



Enabling Brilliance

Dr. Franz Fink  
President & CEO

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## 2011 Annual General Meeting

April 6, 2011



# Forward Looking Statements

This presentation contains statements which constitute forward-looking statements. These forward-looking statements are not descriptive of historical matters and may refer to management's expectations or plans. These statements include but are not limited to statements concerning: the expected results and benefits of Gennum's acquisition of Nanotech (including the expected impact of the acquisition on Gennum's revenues, earnings, business and market position), Gennum's business objectives and plans including Gennum's corporate strategy and strategic priorities; Gennum's future financial performance and prospects including revenues, gross margins and earnings, and ability to achieve operating earnings, cash flow and other business model targets; future trends in the semiconductor products and intellectual property licensing industries and, in particular, market trends for analog and mixed-signal products, optical products and intellectual property products and licensing; Gennum's expectations for sales and licensing of its products in these markets including anticipated costs and fees, sales, product prices, size, duration, growth or decline of market opportunities and competitive and pricing pressures in these markets; Gennum's product roadmap and the speed at which Gennum is able to introduce new products; the adoption of new standards in the markets in which Gennum competes and the ability of Gennum to anticipate these changes and successfully address new opportunities; sales and capital spending plans and estimates, shipment levels and operating expenses; exchange rate fluctuations in, and the relative values of, the Canadian dollar, the U.S. dollar and the Japanese yen; Gennum's ability to finance its growth plans and make necessary investments; and litigation in which Gennum is involved.

Inherent in forward-looking statements are risks and uncertainties beyond Gennum's ability to predict or control including, but not limited to, risks associated with: information relating to the business and affairs of Nanotech provided to Gennum by Nanotech and the vendors in connection with the acquisition of Nanotech being materially incorrect; the successful integration of acquisitions, including the acquisition of Nanotech; competitive and pricing pressures in the increasingly competitive environment in which Gennum operates; changes in the mix of products sold which, due to associated margins, can impact Gennum's financial results; economic cycles in the semiconductor industry including downturns which can result from adverse general economic conditions; the effects of the recent earthquake and tsunami in Japan and the resultant impact upon Gennum's sales in Japan, which comprise approximately 30% of Gennum's revenues; our ability to anticipate needs for future products and successfully execute our product roadmap, including the possibility of the emergence of disruptive technologies which negatively impact our positioning in the marketplace; the risk that unforeseen factors may arise that result in us not being able to achieve our operating income, cash flow and other business model targets; possible impairments of assets which could be required in the future; fluctuations in foreign exchange rates and their potential adverse impact upon our financial results; our reliance on external foundries and suppliers and the potential adverse effects of disruptions in any of these arrangements; our ability to attract and retain key personnel necessary for our business; our ability to successfully protect our intellectual property rights; and the initiation and outcome of legal proceedings. Please also refer to the section entitled "Risk Factors" in our most recent annual information form and the section entitled "Risks and Uncertainties" in our 2010 management's discussion and analysis, each as filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this presentation. Such statements are based on a number of assumptions which may prove to be incorrect including, but not limited to, the following assumptions: the information relating to the business and affairs of Nanotech provided to Gennum by Nanotech and the vendors in connection with the acquisition of Nanotech is not materially incorrect; Gennum is able to successfully integrate acquisitions (including the acquisition of Nanotech); there is no material deterioration in the business and economic conditions in the marketplace for Gennum's products; the effects of the recent earthquake and tsunami in Japan will not have a material adverse impact upon Gennum's revenues, Gennum's expectations regarding market trends for analog and mixed-signal products, optical products and intellectual property products and licensing are not materially incorrect; Gennum is able to execute its product roadmap without delays or disruptions having a material impact on Gennum; Gennum's expectations relating to the needs and direction of the marketplace for its products are within reasonable bounds of accuracy and Gennum is able to introduce products and capitalize on new opportunities generally as expected; Gennum's expectations relating to its future operating expenses, as well as the capital required to conduct its business in the future, are not materially incorrect; significant impairments of assets will not arise; material disruptions in the manufacture and supply of products and services to Gennum by foundries and suppliers will not materialize; Gennum's expectations relating to competitive pressures, including pricing pressures, as well as Gennum's expectations relating to the mix of products to be sold by it, are not materially incorrect; significant fluctuations in foreign exchange rates which materially adversely affect Gennum's financial results do not arise; customer demand for Gennum's products remains generally as anticipated; and Gennum is able to continue to retain and attract technical and other key employees.

Please be cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause Gennum's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Consequently, undue reliance should not be placed on these forward-looking statements. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Please be cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. We disclaim any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

# Vision

To be the **#1 Supplier** of high speed data transmission ICs for broadcast, high performance networking, storage, and telecom applications



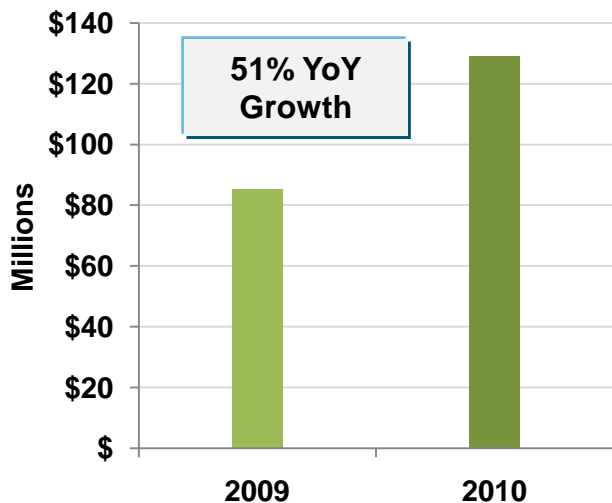
## Key Elements to Our Success

- **Maintain Broadcast Market Leadership**
- **Leveraging 10G Expertise to Win in Faster Growing Markets**
- **Investing to Capitalize on 40G & 100G Market Inflection**

