

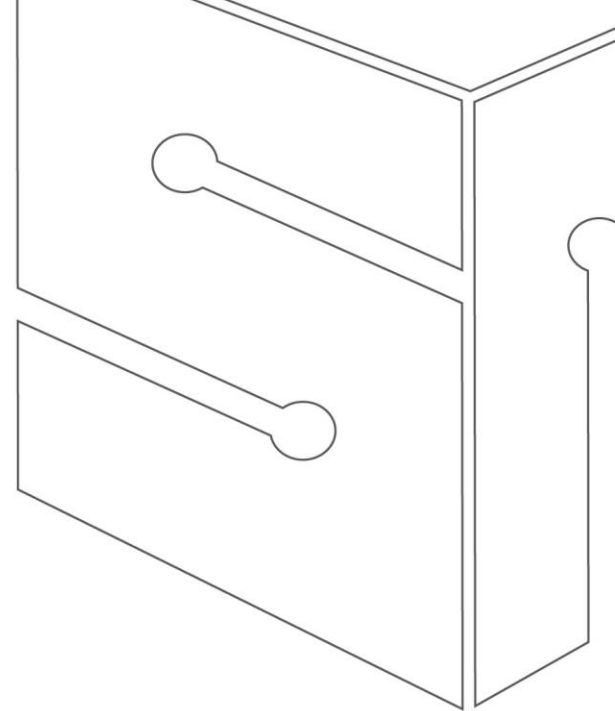


*SiliconMotion*

# Silicon Motion 2Q24 Earnings Highlights

NASDAQ: SIMO

*August 2, 2024*



# Safe Harbor Statement

*This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, without limitation, statements regarding trends in the consumer electronics and semiconductor industries, any future growth projections or expectations in such markets and our future results of operations, financial condition and business prospects. Although such statements are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on them. These statements involve risks and uncertainties, and actual market trends or our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons.*

# 2Q 2024 Operating Highlights

## Financial (Non-GAAP)

- Revenue = \$210.7m (+11% QoQ, +50% Y/Y)
- Gross Margin = 46.0% (vs. 45.0% prior Qtr)
- Operating Exp = \$62.1m (vs. \$62.5m prior Qtr)
- Operating Margin = 16.5% (vs. 12.0% prior Qtr)
- EPS (diluted) = \$0.96 (vs. \$0.64 prior Qtr)

## Financial (GAAP)

- Revenue = \$210.7m (+11% QoQ, +50% Y/Y)
- Gross Margin = 45.9% (vs. 45.0% prior Qtr)
- Operating Exp = \$66.0m (vs. \$67.2m prior Qtr)
- Operating Margin = 14.6% (vs. 9.5% prior Qtr)
- EPS (diluted) = \$0.91 (vs. \$0.48 prior Qtr)

## Business

- SSD controller sales increased 0% to 5% Q/Q and increased 25% to 30% Y/Y
- eMMC+UFS controller sales increased 25% to 30% Q/Q and increased 190% to 195% Y/Y
- SSD solutions sales increased 20% to 25% Q/Q and decreased 5% to 10% Y/Y

# Significant New Product Introductions in 2024

## Client SSDs

- **SM2508** – High-performance 6nm 8-channel PCIe Gen5 SSD Controller
  - 8 NAND channels, 3,600 MT/s, 14GB/s sequential with ultra-low power consumption of 3.5W power consumption
- **SM2504XT** – Mainstream 6nm 4-channel DRAM-less PCIeGen5 SSD Controller
- **SM2324** – External USB4 portable SSD controller for AI smart device & gaming consoles
- **SM2264XT-AT** – PCIe Gen4 SSD controller for Automotive & ADAS architectures

## eMMC/UFS

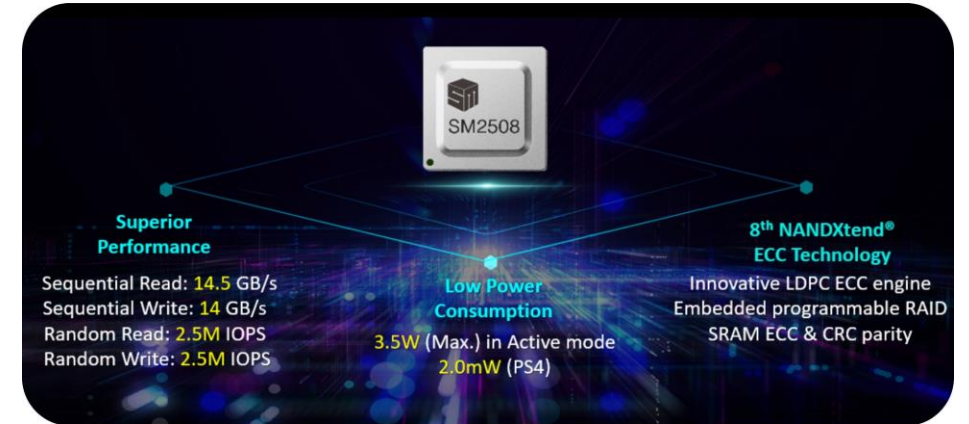
- **SM2756** – High-performance 6nm UFS 4.0 controller for smartphone, automotive & edge computing
  - 4,300/4,000 MB/s read/write with TLC & QLC NAND support

