**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: September 6, 2018**

**(Date of earliest event reported)**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**MARVELL TECHNOLOGY GROUP LTD.**

**(Exact name of registrant as specified in its charter)**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| **Bermuda** | **0-30877** | **77-0481679** |
| **(State or other jurisdiction of** | **(Commission File Number)** | **(IRS Employer Identification No.)** |
| **incorporation)** |  |  |
|  | **Canon’s Court** |  |
|  | **22 Victoria Street** |  |
|  | **Hamilton HM 12** |  |
|  | **Bermuda** |  |
|  | **(Address of principal executive offices, including Zip Code)** |  |
|  | **(441) 296-6395** |  |
|  | **(Registrant’s telephone number, including area code)** |  |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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.**

*The information in Item 2.02 of this Current Report, including the accompanying Exhibit 99.1, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of Section 18. The information in Item 2.02 of this Current Report shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language contained in such filing.*

On September 6, 2018, Marvell Technology Group Ltd. (“Marvell”) issued a press release reporting its financial results for the second quarter of fiscal 2019 ended August 4, 2018. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated by reference herein.

Marvell will conduct a conference call on Thursday, September 6, 2018 at 1:45 p.m. Pacific Time to discuss results for the second quarter of fiscal 2019. Interested parties may join the conference call by dialing 1-844-647-5488 or 1-615-247-0258, pass-code **5196554**. The call will be webcast by Thomson Reuters and can be accessed at the Marvell Investor Relations website at http://investor.marvell.com/ with a replay available following the call until Friday, September 14, 2018.

**Item 9.01** **Financial Statements and Exhibits.**

(d) Exhibits.

99.1 [Press Release dated September 6, 2018, titled “Marvell Technology Group Ltd. Reports Second Quarter of Fiscal Year 2019](#page4) [Financial Results”](#page4)

**SIGNATURE**

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

MARVELL TECHNOLOGY GROUP LTD.

Date: September 6, 2018 By: /s/ JEAN HU



**Jean Hu**

***Chief Financial Officer***

**Exhibit 99.1**



**Marvell Technology Group Ltd. Reports Second Quarter of Fiscal Year 2019**

**Financial Results**

**Santa Clara, Calif. (September 6, 2018)** - Marvell Technology Group Ltd. (NASDAQ: MRVL), a leader in infrastructure semiconductor solutions, todayreported financial results for the second fiscal quarter of fiscal year 2019.

Marvell completed the acquisition of Cavium Inc. (“Cavium”) on July 6, 2018 (“the acquisition date”), approximately four weeks before the end of the second quarter of fiscal year 2019. Marvell's results for the second quarter of fiscal 2019 include the results of Cavium from the acquisition date, while the prior periods presented do not.

Financial highlights presented below are for the combined company and Marvell stand-alone (excluding Cavium results) for the second quarter of fiscal year 2019 (in thousands, except percentages and per share amounts). We are providing the Marvell stand-alone non-GAAP results on a one time basis this quarter in light of the fact that our previously provided financial outlook for the second quarter excluded any impact of the Cavium acquisition.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | |  |  |  |
|  |  |  |  |  | **August 4, 2018** | |  |  |  |
|  |  | **Combined GAAP** |  |  | **Combined Non-** | | **Marvell Stand-alone** | |  |
|  |  |  |  | **GAAP** |  |  | **Non-GAAP** |  |
| Net revenue | $ | 665,310 | $ | | 665,310 |  | $ | 623,963 |  |
|  |  |  |  |  |  |  |  |  |  |
| Gross margin |  | 56.7 % |  |  | 63.7% |  |  | 63.5% |  |
|  |  |  |  |  |  |  |  |  |  |
| Operating margin |  | (1.2)% |  |  | 26.7% |  |  | 30.1% |  |
|  |  |  |  |  |  |  |  |  |  |
| Net income | $ | 6,759 | $ | | 161,961 |  | $ | 183,349 |  |
|  |  |  |  |  |  |  |  |  |  |
| Diluted net income per share | $ | 0.01 | $ | | 0.28 |  | $ | 0.35 |  |
|  |  |  |  |  |  |  |  |  |  |

The financial outlook for the third quarter of fiscal year 2019 includes expected results of Cavium for the full quarter.

Revenue for the second quarter of fiscal 2019 was $665 million.

GAAP net income from continuing operations for the second quarter of fiscal 2019 was $7 million, or $0.01 per diluted share. Non-GAAP net income from continuing operations for the second quarter of fiscal 2019 was $162 million, or $0.28 per diluted share. Cash flow from operations for the second quarter was $62 million.

“Marvell standalone delivered strong second-quarter financial results. We achieved our operating margin target 18 months ahead of plan,” said Matt Murphy, Marvell's President and Chief Executive Officer. “During the quarter, we also took another major step in our transformation by closing the acquisition of Cavium, on schedule with our original plan. Our combined talent and portfolio now positions Marvell to lead some of the most exciting trends driving growth in the infrastructure market, including Cloud and Edge computing, 5G and automotive.”

