





### SAFE HARBOR STATEMENT

#### **Forward Looking Statements**

These slides and the accompanying oral presentation contain forward-looking statements and information. The use of words such as "may," "might," "should," "expect," "plan," "anticipate," "believe," "estimate," "project," "intend," "future," "potential" or "continue," and other similar expressions, are intended to identify forward looking statements. All of these forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain. Forward-looking statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, industry, strategy or actual results to differ materially from the forward-looking statements. These risks and uncertainties may include those discussed under the heading "Risk Factors" in the Company's most recent registration statement on Form 10K on file with the Securities and Exchange Commission, and other factors which may not be known to us. Any forward-looking statement speaks only as of its date. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

#### Regulation G Reconciliation

During the course of this presentation, we may refer to historical and forward-looking non-GAAP financial measures. A reconciliation of historical non-GAAP financial measures with the most directly comparable GAAP financial measures can be found on our web site at www.entropic.com in the "Investor Relations" section. We have not provided a reconciliation of forward-looking non-GAAP financial measures due to the difficulty in forecasting and quantifying the amounts that would be required to be included in the comparable GAAP measure that are dependent upon future market conditions and valuations.





transforming the way digital entertainment is **DELIVERED**, **CONNECTED** and **CONSUMED**...at home and on the go



#### FABLESS SEMICONDUCTOR COMPANY

- Founded 2001, IPO Dec 2007
- 639 Employees, 70% in R&D
- \$58M 4Q13 Revenue, \$158M Cash, \$0 Debt
- 2,000+ Patents Issued and Pending

### INNOVATOR, INVENTOR and MARKET LEADER

- **#1 Worldwide** Home Networking ASSP Market
- #1 Worldwide Single-Wire DBS ODU Market
- #2 North America STB SoC Market
- #3 Worldwide STB SoC Market



I ARGE AND RAPIDI Y GROWING

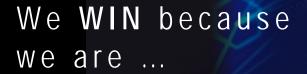
INNOVATION CAPABILITY





Served Available Market (SAM) \$1.6B Growing to \$2.3B in 2016 **MARKFT** Pay-TV Service Providers: Comcast, DIRECTV, DISH, Liberty STRONG CUSTOMER AND Global, Time Warner Cable, Verizon, and others PARTNER RELATIONSHIPS OEMS: Arris, Cisco, Humax, Pace, WNC, and others Broadcast to IP Video Delivery Transition INTERSECTING A PARADIGM Analog to Digital Transition SHIFT SD to HD to Ultra HD Transition DIFFERENTIATED COMPLETE SoC, Platform and Software Integration SYSTEM SOLUTION STRONG LEADERSHIP AND Management Team with Deep Domain Expertise

Technology Innovator for MoCA and DBS ODU Single-Wire



... a **proven** technology partner and supplier with strategic Pay-TV service provider relationships

... intersecting the market during a massive paradigm shift





- Exploit Discrete Product Leadership Opportunities
- Win Designs and Deploy Bundled Products with Key Pay-TV Service Providers
- Develop, Win Designs and Deploy Integrated Products for Worldwide Markets



Entropic's silicon and software products provide solutions enabling better ways to deliver, connect and consume multimedia content:



#### DELIVER.

Direct Broadcast Satellite Outdoor Unit Single-Wire Solutions Broadband Access Solutions



#### CONNECT.

MoCA® Silicon and Software Solutions for Operators & Retail



#### CONSUME.

Set-Top Box System-on-a-Chip Solutions

LARGE & GROWING MARKET 13% CAGR

\$2.3B

\$1.6B



2013

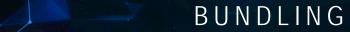


**ENTROPIC** 



Analog to Digital





INTEGRATION

# Develop Technology for SERVICE PROVIDERS

# Sell System Solutions to **OEMS/ODMS**

## Have the Right Relationships and Industry PARTNERS



















**HUMAX** 













technicolor



















zenverge





MORE ...

DIGITAL CONTENT











**APPLICATIONS** 











CONNECTED DEVICES











ADVANCED SERVICES















VIDEO PROCESSING



SECURITY PROCESSING



BROADCAST & IP



APPLICATIONS



CONNECTIVITY

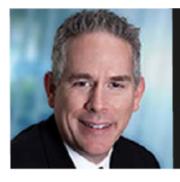


SYSTEM SOLUTIONS

Entropic is One of Few Companies with the Required Technologies, Proven and Deployed Products and Pay-TV Service Provider Relationships



# EXPERIENCED WORLD CLASS LEADERSHIP



PATRICK HENRY
President and CEO

LSI LOGIC AMD C-CUBE



DAVID LYLE CFO

INTEL BROADCOM RF MAGIC ZYRAY WIRELESS MOBILIAN



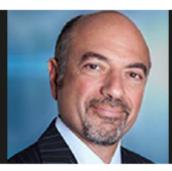
LANCE BRIDGES SVP-General Counsel

COOLEY



MIKE FARESE, PHD Chief Technology Officer

PALM MOTOROLA NOKIA ERICSSON



VAHID MANIAN SVP-Global Engineering

& Operations

BROADCOM SILICON SYSTEMS TELEGENT



MATT RHODES SVP-Global Marketing

CONEXANT SEMITECH TERANETICS



SUZANNE ZOUMARAS SVP-Global HR

ENSEMBLE CONEXANT CADENCE



CHARLIE LESKO SVP-Global Sales

CSR BROADCOM AXCELIS TERADYNE



	4Q13	1Q14E (Guidance Range)	Long Term Model
REVENUE in millions	\$57.9	\$54 - \$57	
GROSS MARGINS	53%	52 - 53%	50% - 52%
OPERATING MARGIN	(10%)		18% - 20%

