

Capital management

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August 20, 2024, 10 a.m. Central time

Off-cycle capital management update; agenda

We are more than 60% through a six-year elevated CapEx cycle that, when completed, will uniquely position TI for the next 10 to 15 years to deliver:

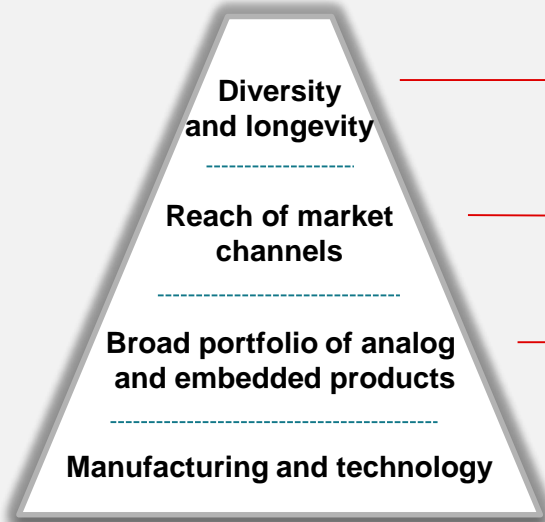
- Dependable, low-cost 300mm capacity to meet customers' demand
- Scalability of CapEx, including capacity modularity
- Free cash flow per share growth across a range of market conditions

Today we will provide:

- Insight into our growth expectations
- Granularity on our capacity investments in 300mm wafer fabs
- A framework of revenue scenarios across various market conditions, and associated ranges of CapEx and free cash flow per share

Building competitive advantages unique to TI

Business model built on competitive advantages



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

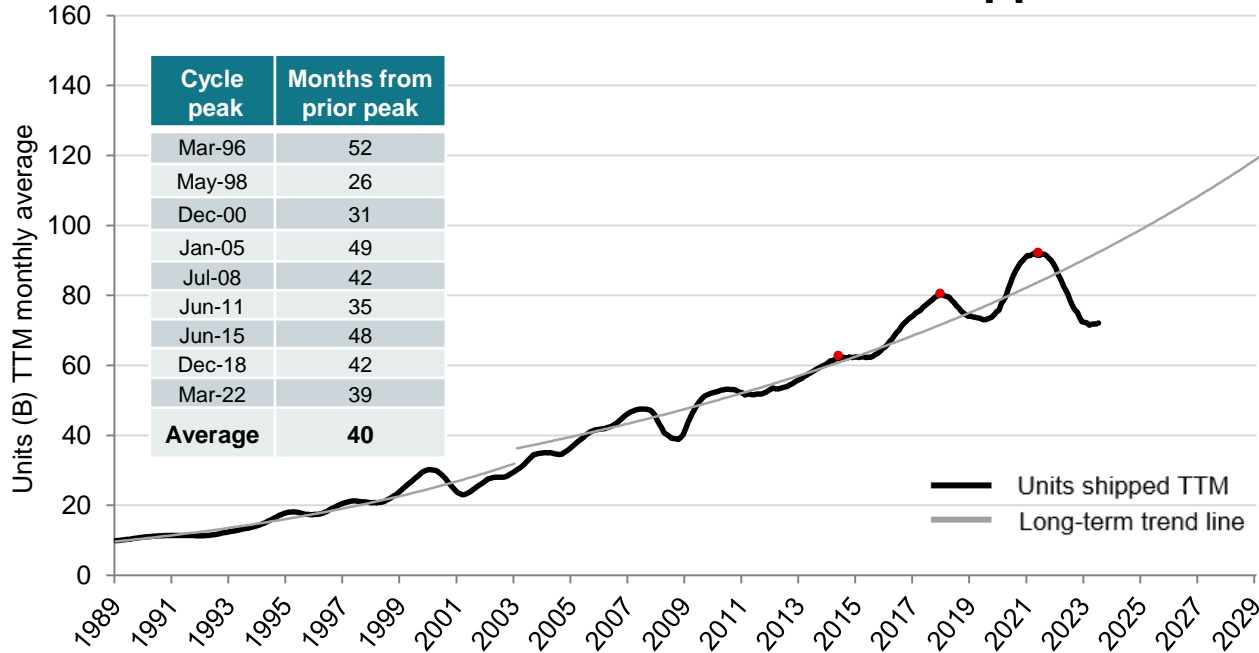
More opportunity per customer, more value for our investments

