

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 1, 2018

MACOM Technology Solutions Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-35451
(Commission
File Number)

27-0306875
(I.R.S. Employer
Identification No.)

100 Chelmsford Street
Lowell, Massachusetts
(Address of principal executive offices)

01851
(Zip Code)

Registrant's telephone number, including area code: (978) 656-2500

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 1, 2018, MACOM Technology Solutions Holdings, Inc. (the “Company”) issued a press release reporting its results of operations for the fiscal second quarter ended March 30, 2018. A copy of the press release is furnished as Exhibit 99.1 to this report.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release, dated May 1, 2018, announcing results of operations for the fiscal second quarter ended March 30, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

Dated: May 1, 2018

By: /s/ Robert J. McMullan

Robert J. McMullan

Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated May 1, 2018, announcing results of operations for the fiscal second quarter ended March 30, 2018.

MACOM Reports Fiscal Second Quarter 2018 Financial Results

LOWELL, MA, May 1, 2018 - MACOM Technology Solutions Holdings, Inc. (Nasdaq: MTSI) (“MACOM”), a leading supplier of high-performance RF, microwave, millimeterwave and lightwave semiconductor products, today announced its financial results for its fiscal second quarter ended March 30, 2018.

Second Quarter Fiscal Year 2018 GAAP Results

- Revenue was \$150.4 million, a decrease of 19.2% compared to \$186.1 million in the previous year fiscal second quarter and an increase of 14.9% compared to \$130.9 million in the prior fiscal quarter;
- Gross profit was \$65.6 million, a decrease of 4.7% compared to \$68.9 million in the previous year fiscal second quarter and an increase of 7.6% compared to \$61.0 million in the prior fiscal quarter;
- Gross margin was 43.6%, compared to 37.0% in the previous year fiscal second quarter and 46.6% in the prior fiscal quarter;
- Operating loss was \$23.4 million, compared to operating loss of \$33.6 million in the previous year fiscal second quarter and operating loss of \$23.0 million in the prior fiscal quarter; and
- Net loss from continuing operations was \$15.5 million, or \$0.50 loss per diluted share, compared to net loss from continuing operations of \$134.3 million, or \$2.21 loss per diluted share, in the previous year fiscal second quarter and net loss from continuing operations of \$17.0 million, or \$0.49 loss per diluted share, in the prior fiscal quarter.

Second Quarter Fiscal Year 2018 Adjusted Non-GAAP Results

- Adjusted gross margin was 51.6%, compared to 58.5% in the previous year fiscal second quarter and 53.7% in the prior fiscal quarter;
- Adjusted operating income was \$15.7 million, or 10.5% of revenue, compared to \$48.6 million, or 26.1% of revenue, in the previous year fiscal second quarter and \$13.4 million, or 10.3% of revenue, in the prior fiscal quarter;
- Adjusted net income was \$8.5 million, or \$0.13 per diluted share, compared to \$39.4 million, or \$0.63 per diluted share, in the previous year fiscal second quarter and \$6.6 million, or \$0.10 per diluted share, in the prior fiscal quarter; and
- Adjusted EBITDA was \$23.4 million, compared to \$56.7 million for the previous year fiscal second quarter and \$20.9 million for the prior fiscal quarter.

Management Commentary

“The December quarter marked the bottom of the cycle for MACOM in terms of revenue and demand, as evidenced by our 15% sequential growth. Across our served markets, order intake and customer forecasts returned to more normalized patterns in our fiscal second quarter,” commented John Croteau, President and CEO of MACOM.

“Following last year’s cyclical downturn in China, we believe we are entering the next phase of global infrastructure spending driven by 5G Telecom, continued strong investment by Cloud Service Providers, and now, a surge in defense spending and industrial capital investment. We’ve spent the last couple of years developing a portfolio of disruptive products and technologies to service these targeted areas of secular growth. Major customers have validated our technology and capabilities and are actively sponsoring us as we work to ramp volume.”

“Moving forward, we expect sales across all our end markets to contribute to top line growth quarter-by-quarter throughout calendar 2018. The exact slope will be paced by our ability to scale operationally, both with our strategic suppliers and in our own factories. We believe the future contribution from these sales can provide significant operating leverage as we monetize what were previously strategic investments for the company.”

Mr. Croteau concluded, “Finally, last quarter we highlighted the impact that certain competitive developments had on our LR4 subassembly business. In response, we took proactive action to exit the manufacture and sale of optical subassemblies. Consistent with our overall goal of providing high-margin analog and photonic semiconductor components we will now sell chipsets. This action is expected to result in better overall cost structures for our TOSA customers, with improved gross margins for MACOM.”

Business Outlook

For the fiscal third quarter ending June 29, 2018, MACOM expects revenue to be in the range of \$142 million to \$150 million. Adjusted gross margin is expected to be between 54% and 57%, and adjusted earnings per share between \$0.09 and \$0.15 on an anticipated 66 million fully diluted shares outstanding.

