



# Fiscal Q2 2024 Results

January 29<sup>th</sup>, 2024



# DISCLOSURES



## Cautionary Statement Regarding Forward Looking Statements

Statements contained in this presentation that are not historical fact may be forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward looking statements may relate to, among other things, the third quarter of fiscal year 2024 and full year fiscal 2024 guidance, the ability to execute on the company strategy, the ability to timely develop and deliver next generation products, the ability to achieve revenue targets, the ability to implement expansion plans, and TCO savings, fossil fuel reduction and trees saved through the Company's resource savings servers. Such forward looking statements do not constitute guarantees of future performance and are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from those anticipated, including: (i) our quarterly operating results may fluctuate, which could cause rapid declines in our stock price, (ii) as we increasingly target larger customers and larger sales opportunities, our customer base may become more concentrated, our cost of sales may increase, our margins may be lower and our sales may be less predictable, (iii) if we fail to meet publicly announced financial guidance or other expectations about our business, our stock could decline in value, (iv) the average sales prices for our server solutions could decline if customers do not continue to purchase our latest generation products or additional components, and (v) adverse economic conditions may harm our business. Additional factors that could cause actual results to differ materially from those projected or suggested in any forward-looking statements are contained in our filings with the Securities and Exchange Commission, including those factors discussed under the caption "Risk Factors" in such filings, particularly in our Annual Report on Form 10-K for our fiscal year ended June 30, 2023, and Quarterly Reports on Form 10-Q filed thereafter.

## Use of Non-GAAP Financial Measures

Each of non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margins, and non-GAAP diluted net income per common share adds back and excludes various items that are discussed in the accompanying reconciliation table herein. Management presents non-GAAP financial measures because it considers them to be important supplemental measures of performance. Management uses the non-GAAP financial measures for planning purposes, including analysis of the Company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management also believes that the non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operational performance. However, these non-GAAP financial measures have limitations as an analytical tool and are not intended to be an alternative to financial measures prepared in accordance with GAAP. A reconciliation from GAAP gross margin to non-GAAP gross margin, from GAAP operating expenses to non-GAAP operating expenses, from GAAP operating margins to non-GAAP operating margins, from GAAP diluted net income per common share to non-GAAP net income and diluted net income per common share, and various other non-GAAP financial measures are included in the tables at the back of this presentation.