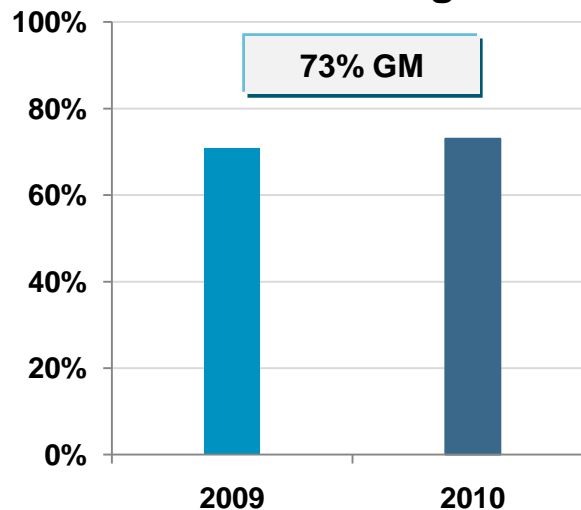


# 2010 Financial Summary

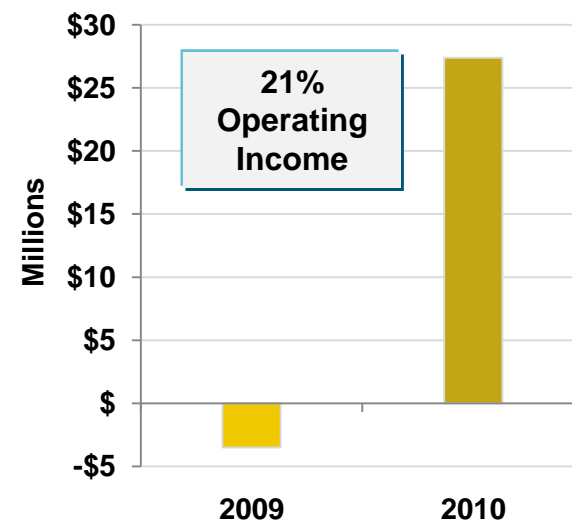
## Revenue



## Gross Margin



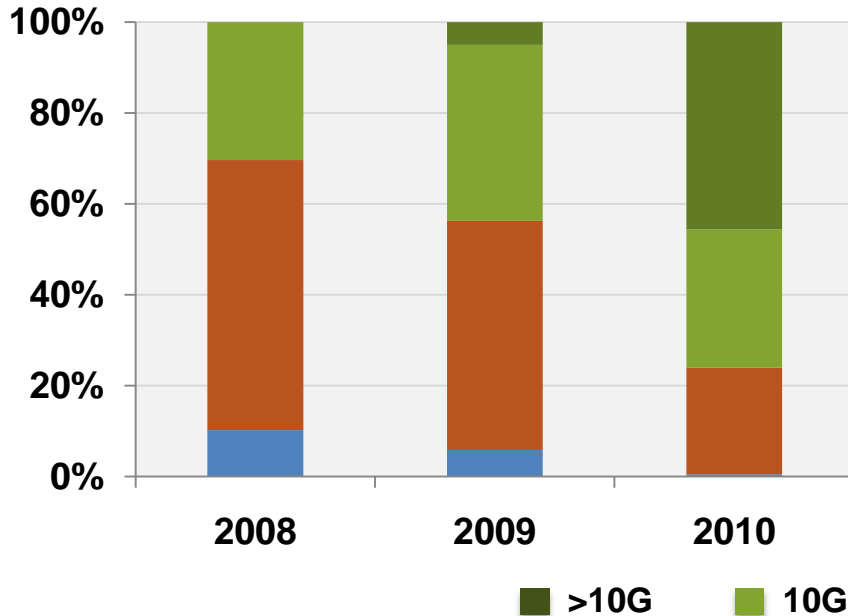
## Operating Income



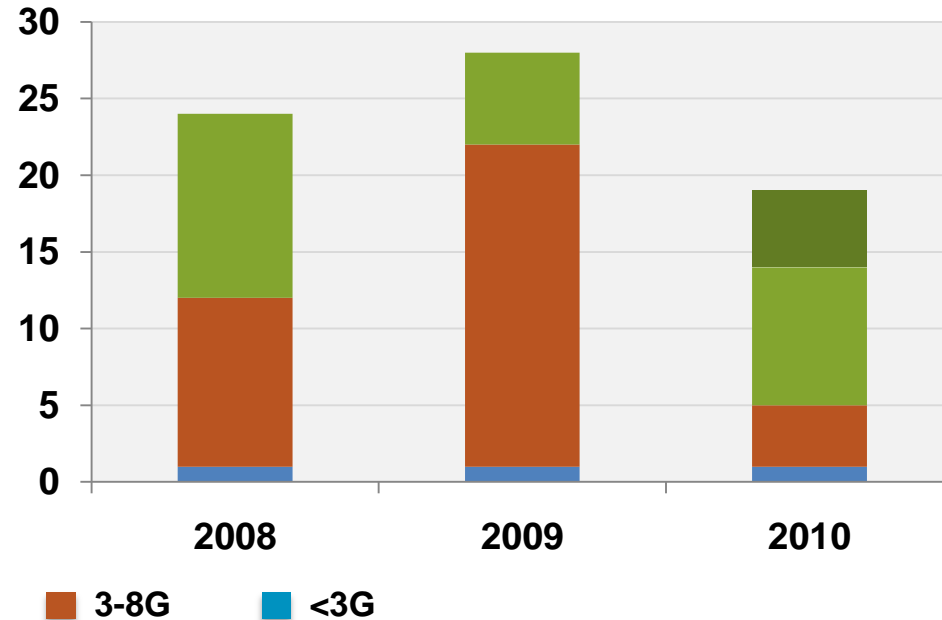
	2009	2010	Q4-2010
Revenue	\$85.2M	\$128.9M	\$33.3M
Gross Margin	71%	73%	75%
Operating Income	(\$3.5M)	\$27.4M	\$7.8M
Operating Margin	(4%)	21%	24%
EPS	(\$0.07)	\$0.54	\$0.15

