



Power Integrations, Inc.
Nasdaq: POWI

June 2020



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



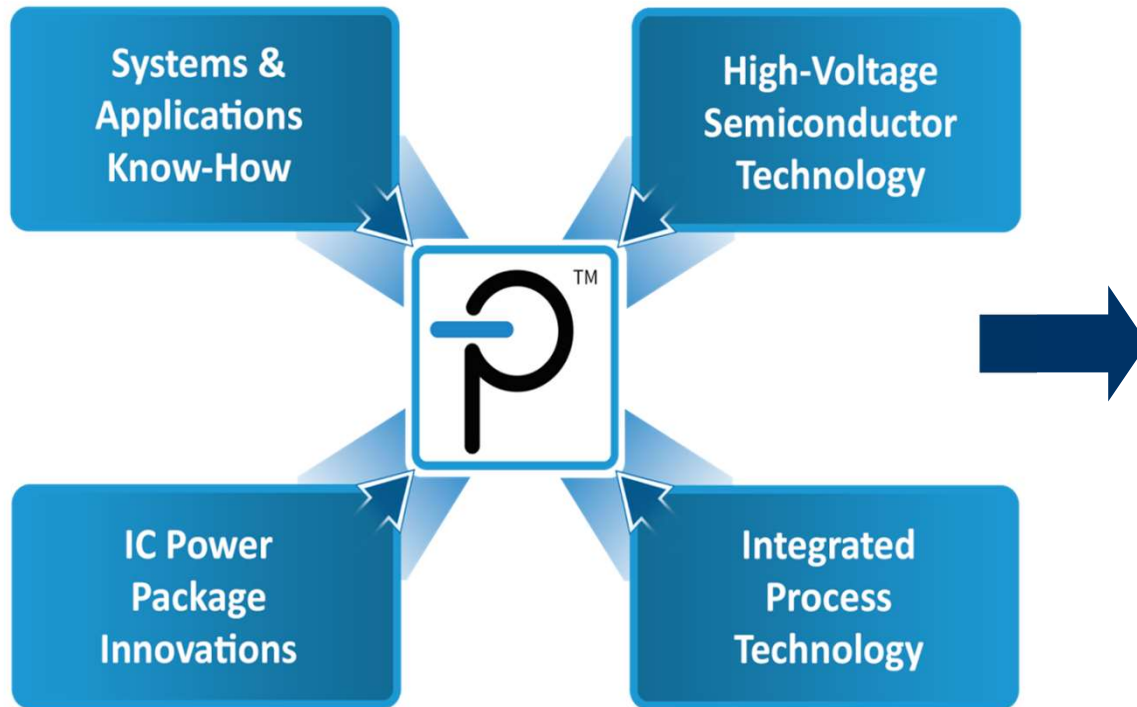
Reliable gate drivers for vital systems when safety is paramount



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

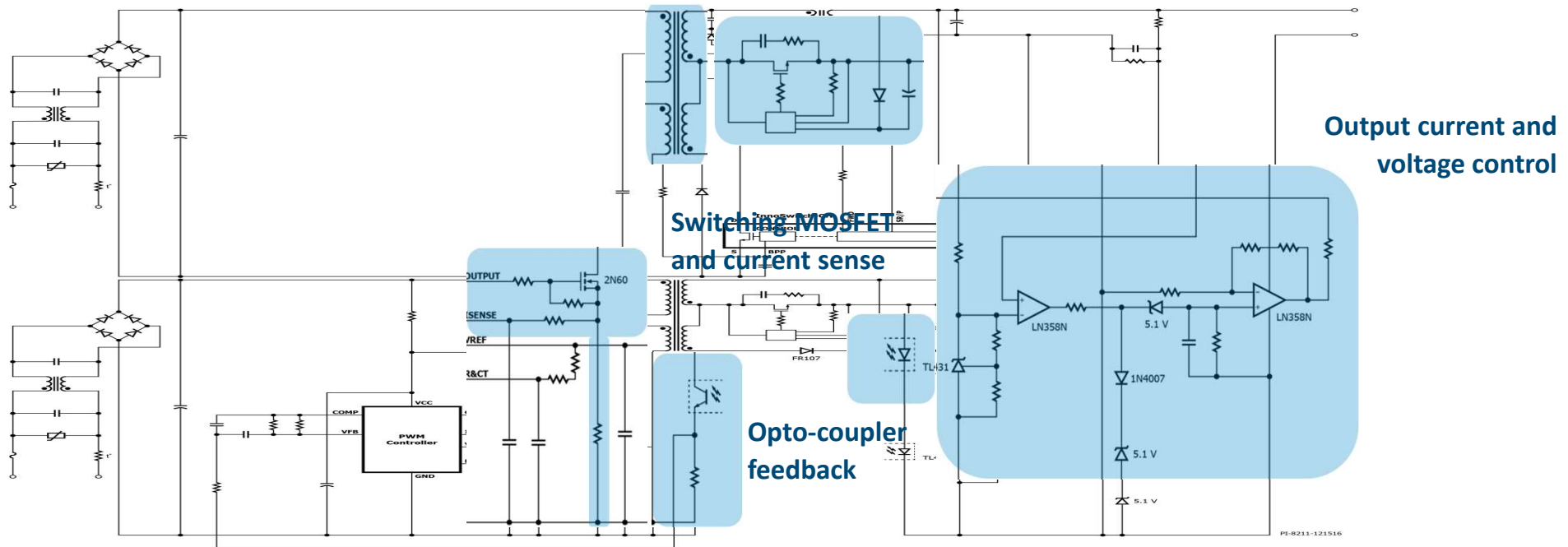
- **Ongoing transition to IC-based power supplies**
 - ▶ Integration saves labor and materials, improves reliability
- **Energy-efficient electronics & appliances**
 - ▶ Driven by standards and consumer awareness
- **Expanding market opportunity – SAM up nearly 3x since 2010**
 - ▶ Faster charging for 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