<sup>(1)</sup> Actual results and guidance are non-GAAP and last provided by Company on February 5, 2014



**\$158 M** CASH (\$1.73 PER SHARE)

**\$0** DEBT

\$30 M SHARE REPURCHASE PROGRAM Strong Balance Sheet Provides Financial Flexibility to:

- Fund R&D
- Support Long-term Product Roadmap Required by Service Providers
- Return Cash to Shareholders
- Take Advantage of Opportunistic M&A



## POSITIONED TO WIN

LARGE AND RAPIDLY GROWING MARKET

STRONG CUSTOMER AND PARTNER RELATIONSHIPS

INTERSECTING PARADIGM SHIFT

DIFFERENTIATED COMPLETE SYSTEM SOLUTION

STRONG LEADERSHIP AND INNOVATION CAPABILITY



# GAAP to Non-GAAP RECONCILIATIONS

	G	1 '12	G	22 '12	C	23 '12	(	Q4 '12	2012	C	21 '13	C	22 '13	C	23 '13	C	Q4 '13	2013
GAAP Gross Profit	\$	33.2	\$	42.9	\$	44.0	\$	43.9	\$ 164.0	\$	34.8	\$	34.3	\$	27.5	\$	27.8	\$ 124.4
Stock-based Compensation		0.2		0.2		0.2		0.3	8.0		0.2		0.2		0.2		0.2	0.9
Amortization of Developed Technology		-		1.8		2.0		2.0	5.8		2.2		2.2		2.4		2.7	9.6
Non-GAAP Gross Profit	\$	33.4	\$	44.9	\$	46.2	\$	46.2	\$ 170.6	\$	37.2	\$	36.7	\$	30.1	\$	30.7	\$ 134.9
GAAP Gross Margin		56.2%		51.6%		49.0%		49.0%	51.0%		46.7%		48.6%		48.8%		48.0%	48.09
Non-GAAP Gross Margin		56.5%		54.0%		51.5%		51.5%	53.1%		49.9%		52.0%		53.5%		53.0%	52.09
GAAP Research and Development Expense	\$	15.5	\$	25.7	\$	28.1	\$	29.1	\$ 98.4	\$	28.1	\$	28.3	\$	28.5	\$	29.6	\$ 114.
Stock-Based Compensation		(1.6)		(1.9)		(2.0)		(1.9)	(7.4)		(2.0)		(2.0)		(2.8)		(3.1)	(9.8
Non-GAAP Research and Development Expense	\$	13.9	\$	23.8	\$	26.1	\$	27.2	\$ 91.0	\$	26.1	\$	26.3	\$	25.7	\$	26.5	\$ 104.7
GAAP Sales, General and Administrative Expense	\$	10.3	\$	15.6	\$	12.7	\$	12.2	\$ 50.8	\$	12.5	\$	11.5	\$	11.9	\$	11.4	\$ 47.3
Stock-Based Compensation		(1.3)		(1.6)		(2.0)		(1.7)	(6.6)		(1.3)		(1.6)		(1.6)		(1.7)	(6.
Transaction and due diligence costs		(1.5)		(2.8)		(0.2)		(0.1)	(4.5)		-		(0.2)		-		-	(0.2
Non-GAAP Sales, General and Administrative Expense	\$	7.5	\$	11.2	\$	10.5	\$	10.4	\$ 39.7	\$	11.2	\$	9.7	\$	10.3	\$	9.7	\$ 41.0
GAAP Operating Margin	\$	7.4	\$	0.9	\$	2.4	\$	0.7	\$ 11.4	\$	(6.7)	\$	(7.8)	\$	(13.3)	\$	(13.7)	\$ (41.4
Amortization of Intangible Assets		-		2.5		3.0		3.0	8.4		3.2		2.7		2.9		3.2	11.9
Stock-Based Compensation		3.1		3.6		4.2		3.8	14.8		3.5		3.8		4.6		5.0	16.8
Due Diligence-Related Costs		1.5		2.8		0.2		0.1	4.5		-		0.2		-		-	0.2
Restructuring Charge		-		-		-		0.9	0.9		-		1.8		(0.1)		-	1.
Non-GAAP Operating Margin	\$	12.0	\$	9.8	\$	9.8	\$	8.5	\$ 40.0	\$	-	\$	0.7	\$	(5.9)	\$	(5.5)	\$ (10.8
GAAP Operating Margin		12.5%		1.1%		2.7%		0.8%	3.5%		-9.0%		-11.0%		-23.6%		-23.6%	-16.09
Non-GAAP Operating Margin		20.3%		11.8%		10.9%		9.5%	12.5%		0.0%		1.0%		-10.5%		-9.6%	-4.29



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