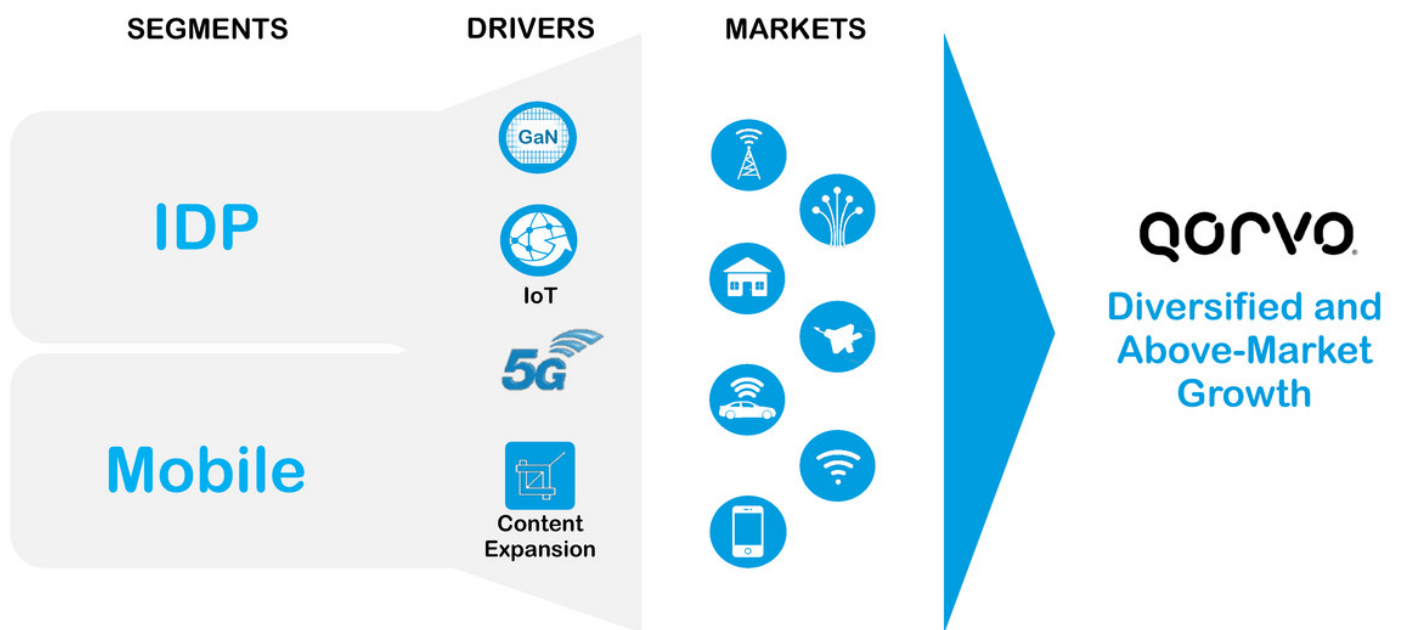


Source: U.S. Dept. of Commerce



# Multiple Long-Term Growth Drivers

Technology leadership in era of increasing RF complexity



# It's an Exciting Time to be in RF

Qorvo was built for this

**Delivering high-value, differentiated products into diversified markets**

**Innovating to solve customer challenges**

**Establishing a wide and deep technology moat**

**Positioned to deliver long-term growth and improved financials**



## [AUDIO TRANSCRIPT OF VIDEO TO BE PLAYED AT INVESTOR DAY]

[All around you – Qorvo’s IDP is forging a new era of communications connecting and protecting what matters:

- enhancing the speed and reliability of smart car connectivity for safer, more efficient roads;
- upgrading WiFi capabilities to serve more devices with greater throughput than ever before;
- pioneering low power wireless technologies that create seamless IoT networks for greater home security, control and energy management;
- engineering components that amplify capacity and performance of data centers and optical networks;
- partnering with worldwide defense communities to solve impossible challenges;
- innovating GaN technologies that empower armed forces to detect and share information in real time; and
- transforming base station technologies worldwide laying the foundations for the coming 5G revolution.

Join us, and together we’ll build a better, more connected and protected world – on the ground, at sea, and in the air. Qorvo – all around you.]





