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Experts in Semiconductor and Technology Marketing

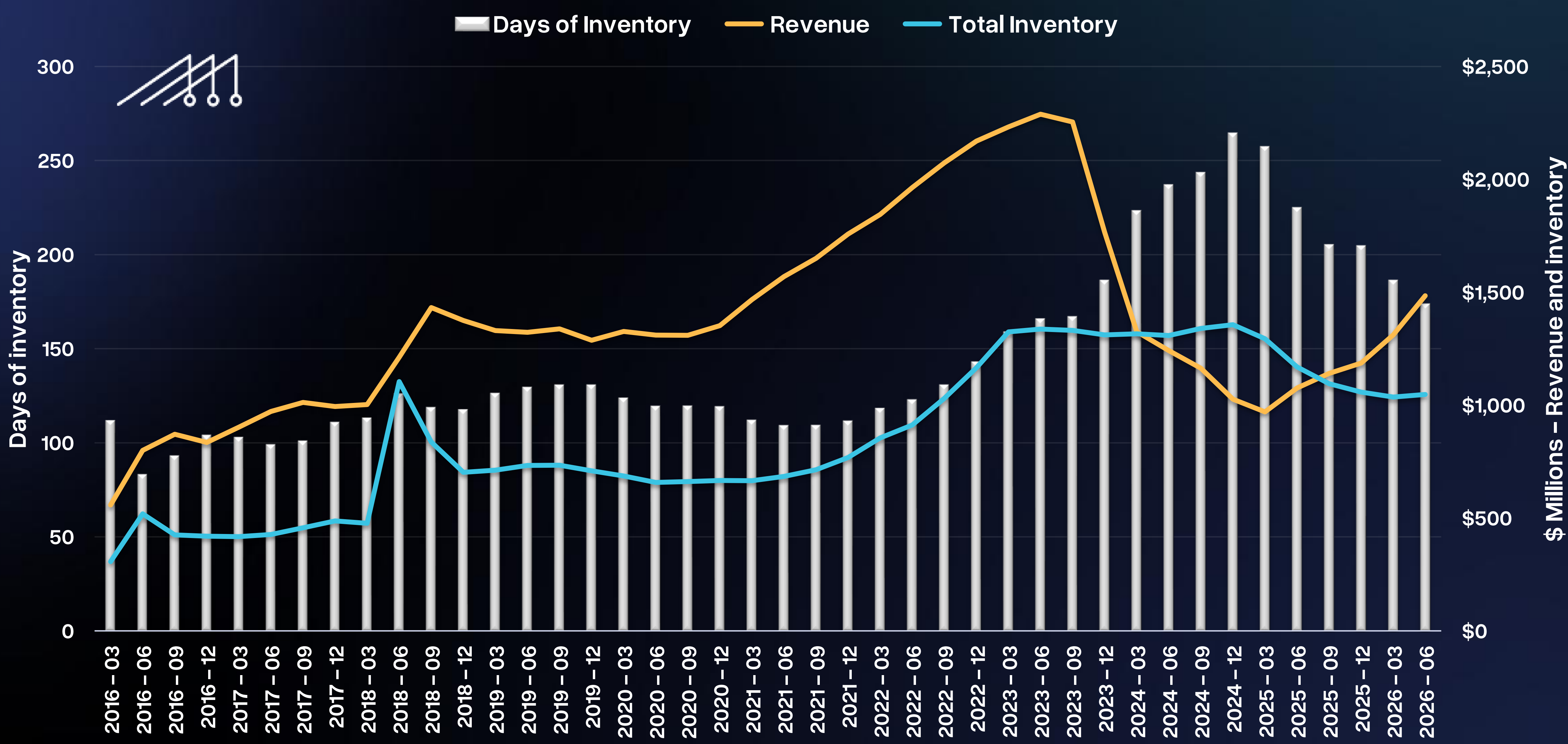
The 1-Minute Brief

Microchip FY Q1'27 (CY Q2'26) Earnings

Announced on 06 Aug'26

Key Takeaways

- FY Q1'27 revenue was $1.5B with +38.0% YoY and +13.2 QoQ growth driven by improving demand
- Data center revenue set to surge ~69% to $1B in 2026, becoming a key growth engine, supported by PCIe Gen 6 and broad catalog exposure
- Distributor inventory down to 25 days with sell-through up 17% indicating demand recovery
- Bookings strengthened with June the strongest in four years, book-to-bill above 1, and September backlog higher than prior quarter