For comparison, if MACOM were to report fiscal second quarter financial results on a pro forma basis without the LR4 business, revenue would have been \$138 million, adjusted gross margin 54%, and adjusted earnings per share of \$0.09.

Conference Call

MACOM will host a conference call on Tuesday, May 1, 2018 at 5:00 p.m. Eastern Time to discuss its fiscal second quarter 2018 financial results and business outlook. Investors and analysts may join the conference call by dialing 1-877-837-3908 and providing the passcode 8975117.

International callers may join the teleconference by dialing +1-973-872-3000 and entering the same passcode at the prompt. A telephone replay of the call will be made available beginning two hours after the call and will remain available for five business days. The replay number is 1-855-859-2056 with a passcode of 8975117. International callers should dial +1-404-537-3406 and enter the same passcode at the prompt.

Additionally, this conference call will be broadcast live over the Internet and can be accessed by all interested parties in the Investors section of MACOM's website at <http://www.macom.com>. To listen to the live call, please go to the Investors section of MACOM's website and click on the conference call link at least fifteen minutes prior to the start of the conference call. For those unable to participate during the live broadcast, a replay will be available shortly after the call and will remain available for approximately 30 days.

About MACOM

MACOM enables a better-connected and safer world by delivering breakthrough semiconductor technologies for optical, wireless and satellite networks that satisfy society's insatiable demand for information.

Today, MACOM powers the infrastructure that millions of lives and livelihoods depend on every minute to communicate, transact business, travel, stay informed and be entertained. Our technology increases the speed and coverage of the mobile Internet and enables fiber optic networks to carry previously unimaginable volumes of traffic to businesses, homes and datacenters.

Keeping us all safe, MACOM technology enables next-generation radars for air traffic control and weather forecasting, as well as mission success on the modern networked battlefield.

MACOM is the partner of choice to the world's leading communications infrastructure, aerospace and defense companies, helping solve their most complex challenges in areas including network capacity, signal coverage, energy efficiency and field reliability, through its best-in-class team and broad portfolio of RF, microwave, millimeterwave and lightwave semiconductor products.

MACOM is a pillar of the semiconductor industry, thriving for more than 60 years of daring to change the world for the better, through bold technological strokes that deliver true competitive advantage to customers and superior value to investors.

Headquartered in Lowell, Massachusetts, MACOM is certified to the ISO9001 international quality standard and ISO14001 environmental management standard. MACOM has design centers and sales offices throughout North America, Europe, Asia and Australia.

MACOM, M/A-COM, M/A-COM Technology Solutions, M/A-COM Tech, Partners in RF & Microwave and related logos are trademarks of MACOM. All other trademarks are the property of their respective owners. For

more information about MACOM, please visit www.macom.com follow [@MACOMtweets](https://twitter.com/MACOMtweets) on Twitter, join MACOM on [LinkedIn](#) or visit the MACOM [YouTube Channel](#).

Special Note Regarding Forward-Looking Statements

This press release and our commentary in our conference call held today each contain forward-looking statements based on MACOM management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include, among others, information concerning our stated business outlook and future results of operations, our expectations for business and market conditions, positioning and growth aspirations in the Industrial & Defense, Datacenter Telecom, Cloud Data Center, 5G Telecom and China markets and elsewhere, our belief that the December quarter marked the bottom of the cycle for MACOM in terms of revenue and demand, our belief we are entering the next phase of infrastructure spending globally driven by 5G Telecom, continued strong investment by Cloud Service Providers, and now, a surge in Defense spending and Industrial capital investment, our expectation that sales across all our end markets will contribute to top line growth quarter-by-quarter throughout calendar 2018 and that the exact slope will be paced by our ability to scale operationally, both with our strategic suppliers and in our own factories, our belief that the future contribution from these sales can provide significant operating leverage as we monetize what were previously strategic investments for the company, our expectation that our exit of the LR4 subassembly business will result in better overall cost structures for our TOSA customers, with improved gross margins for MACOM, any expectations as to our relationships with customers and vendors, our future market share, the timing or nature of future Cloud Data Center and network upgrade cycles, customer order activity and customer adoption of our solutions, our future investment decisions, our GaN strategy and expectations for execution on that strategy, the expected outcome of our ongoing litigation against Infineon and any other statements regarding future trends, business strategies, competitive position, industry conditions, acquisitions and market opportunities. Forward-looking statements include all statements that are not historical facts and generally may be identified by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "seeks," "should," "will," "would" or similar expressions and the negatives of those terms.