Lower costs and greater control of our supply chain

Insight into our growth expectations

Semiconductor cycles: planning for the long term

Semiconductor market units shipped*

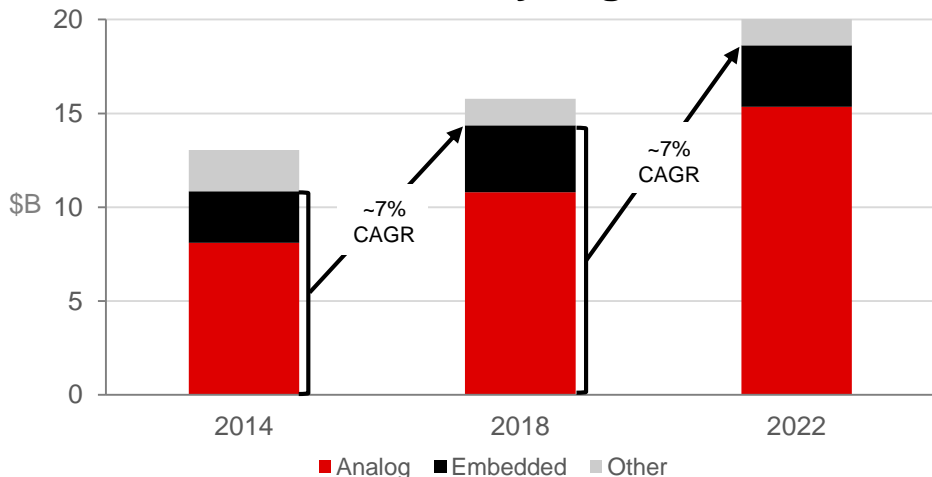


- Market environment remains weak, with shipments below 2019 levels.
- Last three peaks inform our preparation for the opportunity ahead.
- We are prepared for a range of market recovery scenarios.

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

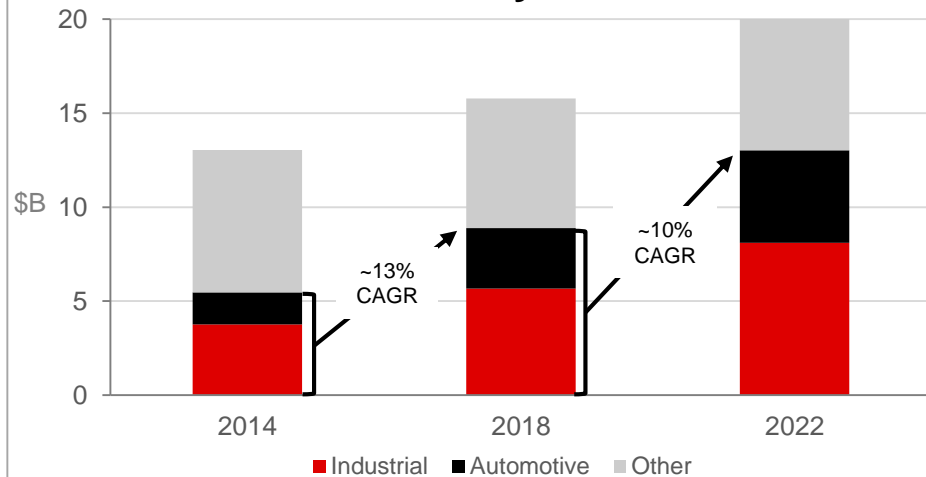
Portfolio and market positions have strengthened

TI revenue by segment



- Our portfolio position has changed and strengthened
- “Other” segment is now small and stable
- Expect Analog and Embedded to drive future growth

TI revenue by end market



- Our exposure to industrial and automotive has increased
- These markets likely continue to be the fastest 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

Factory automation, motor drives & robotics

2023: ~\$2B growing ~10%*



Collaborative robot (cobot)

\$400+ content, 200+ chips per cobot

Application specific: vision processor, radar, C2000 real-time control, GaN

General purpose: MCU, power management, analog signal chain

Industrial

Energy infrastructure

2023: ~\$1B growing ~10%*



Solar (panel, inverter, storage)

\$350+ content, 200+ chips per system

Application specific: BMS, C2000 real-time control, GaN, wireless connectivity, data converters

