



# **GIGOPTIX**

**NYSE MKT: GIG**

***Powering High Speed Networks***

**Roth Capital Conference**  
**Dr. Avi Katz, CEO**  
**Darren Ma, CFO**

***March 10, 2015***

# Disclaimer

## Forward Looking Statements:

This presentation contains statements regarding operating trends, future results, new projects, and other market, business and product trends that are forward-looking. We undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. Additional factors that could cause actual results to differ are discussed under the heading "Risk Factors" and in other sections of the GigOptix filings with the SEC, and in GigOptix's other current and periodic reports filed or furnished from time to time with the SEC.

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# GigOptix Overview

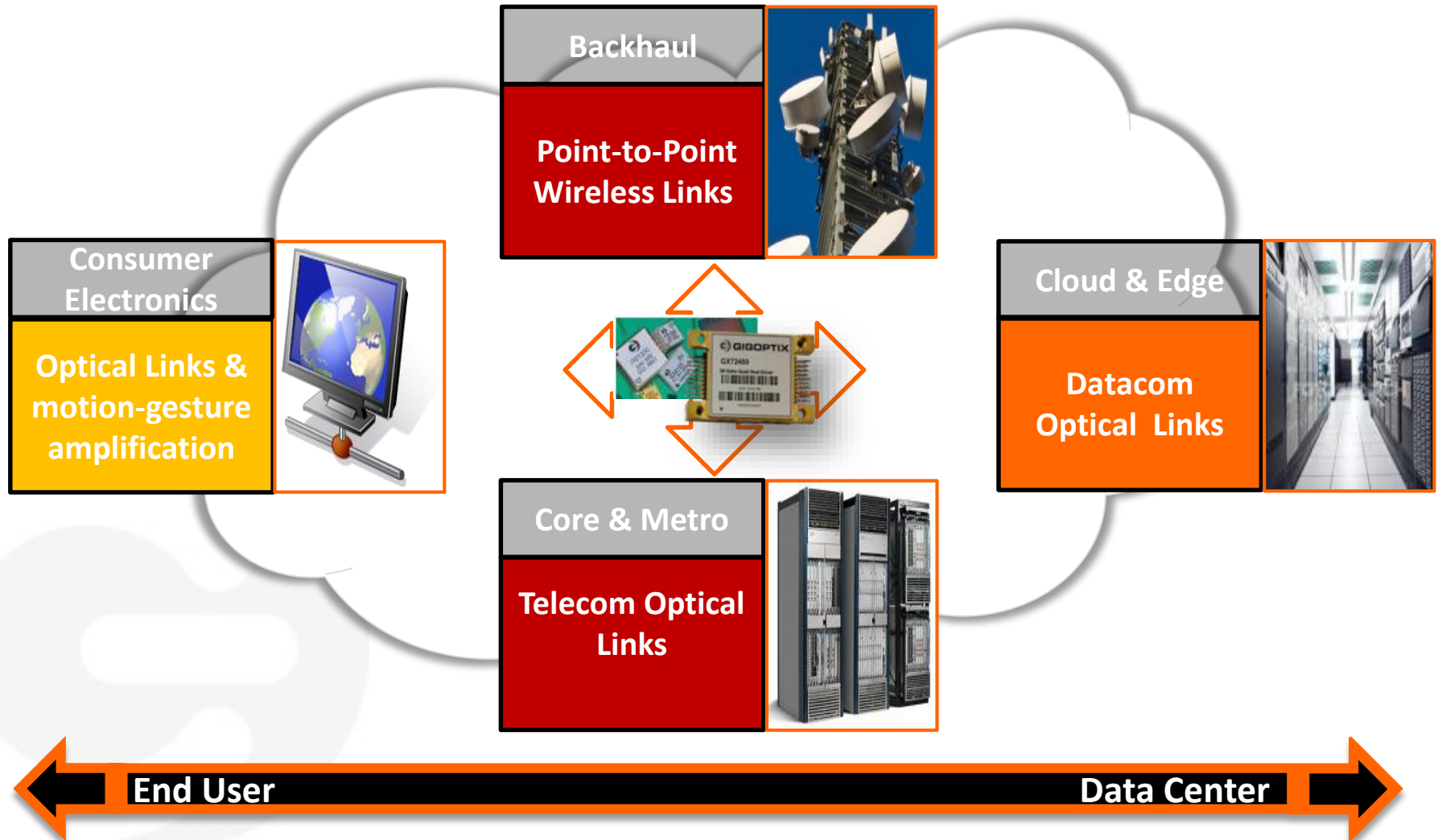
## *Emerging Fabless Leader in ICs for High Speed Communication Links and Network Applications*

- **Core Products Target 3 Primary Markets:**
  - High-speed fiber optical communications
  - Wireless backhaul networks
  - High-speed links for consumer applications
- **Growth Strategy - Fueled By Organic Development and Accretive Acquisitions**
  - 8 acquisitions of key technologies since 2007
- **Market Leadership:** ICs for active optical cables (AOC) and pluggables, MCMs for 100Gbps Coherent transceivers, E-Band MMICs for wireless backhaul radios
- **Solid Financial Position:**
  - Record non-GAAP net income, \$0.04, and Adjusted EBITDA, \$4.0M, in FY'14
  - Q4'14 revenue of \$9.0M, up 15% Y/Y and 7% Q/Q
  - Record quarterly non-GAAP net income of \$0.9M or \$0.03 per diluted share
  - Record quarterly Adjusted EBITDA of \$1.6M
  - Cash balances increased to \$18.4M and no debt
- **108 Patents:** Core IP leveraged in our major markets;
  - Strong patent protection process in place

