Capital management

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February 4, 2025, 10 a.m. Central time

Capital management update and agenda

Our capital allocation approach remains focused on supporting the opportunity ahead. We are nearly 70% through a six-year elevated CapEx cycle that, when completed, will uniquely position TI to deliver:

- Dependable, low-cost 300mm capacity at scale to meet customers' demand
- Scalability of CapEx, including capacity modularity
- Free cash flow per share growth across a range of market conditions

Today we will provide:

- An overview of our objective, strategy and business model
- An update on our capital management scorecard and view of capital allocation
- Insight into our growth expectations
- Progress toward strengthening our competitive advantages
- Free cash flow* per share results and cash returns

* Free cash flow (FCF) = Cash flow from operations minus capital expenditures

Executive summary (from Investor Overview on TI.com)

At Texas Instruments:

- We run the company with the mindset of being a long-term owner.
- We believe that growth of free cash flow per share is the primary driver of long-term value.
- Our ambitions and values are integral to how we build TI stronger; when we're successful in achieving these ambitions, our employees, customers, communities and shareholders all win.
- Our strategy is comprised of a great business model, a disciplined approach to capital allocation and a focus on efficiency.
- Our business model is built around four sustainable competitive advantages: manufacturing and technology, broad product portfolio, reach of our market channels, and diverse and long-lived positions.
- After accretive investments in the business to grow free cash flow for the long term, the remaining cash will be returned over time via dividends and share repurchases.

Our company objective and strategy

Objective:

Maximize long-term growth of free cash flow per share

Strategy:

1. **Great business model** focused on analog and embedded products and built around four sustainable competitive advantages
2. **Discipline in allocating capital** to the best opportunities
3. **Efficiency,** which means constantly striving for more output for every dollar spent

Building competitive advantages unique to TI

Business model built on competitive advantages

Diversity and longevity

Reach of market channels

Broad portfolio of analog and embedded products

Manufacturing and technology

What we get (tangible benefit)

Less single point dependency and longer returns on our investments

Access to more customers, projects, sockets per project, and insight

More opportunity per customer, more value for our investments

Lower costs and greater control of our supply chain

Capital management scorecard 2024

Metric	Long-term objective	Target	Result
Free cash flow generation	Maximize long-term growth of free cash flow per share.	25-35% of revenue (TTM)	10% of revenue
Capital expenditures	Invest to support new technology development and revenue growth. Extend our low-cost manufacturing advantage, including 300mm. Recognize it may run higher if there is an opportunity to extend long-term manufacturing advantage.	~$5B/year 2023-2026; 10% to 15% of revenue 2027 and beyond	✓
Inventory	Maintain high levels of customer service, minimize inventory obsolescence and improve manufacturing asset utilization. Will vary based on market conditions.	130 to >200 days	✓
Cash management	Provide necessary liquidity in all market conditions. Recognize there may be times for strategic buildup or drawdown of cash.	10% revenue (TTM) + dividends (NTM)	✓
Pensions	Be fully funded on a tax-efficient basis. Have annual free cash flow reflect what is available to owners by minimizing one-shot calls for cash, unless there is a P&L or cash advantage.	Fully funded	✓
Debt	Increase rates of return with some leverage on balance sheet when economics make sense. Avoid concentrated maturities and ensure strategic flexibility.	When economics make sense	✓
Cash return	Return all free cash flow via dividends and repurchases. Recognize there may be times for strategic buildup or drawdown of cash.	All free cash flow	✓
Dividends	Provide a sustainable and growing dividend to appeal to a broader set of owners.	40-80% of free cash flow	5% increase
Repurchases	Accretive capture of future free cash flow for long-term owners.	Free cash flow minus dividends	✓

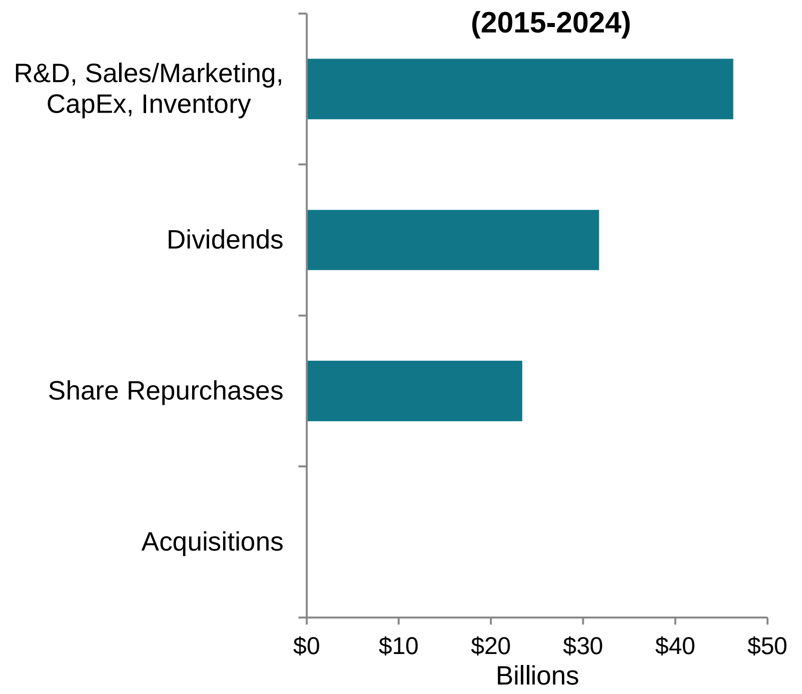
Capital management scorecard 2025

Metric	Long-term objective	Target
Free cash flow generation	Maximize long-term growth of free cash flow per share.	25-35% of revenue (TTM)
Capital expenditures (gross*)	Invest to support new technology development and revenue growth. Extend our low-cost manufacturing advantage, including 300mm. Recognize it may run higher if there is an opportunity to extend long-term manufacturing advantage.	2023-2025: ~$5B per year 2026: ~$2B to $5B per year 2027+: depends on revenue and expected growth
Inventory	Maintain high levels of customer service through a range of market conditions by providing competitive and stable lead times, while minimizing inventory obsolescence.	130 to >200 days
Cash management	Provide necessary liquidity in all market conditions. Recognize there may be times for strategic buildup or drawdown of cash.	10% revenue (TTM) + dividends (NTM)
Debt	Increase rates of return with some leverage on balance sheet when economics make sense. Avoid concentrated maturities and ensure strategic flexibility.	When economics make sense
Cash return	Return all free cash flow via dividends and repurchases. Recognize there may be times for strategic buildup or drawdown of cash.	All free cash flow
Dividends	Provide a sustainable and growing dividend to appeal to a broader set of owners.	40-80% of free cash flow
Repurchases	Accretive capture of future free cash flow for long-term owners.	Free cash flow minus dividends

