

# FISCAL 3Q 2020 RESULTS

May 7, 2020



# DISCLOSURES

## Forward-Looking Statements

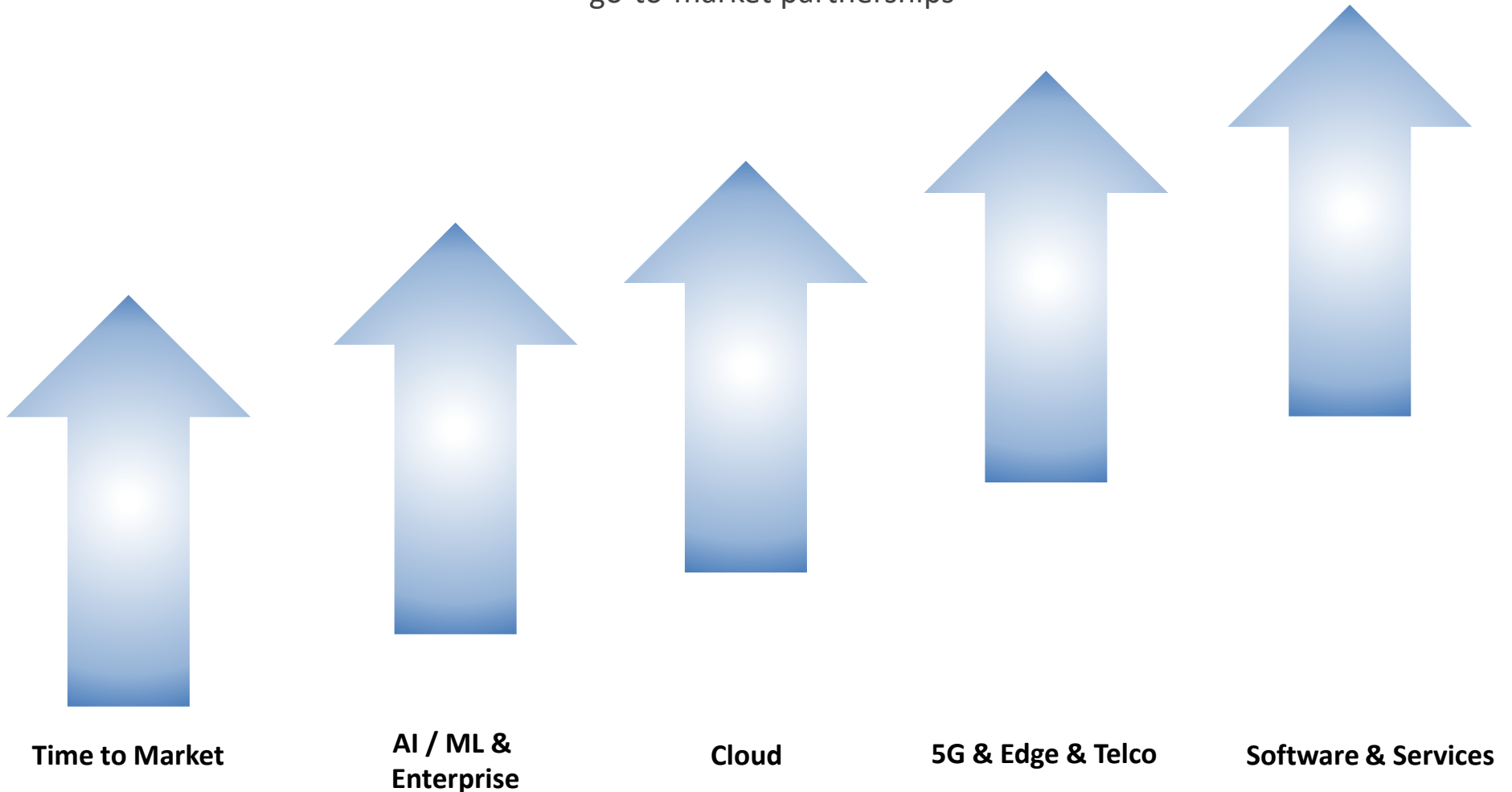
Statements contained in presentation that are not historical fact may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements may relate to, among other things, the supplemental information given to investors in the “Additional Business Metrics” section of this presentation and the ability to execute on the company strategy during the global COVID-19 pandemic. 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) the global COVID-19 pandemic continues to present significant uncertainties for all parts of our business including our supply chain, our production operations and customer demand, (ii) our quarterly operating results may fluctuate, which could cause rapid declines in our stock price, (iii) 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, (iv) if we fail to meet publicly announced financial guidance or other expectations about our business, our stock could decline in value, (v) 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 (vi) 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, 2019 and our Quarterly Report on Form 10-Q for our quarterly period ended December 31, 2019.

