March 2, 2020

Microchip Technology Provides Business Update for Fourth Quarter Fiscal 2020

CHANDLER, Ariz., March 02, 2020 (GLOBE NEWSWIRE) -- (NASDAQ: MCHP) – Microchip Technology Incorporated, a leading provider of smart, connected and secure embedded control solutions, is providing the following business update:

As Microchip closely monitors the impact of the COVID-19 virus, our top priority remains the health and safety of our employees and their families. We have implemented a strict policy on travel to and from affected regions and quarantine procedures for employees returning from such regions. At this point, none of our over 18,000 employees or their family members have tested positive for COVID-19.

On February 4, 2020, as part of our fourth quarter fiscal 2020 earnings call, we issued quarterly net sales guidance of up 2% to 9% sequentially, which was a wider than usual range, to reflect uncertainty related to the public health situation in China. Our business in the Americas and Europe is trending towards our original expectations. However, we see very weak demand in Asia, especially in China, driven by the COVID-19 fears, and customers returning to work at a slower pace than anticipated. Our supply chain is also returning to normal operations at a slower pace than we anticipated when we last spoke publicly about this at the Goldman Sachs Technology and Internet Conference on February 12, 2020. Based on our current assessment, we expect our net sales for the fourth quarter of fiscal 2020 to be about flat sequentially. We are not able to provide updated earnings per share (EPS) guidance at the current time and we are withdrawing our prior EPS guidance.

As conditions evolve, Microchip will continue to act to help ensure the health and safety of our employees worldwide during this difficult period. Our employees in China, Hong Kong, Korea and other deeply affected countries are working from home and going to great lengths to keep Microchip's business running and serving our customers. We are grateful for the effort of our worldwide employees and their families.

Microchip will host a conference call today, March 2, 2020 at 5:00 p.m. (Eastern Time) to discuss this release. This call will be simulcast over the Internet at www.microchip.com. A telephonic replay of the conference call will be available at approximately 8:00 p.m. (Eastern Time) on March 2, 2020 and will remain available until 5:00 p.m. (Eastern Time) on March 16, 2020. Interested parties may listen to the replay by dialing 719-457-0820 and entering access code 2924389.

Cautionary Statement:

The statements in this release relating to our top priority remaining the health and safety of our employees and their families, our business in the Americas and Europe trending towards our expectations, very weak demand in Asia, especially in China, driven by COVID-19 fears, customers returning to work at a slower pace than anticipated, our supply chain returning to normal operations at a slower pace than we anticipated, our expectations of net sales to be about flat sequentially flat in the fourth quarter of fiscal 2020, that we are not able

to provide updated EPS guidance at the current time, that Microchip will continue to help ensure the health and safety of our employees worldwide, and that employees in deeply affected countries will work from home and go to great lengths to keep our business running and serving our customers 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 public health issues (including COVID-19), monetary policy, political, geopolitical, trade 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; 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 March 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 Coronavirus) 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 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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Source: Microchip Technology Inc.