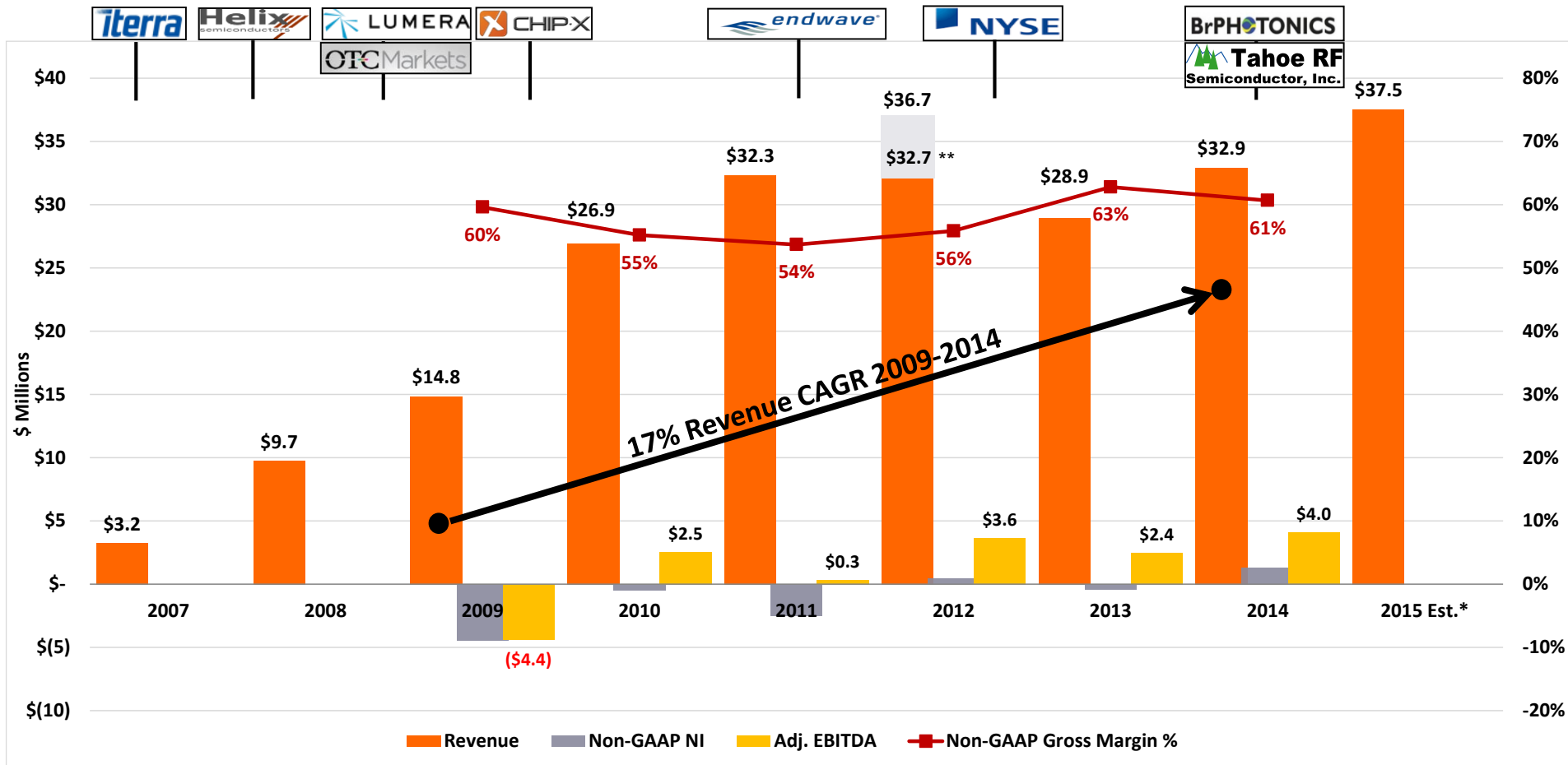


# GigOptix Focused Mission

*Enabling High-Speed End-to-End Network Connectivity*



# GigOptix Financial History



- Revenue CAGR of 17% from FY 2009 to 2014 (Publicly listed company in 2009)
- \*\*2012 revenue included \$4M in end-of-life legal settlement and other Industrial and RF low margin revenues from ChipX and Endwave acquisitions
- 2014: Achieved record Non GAAP net income and Adjusted EBITDA
- \*Midpoint of Fiscal 2015 revenue guidance range provided on February 9, 2015

# Growth Catalysts

- Backbone networks for Telecom Core & Metro Connectivity (100Gbps-400Gbps)
  - Leading supplier of 100Gbps Coherent Gen1 (Limiting) and Gen2 (Linear) MCMs and devices for Core long-haul now, expands into Metro in 1H 2015
  - Pioneering supplier of 400Gbps MCMs and devices for Core long-haul
- Mobile networks for V-Band (60GHz) and E-Band (70GHz-90GHz) wireless
  - Leading developer of wireless Backhaul point-to-point MMICs
  - Revenue increased significantly in CY 2014 from \$1.7M in CY 2013
- Metro datacom networks for Datacenter Connectivity (Parallel 40Gbps-100Gbps)
  - Sole RF device merchant supplier for Active Optical Cables and Pluggables 40Gbps for data-center fiber installations
  - Pioneer leading supplier of 100Gbps optical links for Edge & Cloud
- Access network for Consumer Electronics
  - Leveraging existing high-speed optical links and RF amplifier technology for use in high speed links for consumer applications