## Non-GAAP Disclosures

Non-GAAP gross margin discussed in this presentation adds back stock-based compensation expenses and one-time employee performance bonuses. Non-GAAP diluted net income per common share discussed in this press release adds back stock-based compensation expenses, one-time employee performance bonuses, legal settlement costs, other non-recurring expenses, and the related tax effects of the applicable items. 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 of gross margin to non-GAAP gross margin and from diluted net income per common share to non-GAAP diluted net income per common share is included in the Appendix of this presentation.

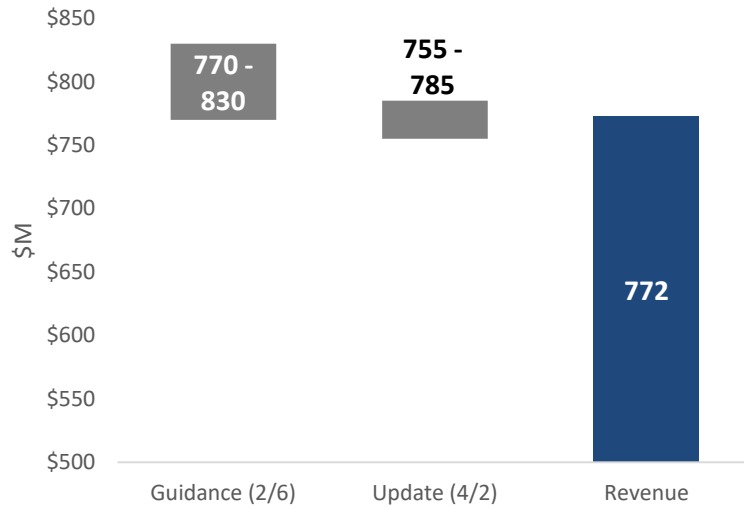
# KEY VERTICAL MARKETS AND GROWTH DRIVERS

Supermicro has been focused on the fastest-growing IT markets leveraging our unique business model and go-to-market partnerships