# Infrastructure and Defense Products

James Klein, President



# Driving Growth & Value

**MISSION:** Innovation ■ Product Leadership ■ Speed ■ Scale  
Solving our customers' most difficult challenges

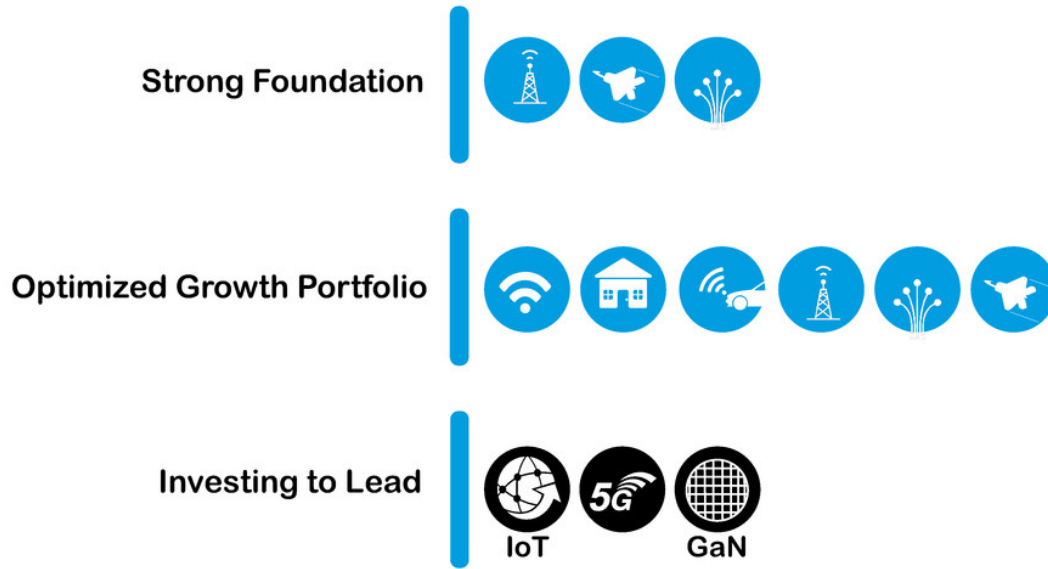


**CONNECT & PROTECT™**



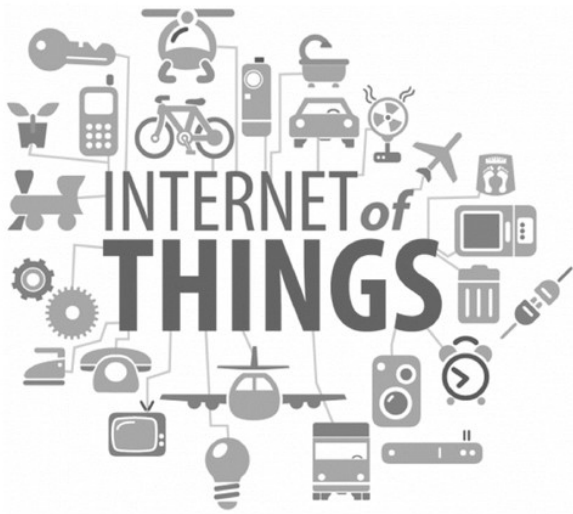
# Optimized for Growth

Portfolio positioned for IoT, 5G and GaN trends



# The Connected World of IoT

Opportunities abound



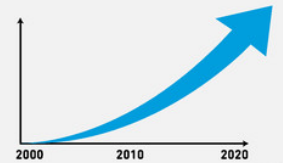
## Numerous Vertical Markets



## Multiple Open & Proprietary Standards



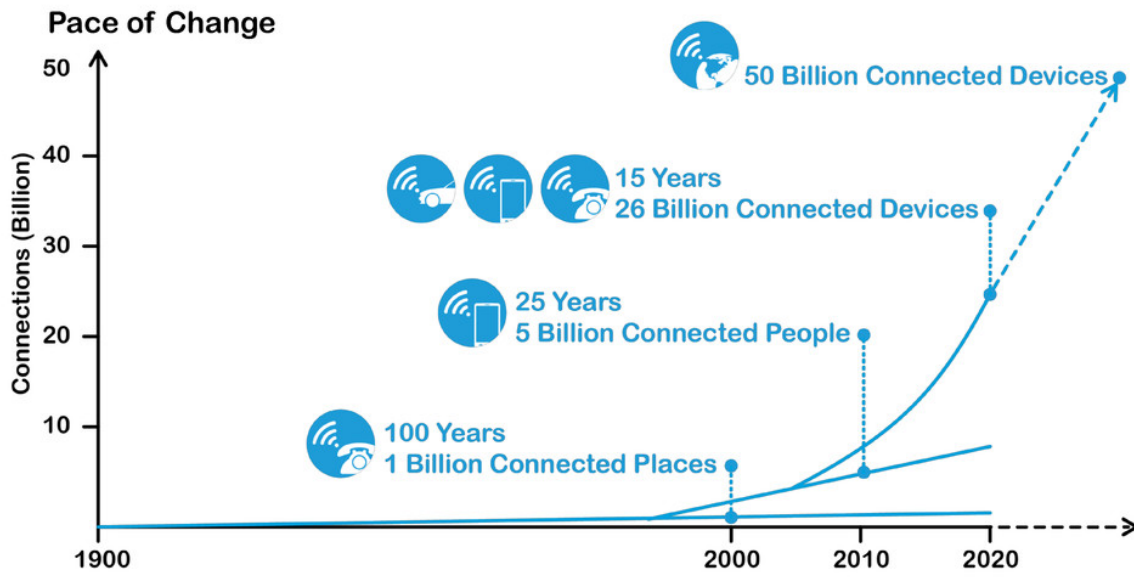
>25B  
Connected  
Devices by 2020





# Internet of Things

>25B connected devices by 2020

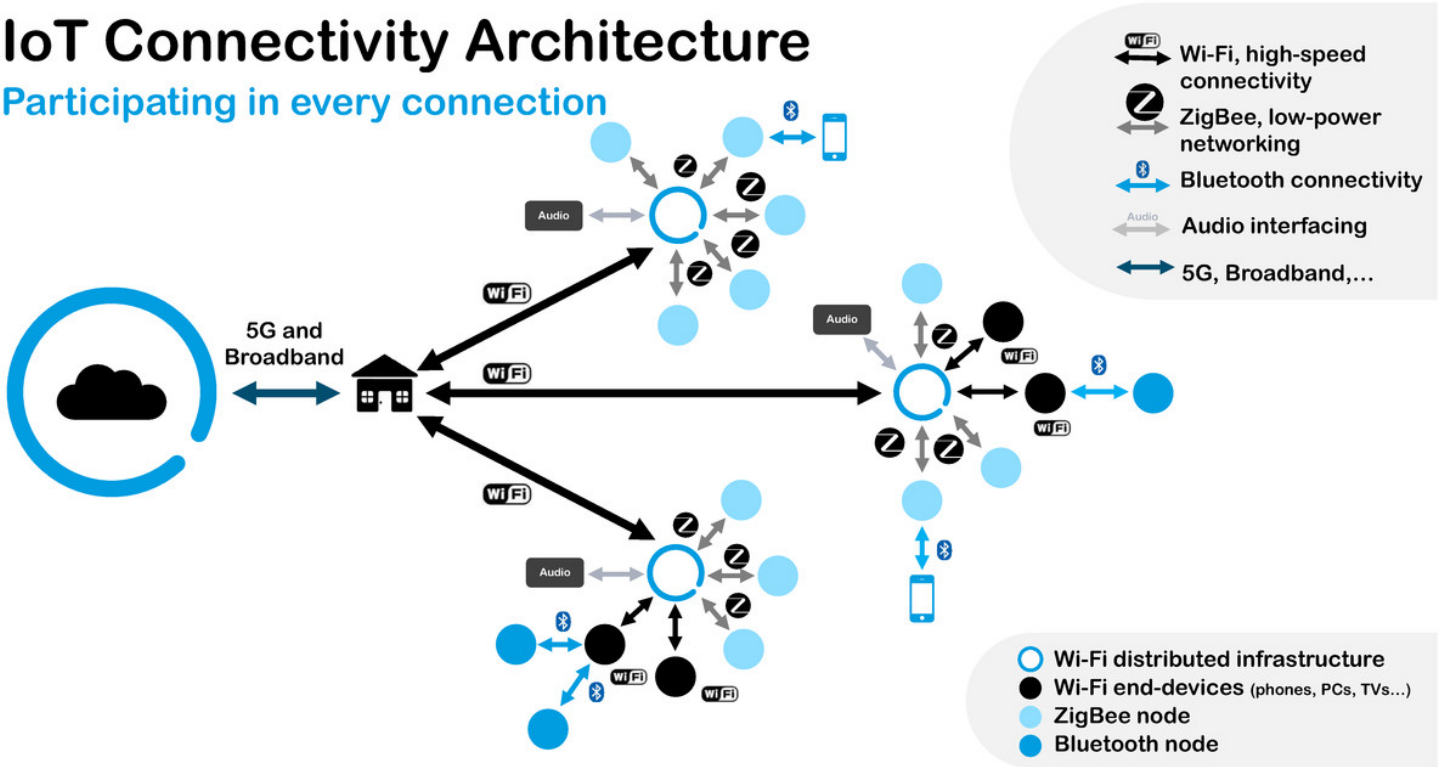


Source: Ericsson



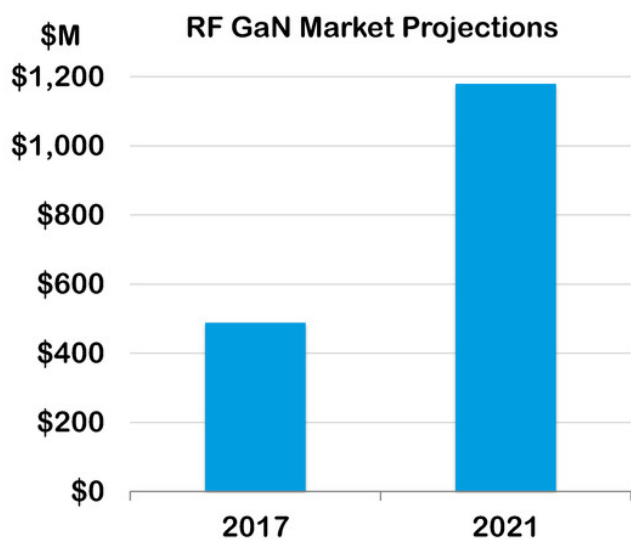
# IoT Connectivity Architecture

Participating in every connection



# GaN Adoption Accelerating

25% market CAGR



Driven by data traffic and advanced defense systems

Top 3 market segments experiencing rapid adoption



Performance and scale requirements favor established suppliers with technology maturity

Source: Strategy Analytics GaN Market Forecast 2016 and management estimates.



# Why GaN?

Meeting the needs of advanced RF systems

Efficiency Drives  
Lower Total  
Solution Costs



Higher Efficiency  
Drives Smaller  
Die Sizes and  
Costs



Defense and  
Commercial  
Shipments Drive  
Scale



Thermal  
Performance  
Drives Long  
Term Reliability



200°C  
10<sup>7</sup> hrs.

Enables Broader  
Spectrum Usage

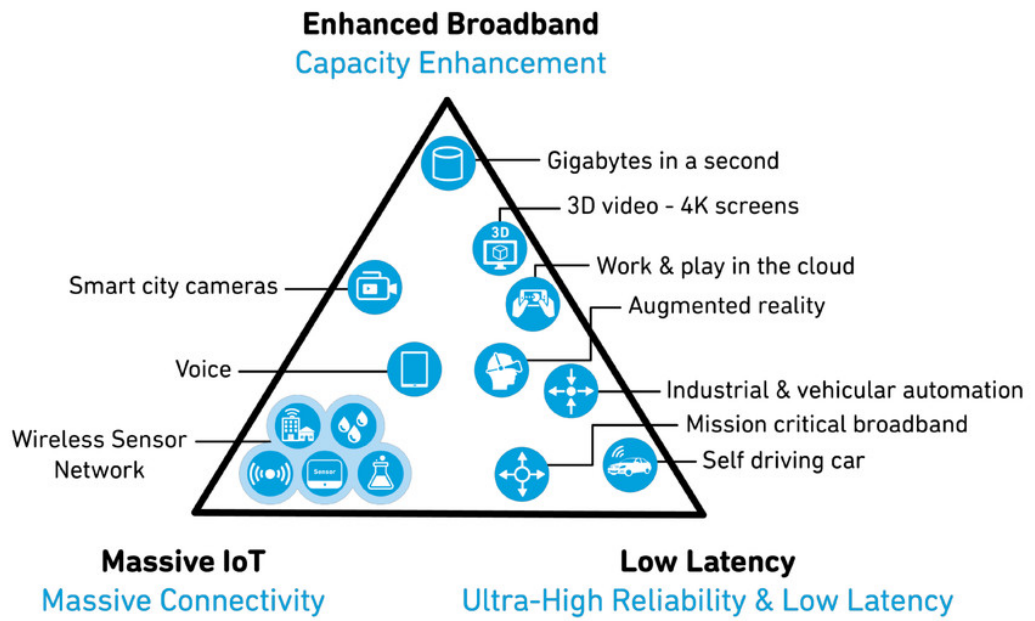
500 MHz ← → 100 GHz

Efficiency and  
Broadband  
Coverage Enable 5G



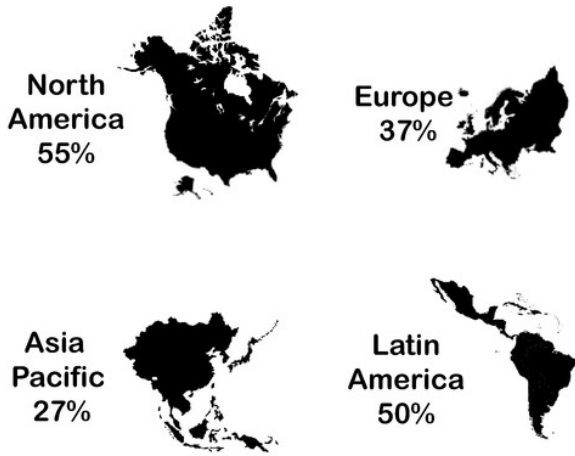
# 5G is More Than Just Higher Speeds

Connections are all around you



# The Path to 5G Networks

## Telco 5G adoption over next 5 years



Source: Ericsson

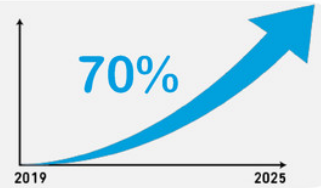
## Field Trials Underway



## Disruptive Technologies

- mmW system architectures
- Massive MIMO
- Integrated backhaul & cloud-based RAN

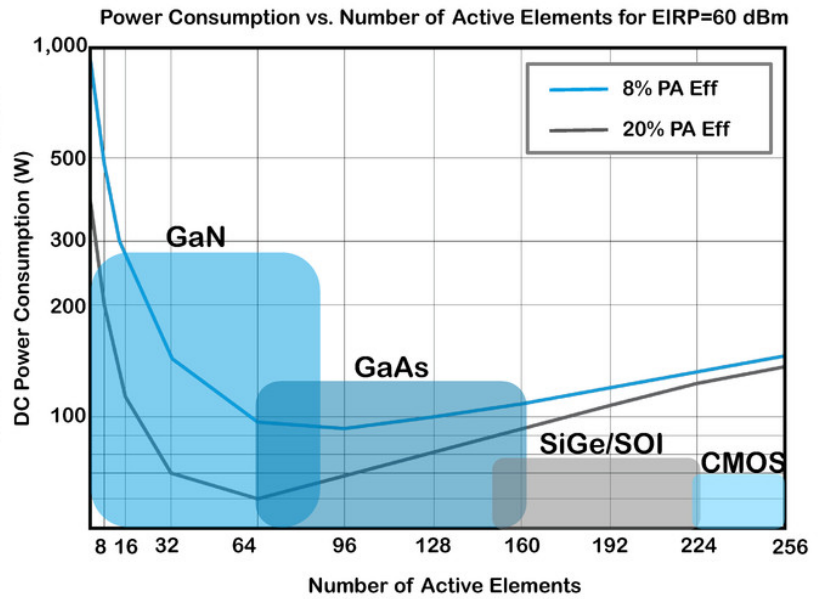
## 5G Network Infrastructure Market CAGR



# 5G Phased Arrays at 30 GHz

GaN PAs balance power consumption vs array complexity

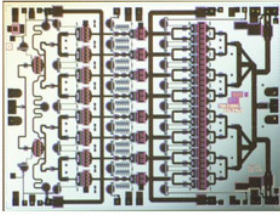
- ↗** Effective Radiated Power (ERP) drives range and coverage
- ⚡** Power consumption drives operating cost
- #** Fewer elements reduce complexity and system costs



# GaN Drives mmWave Integration

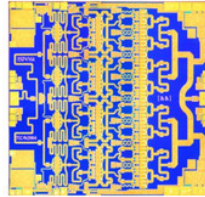
Power density and die size enable phased array applications

0.25  $\mu\text{m}$  GaAs Die  
PD:  $\sim 650$  mW/mm



12.9mm<sup>2</sup>

0.15  $\mu\text{m}$  GaAs Die  
PD:  $\sim 800$  mW/mm



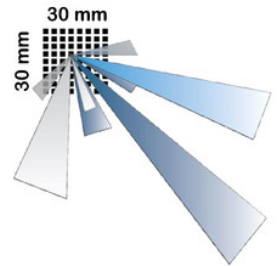
8.7mm<sup>2</sup>

0.15  $\mu\text{m}$  GaN Die  
PD:  $\sim 2,800$  mW/mm



1.56mm<sup>2</sup>

Multiple GaN Die  
Massive MIMO Arrays



2002

2005

2014

2017+

88% Die Size Reduction @ 4x Power Density

64 Supported  
Antennas





# Leadership Across Key Markets

Key markets aggregate annual growth of >20%

## Macro Trends



IoT

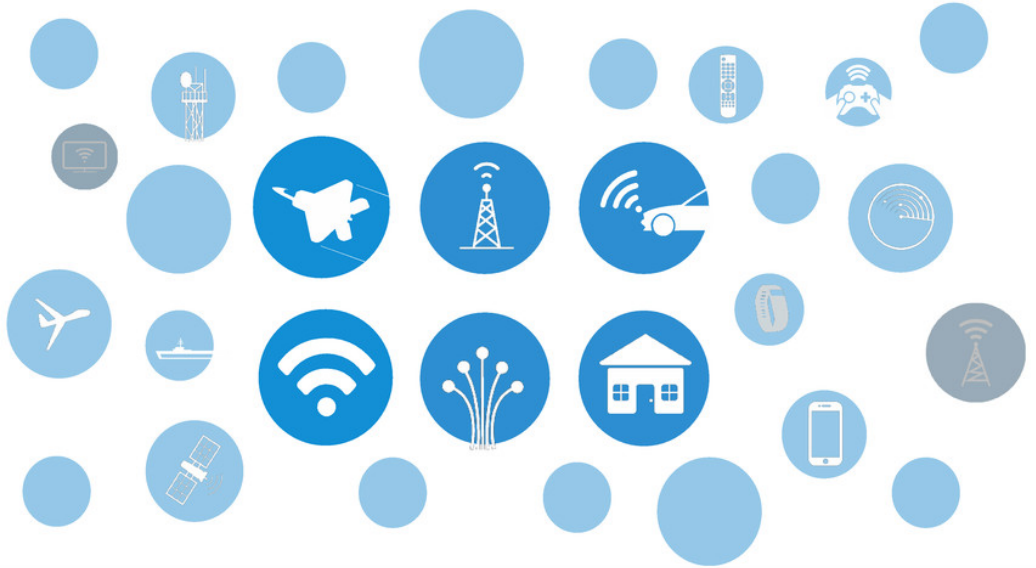


5G



GaN

## Today's Markets & Future Opportunities



# Defense Growth

## GaN fueling above-market growth



- Driven by phased array radar and electronic warfare
- 2017-2021 CAGR: 8% (GaN >25%)