# CEO TAKEAWAYS

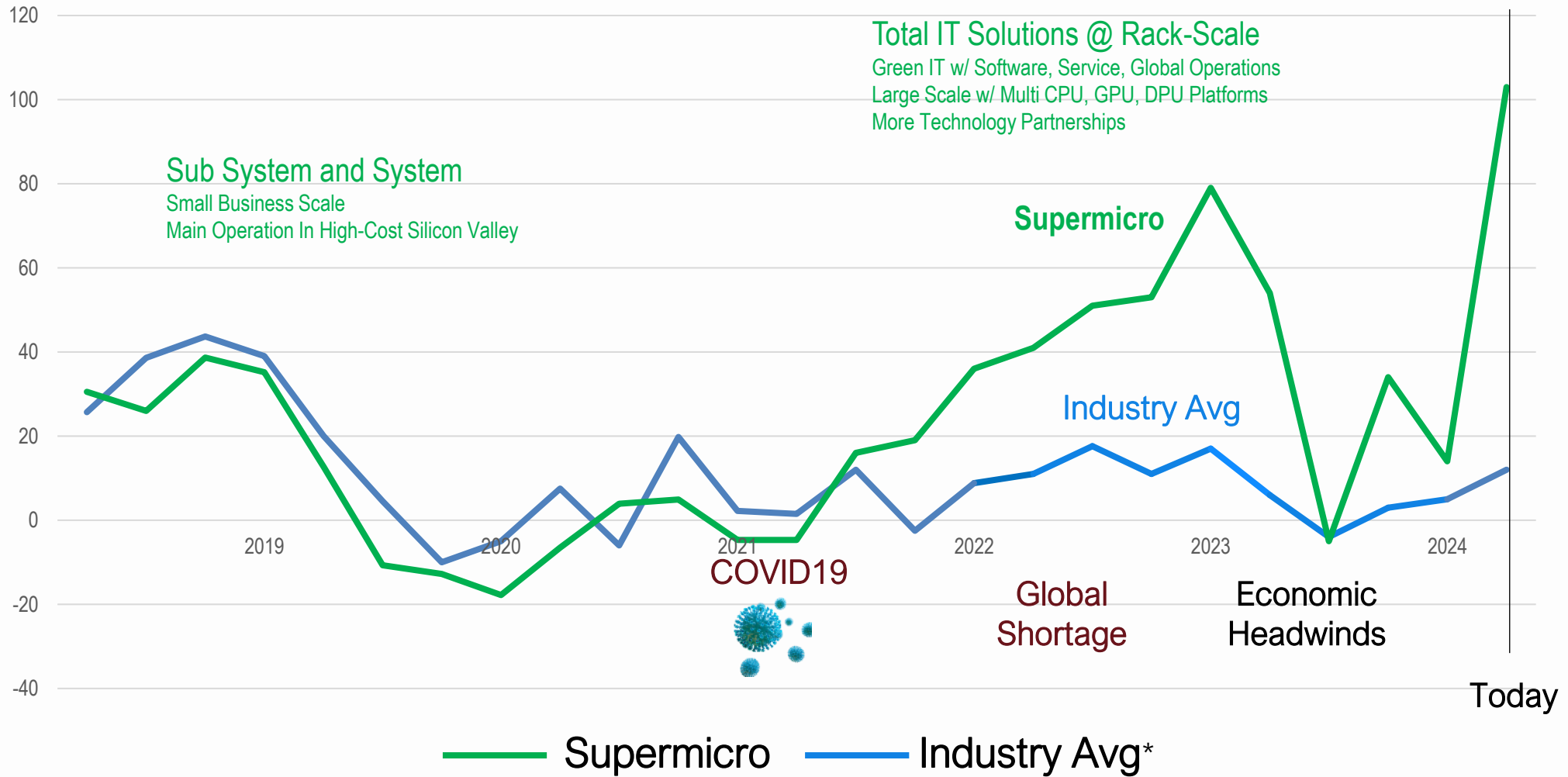
- **Q2 FY24 Revenue**

- Q2 FY24 revenue: **\$3.66B, +103% YoY and +73% QoQ**
- Continued record demand for AI systems at rack scale – NVIDIA H100/A100/L40S, Intel Gaudi 2/PVC, AMD MI200/250
- Key component supply gradually improved throughout the quarter
- Continued development with NVIDIA GH200 Grace Hopper™ and Grace™ Superchips enabling first to market position
- Next Gen AI designs for NVIDIA H200/B100, AMD MI300X, and Intel Gaudi3
- 5th Gen Intel® Xeon® Processors Complete Family of X13 Servers are shipping
- Released several AMD Solutions, including H13 WIO Edge Series
- Released E1.S/E3.S All-Flash Storage Solutions and E3.S CXL Memory Module Expansion Solutions for all flash vendors

- **Executing on Our Strategy**

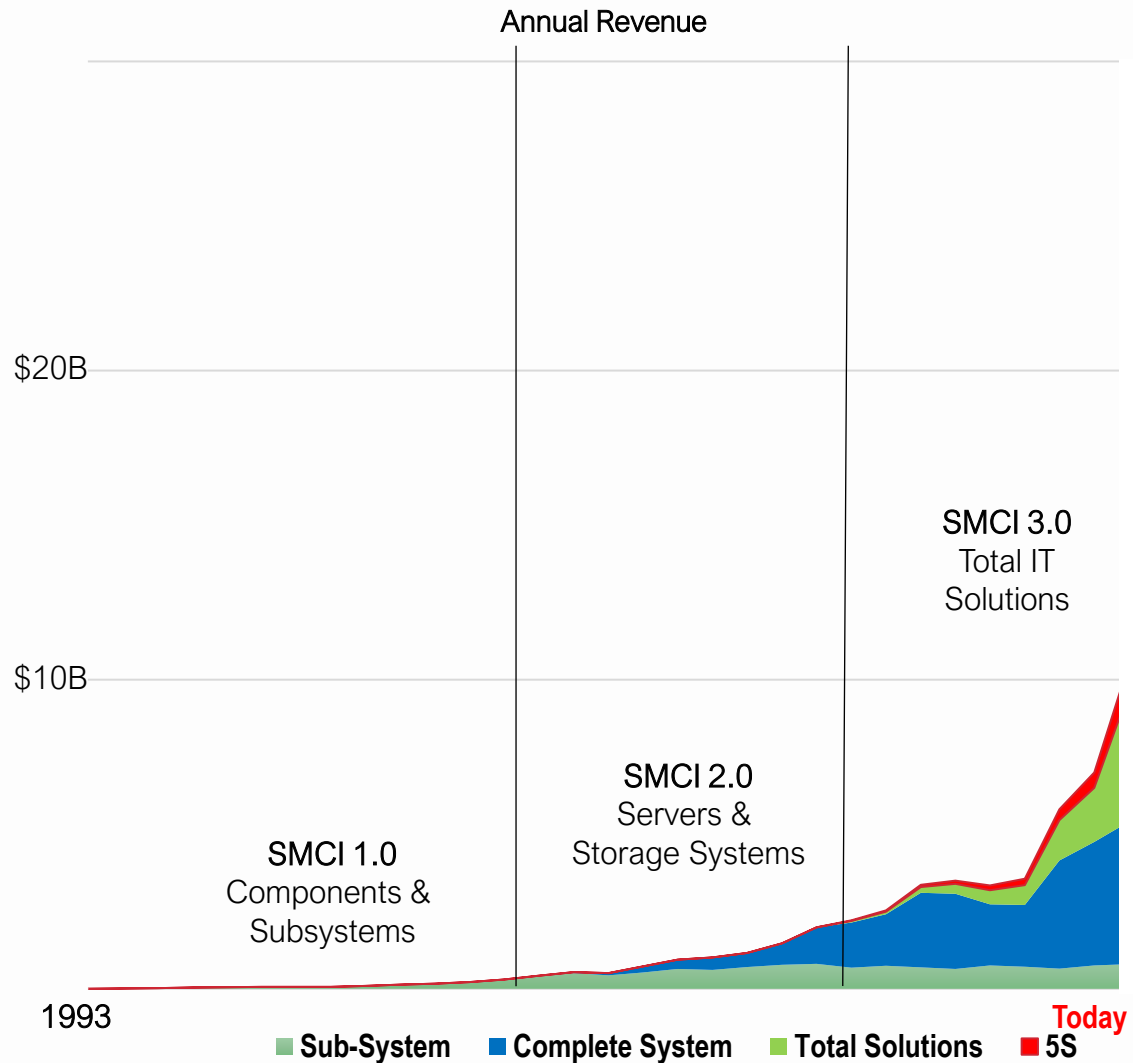
- Total IT Rack Solutions are being released for emerging CPU/GPU/DPU offerings using Building Block Architecture
- Advanced our single source Liquid-Cooling infrastructure solutions, supporting Data Center, Racks, and Management
- Economies of scale and operational efficiencies expected with ongoing expansion in San Jose, Taiwan, and Malaysia
- **Q3 FY24 revenue guidance: \$3.7B to \$4.1B, 188% to 219% YoY growth**
- **FY24 revenue guidance: \$14.3B to \$14.7B, 101% to 106% YoY growth**

# SMCI vs INDUSTRY GROWTH RATE (FY)



\*Industry Avg based on Gartner, IDC & Supermicro estimates

# TOTAL IT SOLUTIONS - OUR PATH TO \$25B+



- **5S: Software, Service, Switch, Storage, Security & More**
- **Total IT Solutions: Enterprise, OEM Appliance / Cloud**
- **Complete Systems**
- **Subsystems & Components**