These forward-looking statements reflect MACOM's current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause those events or our actual activities or results to differ materially from those expressed in any forward-looking statement. Although MACOM believes that the expectations reflected in the forward-looking statements are reasonable, it cannot and does not guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including the potential that we are unable to identify and timely enter into new markets for our products, such as our publicly-announced market opportunities in Cloud Data Centers, 100G optical networks, 10G PON, 25G lasers, L-PICs, GaN technology and Active Antennas, the potential that we are unable to timely deliver the quantities of our products targeting these or other applications at the right price point due to design challenges, manufacturing bottlenecks, supply shortages, yield issues or otherwise, the potential that the expected rollout of Cloud Data Center build-outs, 5G network upgrades, fiber-to-the-home network technology or other new optical or other network technology deployments in the U.S., China, Japan and other geographies fails to occur, occurs more slowly than we expect or does not result in the amount or type of new business we anticipate, lower than expected demand in the Cloud Data Center market, the optical network infrastructure market or any or all of our primary end markets or from any or all of our large OEM customers based on seasonal effects, regulatory action (such as the recently announced ZTE export ban or Huawei investigation) or inaction, technology shifts, standards changes, macro-economic weakness or otherwise, the potential for greater than expected pricing pressure and average selling price erosion based on attempts to win or maintain market share, competitive factors, technology shifts or otherwise, our potential inability to ramp key new products into volume production with acceptable manufacturing yields to satisfy key customer demand in a timely fashion, the potential for inventory obsolescence and related write-offs, a delay in consummating or failure to consummate the LR4 subassembly divestment based on required regulatory approvals or otherwise, the expense, business disruption or other impact of any current or future investigations, administrative actions, litigation or enforcement proceedings we may be involved in, the potential loss of access to any licensed intellectual property or inability to license technology we may require on reasonable terms, the impact of any claims of intellectual property infringement or misappropriation, which could require us to pay substantial damages for infringement,

expend significant resources in prosecuting or defending such matters or developing non-infringing technology, incur material liability for royalty or license payments, or prevent us from selling certain of our products, greater than expected dilutive effect on earnings of our equity issuances, outstanding indebtedness and related interest expense and other costs, our failure to realize the expected economies of scale, lowered production cost, increased customer penetration and other anticipated benefits of our previously announced GaN intellectual property licensing program or supply chain build-out initiatives, the potential for defense spending cuts, program delays, cancellations or sequestration, failures or delays by any customer in winning business or to make purchases from us in support of such business, lack of adoption or delayed adoption by customers and industries we serve of Cloud Data Centers, MACsec, single-Lambda PAM4, MMICs, L-PICs, Active Antennas, SPAR tiles, GaN, InP lasers or other solutions offered by us, failures or delays in porting and qualifying GaN or InP process technology to our fabrication facilities or third party facilities and achieving anticipated manufacturing economies of scale, lower than expected utilization and absorption in our manufacturing facilities, lack of success or slower than expected success in our new product development or new product introduction efforts, loss of key personnel to competitors or otherwise, failure of any announced transaction to close in accordance with its terms, failure to successfully integrate acquired companies, technologies or products or realize synergies associated with acquisitions, the potential that we will experience difficulties in managing the personnel and operations associated with our acquisitions, loss of business due to competitive factors, product or technology obsolescence, customer program shifts or otherwise, the potential for a shift in the mix of products sold in any period toward lower-margin products or a shift in the geographical mix of our revenues, the impact of any executed or abandoned acquisition, divestiture, joint venture, financing or restructuring activity, the impact of supply shortages or other disruptions in our internal or outsourced supply chain, the impact of changes in export, environmental or other laws applicable to us, the relative success of our cost-savings initiatives, as well as those factors described in "Risk Factors" in MACOM's filings with the Securities and Exchange Commission ("SEC"), including its Annual Report on Form 10-K for the fiscal year ended September 29, 2017, as filed on November 15, 2017, and its Quarterly Report on Form 10-Q for the fiscal quarter ended December 29, 2017, as filed on February 7, 2018. MACOM undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Discussion Regarding the Use of Historical and Forward-Looking Non-GAAP Financial Measures

In addition to GAAP reporting, MACOM provides investors with financial measures that have not been calculated in accordance with United States Generally Accepted Accounting Principles ("GAAP"), such as: non-GAAP gross profit and gross margin, non-GAAP income from operations and operating margin, non-GAAP operating expenses, non-GAAP net income, non-GAAP diluted earnings per share, adjusted EBITDA, and Free Cash Flow. From time to time in this release or elsewhere, we may alternatively refer to such non-GAAP measures as "adjusted" measures. This non-GAAP information excludes the effect, where applicable, of discontinued operations, intangible amortization expense, share-based compensation costs, impairment and restructuring charges, changes in common stock warrant liability, financing and litigation costs, acquisition and integration related costs, other costs and the tax effect of each adjustment. The non-GAAP information includes consulting agreement related income associated with the Automotive divestiture.