- DoD Category 1A Trusted Source
- Industry's broadest RF capabilities
- 1-100 GHz frequency coverage
- Higher levels of integration

*Source: Industry reports and management estimates*



# Base Station Growth

GaN and 5G driving long-term growth



- GaN displacing LDMOS
- Massive MIMO 10x higher content
- 5G field trials underway
- 2017-2021 CAGR: 6% (GaN >25%)



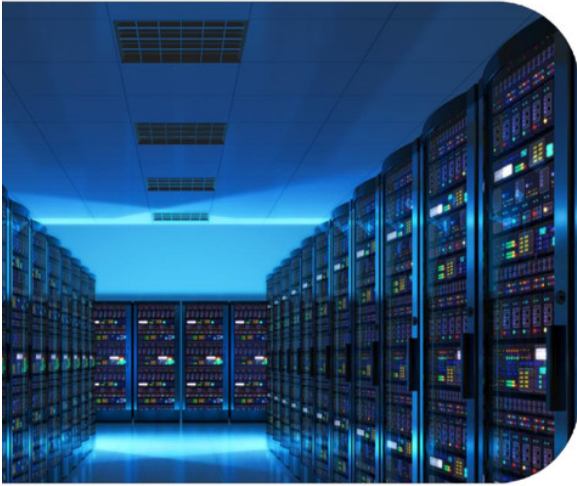
- Rapidly expanding GaN portfolio
- Participant in all major 5G trials
- Higher levels of integration

*Source: Industry reports and management estimates*



# Optical Growth

Leveraging our telecom leadership into Data Center Interconnect (DCI)



- Driven by increased data demand
- Systems driving to 800 Gbps
- 2017-2021 CAGR: 14%



- Expanding technology and product portfolio targeting DCI
- Higher levels of integration

*Source: Industry reports and management estimates*



# Smart Home IoT Growth

Open standards accelerating adoption



- IoT adoption begins in the home
- 2017-2021 CAGR: 47%



- Broad RF and low power SoC portfolio
- Industry's first multi-protocol platform
- Leveraging Wi-Fi experience

Source: Industry reports and management estimates



# Wi-Fi Customer Premises Equipment (CPE) Growth

High-performance products enable system capacity



- Distributed Wi-Fi nodes
- Consumer and enterprise requirements converging
- Multi-user streaming media
- 802.11ax adoption
- 2017-2021 CAGR: 10%



- Best in class PAs and LNAs
- Integrated FEMs with premium filters

Source: Industry reports and management estimates



# Automotive Connectivity Growth

Moving telecom products to the car



- 69M connected cars by 2020
- Consumer demand and regulations driving safety and connectivity
- 2017-2021 CAGR: 29%



- AECQ-100 qualified portfolio of active & premium filter products
- Five ISO TS-16949 certified factories
- Focused on SDARS, Wi-Fi, LTE

Source: Industry reports and management estimates





# Delivering a Highly Profitable Model

High-value innovation in diverse growth markets

Strongly positioned to address IoT, 5G, GaN macro trends

Winning in \$4B diversified market with broad technology capability

Market portfolio growing at 10-15%







**Break until 9:40am**



# Mobile Products

Eric Creviston, President

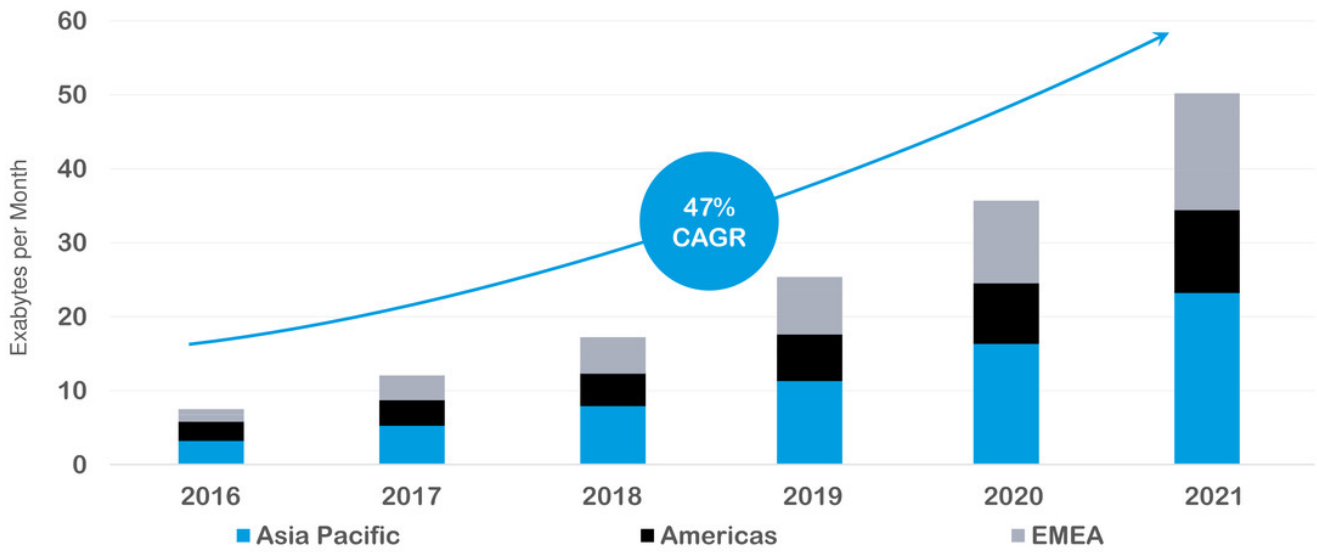


# Connectivity Is Changing Lives



# Demand for Mobile Data is Accelerating

## Global mobile traffic forecast



Source: Cisco Mobile VNI Study, 2017



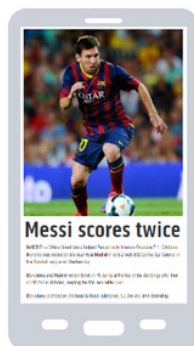
# Streaming Video: The New Baseline

Generational shift in how information is consumed

15  
Years Ago



05  
Years Ago



Now

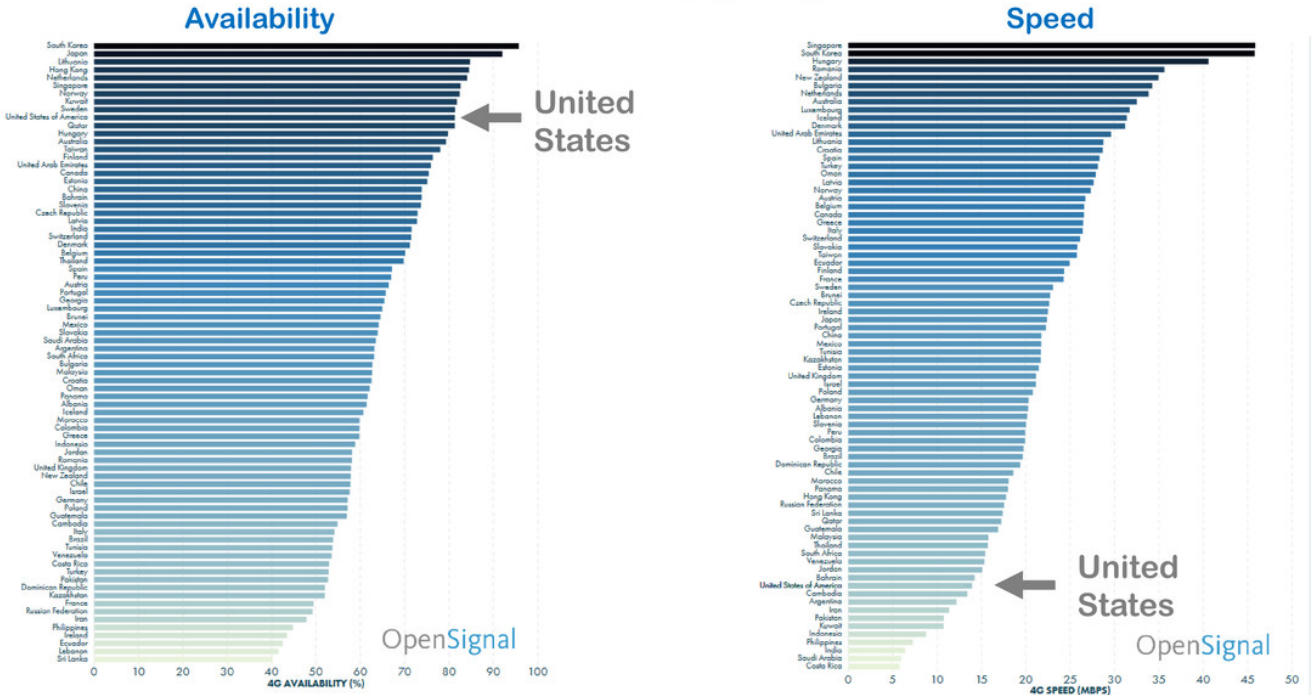


# Live Stream Goes Mainstream

New business models rely on improved uplink capabilities







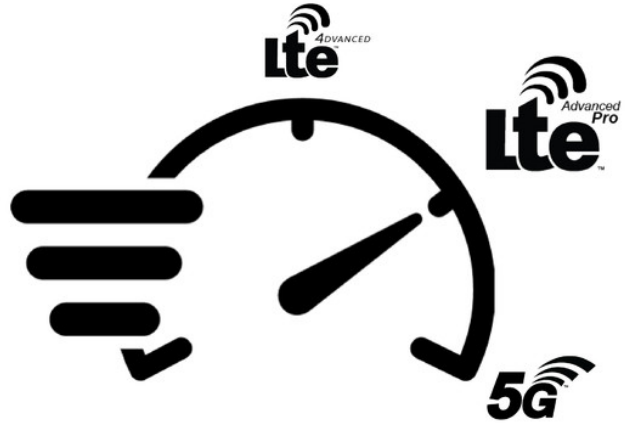
# Network Performance is Lagging Demand





# The Race to Gigabit Performance and Beyond

-  **Carrier Aggregation (CA)**  
simultaneous data streams
-  **LTE over unlicensed spectrum**  
more available bandwidth
-  **Higher Order Modulation (256 QAM)**  
faster throughput
-  **4x4 MIMO**  
multiple data paths

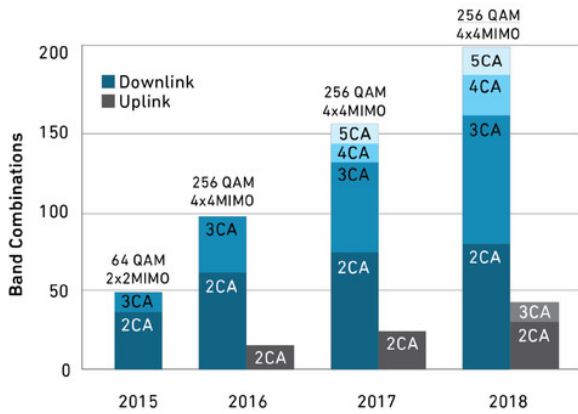




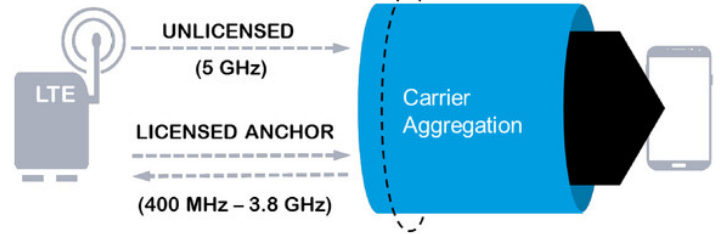
# Global Delivery of Gigabit Performance