Gross Margin Trend

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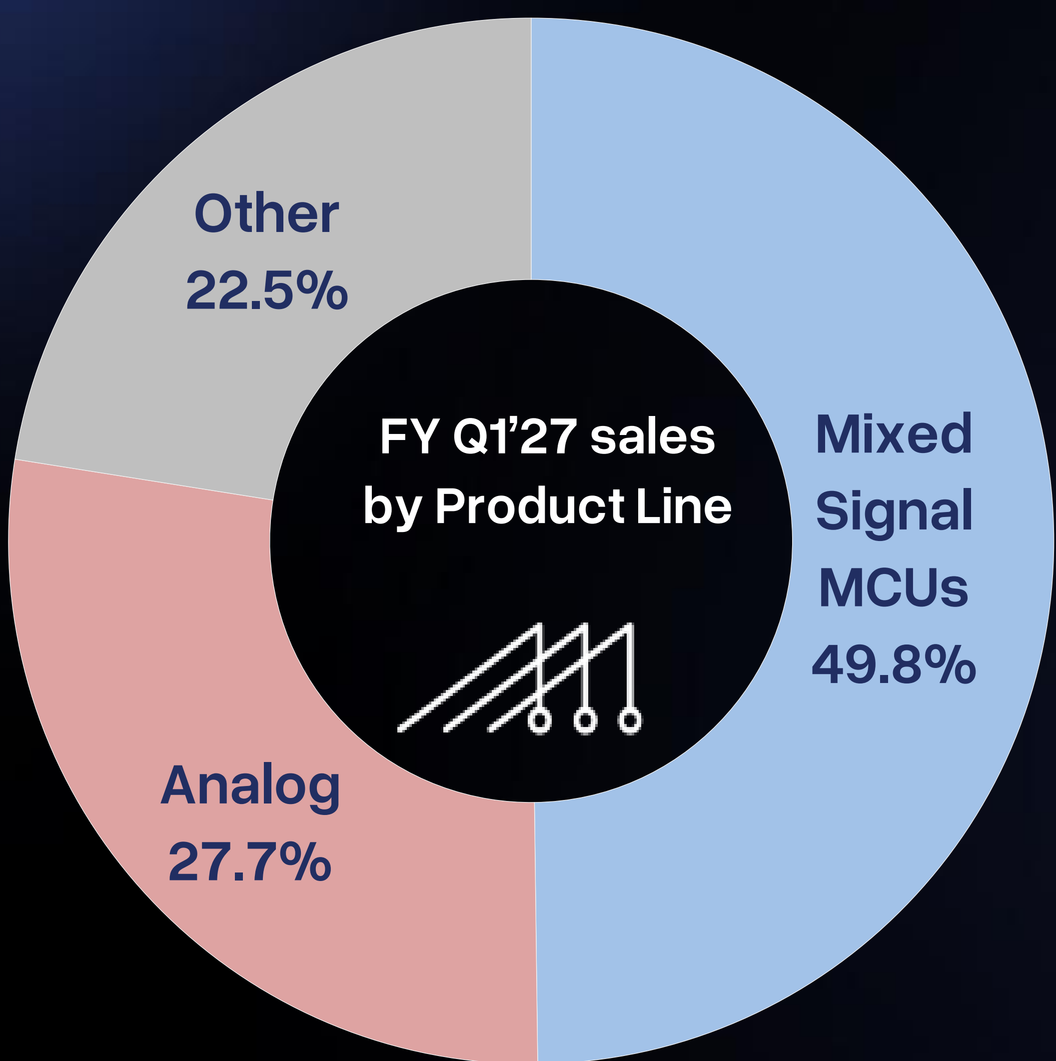
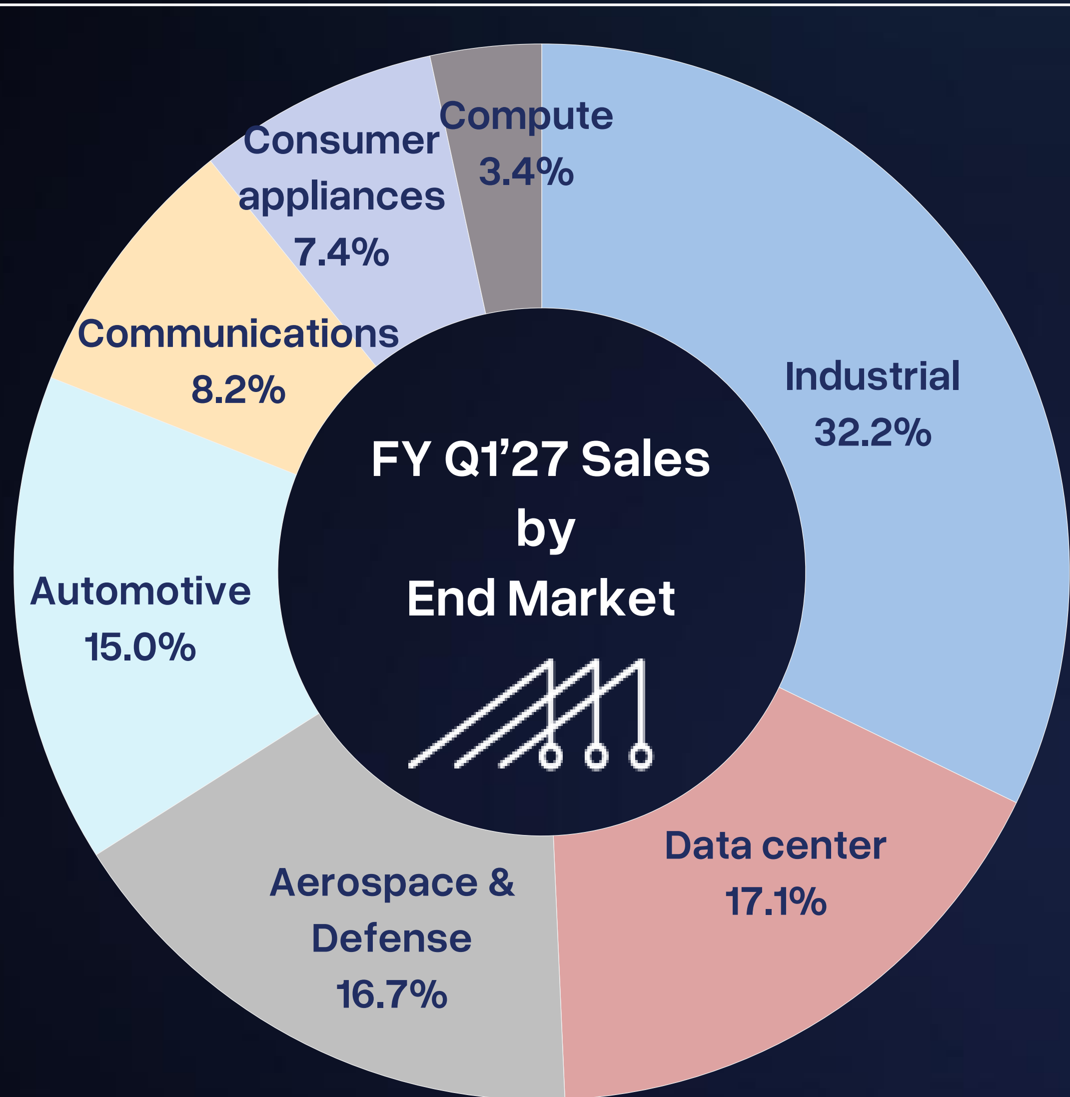
Performance breakdown

End Market	YoY Growth	Highlights
Industrial	+24.3%	Largest market; recovery is gaining momentum with further upside ahead
Data Center	+97.8%	Fastest-growing market, driven by AI infrastructure and new design wins
Aerospace & Defense	+45.6%	Strong demand; multi-year defense spending cycle provides further growth potential
Automotive	+29.3%	Recovery is underway after a deeper downturn; market share gains also helped
Communications	+53.3%	Recovery in 5G and communications infrastructure, though from a low base
Consumer Appliances	+19.1%	Moderate recovery as customer demand improves
Compute	+9.6%	Positive growth, but remains a smaller contributor





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Outlook

- FY Q2’27 (CY Q3’26) midpoint guidance:
  <u>+40.6% YoY (vs. FY Q2’26) and +8.0% QoQ (vs. FY Q1’27)</u>

- Gross Margin is expected to be in the 66–67% range, driven by strong mix, pricing, licensing and improving utilization

<u>Long—term Outlook:</u>

- Microchip projects above-seasonal December-quarter growth, led by data center and aerospace & defense, with industrial and automotive catching up

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