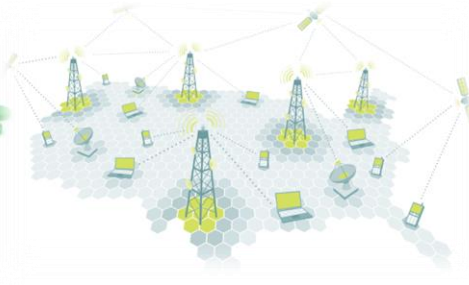
# Today's Network Challenges and Opportunities

**Backbone Network**

**Metro Network**

**Mobile Network**

**Access Network**



**Core & Metro**

**Datacenters**

**Small Cells P-t-P Wireless**

**CE High Speed Links**

**3.9Bn  
Connected People to Internet  
in 2017**

**3x Increase in Average  
Broadband Speed 2012-2017**

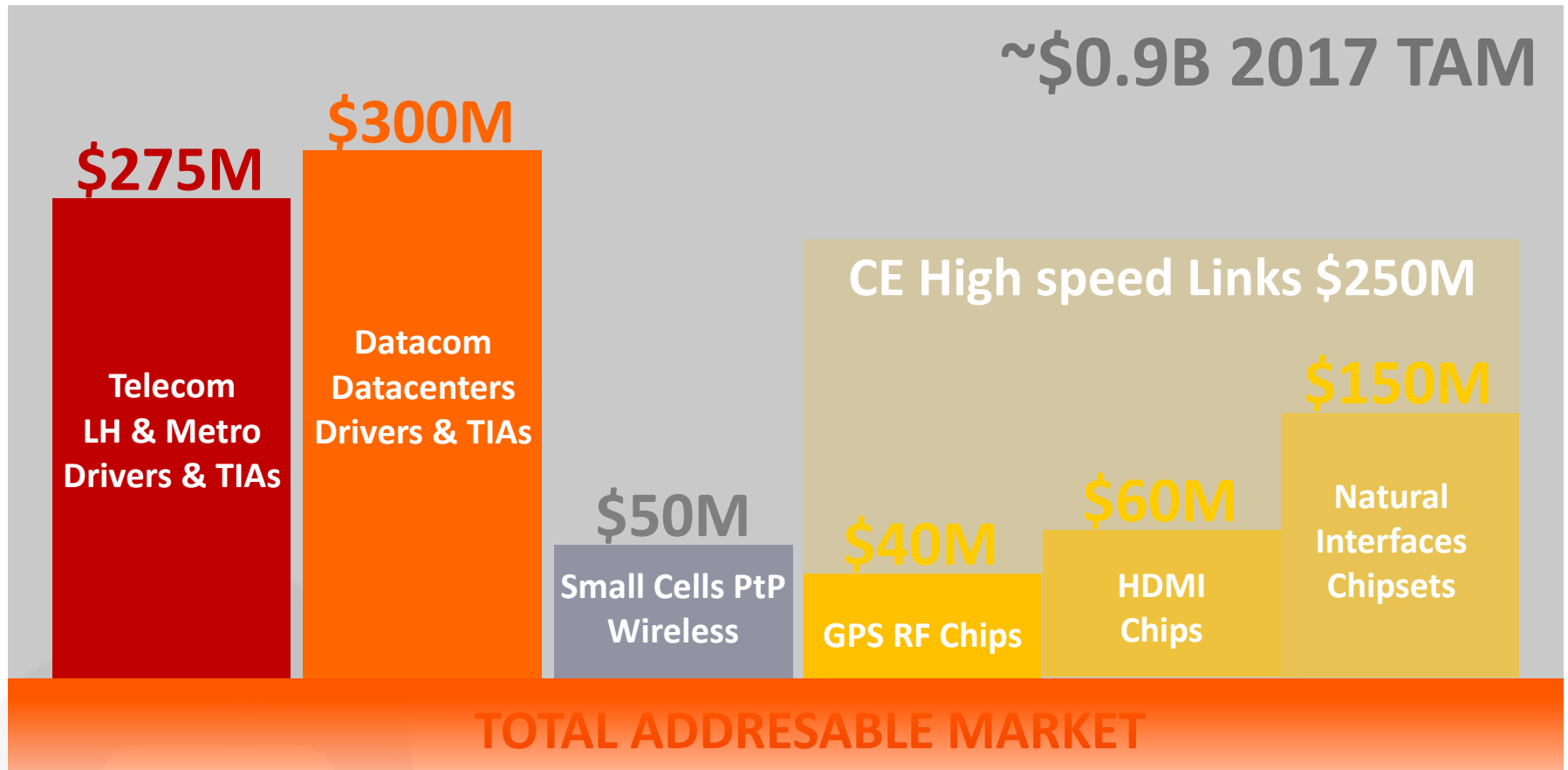
**440% Increase in  
Cloud Traffic 2012-2017**