The Power Integrations Advantage

EMI filter and bridge rectifier

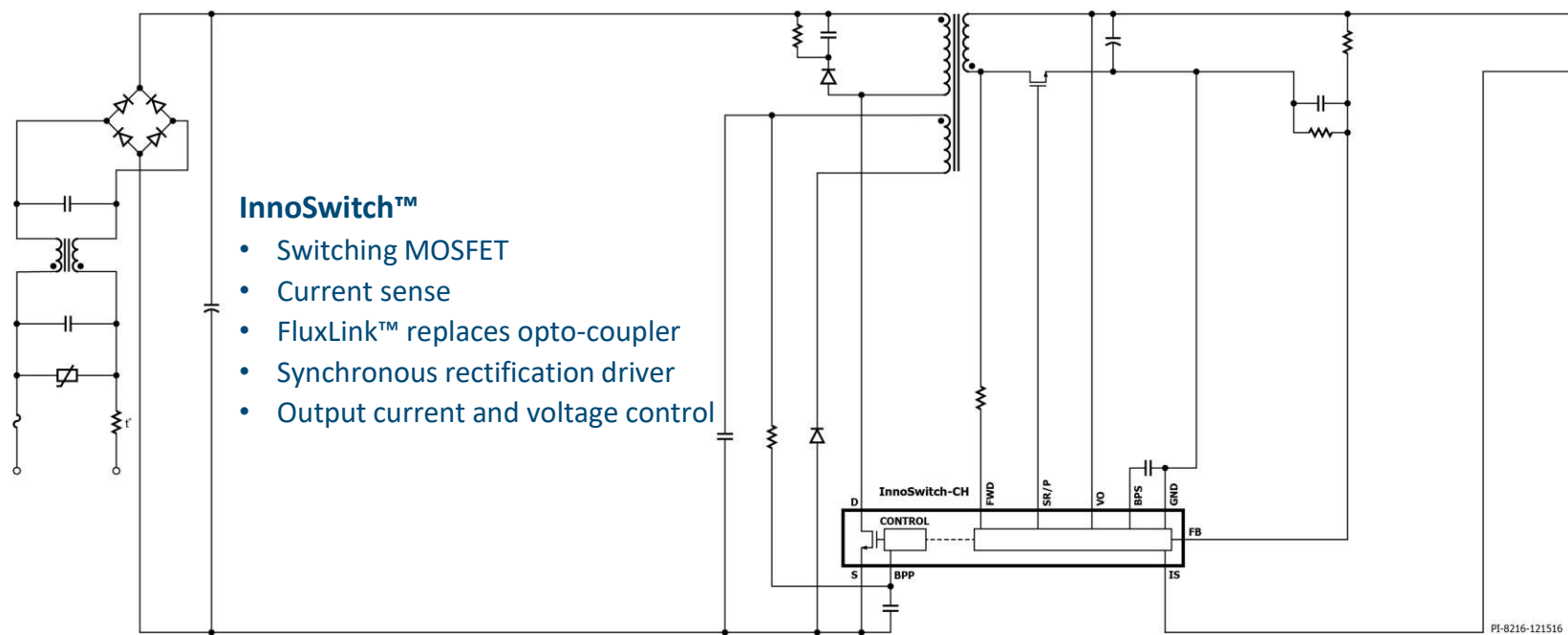
Isolation transformer

Synchronous rectification



Conventional Phone Charger - More than 60 Components

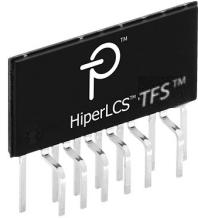
The Power Integrations Advantage



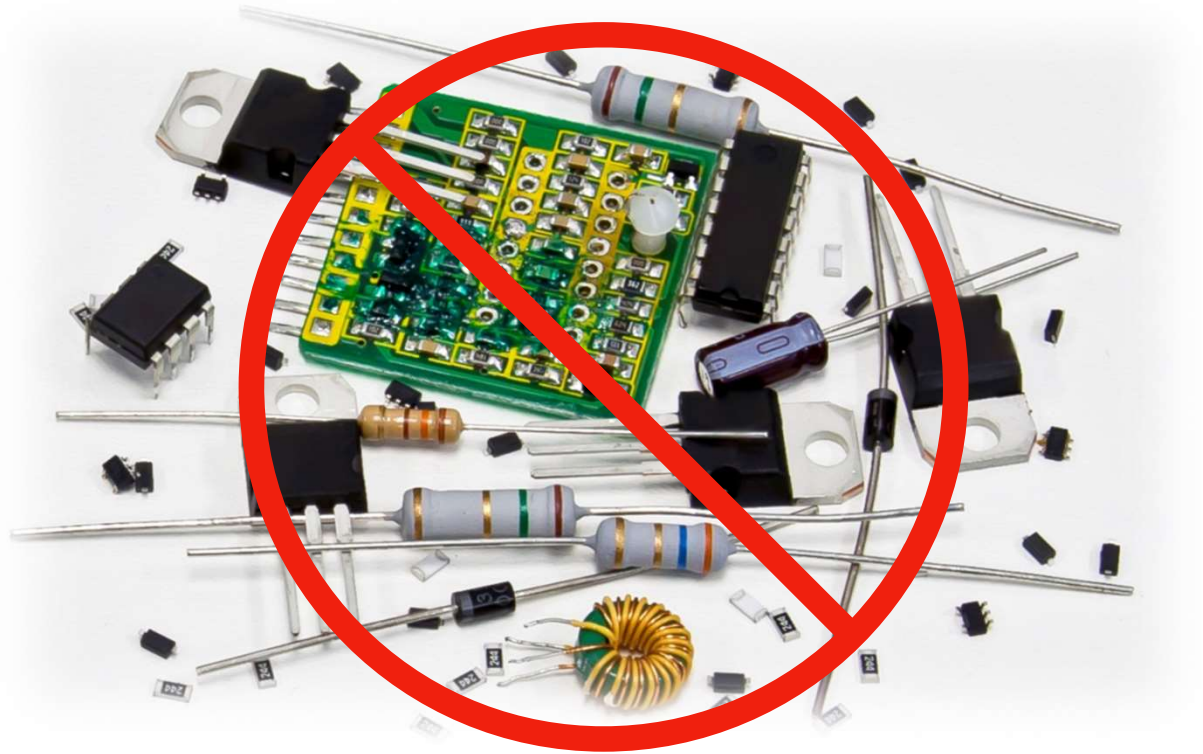
Phone-charger Power Supply Using InnoSwitch-CH – only 24 parts

