

First Quarter Fiscal 2016 Earnings Conference Presentation

November 16, 2015





Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may relate, among other things, to our expected financial and operating results, our ability to build and grow Supermicro, the benefit of our products and our ability to achieve our goals, plans and objectives.

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. These include, but are not limited to: our dependence on continued growth in the markets for X86 based servers, blade servers and embedded applications, increased competition, difficulties of predicting timing of new product introductions, customer acceptance of new products, poor product sales, difficulties in establishing and maintaining successful relationships with our distributors and vendors, shortages or price fluctuations in our supply chain, our ability to protect our intellectual property rights, our ability to control the rate of expansion domestically and internationally, difficulty managing rapid growth and general political, economic and market conditions and events.

For a further list and description of risks and uncertainties, see the reports filed by Supermicro with the Securities and Exchange Commission. Supermicro disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Supplemental information, condensed balance sheets and statements of operations follow. All monetary amounts are stated in U.S. dollars.



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions



Non-GAAP Financial Measures

Non-GAAP gross margin in this presentation excludes stock-based compensation expense. Non-GAAP net income and net income per share in this presentation exclude stock-based compensation expense and the related tax effect 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.

Pursuant to the requirements of SEC Regulation G, detailed reconciliations between the Company's GAAP and non-GAAP financial results is provided at the end of the press release that was issued announcing the Company's operating and financial results for the quarter ended September 30, 2015. In addition, a reconciliation from GAAP to non-GAAP results is contained in the financial summary attached to today's presentation and is available in the Investor Relations section of our website at www.supermicro.com in the Events and Presentations section. Investors are advised to carefully review and consider this information as well as the GAAP financial results that are disclosed in the Company's SEC filings.



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions



Q1'FY2016 Non-GAAP Financial Highlights

(in millions, except per share data)

	Q1'16	Change	
		YoY	Sequential
Revenue	\$519.6	17.2%	-9.4%
Profit after Tax	\$16.5	-28.9%	-45.0%
EPS	\$0.32	-30.4%	-43.9%



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions

Summary of Results

- Revenues were 17.2% higher year over year
- OEM and Direct business was 54.4% of total revenues and Internet Data Center was 24.7% of total revenues
- System business was 68.6% of total revenues
- Revenues by Geography:
 - US –65.2 %
 - Europe – 16.8%
 - Asia – 14.3%
 - Other – 3.7%
- Storage continues strong momentum with 58.6% growth year over year.



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions

World's Best Server/Storage Product Lines

- The Ultra 1U and 2U Haswell Product Lines
 - 24 DIMM, 160W Xeon CPU, Flexible I/O, NVMe support...
 - One platform optimized for many applications
 - 3 to 15% less power consumption than competition
- The 2U TwinPro and FatTwin
 - Most optimized for Hyperconvergence Applications
 - HPC and Datacenter applications
 - Best price/performance ratio
- 847, 846, 836, 826, 226 Server Storage and JBOD
 - Highest storage density and performance
 - Very mature and reliable products with reputation
- GPU/Xeon Phi Product lines
 - Highest computing density and power efficiency
 - Non-blocking, direct connect 4 GPUs in 1U
- SuperBlade, MicroBlade and MicroCloud
 - Dense computing nodes, 0.05U/0.1U/0.2U per node
 - 90% less cable, easy maintenance, and cost effectiveness
- Management Software and Virtualization/Hyperconvergence