General purpose: power management, analog signal chain

Body electronics & lighting

2023: \$1B+ growing ~20%*



Vehicle body & lighting system

\$250+ content, 500+ chips per vehicle

Application specific: matrix headlight, wireless connectivity, motor driver, radar

General purpose: MCU, power management, analog signal chain

Automotive

Advanced driver assistance systems

2023: ~\$1.5B growing ~20%*



Vehicle ADAS system

\$350+ content, 300+ chips per system

Application specific: radar, FPD-Link, safety power, vision processor

General purpose: power management, analog signal chain

*10-year CAGR from 2013 through 2023

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In summary: TI is positioned to grow

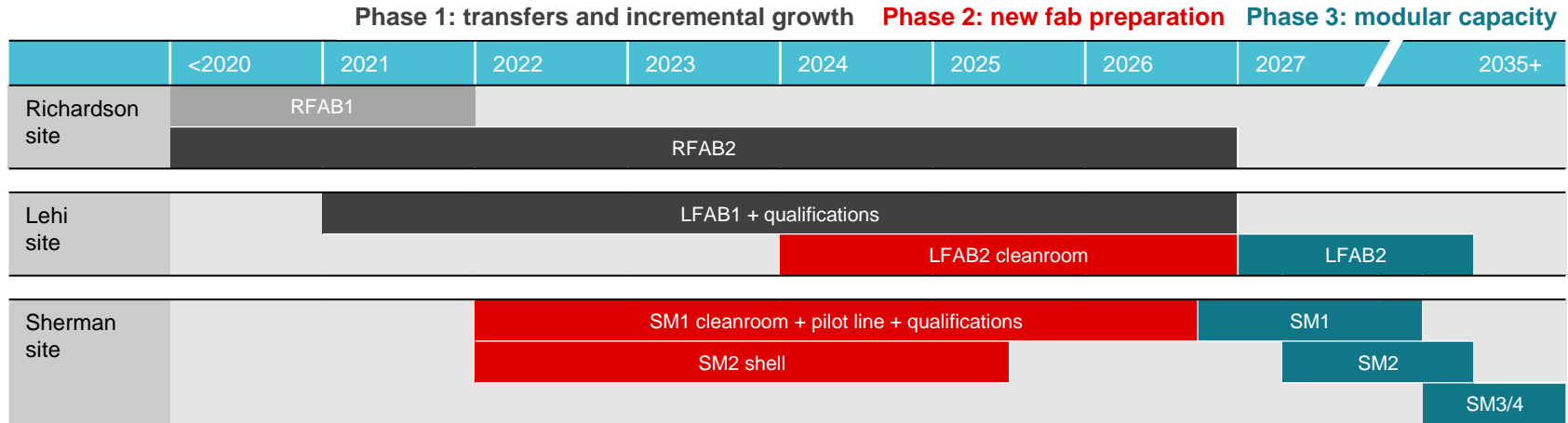
- **Market exposure:** Industrial and automotive have grown from about 40% in 2014 to about 75% of TI's revenue in 2023, with double-digit growth through the last two peaks.
- **Stronger portfolio:** Breadth of analog and embedded products, combined with investments in process and package technologies, strengthens product portfolio.
- **Positioned to grow:** Our exposure to large, fast growing markets and our strong portfolio of analog and embedded position us to capture the opportunity ahead.

Capacity investments in 300mm wafer fabs

Strategy of our 300mm wafer fab investments

Position TI to deliver:

- Dependable, low-cost 300mm capacity to meet customers' demand**, given increasing semiconductor content in industrial and automotive, especially in a world with rising geopolitical tensions
- Scalability of CapEx**, including capacity modularity, to handle strong markets or times of persistent market weakness
- Free cash flow per share growth** across a range of market conditions



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

	<2020	2021	2022	2023	2024	2025	2026	2027	2035+
Richardson site		RFAB1							
					RFAB2				
Lehi site					LFAB1 + qualifications				
						LFAB2 cleanroom		LFAB2	
Sherman site						SM1 cleanroom + pilot line + qualifications		SM1	
					SM2 shell			SM2	
									SM3/4