Simplifying Power for PCs, TVs, eBike Chargers

Hiper™ products replace up to 100 components

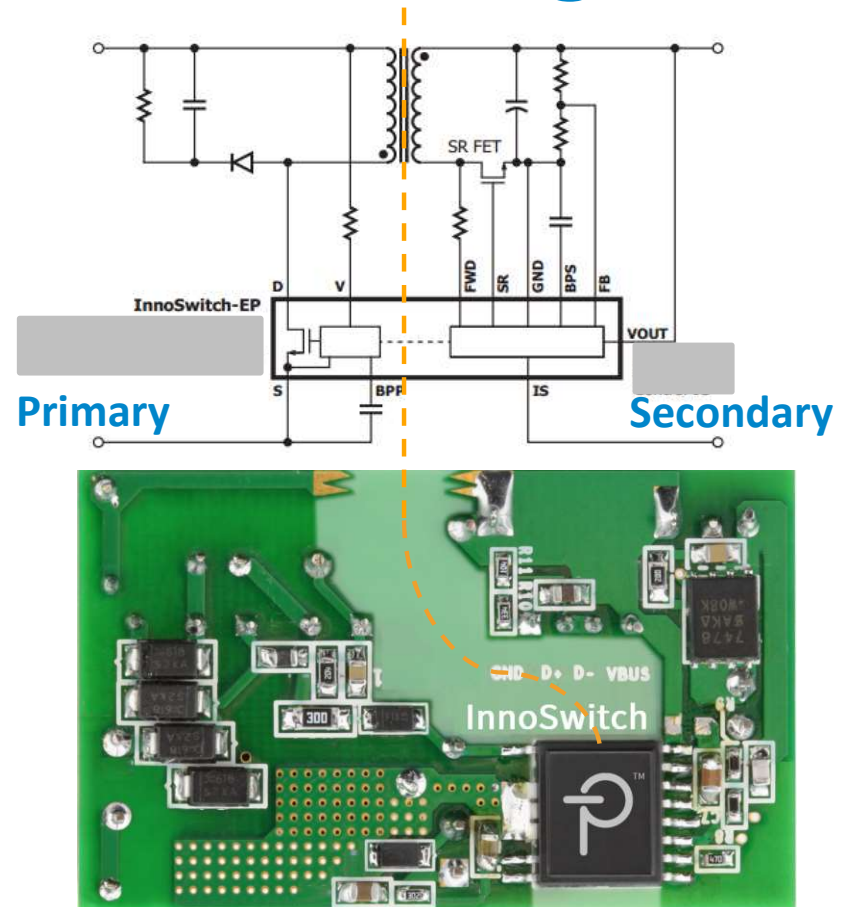


HiperPFS, HiperLCS / HiperTFS

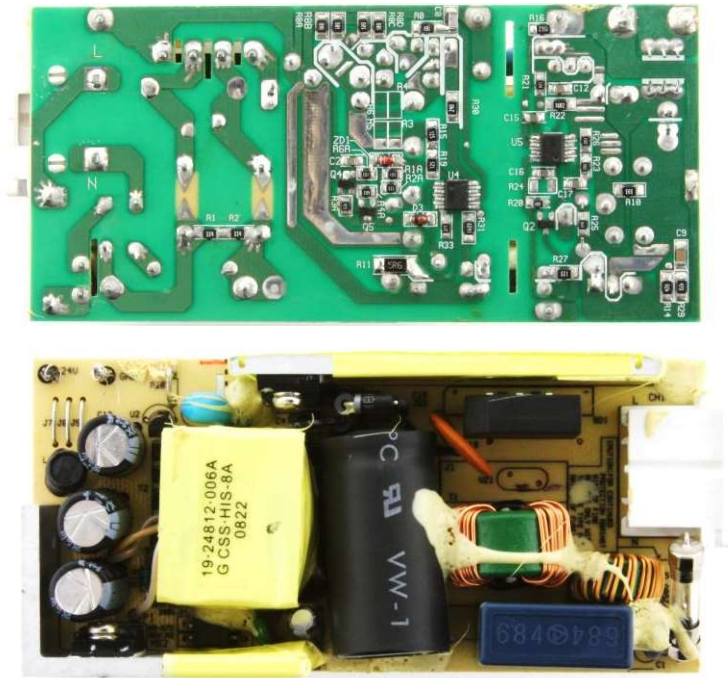


InnoSwitch™: A Higher Level of Integration

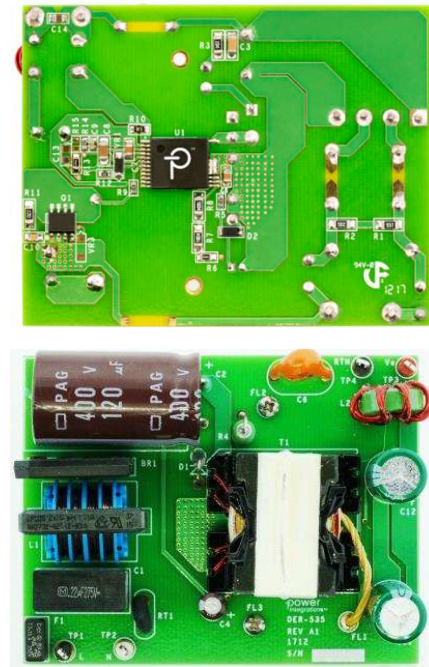
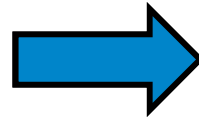
- First IC to integrate primary and secondary sides of power supply across safety barrier
 - ▶ Enabled by FluxLink™ technology
- Drastic reduction in component count, complexity
- Highly energy-efficient
 - ▶ Very high efficiency
 - ▶ Very low standby consumption