**720% Increase in  
Video Traffic 2012-2017**

**>70Bn Connected "Things" to  
Internet in 2020**

*Source: Multiple 3<sup>rd</sup> party sources, GigOptix analysis*

# Compelling Markets



Source: Multiple 3<sup>rd</sup> party sources, GigOptix analysis

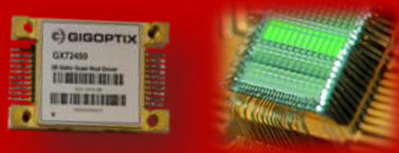


# GigOptix Solutions

## Core & Metro Networks Links



### Drivers & TIAs



## Datacenter Networks Links



### Drivers & TIAs for AOCs & Pluggables



## P-to-P Wireless Backhaul



### RF MMICs for Small Cells



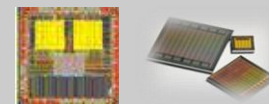
## Consumer Electronics High Speed Links



### Chips for HDMI Cables, Natural interfaces, & GPS



## Industrial Customized ASICs

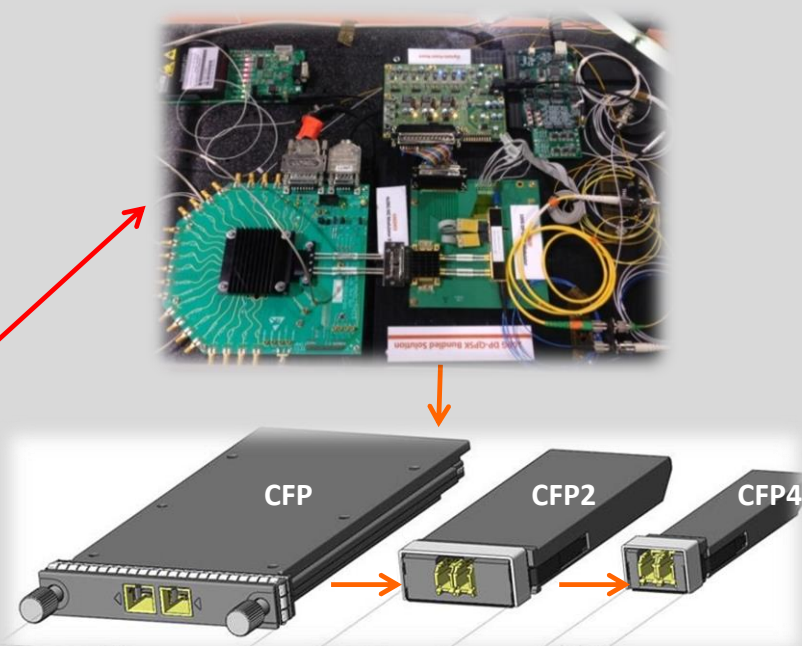
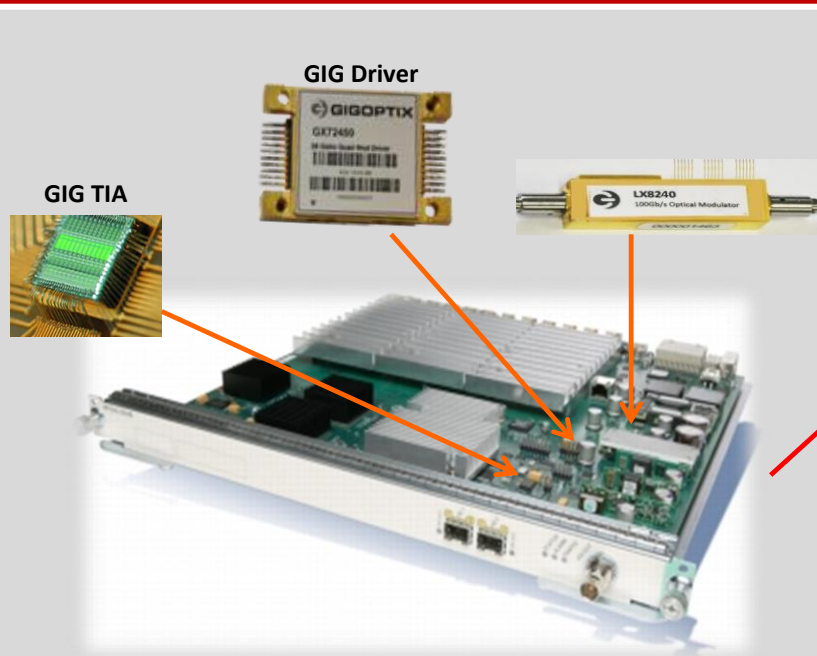


