September 9, 2020

Microchip Technology Narrows Financial Guidance for Second Quarter Fiscal 2021

CHANDLER, Ariz., Sept. 09, 2020 (GLOBE NEWSWIRE) -- Microchip Technology Incorporated (NASDAQ: MCHP), a leading provider of smart, connected and secure embedded control solutions, today narrowed the range of its prior guidance for net sales and GAAP and non-GAAP earnings per share for its fiscal second quarter of 2021 ending September 30, 2020. Microchip previously provided guidance on August 4, 2020 for consolidated net sales to be flat to down 8% sequentially, with a midpoint of down 4%. Microchip now expects consolidated net sales for the September quarter to be down between 2% and 6% sequentially with an unchanged mid-point of down 4%. GAAP earnings per share is now expected to be between $0.23 and $0.31 and non-GAAP earnings per share is expected to be between $1.36 and $1.46. The original guidance provided on August 4, 2020 for GAAP earnings per share was $0.17 to $0.37 and the original guidance for non-GAAP earning per share was between $1.30 and $1.52. We are not able to estimate the amount of “Special Charges and Other Expense” or the amount of any gain or loss on our recently completed debt retirement and convertible debt exchange transactions, and therefore our estimate of GAAP earnings per share excludes any such amounts.

“The September 2020 quarter is tracking in line with our original expectations, allowing us to narrow our net sales and diluted earnings per share guidance after completing the first two months of the quarter,” said Steve Sanghi, Microchip’s CEO. “Our bookings activity has been strong in July and August allowing us to fill in the September quarter from a low backlog at the start of the quarter.”

Mr. Sanghi continued, “From an end market perspective, we are seeing the end markets of data center and computing that benefited from “work from home” in the June 2020 quarter weaken in the current quarter. We are also seeing the automotive and industrial end markets that were weak in the June 2020 quarter start to recover in the current quarter.”

There will be no conference call associated with this press release. Microchip is presenting at the Citi 2020 Global Technology Conference on Wednesday, September 9 at 5:10PM (Eastern). A live webcast and replay of this presentation will be available at www.microchip.com/investors.

Cautionary Statement:

The statements in this release that Microchip now expects consolidated net sales for the September quarter to be down between 2% and 6% sequentially with an unchanged mid-point of down 4%, that GAAP earnings per share is now expected to be between $0.23 and $0.31 and non-GAAP earnings per share is expected to be between $1.36 and $1.46, that the September 2020 quarter is tracking in line with our original expectations, that bookings activity has been strong in July and August allowing us to fill in the September quarter from a low backlog at the start of the quarter, that we are seeing the end markets of data center and computing weaken in the current quarter, and that we are also seeing the automotive and industrial end markets start to recover in the current quarter 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 pandemic, monetary policy, political, geopolitical, trade 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 September 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 pandemic) 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 September 9, 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.

Note: The Microchip name and logo are registered trademarks of Microchip Technology Inc. in the USA and other countries.

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Source: Microchip Technology Inc.