Highly Integrated Converters Replace Discretes



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



65 W adapter with POWi 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

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

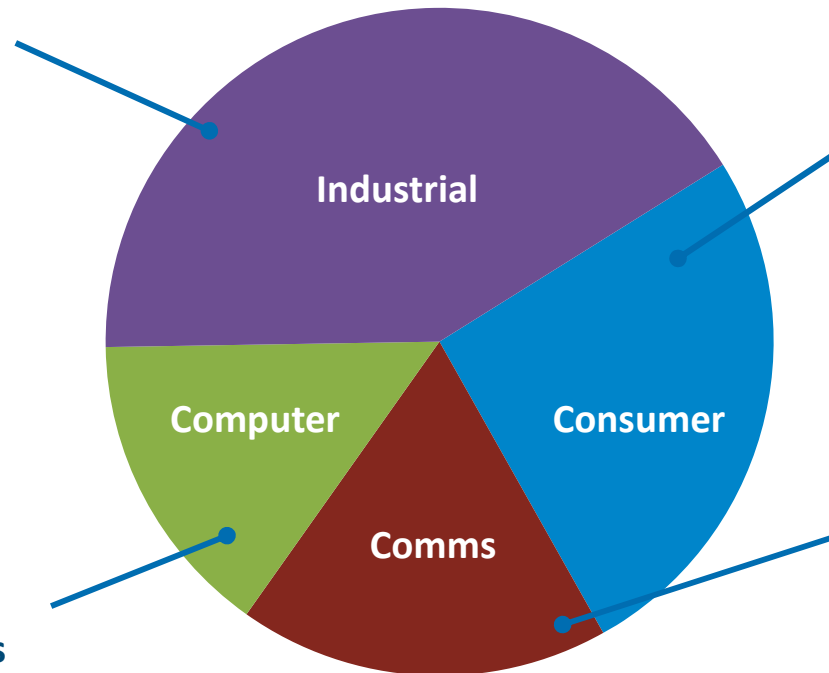
0 W 2 W 5 W 20 W 50 W 100 W 200 W 500 W / 10 kW 100 kW 1 GW