**Third Quarter of Fiscal 2019 Financial Outlook**

* Revenue is expected to be $825 million to $865 million.
* GAAP gross margin is expected to be in the range of 44% to 45%.
* Non-GAAP gross margin is expected to be in the range of 64% to 65%.
* GAAP operating expenses are expected to be $390 million to $400 million.
* Non-GAAP operating expenses are expected to be $300 million to $305 million.
* GAAP diluted EPS from continuing operations is expected to be in the range of $(0.08) to $(0.04) per share.
* Non-GAAP diluted EPS from continuing operations is expected to be in the range of $0.30 to $0.34 per share.

**Conference Call**

Marvell will conduct a conference call on Thursday, September 6, 2018 at 1:45 p.m. Pacific Time to discuss results for the second quarter of fiscal 2019. Interested parties may join the conference call by dialing 1-844-647-5488 or 1-615-247-0258, pass-code 5196554. The call will be webcast by Thomson Reuters and can be accessed at the Marvell Investor Relations website at http://investor.marvell.com/ with a replay available following the call until Friday, September 14, 2018.

**Discussion of Non-GAAP Financial Measures**

Non-GAAP financial measures exclude the effect of share-based compensation expense, amortization of the inventory fair value step up, amortization and write-off of acquired intangible assets, acquisition-related costs, restructuring and other related charges, litigation settlement, and certain expenses and benefits that are driven primarily by discrete events that management does not consider to be directly related to Marvell’s core business.

Marvell uses a non-GAAP tax rate to compute the non-GAAP tax provision. This non-GAAP tax rate is based on Marvell's estimated annual GAAP income tax forecast, adjusted to account for items excluded from GAAP income in calculating Marvell's non-GAAP income, as well as the effects of significant non-recurring and period specific tax items which vary in size and frequency. Marvell's non-GAAP tax rate is determined on an annual basis and may be adjusted during the year to take into account events that may materially affect the non-GAAP tax rate such as tax law changes; significant changes in Marvell's geographic mix of revenue and expenses; or changes to Marvell's corporate structure. For the second quarter of fiscal 2019, a non-GAAP tax rate of 4% has been applied to the non-GAAP financial results.

Non-GAAP diluted net income per share from continuing operations is calculated by dividing non-GAAP net income from continuing operations by non-GAAP weighted average shares outstanding (diluted). For purposes of calculating non-GAAP diluted net income per share, the GAAP weighted average shares outstanding (diluted) is adjusted to exclude the potential benefits of share-based compensation expected to be incurred in future periods but not yet recognized in the financial statements. The expected compensation costs are treated as additional proceeds assumed to be used to repurchase shares under the GAAP treasury stock method.

Marvell believes that the presentation of non-GAAP financial measures provide important supplemental information to management and investors regarding financial and business trends relating to Marvell’s financial condition and results of operations. While Marvell uses non-GAAP financial measures as a tool to enhance its understanding of certain aspects of its financial performance, Marvell does not consider these measures to be a substitute for, or superior to, financial measures calculated in accordance with GAAP. Consistent with this approach, Marvell believes that disclosing non-GAAP financial measures to the readers of its financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial measures, allows for greater transparency in the review of its financial and operational performance.

Externally, management believes that investors may find Marvell’s non-GAAP financial measures useful in their assessment of Marvell’s operating performance and the valuation of Marvell. Internally, Marvell’s non-GAAP financial measures are used in the following areas:

* Management’s evaluation of Marvell’s operating performance;
* Management’s establishment of internal operating budgets;
* Management’s performance comparisons with internal forecasts and targeted business models; and
* Management’s determination of the achievement and measurement of certain performance-based equity awards (adjustments may vary from award to award).

Non-GAAP financial measures have limitations in that they do not reflect all of the costs associated with the operations of Marvell’s business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of Marvell’s results as reported under GAAP. Marvell expects to continue to incur expenses similar to the non-GAAP adjustments described above, and exclusion of these items from Marvell’s non-GAAP net income should not be construed as an inference that these costs are unusual, infrequent or non-recurring.

Marvell stand-alone non-GAAP results represent combined non-GAAP results after excluding Cavium results for the portion of the second quarter falling after the acquisition date. We are providing the Marvell stand-alone non-GAAP results on a one time basis for the second quarter of fiscal 2019 in light of the fact that our previously provided financial outlook for the second quarter excluded any impact of the Cavium acquisition.

**Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995**

This press release contains forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties, including: the impact on future performance of Marvell’s newly announced products; Marvell’s expectations regarding its second quarter of fiscal 2019 financial outlook; and Marvell’s use of non-GAAP financial measures as important supplemental information. Words such as “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “seeks,” “estimates,” “can,” “may,” “will,” “would” and similar expressions identify such forward-looking statements. These statements are not guarantees of results and should not be considered as an indication of future activity or future performance. Actual events or results may differ materially from those described in this press release due to a number of risks and uncertainties, including, but not limited to: the effect of the announcement or pendency of the consummation of our acquisition of Cavium on the combined company's business relationships, operating results, and business generally; potential difficulties in Cavium employee retention as a result of the transaction; the ability of Marvell to successfully integrate Cavium’s operations and product lines; the ability of Marvell to implement its plans, forecasts, and other expectations with respect to Cavium’s business and realize the anticipated synergies and cost savings in the time frame anticipated or at all, and identify and realize additional opportunities; the risk of downturns in the highly cyclical semiconductor industry; Marvell’s dependence upon the storage and networking markets, which are highly cyclical and intensely competitive; the outcome of pending or future litigation and legal and regulatory proceedings; Marvell’s dependence on a small number of customers; severe financial hardship or bankruptcy of one or more of Marvell’s major customers; Marvell’s ability and the ability of its customers to successfully compete in the markets in which it serves; Marvell’s reliance on independent foundries and subcontractors for the manufacture, assembly and testing of its products; Marvell’s ability and its customers’ ability to develop new and enhanced products and the adoption of those products in the market; decreases in gross margin and results of operations in the future due to a number of factors; Marvell’s ability to estimate customer demand and future sales accurately; Marvell’s ability to scale its operations in response to changes in demand for existing or new products and services; the impact of international conflict and continued economic volatility in either domestic or foreign markets; the effects of transitioning to smaller geometry process technologies; the risks associated with manufacturing and selling a majority of products and customers’ products outside of the United States; risks associated with acquisition and consolidation activity in the semiconductor industry; the impact of any change in the income tax laws in jurisdictions where Marvell operates and the loss of any beneficial tax treatment that Marvell currently enjoys; the effects of any potential acquisitions or investments; Marvell’s ability to protect its intellectual property; the impact and costs associated with changes in international financial and regulatory conditions; Marvell’s maintenance of an effective system of internal controls; and other risks detailed in Marvell’s SEC filings from time to time. For other factors that could cause Marvell’s results to vary from expectations, please see the risk factors identified in Marvell’s Annual Report on Form 10-K for the fiscal year ended February 3, 2018 as filed with the SEC on March 29, 2018, and other factors detailed from time to time in Marvell’s filings with the SEC. Marvell undertakes no obligation to revise or update publicly any forward-looking statements.

**About Marvell**

Marvell first revolutionized the digital storage industry by moving information at speeds never thought possible. Today, that same breakthrough innovation remains at the heart of the Company’s storage, networking and connectivity solutions. With leading intellectual property and deep system-level knowledge, Marvell’s semiconductor solutions continue to transform the enterprise, cloud, automotive, industrial, and consumer markets. To learn more, visit: www.marvell.com.

*Marvell® and the Marvell logo are registered trademarks of Marvell and/or its affiliates.*

**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Operations (Unaudited)**

**(In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | |  |  |  |  | **Six Months Ended** | | | |  |
|  |  | **August 4, 2018** |  |  | **May 5,** | |  | **July 29, 2017** |  |  | **August 4, 2018** |  |  | **July 29,** |  |
|  |  |  |  | **2018** |  |  |  |  | **2017** |  |
| Net revenue | $ | 665,310 | $ | | 604,631 |  | $ | 604,750 |  | $ | 1,269,941 |  | $ | 1,177,459 |  |
| Cost of goods sold |  | 288,200 |  |  | 228,938 |  |  | 239,572 |  |  | 517,138 |  |  | 466,770 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit |  | 377,110 |  |  | 375,693 |  |  | 365,178 |  |  | 752,803 |  |  | 710,689 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Research and development |  | 216,285 |  |  | 176,734 |  |  | 180,871 |  |  | 393,019 |  |  | 368,967 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Selling, general and administrative |  | 133,701 |  |  | 72,313 |  |  | 55,659 |  |  | 206,014 |  |  | 110,763 |  |
| Restructuring related charges |  | 35,415 |  |  | 1,567 |  |  | 4,285 |  |  | 36,982 |  |  | 5,171 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total operating expenses |  | 385,401 |  |  | 250,614 |  |  | 240,815 |  |  | 636,015 |  |  | 484,901 |  |
| Operating income from continuing operations |  | (8,291) |  |  | 125,079 |  |  | 124,363 |  |  | 116,788 |  |  | 225,788 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  | 3,575 |  |  | 6,069 |  |  | 3,830 |  |  | 9,644 |  |  | 7,342 |  |
| Interest expense |  | (15,795) |  |  | (244) |  |  | (80) |  |  | (16,039) |  |  | (131) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income (loss), net |  | (2,701) |  |  | 1,471 |  |  | 3,438 |  |  | (1,230) |  |  | 3,310 |  |
| Interest and other income (loss), net |  | (14,921) |  |  | 7,296 |  |  | 7,188 |  |  | (7,625) |  |  | 10,521 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from continuing operations before income taxes |  | (23,212) |  |  | 132,375 |  |  | 131,551 |  |  | 109,163 |  |  | 236,309 |  |
| Provision (benefit) for income taxes |  | (29,971) |  |  | 3,763 |  |  | (3,899) |  |  | (26,208) |  |  | 1,267 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from continuing operations, net of tax |  | 6,759 |  |  | 128,612 |  |  | 135,450 |  |  | 135,371 |  |  | 235,042 |  |
| Income from discontinued operations, net of tax |  | — |  |  | — |  |  | 29,809 |  |  | — |  |  | 36,838 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income | $ | 6,759 | $ | | 128,612 |  | $ | 165,259 |  | $ | 135,371 |  | $ | 271,880 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income per share — Basic: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Continuing operations | $ | 0.01 | $ | | 0.26 |  | $ | 0.27 |  | $ | 0.26 |  | $ | 0.47 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Discontinued operations | $ | — | $ | | — | | $ | 0.06 |  | $ | — | | $ | 0.07 |  |
| Net income per share - Basic |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 0.01 | $ | | 0.26 |  | $ | 0.33 |  | $ | 0.26 |  | $ | 0.54 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income per share — Diluted: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Continuing operations | $ | 0.01 | $ | | 0.25 |  | $ | 0.26 |  | $ | 0.25 |  | $ | 0.46 |  |
| Discontinued operations |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | — | $ | | — | | $ | 0.06 |  | $ | — | | $ | 0.07 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income per share - Diluted | $ | 0.01 | $ | | 0.25 |  | $ | 0.32 |  | $ | 0.25 |  | $ | 0.53 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average shares: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | 552,238 |  |  | 497,335 |  |  | 500,817 |  |  | 524,787 |  |  | 502,303 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Diluted |  | 562,149 |  |  | 508,716 |  |  | 510,309 |  |  | 535,433 |  |  | 513,951 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Condensed Consolidated Balance Sheets (Unaudited)**