## Our Momentum:

**~5X+** Faster growth vs. industry avg. over the past 12+ months

# ENABLING TOTAL IT SOLUTIONS



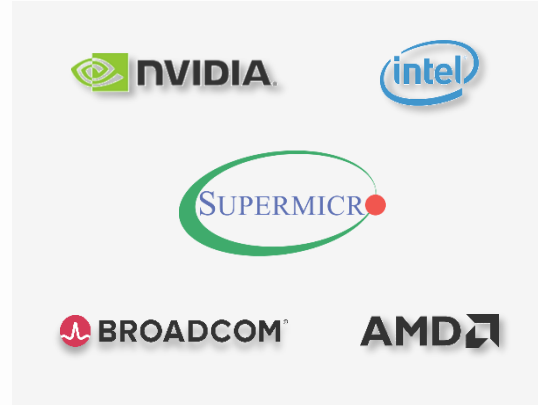
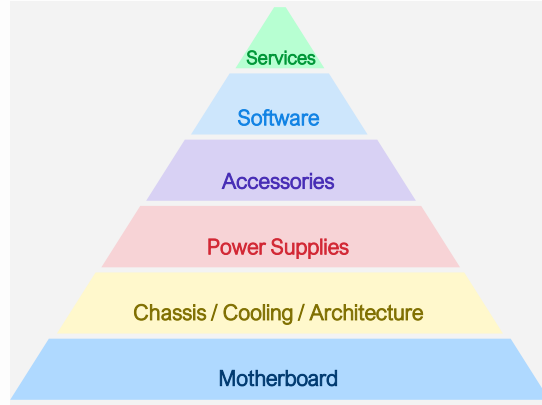
**4,000 Racks** per month production capacity as of Q2 CY24, with a path to significantly increase liquid cooling rack capacity over the next few quarters

## Total IT Solutions for Better Customer Value Hardware + Software + Services

- Rack-scale plug-and-play solution with Building Block architecture
- Scalable optimized AI (Generative AI) & general compute, storage, software & service
- Free-air, liquid-cooling and traditional air-cooling technologies provide customers the optimized datacenter solution
- Leading energy efficiency and lower TCO
- One-stop-shop

Server software management solutions drive optimization and higher infrastructure security

# INNOVATION THROUGH TEAMWORK



## Building Block Solutions

- System optimization for different business verticals & workloads
- Broad product portfolio
- Service cost reduction
- Faster time-to-market

## Silicon Valley Advantages

- Early and quick access to R&D resources and new technologies
- 50% of our employees in the Bay Area are engineers
- Close to leading technology partners
- First-to-market

## Under the Same Roof

- Operations in three time zones (US/TW/NL)
- From partnership, design, to production and service
- All collaboration and business base on Building Block Methodology
- Secure solutions

## Optimized Total Solution

- Rack-scale to speed up customer deployment
- Firmware, software, and global onsite service
- Application-optimized, greener, and lower TCO and TCE

# OPERATIONS: ADDRESSING \$25B+



Production scale and cost optimization  
**Economies of Scale and Cost**

- **Silicon Valley Green Computing Park**
  - Rack-Scale Integration (Liquid Cooling)
  - Command Center
  - B2B/C Programs
  - Cloud Services
- **APAC Science and Tech Center**
  - Increase 2X-3X APAC capacity
- **Supermicro Malaysia Campus**
  - High Volume Subsystem and Rack-Scale Production in 2024

## Future Site Plans

- Additional North American sites in progress





# GREEN COMPUTING FOR THE PLANET

- **Improve Industry PUE (Target 1.05)**
  - **Adopting More Efficient Data Center Cooling**
    - Optimal Free-Air Cooling PUE @ 1.06
    - Optimal Liquid or Submerged PUE @ 1.05
  - **>\$10B TCO Savings** across industry
  - **>8B Trees Saved**
  - **>30 Fossil Fuel Power Plants Reduction**



**Green Computing Data Reference:**

<https://www.statista.com/statistics/1229367/data-center-average-annual-pue-worldwide/>  
<https://www.statista.com/statistics/219596/worldwide-server-shipments-by-vendor/#:~:text=ln%202020%2C%2012.15%20million%20server,figure%20recorded%20in%202018%20to.>  
<https://www.electricrate.com/data-center/electricity-prices-by-country/#:~:text=lf%20we%20averaged%20out%20the,the%20global%20average%20electricity%20price.>  
[500MW Coal Power Plant. https://www.mcginley.co.uk/news/how-much-of-each-energy-source-does-it-take-to-power-your-home/bp254/](https://www.mcginley.co.uk/news/how-much-of-each-energy-source-does-it-take-to-power-your-home/bp254/)  
<https://www.energy.gov/fecm/science-innovation/office-clean-coal-and-carbon-management/advanced-energy-systems/transformation>  
<https://www.eia.gov/tools/faqs/faq.php?id=74&t=11>  
<https://www.co2meter.com/blogs/news/could-global-co2-levels-be-reduced-by-planting-trees>



300,000+ Supermicro Resource-Saving Blade Servers:

- \$20M in operating expense savings annually
- Cut refresh costs by >44%
- Achieves record PUE of 1.06

Source: Intel, Supermicro



Leadership in Green500 – A Supermicro/PFN collaboration:

- Peak performance (theoretical): **3.92 Pflops**
- Performance for every watt of power consumed: **21.11 Gflops/W**