* Gross CapEx, does not include CHIPS Act benefits

Where and why we've allocated our capital

Capital allocated: $101B

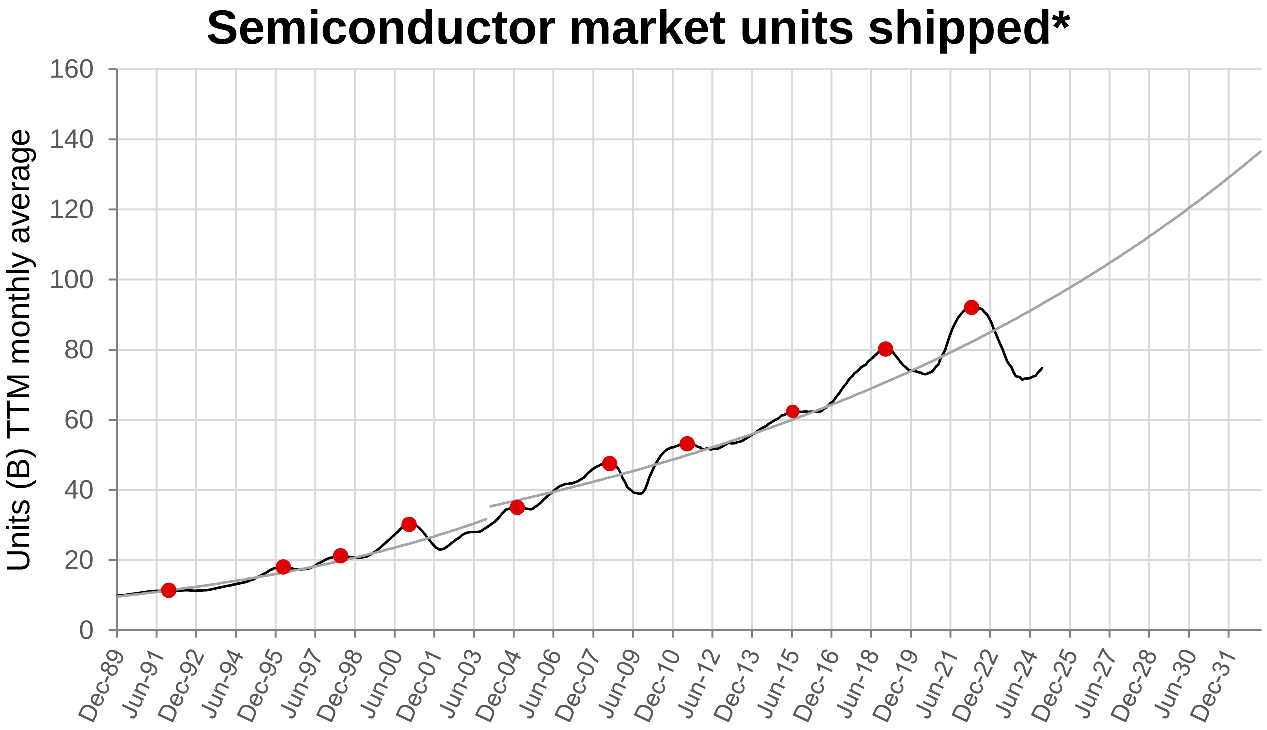


Purpose

- Organic growth of business
- Appeal to broader set of investors
- Accretive capture of future free cash flow for long-term investors
- Inorganic growth

Insight into our growth expectations

Semiconductor cycles: planning for the long term

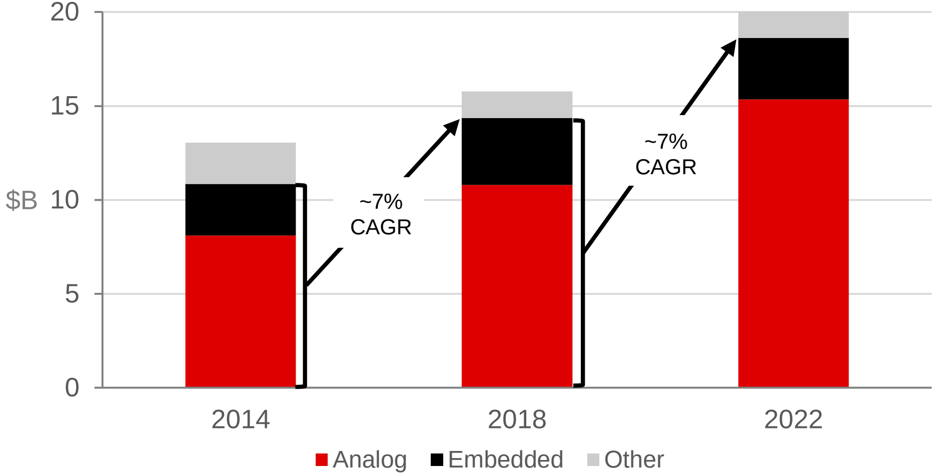


- History has shown the importance of staying focused on the opportunity ahead, even through weak periods of the semiconductor cycle
- We are prepared for a range of market recovery scenarios

* Source: WSTS excluding memory trailing twelve months through November 2024

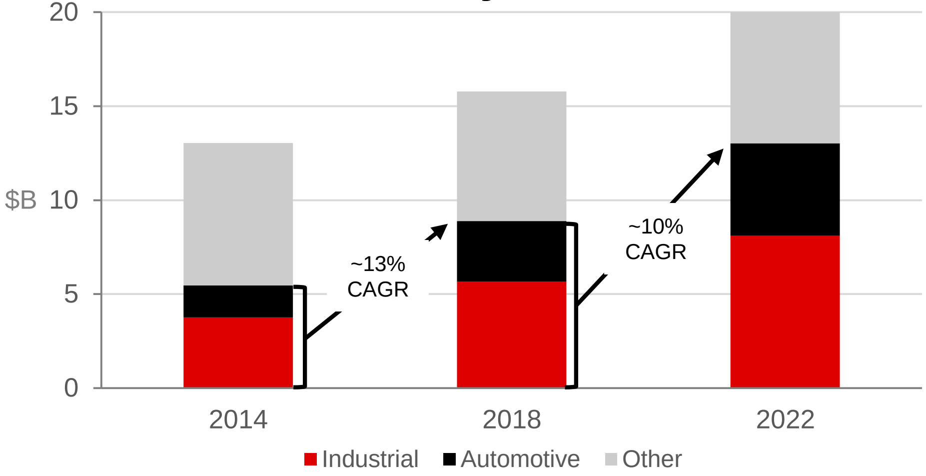
Portfolio and market positions have strengthened