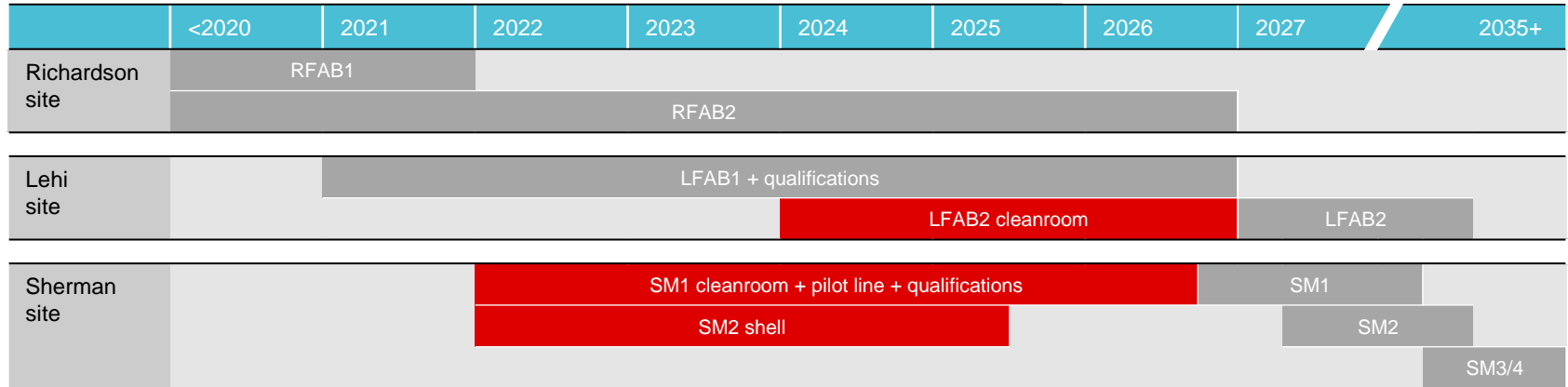
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Phase 2 (2022-2026) New fab preparation

- 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



Strategy of our 300mm wafer fab investments

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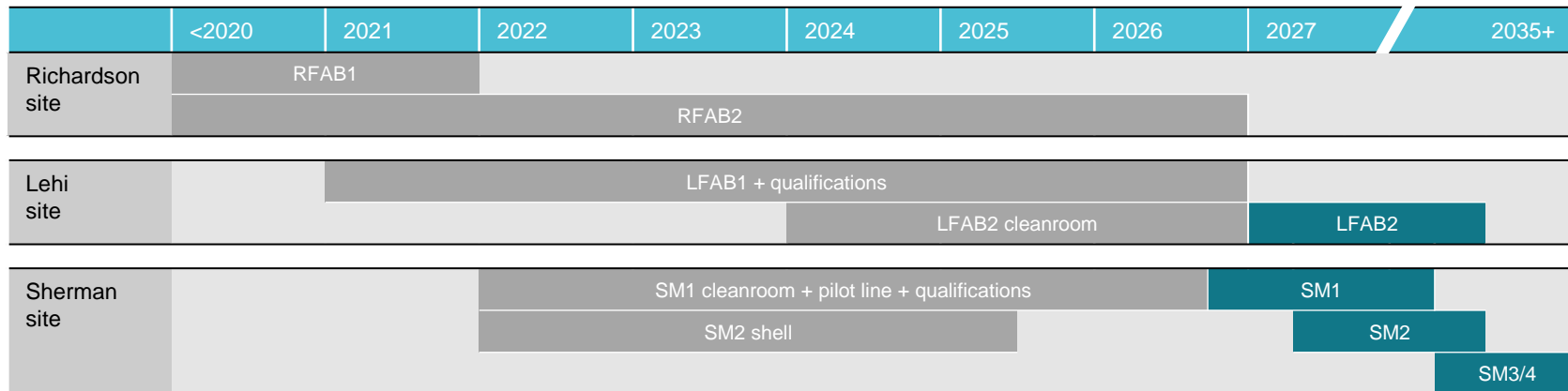
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Phase 3 (2026+) Modular capacity

- 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 eligibility	25% through 2026	25% through 2026	25% through 2034	25% through 2032		