Advanced architectures drive continuous growth in RF complexity

CA Band Combinations and Advanced Modulation Drive RF Complexity

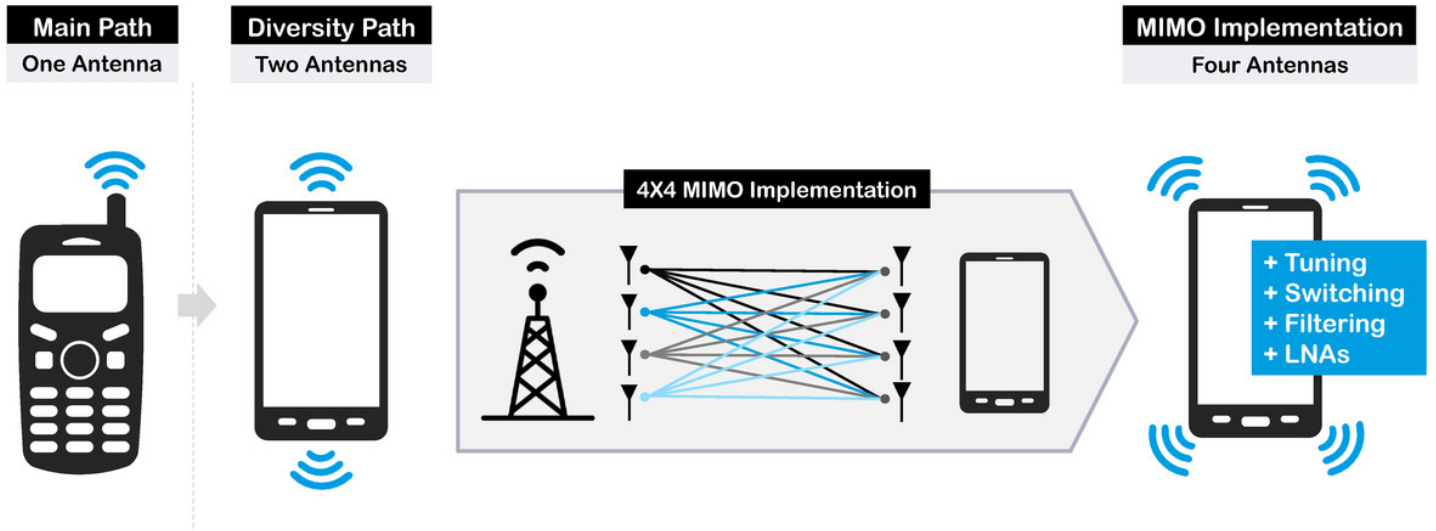


Unlicensed LAA Joins Licensed LTE to Help Achieve Gbps Speeds



# Advanced Antenna Solutions Required

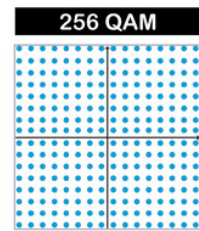
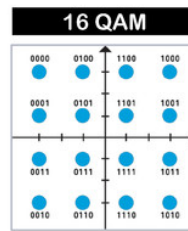
Transitioning to a 4X4 MIMO implementation for higher data throughput



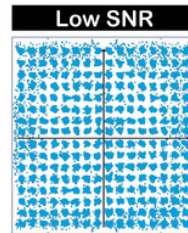
# Advanced Modulation Required for Higher Throughput

## Transition to 256 QAM drives need for higher quality RF

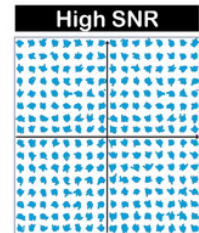
Higher order modulation adds more communication resolution increasing signal density



The RF challenge is to keep the signals distinct with a high signal to noise ratio (SNR)



Vs.

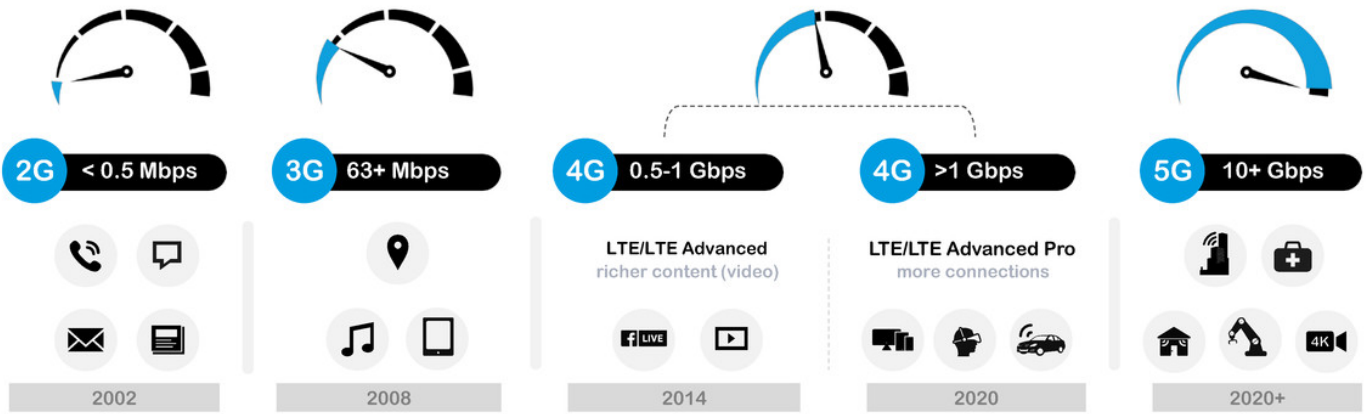


Achieved with better RF filters, amplifiers, switches, tuning and module design



# Strong History of Advancing Industry Standards

Enabled through successive generations of RF technology

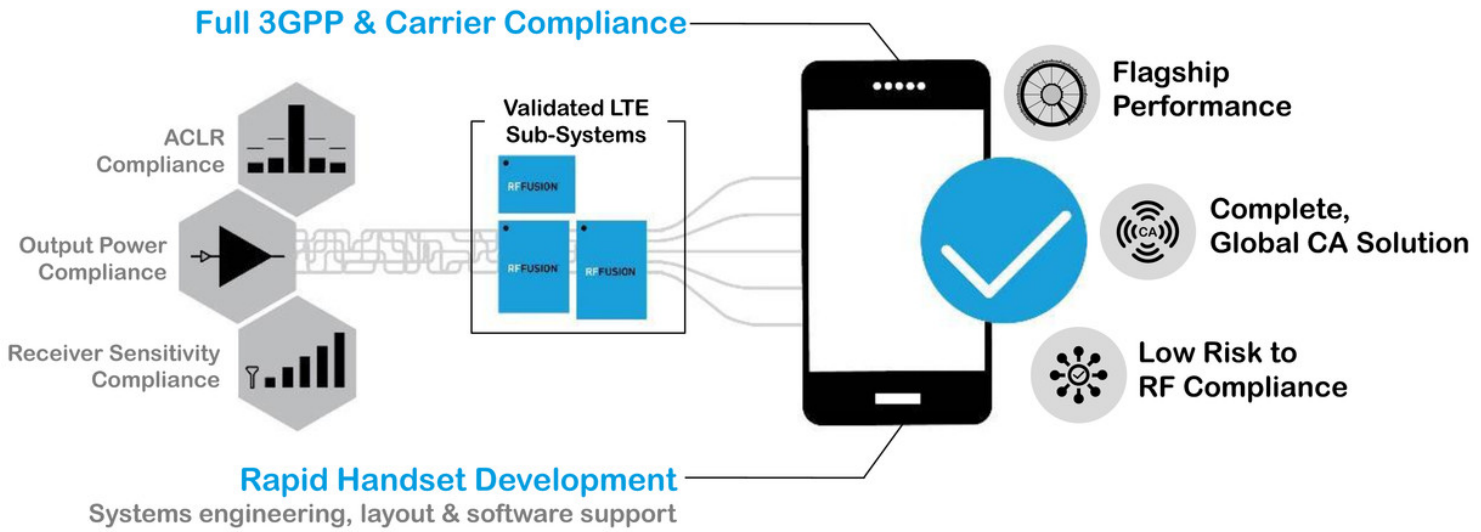


GaAs HBT PA	pHEMT Antenna Switch	Module with Filter Integration	Integrated Shielding	Antenna Tuning	Envelope Tracking	Total Front End Modules
Integrated Power Control	TC SAW Duplexers	BAW Duplexers	SOI Switch for Linearity	BAW Multiplexing	UL CA Ultra Linear Switch	Phased Array Systems