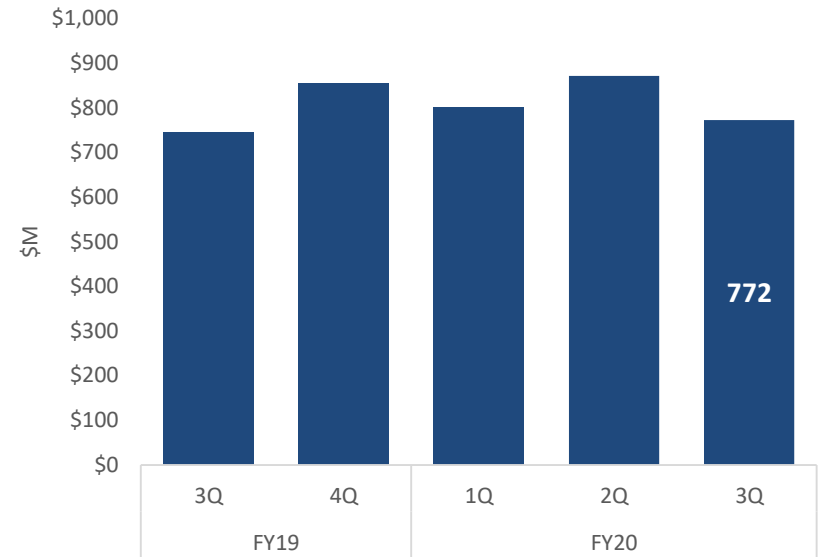


# NET SALES AND NON-GAAP EPS

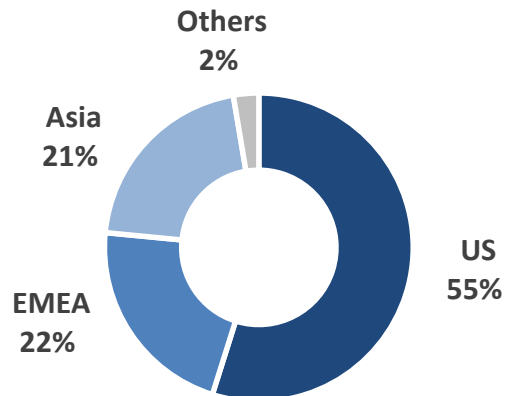
## Net Sales vs. Guidance



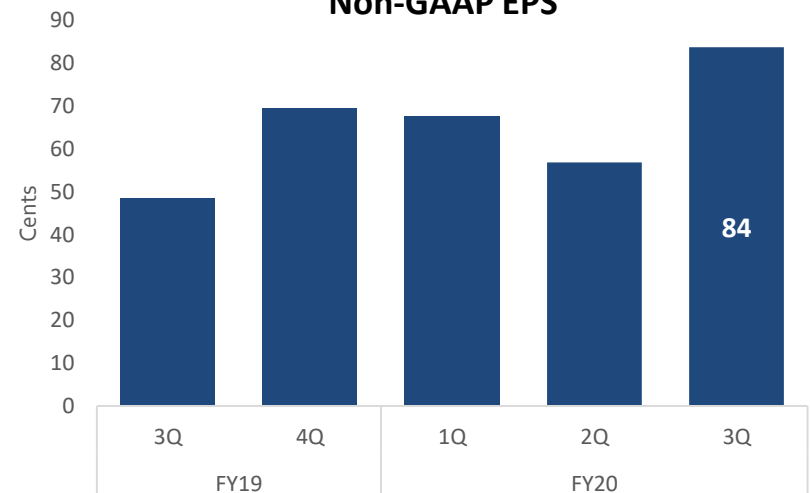
## Net Sales



## Geographic Mix

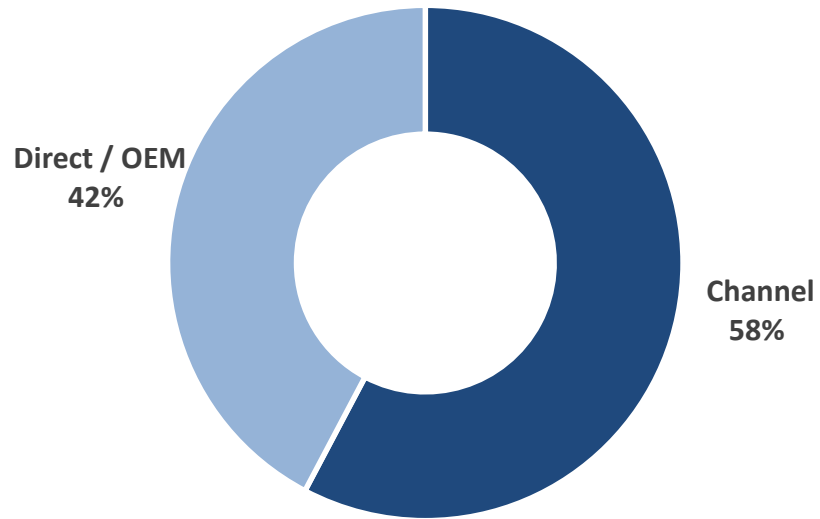


## Non-GAAP EPS



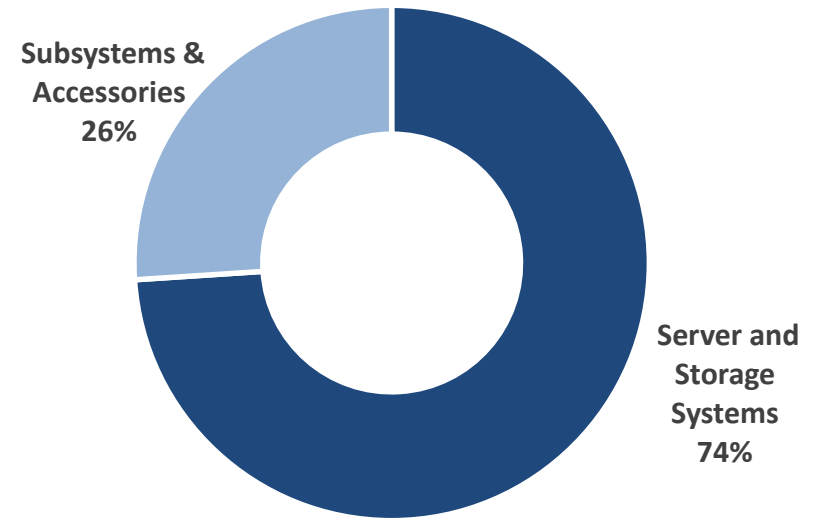
A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