TI revenue by segment



- Our portfolio position has changed and strengthened
- "Other" segment is now small and stable
- Expect Analog <u>and</u> Embedded to drive future growth

TI revenue by end market



- Our exposure to industrial and automotive has increased
- These markets likely continue to be fast growing
- We are well-positioned for future growth

Advancing technologies in industrial, automotive

TI product portfolio addresses an increasing number of sockets across all sectors

Automotive

2024 TI revenue: ~$5.5B

Infotainment & cluster ❖ Advanced driver assistance systems (ADAS)
Hybrid, electric & powertrain systems ❖ Body electronics and lighting ❖ Passive safety

General purpose

- Amplifiers
- Discrete logic
- Isolated gate drivers
- Isolated power
- LED drivers
- Current sensors
- High-/low-side switches
- Voltage references
- Switching regulators
- CAN/LIN transceivers

Application-specific

- Wired and wireless battery mgmt
- mmWave radar
- Lighting matrix manager
- Zonal control motor drivers
- SERDES video/radar interface
- Audio amplifiers
- Functional safety power mgmt
- Automotive vision processors

Industrial

2024 TI revenue: ~$5.3B

Industrial automation ❖ Aerospace & defense ❖ Medical & healthcare ❖ Energy infrastructure
Building automation ❖ Test & measurement ❖ Appliances ❖ Power delivery ❖ Robotics

General purpose

- Amplifiers
- Discrete logic
- Isolated power
- Linear voltage regulators
- Clock buffers
- Microcontrollers
- Current sensors
- Switching regulators
- Voltage references

Application-specific

- Medical imaging analog front ends
- mmWave Radar
- Real-time control MCUs
- GaN power modules
- Precision analog to digital converters
- Industrial processors
- Brushless motor drivers w/ integrated control
- Digital power controllers
- Clock synthesizers
- Space-grade high-speed data converters

TI industrial and automotive grew 7% CAGR from 2013 through 2024

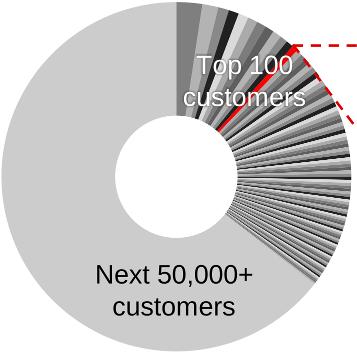
Texas Instruments

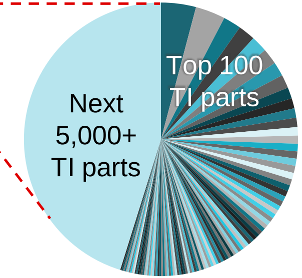
Industrial positions are diverse and growing

Diverse customer base purchasing wide range of products

Industrial revenue by customer

Industrial customer revenue by product





Each industrial customer purchases thousands of products across TI's portfolio

Secular content growth across factory automation, robotics

Smart factory lines	1000s of chips per system	$10,000+ of content

- Higher use of robotics to drive efficiency, increased automation
- More sensors to improve safety, enable predictive maintenance
- More motor drives to enable sophisticated motion
- Increased connectivity and processing needs at the edge
- Higher power needs require greater power density, battery backup

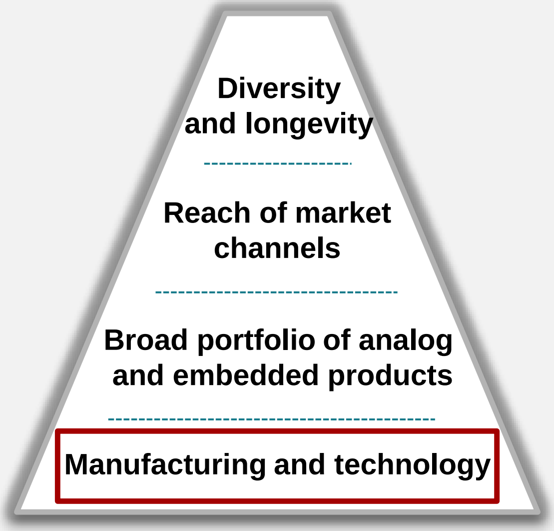
Industrial robot	Servo drive	Programmable logic controller
$700-1000+ of content 250+ chips per robot 50-200+ robots per factory	$100+ of content 60+ chips 100-250+ servo drives per factory	$90+ of content 70+ chips 50-150+ PLCs per factory

In summary: TI is positioned to grow

- **Market exposure:** Industrial and automotive have grown from about 40% in 2014 to about 70% of TI's revenue in 2024
- **Stronger portfolio of general purpose and application-specific products:** Breadth of analog and embedded products, combined with investments in process and package technologies, strengthens product portfolio
- **Positioned to grow:** Our exposure to large, fast growing markets <u>and</u> our strong portfolio of analog and embedded position us to capture the opportunity ahead

Strengthening our sustainable competitive advantages

Business model built on competitive advantages



Investing to support growth for the long term

Extending our 300mm cost advantage and greater control of our supply chain

Benefits of owning & controlling our supply chain

Support for growth

Investments in manufacturing capacity will support growth for decades to come

Control of our supply

>90% of wafers, assembly and test will be **manufactured internally**

Optimal technology

28nm to 130nm process technology **optimized for analog and embedded**, vital for industrial and automotive markets

Structural cost advantage

300mm provides ~**40% lower cost and ~2.3x chips per wafer** compared to 200mm

Providing geopolitically dependable capacity for analog and embedded processing semiconductors

Chip cost is ~40% less on 300mm

Illustration of the GPM impact from 300mm

		Built on 200mm wafer	Built on 300mm wafer
Sales price of example part		$1.00	$1.00
Cost of goods:	Chip cost	$0.20	$0.12
	Assembly, test, other	$0.20	$0.20
	Total	$0.40	$0.32
Gross margin %		60%	68%