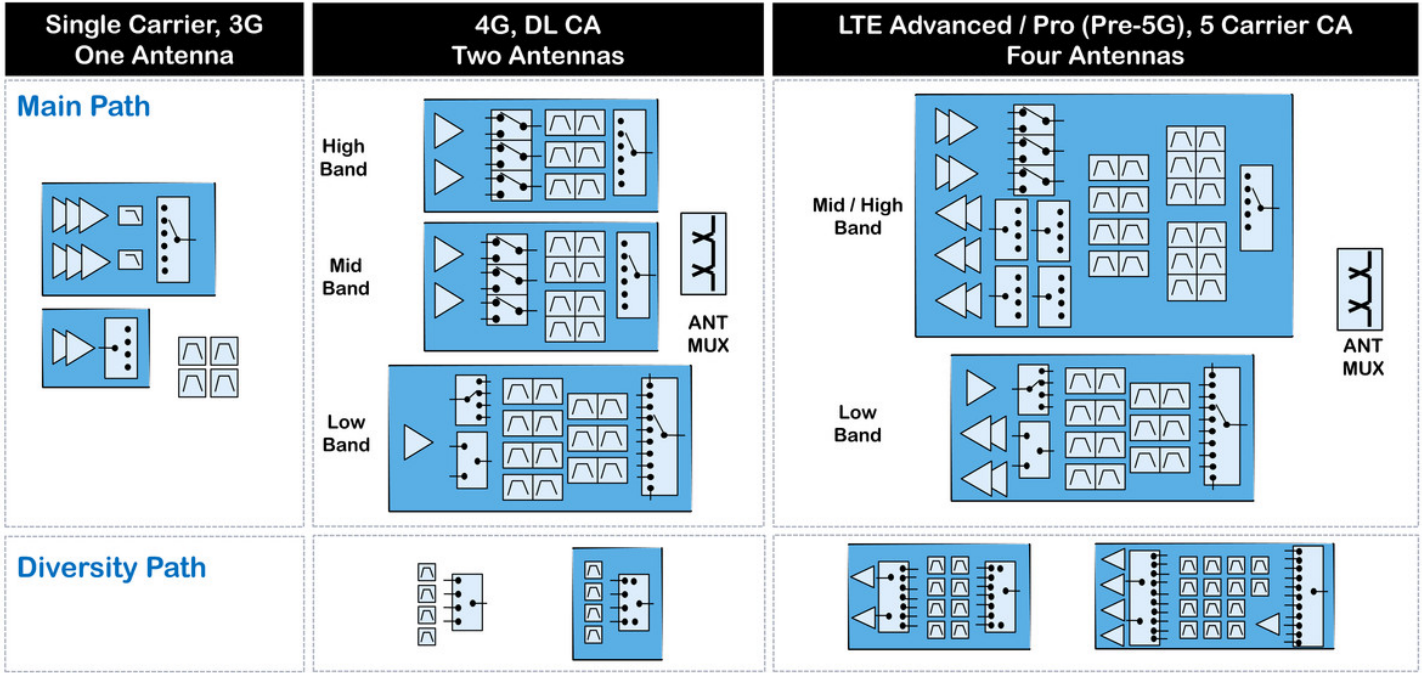


# Best Positioned to Deliver Complete RF Solutions

Solving customer problems at the system level

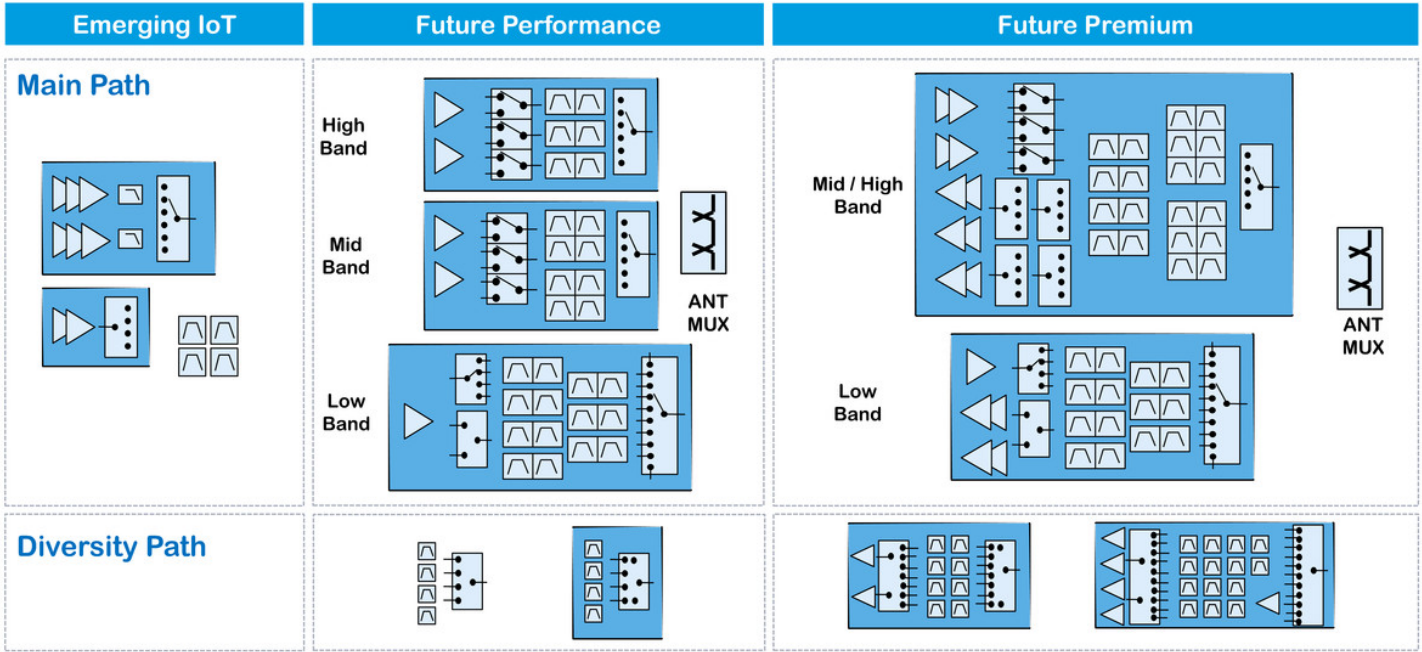


# Evolution of the RF Front End





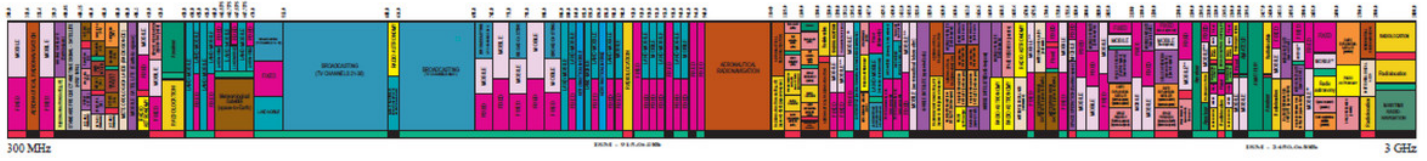
# Distinct Architectures for Each Business Model



# Managing Crowded Frequency Spectrum

Requirements for advanced filtering continue to grow

## Frequency spectrum allocation



## A unique filter is required for each band of operation



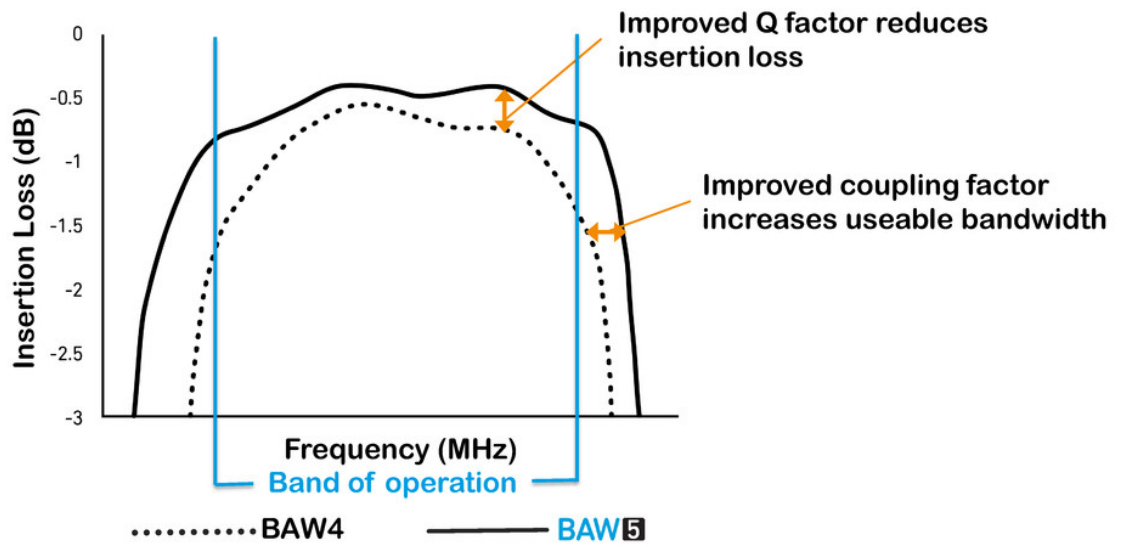
Source: U.S. Dept. of Commerce





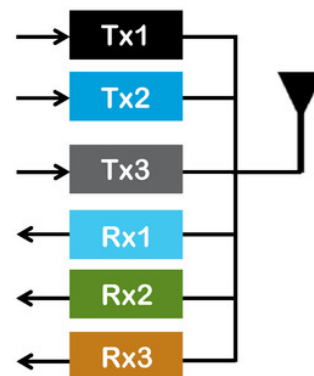
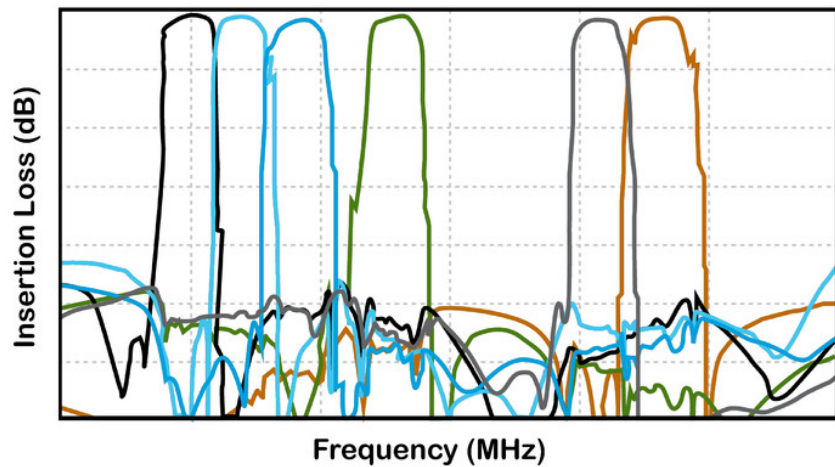
# Qorvo BAW5: World-Class Filter Performance

Enabling broad band, low loss operation

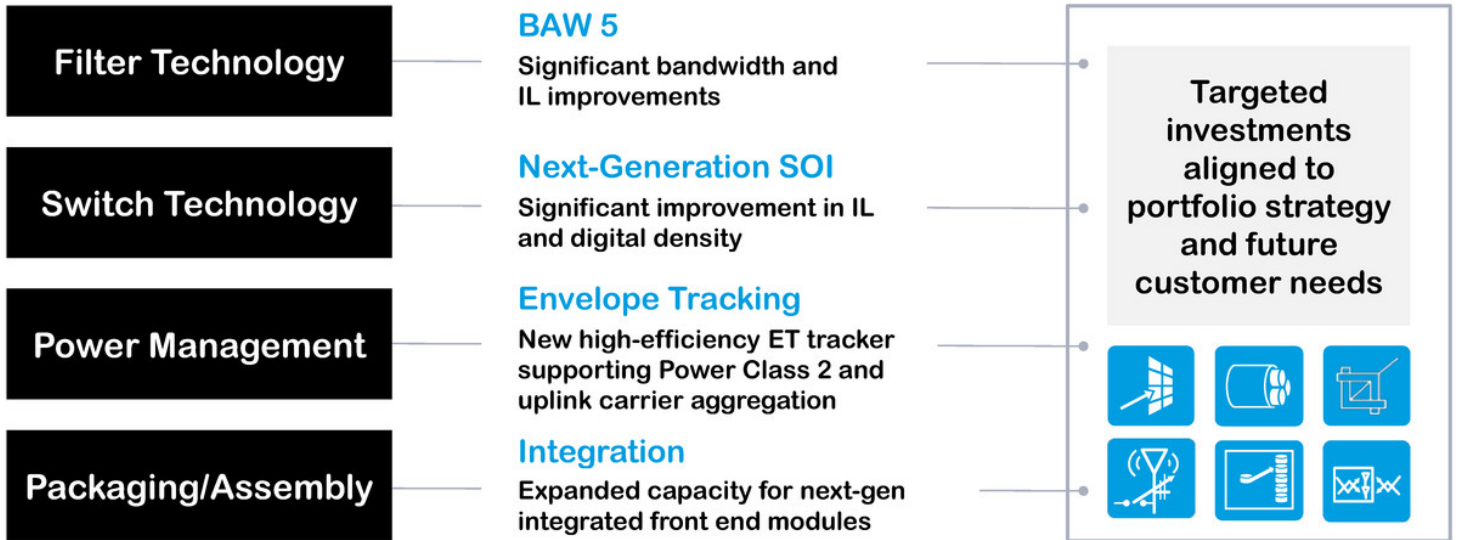


# Enabling Advanced CA with Higher Order Multiplexers

Connect multiple transmit & receive signal paths through a single node



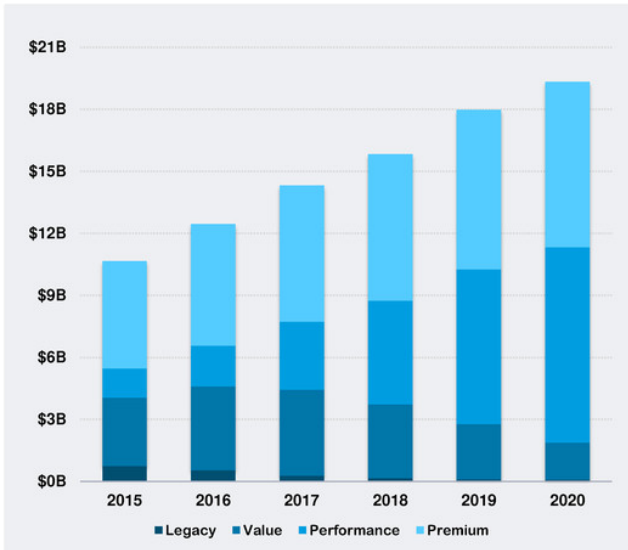
# Leveraging Technology to Solve RF Challenges