## Enterprise/Data Center/AI

- **SM8366** – High-performance 16-channel PCIe Gen5 SSD Controller
  - Industry's 1st QLC-based Zone Namespace SSD
  - Proprietary MonTitan PerformaShape technology with 2,400 MT/s, 14GB/s sequential read and 3.5M IOPS (4K) Random Read

# SSD Highlights

- Shipping to five flash makers and virtually all module makers
- New high-performance PCIe 5.0 SSD controller – industry's first 6nm controller
- Wins with four flash makers, up from three in the March quarter and virtually all module makers
- **Market-leading power/performance**
- Taped out mainstream PCIe 5.0 Product
- Engages with multiple flash makers + additional module makers
- Automotive-Grade PCIe 4.0 Product
- Two flash maker wins and expect to ramp with leading electric car platform in 2025



# eMMC & UFS Highlights

- Shipping UFS 2.2 and UFS 3.1 to two flash makers and several module makers
- Shipping to virtually all tier-one handset OEMs
- Successfully taped-out SM2756 UFS 4.0 controller – qualification is on going and the progress is good
- Partnering directly with one tier-one handset OEM with QLC UFS solution
- Diversifying eMMC and UFS through automotive, industrial and other high growth, high-volume markets

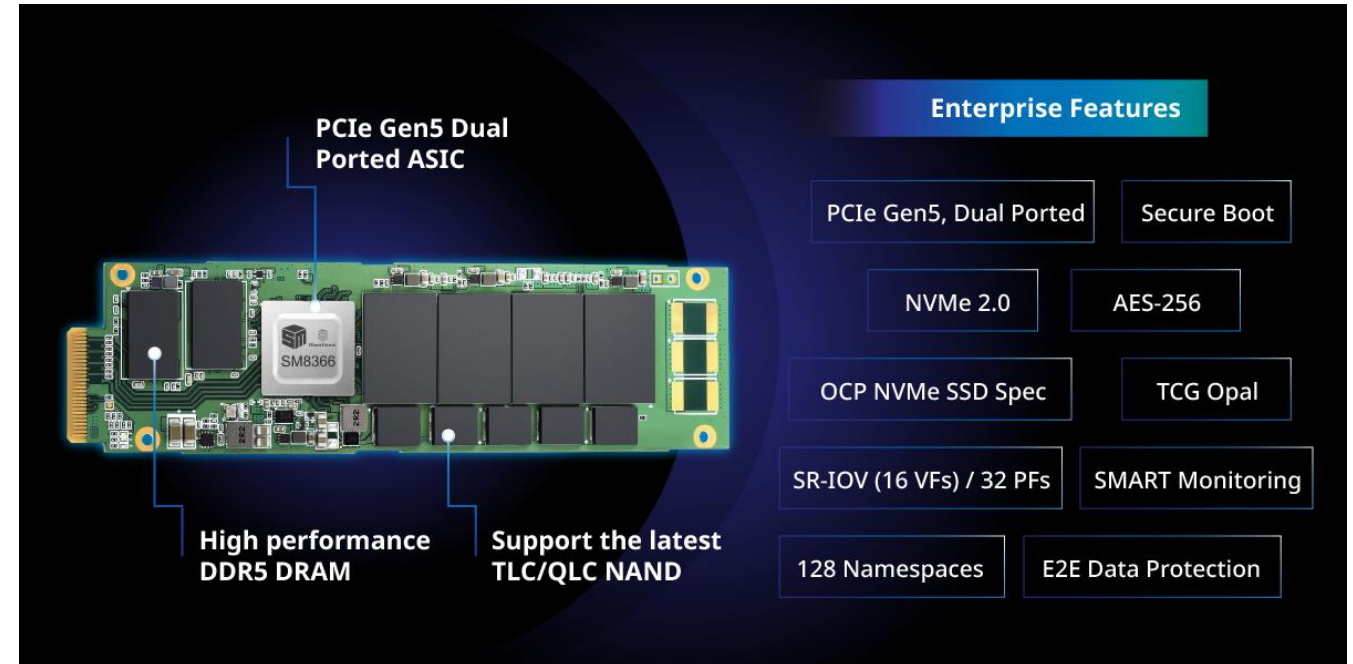


Applications	Specifications
Mobile Devices	Supports HS-Gear-5 x 2-Lane
AR/VR Devices	Supports MPHY version 5.0
Drones	Supports UniPro standard version 2.0
Cameras	Compatible with UFS 4.0/3.1