Strategy of our 300mm wafer fab investments

Phase 1 (2021-2026)
Transfers & incremental growth

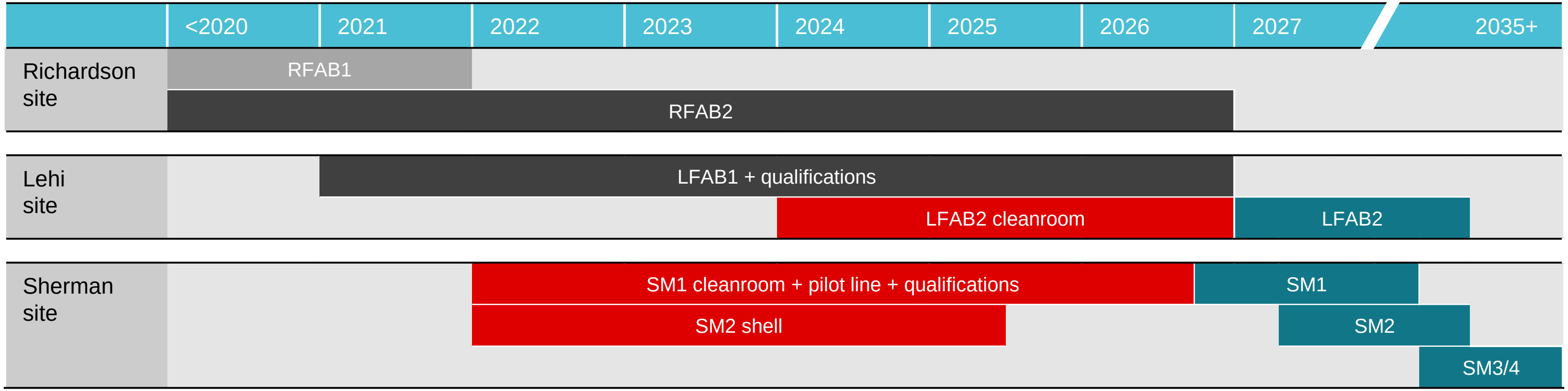
- Equip RFAB2 and execute 150mm fab shutdowns, transfer into RFAB2
- Equip LFAB1 and complete technology and customer qualification
- Transfer external foundry wafers into LFAB1

Phase 2 (2022-2026)
New fab preparation

- LFAB2 cleanroom ready for first production start, no customer re-qualification needed
- Construct SM1 and complete pilot line to begin technology and customer qualification
- Complete SM2 shell, eliminating construction lead time

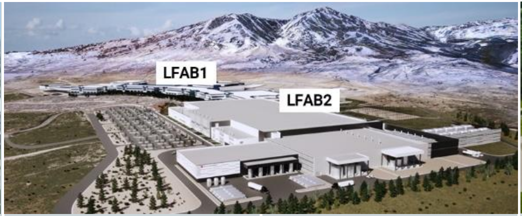
Phase 3 (2026+)
Modular capacity

- Ramp fabs to meet customers' demand, without re-qualifications
- Scalability of CapEx, including capacity modularity
- Deliver free cash flow per share growth across a range of market conditions



Our 300mm wafer fab manufacturing footprint

Execution progressing well across all three sites

	RFAB2	LFAB1	LFAB2	SM1	SM2	SM3/4
						
Groundbreaking	2020	Acquired 2021	2023	2022	2022 (shell)	TBD
Production (initial/fully equipped)	2022/2026	2022/2026	2026/TBD	2025/TBD	TBD	TBD
Maximum revenue supported*	~$6B	~$4B	~$11B	~$9B	TBD	TBD
CapEx	~$6B	~$4B	~$11B	~$30-40B		
Process technology	130-180nm	28-65nm	28-65nm	65-130nm	65-130nm	28-130nm
Source of demand	Organic growth & 150mm transfers	Insourcing from external foundries	Organic growth	Organic growth	Organic growth	Organic growth
CHIPS ITC	25% through 2026	25% through 2026	25% through 2034	25% through 2032		
CHIPS direct funding			$1.6B through 2030			

* Dependent on mix and utilization

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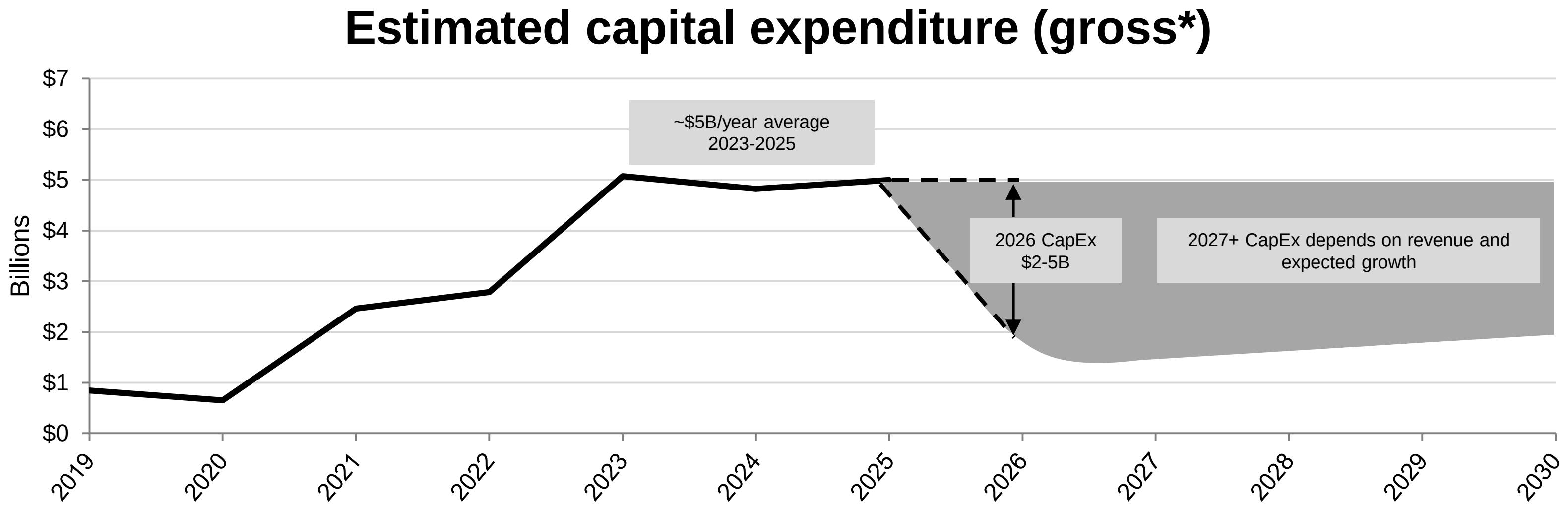
Scalability of capital expenditures