**(In thousands)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **August 4,** | |  | **February 3,** |
|  |  | **2018** |  |  | **2018** |
| **Assets** |  |  |  |  |  |
| Current assets: |  |  |  |  |  |
|  |  |  |  |  |  |
| Cash and cash equivalents | $ | 498,659 |  | $ | 888,482 |
| Short-term investments |  | 25,000 |  |  | 952,790 |
|  |  |  |  |  |  |
| Accounts receivable, net |  | 443,276 |  |  | 280,395 |
| Inventories |  | 473,429 |  |  | 170,039 |
|  |  |  |  |  |  |
| Prepaid expenses and other current assets |  | 72,388 |  |  | 41,482 |
| Assets held for sale |  | 31,182 |  |  | 30,767 |
|  |  |  |  |  |  |
| Total current assets |  | 1,543,934 |  |  | 2,363,955 |
| Property and equipment, net |  | 327,645 |  |  | 202,222 |
|  |  |  |  |  |  |
| Goodwill |  | 5,497,608 |  |  | 1,993,310 |
| Acquired intangible assets, net |  | 2,718,061 |  |  | — |
|  |  |  |  |  |  |
| Other non-current assets |  | 275,598 |  |  | 148,800 |
| Total assets | $ | 10,362,846 |  | $ | 4,708,287 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Liabilities and Shareholders’ Equity** |  |  |  |  |  |
|  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |
| Accounts payable | $ | 196,297 |  | $ | 145,236 |
|  |  |  |  |  |  |
| Accrued liabilities |  | 277,098 |  |  | 86,958 |
| Accrued employee compensation |  | 127,381 |  |  | 127,711 |
|  |  |  |  |  |  |
| Deferred income |  | 3,511 |  |  | 61,237 |
| Liabilities held for sale |  | 3,935 |  |  | — |
|  |  |  |  |  |  |
| Total current liabilities |  | 608,222 |  |  | 421,142 |
| Long-term debt |  | 1,878,617 |  |  | — |
|  |  |  |  |  |  |
| Non-current income taxes payable |  | 52,438 |  |  | 56,976 |
| Deferred tax liabilities |  | 114,312 |  |  | 52,204 |
|  |  |  |  |  |  |
| Other non-current liabilities |  | 44,191 |  |  | 36,552 |
| Total liabilities |  | 2,697,780 |  |  | 566,874 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Shareholders’ equity: |  |  |  |  |  |
|  |  |  |  |  |  |
| Common stock |  | 1,316 |  |  | 991 |
| Additional paid-in capital |  | 6,153,890 |  |  | 2,733,292 |
|  |  |  |  |  |  |
| Accumulated other comprehensive loss |  | — | |  | (2,322) |
| Retained earnings |  | 1,509,860 |  |  | 1,409,452 |
|  |  |  |  |  |  |
| Total shareholders’ equity |  | 7,665,066 |  |  | 4,141,413 |
| Total liabilities and shareholders’ equity | $ | 10,362,846 |  | $ | 4,708,287 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Condensed Consolidated Statements of Cash Flows (Unaudited)**