Management believes that these excluded items are not reflective of our underlying performance. Management uses these non-GAAP financial measures to: evaluate our ongoing operating performance and compare it against prior periods, make operating decisions, forecast future periods, evaluate potential acquisitions, compare our operating performance against peer companies and assess certain compensation programs. The exclusion of these and other similar items from our non-GAAP financial results should not be interpreted as implying that these items are non-recurring, infrequent or unusual. We believe this non-GAAP financial information provides additional insight into our ongoing performance and have therefore chosen to provide this information to investors for a more consistent basis of comparison and to help them evaluate the results of our ongoing operations and enable more meaningful period-to-period comparisons. These non-GAAP measures are provided in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

A reconciliation between GAAP and non-GAAP financial data is included in the supplemental financial data attached to this press release. We have not provided a reconciliation with respect to any forward-looking non-GAAP financial data presented because we do not have and cannot reliably estimate certain key inputs required to calculate the most comparable GAAP financial data, such as the future price per share of our common stock for

purposes of calculating the value of our common stock warrant liability, future acquisition costs, the possibility and impact of any litigation costs, changes in our GAAP effective tax rate and impairment charges. We believe these unknown inputs are likely to have a significant impact on any estimate of the comparable GAAP financial data.

Investors are cautioned against placing undue reliance on these non-GAAP financial measures and are urged to review and consider carefully the adjustments made by management to the most directly comparable GAAP financial measures to arrive at these non-GAAP financial measures. Non-GAAP financial measures may have limited value as analytical tools because they may exclude certain expenses that some investors consider important in evaluating our operating performance or ongoing business performance. Further, non-GAAP financial measures may have limited value for purposes of drawing comparisons between companies because different companies may calculate similarly titled non-GAAP financial measures in different ways because non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Additional information and management's assessment regarding why certain items are excluded from our Non-GAAP measures are summarized below:

Amortization Expense - is related to acquired intangible assets which are based upon valuation methodologies, and are generally amortized over the expected life of the intangible asset at the time of acquisition, which may result in amortization amounts that vary over time. The expense is not considered by management in making operating decisions, and the expense is non-cash.

Share-Based and Non-cash Compensation Expense - includes share based compensation including awards that are equity and liability classified on our balance sheet as well as non-cash compensation expense primarily associated with amounts due to employees of an acquired business that were placed in escrow at the time of the acquisition and amortized as expense over a 2-year period. Share Based Compensation expense is partially outside of our control due to factors such as stock price volatility and interest rates, which may be unrelated to our operating performance during the period in which the expense is incurred. It is an expense based upon valuation methodologies and assumptions that vary over time, and the amount of the expense can vary significantly between companies due to factors that can be outside of their control. Share-based and non-cash compensation expense amounts are not considered by management in making operating decisions.

Impairment Charges - On April 15, 2018, Zhongxing Telecommunications Equipment Corporation, of Shenzhen China, and certain affiliated entities (collectively "ZTE") were added to the U.S. Department of Commerce's Bureau of Industry and Security's List of Denied Persons. Fiscal year 2018 includes expenses associated with the impairment of property and equipment, inventory and other assets associated with ZTE which are not expected to have any future value. We believe these charges are one-time in nature and are not correlated to future business operations and including such charges does not reflect our ongoing operations.

Restructuring Charges - includes amounts primarily associated with approved plans to reduce staffing and manufacturing, research and development or administrative footprints. We believe these amounts are not correlated to future business operations and including such charges does not reflect our ongoing operations.

Warrant Liability Expenses/Gains - are associated with mark-to-market fair value adjustments which are largely based on the value of our common stock, which may vary from period to period due to factors such as stock price volatility. We believe these amounts are not correlated to future business operations and including such charges does not reflect our ongoing operations.

Non-Cash Interest, Net - includes amounts associated with the amortization of certain fees associated with the establishment or amendment of our Credit Agreement and Term Loans that are being amortized over the life of the agreement. We believe these amounts are non-cash in nature and not correlated to future business operations and including such charges does not reflect our ongoing operations.

Litigation Costs - includes gains, losses and expenses related to the resolution of other-than-ordinary-course threatened and actually filed lawsuits and other-than-ordinary-course contractual disputes and legal matters. We exclude these gains and losses because they are not considered by management in making operating decisions.

We believe such gains, losses and expenses do not necessarily reflect the performance of our ongoing operations for the period in which such charges are recognized and the amount of such gains or losses and expenses can vary significantly between companies and make comparisons less reliable.

Acquisition, Integration and Restructuring Related Costs - includes such items as professional fees incurred in connection with pre-acquisition and integration specific activities, post-acquisition employee retention amounts, contingent consideration adjustments, severance and other amounts accrued or paid to terminated employees of acquired businesses, costs including salaries incurred which are not expected to have a continuing contribution to operations or are expected to have a diminishing contribution during the integration or restructuring period and the amortization of the fair market step-up value of acquired inventory and fixed assets. We believe the exclusion of these items is useful in providing management a basis to evaluate ongoing operating activities and strategic decision making.

