Forward-Looking Statements/Non-GAAP Metrics

These slides accompany an oral presentation by Power Integrations, Inc., which contains forward-looking statements. Each statement relating to events that will or may occur in the future is a forward-looking statement. The Company’s actual results may differ materially from those suggested in the presentation. Information concerning factors that could cause such a difference is contained in the Company’s most recent report on Form 10-K.

This presentation may also contain certain non-GAAP financial information. Reconciliations of non-GAAP financial metrics to GAAP results are available on the investor page of the Power Integrations website, http://investors.power.com.
ICs for Energy Production, Transmission & Consumption

Technology leader in ICs for energy-efficient AC-DC power supplies

High-efficiency driver ICs energizing the LED-lighting revolution

Reliable gate drivers for vital systems when safety is paramount

Highly efficient, reliable and integrated motor drivers
Comprehensive Expertise in High Voltage

- **Ultra-simple power converters**
  - Fewer components
  - Shorter design cycles
  - Easier to manufacture
  - Higher reliability

- BOM cost similar to discrete designs

- Highly energy-efficient
Long-Term Secular Growth Drivers

- **Ongoing transition to IC-based power supplies**
  - Integration saves labor and materials, improves reliability

- **Energy-efficient electronics & appliances**
  - Driven by standards and consumer awareness

- **Expanding market opportunity – SAM up more than 2x since 2010**
  - Faster charging for mobile devices
  - Home & building automation / smart lighting and appliances / IoT
  - Battery-powered tools, e-bikes, electric transportation
  - BridgeSwitch™ motor-drive ICs expand appliance SAM
  - LED lighting
The Power Integrations Advantage

EMI filter and bridge rectifier
Isolation transformer
Synchronous rectification

Output current and voltage control
Switching MOSFET and current sense
Opto-coupler feedback

Conventional Phone Charger - More than 60 Components
The Power Integrations Advantage

Phone-charger Power Supply Using InnoSwitch-CH – only 24 parts

InnoSwitch™
- Switching MOSFET
- Current sense
- FluxLink™ replaces opto-coupler
- Synchronous rectification driver
- Output current and voltage control
Simplifying Power for PCs, TVs, eBike Chargers

Hiper™ products replace up to 100 components

HiperPFS, HiperLCS / HiperTFS
InnoSwitch™: A Higher Level of Integration

- First IC to integrate primary and secondary sides of power supply across safety barrier
  - Enabled by FluxLink™ technology
- Drastic reduction in component count, complexity
- Highly energy-efficient
  - Very high efficiency
  - Very low standby consumption
Highly Integrated Converters Replace Discretes

65 W adapter with discretes:
- 72 components, two heatsinks, 144 cm³

65 W adapter with POWI InnoSwitch™3
- 39 components, no heatsinks, 59 cm³
Spanning the Power Range

- AC-DC
- LED Drivers
- Gate Drivers
- Motor Drivers

**LinkSwitch™**

**AC-DC**

**LED Drivers**

**Gate Drivers**

**Motor Drivers**

**SCALE-iDriver™+ SCALE™-2**

- **BridgeSwitch™**
- **TOPSwitch™**
- **TinySwitch™**
- **Hiper Family / CAPZero™**
- **SENZero™ / Qspeed™**
- **InnoSwitch3™** Up to 65 W
- **LinkSwitch™** Up to 120 W
- **LED Driver Products – LYTSwitch™** Up to 75 W

<table>
<thead>
<tr>
<th>Power Range</th>
<th>0 W</th>
<th>2 W</th>
<th>5 W</th>
<th>20 W</th>
<th>50 W</th>
<th>100 W</th>
<th>200 W</th>
<th>500 W</th>
<th>10 kW</th>
<th>100 kW</th>
<th>1 GW</th>
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Power Everywhere

Utility/Smart Meters  Small Appliances  Power Tools  Major Appliances  USB-PD  IoT

Smart Lighting  Hi-bay  Streetlights  Industrial  LED Tubes  Commercial

Power Transmission  Wind  Traction  Automotive  Solar  Industrial

AC Motors  Industrial Motors  Brushless Motors  Servo Motors
Addressable Market Now $4 Billion

- LED lighting
- Home/building automation
- Smart meters
- Industrial controls
- Battery-powered tools
- UPS
- Industrial motor drives
- Wind/solar inverters
- Electric trains/buses
- DC transmission
- Medical

- Desktop/server standby
- Desktop main
- Notebook/tablet adapters
- LCD monitors
- Printers

- White goods
- Air conditioners
- TV standby / TV main
- Small appliances
- Set-top boxes
- DVD players
- Game consoles

- Mobile phone chargers
- Cordless phone adapters
- Broadband modems
- VoIP phones
- Wireless routers