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

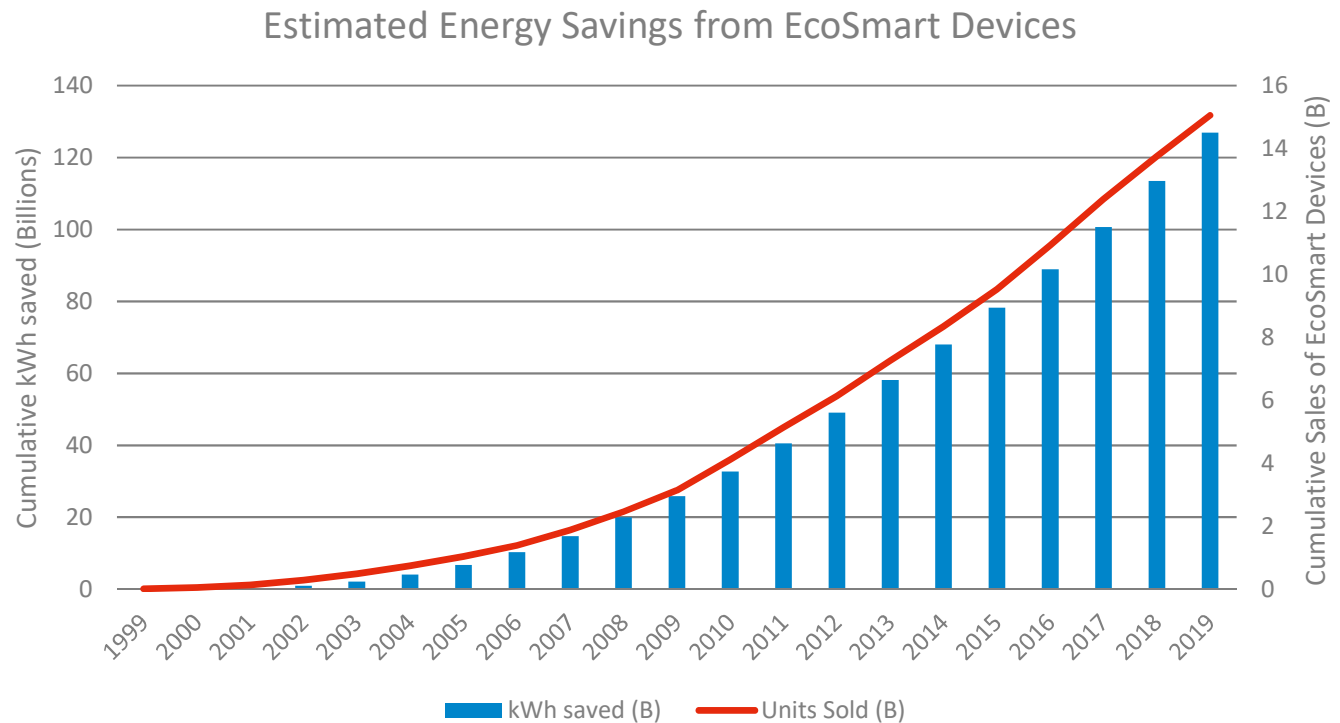
Recognized Leader in Energy Efficiency

- **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**

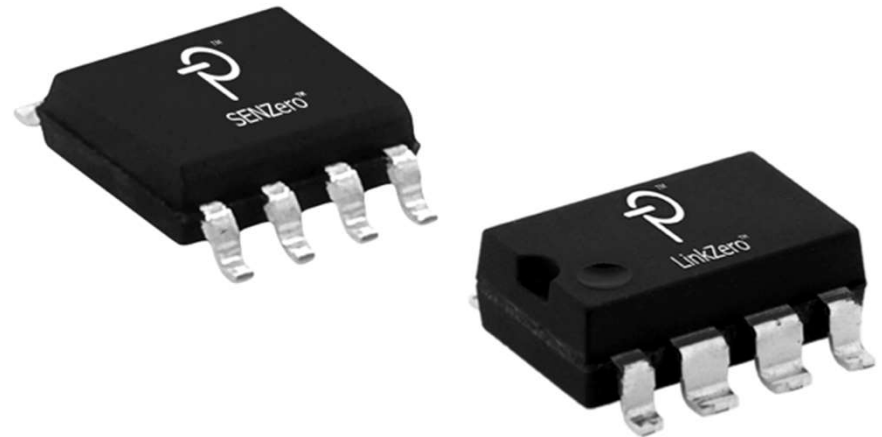
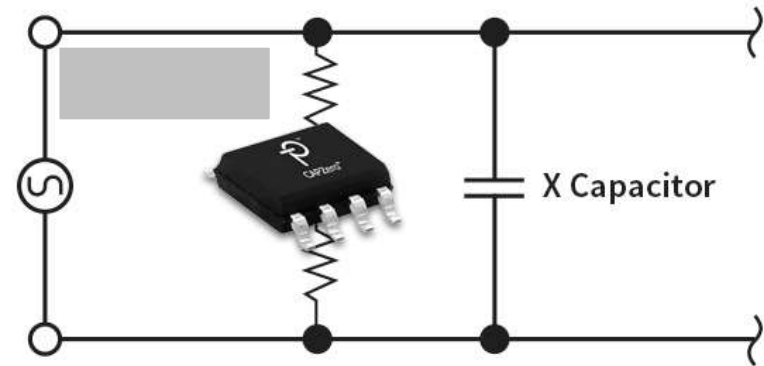


Energy Vampire vs. LinkZero™



“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

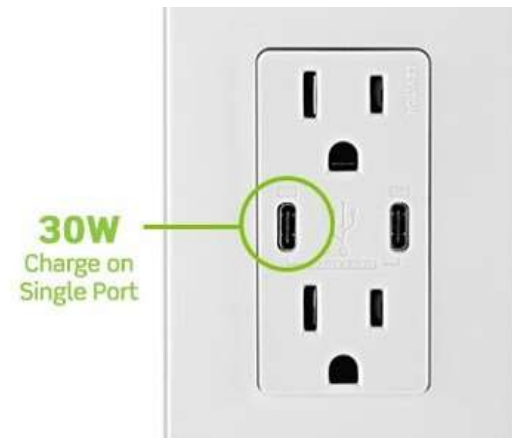
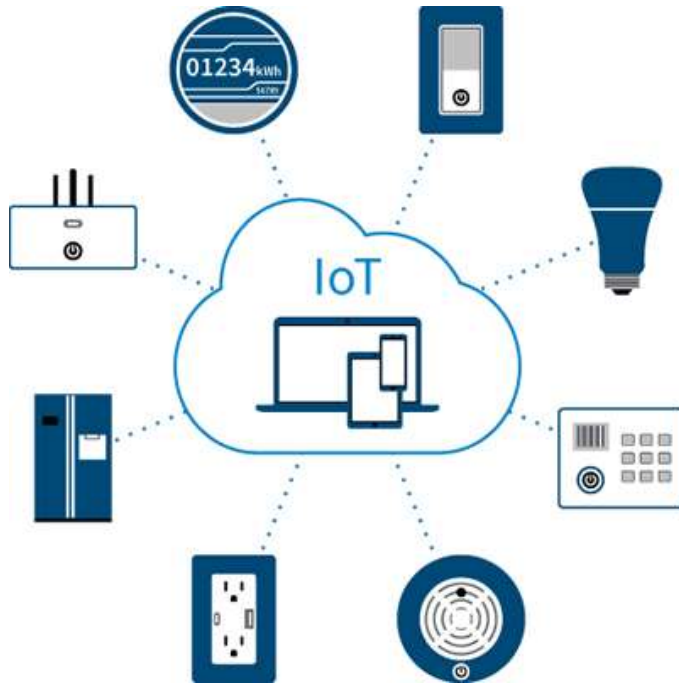