FatTwin

TwinPro

SuperBlade

GPU / Xeon Phi

MicroCloud

MicroBlade

Storage

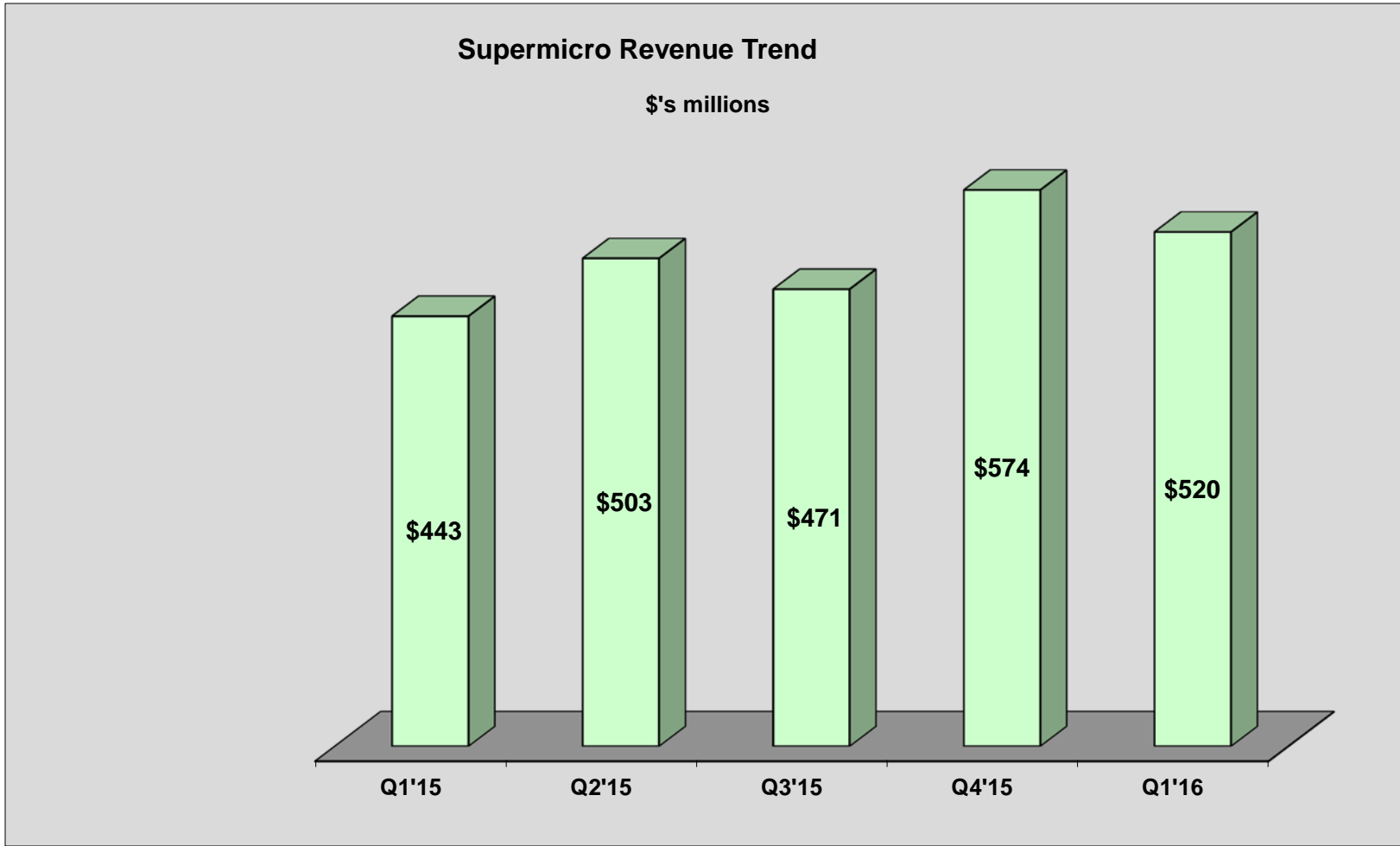
Embedded

Switch

Software

Complete Rack Solutions

Revenue Trend



Y/Y Seq.	43.5%	41.2%	26.1%	34.0%	17.2%
	3.6%	13.5%	-6.3%	21.7%	-9.4%



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software

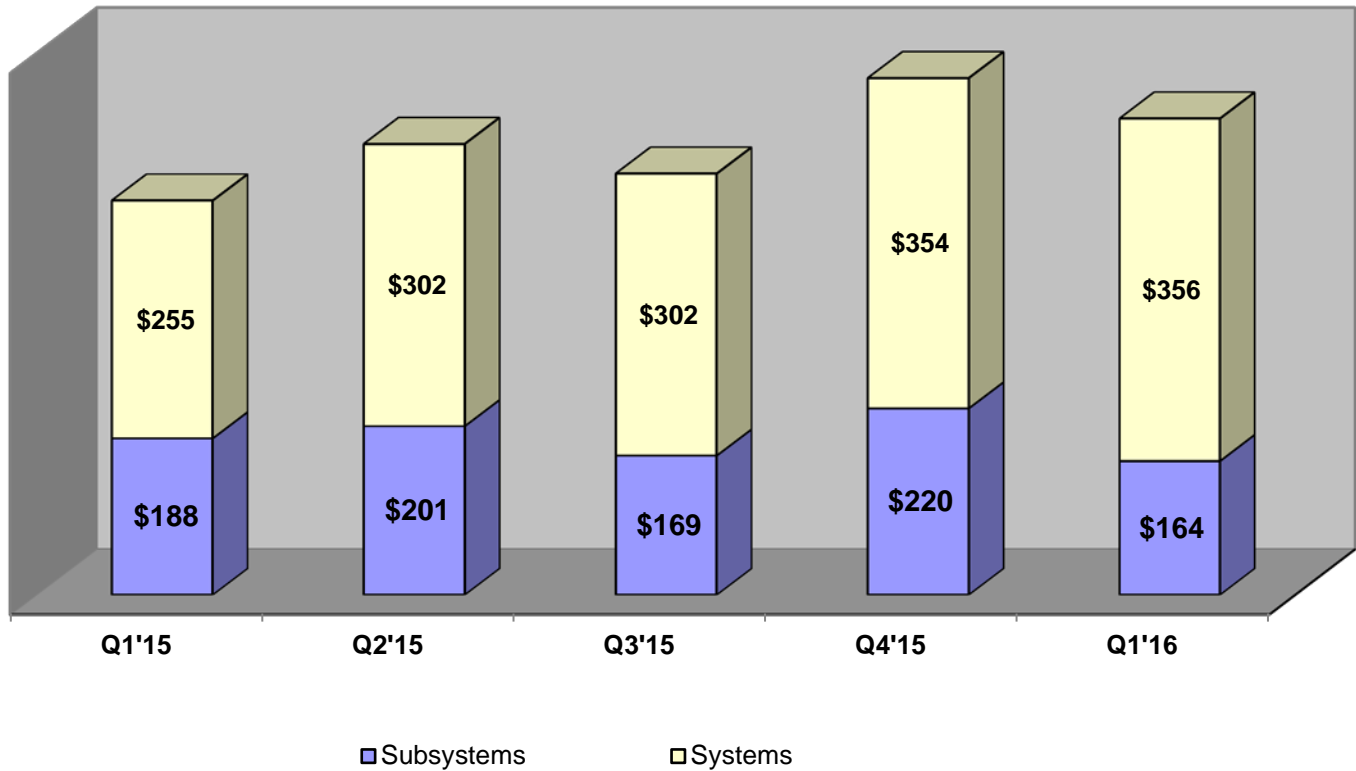


Complete Rack Solutions