High Speed End-to-End Solutions Via High-Speed links

# Core & Metro Links: 100Gbps - 400Gbps Coherent

Today's solution: transceivers

Tomorrow: small FF integration



**GigOptix Differentiation:**

**TIAs & Drivers For All Speeds & Formats  
Leading Position In 100Gbps Coherent**

**GigOptix Revenue FY 2014: \$10.2M**  
**Market Forecast 2014: ICs TAM: ~\$120M**

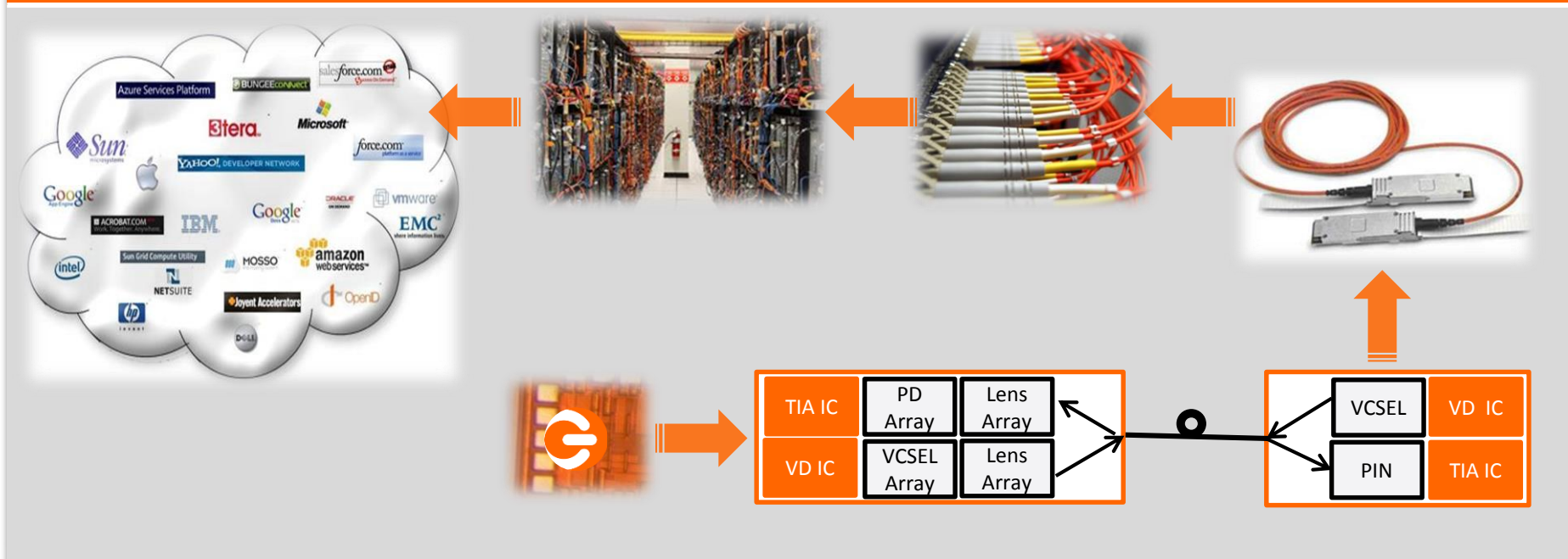
**Launched in 2007**

**22% CAGR (2013 - 16)**

Source: OVUM Report + GigOptix Management

# Cloud & Edge Links: 40Gbps & 100Gbps Parallel

Parallel optics links for 4 and 12 channels of 10, 16 and 28 Gbps



**GigOptix Differentiation:**

**Sole Parallel Device Merchant Supplier**  
**TIA's & Drivers for FDR, EDR, QSFP SR & LR**

**GigOptix Revenue FY 2014 : \$9.0M**

**Market Forecast 2014: ICs TAM: ~\$200M**

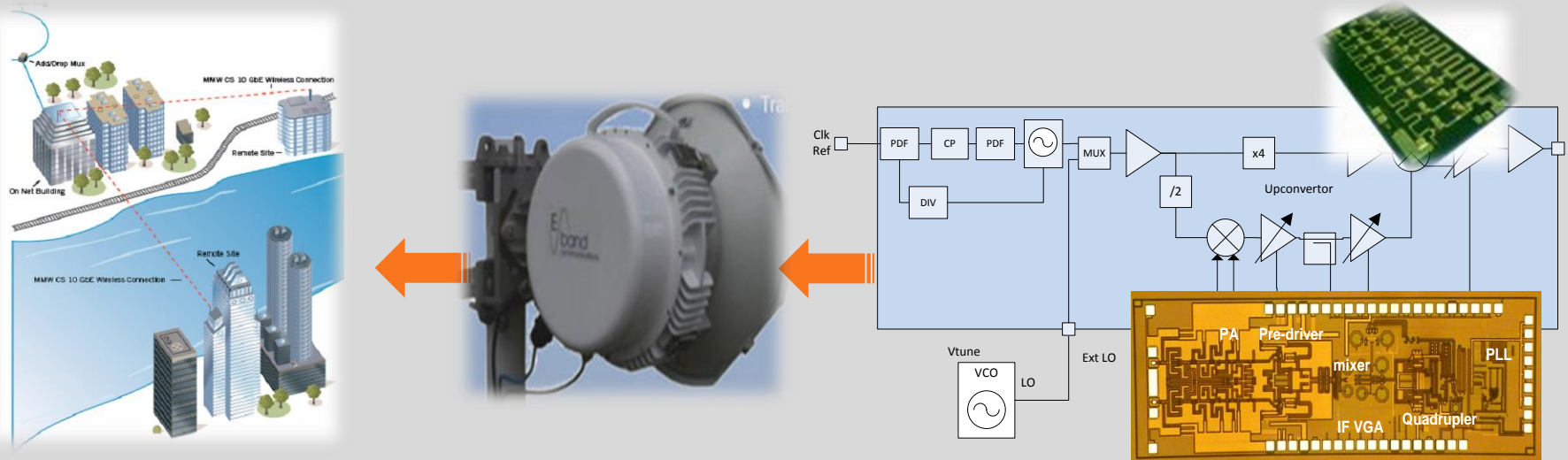
**Launched in 2009**

**45% CAGR (2013 - 16)**

Source: Light Counting Report + GigOptix Management