Conventional
Charging



With PI Chipset

IoT / Home Automation

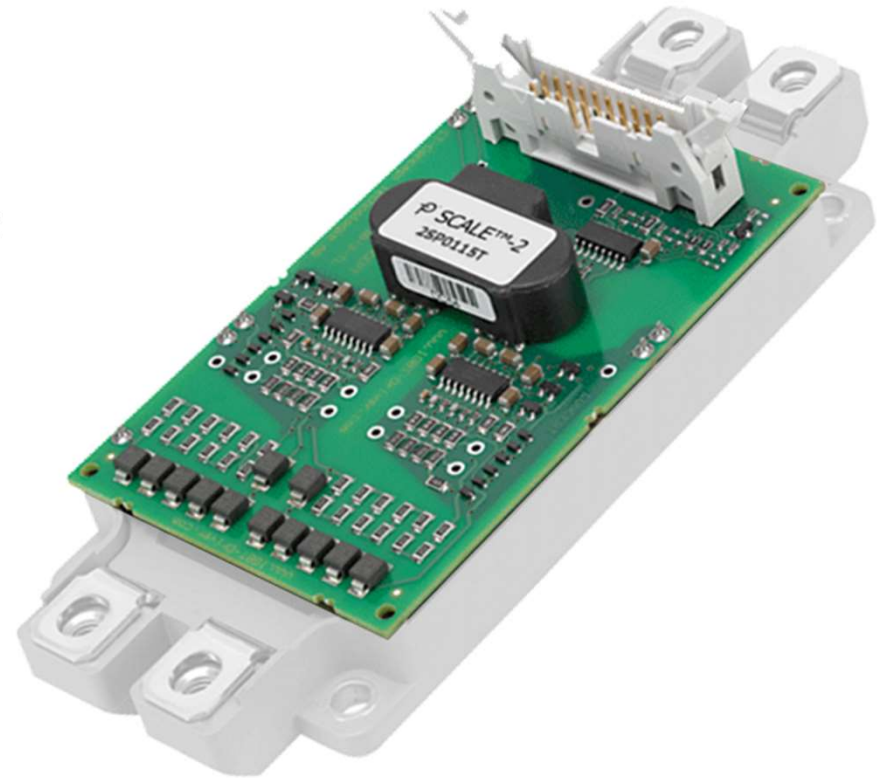


USB-C power receptacle with InnoSwitch3

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™ 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

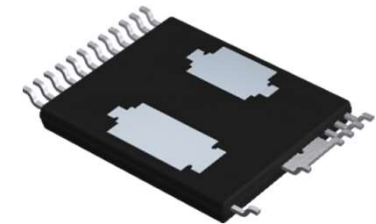
SCALE-iDriver for Electric Vehicles

- For drivetrain, DC-DC, charging
- Reliability, safety, efficiency critical for auto market
- Tens of \$ of content/car
- Can drive IGBTs or SiC MOSFETs



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

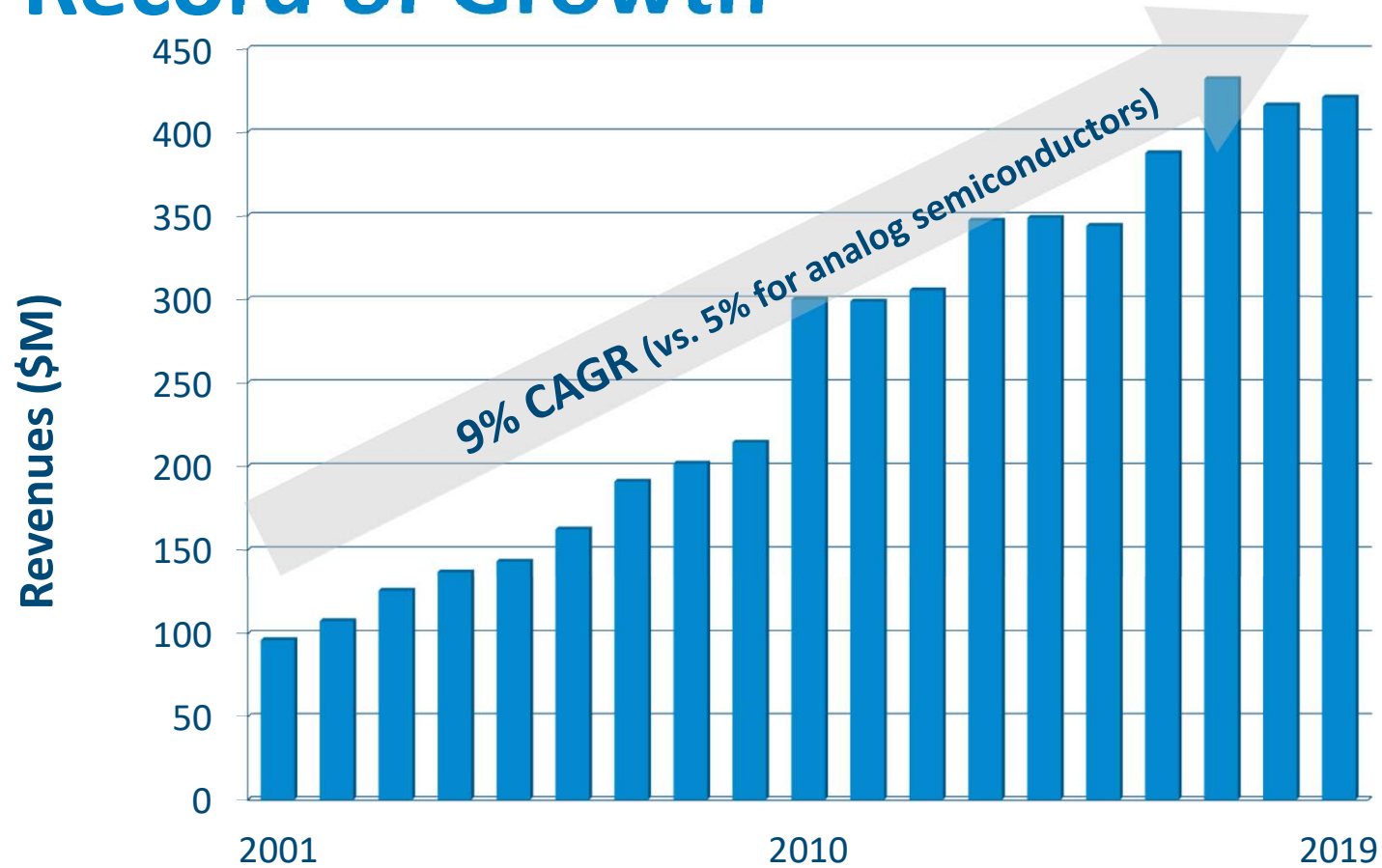
- Headquarters in San José, California
- Design centers: U.S., Canada, Switzerland, UK, Germany, Malaysia, Philippines
- 19 field labs worldwide