Source: PFN, Green500.org, Supermicro

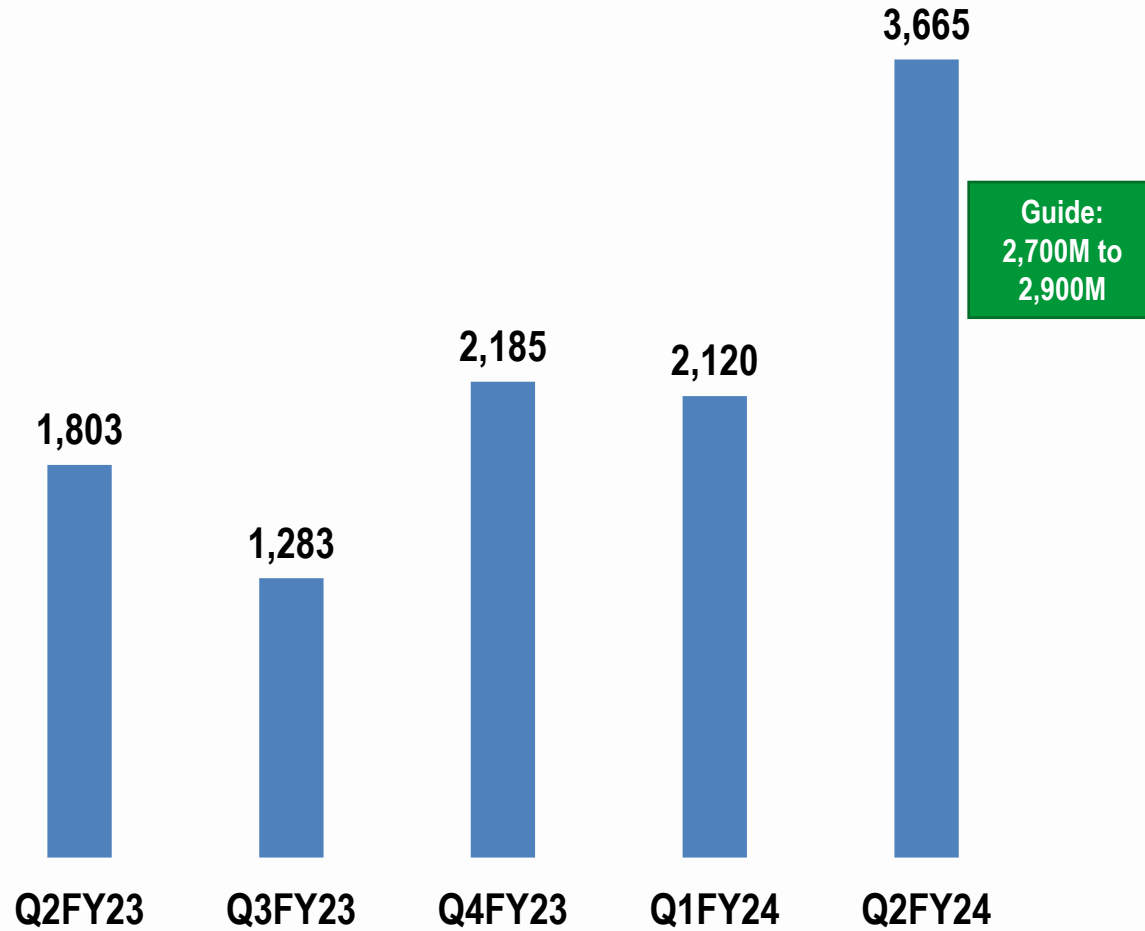
# Q2 FY2024 HIGHLIGHTS



	Q2FY24	QoQ	YoY
<b>Revenue</b>	\$3,665M	+73%	+103%
<b>Gross Margin (non-GAAP)</b>	15.5%	-150bps	-330bps
<b>Earnings Per Share (non-GAAP)</b>	\$5.59	+\$2.16	+\$2.33
<b>Cash Flow from Operations</b>	-\$595M	-\$866M	-\$756M
<b>Mix</b>			
<b>Server and Storage Systems</b>	\$3,436M (94%)	+75%	+107%
<b>Subsystems &amp; Accessories</b>	\$229M (6%)	+50%	+61%

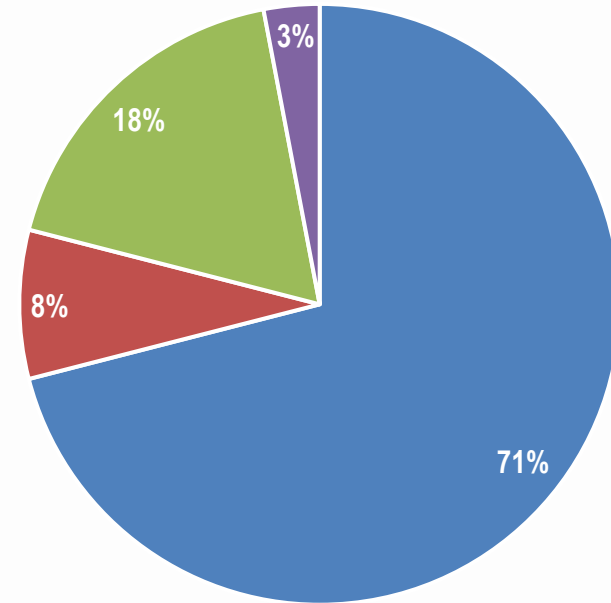
A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