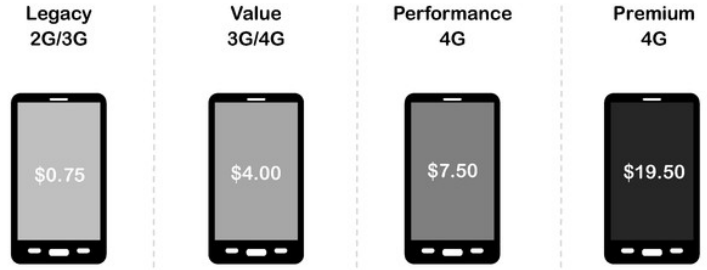
# Increasing Value of RF Solutions

TAM driven by content growth and mix shift to performance tier

\$ Content by Segment



Average RF Content/Device



Unit Shipments Trend



Source: Management Estimates



# Building the World's Best RF Partner

Qorvo Mobile positioned for continued growth

Solve customers' RF challenges  
with **innovative portfolio** of  
core RF solutions

Capitalize on **global presence** and  
**scale** in R&D, sales & marketing

Lead the transition to **5G and IoT**





# Operations

Steve Grant, VP Technology & Manufacturing



# Qorvo Operations Strategy

Industry-leading technology portfolio

Manufacturing scale and positioned for growth

Cost reduction and learning rates

Operational excellence



# Operations Leadership Team

World-class research, development & manufacturing team



**Adv. Technology Development**  
Infineon, 30+ years industry  
PhD



**GM Beijing Manufacturing**  
Chartered Semi, 20+ years industry



**GM Dezhou Manufacturing**  
Intel, 20+ years industry



**Foundry Engineering**  
IBM, 20+ years industry



**Texas Fab Manager**  
TI, 25+ years industry  
PhD



**Texas Fab Manager**  
ST Micro, 25+ years industry  
PhD



**Florida Fab Manager**  
TI, ST Micro, 20 years industry



**North Carolina Fab Manager**  
20 years industry  
PhD



**Oregon Fab Manager**  
Intel, 25+ years industry  
PhD





# RF Technology Portfolio

## RF technology integration

Bulk Acoustic Wave (BAW) Filters

Surface Acoustic Wave (SAW) Filters

GaAs Power Amplifiers

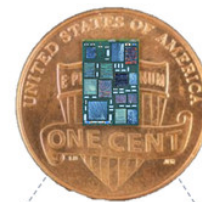
SiGe Power Amplifiers

GaN Power Amplifiers

SOI Switches

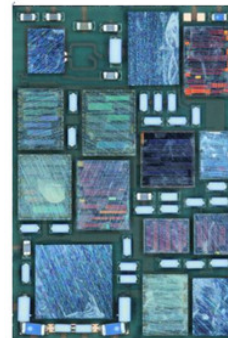
CMOS Controllers

Flip Chip Assembly Technology

























Low Band S-PAD

*Shown to scale*



# Comprehensive Product & Technology Portfolio

		Filters			Power Amplifiers			ET PMIC	Tuners	Switches
		SAW	TC-SAW	BAW	GaN	GaAs	Silicon	CMOS	SOI	SOI
	Qorvo									
	Competitor A									
	Competitor B									

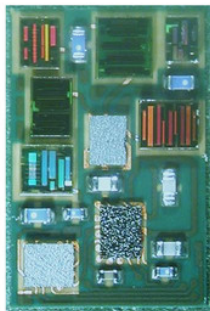
Uniquely positioned to deliver a diverse suite of solutions



# SAW-Based Modules

Increasing levels of complexity

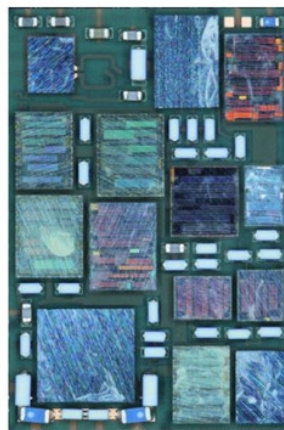
2014



6 SAW filters

9 Die Placements  
Module Footprint – 26 mm<sup>2</sup>

2016



16 SAW filters

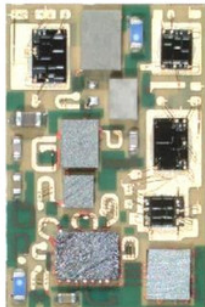
14 Die Placements  
Module Footprint – 45 mm<sup>2</sup>



# BAW-Based Modules

Increasing levels of complexity

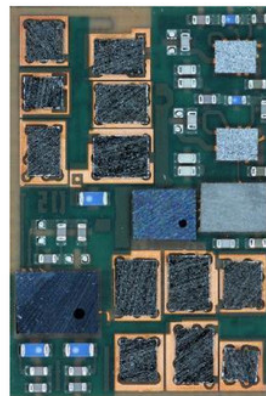
2014



4 BAW filters

10 Die Placements  
Module Footprint – 27 mm<sup>2</sup>

2016



12 BAW filters

17 Die Placements  
Module Footprint – 45 mm<sup>2</sup>



# Manufacturing Scale

Scale to support industry-leading revenue growth



# Cost Reduction Initiatives

## Wafer size conversions



Cost-effective way to expand with little capital investment

>90% of existing install tool sets are upgradeable

Within 5% of line and die yields for larger-sized wafers

### SAW



4" to 6" wafer size conversion  
First 6" TC-SAW production  
Produced in Greensboro and Apopka

### BAW

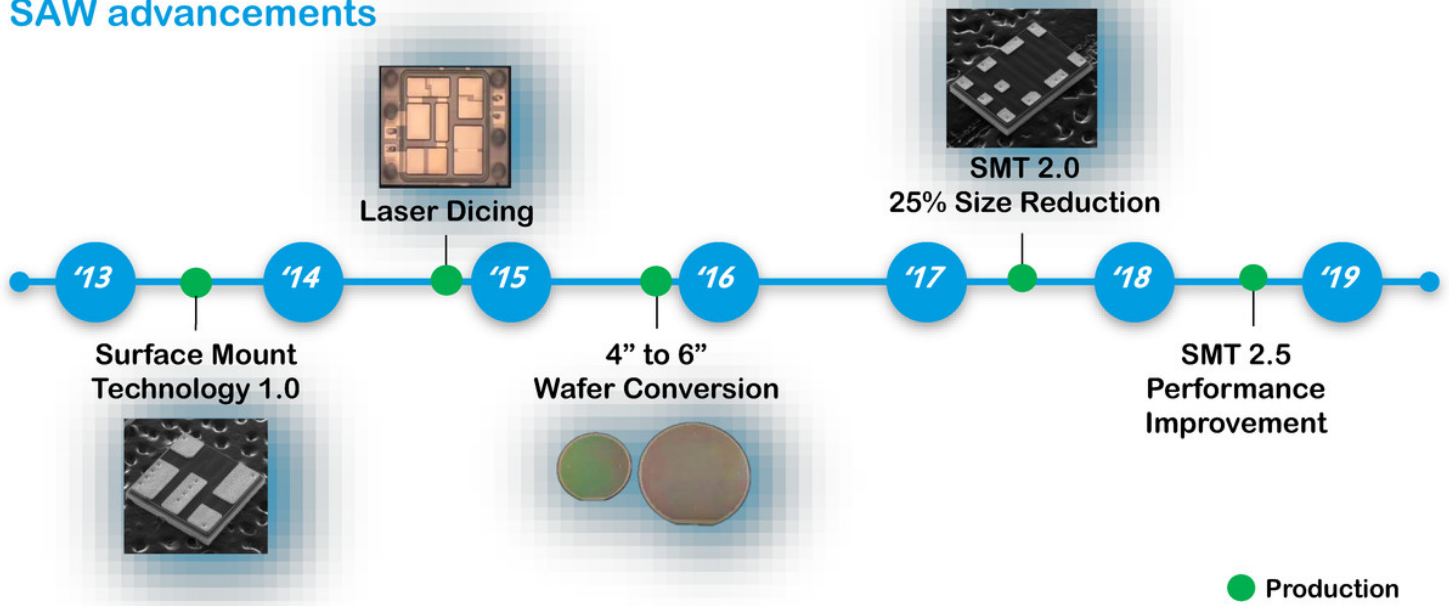


6" to 8" wafer size conversion  
Richardson 8" shipments in summer  
Farmers Branch qualification