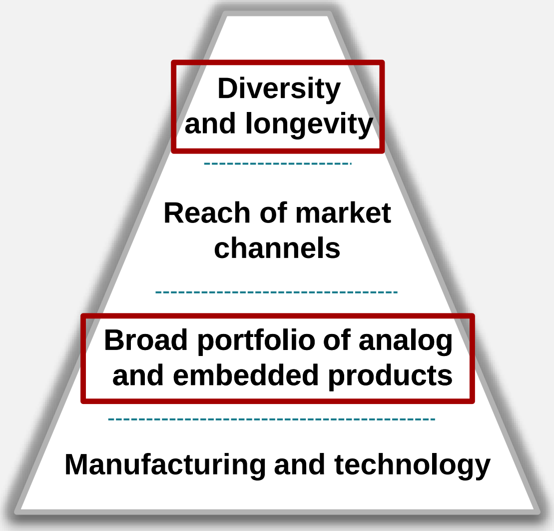
Supports long-term growth



Key metrics	2022	2024	2026	2030
% of wafers internal	80%	~90%	>90%	>95%
% of internal wafers 300mm	40%	~60%	>70%	>80%
% of assembly internal	60%	~70%	>85%	>90%

* Gross CapEx, does not include CHIPS Act benefits

Business model built on competitive advantages



R&D investments:

Strengthening our technology and our product portfolio, while improving our diversity and longevity

Disciplined allocation of R&D strengthens portfolio

Market segment	R&D investments	% of TI revenue		
		2013	2023	2024
Industrial	Up broadly	30%	40%	34%
Automotive	Up broadly	12%	34%	35%
Personal electronics	Steady	32%	15%	20%
Enterprise systems	Up, focused on data center	6%	4%	5%
Communications equipment	Steady	15%	5%	4%
Other	Flat, at low levels	5%	2%	2%

Disciplined allocation of R&D strengthens portfolio

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Industrial	Up broadly	30%	40%	34%
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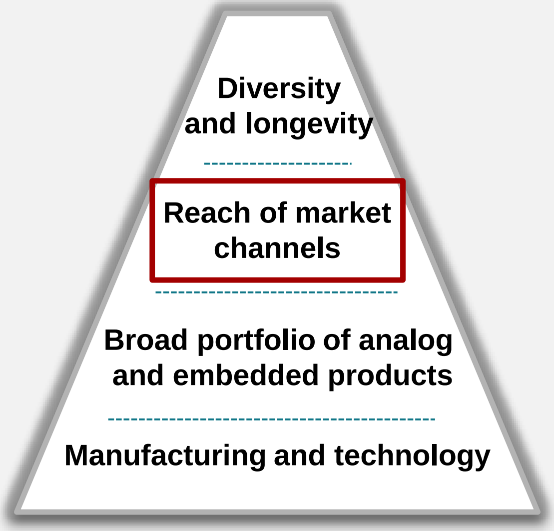
Other	Flat, at low levels	5%	2%	2%

42%

69%

Business model built on competitive advantages



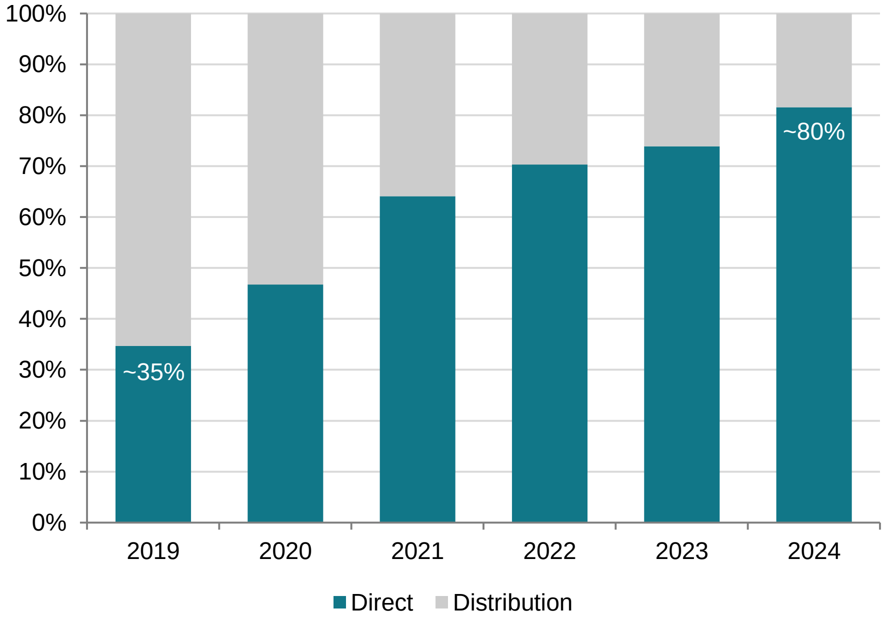
Building closer direct relationships with customers:

Strengthening the reach of our market channels

Building closer direct customer relationships

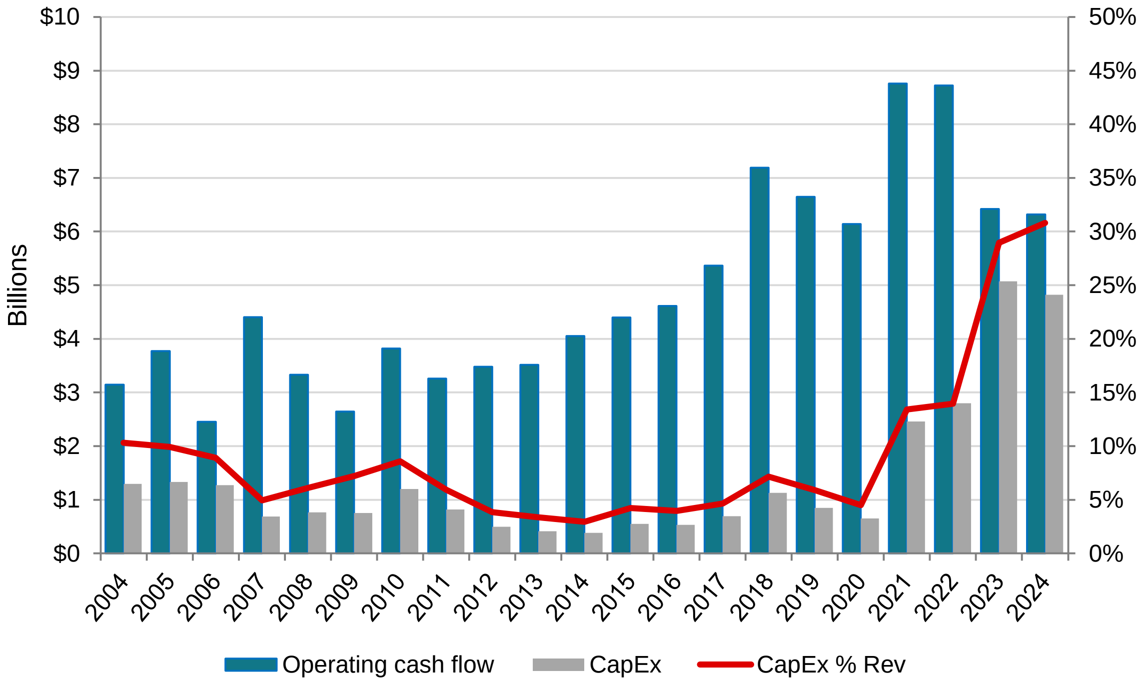
- We’ve made designing and transacting with TI easier
- Customers have the choice of buying direct from TI:
  - Backlog scheduled at lead time
  - TI.com for immediate shipment
- Deliver customer convenience with online ordering, best price and availability
- TI’s reach of channel advantage results in higher growth through access to more customers, projects, sockets per project, and greater insight

TXN SC % direct revenue



Free cash flow per share growth and cash returns

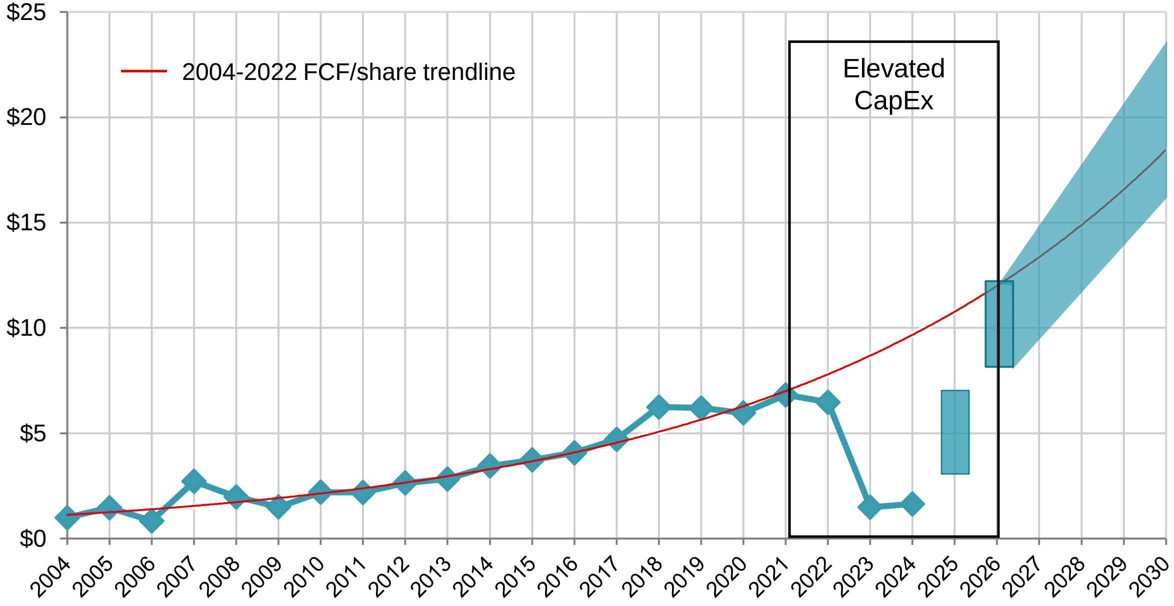
Operating cash flows enable long-term investments



- Operating cash flow at $6.3 billion in 2024
- Including $0.5 billion of inventory growth
- CapEx at $4.8 billion, 31% of revenue
- Continuing higher investment levels in 300mm wafer fabs to strengthen competitive advantages