Discontinued Operations excluding consulting income - includes the profit and loss amounts of discontinued operations, with the exception of consulting income associated with a consulting agreement we entered into at the time of our Automotive business divestiture. We believe excluding gains and losses associated with historically divested businesses from our net income provides management with a comparable basis to our current ongoing operating activities. We do not exclude the consulting agreement income classified as discontinued operations because management views this income as part of our ongoing operations and correlated with future operations since we both derive income and incur ongoing costs associated with the consulting services available under the consulting agreement.

Equity Investment losses - includes losses associated with non-marketable equity investments. We believe these amounts are non-cash in nature and not correlated to future business operations and including such amounts does not reflect our ongoing operations.

Other - primarily includes transaction expenses incurred as part of our Credit Agreement Amendments in the second, third and fourth fiscal quarters of 2017. We believe these amounts are not correlated to future business operations and including such charges does not reflect our ongoing operations.

Tax Effect of Non-GAAP Adjustments - adjustments to arrive at an estimate of our Adjusted Non-GAAP tax rate associated with our Adjusted Non-GAAP income over a period of time. We determine our Adjusted Non-GAAP income tax rate by using applicable rates in taxing jurisdictions and assessing certain factors including our historical and forecast earnings by jurisdiction, discrete items, cash taxes paid in relation to our Adjusted Non-GAAP Net Income before income taxes and our ability to realize tax assets. We generally assess this Adjusted Non-GAAP income tax rate quarterly and have utilized 12% for our first fiscal quarter of 2017, 10% for our second, third and fourth fiscal quarters of 2017 and 8% for our first and second fiscal quarters of 2018. Our historical effective income tax rate under GAAP has varied significantly from our Adjusted Non-GAAP income tax rate. Items that have historically resulted in significant difference between our effective income tax rate under GAAP and our Adjusted Non-GAAP income tax rate include changes in fair values of the common stock warrant liability, which is excluded from our Adjusted Non-GAAP net Income and is neither deductible nor taxable for tax purposes, income taxed in foreign jurisdictions at generally lower tax rates, non-deductible compensation, research and development tax credits and merger expenses, as well as the establishment of a valuation allowance against our U.S. deferred tax assets during the three months ended March 31, 2017. We believe it is beneficial for our management to review our Adjusted Non-GAAP income tax rate on a consistent basis over periods of time. Items such as those noted above may have a significant impact on our U.S. GAAP income tax expense and associated effective tax rate over time. Our Adjusted Non-GAAP income tax rate is an estimate, and may differ from our effective income tax rate determined under GAAP.

Adjusted EBITDA - is a calculation that adds depreciation expense and consulting agreement income to our Adjusted Non-GAAP Income from Operations. Adjusted EBITDA is a measure that management reviews and utilizes for operational analysis purposes. We believe competitors and others in the financial industry utilize this Non-GAAP measure for analysis purposes.

Free Cash Flow - is a calculation that starts with cash flow from operating activities, reduces this amount by our capital expenditures in the applicable period and adds AppliedMicro transaction related payments. Free Cash Flow is a measure that management reviews and utilizes for cash flow analysis purposes. We believe competitors and others in the financial industry utilize this Non-GAAP measure for analyzing a company's cash flow.

* * *

Company Contact:

MACOM Technology Solutions Holdings, Inc.

Stephen Ferranti

Vice President of Investor Relations

P: 978-656-2977

E: stephen.ferranti@macom.com

Investor Relations Contact:

Shelton Group

Leanne K. Sievers

EVP, Investor Relations

P: 949-224-3874

E: lsievers@sheltongroup.com

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share data)