# CUSTOMER AND PRODUCT MIX



## Mix by Customer Type

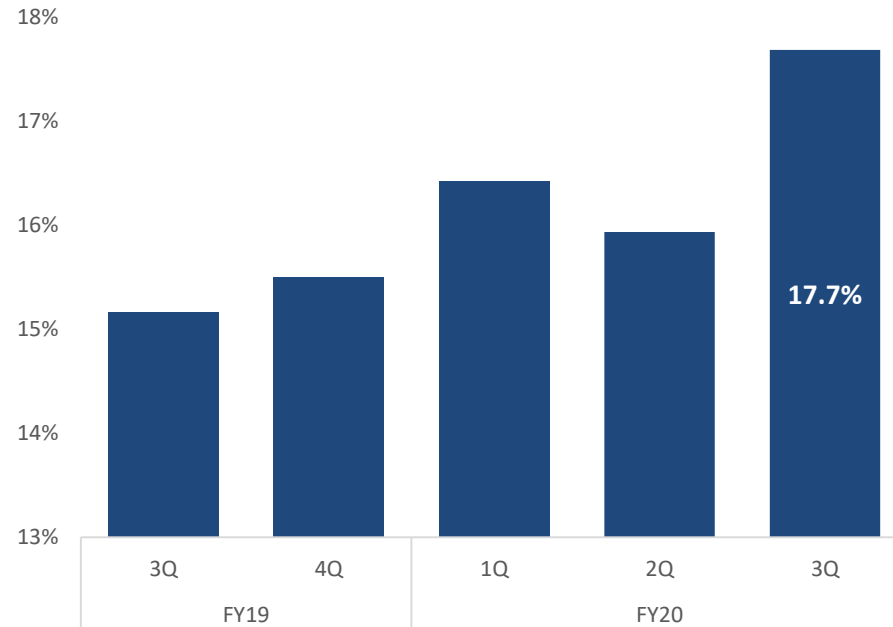
- Indirect / Channel flat QoQ and +57% YoY
- Direct / OEM -23% QoQ and -29% YoY



## System Mix

- Subsystems & Accessories +1% QoQ and +33% YoY
- Server and Storage Systems -15% QoQ and -4% YoY
- Systems ASP lower YoY and higher QoQ

# NON-GAAP GROSS MARGIN

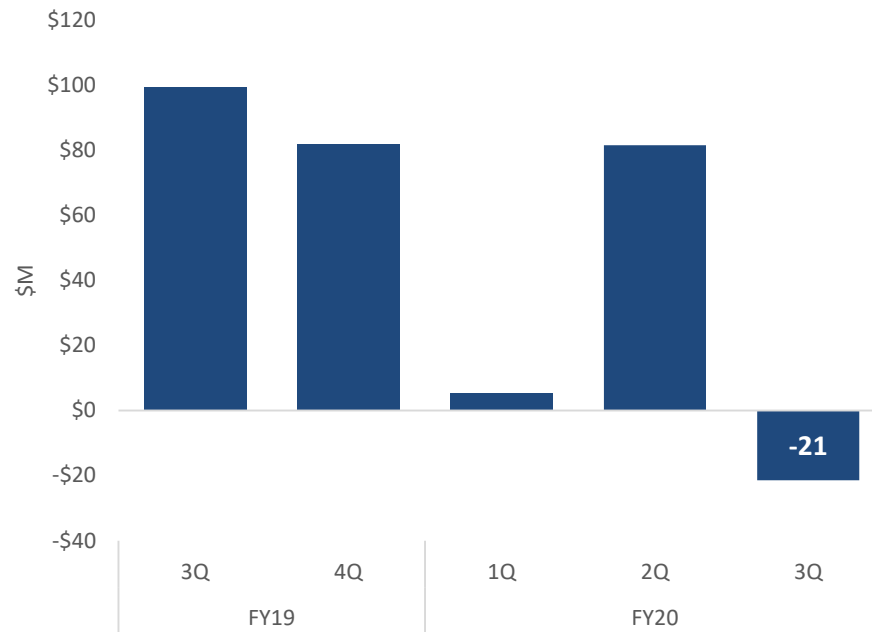


## Non-GAAP Gross Margin

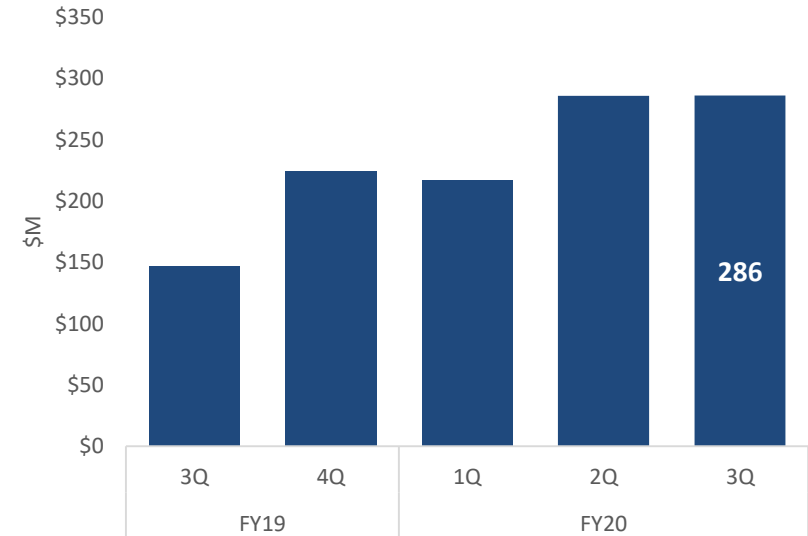
- +175bp QoQ
- +250bp YoY driven primarily by lower labor and commodity costs as well as favorable customer, geographic, and product mix