# Technology Initiatives

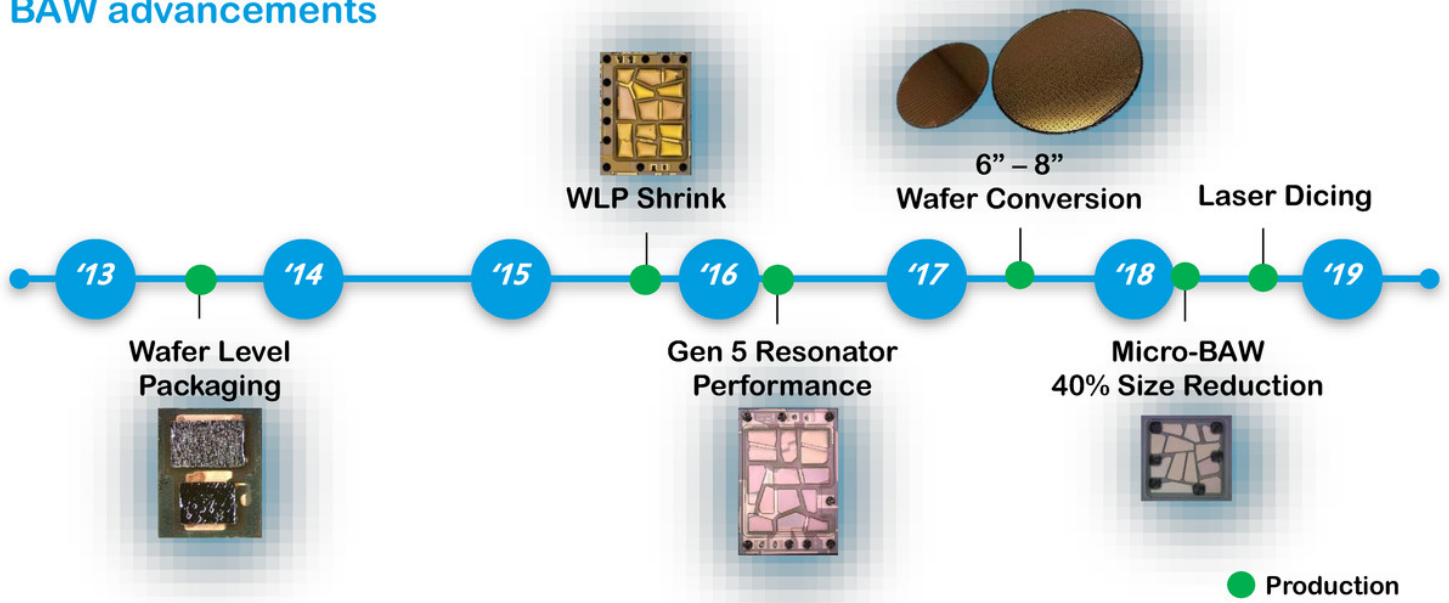
## SAW advancements





# Technology Initiatives

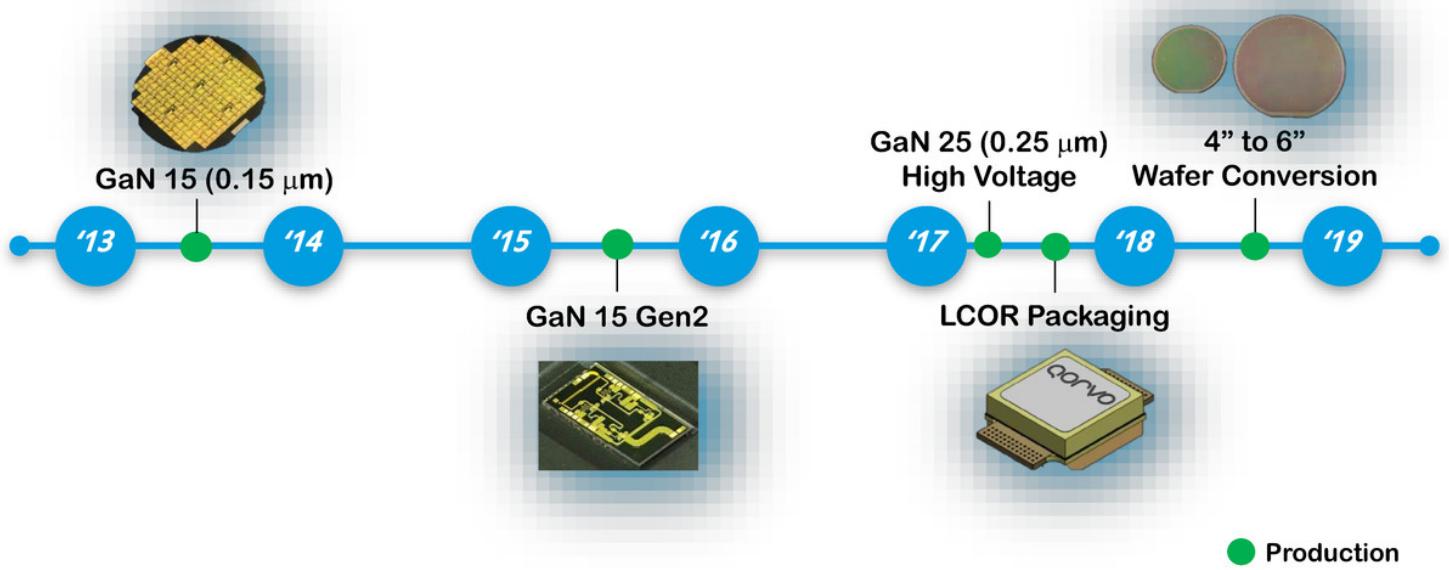
## BAW advancements





# Technology Initiatives

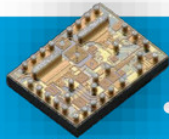
## GaN advancements



# Operational Excellence

## Technology development

- **Process innovation and development engine**
  - Wide and deep technology moat
  - Organic development capabilities
  - Development speed and complexity
- **Development execution**
  - One year technology cadence
  - Effective handoff between development and manufacturing



### ***Qorvo R&D Wins:***

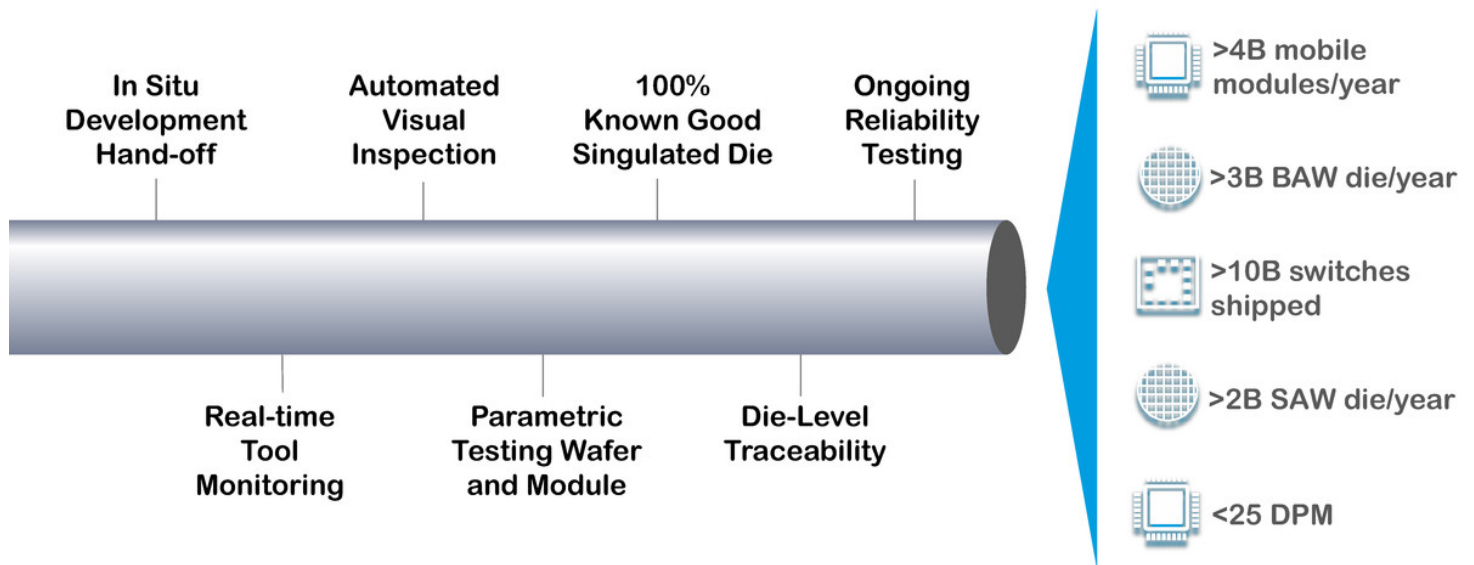


- 6" TC SAW • SAW SMT • 8" BAW • BAW Gen 5
- HBT5 PAs • GaN PAs • Flip Chip • SOI Switches • ET Controllers



# Operational Excellence Pipeline

Clean launch and production excellence



# Qorvo Operations Summary

## A solid foundation of innovation

- Technology leadership from transceiver to antenna
- **Centers of Excellence** for GaN, GaAs, SiGe, Si, BAW/SAW filters, assembly & test

## Built to win today and in the future

- Proven industry “athletes”
- Adding filter capability/capacity – wafer conversions and fab expansion
- Driving down costs while advancing the industry’s broadest technology portfolio





# Financials

Mark Murphy, Chief Financial Officer



# Profitable Growth

## Discipline, consistency and predictability

### Above-Market Revenue Growth

- Broad-based IDP growth driven by GaN, IoT and 5G
- Increasingly complex content-driven Mobile growth

Market CAGR  
of 10-15%  
FY17 – FY20

### Expanding Margins

- Improving mix and higher utilization rates
- Manufacturing, R&D and SG&A productivity

~ 1,000 bps  
higher OM%  
FY17 – FY20

### Increasing Free Cash Flow

- Revenue growth with operating leverage
- Lower capital intensity

100% FCF  
growth FY18

Create  
Shareholder  
Value

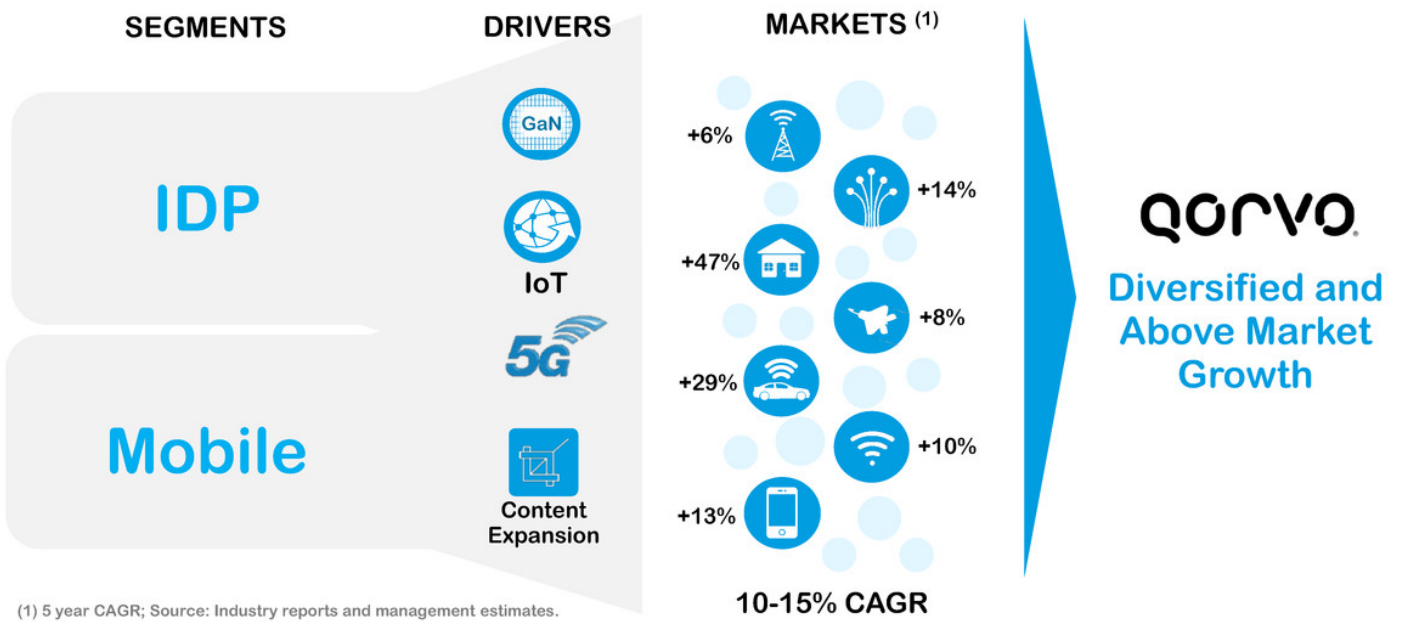
Source: Industry reports and management estimates

Non-GAAP. For more information regarding non-GAAP financial measures, including reconciliations to the nearest GAAP measures, see the Supplemental Information on Non-GAAP Financial Measures included with this presentation and our earnings releases available on our website at [www.qorvo.com](http://www.qorvo.com).



# Multiple Long-Term Growth Drivers

Technology leadership in era of increasing RF complexity

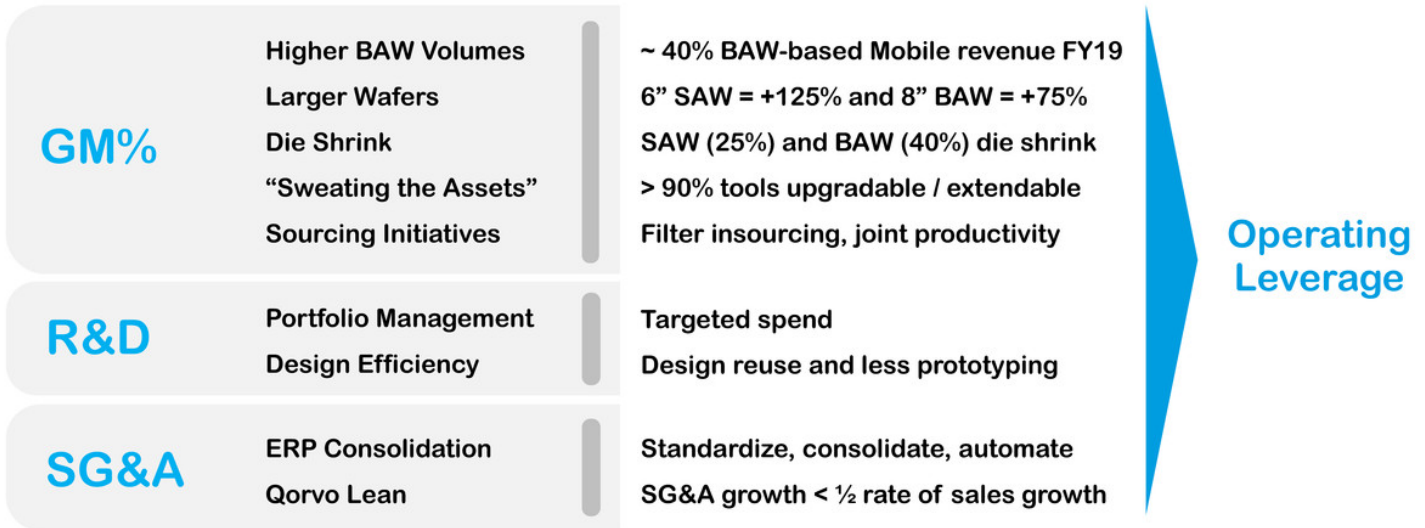


(1) 5 year CAGR; Source: Industry reports and management estimates.



