June 5, 2017

Microchip Technology Increases Guidance for Net Sales and EPS for First Quarter of Fiscal 2018

CHANDLER, Ariz., June 05, 2017 (GLOBE NEWSWIRE) -- (NASDAQ: MCHP) - Microchip Technology Incorporated, a leading provider of microcontroller, mixed signal, analog and Flash-IP solutions, today improved the range of its prior guidance for net sales and earnings per share for its fiscal first quarter of 2018 ending June 30, 2017. Microchip previously provided guidance on May 9, 2017 for consolidated net sales to be up 2% to 7%, with a midpoint of 4.5%. Microchip now expects consolidated net sales to be up 4.5% to 6% with a mid-point of up 5.25%. GAAP earnings per share are expected to be between 62 cents and 64 cents, and non-GAAP earnings per share expected to be between $1.22 and $1.26 per share. The original guidance for GAAP earnings per share was between 59 cents and 64 cents and non-GAAP earnings per share was between $1.17 and $1.27 per share.

“Our business for the first two months of the June 2017 quarter is tracking higher than the midpoint of our original guidance provided on May 9, 2017. Based on the strength of the business we are experiencing, we are increasing the mid-point of our net sales and EPS guidance, as well as narrowing the range of our guidance,” said Steve Sanghi, Microchip’s CEO.

Mr. Sanghi added, “At the mid-point of our new guidance, our net sales in the fiscal first quarter of 2018 are expected to grow 12.6% from our non-GAAP sales of the same quarter of a year ago. Net sales are expected to be up 18.8% from GAAP net sales of the same quarter of a year ago. With such growth driven by our own initiatives as well as strong industry conditions, our inventory internally as well as at distributors is extremely low and lead times are stretching out. While we are adding capacity in numerous areas, we expect that it could take another year for our inventories and lead times to return to more normal levels. As a result, revenue opportunities are moving from one quarter to another and will likely continue to do so for several quarters.”

There will be no conference call associated with this press release. Microchip’s CEO, Steve Sanghi, is presenting at the Stifel 2017 Technology, Internet & Media Conference tomorrow, Tuesday, June 6, 2017 at 8:00 a.m. (Pacific). Microchip’s President and COO, Ganesh Moorthy, is presenting at the Needham & Company Automotive Tech Day on Tuesday, June 6, 2017 at 10:45 a.m. (Eastern). Mr. Sanghi is also presenting at the Bank of America Merrill Lynch 2017 Global Technology Conference on Wednesday, June 7, 2017 at 10:00 a.m. (Pacific). Live webcasts and replay of these presentations will be available at www.microchip.com.

Cautionary Statement:

The statements in this release relating to expecting our net sales to be up 4.5% to 6% with a mid-point of up 5.25%, expecting GAAP earnings per share to be between $0.62 and $0.64

per share, and non-GAAP earnings per share to be between $1.22 and $1.26 per share, our business tracking higher than the midpoint of our original guidance, the strength of the business we are experiencing, our net sales in the fiscal first quarter of 2018 being expected to grow 12.6%, our net sales being expected to be up 18.8% from GAAP net sales of the same quarter of a year ago, growth driven by our own initiatives, strong industry conditions, low inventory internally and at our distributors, lead times stretching out, adding capacity, inventories and lead times taking another year to return to more normal levels, and revenue opportunities moving from one quarter to another and continuing to do so for several quarters 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 policy, political or other issues in the U.S. or internationally, any unexpected fluctuations or weakness in the U.S. and global economies, changes in demand or market acceptance of our products and the products of our customers; 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 increase our production levels in response to actual and anticipated customer demand; our ability to obtain a sufficient supply of wafers from third party wafer foundries and the cost of such wafers, competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; the level of sell-through of our products through distribution; changes or fluctuations in customer order patterns and seasonality; our ability to continue to successfully integrate the operations and employees, retain key employees and otherwise realize the expected synergies and benefits of our recent acquisitions; the impact of any other significant acquisitions that we may make; the costs and outcome of any current or future tax audit or any litigation or disputes involving intellectual property, customers or other issues; our actual average stock price in the June 2017 quarter and the impact such price will have on our share count; 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 June 5, 2017 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Incorporated is a leading provider of microcontroller, mixed-signal, analog and Flash-IP 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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Source: Microchip Technology Inc