# RF Backhaul Point-to-Point Wireless

# E-Band Backhaul Point-to-Point Wireless With Leading Integration And Architecture Powered By GigOptix Chipsets



## GigOptix Differentiation:

## 2 Chip Solution For E-band P-t-P Backhaul Best Output Power Performance

## GigOptix Revenue FY 2014 : \$3.1M

## Market Forecast 2014: ICs TAM: ~\$5.0M

## Launched in 2013

## 120% CAGR (2013 - 16)

Source: Gartner, Inc. + GigOptix Management

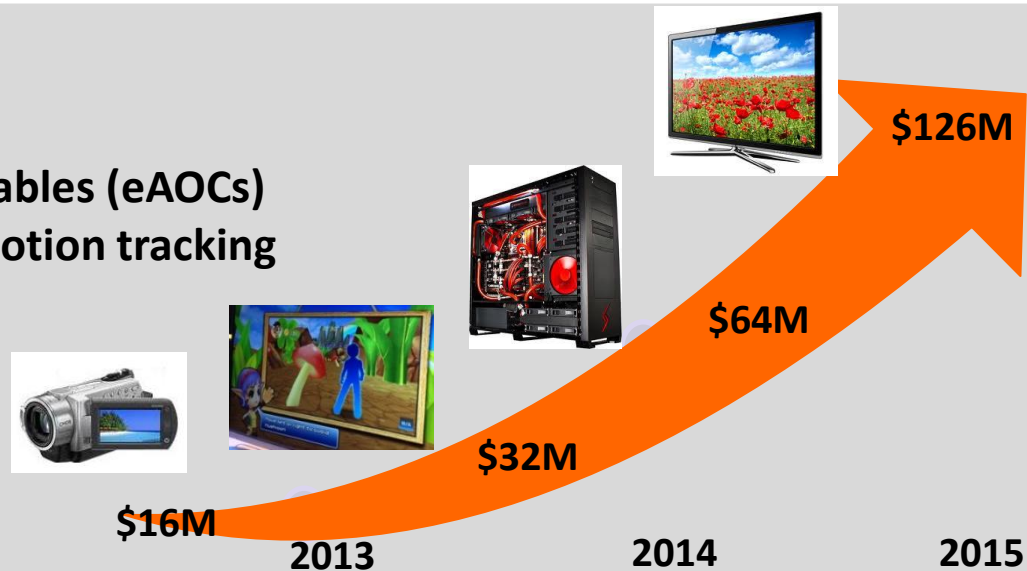


# Consumer Electronics: High-Speed Optical Links

## GigOptix Components Powering High-Speed Consumer Optical Link Applications

### Potential Applications

- 4K/8K TVs connectivity
- Embedded active optical cables (eAOCs)
- Gesture recognition and motion tracking
- 2D/3D resolution



### *GigOptix Differentiation:*

Leveraging The Access Mature Technology Devices In AOCs, E-AOCs And Backplanes

### Longer-Term Revenue Opportunity

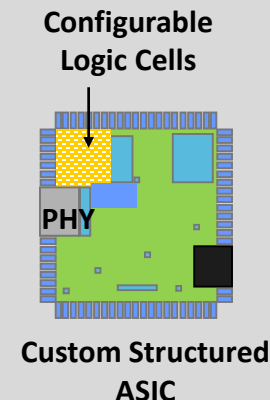
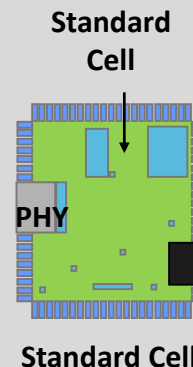
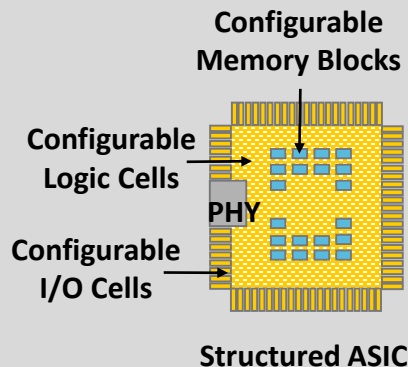
Samples Launched In 2013