*High-power applications in red*
Recognized Leader in Energy Efficiency

- Member of clean-tech stock indices
  - The Cleantech Index (CTIUS)
  - Nasdaq Clean Edge Green Energy (CELS)
  - Ardour Global Index (AGIGL)
  - ECPI Global Clean Energy Index (GALPHCLN)

- Twice named a top 20 sustainable stock by SustainableBusiness.com

- ENERGY STAR® award recipient

- Star of Energy Efficiency award recipient
EcoSmart™ Technology Saves Energy

- >13 billion EcoSmart chips sold since 1998
- Over 110B kWh of standby energy saved
  ▶ >$10B saved by end users
- Millions of tons of CO₂ emissions averted
Energy Vampire vs. LinkZero™

Linear Power Supply

Equivalent Power Supply with EcoSmart® Technology

Input Power (W)

0.178

0.000

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“Zero” Series Eliminates Waste

- **LinkZero™** cuts waste to 0.00 W in chargers and auxiliary power supplies
- **CAPZero™** removes waste from X-cap bleed resistors
- **SENZero™** disconnects sense resistors in main power supply
Energy-Efficiency Specs Drive Innovation

- External power supply requirements in Europe tightening for 2020
- ENERGY STAR® “Most Efficient” label rewards top performers
- SEAD awards for connected efficiency
- In 2020, light bulbs in U.S. required to be 60-70% more efficient than standard incandescent bulbs
Technology Trends Bring SAM Expansion

- Rapid charging for mobile-device market
  - Faster chargers = greater dollar content and needs higher efficiency

- Home & building automation / smart lighting and appliances / IoT
  - Smarter homes and appliances = more power needed = greater POWI dollar content

- Electrification creating new opportunities in tools, transportation
  - Lithium-ion batteries replacing gas and plug-in electric in lawn equipment, vacuums
  - Electric cars, locomotives, buses, delivery vehicles, etc.

- Conversion to brushless DC motors in appliances
  - New BridgeSwitch™ ICs target motors up to 300W

- LED lighting – requires AC-DC drivers
InnoSwitch3 for Rapid Charging

- Faster chargers for bigger batteries, shorter charge times
- Demands ICs with high integration and maximum efficiency
IoT / Home Automation

Reliability, low standby power critical for IoT devices and USB receptacles
Gate Drivers for High-Power Market

- Acquired CT-Concept in 2012
- **Addressing applications 10 kW to 1 GW**
  - DC industrial motors, renewable energy, electric transportation, DC transmission
- **SCALE-iDriver™ expands addressable market from ~$500M to ~$1B**
- Now >10% of revenues

SCALE™ drivers reduce component count, enhance efficiency, reliability
SCALE-iDriver Applications

Motor Drives

UPS

Medical

Welding / Cutting

Solar

Commercial Vehicles, Automotive
SCALE-iDriver for Electric Vehicles

- For drivetrain, DC-DC, charging
- Reliability, safety, efficiency critical for auto market
- Tens of $ of content/car
- Can drive IGBTs or SiC MOSFETs
BridgeSwitch™ Motor-Driver ICs for BLDC Motors

- 98.5% efficiency
- Integrated Half-Bridge (IHB) architecture eliminates heatsinks
- Built-in protection
  - Simplifies and shortens regulatory approval
  - Hardware fault management simplifies software
- Ideal for appliances – white goods and industrial
  - Ceiling fans, water pumps, air-conditioning, motors
LYTSwitch™ Drivers for LED Lighting

- Traditional light sources phasing out
- LEDs need efficient, reliable AC-DC drivers
- Integration brings reliability, efficiency, size advantage
Global Presence

- Headquarters in San José, California
- Design centers in San José, Canada, Switzerland, UK, Germany
- 19 field labs worldwide
Target Financial Model

- **Low-double-digit revenue growth**
  - 9% CAGR since 2001

- **Non-GAAP gross margin 50-55%**
  - 52.7% in 2018

- **Non-GAAP operating margin 20%+**
  - 19.8% in 2018

- **Non-GAAP tax rate 7-8%**

Note: Non-GAAP results exclude amortization of acquisition-related intangible assets and stock-based compensation expenses
Track Record of Growth

Note: Revenues prior to 2017 do not reflect ASC 606 recast; see company website for recast financial data for 2015-2016
Well-Diversified Revenue Mix

Higher-margin industrial & consumer markets now >70% of revenues
Strong Cash Flow

$M

Cash flow from operations  CAPEX  FCF (with FCF Margin)

One-time tax payment

FCF = Cash flow from operations less capital expenditures

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Four-Prong Approach to Capital Management

- Cash-rich Business Model
- Effective Tax Strategy
- Healthy Balance Sheet, Domestic Cash Resources
  - Accelerated Internal Investment
  - Targeted M&A
  - Opportunistic Buybacks
  - Dividends
Strong Balance Sheet

At June 30, 2019

- $230M cash and investments
- No debt
- Quarterly dividend of $0.17/share
- Share count down 9% since 2008 on stock buybacks