# Investing for Growth

## R&D % Focused on High Speed Products



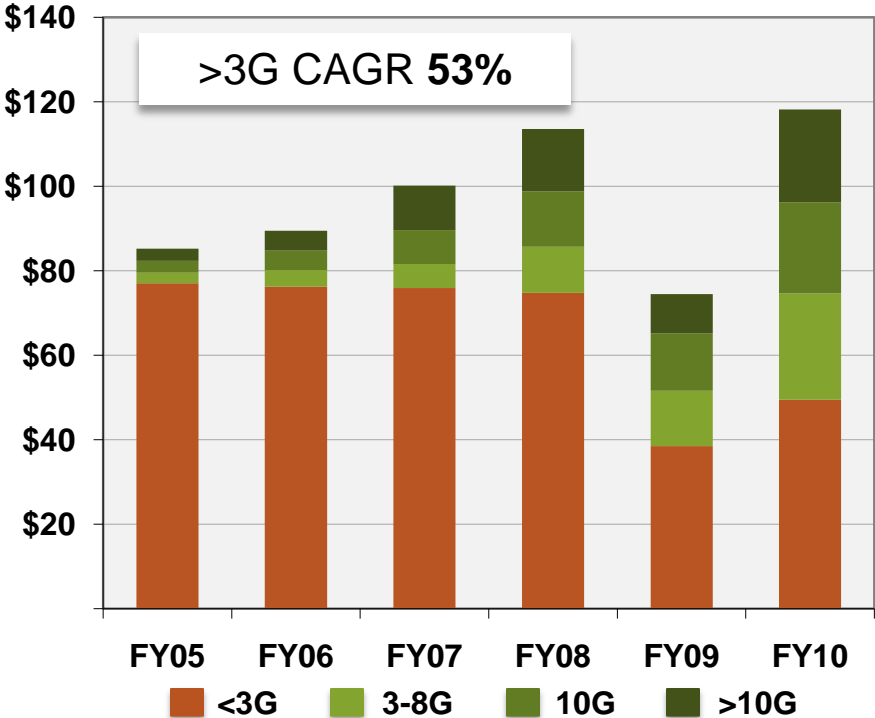
## Introducing More High Speed Products



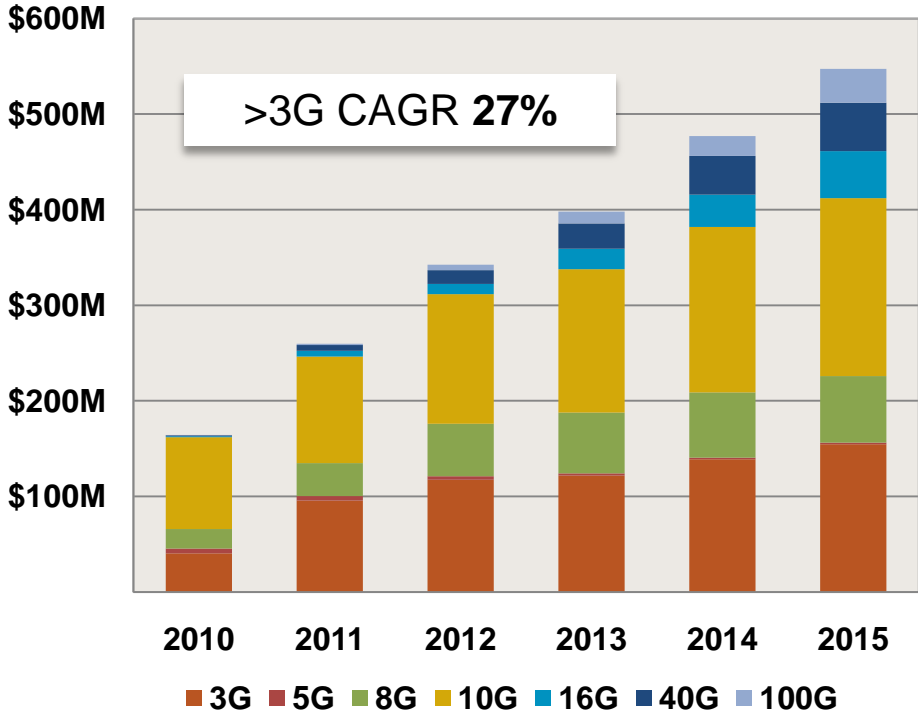
- Focusing investment on 10G-100G high speed products
- Introduced 14 industry first products in 2010 for 10G EPON, 16G FC & 40G
- Significant design-in traction with key customers

# High Speed Products Driving Our Growth

Gennum Product Revenue by Data Rates (\$M)



Gennum High-Speed IC SAM (\$M)



Source: 2009, 2010 IABM, 2010 Lightcounting, 2010 Ovum & Internal Estimates

- 3G and 10G+ **product revenue CAGR 53%** over last 5 years
- 3G and faster products account for **58% of 2010 product revenue**





