SECTOR — SEMICONDUCTORS

TWST: You recently acquired IDT’s smart metering product line. What is your vision for the smart metering group at Atmel?

Mr. Laub: Smart energy continues to be a key focus for Atmel. With the acquisition of IDT’s smart metering product line, we have added metrology technology to our own industry-leading smart energy product portfolio. This acquisition allows us to offer our customers the broadest suite of smart energy solutions as compared to any other semiconductor supplier. Our customers prefer to work with one supplier to assure the seamless functioning of all the different components of a smart energy solution. Due to the desire to reduce energy consumption worldwide, the market for smart energy solutions has become a multibillion dollar market and is expected to continue to show steady growth. Recently, strong growth has been occurring in Europe and Asia, and we are looking forward to solid growth in this market over the next several years.

TWST: Tell us how your recent acquisition of Ozmo Devices will help you move into the “Internet of Things” space.

Mr. Laub: Ozmo Devices brings Atmel leading WiFi Direct solutions at the industry’s lowest power consumption. What’s happening today is that we are beginning to see more electronic devices becoming smart and connected, which means that they are becoming intelligent and are communicating with each other. Today, most people connect to the Internet via a smartphone, tablet or personal computer, with WiFi being the dominant communications standard for doing so. The “Internet of Things” refers to the emerging world where all kinds of different electronic devices will be connected to each other through the Internet. To communicate with the Internet, they will have to connect over an Internet-accessible network, and WiFi technology is the ideal choice.

Ozmo’s WiFi Direct solutions allow us to be a key player in enabling the “Internet of Things,” as we now offer an ultra-low-power WiFi device that can enable electronic devices to communicate with each other and with people. For example, using your smartphone, you could turn on/off your lighting system, set the temperature on your thermostat at home, heat your stove to start your dinner, view shows on your media system or watch your kids playing at home while you are at the office. This connection of all kinds of electronic devices communicating through the Internet is expected to become an enormous marketplace.

Today, it’s estimated that there are nearly 10 billion devices in the world connected to the Internet, and this is expected to triple to nearly 30 billion devices by 2020. The
“Internet of Things” represents perhaps the greatest potential growth market for semiconductors over the next several years. What people want is WiFi capability along with very low power, because most of these smart devices are battery-powered. This is advantageous to Atmel, because we have both ultra-low-power WiFi capability, and we also have the microcontroller device, which when combined with the WiFi makes these devices intelligent and connected. This is a great opportunity for us, and we are very excited by the potential future growth of this technology and its business for us.

TWST: What are the metrics you believe are most meaningful for analyzing your business performance that potential investors should also familiarize themselves with?

Mr. Laub: For key metrics, you obviously need to look at the financial performance of the company, particularly its potential future performance. As an individual investor, I encourage people who are evaluating a company to look at how well that company is positioned to grow its topline revenue. Is it participating in high-growth markets, and is the company positioned to grow and gain share in those markets? For Atmel, one of the things we encourage investors to do is to look at the markets that we are participating in. Our core microcontroller business is in a very large market, and we participate in some very high-growth segments, including touch sensing, sensor management, wireless connectivity and smart energy. These are all vertical areas that are among the highest growth markets in the semiconductor industry.

TWST: What is your vision for Atmel in next five to seven years?

Mr. Laub: I want Atmel to become the most valuable microcontroller supplier in the world as recognized by our customers and our shareholders. We intend to become the most valued supplier to our customers by offering them the most innovative, important and critical technologies and products to help them succeed, and to provide these products along with unparalleled support and an attractive price. In addition, I also want Atmel to be the most valued microcontroller supplier to our shareholders, which means that we provide them the greatest return as compared to any other company participating in the microcontroller world. This would position our shareholders to get the best return by participating and investing in us.

TWST: What competitive advantages do you believe differentiate Atmel in the marketplace?

Mr. Laub: Atmel has extremely innovative people, particularly our engineering and technology employees that continue to bring out the most cutting-edge products in the marketplace, from our microcontrollers to our automotive, wireless and smart energy products. We have succeeded by bringing out innovations and technologies that others don’t offer. Another key advantage we have is that people are passionate about winning and will do whatever it takes to succeed. Furthermore, we are willing to move quickly. For example, a key reason we have been able to get into the market for touch sensing, the “Internet of Things” and the smart metering markets, is because we are willing to act and make decisions quickly, such as to make the necessary acquisitions when required to enhance our technology. We have an organization that is biased to action.

From a technology standpoint, we differentiate also by focusing on a few things that matter. We believe having the absolute lowest-power products, particularly in microcontrollers, is very important, especially as the world becomes more mobile, more devices are becoming portable and battery-powered.”
also emphasize how important it is that we continue to invest and innovate for our future growth, which is why we spend approximately 20% of revenues on R&D. We show our new employees that they have multiple opportunities within Atmel to make an impact on the way other people around the world use electronic devices.