# REVENUE



- Q2FY24 Revenue: \$3,665M
- +103 YoY, +73% QoQ

Q2FY24 Revenue Mix By Geography



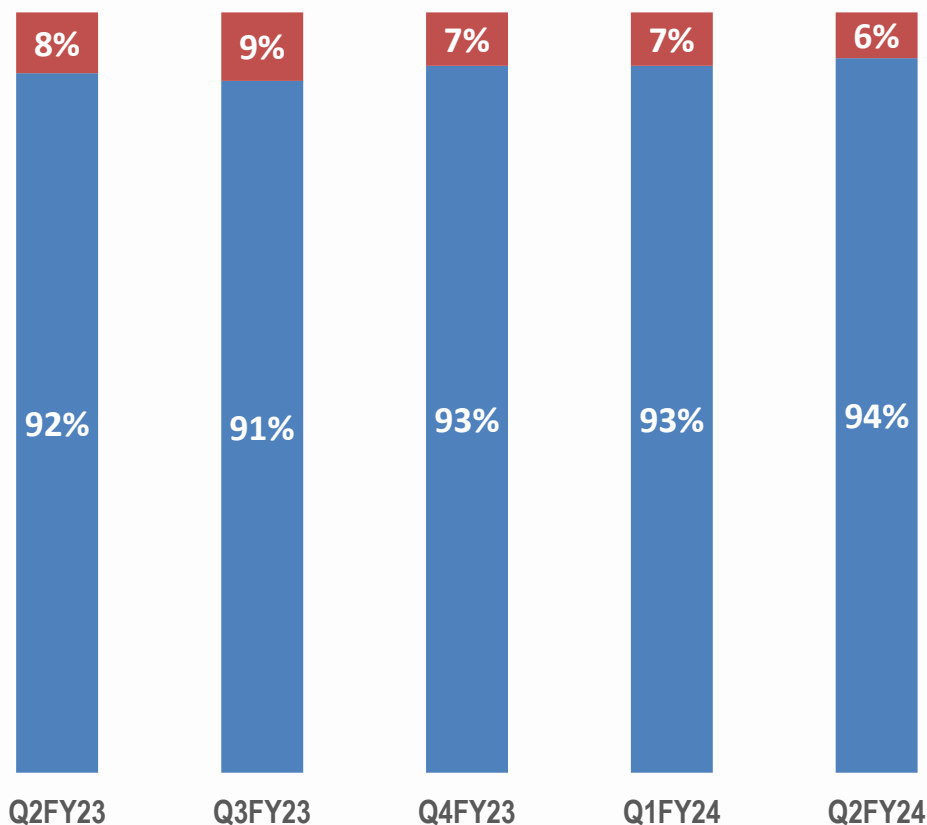
■ USA ■ Europe ■ Asia ■ Other

\*China < 2% of Total Revenue

# REVENUE MIX

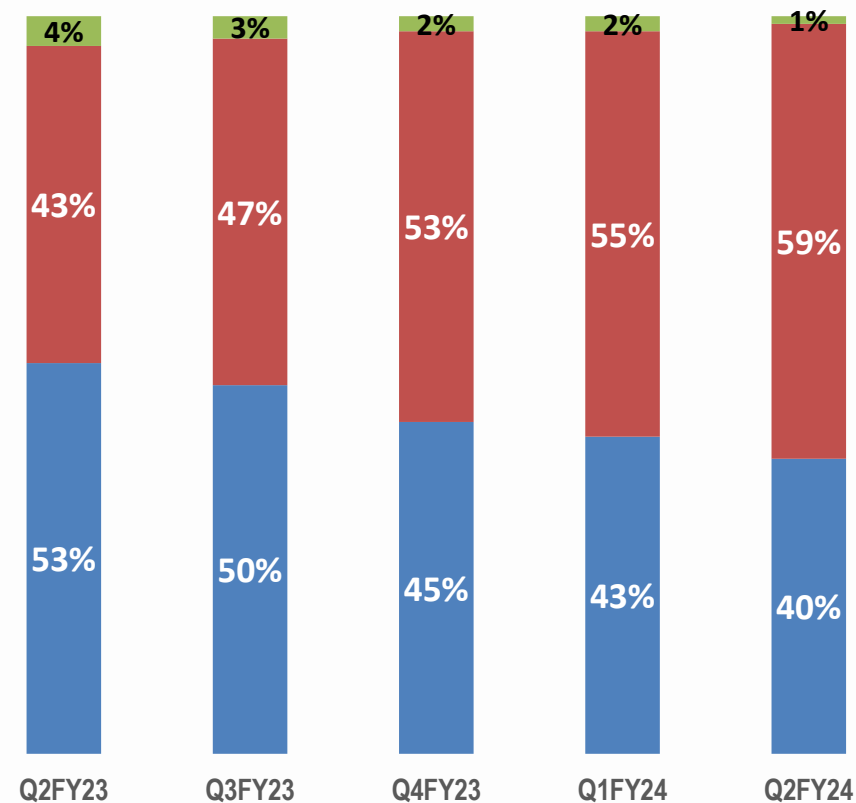


## Server and Storage Systems & Subsystems



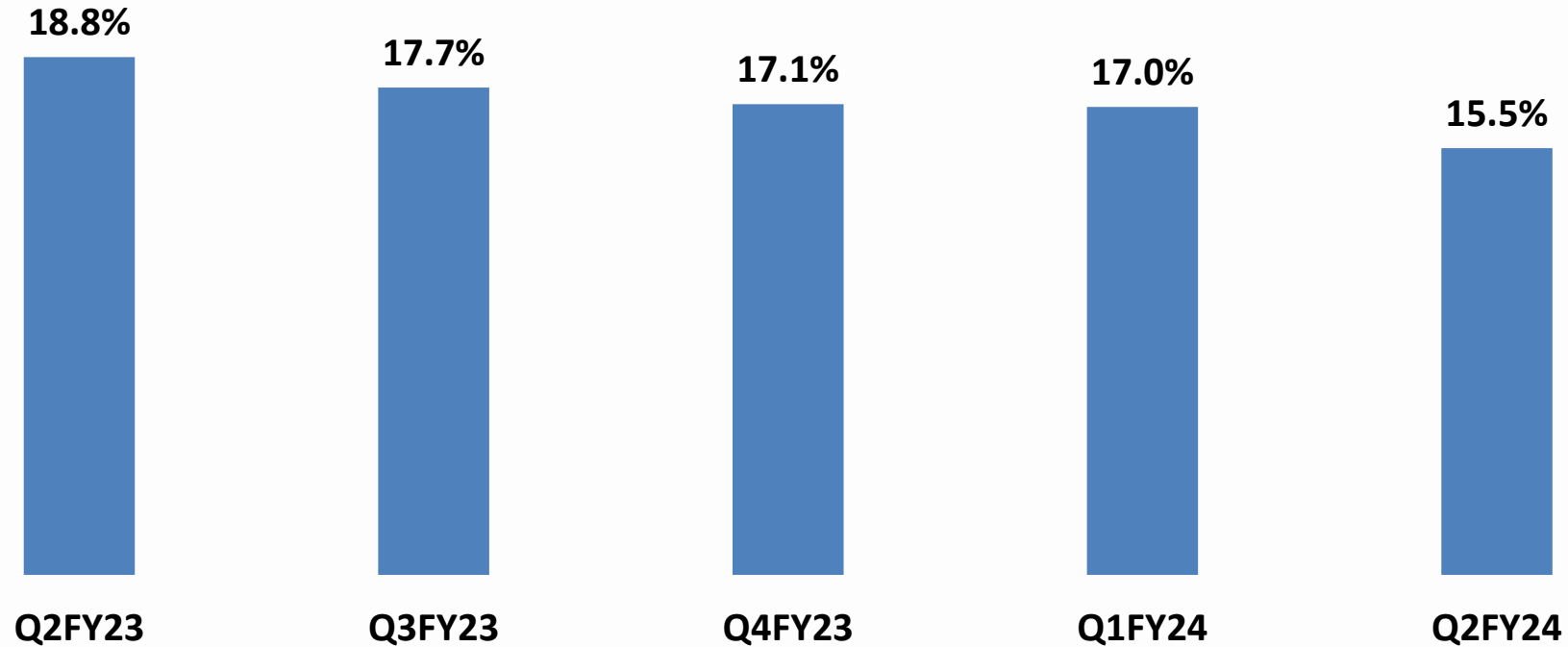
- Subsystems & Accessories
- Server and Storage Systems