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## Q1 Results



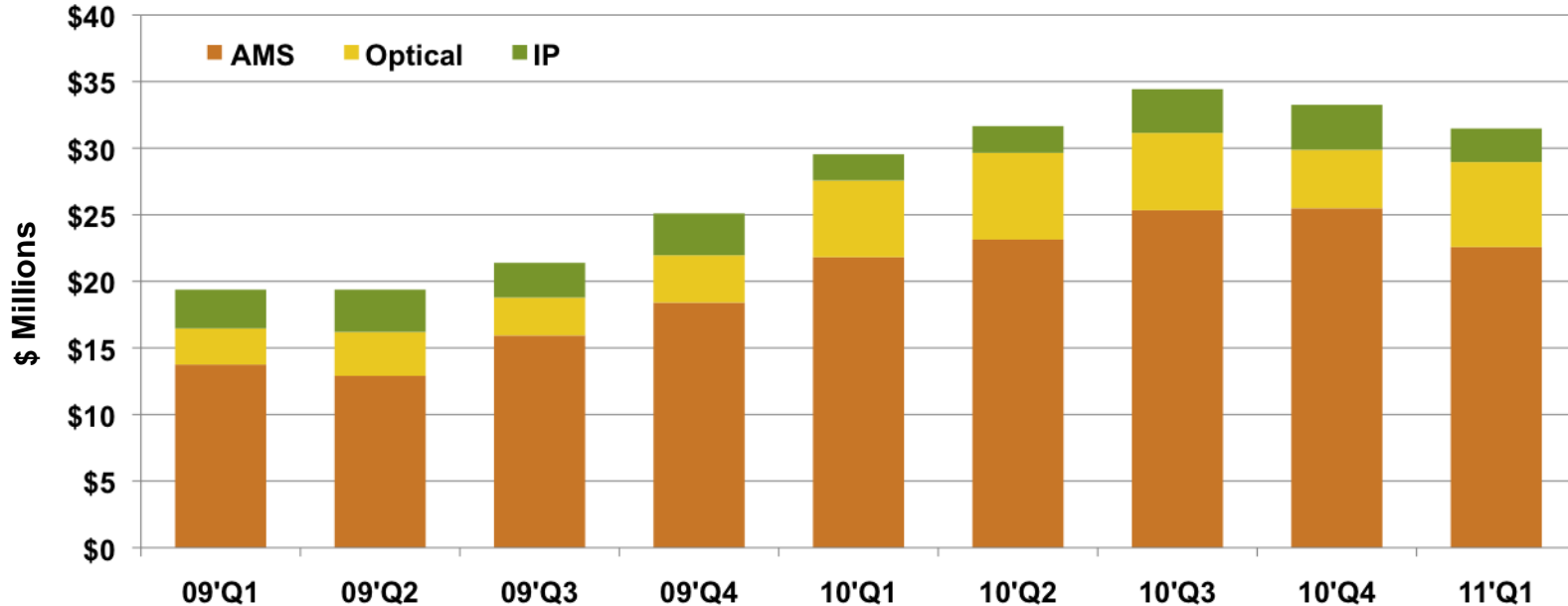
# Q1 2011 Performance Summary

	Q1-2010	Q4-2010	Q1-2011
Revenue	\$29.5M	\$33.3M	\$31.5M
Gross Margin	73%	75%	72%
Operating Income	\$6.1M	\$7.8M	\$6.5M
Operating Margin	21%	24%	21%
EPS	\$0.12	\$0.15	\$0.13

- Achieved **7% revenue growth vs. Q1 2010**
- **Gross margins solid at 72%**
- Delivered strong **operating margin at 21%**
- Cash position **strong at \$52.4M**

# Gennum Revenue Summary

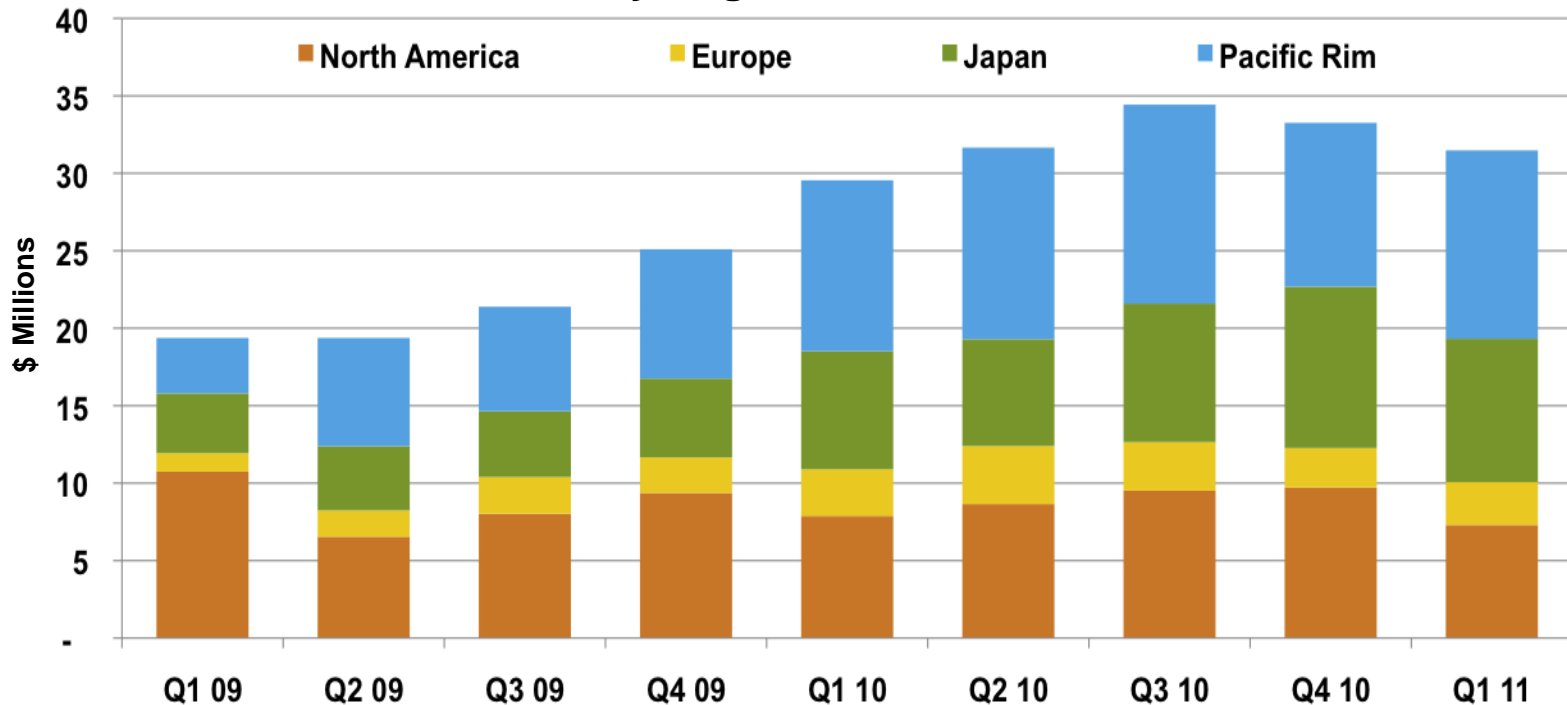
## Quarterly Revenue Performance by Group