For example, if you think about the most common electronic device today, a cell phone or smartphone, people use touch technology to interact with it. Today, touch is generally considered to be the preferred way for people to interface or interact with electronic devices. For the last three years, we have been the world’s leading provider of mobile touch solutions, so our technology and our products are impacting the way people use and interact with electronic products. Our technology is also impacting how they view the world and the ability to interact with the world. So we share with them how they could have an impact that way.

We also talk about the other leading-edge technologies the company is working on, including wireless, smart energy, automotive and more. We emphasize that new employees can be a part of these innovative technologies and have the opportunity to be a part of a team to execute successfully on these technologies, whether it be in engineering development, sales, manufacturing or support. It is one thing to be able to have the opportunity, but another to actually make it happen. This is a company where our employees can have an important role in the future of the company and for themselves.

**TWST: Who are the key members of your core management team, and what unique strengths do they bring to the table?**

**Mr. Laub:** I have an outstanding management team who bring a variety of key skills and capabilities. I would like to acknowledge several key members. The first is a recent person who joined Atmel, his name is Dr. Reza Kazerounian. He joined us as Senior Vice President and General Manager of our microcontroller business unit, our largest business. He came from Freescale, and before that STMicro. He has tremendous experience in our industry, and I am confident that he will help Atmel become the leader in the microcontroller business in the upcoming years.

We also have Dr. T.C. Wu, Executive Vice President, who is responsible for the development of our key process technologies for our next generation products. Another key executive is Dr. Shahin Sharifzadeh, Senior Vice President, Worldwide Operations. His focus is to make sure we are providing complete customer satisfaction for our customers from a product delivery and quality standpoint, and to enhance our profitability by achieving the lowest product costs. Also I want to introduce Robert Valiton, Senior Vice President and General Manager of our automotive and memory businesses. He’s been with Atmel since 2007. He is a semiconductor industry veteran and is successfully realigning and driving those businesses.

Two other critical members of our management team include Peter Jones, Vice President and Co-General Manager of our touch business unit. Peter has been with Atmel since 1994, and he has been actively involved in growing our microcontroller and touch businesses for many years. Also key to our management team is Vegard Wollan, Vice President and Co-General Manager of our touch business unit. Vegard is an industry veteran, co-inventor of the AVR microcontroller architecture and holds many patents for semiconductor products. He has been with Atmel since 1995, and is a key executive as we drive our touch business forward.

**TWST: You told us about your long-term vision for the company. More imminently, what are your top five strategic goals for 2013?**

**Mr. Laub:** My strategic goals for this year are coupled with achieving our long-term strategic goals. First and foremost, within our microcontroller business, is to make sure that we achieve our long-term goal of becoming the most valuable microcontroller company in the world to our customers and shareholders. Currently, we are a major supplier of 8-bit microcontroller solutions, and our goal is to expand our position and drive forward toward a leadership position in the 32-bit microcontroller market. Making that happen and driving that success is fundamentally important for us. We introduced nearly 100 new products during 2012, and you can expect we will be driving that business very hard this year.

The second key goal for us is to enhance our leading position in the capacitive touch market. In 2012, for the third year in a row, we were the leader in the mobile capacitive touch marketplace. We are powering millions of tablets and smartphones, and we want to continue our leadership position. This is a very rapidly changing dynamic marketplace. Also for this year, we intend to drive into high-volume our XSense family of flexible touch sensors. We announced this family last year and began shipments during the fourth quarter.

We achieved our first tier-I design win in Q1 of this year with ASUS for their Memo tablet. We have won several other tier-I customer designs with this product, and we are driving to qualify and expand our capacity in our production facility in Colorado. Successfully qualifying the product and technology at our Colorado facility and driving that business forward is a key goal for this year. This is potentially an enormous market of several billion dollars, and it’s going through a technology change that favors our type of product. This is clearly a good opportunity for us.

A fourth major goal for this year is to enhance the market position and profitability of our automotive business. We have recently introduced several key products and are taking steps to substantially enhance profitability. And the final key objective for us is to substantially expand our gross and operating margins. We have set a target to achieve a gross margin of 54% for the company by the end of 2014, and that’s a key objective that we are working on this year.

**TWST: How would you describe the investor who would be most interested in Atmel?**

**Mr. Laub:** The investor who is most interested in Atmel is one that is looking for a healthy company with lots of upside opportunity from both a market value and revenue standpoint. This investor would also be one that is looking for a company that is uniquely positioned to significantly expand its profitability.
offer this kind of upside potential, and we think it’s great for our investors. As I mentioned earlier, we participate in some very large and rapidly growing markets, which puts us in a strong position to drive our revenue growth. We are also taking several steps that should significantly expand our gross and operating margins, an opportunity not available to most of our peers.

For Atmel investors, they have the opportunity to have not just steady growth, but potentially better-than-steady growth in revenue and substantially expanding profitability. That’s something I think that’s important to all investors, but particularly uniquely available for current or potential Atmel investors.

TWST: Thank you. (MES)