June 2, 2020

Microchip Technology Updates Financial Guidance for First Quarter Fiscal 2021

CHANDLER, Ariz., June 02, 2020 (GLOBE NEWSWIRE) -- (NASDAQ: MCHP) – Microchip Technology Incorporated, a leading provider of smart, connected and secure embedded control solutions, today updated the range of its prior guidance for net sales and GAAP and non-GAAP earnings per share for its fiscal first quarter of 2021 ending June 30, 2020. Microchip now expects consolidated net sales for the June quarter to be $1.247 billion to $1.326 billion, or between flat and down 6% sequentially with a mid-point of down 3.0%. Microchip previously provided guidance on May 7, 2020 for consolidated net sales to be $1.194 billion to $1.3 billion or down between 2% and 10% sequentially, with a midpoint of down 6%. GAAP earnings per share is now expected to be between $0.25 and $0.39 and non-GAAP earnings per share is expected to be between $1.35 and $1.53. The original guidance for GAAP earnings per share was $0.13 to $0.31 and the original guidance for non-GAAP earnings per share was between $1.25 and $1.45. We are not able to estimate the amount of “Special Charges and Other Expense” or the amount of any gain or loss on the recently completed debt retirement and convertible debt exchange transactions, and therefore our estimate of GAAP earnings per share excludes any such amounts.

“With two months of the quarter behind us, our business is performing better than we expected during our May 7, 2020 earnings conference call. COVID-19 related supply chain disruptions which were primarily in Malaysia and Philippines have eased. We have begun to make up for lost production and expect to continue to gain ground through the end of this quarter,” said Steve Sanghi, Chief Executive Officer.

“Our customers’ factories in China are fully back to work. Some of our other customers’ factories in Europe and North America have also started to reopen, including automotive factories where we saw the largest demand destruction. With quicker recovery from supply chain disruptions versus our earlier expectations, and with a lower level of June 2020 quarter cancellations and pushouts than earlier anticipated, we are narrowing our quarterly net sales and earnings per share guidance ranges and increasing the midpoint,” Mr. Sanghi concluded.

There will be no conference call associated with this press release. Microchip is presenting at the B of A Securities Global Technology Conference on Wednesday, June 3, 2020 at 1:45PM (Pacific). Microchip is also presenting at the Needham 4th Annual Automotive Tech Day on Wednesday, June 3, 2020 at 7:30AM (Pacific). The investor slides that will be presented at the conferences will be posted to Microchip’s website today, and a live webcast and replay of this presentations will be available at www.microchip.com.

Cautionary Statement:

The statements in this release relating to expecting consolidated net sales for the June quarter to be $1.247 billion to $1.326 billion, or between flat and down 6% sequentially with a mid-point of down 3.0%, GAAP earnings per share expected to be between $0.25 and

$0.39 and non-GAAP earnings per share expected to be between $1.35 and $1.53, not being able to estimate the amount of Special Charges and Other, Net and the amount of any gain or loss on the recently completed debt retirement and convertible debt exchange transactions, our business performing better than we expected during our May 7 earnings conference call, that supply chain disruptions which were primarily in Malaysia and Philippines have eased, that we have begun to make up for lost production, and expect to continue to gain ground through the end of this quarter, that factories in Europe and North America have started to reopen, quicker recovery from supply chain disruptions versus our earlier expectations, and a lower level of June 2020 quarter cancellations and pushouts than earlier anticipated are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including, but not limited to: any continued economic uncertainty due to the impact of the COVID-19 virus, monetary policy, political, geopolitical, trade, civil disobedience or other issues in the U.S. or internationally, any further unexpected fluctuations or weakness in the U.S. and global economies (including China), changes in demand or market acceptance of our products and the products of our customers; our ability to successfully integrate the operations and employees, retain key employees and customers and otherwise realize the expected synergies and benefits of our acquisitions; the impact of current and future changes in U.S. corporate tax laws (including the Tax Cuts and Jobs Act of 2017), foreign currency effects on our business; the mix of inventory we hold and our ability to satisfy short-term orders from our inventory; changes in utilization of our manufacturing capacity and our ability to effectively manage and expand our production levels; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; changes or fluctuations in customer order patterns and seasonality; the impact of any future significant acquisitions that we may make; our ability to obtain a sufficient supply of wafers from third party wafer foundries and the cost of such wafers, the costs and outcome of any current or future litigation or other matters involving our Microsemi acquisition, the Microsemi business, intellectual property, customers, or other issues; the costs and outcome of any current or future tax audit or investigation regarding our business or the business of Microsemi, our actual average stock price in the June 2020 quarter and the impact such price will have on our share count; fluctuations in our stock price and trading volume which could impact the number of shares we acquire under our share repurchase program and the timing of such repurchases; disruptions in our business or the businesses of our customers or suppliers due to natural disasters (including any floods in Thailand), terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns (including the COVID-19 virus) or disruptions in the transportation system; and general economic, industry or political conditions in the United States or internationally.

For a detailed discussion of these and other risk factors, please refer to Microchip's filings on Forms 10-K and 10-Q. You can obtain copies of Forms 10-K and 10-Q and other relevant documents for free at Microchip's website (www.microchip.com) or the SEC's website (www.sec.gov) or from commercial document retrieval services.

Stockholders of Microchip are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Microchip does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after this June 2, 2020 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Incorporated is a leading provider of smart, connected and secure embedded control solutions. Its easy-to-use development tools and comprehensive product portfolio enable customers to create optimal designs, which reduce risk while lowering total system cost and time to market. The company's solutions serve more than 120,000 customers across the industrial, automotive, consumer, aerospace and defense, communications and computing markets. Headquartered in Chandler, Arizona, Microchip offers outstanding technical support along with dependable delivery and quality. For more information, visit the Microchip website at www.microchip.com.

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