- **AMS** grew **3% vs. Q1'10** - Broadcast seasonality slowed pace of growth
- **Strong Optical performance** as new datacom products ramp - **11% vs. Q1'10**
- Snowbush IP increased \$0.5M or **28% vs. Q1'10**

# Regional Performance

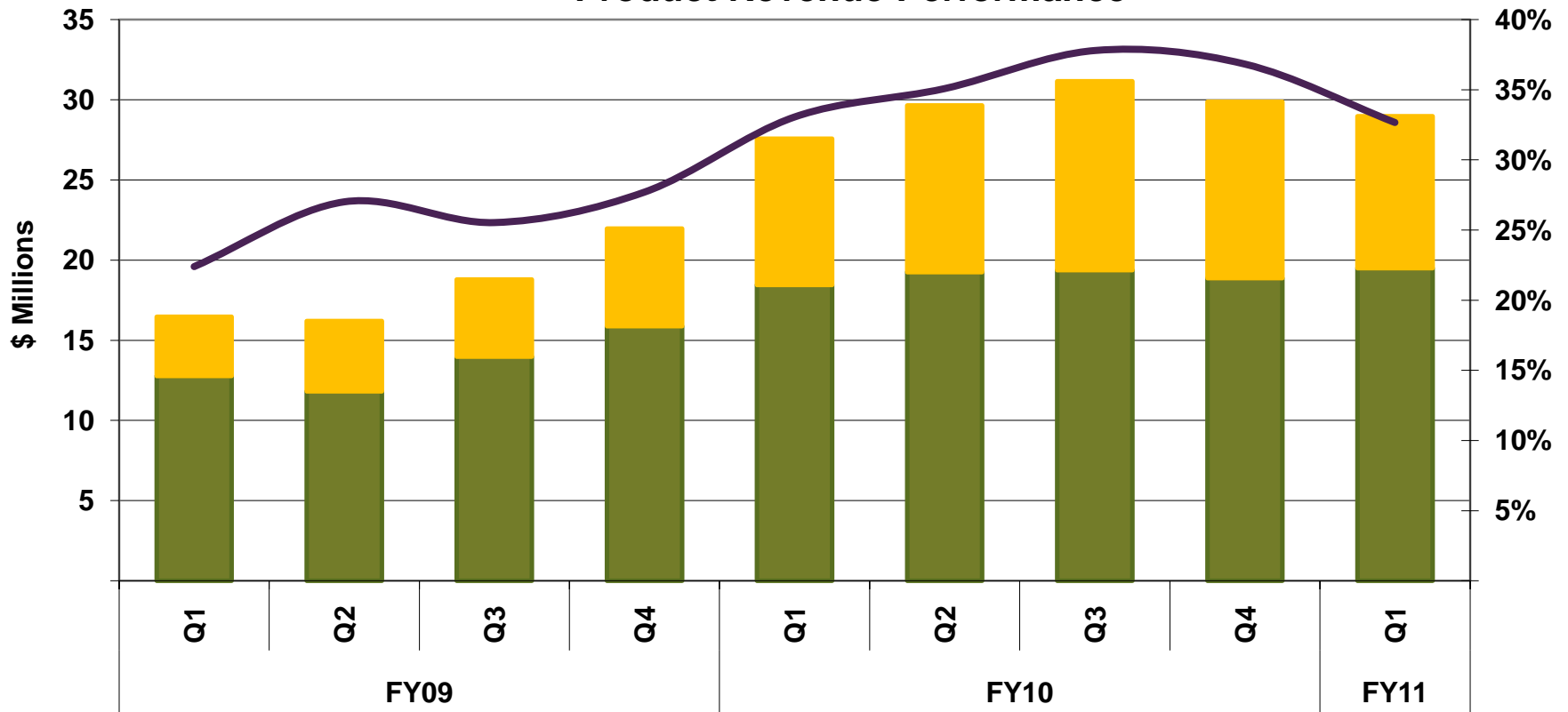
## Quarterly Regional Revenue Performance