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%**

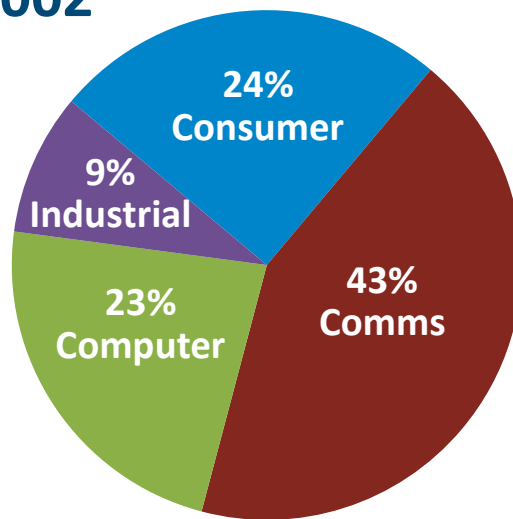
Track Record of Growth



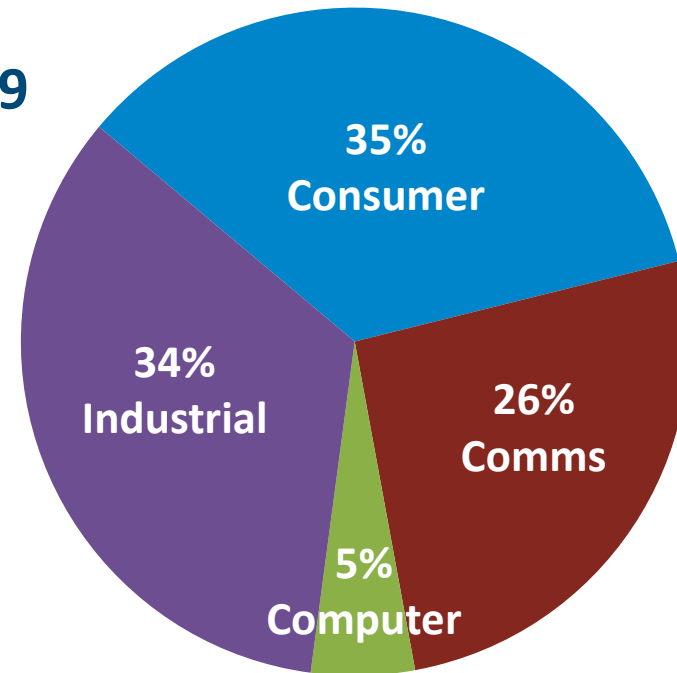
Note: Revenues prior to 2017 do not reflect ASC 606 recast; see company website for recast financial data for 2015-2016