**(In thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | |  |  | **Six Months Ended** | | | |  |
|  |  | **August 4, 2018** | |  | **July 29,** | |  | **August 4, 2018** | |  | **July 29,** |  |
|  |  |  | **2017** |  |  |  | **2017** |  |
| **Cash flows from operating activities:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income | $ | 6,759 |  | $ | 165,259 |  | $ | 135,371 |  | $ | 271,880 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adjustments to reconcile net income to net cash provided by operating |  |  |  |  |  |  |  |  |  |  |  |  |
| activities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  | 26,754 |  |  | 20,444 |  |  | 47,097 |  |  | 41,186 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Share-based compensation |  | 59,392 |  |  | 22,422 |  |  | 83,244 |  |  | 46,439 |  |
| Amortization and write-off of acquired intangible assets |  | 25,939 |  |  | 1,065 |  |  | 25,939 |  |  | 2,136 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of inventory fair value adjustment associated with |  |  |  |  |  |  |  |  |  |  |  |  |
| acquisition of Cavium |  | 22,933 |  |  | — | |  | 22,933 |  |  | — |  |
| Amortization of deferred debt issuance costs and debt discounts |  | 7,073 |  |  | — | |  | 7,073 |  |  | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Restructuring related impairment charges (gain) |  | 1,993 |  |  | 70 |  |  | 1,993 |  |  | (446) |  |
| Gain from investment in privately-held company |  | — | |  | (750) |  |  | (1,100) |  |  | (750) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of premium /discount on available-for-sale securities |  | (537) |  |  | 597 |  |  | 624 |  |  | 803 |  |
| Other non-cash expense (income), net |  | 3,414 |  |  | (1,398) |  |  | 4,227 |  |  | (1,423) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Deferred income taxes |  | (22,238) |  |  | 2,008 |  |  | (21,414) |  |  | 2,791 |  |
| Gain on sale of property and equipment |  | (137) |  |  | (341) |  |  | (120) |  |  | (283) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gain on sale of discontinued operations |  | — | |  | (34,032) |  |  | — | |  | (42,187) |  |
| Gain on sale of business |  | — | |  | (5,254) |  |  | — | |  | (5,254) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Changes in assets and liabilities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable |  | (1,356) |  |  | (14,550) |  |  | (48,749) |  |  | (36,313) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Inventories |  | 4,186 |  |  | (3,170) |  |  | 6,866 |  |  | (14,712) |  |
| Prepaid expenses and other assets |  | (5,396) |  |  | 2,460 |  |  | (19,504) |  |  | 7,854 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts payable |  | (15,015) |  |  | (27,455) |  |  | (271) |  |  | 3,968 |  |
| Accrued liabilities and other non-current liabilities |  | (32,468) |  |  | (21,793) |  |  | (11,232) |  |  | (33,418) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accrued employee compensation |  | (19,429) |  |  | (846) |  |  | (41,539) |  |  | (8,375) |  |
| Deferred income |  | 68 |  |  | (3,732) |  |  | (729) |  |  | 1,284 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net cash provided by operating activities |  | 61,935 |  |  | 101,004 |  |  | 190,709 |  |  | 235,180 |  |
| **Cash flows from investing activities:** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Purchases of available-for-sale securities |  | (1,499) |  |  | (177,811) |  |  | (14,956) |  |  | (376,227) |  |
| Sales of available-for-sale securities |  | 553,623 |  |  | 37,936 |  |  | 623,896 |  |  | 116,700 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Maturities of available-for-sale securities |  | 59,165 |  |  | 87,377 |  |  | 187,985 |  |  | 169,612 |  |
| Return of investment from privately-held companies |  | — | |  | 2,388 |  |  | — | |  | 2,388 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Purchases of time deposits |  | — | |  | (75,000) |  |  | (25,000) |  |  | (150,000) |  |
| Maturities of time deposits |  | 75,000 |  |  | 75,000 |  |  | 150,000 |  |  | 150,000 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Purchases of technology licenses |  | (903) |  |  | (608) |  |  | (1,263) |  |  | (1,701) |  |
| Purchases of property and equipment |  | (20,801) |  |  | (4,803) |  |  | (34,389) |  |  | (14,544) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Proceeds from sales of property and equipment |  | 212 |  |  | 1,054 |  |  | 223 |  |  | 1,739 |  |
| Cash payment for acquisition of Cavium, net of cash and cash |  |  |  |  |  |  |  |  |  |  |  |  |
| equivalents acquired |  | (2,649,465) |  |  | — | |  | (2,649,465) |  |  | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net proceeds from sale of discontinued operations |  | — | |  | 41,976 |  |  | — | |  | 72,205 |  |
| Net proceeds from sale of business |  | 1,250 |  |  | — | |  | 1,250 |  |  | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other |  | — | |  | — | |  | (5,000) |  |  | — |  |
| Net cash used in investing activities |  | (1,983,418) |  |  | (12,491) |  |  | (1,766,719) |  |  | (29,828) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Cash flows from financing activities:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Repurchases of common stock |  | — | |  | (221,265) |  |  | — | |  | (387,558) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Proceeds from employee stock plans |  | 33,525 |  |  | 77,872 |  |  | 44,580 |  |  | 97,811 |  |
| Minimum tax withholding paid on behalf of employees for net |  |  |  |  |  |  |  |  |  |  |  |  |
| share settlement |  | (12,883) |  |  | (3,005) |  |  | (36,776) |  |  | (24,814) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Dividend payments to shareholders |  | (39,383) |  |  | (30,095) |  |  | (69,181) |  |  | (60,086) |  |
| Payments on technology license obligations |  | (9,017) |  |  | (7,481) |  |  | (29,478) |  |  | (14,296) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Proceeds from issuance of debt |  | 1,892,605 |  |  | — | |  | 1,892,605 |  |  | — |  |
| Principal payments of debt |  | (606,128) |  |  | — | |  | (606,128) |  |  | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Payment of equity and debt financing costs |  | (5,835) |  |  | — | |  | (9,435) |  |  | — |  |
| Net cash provided by (used in) financing activities |  | 1,252,884 |  |  | (183,974) |  |  | 1,186,187 |  |  | (388,943) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Net decrease in cash and cash equivalents |  | (668,599) |  |  | (95,461) |  |  | (389,823) |  |  | (183,591) |
| Cash and cash equivalents at beginning of period |  | 1,167,258 |  |  | 725,962 |  |  | 888,482 |  |  | 814,092 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents at end of period | $ | 498,659 |  | $ | 630,501 |  | $ | 498,659 |  | $ | 630,501 |
|  |  |  |  |  |  |  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Reconciliations from GAAP to Non-GAAP (Unaudited)**

