

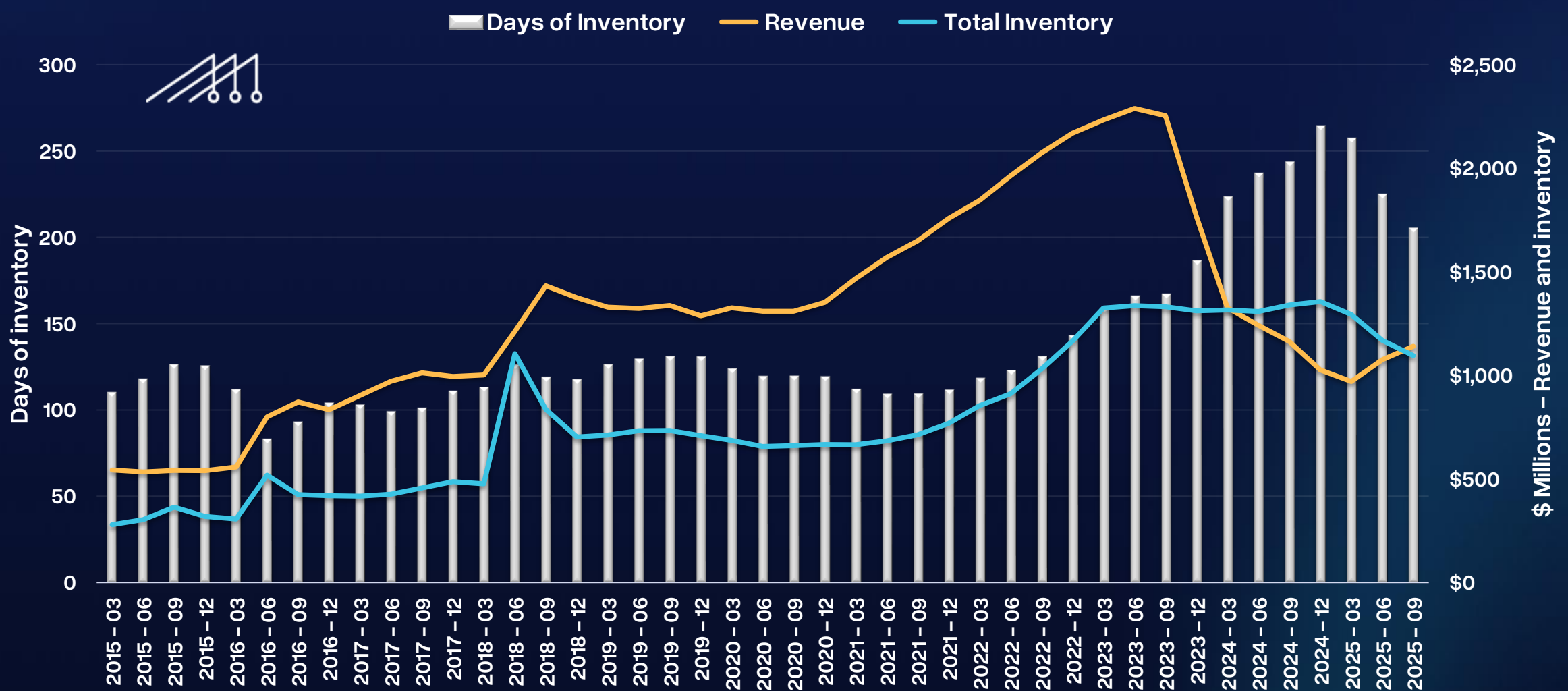
The 1–Minute Brief

Microchip FY Q2'26 (CY Q3'25) Earnings

Announced on 06, Nov'25

Key Takeaways

- FY Q2'26 net sales were \$1.14B, down 2% YoY and up 6% QoQ. Sequential growth driven by strength in America and Asia
- Inventory levels have been reduced significantly, with a calendar year-to-date reduction of \$261M
- Bookings were up 10% QoQ, and the book-to-bill ratio was 1.06
- Fab 2 sale by December end enables \$90M annual savings and streamlines operations via Fab 4 and 5 consolidation
- Microchip's launch of the Gen 6 PCIe switch sets a new benchmark for 3nm AI data center performance