- **Pacific Rim** delivering strong growth – increased **10% vs. Q1'10**
- **EMEA & North America** down due to seasonally slower broadcast market
- **Japan** increased **21% vs. Q1'10**

# New Products Driving Growth

## Product Revenue Performance



- New products (2008-2010) grew 29% vs. Q4 2010
- New product percentage solid at 34% of revenue
- Mature products are solid – 6% YoY growth



YoY = Q1'10 vs. Q1'11

# Exciting New Products – Unmatched Innovations

## Industry's Most Robust, Long-Reach Equalizer for Broadcast Video

- Cable Reach Beyond 200 meters
- Best-In-Class Density



## 25Gb/s Clock and Data Recovery ICs for 100Gb/s Networks

- Enabling 100Gb/s fiber-optic modules, line cards & copper cables
- Ultra Low Power, High Performance

## Industry's First Transceiver ICs for Thunderbolt™ Cables

- Enables Thunderbolt™ copper cables to transmit reliable, error-free 10Gb/s data
- Amazing performance, simplicity and flexibility for high speed consumer connectivity



## Business Performance

- Q2 order book to date is similar to Q1 order levels at this time
- Limited visibility on strength of Japan customer orders
- Taking a cautious stance over the next few quarters
- Working with customers and partners to improve our clarity around the situation

## Continuing to Focus & Execute

- Design wins and customer activities remain strong for new products
- Strong customer relationships and good business fundamentals in place
- Continuing to execute against our business strategy & investing in our portfolio



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## Strengthening Position in Datacom & Consumer

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Gennum Acquires Nanotech Semiconductor



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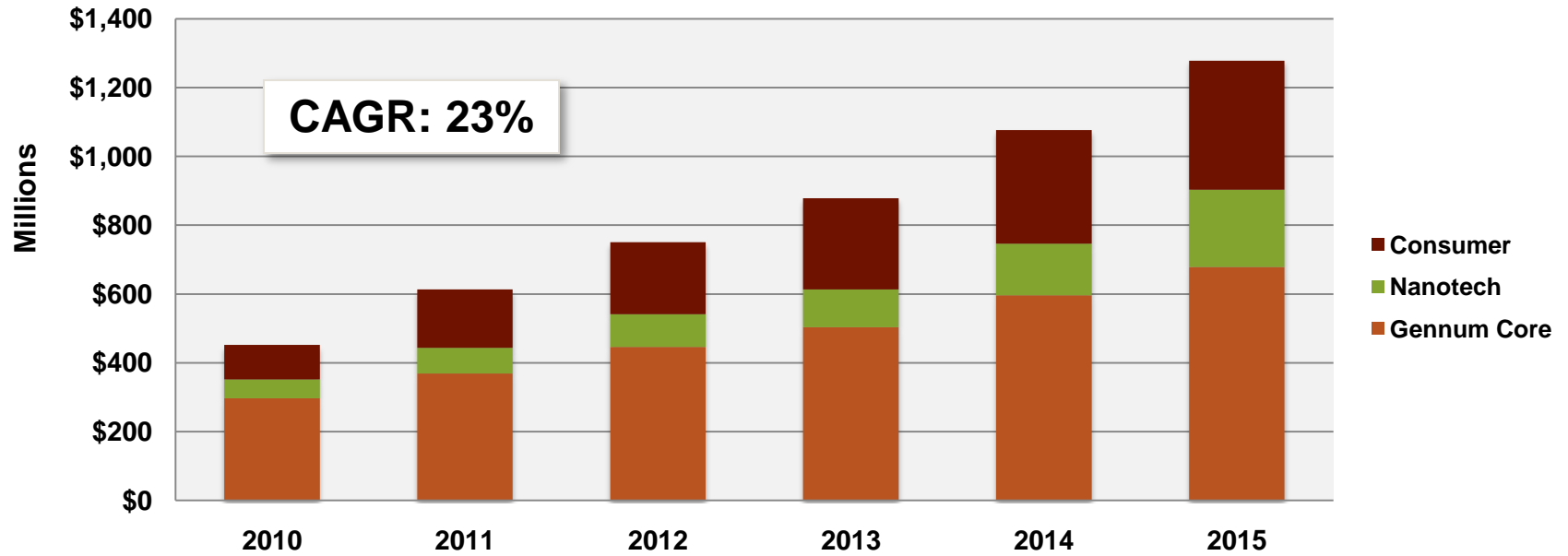
# **Gennum & Nanotech Combination**

## ***Industry's Most Comprehensive Optical Component Portfolio***

- Significantly expands optical component offering
- Stronger position in Ethernet and PON (Fiber to the Home)
- Opportunity to address consumer connectivity market
- Streamlines customer supply chain - Provides single supplier source
- Strengthens application & technical support particularly in Asia Pacific