	Three Months Ended			Six Months Ended	
	March 30, 2018	December 29, 2017	March 31, 2017	March 30, 2018	March 31, 2017
Revenue	\$ 150,414	\$ 130,925	\$ 186,084	\$ 281,338	\$ 337,836
Cost of revenue	84,813	69,971	117,220	154,784	190,477
Gross profit	65,601	60,954	68,864	126,554	147,359
Operating expenses:					
Research and development	41,596	41,651	39,685	83,246	69,859
Selling, general and administrative	39,287	37,634	62,327	76,922	98,822
Impairment charges	6,575	—	—	6,575	—
Restructuring charges	1,539	4,662	469	6,200	1,757
Total operating expenses	88,997	83,947	102,481	172,943	170,438
Loss from operations	(23,396)	(22,993)	(33,617)	(46,389)	(23,079)
Other income (expense):					
Warrant liability gain (expense)	17,015	14,608	(2,573)	31,624	(7,395)
Interest expense, net	(7,970)	(7,239)	(7,374)	(15,209)	(14,724)
Other (expense) income, net	(4,139)	7	(898)	(4,133)	(903)
Total other income (expense)	4,906	7,376	(10,845)	12,282	(23,022)
Loss before income taxes	(18,490)	(15,617)	(44,462)	(34,107)	(46,101)
Income tax (benefit) expense	(3,024)	1,353	89,805	(1,671)	90,337
Loss from continuing operations	(15,466)	(16,970)	(134,267)	(32,436)	(136,438)
(Loss) income from discontinued operations	(18)	(5,599)	4,136	(5,617)	5,342
Net loss	\$ (15,484)	\$ (22,569)	\$ (130,131)	\$ (38,053)	\$ (131,096)
Net (loss) income per share:					
Basic:					
Loss from continuing operations	\$ (0.24)	\$ (0.26)	\$ (2.21)	\$ (0.50)	\$ (2.38)
(Loss) income from discontinued operations	0.00	(0.09)	0.07	(0.09)	0.09
Loss per share - basic	\$ (0.24)	\$ (0.35)	\$ (2.14)	\$ (0.59)	\$ (2.29)
Diluted:					
Loss from continuing operations	\$ (0.50)	\$ (0.49)	\$ (2.21)	\$ (0.98)	\$ (2.38)
(Loss) income from discontinued operations	0.00	(0.09)	0.07	(0.09)	0.09
Loss per share - diluted	\$ (0.50)	\$ (0.57)	\$ (2.14)	\$ (1.07)	\$ (2.29)
Shares - Basic	64,549	64,325	60,813	64,437	57,276
Shares - Diluted	65,132	65,109	60,813	65,120	57,276

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in thousands)

	March 30, 2018	September 29, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 162,695	\$ 130,104
Short term investments	27,396	84,121
Accounts receivable, net	107,093	136,096
Inventories	143,897	136,074
Income tax receivable	18,970	18,493
Assets held for sale, current	—	35,571
Prepays and other current assets	15,158	22,438
Total current assets	475,209	562,897
Property and equipment, net	138,542	131,019
Goodwill and intangible assets, net	901,129	934,857
Deferred income taxes	1,713	948
Other investments	37,415	—
Other long-term assets	7,162	7,402
TOTAL ASSETS	\$ 1,561,170	\$ 1,637,123
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of lease payable	\$ 804	\$ 815
Current portion of long-term debt obligations	6,885	6,885
Liabilities held for sale	—	2,144
Accounts payable, accrued liabilities and other	80,898	107,275
Total current liabilities	88,587	117,119
Lease payable, less current portion	23,586	17,275
Long-term debt obligations, less current portion	659,921	661,471
Common stock warrant liability	9,151	40,775
Deferred income taxes	15,975	15,172
Other long-term liabilities	5,684	7,937
Total liabilities	802,904	859,749
Stockholders' equity	758,266	777,374
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,561,170	\$ 1,637,123

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and in thousands)

	Six Months Ended	
	March 30, 2018	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (38,053)	\$ (131,096)
Depreciation and amortization	54,439	40,097
Share based compensation	15,342	17,731
Warrant liability (gain) expense	(31,624)	7,395
Acquired inventory step-up amortization	224	31,373
Gain from discontinued operations	—	(21,770)
Deferred income taxes	(573)	86,123
Loss on minority equity investment	4,085	—
Impairment of assets	9,143	—
Other adjustments to reconcile loss to net operating cash	(2,860)	7,134
Inventories	(9,240)	458
Accounts receivable	28,992	(10,879)
Change in other operating assets and liabilities	(18,719)	(5,727)
Net cash provided by operating activities	11,156	20,839
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of businesses, net	—	(229,423)
Sales, purchases and maturities of investments	56,241	(7,939)
Purchases of other investments	(5,000)	—
Payments associated with discontinued operations	(263)	21,985
Purchases of property and equipment	(26,580)	(16,295)
Net cash provided by (used in) investing activities	24,398	(231,672)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from corporate facility financing obligation	1,081	4,250
Payments of notes payable and assumed debt	(3,847)	(3,644)
Proceeds from stock option exercises and employee stock purchases	3,252	2,688
Repurchase of common stock	(3,846)	(10,027)
Other adjustments	—	(2,517)
Net cash used in financing activities	(3,360)	(9,250)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	397	(279)
NET CHANGE IN CASH AND CASH EQUIVALENTS	32,591	(220,362)
CASH AND CASH EQUIVALENTS — Beginning of period	130,104	332,977
CASH AND CASH EQUIVALENTS — End of period	\$ 162,695	\$ 112,615
Supplemental disclosure of non-cash activities		
Issuance of common stock in connection with the AppliedMicro Acquisition	—	465,082

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(unaudited and in thousands, except per share data)