**(In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | | |  |  |  |  | **Six Months Ended** | | | |  |
|  |  |  |  |  |  | **May 5,** | |  | **July 29, 2017** | |  |  |  |  |  |  |
|  |  | **August 4, 2018** |  |  |  | **2018** |  |  |  | **August 4, 2018** |  |  | **July 29, 2017** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| GAAP gross profit: | $ | 377,110 | $ | | | 375,693 |  | $ | 365,178 |  | $ | 752,803 |  | $ | 710,689 |  |
| Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Share-based compensation |  | 4,748 |  |  |  | 1,905 |  |  | 1,810 |  |  | 6,653 |  |  | 3,236 |  |
| Amortization of and write-off acquired intangible |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| assets |  | 18,984 |  |  |  | — | |  | — | |  | 18,984 |  |  | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other cost of goods sold *(a)* |  | 22,933 |  |  |  | — | |  | 3,000 |  |  | 22,933 |  |  | 3,000 |  |
| Total special items |  | 46,665 |  |  |  | 1,905 |  |  | 4,810 |  |  | 48,570 |  |  | 6,236 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-GAAP gross profit | $ | 423,775 | $ | | | 377,598 |  | $ | 369,988 |  | $ | 801,373 |  | $ | 716,925 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| GAAP gross margin |  | 56.7 % |  |  |  | 62.1% |  |  | 60.4% |  |  | 59.3% |  |  | 60.4% |  |
| Non-GAAP gross margin |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 63.7 % |  |  |  | 62.5% |  |  | 61.2% |  |  | 63.1% |  |  | 60.9% |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Total GAAP operating expenses | $ | 385,401 |  | $ | 250,614 |  | $ | 240,815 |  | $ | 636,015 |  | $ | 484,901 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Share-based compensation |  | (68,675) |  |  | (21,947) |  |  | (19,557) |  |  | (90,622) |  |  | (39,870) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Restructuring related charges *(b)* |  | (35,415) |  |  | (1,567) |  |  | (4,285) |  |  | (36,982) |  |  | (5,171) |
| Amortization of and write-off acquired intangible |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| assets |  | (6,955) |  |  | — | |  | (1,065) |  |  | (6,955) |  |  | (2,136) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other operating expenses (c) |  | (28,229) |  |  | (15,252) |  |  | (1,687) |  |  | (43,481) |  |  | (3,990) |
| Total special items |  | (139,274) |  |  | (38,766) |  |  | (26,594) |  |  | (178,040) |  |  | (51,167) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total non-GAAP operating expenses | $ | 246,127 |  | $ | 211,848 |  | $ | 214,221 |  | $ | 457,975 |  | $ | 433,734 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| GAAP operating margin | (1.2)% |  | 20.7% |  | 20.6% |  | 9.2% |  | 19.2% |
| Other cost of goods sold *(a)* | 3.5 % |  | —% | | 0.5% |  | 1.9% |  | 0.3% |
|  |  |  |  |  |  |  |  |  |  |
| Share-based compensation | 11.0 % |  | 3.9% |  | 3.5% |  | 7.7% |  | 3.7% |
| Restructuring related charges *(b)* | 5.3 % |  | 0.3% |  | 0.7% |  | 2.9% |  | 0.4% |
|  |  |  |  |  |  |  |  |  |  |
| Amortization and write-off of acquired intangible |  |  |  |  |  |  |  |  |  |
| assets | 3.9 % |  | —% | | 0.2% |  | 2.0% |  | 0.2% |
| Other operating expenses *(c)* | 4.2 % |  | 2.5% |  | 0.3% |  | 3.3% |  | 0.3% |
|  |  |  |  |  |  |  |  |  |  |
| Non-GAAP operating margin | 26.7 % |  | 27.4% |  | 25.8% |  | 27.0% |  | 24.1% |
|  |  |  |  |  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Reconciliations from GAAP to Non-GAAP (Unaudited)**

