

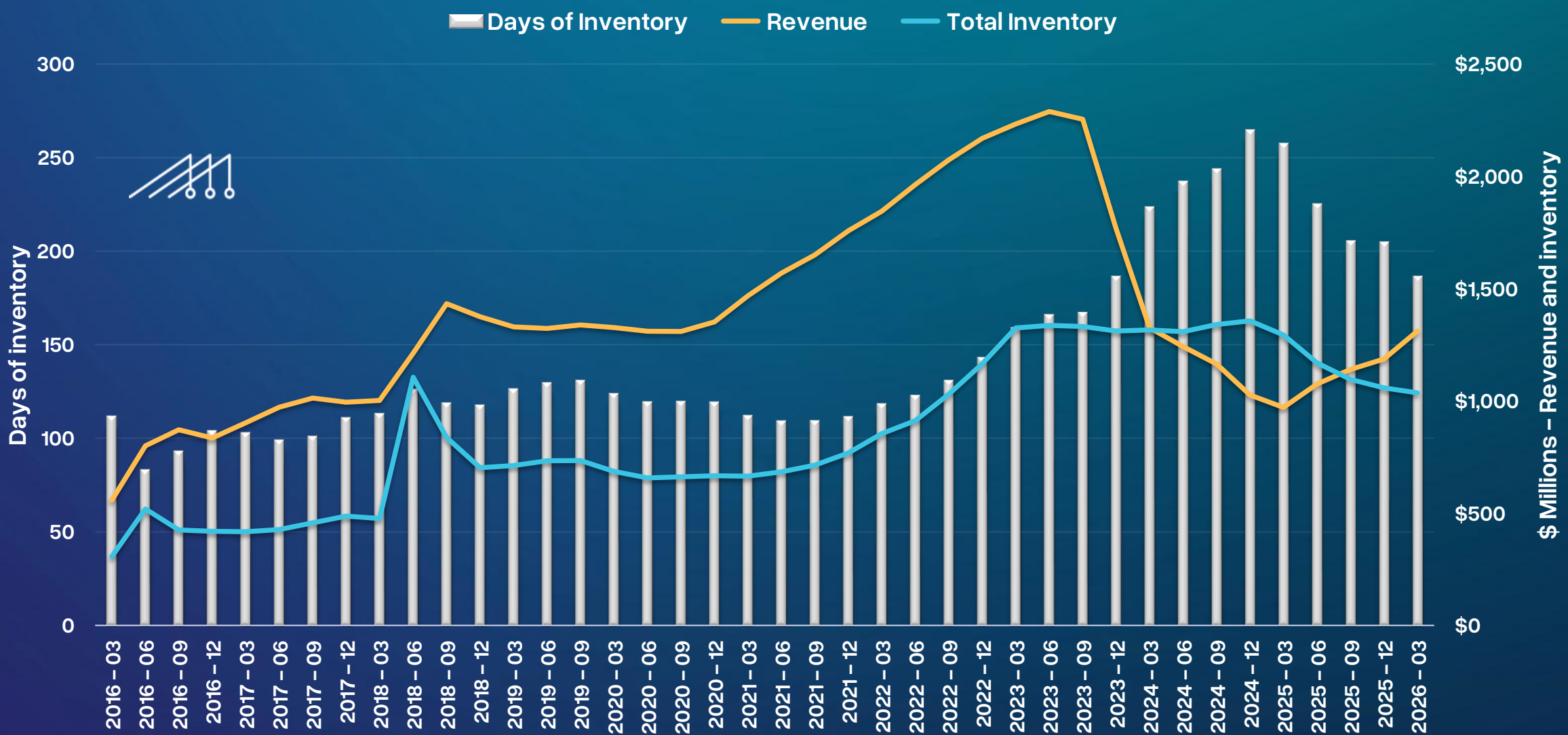
The 1–Minute Brief

# Microchip FY Q4'26 (CY Q1'26) Earnings

Announced on 07, May'26

# Key Takeaways

- FY26 net sales was \$4.7B, up 7% YoY. FY Q4'26 net sales reached \$1.3B, up 35% YoY and 11% QoQ, reflecting broad-based improvement across all business units
- Total inventory and DOI were down QoQ and distributor levels declined to 26 days, driven by inventory reduction actions and increased revenue
- Book-to-bill stayed well above 1 in Q4'26; April marked the strongest booking month in nearly four years, and September backlog is already ahead of prior-quarter levels
- Lead times are beginning to expand again, especially for Data center products, FPGA, networking/connectivity products