	Three Months Ended						Six Months Ended			
	March 30, 2018		December 29, 2017		March 31, 2017		March 30, 2018		March 31, 2017	
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Gross profit - GAAP	\$ 65,601	43.6	\$ 60,954	46.6	\$ 68,864	37.0	\$ 126,554	45.0	\$ 147,359	43.6
Amortization expense	8,173	5.4	8,146	6.2	7,277	3.9	16,320	5.8	13,279	3.9
Share-based and non-cash compensation	952	0.6	927	0.7	966	0.5	1,879	0.7	1,760	0.5
Impairment related charges	2,568	1.7	—	—	—	—	2,568	0.9	—	—
Acquisition, integration and restructuring related costs	358	0.2	338	0.3	31,793	17.1	697	0.2	33,359	9.9
Adjusted gross profit (Non-GAAP)	\$ 77,652	51.6	\$ 70,365	53.7	\$ 108,900	58.5	\$ 148,018	52.6	\$ 195,757	57.9

	Three Months Ended						Six Months Ended			
	March 30, 2018		December 29, 2017		March 31, 2017		March 30, 2018		March 31, 2017	
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Operating expenses - GAAP	88,997	59.2	83,947	64.1	102,481	55.1	172,943	61.5	170,438	50.4
Amortization expense	(11,753)	(7.8)	(10,993)	(8.4)	(7,163)	(3.8)	(22,746)	(8.1)	(13,630)	(4.0)
Share-based and non-cash compensation	(3,683)	(2.4)	(8,289)	(6.3)	(11,260)	(6.1)	(11,972)	(4.3)	(20,551)	(6.1)
Impairment and restructuring charges	(8,114)	(5.4)	(4,661)	(3.6)	(469)	(0.3)	(12,775)	(4.5)	(1,757)	(0.5)
Litigation costs	(781)	(0.5)	(746)	(0.6)	(780)	(0.4)	(1,527)	(0.5)	(1,041)	(0.3)
Acquisition, integration and restructuring related costs	(2,753)	(1.8)	(2,315)	(1.8)	(22,334)	(12.0)	(5,069)	(1.8)	(27,102)	(8.0)
Other	—	—	—	—	(183)	(0.1)	—	—	(184)	(0.1)
Adjusted operating expenses (Non-GAAP)	61,913	41.2	56,943	43.5	60,292	32.4	118,854	42.2	106,173	31.4

	Three Months Ended						Six Months Ended			
	March 30, 2018		December 29, 2017		March 31, 2017		March 30, 2018		March 31, 2017	
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Loss from operations - GAAP	\$ (23,396)	(15.6)	\$ (22,993)	(17.6)	\$ (33,617)	(18.1)	\$ (46,389)	(16.5)	\$ (23,079)	(6.8)
Amortization expense	19,926	13.2	19,139	14.6	14,440	7.8	39,065	13.9	26,909	8.0
Share-based and non-cash compensation	4,635	3.1	9,215	7.0	12,226	6.6	13,851	4.9	22,311	6.6
Impairment and restructuring charges	10,681	7.1	4,661	3.6	469	0.3	15,343	5.5	1,757	0.5
Litigation costs	781	0.5	746	0.6	780	0.4	1,527	0.5	1,041	0.3
Acquisition, integration and restructuring related costs	3,112	2.1	2,653	2.0	54,127	29.1	5,765	2.0	60,441	17.9
Other	—	—	—	—	183	0.1	—	—	184	0.1
Adjusted income from operations (Non-GAAP)	\$ 15,739	10.5	\$ 13,421	10.3	\$ 48,608	26.1	\$ 29,162	10.4	\$ 89,564	26.5
Depreciation expense	7,622	5.1	7,466	5.7	6,173	3.3	15,088	5.4	11,708	3.5
Consulting income	—	—	—	—	1,875	1.0	—	—	3,717	1.1
Adjusted EBITDA (Non-GAAP)	\$ 23,361	15.5	\$ 20,887	16.0	\$ 56,656	30.4	\$ 44,250	15.7	\$ 104,989	31.1