# Enterprise, Datacenter & AI Infrastructure Highlights

- MonTitan SM8366 sampling with over a dozen customers including:
  - Module makers and flash makers
  - Datacenter and enterprise
- Design wins with two customers – one in the US and one in China
- On track to win two additional customers in the second half of 2024
- MonTitan sales beginning in late 2024



## Superior Performance

- > 14 GB/s Sequential I/O performance
- > 3.5M IOPS (4K) Random Read

## Cutting-edge Features Support

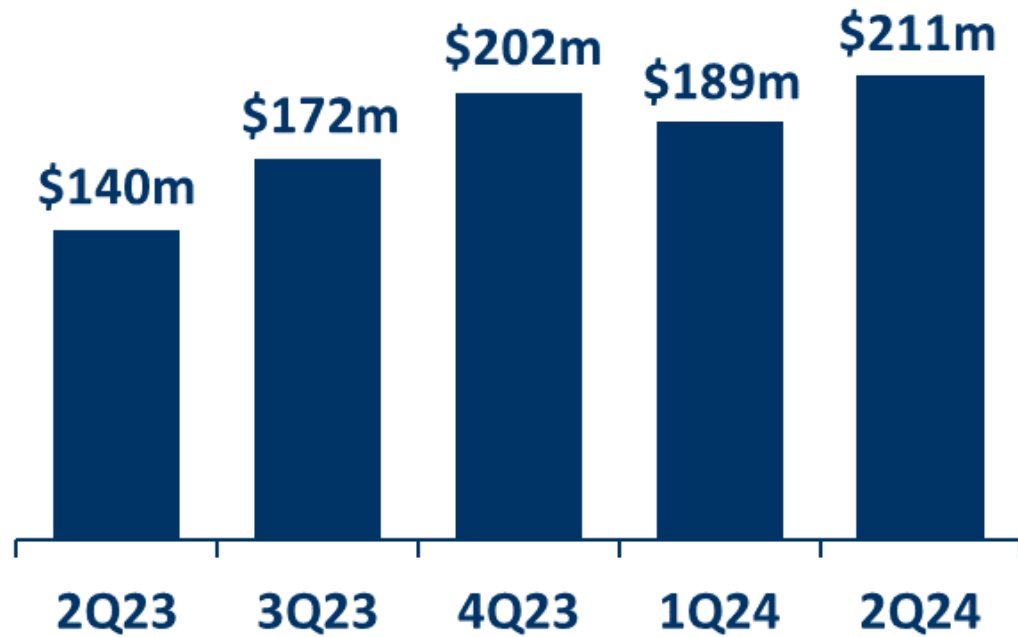
- User programmable NVMe Standard and Host Based-FTL FW
- Zone Name Space FW stack with options managing device elements for Application Optimization: NVM Set, RAID Type, # of Zones, Zone Size
- 1024 Queue Pairs; 128 Namespaces

## Industry Leading Security

- Self-Encrypting Drive (SED) with AES-256 and TCG Opal
- Secure Boot, Attestation, Key Wrapping and Hardware Root of Trust