## Vertical Markets



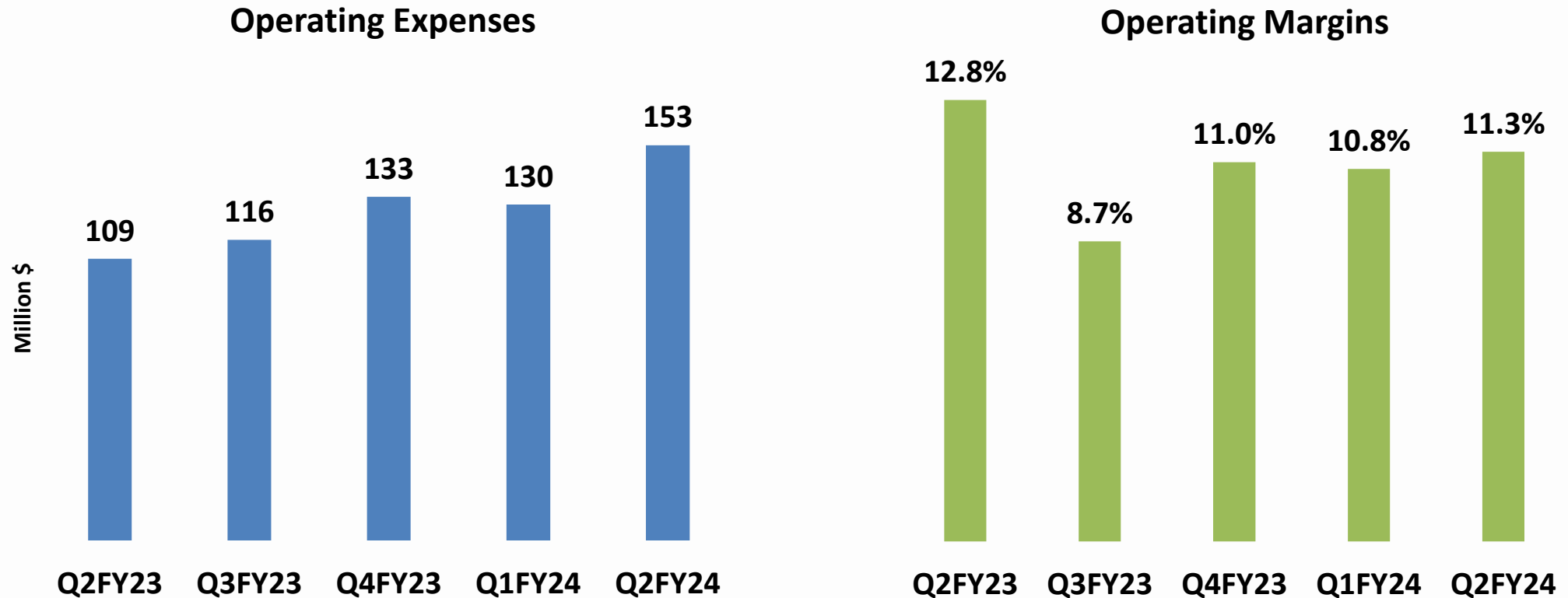
- 5G, Telco & Edge/IOT
- OEM Appliance & Large DC
- Organic (Enterprise & Channel)