# Strengthening Datacom & Consumer Market Position

## Expanded TAM (\$M)

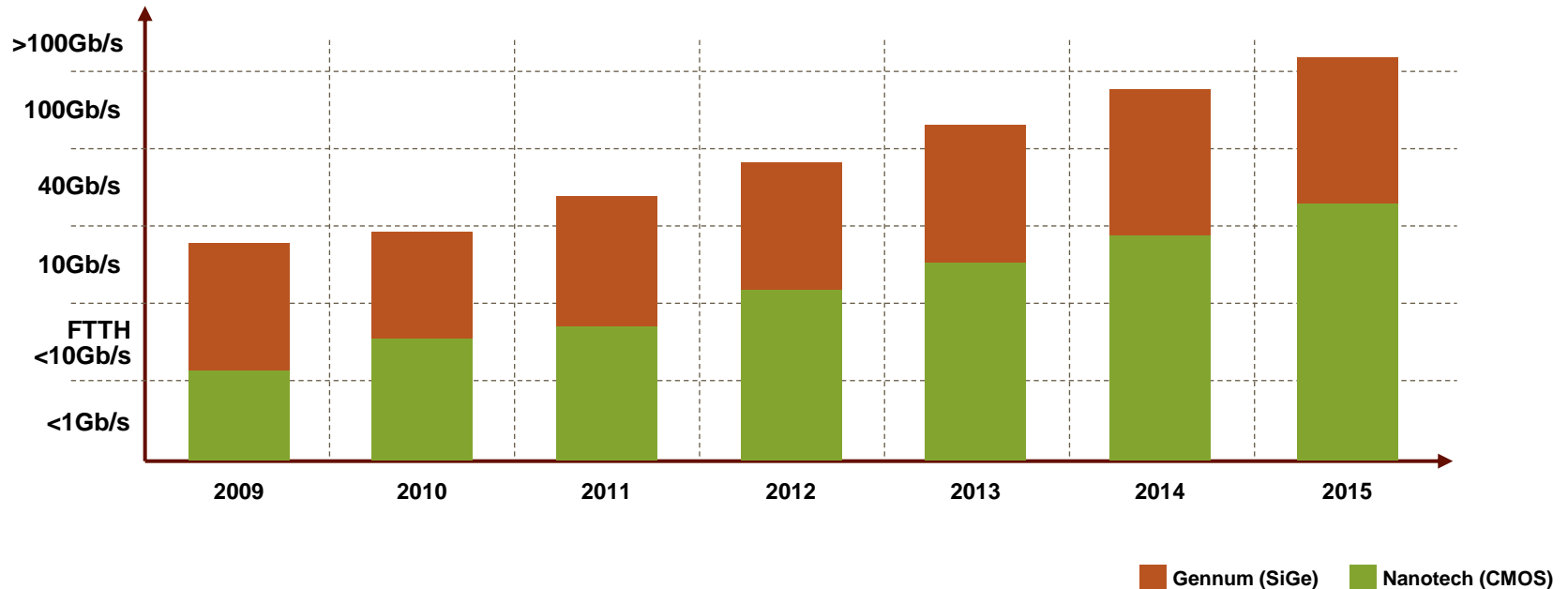


- Transaction increases **overall TAM by 20% to \$1.3B (23% 5 Year CAGR)**
- CMOS and 10Gb/s technology **positions Gennum for consumer opportunities**