# Revenue and Non-GAAP EPS Trends

## Revenue



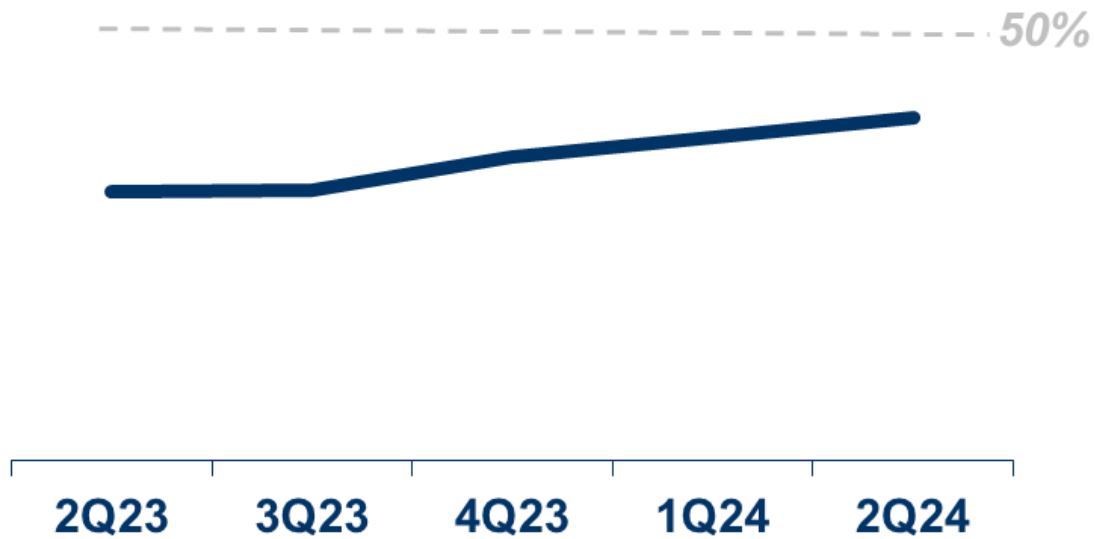
## EPS



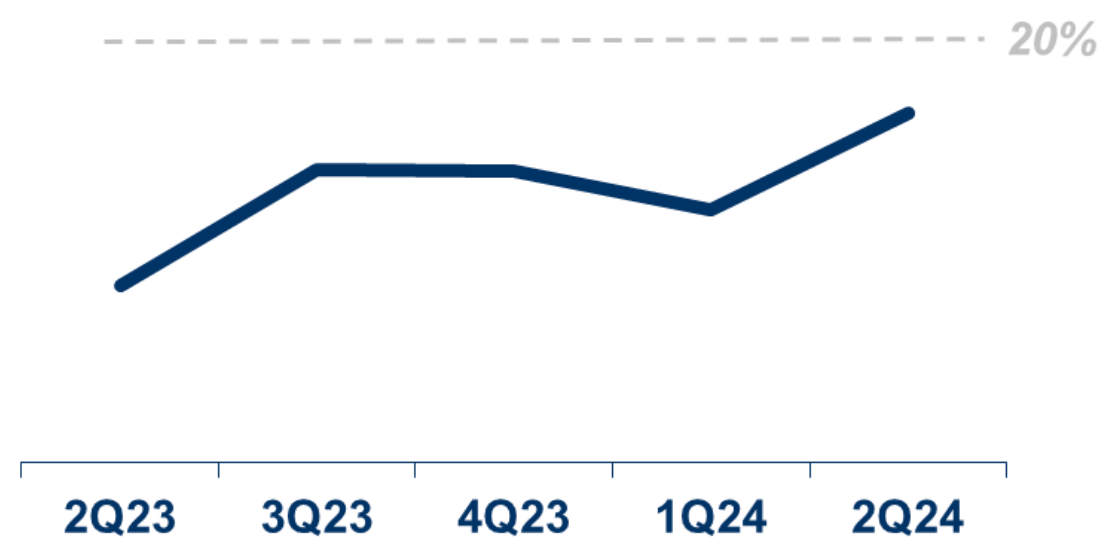


# Non-GAAP Gross & Operating Margin Trends

## Gross Margin



## Operating Margin



# Balance Sheet and Capital Allocation

<i>(\$ in millions)</i>	<b>2022</b>	<b>2023</b>	<b>2024 YTD</b>
<b>Cash at the end of each period</b>	<b>232.2</b>	<b>314.3</b>	<b>289.2</b>
<b>Cash flow generated by operating activities each year</b>	<b>83.9</b>	<b>149.1</b>	<b>29.3</b>
<b>Buybacks each year</b>	<b>133.2</b>	<b>-</b>	<b>-</b>
<b>Dividends</b>	<b>49.9*</b>	<b>16.7*</b>	<b>33.6</b>

*Note: \* Dividend discontinued due to merger agreement with Maxlinear*

# Target Financial Model

## 3Q 2024 Guidance

- Revenue = \$205m to \$216m  
(-2.5% to +2.5% Q/Q; +19% to 25% Y/Y)
- Gross margin = 46.0 to 47.0%
- Operating margin = 14.3 to 15.3%

## FY 2024 Guidance

- Revenue = \$800m to \$830m  
(+25% to 30% Y/Y)
- Gross margin = 46.0% to 47.0%
- Operating margin = 14.8% to 16.8%