	Three Months Ended						Six Months Ended			
	March 30, 2018		December 29, 2017		March 31, 2017		March 30, 2018		March 31, 2017	
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Net loss - GAAP	\$ (15,484)	(10.3)	\$ (22,569)	(17.2)	\$ (130,131)	(69.9)	\$ (38,053)	(13.5)	\$ (131,096)	(38.8)
Amortization expense	19,926	13.2	19,139	14.6	14,440	7.8	39,065	13.9	26,909	8.0
Share-based and non-cash compensation	4,635	3.1	9,215	7.0	12,226	6.6	13,851	4.9	22,311	6.6
Impairment and restructuring charges	10,681	7.1	4,661	3.6	469	0.3	15,343	5.5	1,757	0.5
Warrant liability (gain) expense	(17,015)	(11.3)	(14,608)	(11.2)	2,573	1.4	(31,624)	(11.2)	7,395	2.2
Non-cash interest, net	1,508	1.0	1,028	0.8	721	0.4	2,536	0.9	1,424	0.4
Litigation costs	781	0.5	746	0.6	780	0.4	1,527	0.5	1,041	0.3
Acquisition, integration and restructuring related costs	3,112	2.1	2,653	2.0	54,127	29.1	5,765	2.0	60,441	17.9
Discontinued operations, excluding consulting income	18	—	5,599	4.3	(2,261)	(1.2)	5,617	2.0	(1,592)	(0.5)
Equity investment losses	4,085	2.7	—	—	—	—	4,085	1.5	—	—
Other	—	—	—	—	1,055	0.6	—	—	1,055	0.3
Tax effect of non-GAAP adjustments	(3,762)	(2.5)	775	0.6	85,424	45.9	(2,986)	(1.1)	81,615	24.2
Adjusted net income (Non-GAAP)	\$ 8,485	5.6	\$ 6,639	5.1	\$ 39,423	21.2	\$ 15,126	5.4	\$ 71,260	21.1

	Three Months Ended						Six Months Ended			
	March 30, 2018		December 29, 2017		March 31, 2017		March 30, 2018		March 31, 2017	
	Net Income (Loss)	Income (loss) per diluted share	Net Income (Loss)	Income (loss) per diluted share	Net Income (Loss)	Income (loss) per diluted share	Net Income (Loss)	Income (loss) per diluted share	Net Income (Loss)	Income (loss) per diluted share
Net loss - GAAP	\$ (15,484)		\$ (22,569)		(130,131)		(38,053)		(131,096)	
Warrant liability gain	(17,015)		(14,608)		—		(31,624)		—	
Net loss - diluted	\$ (32,499)	\$ (0.50)	\$ (37,177)	\$ (0.57)	\$ (130,131)	\$ (2.14)	\$ (69,677)	\$ (1.07)	\$ (131,096)	\$ (2.29)
Adjusted (Non-GAAP)	\$ 8,485	\$ 0.13	\$ 6,639	\$ 0.10	\$ 39,423	\$ 0.63	\$ 15,126	\$ 0.23	\$ 71,260	\$ 1.20

	Three Months Ended			Six Months Ended	
	March 30, 2018	December 29, 2017	March 31, 2017	March 30, 2018	March 31, 2017
	Shares	Shares	Shares	Shares	Shares
Diluted shares - GAAP	65,132	65,109	60,813	65,120	57,276
Incremental shares	478	500	2,031	489	1,953
Adjusted diluted shares (Non-GAAP)	65,610	65,609	62,844	65,609	59,229

	Three Months Ended						Six Months Ended			
	March 30, 2018		December 29, 2017		March 31, 2017		March 30, 2018		March 31, 2017	
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Interest expense, net - GAAP	\$ 7,970	5.3	\$ 7,239	5.5	\$ 7,374	4.0	\$ 15,209	5.4	\$ 14,724	4.4
Non-cash interest expense	(1,508)	(1.0)	(1,028)	(0.8)	(721)	(0.4)	(2,536)	(0.9)	(1,423)	(0.4)
Adjusted Interest Expense (Non-GAAP)	\$ 6,462	4.3	\$ 6,211	4.7	\$ 6,653	3.6	\$ 12,673	4.5	\$ 13,301	3.9

	Three Months Ended						Six Months Ended			
	March 30, 2018		December 29, 2017		March 31, 2017		March 30, 2018		March 31, 2017	
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Cash flow from operations	\$ 10,621	7.1	\$ 534	0.4	\$ 432	0.2	\$ 11,156	4.0	\$ 20,839	6.2
Capital expenditures	(12,756)	(8.5)	(13,823)	(10.6)	(11,353)	(6.1)	(26,580)	(9.4)	(16,295)	(4.8)
AppliedMicro transaction related payments	—	—	4,015	3.1	28,114	15.1	4,015	1.4	28,114	8.3
Free cash flow (Non-GAAP)	\$ (2,135)	(1.4)	\$ (9,274)	(7.1)	\$ 17,193	9.2	\$ (11,409)	(4.1)	\$ 32,658	9.7
Free cash flow as a percentage of adjusted net income	(25)%		(140)%		44%		(75)%		46%	

	Three Months Ended		
	March 30, 2018		
	Reported	LR4 Impact	Pro Forma
Revenue	\$150,414	\$12,389	\$138,025
Adjusted gross profit (Non-GAAP)	77,652	3,575	74,077
as a % of Revenue	51.6%	28.9%	53.7%
Adjusted net income (Non-GAAP)	8,485	2,645	5,840
Adjusted diluted EPS (Non-GAAP)	0.13	0.04	0.09