* Dependent on mix and utilization

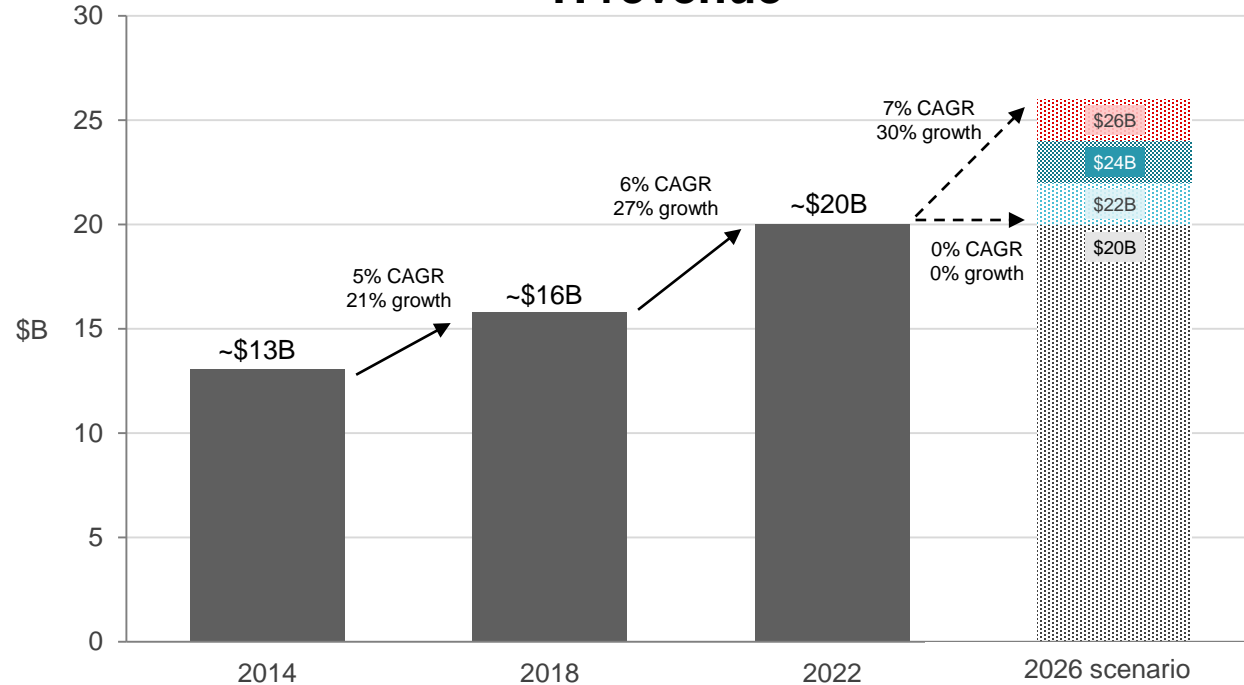
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**Delivering free cash flow per share growth
across a range of market conditions**

Four revenue scenarios

Range of market conditions modeled toward 2026

TI revenue



2026 revenue	CAGR (vs 2022)	Absolute growth (vs 2022)
\$26B	7%	30%
\$24B	5%	20%
\$22B	2%	10%
\$20B*	0%	0%

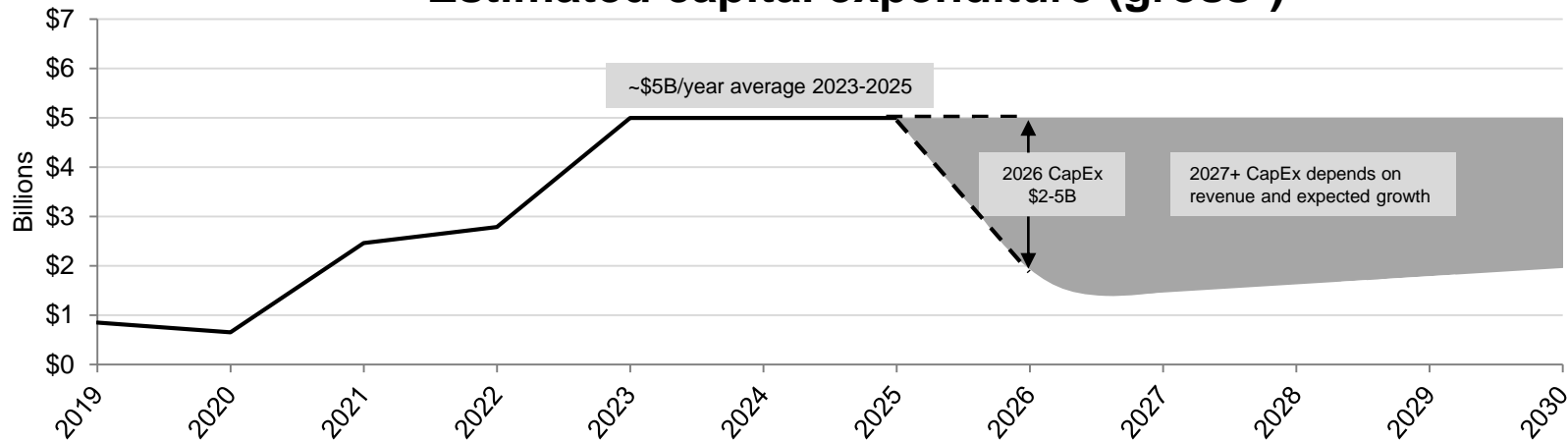
- We chose 2026 for scenario planning to show a range of market conditions.
- The higher revenue scenario indicates a rapid market recovery from today.
- The zero growth scenario would indicate a persistently weak market, which likely means the next industry peak is delayed.