**(In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | | |  |  |  |  | **Six Months Ended** | | | |  |
|  |  |  |  |  |  | **May 5,** | |  | **July 29, 2017** | |  |  |  |  |  |  |
|  |  | **August 4, 2018** |  |  |  | **2018** |  |  |  | **August 4, 2018** |  |  | **July 29, 2017** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| GAAP interest and other income (loss), net | $ | (14,921) | $ | | | 7,296 |  | $ | 7,188 |  | $ | (7,625) |  | $ | 10,521 |  |
| Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Restructuring related items *(d)* |  | (121) |  |  |  | (1,512) |  |  | (3,085) |  |  | (1,633) |  |  | (3,085) |  |
| Issuance cost related to terminated standby loan |  | 6,104 |  |  |  | — | |  | — | |  | 6,104 |  |  | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total special items |  | 5,983 |  |  |  | (1,512) |  |  | (3,085) |  |  | 4,471 |  |  | (3,085) |  |
| Total non-GAAP interest and other income (loss), net | $ | (8,938) |  |  | $ | 5,784 |  | $ | 4,103 |  | $ | (3,154) |  | $ | 7,436 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| GAAP net income | $ | 6,759 |  | $ | 128,612 |  | $ | 165,259 |  | $ | 135,371 |  | $ | 271,880 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Less: Income from discontinued operations, net of tax |  | — | |  | — | |  | 29,809 |  |  | — | |  | 36,838 |
| GAAP net income from continuing operations |  | 6,759 |  |  | 128,612 |  |  | 135,450 |  |  | 135,371 |  |  | 235,042 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Special items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other cost of goods sold (*a*) |  | 22,933 |  |  | — | |  | 3,000 |  |  | 22,933 |  |  | 3,000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Share-based compensation |  | 73,423 |  |  | 23,852 |  |  | 21,367 |  |  | 97,275 |  |  | 43,106 |
| Restructuring related charges in operating expenses *(b)* |  | 35,415 |  |  | 1,567 |  |  | 4,285 |  |  | 36,982 |  |  | 5,171 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Restructuring related items in interest and other income, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| net *(d)* |  | (121) |  |  | (1,512) |  |  | (3,085) |  |  | (1,633) |  |  | (3,085) |
| Amortization of and write-off acquired intangible assets |  | 25,939 |  |  | — | |  | 1,065 |  |  | 25,939 |  |  | 2,136 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Issuance cost related to terminated standby loan |  | 6,104 |  |  | — | |  | — | |  | 6,104 |  |  | — |
| Other operating expenses *(c)* |  | 28,229 |  |  | 15,252 |  |  | 1,687 |  |  | 43,481 |  |  | 3,990 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pre-tax total special items |  | 191,922 |  |  | 39,159 |  |  | 28,319 |  |  | 231,081 |  |  | 54,318 |
| Other income tax effects and adjustments *(e)* |  | (36,720) |  |  | (3,098) |  |  | (10,298) |  |  | (39,818) |  |  | (10,362) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-GAAP net income from continuing operations | $ | 161,961 |  | $ | 164,673 |  | $ | 153,471 |  | $ | 326,634 |  | $ | 278,998 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Weighted average shares — basic | 552,238 |  | 497,335 |  | 500,817 |  | 524,787 |  | 502,303 |  |
| Weighted average shares — diluted |  |  |  |  |  |  |  |  |  |  |
| 562,149 |  | 508,716 |  | 510,309 |  | 535,433 |  | 513,951 |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Non-GAAP adjustment | 13,123 |  | 6,871 |  | 9,129 |  | 9,997 |  | 7,345 |  |
| Non-GAAP weighted average shares — diluted (f) |  |  |  |  |  |  |  |  |  |  |
| 575,272 |  | 515,587 |  | 519,438 |  | 545,430 |  | 521,296 |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |

**Marvell Technology Group Ltd.**

**Reconciliations from GAAP to Non-GAAP (Unaudited)**

**(In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | | |  |  |  |  | **Six Months Ended** | | | |  |
|  |  |  |  |  |  | **May 5,** | |  | **July 29, 2017** | |  |  |  |  |  |  |
|  |  | **August 4, 2018** |  |  |  | **2018** |  |  |  | **August 4, 2018** |  |  | **July 29, 2017** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| GAAP diluted net income per share from continuing operations | $ | 0.01 | $ | | | 0.25 |  | $ | 0.26 |  | $ | 0.25 |  | $ | 0.46 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-GAAP diluted net income per share from continuing | $ | 0.28 | $ | | | 0.32 |  | $ | 0.30 |  | $ | 0.60 |  | $ | 0.54 |  |
| operations |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Other costs of goods sold in the three and six months ended August 4, 2018 include amortization of the Cavium inventory fair value step up. Other cost of goods sold in the three and six months ended July 29, 2017 include charges for past intellectual property licensing matters.
2. Restructuring related charges include employee severance, facilities related costs, and impairment of equipment.
3. Other operating expenses primarily include Cavium merger costs and costs of retention bonuses offered to employees who remained through the ramp down of certain operations due to restructuring actions.
4. Interest and other income, net includes restructuring related items such as foreign currency remeasurement associated with restructuring related accruals.
5. Other income tax effects and adjustments relate to tax provision based on a non-GAAP income tax rate of 4%.