# Expanding Margins

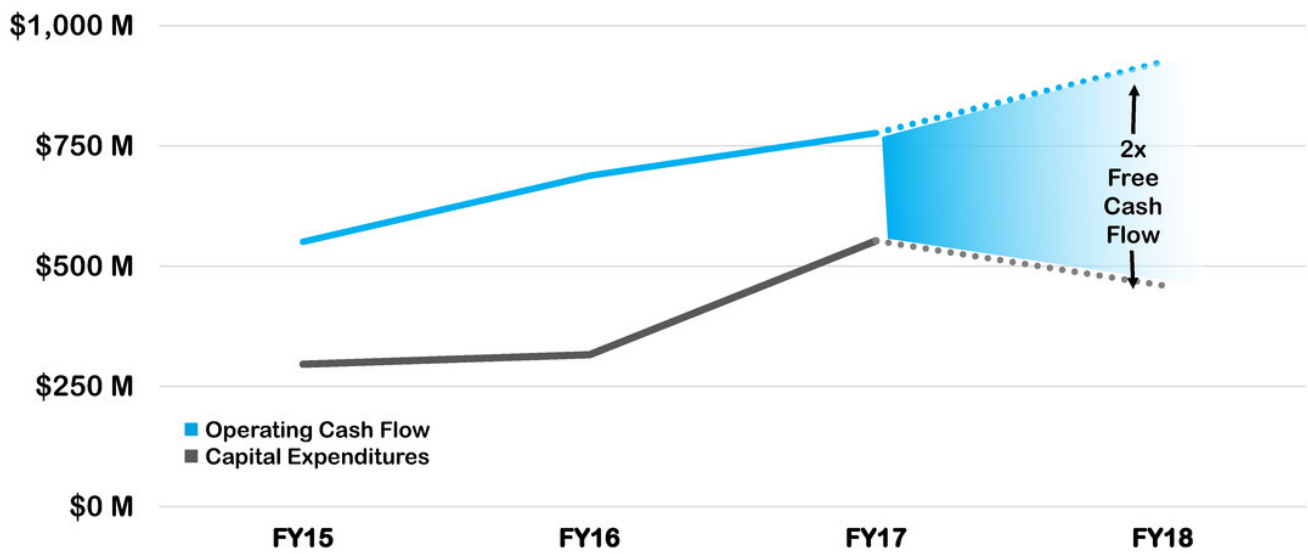
Enterprise-wide efforts on productivity





# Focused on Free Cash Flow

FY18 FCF growth ~2x year over year



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# Capital Allocation

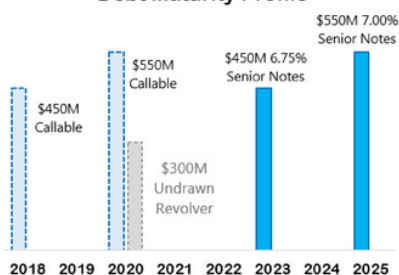
## Balanced and disciplined approach

**\$1.6B** in share repurchases at \$53.58 per share average

FY17 (\$M)	Q2	Q3	Q4
FCF	\$130	\$84	\$81
Repurchase	\$91	\$67	\$51
% of FCF	70%	80%	63%

FY 2017 (\$M)	
Cash	\$545
Debt	\$989
Debt / EBITDA	1.1x
Net Debt / EBITDA	0.5x

Debt Maturity Profile



### Capital Priorities:

- Reinvest for growth
- Targeted acquisitions
- Return cash to shareholders

### Capacity for Additional Leverage:

- Long-term target ~1.5X Debt/EBITDA
- Notes callable in 2018 and 2020

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# Target Operating Model Beyond FY18

Strong revenue growth and higher margins

Metric		IDP	Mobile	Qorvo
Revenue Growth <sup>(1)</sup>		Greater than Market		
Non-GAAP Target Model <sup>(2)</sup> (% Sales)	Gross Margin	> 60%	> 48%	> 50%
	Operating Expenses	< 30%	< 18%	< 20%
	Operating Margin	> 30%	> 30%	30% - 35%

<sup>(1)</sup> Aggregate market CAGR projected to be 10%-15% through 2021.

<sup>(2)</sup> Non-GAAP. For more information regarding non-GAAP financial measures, including reconciliations to the nearest GAAP measures, see the Supplemental Information on Non-GAAP Financial Measures included with this presentation and our earnings releases available on our website at [www.qorvo.com](http://www.qorvo.com).

NOTES:

- Non-GAAP tax rate forecasted < 10% in FY18 with rate expected to increase to 11-13% by FY2020.
- June quarter guidance unchanged as provided 5/3/17.



Connectivity Is A Way Of Life

Thank You

qorvo



The logo for Qorvo, featuring the word "qorvo" in a lowercase, bold, sans-serif font. The letters are black and have a slight shadow effect, giving them a three-dimensional appearance. A registered trademark symbol (®) is located at the top right of the letter 'o'.

qorvo®

all around you

Q&A

© Qorvo, Inc.

**qorvo**

all around you

**Thank you**

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## Important Supplemental Information

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# Qorvo Investor Day Presentation

## Supplemental information on Non-GAAP financial measures

In addition to disclosing financial results calculated in accordance with United States (U.S.) generally accepted accounting principles (GAAP), this presentation contains the following non-GAAP financial measures: (i) non-GAAP gross margin, (ii) non-GAAP operating margin, (iii) free cash flow, (iv) EBITDA, and (v) net debt. Each of these non-GAAP financial measures is either adjusted from GAAP results to exclude certain expenses or derived from multiple GAAP measures as described below.

In managing Qorvo's business on a consolidated basis, management develops an annual operating plan, which is approved by our Board of Directors, using non-GAAP financial measures. In developing and monitoring performance against this plan, management considers the actual or potential impacts on these non-GAAP financial measures from actions taken to reduce costs with the goal of increasing gross margin and operating margin. In addition, management relies upon these non-GAAP financial measures to assess whether research and development efforts are at an appropriate level, and when making decisions about product spending, administrative budgets, and other operating expenses. Also, we believe that non-GAAP financial measures provide useful supplemental information to investors and enable investors to analyze the results of operations in the same way as management. We have chosen to provide this supplemental information to enable investors to perform additional comparisons of our operating results, to assess our liquidity and capital position and to analyze financial performance excluding the effect of expenses unrelated to operations, certain non-cash expenses and stock-based compensation expense, which may obscure trends in Qorvo's underlying performance.

We believe that these non-GAAP financial measures offer an additional view of Qorvo's operations that, when coupled with the GAAP results and the reconciliations to corresponding GAAP financial measures where necessary, provide a more complete understanding of Qorvo's results of operations and the factors and trends affecting Qorvo's business. However, these non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.





# Qorvo Investor Day Presentation

## Supplemental information on Non-GAAP financial measures (continued)

Our rationale for using these non-GAAP financial measures, as well as their impact on the presentation of Qorvo's operations, are outlined below:

**Non-GAAP gross margin.** Non-GAAP gross margin excludes stock-based compensation expense, amortization of intangible assets, non-cash deferred royalty revenue, non-cash prepaid royalty amortization, and certain non-cash expenses. We believe that exclusion of these costs in presenting non-GAAP gross margin gives management and investors a more effective means of evaluating Qorvo's historical performance and projected costs and the potential for realizing cost efficiencies. We believe that the majority of Qorvo's purchased intangibles are not relevant to analyzing current operations because they generally represent costs incurred by the acquired company to build value prior to acquisition, and thus are effectively part of transaction costs rather than ongoing costs of operating Qorvo's business. In this regard, we note that (i) once the intangibles are fully amortized, the intangibles will not be replaced with cash costs and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time, and (ii) although we set the amortization expense based on useful life of the various assets at the time of the transaction, we cannot influence the timing and amount of the future amortization expense recognition once the lives are established. Similarly, we believe that presentation of non-GAAP gross margin and other non-GAAP financial measures that exclude the impact of stock-based compensation expense assists management and investors in evaluating the period-over-period performance of Qorvo's ongoing operations because (i) the expenses are non-cash in nature, and (ii) although the size of the grants is within our control, the amount of expense varies depending on factors such as short-term fluctuations in stock price volatility and prevailing interest rates, which can be unrelated to the operational performance of Qorvo during the period in which the expense is incurred and generally are outside the control of management. Moreover, we believe that the exclusion of stock-based compensation expense in presenting non-GAAP gross margin and other non-GAAP financial measures is useful to investors to understand the impact of the expensing of stock-based compensation to Qorvo's gross margin and other financial measures in comparison to both prior periods as well as to its competitors. We also believe that the adjustments to margin related to non-cash deferred royalty revenue, non-cash prepaid royalty amortization, restructuring and disposal costs and certain non-cash expenses do not constitute part of Qorvo's ongoing operations and therefore the exclusion of these items provides management and investors with better visibility into the actual revenue and actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of non-GAAP gross margin has economic substance because the excluded expenses do not represent continuing cash expenditures and, as described above, we have little control over the timing and amount of the expenses in question.



# Qorvo Investor Day Presentation

## Supplemental information on Non-GAAP financial measures (continued)

**Non-GAAP operating margin.** Non-GAAP operating margin excludes stock-based compensation expense, amortization of intangible assets, restructuring and disposal costs, acquisition and integration related costs, intellectual property rights (IPR) litigation costs, loss (gain) on assets, start-up costs and certain non-cash expenses. We believe that presentation of a measure of operating margin that excludes amortization of intangible assets and stock-based compensation expense is useful to both management and investors for the same reasons as described above with respect to our use of non-GAAP gross margin. We believe that restructuring and disposal costs, acquisition and integration related costs, IPR litigation costs, loss (gain) on assets, start-up costs and certain non-cash expenses do not constitute part of Qorvo's ongoing operations and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of non-GAAP operating margin has economic substance because the excluded expenses are either unrelated to ongoing operations or do not represent current cash expenditures.

**Free cash flow.** Qorvo defines free cash flow as net cash provided by operating activities during the period minus property and equipment expenditures made during the period. We use free cash flow as a supplemental financial measure in our evaluation of liquidity and financial strength. Management believes that this measure is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Free cash flow should be considered in addition to, rather than as a substitute for, net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, our definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statement of cash flows.

**EBITDA.** Qorvo defines EBITDA as earnings before interest expense and interest income, income tax expense (benefit), depreciation and intangible amortization. Management believes that this measure is useful to evaluate our ongoing operations and as a general indicator of our operating cash flow (in conjunction with a cash flow statement which also includes among other items, changes in working capital and the effect of non-cash charges).



# Qorvo Investor Day Presentation

## Supplemental information on Non-GAAP financial measures (continued)

**Net debt.** Net debt is defined as unrestricted cash, cash equivalents and short-term investments minus any borrowings under our credit facility and the principal balance of our senior unsecured notes. Management believes that net debt provides useful information regarding the level of Qorvo's indebtedness by reflecting cash and investments that could be used to repay debt.

**Forward-looking non-GAAP measures.** This presentation contains forward-looking non-GAAP measures including free cash flow, gross margin, operating expenses and operating margin. We provide these non-GAAP measures to investors on a prospective basis for the same reasons (set forth above) that we provide them to investors on a historical basis. We are unable to provide a reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable forward-looking GAAP financial measures because due to variability and difficulty in making accurate projections for items such as stock-based compensation, integration related costs, restructuring charges and the provision for income taxes, we are unable to quantify certain amounts that would be required to be included in the GAAP measures without unreasonable effort. We believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

**Limitations of non-GAAP financial measures.** The primary material limitations associated with the use of non-GAAP gross margin, non-GAAP operating margin, free cash flow, EBITDA, and net debt, as an analytical tool compared to the most directly comparable GAAP financial measures of gross margin, operating income, net income, and net cash provided by operating activities are (i) they may not be comparable to similarly titled measures used by other companies in our industry, and (ii) they exclude financial information that some may consider important in evaluating our performance, thus limiting their usefulness as a comparative tool. We compensate for these limitations by providing full disclosure of the differences between these non-GAAP financial measures and the corresponding GAAP financial measures, including a reconciliation of the non-GAAP financial measures to the corresponding GAAP financial measures where necessary, to enable investors to perform their own analysis of our gross profit and gross margin, operating expenses, operating income, net income, net income per diluted share and net cash provided by operating activities. We further compensate for the limitations of our use of non-GAAP financial measures by presenting the corresponding GAAP measures more prominently.