* Latest analyst consensus from Capital IQ

Scalability of capital expenditures

Supports long-term growth

Estimated capital expenditure (gross*)



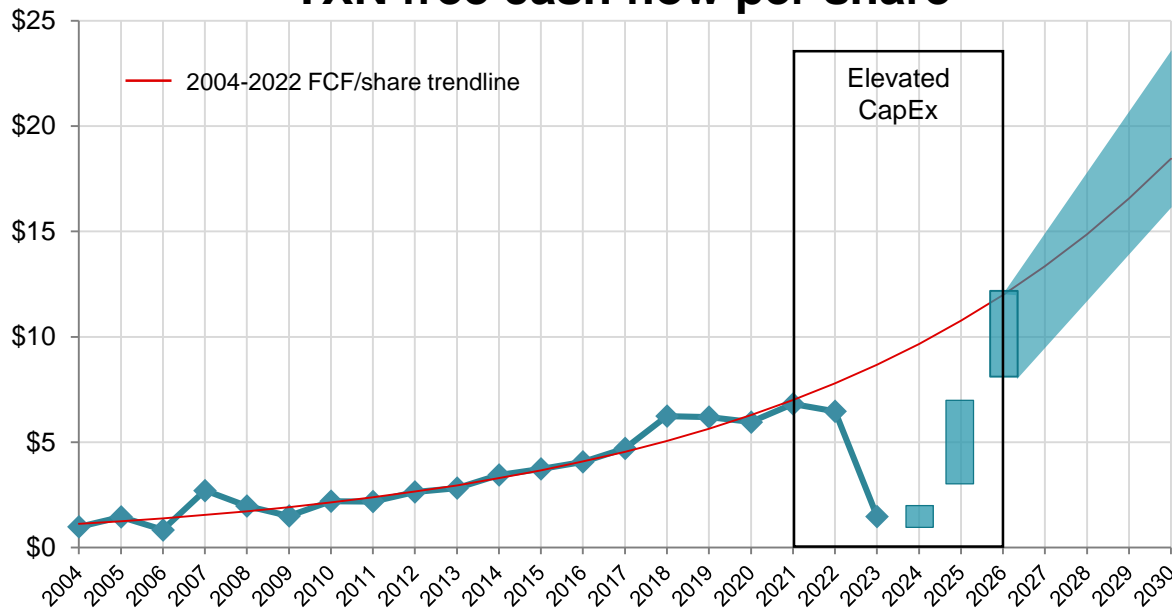
Key metrics	2022	2026	2030
% of wafers internal	80%	>90%	>95%
% of internal wafers 300mm	40%	>70%	>80%
% of assembly internal	60%	>85%	>90%

* Gross CapEx, does not include CHIPS Act benefits

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Revenue scenarios deliver free cash flow per share growth

TXN free cash flow per share



2026 revenue scenario	\$20B	\$22B	\$24B	\$26B
CAGR	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.

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; no proposed direct funding assumed.

Summary

We are more than 60% through a six-year elevated CapEx cycle that, when completed, will **uniquely position TI for the next 10 to 15 years to deliver:**

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

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.

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