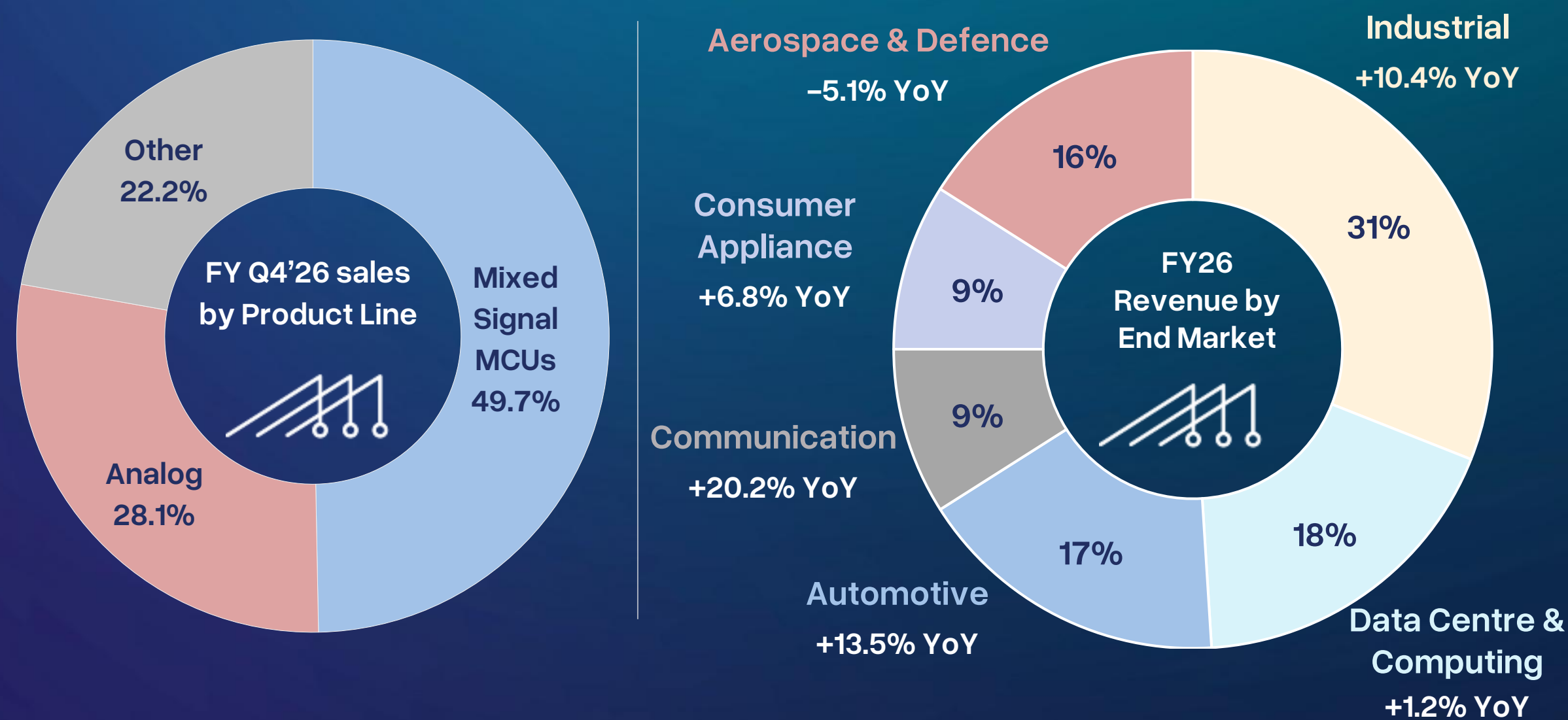
## Gross Margin Trend



# Performance Breakdown

Recovery is now visible across end markets, led by strong A&D and Data center sales

- **Industrial:** Broad recovery and stronger customer re-engagement
- **Data Center & Compute:** Strong acceleration driven by AI infrastructure, PCIe Gen 6, CXL memory controllers, storage and connectivity demand
- **Automotive:** Recovery improving; production ramps from previously designed automotive programs are beginning
- **Aerospace & Defence:** Strongest-performing segment in the March quarter with robust order activity
- **Communications:** Improvement supported by networking and connectivity products
- **Consumer:** Recovering gradually after prior weakness



# Outlook

- **FY Q1'27 (CY Q2'26) midpoint guidance:**  
+35.3% YoY (vs. FY Q1'26) and +11.0% QoQ (vs. FY Q4'26)
- Seasonally strong quarter with broad-based recovery expected across all business units driven by Data center, A&D, Industrial and Automotive
- Continued strengthening in booking activity and improved visibility
- Microchip is ramping both front-end and back-end factories as inventory rapidly corrects toward its long-term model
- Microchip sees AI infrastructure as a long-term growth driver, led by PCIe Gen6 ramps, CXL adoption, inference workloads, and cable demand, driving higher server content and durable connectivity through FY28



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