	2021	2022	2023
<b>Revenue</b>	<b>922</b>	<b>946</b>	<b>639</b>
<i>%YoY</i>	<i>+71%</i>	<i>+3%</i>	<i>-32%</i>
<b>Gross Margin</b>	<b>50%</b>	<b>50%</b>	<b>43%</b>
<b>Operating Expenses</b>	<b>196</b>	<b>216</b>	<b>199</b>
<b>Operating Margin</b>	<b>29%</b>	<b>27%</b>	<b>12%</b>



<b>Long-Term Model</b>
<b>Robust Growth</b>
<b>48% to 50%</b>
<b>Disciplined Expansion</b>
<b>25%+</b>

Note: Non-GAAP results & targets

# 2Q 2024 Non-GAAP P&L

(\$m)

	Q2 2023		Q1 2024		Q2 2024		%QoQ	%YoY
<b>Revenue</b>	<b>140.4</b>	100%	<b>189.3</b>	100%	<b>210.7</b>	100%	11%	50%
Cost of sales	80.6	57%	104.1	55%	113.8	54%	9%	41%
<b>Gross profit</b>	<b>59.7</b>	43%	<b>85.2</b>	45%	<b>96.8</b>	46%	14%	62%
R&D	38.3	27%	52.2	28%	50.7	24%	-3%	32%
SG&A	9.7	7%	10.3	5%	11.4	5%	11%	18%
<b>Operating expense</b>	<b>48.0</b>	34%	<b>62.5</b>	33%	<b>62.1</b>	29%	-1%	29%
<b>Operating profit</b>	<b>11.7</b>	8%	<b>22.6</b>	12%	<b>34.7</b>	16%	53%	197%
Other income/(expense)	2.7	2%	3.1	2%	4.2	2%	36%	53%
Pre-tax earnings	14.4	10%	25.7	14%	38.9	18%	51%	170%
Tax expense/(benefit)	1.8	1%	4.1	2%	6.4	3%	56%	250%
<b>Net income</b>	<b>12.6</b>	9%	<b>21.6</b>	11%	<b>32.5</b>	15%	50%	158%
Dilute ADS (in millions)	33.6		33.7		33.7		0%	0%
<b>Earnings per ADS (diluted)</b>	<b>0.38</b>		<b>0.64</b>		<b>0.96</b>		50%	157%

# 2Q 2024 Non-GAAP Reconciliation

(\$m)

	<u>Non-GAAP</u>	<u>% of Revenue</u>	<u>Stock-Based Comp.</u>	<u>Restructuring charges</u>	<u>Dispute related expenses</u>	<u>Settlement of Litigation</u>	<u>Unrealized holding gain(loss) on investments</u>	<u>FX Gain / (Loss)</u>	<u>GAAP</u>	<u>% of Revenue</u>
<b>Revenue</b>	<b>210.7</b>	<b>100%</b>							<b>210.7</b>	<b>100%</b>
Cost of sales	113.8	54%	0.0	0.0					113.9	54%
<b>Gross profit</b>	<b>96.8</b>	<b>46%</b>	<b>(0.0)</b>	<b>(0.0)</b>					<b>96.8</b>	<b>46%</b>
Research & development	50.7	24%	0.1						50.8	24%
Sales & marketing	6.6	3%	0.2						6.8	3%
General & administrative	4.8	2%	0.1		2.3				7.2	3%
Loss from settlement of litigation	-	0%				1.3			1.3	1%
Total operating expenses	62.1	29%	0.4	0.0	2.3	1.3			66.0	31%
<b>Operating income</b>	<b>34.7</b>	<b>16%</b>	<b>(0.4)</b>	<b>(0.0)</b>	<b>(2.3)</b>	<b>(1.3)</b>			<b>30.7</b>	<b>15%</b>
Other income / (expense)	4.2	2%					1.9	0.2	6.3	3%
Income before income taxes	38.9	18%	(0.4)	(0.0)	(2.3)	(1.3)	1.9	0.2	37.0	18%
Provision for income taxes	6.4	3%	(0.0)	0.0	0.0	(0.3)	0.0	0.0	6.2	3%
<b>Net income</b>	<b>32.5</b>	<b>15%</b>	<b>(0.4)</b>	<b>(0.0)</b>	<b>(2.3)</b>	<b>(1.0)</b>	<b>1.9</b>	<b>0.2</b>	<b>30.8</b>	<b>15%</b>
Earnings per ADS, diluted	0.96								0.91	
Diluted ADS	33.7								33.7	
Effective tax rate	16.5%								16.7%	



# Thank You !

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