Well-Diversified Revenue Mix

2002

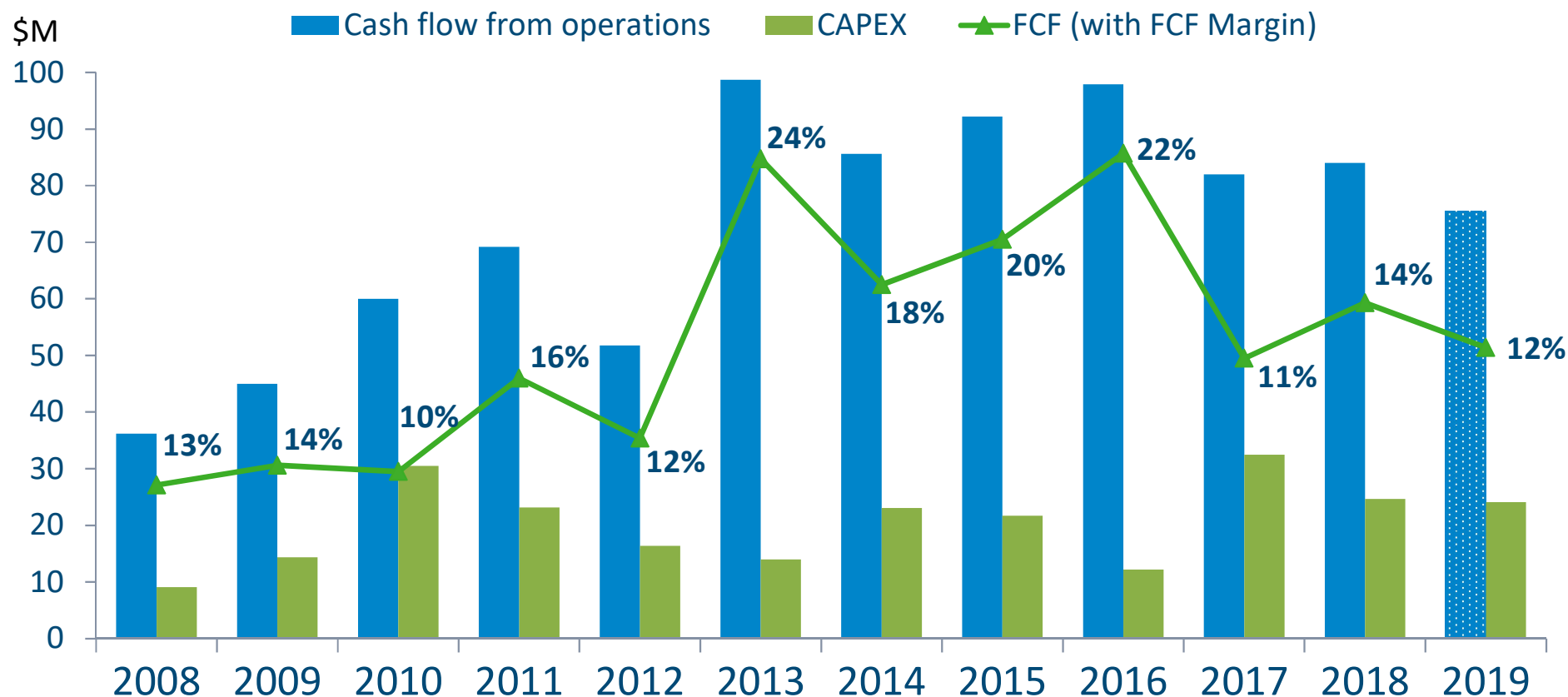


2019



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

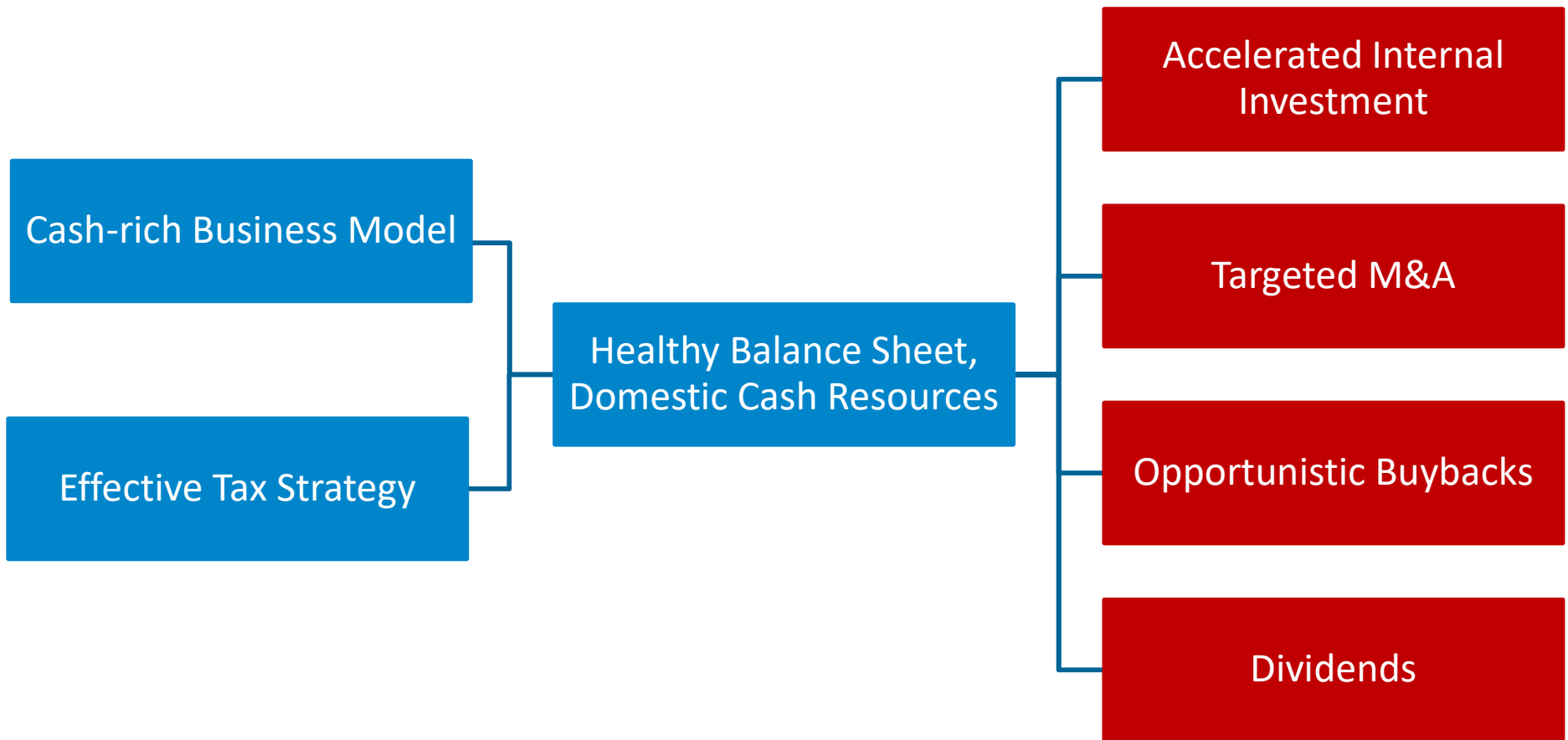
Strong Cash Flow



FCF = Cash flow from operations less capital expenditures

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

Four-Prong Approach to Capital Management

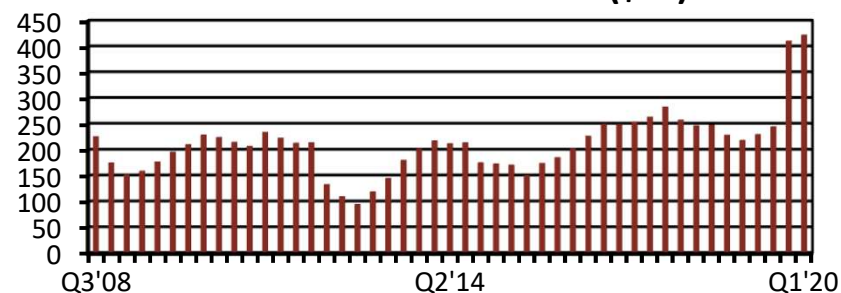


Strong Balance Sheet

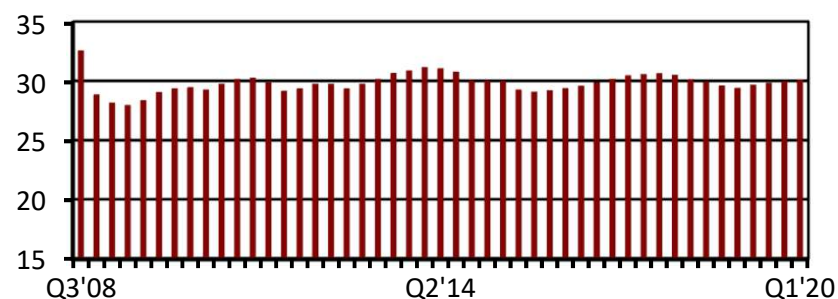
At March 31, 2020

- **\$423M cash and investments**
 - ▶ \$175M litigation settlement received in Oct. 2019
- **No debt**
- **Quarterly dividend of \$0.21/share**
- **Share count down 8% since 2008 on stock buybacks**

Cash and Investments (\$M)



Diluted Shares Outstanding (M)





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