# NON-GAAP GROSS MARGIN



- -150bps QoQ, -330bps YoY, due to focus on market share gains

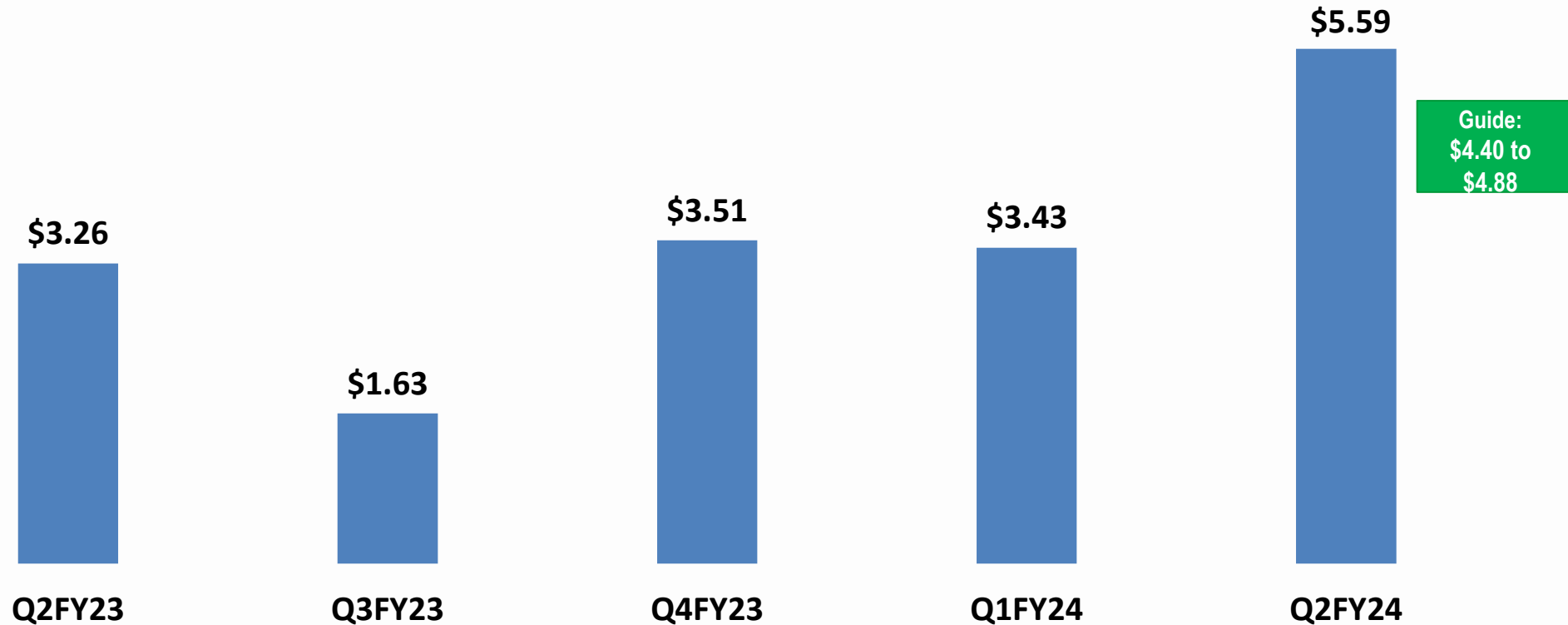
# NON-GAAP OPERATING EXPENSES & MARGINS



- Operating expenses increased due to higher compensation expenses
- Operating margins higher due to higher revenues

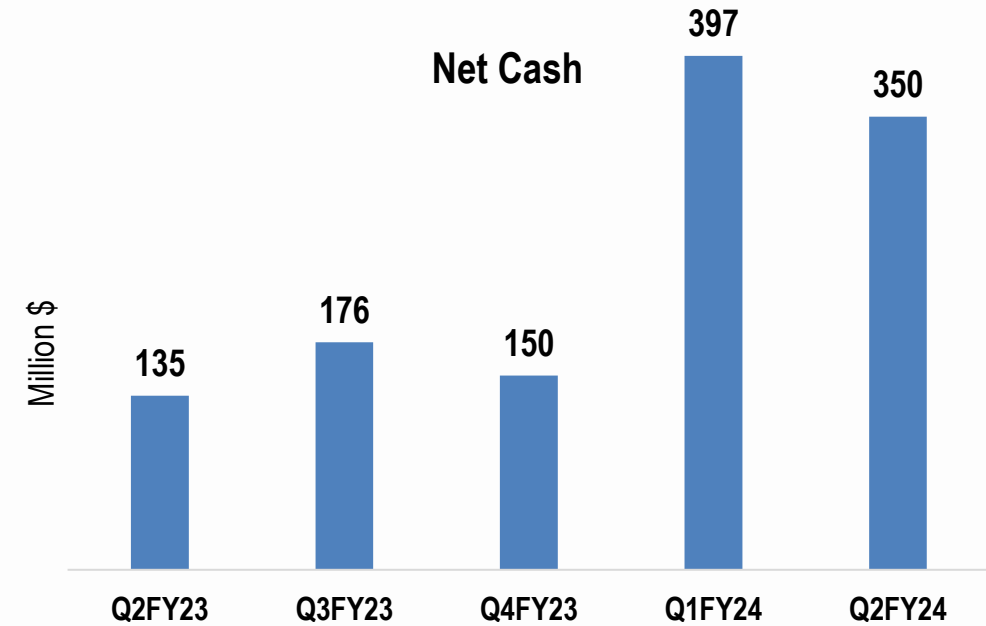
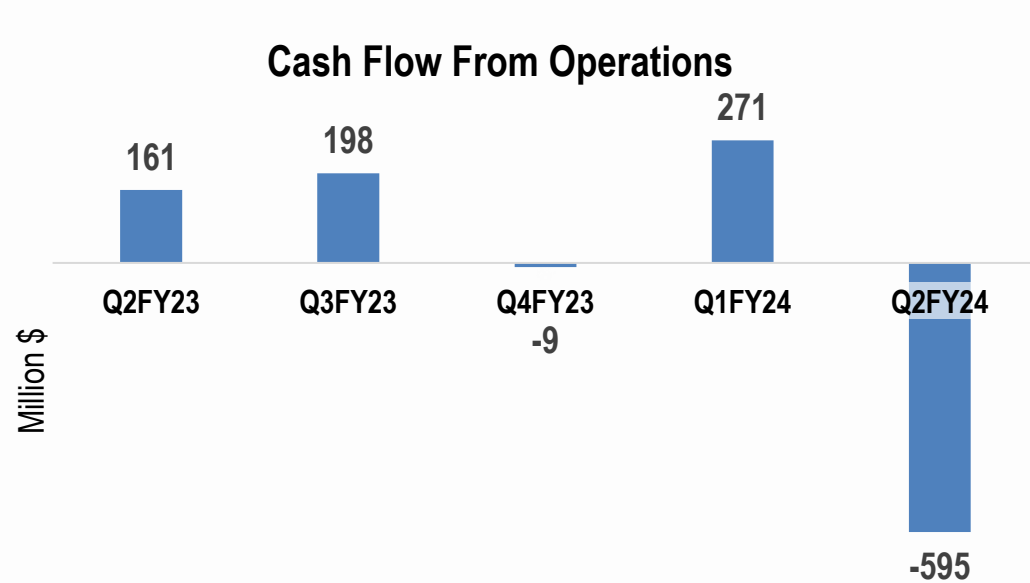
A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

# NON-GAAP EPS



- Q2FY24 Non-GAAP EPS of \$5.59, above high end of guidance: \$4.40 to \$4.88
- EPS higher due to higher revenues

# CASH FLOW & NET CASH



<b>Q2FY24 Operating Cash Flow: -\$595M, Free Cash Flow: -\$610M</b>			
<b>Total Cash: \$726M, Total Debt up by \$229M, Net Cash: \$350M</b>			
<b>Cash Conversion Cycle</b>	<b>=</b>	<b>Days Inventory</b>	<b>+ Days A/R - Days A/P</b>
61 Days (-25 QoQ)		67 Days (-24 QoQ)	29 Days (-14 QoQ) - 35 Days (-13 QoQ)



# REVENUE & EPS OUTLOOK



	REVENUE	EPS
Q3 FY2024*	\$3.7B to \$4.1B	NON-GAAP: \$5.20 to \$6.01 GAAP: \$4.79 to \$5.64
Full Year FY2024	\$14.3B to \$14.7B	

\*The outlook for Q3 of fiscal year 2024 GAAP diluted net income per common share includes approximately \$28 million in expected stock-based compensation expense, net of the related tax effects of \$14 million, which are excluded from non-GAAP diluted net income per common share.



