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Microchip Technology Narrows Financial Guidance for Fourth Quarter Fiscal 2019

CHANDLER, Ariz., March 05, 2019 (GLOBE NEWSWIRE) -- (NASDAQ: MCHP) – Microchip Technology Incorporated, a leading broad line semiconductor supplier 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 fourth quarter of 2019 ending March 31, 2019. Microchip previously provided guidance on February 5, 2019 for consolidated net sales to be \$1.251 billion to \$1.403 billion or down 9% to up 2% sequentially, with a midpoint of down 3.5%. Microchip now expects consolidated net sales for the March quarter to be \$1.279 billion to \$1.375 billion, or flat to down 7% sequentially with an unchanged mid-point of down 3.5%. GAAP earnings per share is now expected to be between \$0.21 and \$0.38 and non-GAAP earnings per share is expected to be between \$1.30 and \$1.49. The original guidance for GAAP earnings per share was \$0.18 to \$0.41 and the original guidance for non-GAAP earnings per share was between \$1.26 and \$1.53. We are not able to predict whether inventory at our distributors will increase or decrease and are therefore providing a relatively broad range of revenue guidance. We continue to manage our business internally based on end-market demand. Consistent with our February 5, 2019 guidance, we are not able to estimate the amount of Special Charges and Other, and therefore our estimate of GAAP earnings per share excludes any such amounts.

“The March 2019 quarter is tracking towards our original guidance provided on February 5, 2019,” said Steve Sanghi, Microchip’s CEO. “We are narrowing the range of our net sales and earnings per share guidance around the previously provided mid-point. Based on the latest information available to us and our discussions with our distributors and customers, we reconfirm our belief that barring any negative developments in the trade relations between the U.S. and China that the March 2019 quarter will mark the bottom of the current cycle for Microchip.”

There will be no conference call associated with this press release.

Cautionary Statement:

The statements in this release relating to expecting consolidated net sales for the March quarter to be \$1.279 billion to \$1.375 billion, or flat to down 7% sequentially with an unchanged mid-point of down 3.5%, GAAP earnings per share expected to be between \$0.21 and \$0.38 and non-GAAP earnings per share is expected to be between \$1.30 and \$1.49, continuing to manage our business internally based on end-market demand, not being able to estimate the amount of Special Charges and Other, the March 2019 quarter tracking towards our original guidance, and our belief that barring any negative developments in the trade relations between the U.S. and China that the March 2019 quarter will mark the bottom of the current cycle for Microchip 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 economic uncertainty due to monetary or

trade policy, political or other issues in the U.S. or internationally, any 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 (including our acquisition of Microsemi Corporation); 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 the level of inventory held by our distributors, 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 March 2019 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 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 March 1, 2019 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Incorporated is a leading broad line semiconductor supplier of smart, connected and secure embedded control solutions, providing low-risk product development, lower total system cost and faster time to market for thousands of diverse customer applications worldwide. 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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