Non-GAAP diluted share count excludes the impact of share-based compensation expense expected to be incurred in future periods and not yet recognized in the Company's financial statements, which would otherwise be assumed to be used to repurchase shares under the GAAP treasury stock

1. method.

**Marvell Technology Group Ltd.**

**Reconciliations from Combined Non-GAAP to Marvell Stand-alone Non-GAAP (Unaudited)**

**(In thousands, except per share amounts)**

**Three Months Ended**

**August 4, 2018**



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Less: non-GAAP** | |  |  |  |
|  |  |  |  | **Results** |  |  |  |
|  |  | **Combined Non-** |  | **Attributable to** |  | **Marvell Stand-** |  |
|  |  |  | **Cavium** |  |  |
|  |  | **GAAP\*** |  | **Acquisition** | **alone Non-GAAP\*** | |  |
| Net revenue | $ | 665,310 | $ | 41,347 | $ | 623,963 |  |
|  |  |  |  |  |  |  |  |
| Gross profit | $ | 423,775 | $ | 27,808 | $ | 395,967 |  |
| Total operating expenses | $ | 246,127 | $ | 38,251 | $ | 207,876 |  |
|  |  |  |  |  |  |  |  |
| Interest and other income (loss), net | $ | (8,938) | $ | (11,836) | $ | 2,898 |  |
| Net income (loss) | $ | 161,961 | $ | (21,388) | $ | 183,349 |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Diluted net income (loss) per share | $ | 0.28 | $ | (0.07) | $ | 0.35 |  |
|  |  |  |  |  |  |  |  |
| Diluted weighted average shares |  | 575,272 |  | 55,636 |  | 519,636 |  |
|  |  |  |  |  |  |  |  |

\*Combined Non-GAAP net revenue is equal to GAAP net revenue. See “Reconciliations from GAAP to Non-GAAP (Unaudited)” for a reconciliation of other Combined Non-GAAP results to GAAP results for the period.

**Quarterly Revenue Trend (Unaudited)**

**(In thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Three Months Ended** | |  |  |  | **% Change** | | |  |
|  |  |  | |  |  | |  |  |  |  |  |  |  |
|  |  | **August 4,** | |  | **May 5,** | |  | **July 29,** | |  |  |  |  |
|  |  | **2018\*** |  |  | **2018** |  |  | **2017** |  | **YoY** | | | **QoQ** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Storage *(1)* | $ | 335,764 |  | $ | 317,069 |  | $ | 311,501 |  | 8 % |  |  | 6% |
| Networking *(2)* |  | 283,330 |  |  | 244,228 |  |  | 245,821 |  | 15 % |  |  | 16% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Core |  | 619,094 |  |  | 561,297 |  |  | 557,322 |  | 11 % |  |  | 10% |
| Other *(3)* |  | 46,216 |  |  | 43,334 |  |  | 47,428 |  | (3)% |  |  | 7% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Revenue | $ | 665,310 |  | $ | 604,631 |  | $ | 604,750 |  | 10 % |  |  | 10% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

\* Results for the three months ended August 4, 2018 include total Cavium revenue from the period July 6, 2018 to August 4, 2018.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended** | |  |
|  |  |  |  |  | |  |
|  | **August 4,** |  |  | **May 5,** | | **July 29,** |
| **% of Total** | **2018** |  |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |
| Storage *(1)* |  | 50% |  | 52% |  | 52% |
| Networking *(2)* |  | 43% |  | 40% |  | 41% |
|  |  |  |  |  |  |  |
| Total Core |  | 93% |  | 92% |  | 93% |
| Other *(3)* |  | 7% |  | 8% |  | 7% |
|  |  |  |  |  |  |  |
| Total Revenue |  | 100% |  | 100% |  | 100% |
|  |  |  |  |  |  |  |

1. Storage products are comprised primarily of HDD and SSD Controllers, Fibre Channel Adapters and Data Center Storage Solutions.
2. Networking products are comprised primarily of Ethernet Switches, Ethernet Transceivers, Ethernet NICs, Embedded Communication Processors,

Automotive Ethernet, Security Adapters and Processors as well as WiFi solutions including WiFi only, WiFi/Bluetooth combos and WiFi Microcontroller combos. In addition, this grouping includes a few legacy product lines in which we no longer invest, but will generate revenue for several years.

1. Other products are comprised primarily of Printer Solutions, Application Processors and others.

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