Delivering free cash flow per share growth

TXN free cash flow per share

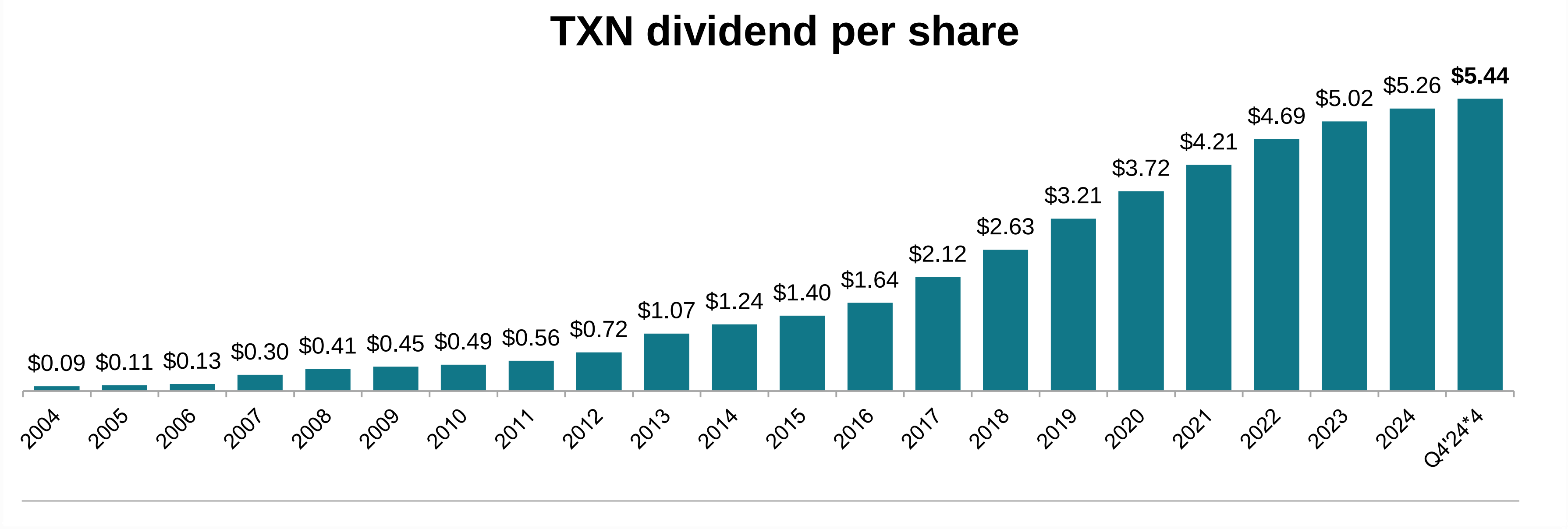


Free cash flow per share trend line continues at ~11%
CapEx flat at $5 billion through 2025, then aligned to revenue scenario
CHIPS ITC included; does not include $1.6B CHIPS direct funding

2026 revenue scenario	$20B	$22B	$24B	$26B
CAGR vs 2022	0%	2%	5%	7%
CapEx	$2-3B	$2-3B	$3-4B	$4-5B
FCF/share	$8-9	$9-10	$10-11	$11-12

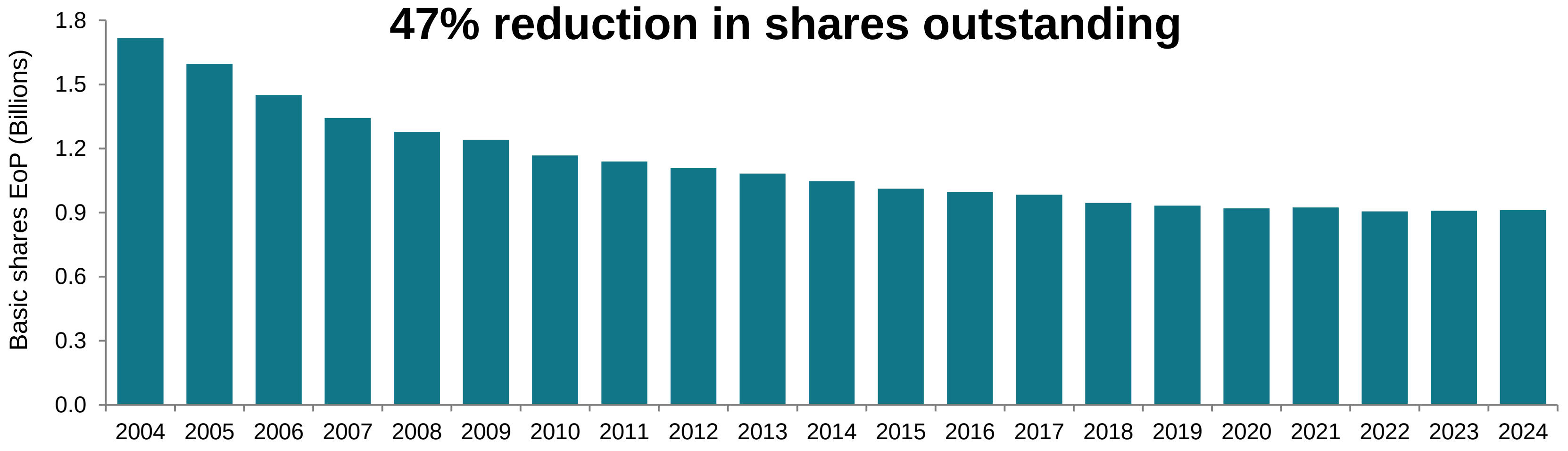
- Free cash flow per share will begin to approach trendline in 2026 as growth returns and CapEx begins to moderate
- We are prepared to support a rapid market recovery or a persistently weak market
- Long-term free cash flow per share growth guides our capital allocation decisions

Sustainability and growth of dividends



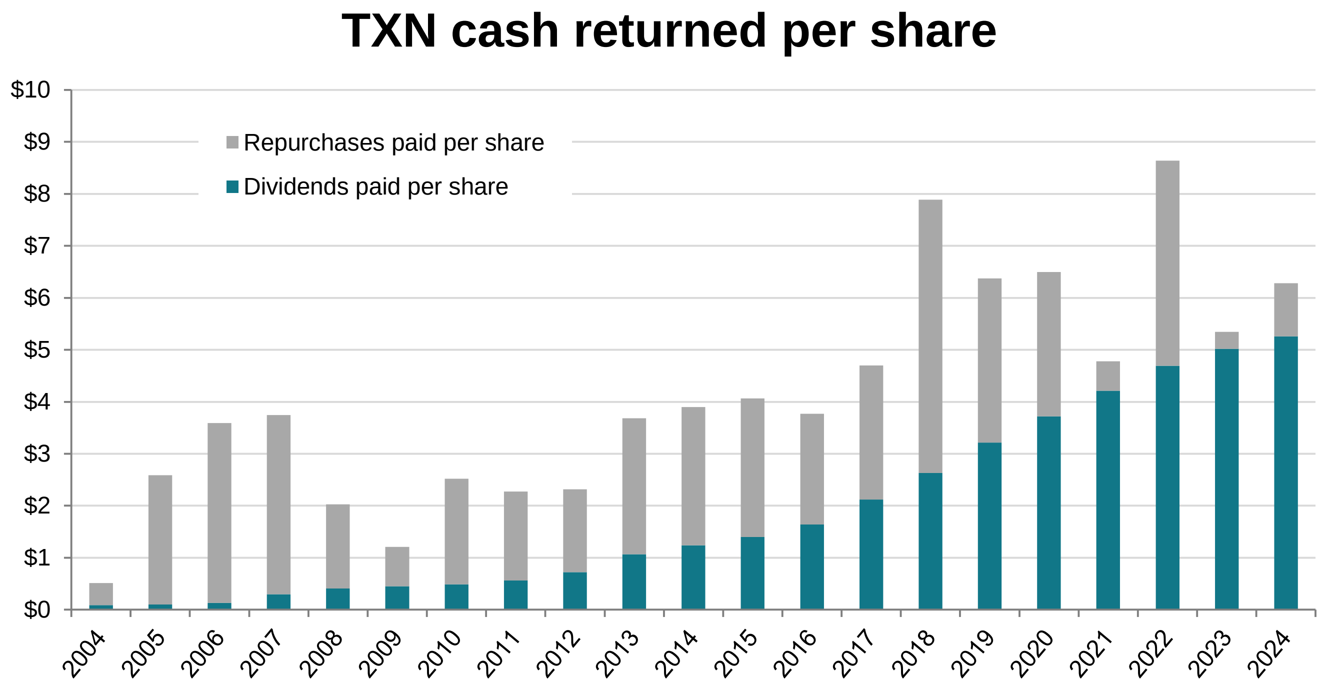
- Increased dividend 21 consecutive years, including 5% increase in Q4 2024
- ~10% and ~16% 2024 CAGR (five- and 10-year)
- Yield is 2.8% (as of 1/31/2025)