# Creates Leading Optical Transceiver IC Supplier

*Address data rates from 100Mb/s to 100Gb/s*

## Market Segment Coverage

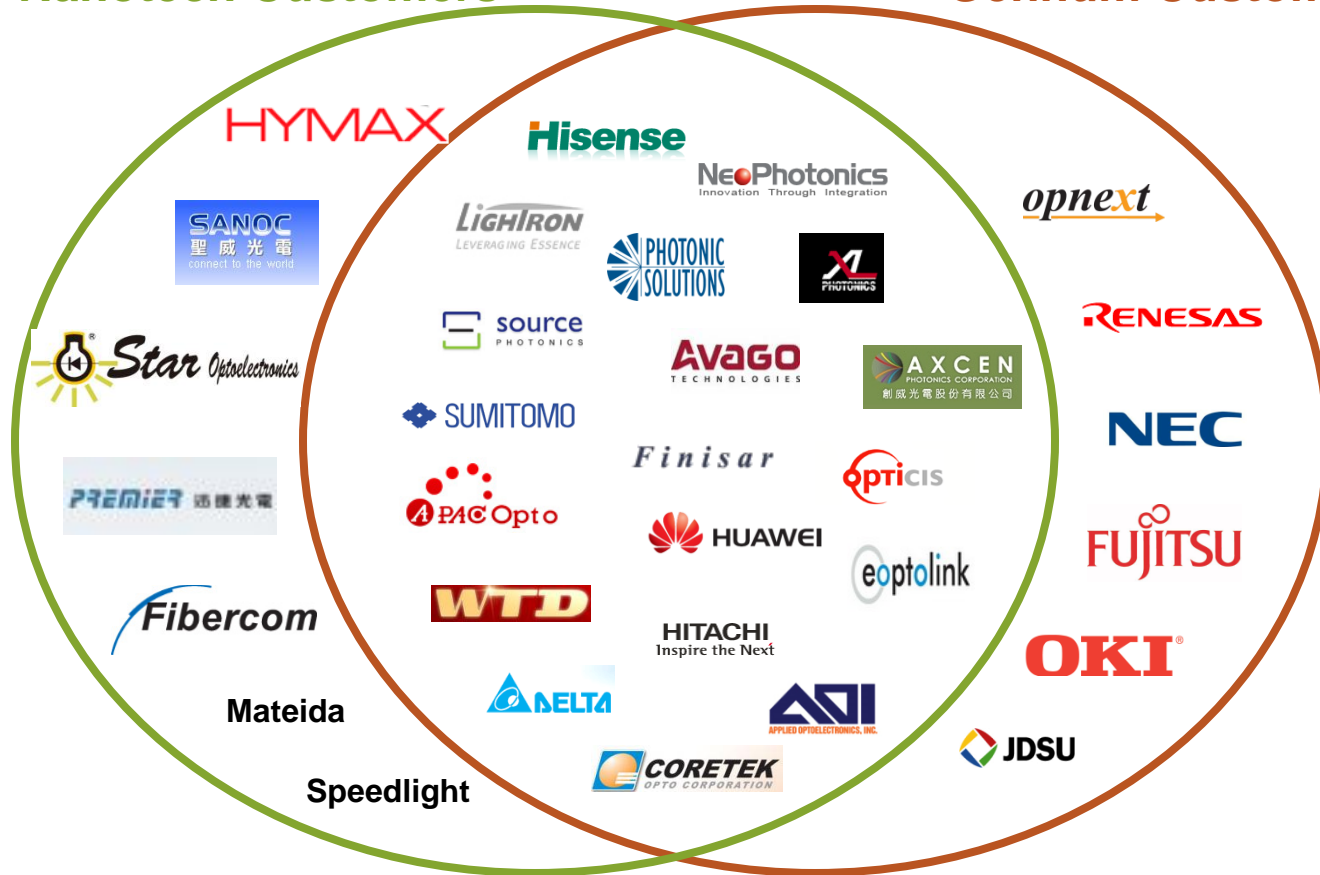


- Nanotech has **solid market share for optical transceivers ICs <10G**
- Strengthens position in key markets such as Ethernet and PON
- **Nanotech's CMOS expertise** addresses cost sensitive applications

# Gennum & Nanotech: Expanded Customer Base

## Nanotech Customers

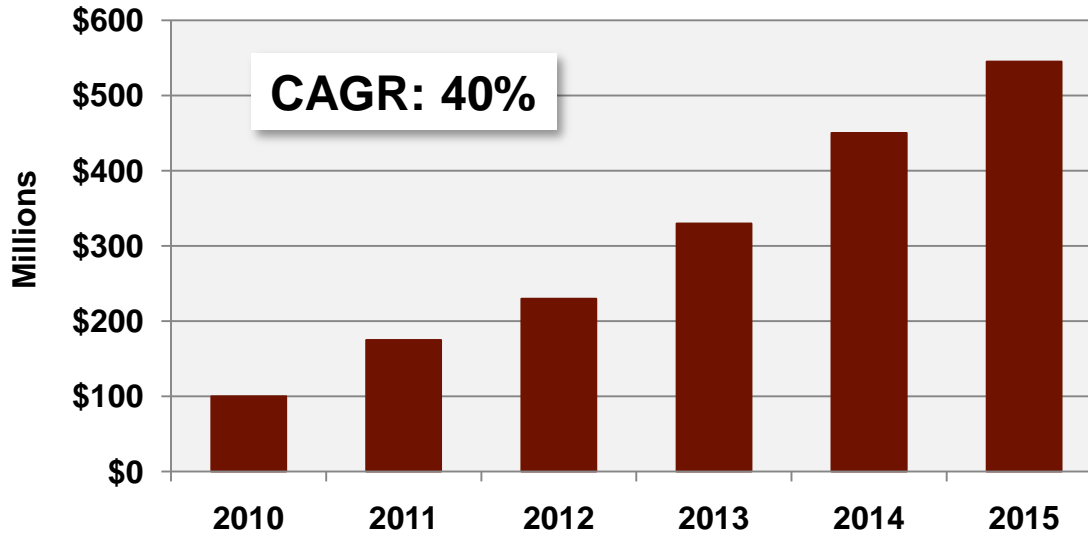
## Gennum Customers



- Excellent customer synergies - Significantly increase design-in opportunities
- Significant business **expansion in China and Taiwan**
- Ability to capture **greater silicon content & larger customer share**

# Opportunity to Address Consumer Connectivity Market

## Gennum Consumer Connectivity TAM



- **High speed, low power and cost efficient** products key for consumer connectivity market
- Nanotech ultra **low power optical ICs target emerging consumer** optical link applications
- Build upon **Nanotech CMOS leadership & Gennum's 10Gb/s strength**
- Provide **cutting edge copper-based and optical-based** consumer connectivity solutions

# Transaction Summary

- Purchase price of **US\$34 million cash**
- **Earnout amount of up to US\$6 million** for the achievement of next twelve month **revenue targets between US\$10 million and US\$14 million**
- Expect to be **accretive on a non-GAAP\* basis in fiscal 2011**; approximately neutral on a GAAP basis in fiscal 2011
- Expect to be **GAAP accretive in fiscal 2012**

\* *Non-GAAP basis excludes intangible asset amortization, integration expenses and retention programs related to the Nanotech employees.*

# Strong Portfolio of Differentiated Products

Products Launched



	Broadcast	Telecom	Networking & Storage	Consumer
<b>AMS</b>				
Broadcast SDI	NEW EQ ✓	✓	✓	
Backplane & Linecard ICs		NEW 25G ✓	NEW 25G ✓	
Transceiver ICs		✓	✓	NEW 10G ✓
Crosspoints	290x290 ✓	2x2 ✓	2x2 ✓	
<b>Optical</b>				
PMD (TIA, LD/LA)		10G EPON ✓ Nano Tech	16G FC ✓ Nano Tech	✓ Nano Tech
OSA (ROSA, TOSA)		✓		
Video Optical Modules	✓			
<b>IP – 10G, 25G, 40G</b>	✓	✓	✓	

- Good customer traction for products launched in Q4 2010
- New 2011 products defend core market leadership & expand to consumer
- Inorganic investment significantly extends optical portfolio

# Executing Strategy to Deliver Growth & Value

- **Start to 2011**
  - Sound financials
  - More new products
  - Exciting acquisition
  - Monitoring Japan situation
- **Continuing to execute our well-defined strategy**
  - Defending broadcast leadership with new products
  - Maintaining early leadership in 40Gb/s & 100Gb/s
  - Inorganically expanding to strengthen 10Gb/s portfolio
  - Capitalizing on high speed consumer connectivity demand

**Solid foundation to deliver greater  
shareholder value**

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