# APPENDIX



# GAAP TO NON-GAAP RECONCILIATION (1 OF 2)



In Thousands (except per share amounts)	FY2023			FY2024	
	Q2'23 Dec-22	Q3'23 Mar-23	Q4'23 Jun-23	Q1'24 Sep-23	Q2'24 Dec-23
<b>Consolidated Statement of Operations</b>					
Net Sales	\$ 1,803,195	\$ 1,283,296	\$ 2,184,861	\$ 2,119,672	\$ 3,664,924
GAAP GROSS PROFIT	\$ 337,422	\$ 226,359	\$ 371,696	\$ 353,691	\$ 564,322
Stock-based compensation	1,486	1,215	989	5,904	3,555
NON-GAAP GROSS PROFIT	\$ 338,908	\$ 227,574	\$ 372,685	\$ 359,595	\$ 567,877
GAAP GROSS MARGIN	18.7%	17.6%	17.0%	16.7%	15.4%
Stock-based compensation	0.1%	0.1%	0.1%	0.3%	0.1%
NON-GAAP GROSS MARGIN	18.8%	17.7%	17.1%	17.0%	15.5%
<b>OPERATING EXPENSE</b>					
GAAP R&D	\$ 70,700	\$ 77,515	\$ 84,802	\$ 111,027	\$ 108,824
Stock-based compensation	(9,334)	(8,097)	(7,187)	(35,710)	(25,439)
NON-GAAP R&D	\$ 61,366	\$ 69,418	\$ 77,615	\$ 75,317	\$ 83,385
GAAP S&M	\$ 28,445	\$ 25,312	\$ 31,905	\$ 37,230	\$ 46,854
Stock-based compensation	(1,448)	(1,214)	(1,128)	(5,665)	(4,340)
NON-GAAP S&M	\$ 26,997	\$ 24,098	\$ 30,777	\$ 31,565	\$ 42,514
GAAP G&A	\$ 23,095	\$ 24,450	\$ 28,234	\$ 32,924	\$ 37,180
Stock-based compensation	(4,713)	(3,126)	(3,482)	(10,100)	(9,727)
Litigation recovery	2,230	1,540	-	-	-
NON-GAAP G&A	\$ 20,612	\$ 22,864	\$ 24,752	\$ 22,824	\$ 27,453
GAAP OPERATING EXPENSES	\$ 122,240	\$ 127,277	\$ 144,941	\$ 181,181	\$ 192,858
Stock-based compensation	(15,495)	(12,437)	(11,797)	(51,475)	(39,506)
Litigation recovery	2,230	1,540	-	-	-
NON-GAAP OPERATING EXPENSES	\$ 108,975	\$ 116,380	\$ 133,144	\$ 129,706	\$ 153,352

# GAAP TO NON-GAAP RECONCILIATION (2 OF 2)



In Thousands (except per share amounts)	FY2023			FY2024	
	Q2'23 Dec-22	Q3'23 Mar-23	Q4'23 Jun-23	Q1'24 Sep-23	Q2'24 Dec-23
GAAP INCOME FROM OPERATIONS	\$ 215,182	\$ 99,082	\$ 226,755	\$ 172,510	\$ 371,464
Stock-based compensation	16,981	13,652	12,786	57,379	43,061
Litigation recovery	(2,230)	(1,540)	-	-	-
NON-GAAP INCOME FROM OPERATIONS	\$ 229,933	\$ 111,194	\$ 239,541	\$ 229,889	\$ 414,525
GAAP OPERATING MARGIN	11.9%	7.7%	10.4%	8.1%	10.1%
Stock-based compensation	1.0%	1.1%	0.6%	2.7%	1.2%
Litigation recovery	-0.1%	-0.1%	0.0%	0.0%	0.0%
NON-GAAP OPERATING MARGIN	12.8%	8.7%	11.0%	10.8%	11.3%
GAAP TAX EXPENSE	\$ 29,573	\$ 10,857	\$ 31,302	\$ 20,215	\$ 61,503
Adjustment to tax provision	4,300	4,433	5,304	16,049	9,569
NON-GAAP TAX EXPENSE	\$ 33,873	\$ 15,290	\$ 36,606	\$ 36,264	\$ 71,072
GAAP NET INCOME	\$ 176,167	\$ 85,846	\$ 193,569	\$ 156,995	\$ 295,968
Stock-based compensation	16,981	13,652	12,786	57,379	43,061
Litigation recovery	(2,230)	(1,540)	-	-	-
Adjustments to tax provision	(4,300)	(4,433)	(5,304)	(16,049)	(9,569)
NON-GAAP NET INCOME	\$ 186,618	\$ 93,525	\$ 201,051	\$ 198,325	\$ 329,460
GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 3.31	\$ 1.61	\$ 3.67	\$ 2.96	\$ 5.47
Impact of Non-GAAP adjustments	0.20	0.15	0.15	0.78	0.62
NON-GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 3.51	\$ 1.76	\$ 3.82	\$ 3.74	\$ 6.09
GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 3.14	\$ 1.53	\$ 3.43	\$ 2.75	\$ 5.10
Impact of Non-GAAP adjustments	0.12	0.10	0.08	0.68	0.49
NON-GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 3.26	\$ 1.63	\$ 3.51	\$ 3.43	\$ 5.59
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE BASIC – GAAP	53,160	53,280	52,679	53,093	54,135
BASIC - NON-GAAP	53,160	53,280	52,679	53,093	54,135
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE DILUTED – GAAP	56,144	56,233	56,505	57,185	58,078
DILUTED - NON-GAAP	57,318	57,315	57,222	57,846	58,962



[www.supermicro.com](http://www.supermicro.com)