**170% CAGR (2013 - 16)**

Source: Light Counting Report + GigOptix Management

# Custom ASIC: Industrial & Mil/Aero

**GigOptix ASICs Provide High-Value and Cost Efficient Customized Solutions for FPGA and ASIC Conversions**



***GigOptix Differentiation:***

**Provider Custom Structured ASICs  
Supporting FPGA And ASIC Conversion**

**GigOptix Revenue FY 2014 : \$10.7M**

**Market Forecast 2014: ICs TAM: ~\$100M**

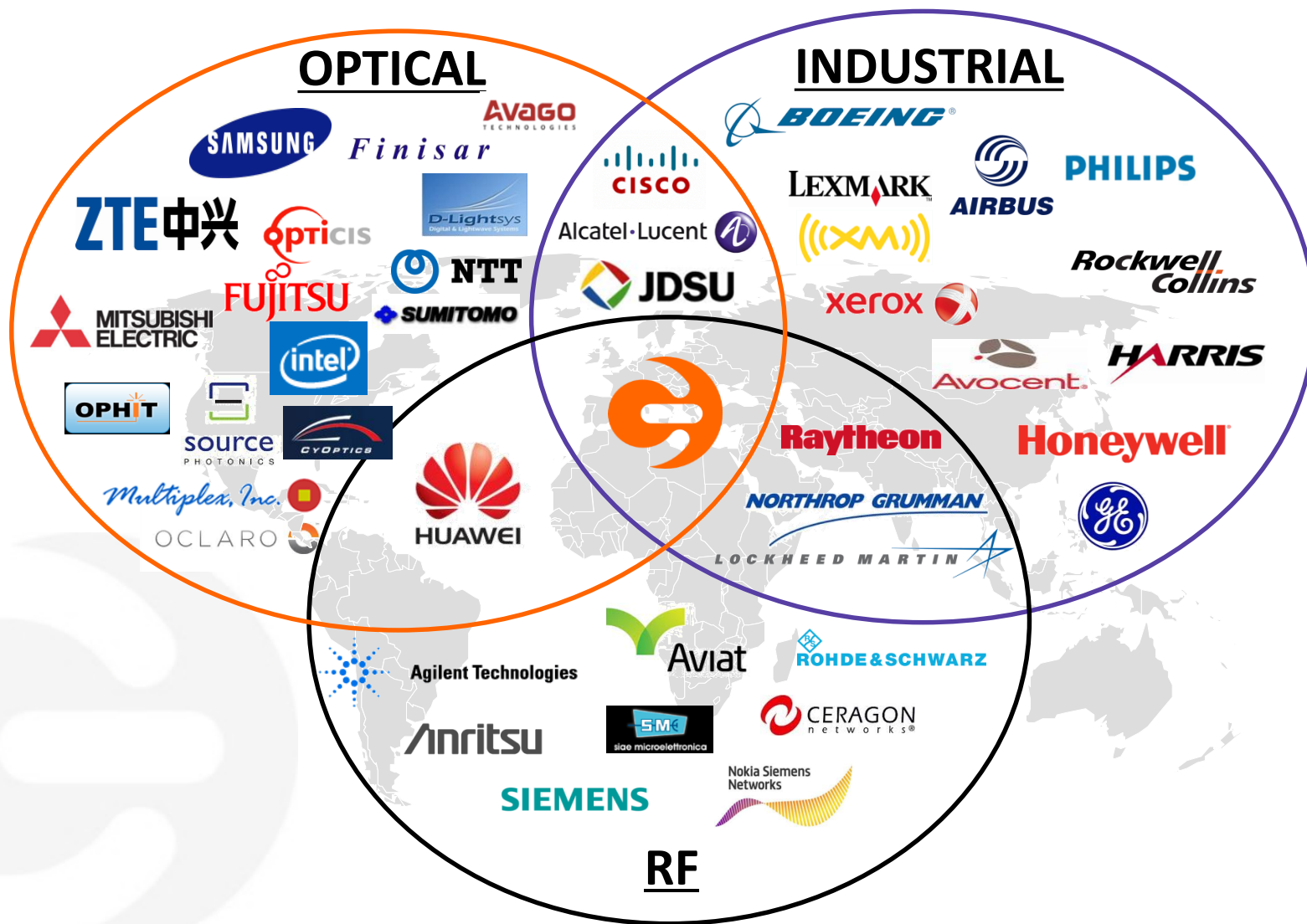
**Launched in 2010**

**5% CAGR (2013 - 16)**

Source: Gartner, Inc. + GigOptix Management

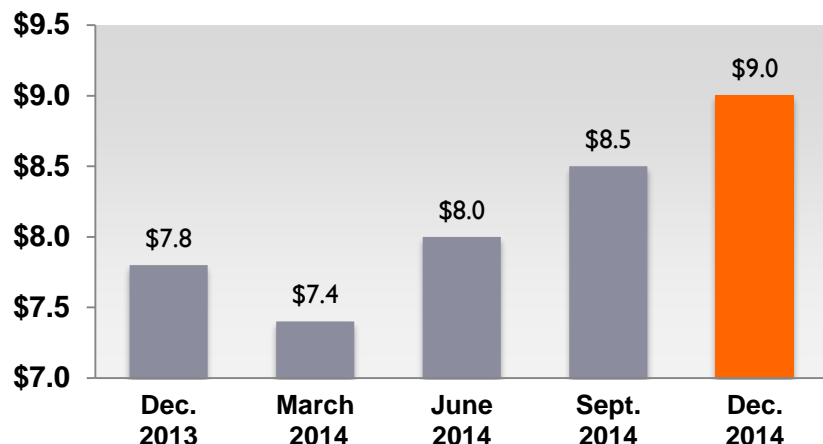


# Key Customer Relationships

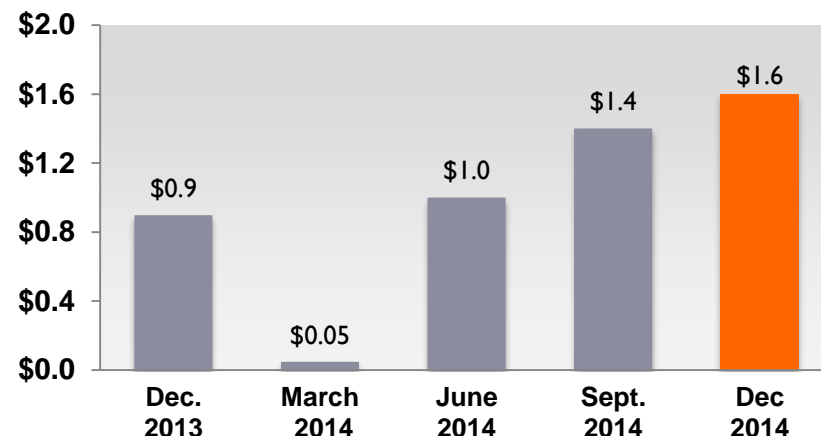


# Trended Financial Summary

Revenue (\$M)