# CASH FLOW AND NET CASH

## Cash Flow From Operations



## Net Cash



- **Cash Flow from Operations** -\$21M, impacted primarily by Inventory partially offset by better AR and AP
- **Free Cash Flow** -\$32M
- **Cash and Cash Equivalents** \$319M

# APPENDIX



# 3Q20 HIGHLIGHTS

	<u>3Q20</u>	<u>QoQ</u>	<u>YoY</u>
<b>Revenue</b>	\$772M	-11%	+4%
<b>Guidance (February 6)</b>	\$770M-\$830M		
<b>Business Update (April 2)</b>	\$755M-\$785M		
<b>Gross Margin (non-GAAP)</b>	17.7%	+175bp	+250bp
<b>Earnings Per Share (non-GAAP)</b>	84c	+27c	+35c
<b>Cash Flow from Operations</b>	-\$21M	NA	NA
<b>Mix:</b>			
<b>Systems</b>	74%	-15%	-4%
<b>Subsystem &amp; Accessories</b>	26%	+1%	+33%
<b>Direct / OEM</b>	42%	-23%	-29%
<b>Channel</b>	58%	0%	+57%

# GAAP TO NON-GAAP RECONCILIATION

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
GAAP GROSS PROFIT	\$ 133,360	\$ 112,327	\$ 402,693	\$ 363,488
Add back stock-based compensation	370	390	1,149	1,256
Add back one-time employee performance bonuses	2,871	-	2,871	-
Non-GAAP GROSS PROFIT	\$ 136,601	\$ 112,717	\$ 406,713	\$ 364,744
GAAP GROSS MARGIN	17.3%	15.1%	16.5%	13.7%
Add back stock-based compensation	0.0%	0.1%	0.0%	0.1%
Add back one-time employee performance bonuses	0.4%	0.0%	0.1%	0.0%
Non-GAAP GROSS MARGIN	17.7%	15.2%	16.6%	13.8%
GAAP INCOME FROM OPERATIONS	\$ 15,546	\$ 12,859	\$ 76,226	\$ 67,093
Add back stock-based compensation	4,805	4,960	14,823	16,081
Add back Legal settlement costs	17,500	-	17,500	-
Add back one-time employee performance bonuses	10,329	-	10,329	-
Add back controls remediation	1,440	14,142	12,859	46,553
Non-GAAP INCOME FROM OPERATIONS	\$ 49,620	\$ 31,961	\$ 131,737	\$ 129,727
GAAP NET INCOME	\$ 15,807	\$ 10,646	\$ 65,858	\$ 48,208
Add back stock-based compensation	4,805	4,960	14,823	16,081
Add back Legal settlement costs	17,500	-	17,500	-
Add back one-time employee performance bonuses	10,329	-	10,329	-
Add back controls remediation	1,440	14,142	12,859	46,553
Add back impairment of an investment	-	661	-	661
Less adjustments to tax provision	(3,812)	(4,678)	(8,868)	(14,977)
Non-GAAP NET INCOME	\$ 46,069	\$ 25,731	\$ 112,501	\$ 96,526
GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 0.31	\$ 0.21	\$ 1.30	\$ 0.97
Add back stock-based compensation, legal settlement costs, one-time employee performance bonuses, controls remediation, impairment of an investment, and adjustments to tax provision	0.58	0.30	0.92	0.97
Non-GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 0.89	\$ 0.51	\$ 2.22	\$ 1.94
GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.29	\$ 0.21	\$ 1.26	\$ 0.94
Add back stock-based compensation, legal settlement costs, one-time employee performance bonuses, controls remediation, impairment of an investment, and adjustments to tax provision	0.55	0.28	0.83	0.88
Non-GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.84	\$ 0.49	\$ 2.09	\$ 1.82
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE				
BASIC – GAAP	51,526	49,988	50,591	49,845
BASIC - Non-GAAP	51,526	49,988	50,591	49,845
DILUTED – GAAP	53,693	51,558	52,399	51,557
DILUTED - Non-GAAP	55,050	53,048	53,913	53,017