Accretive capture of future free cash flow for long-term investors



- Repurchase steadily when discounted cash flow value exceeds stock price
- Disciplined with stock-based compensation
- Shares outstanding reduced by 47% since 2004
- $20.3 billion of authorization remaining as of December 2024

Strong return of cash continues

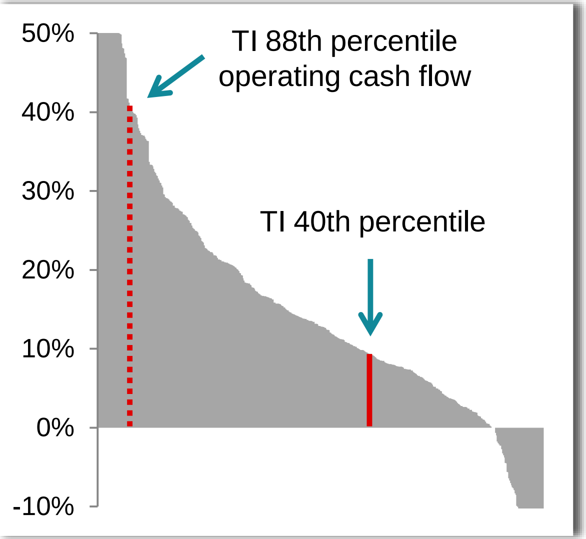


2024 return of $6.28 per share:

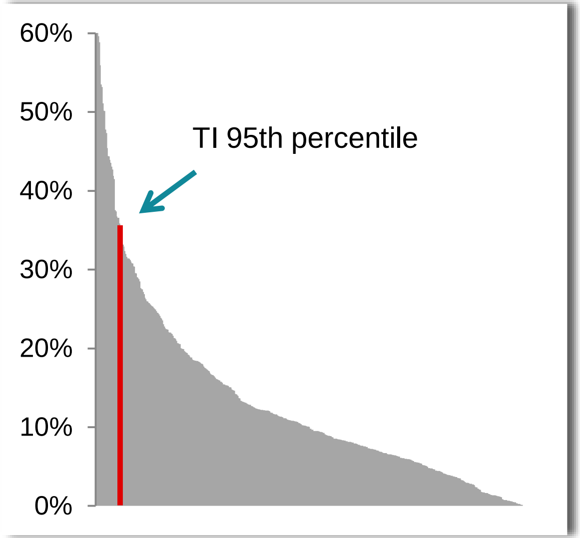
- +18% versus 2023
- Returned 122% free cash flow in last ten years
- 13% compound annual growth 2004-2024

How TXN ranks on cash generation and returns

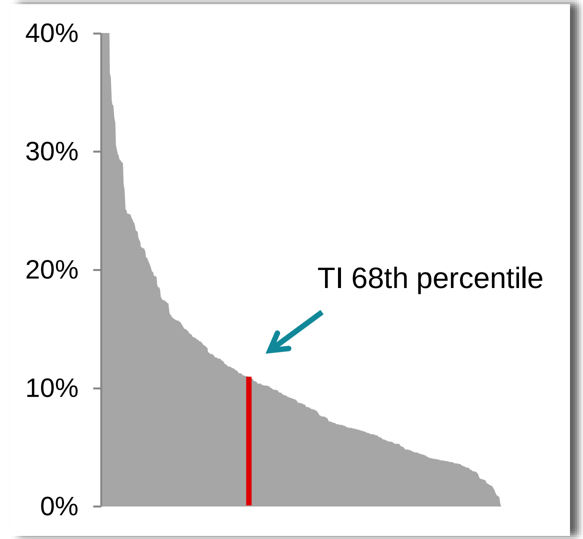
Free cash flow as % of revenue, S&P 500



Cash returns as % of revenue, S&P 500



Return on invested capital, S&P 500



Source: S&P Capital IQ, Public filings as of 01/31/2025

Summary (from Investor Overview on TI.com)

- As engineers, it’s a privilege to get to pursue our passion of creating a better world by making electronics more affordable through semiconductors.
- We were fortunate that our founders had the foresight to know that passion alone was not enough. Building a great company required a special culture to thrive for the long term, and we continue to build this culture stronger every day.
- We will remain focused on the belief that long-term growth of free cash flow per share is the ultimate measure to generate value. We will invest to strengthen our competitive advantages, be disciplined in capital allocation and stay diligent in our pursuit of efficiencies.
- You can count on us to stay true to our ambitions: to think like owners for the long term, adapt and succeed in a world that’s ever changing and behave in a way that makes us and our stakeholders proud. When we’re successful, our employees, customers, communities and shareholders all win.

Risk factors and non-GAAP measures

This presentation is a statement of management's intentions and describes a strategy that TI intends to pursue as management, in its judgment, deems appropriate. The application of this strategy during any given period may vary depending on market conditions and other factors that management deems relevant. This presentation includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. See Item 1A of TI's most recent Form 10-K for a detailed discussion of risk factors that may cause results to differ materially from the forward-looking statements. TI undertakes no obligation to update forward-looking statements to reflect subsequent events or circumstances.

This presentation contains non-GAAP financial measures, specifically free cash flow (FCF) and ratios based on it. See www.ti.com/ir for reconciliation to GAAP. Free cash flow per share is not an alternative to earnings per share as an indicator of TI's performance, and investors should not consider presentation of free cash flow per share as implying that stockholders have a contractual or other right to the cash.

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