Adjusted EBITDA (\$M)



14 Consecutive Quarters of Positive Adj. EBITDA

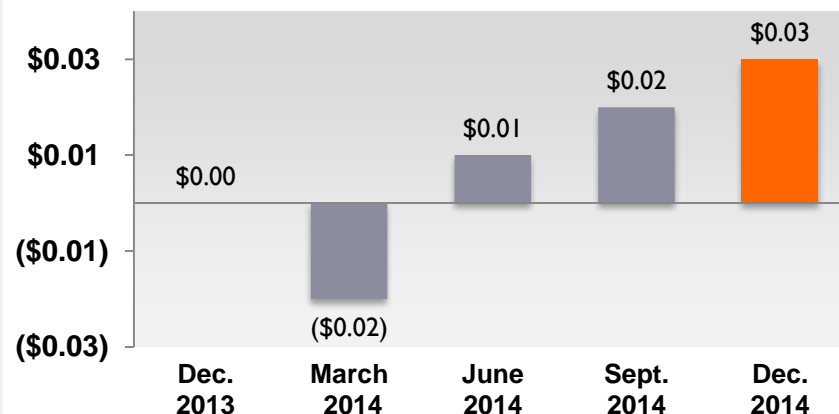
## Q1 2015 Guidance\*

Revenue in the range of \$8.5M to \$8.7M

## Additional commentary

Operating expenses are expected to increase by approximately 8 to 10 percent from Q4 FY14 primarily due to the higher payroll taxes, year-end audit fees, industry trade show expenses that are typical for Q1, and investing in R&D into high growth markets

Non-GAAP EPS



Company Has No Debt

\* Guidance for quarter ending March 29, 2015 provided on February 9, 2015

# Trended Revenue by Product Lines

\$ Millions		Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
High-Speed Communications		\$5.5	\$5.3	\$5.6	\$5.4	\$6.0
A. Optics		\$4.8	\$4.4	\$4.3	\$5.1	\$5.4
Telecom		\$3.2	\$2.8	\$2.0	\$3.0	\$2.4
Datacom		\$1.6	\$1.6	\$2.3	\$2.1	\$3.0
B. RF		\$0.7	\$0.9	\$1.3	\$0.3	\$0.6
Industrial (ASIC)		\$2.3	\$2.1	\$2.4	\$3.1	\$3.0
Total Revenue		\$7.8	\$7.4	\$8.0	\$8.5	\$9.0

Percent of Total Revenue		Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
High-Speed Communications		71%	72%	70%	64%	66%
A. Optics		62%	60%	53%	60%	59%
B. RF		9%	12%	17%	4%	7%
Industrial (ASIC)		29%	28%	30%	36%	34%

# Financial Model (Non-GAAP)

\$ Millions	FY 2013	Q1'14	Q2'14	Q3'14	Q4'14	FY 2014	Long-Term Model**
Revenue	100%	100%	100%	100%	100%	100%	100%
Gross Profit	63%	60%	59%	61%	62%	61%	55%-60%
Research & Development	44%	47%	37%	35%	35%	38%	25%
Selling, General & Admin.	21%	22%	18%	18%	18%	19%	15%
Total Operating Expense	64%	69%*	55%	53%	52%	57%	40%
Operating Income	-1%	-9%	4%	9%	10%	4%	15%-20%

\* In Q1'14 the Company reported higher R&D costs to support new tape-outs and SG&A increased due to normal Q1 related expenses.

\*\*Company's internal goal based on a 3-5 year timeline. Provided for discussion purposes only, and the Company provides no guarantee of achievement of these goals, nor commits to update this information. The Company's ability to achieve this long-term model is subject to risks and uncertainties.

# Year-over-Year Financial Progress

	Q4'13	Q4'14	% Increase
<b>Market Capitalization</b> (as of February 6, 2014 and 2015)	\$38M	\$38M	-
<b>Quarterly Total Revenue</b>	\$7.8M	\$9.0M	15%
<b>Gross Margin</b>	60%	62%	3%
<b>Earnings Per Share (Non-GAAP)</b>	\$0.00	\$0.03	300%
<b>Adjusted EBITDA</b>	\$0.9M	\$1.6M	78%

# Balance Sheet & Capitalization

## Balance Sheet 12/31/14 (Millions)

Cash & Equivalents	<b>\$18.4</b>
Accounts Receivable	<b>\$8.0</b>
Inventory	<b>\$5.1</b>
Other Current Assets	<b>\$0.4</b>
<b>Total Current Assets</b>	<b>\$32.0</b>
Long-term Assets	<b>\$14.8</b>
<b>Total Assets</b>	<b>\$46.8</b>
Current Liabilities	<b>\$6.4</b>
Long-term Liabilities	<b>\$0.8</b>
<b>Total Liabilities</b>	<b>\$7.2</b>
<b>Total Equity</b>	<b>\$39.5</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$46.8</b>

## Cap Table Highlights (as of 2/6/15)

Common Stock Outstanding	<b>33.3M</b>
Stock Price	<b>\$1.17</b>
Avg. Trading Volume	<b>74,000</b>
Market Cap	<b>~\$38M</b>
Options Outstanding	<b>8.8M</b>
Weighted Exercise Price	<b>\$2.35</b>
RSUs Outstanding	<b>1.9M</b>
Warrants Outstanding	<b>0.7M</b>





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