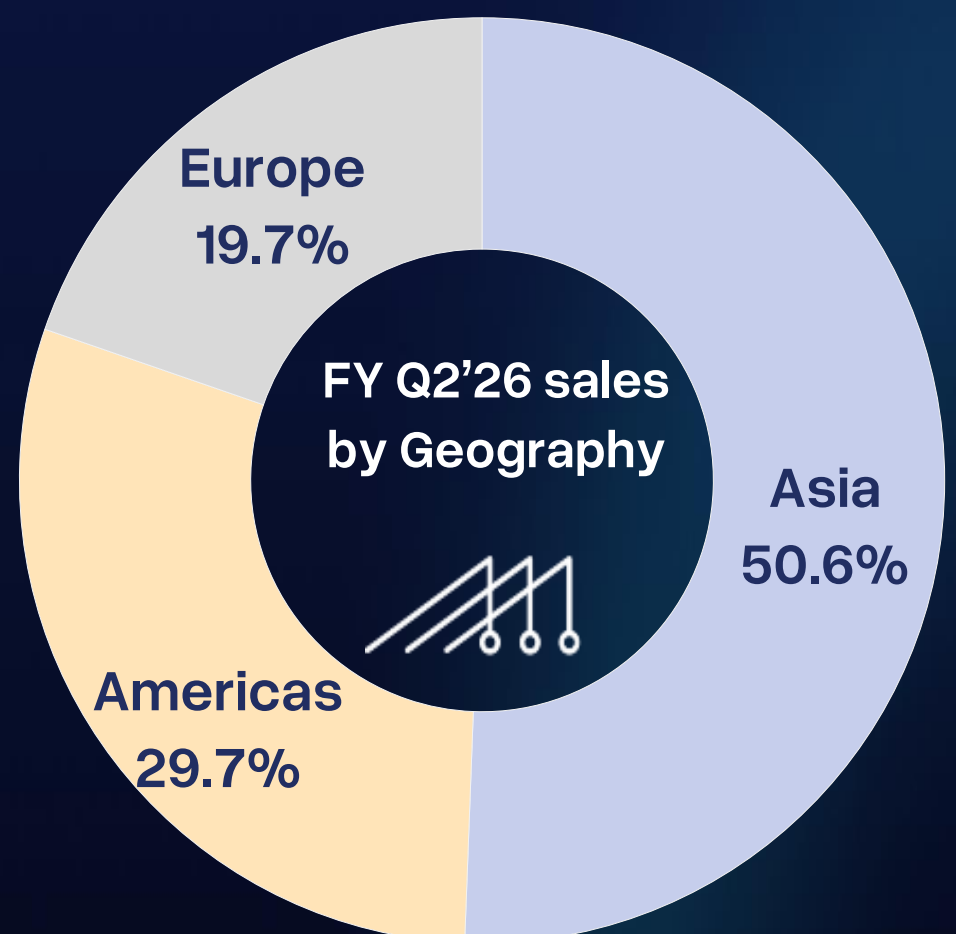
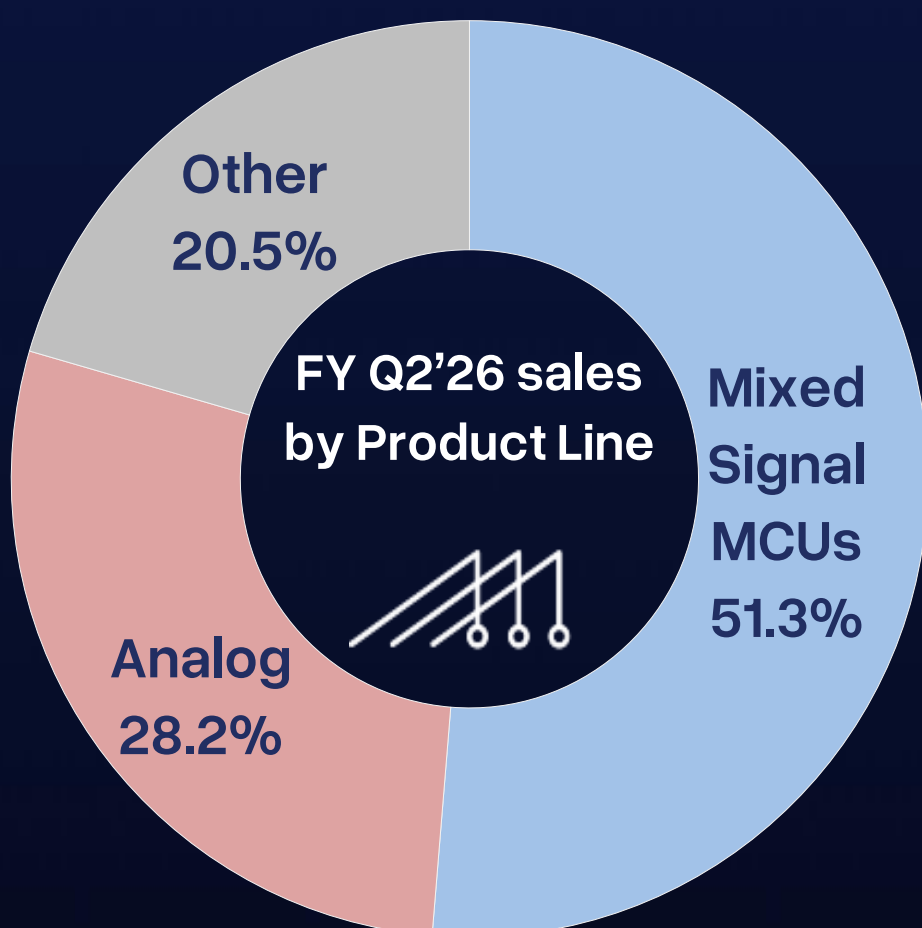
Gross Margin Trend



Performance Breakdown

Signs of stabilization seen across end markets– automotive, industrial, communications, aerospace & defense, consumer, and especially data center

- **Microcontrollers:** +9.7% QoQ, driven by strong contributions from 32-bit MCU
- **Analog:** +1.7% QoQ, modest sequential improvement
- **Data Centre:** Strongest performing market; Gen 4 & Gen 5 PCIe switches rebounding as inventory corrections end
- **Geography:** Sales were up sequentially in Americas (+10% QoQ) and Asia (+6% QoQ) and flat in Europe



Outlook

- FY Q3'26 (CY Q4'25) midpoint guidance:
+10% YoY (vs. FY Q3'25) and -1% QoQ (vs. FY Q2'26)

Long-term Outlook:

- Sales for the March 2026 quarter are expected to rise low single digits sequentially, outperforming typical seasonal trends
- Gen 6 switchtec sets up to capture AI infrastructure growth across hyperscale, enterprise, and HPC markets
- Expect a strong recovery through March, June, and September 2026 as customer and distributor inventories normalize



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