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 nearly 3x 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
  - Automotive: extensive high-voltage content in EVs
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

InnoSwitch™
- Switching MOSFET
- Current sense
- FluxLink™ replaces opto-coupler
- Synchronous rectification driver
- Output current and voltage control

Phone-charger Power Supply Using InnoSwitch-CH – only 24 parts
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 POW! InnoSwitch™3
39 components, no heatsinks, 59 cm³
InnoSwitch Now with GaN Technology

- **Gallium-nitride (GaN) transistors are better than silicon**
  - More efficient, cooler, smaller power supplies
  - Leading the way to “no-heatsink” designs at high power levels

- **GaN transistor technology is the future for power conversion**

- **POWI approach is to enclose and protect the GaN device in our ICs**
  - Engineers see significant performance benefits
  - But won’t otherwise notice a change
GaN for Size and Efficiency

- Aftermarket USB PD adapters
- High-end cellphone/tablet chargers
- Notebook adapters

- Products with size OR efficiency needs
  - Appliances, TVs, server standby, AIO PCs, video games

- Applications requiring feature benefits of InnoSwitch, but with more power
Spanning the Power Range

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

BridgeSwitch™
- TOPSwitch™
- TinySwitch™
- InnoSwitch3™ (Up to 65 W)
- LinkSwitch™ (Up to 120 W)

LED Driver Products – LYTSwitch™ (Up to 75 W)
- Hiper Family / CAPZero™
- SENZero™ / Qspeed™

SCALE-iDriver™+ SCALE™-2

Power Integrations | www.power.com
Power Everywhere
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

- >15 billion EcoSmart chips sold since 1998
- Over 125B kWh of standby energy saved ➤ >$12B saved by end users
- Millions of tons of CO₂ emissions averted

Estimated Energy Savings from EcoSmart Devices

Cumulative kWh saved (B) vs. Units Sold (B)
Energy Vampire vs. LinkZero™
“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, 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 for 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

Conventional Charging

With PI Chipset
IoT / Home Automation

Reliability, low standby power critical for IoT devices and USB receptacles

USB-C power receptacle with InnoSwitch3
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™ doubles addressable market
- Drivers IGBTs and SiC switches

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
Up to 10 High-Voltage Power Supplies in Electric Vehicles

InnoSwitch3 and LinkSwitch-TN2 now automotive-qualified
BridgeSwitch™ Motor-Driven 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: U.S., Canada, Switzerland, UK, Germany, Malaysia, Philippines
- 19 field labs worldwide

PI Locations
- Wafer Foundry (Lapis, EPSON, X-FAB, Toshiba)
- Assembly Subcontractor
Target Financial Model

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

- **Non-GAAP gross margin 50-55%**
  - 51.9% in 2019

- **Non-GAAP operating margin 20%+**
  - 58.3% in 2019 (including 40.1% benefit of litigation settlement)

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

9% CAGR (vs. 5% for analog semiconductors)
Well-Diversified Revenue Mix

Higher-margin industrial & consumer markets now >2/3 of revenues
Strong Cash Flow

Cash flow from operations | CAPEX | FCF (with FCF Margin)

$M


2019 GAAP Cash from Operations = $224.5M; above excludes impact of litigation settlement

FCF = Cash flow from operations less capital expenditures
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, 2020

- $446M cash and investments
  - $175M litigation settlement received in Oct. 2019
- No debt
- Quarterly dividend of $0.11/share (post August 2020 2:1 stock split)
- Share count down 7% since 2008 on stock buybacks

*Adjusted for August 2020 2:1 stock split