Revenue Analysis

Supermicro Subsystems/System Revenue

\$'s millions



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch

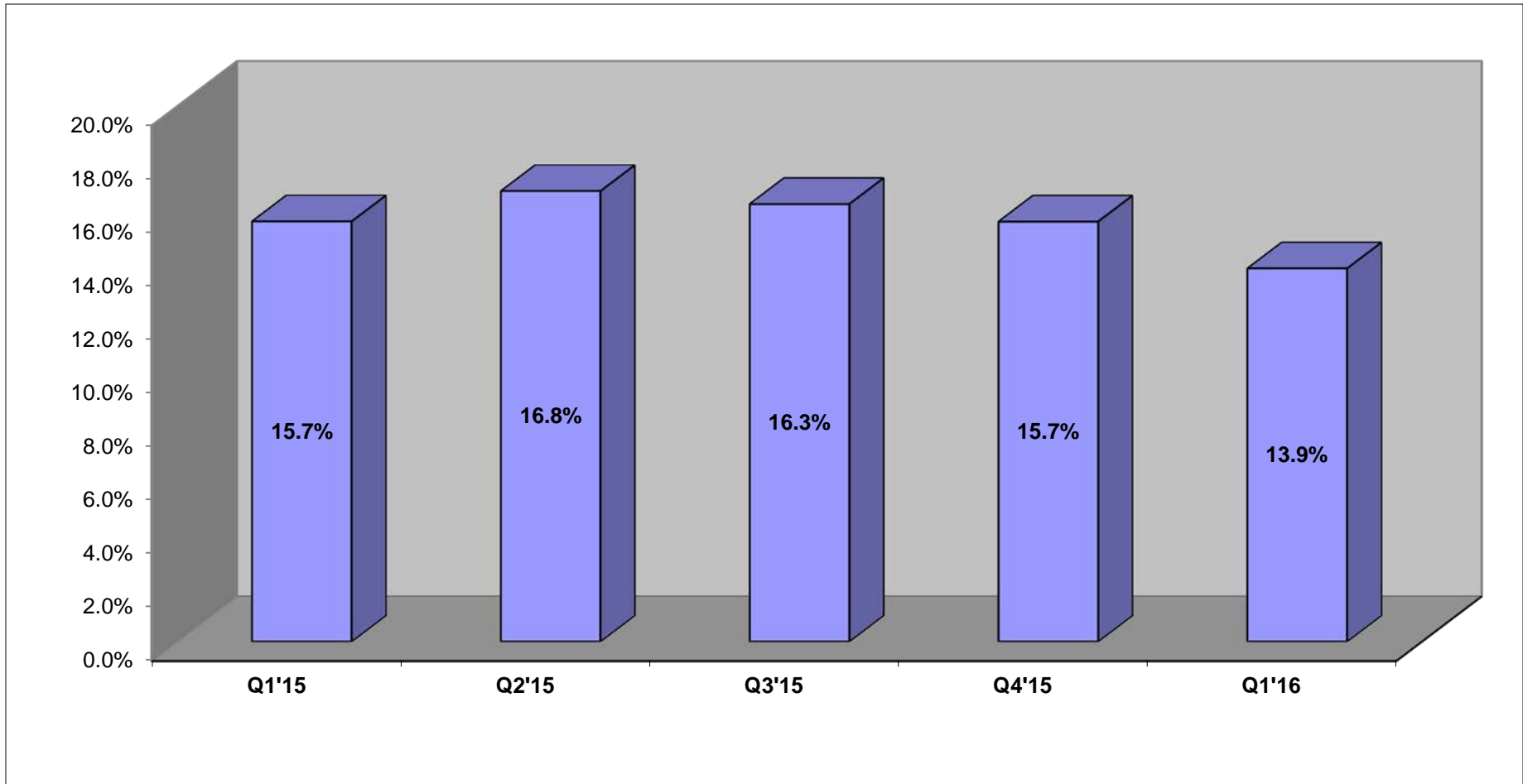


Software



Complete Rack Solutions

Non-GAAP Gross Margins



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch

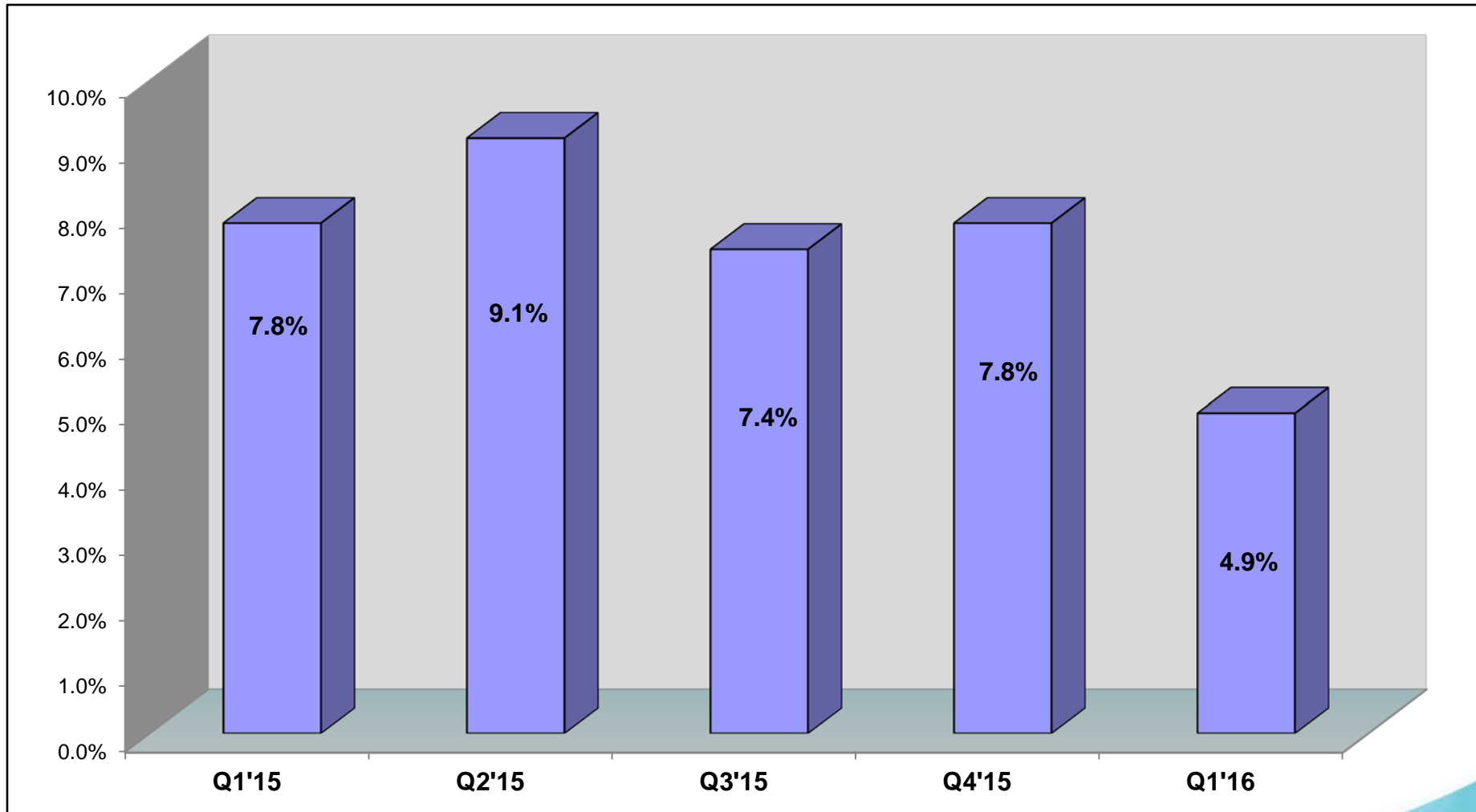


Software



Complete Rack Solutions

Non-GAAP Operating Margin



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions

Summary P&L non-GAAP

(in millions, except per share data)

Change

	Q1'16	YoY	Sequential	Q1'15	Q4'15
Operating Expense	\$47.1	\$12.3	\$1.9	\$34.8	\$45.3
Operating Expense Ratio	9.0%	1.1%	1.1%	7.9%	7.9%
Operating Income	\$25.3	-\$9.3	-\$19.4	\$34.6	\$44.8
Net Income	\$16.5	-\$6.7	-\$13.5	\$23.2	\$30.0
EPS	\$0.32	-\$0.14	-\$0.25	\$0.46	\$0.57
Diluted Common Share Count	52.0			50.3	52.6
Effective Quarterly Tax Rate	34.2%			32.7%	32.6%



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions



Q1 FY2016 YTD Summary Statement of Cash Flows

(\$'s millions)

	3 Months Ended 30-Sep-15	3 Months Ended 30-Sep-14
Net Income	\$13.7	\$20.9
Depreciation and amortization	\$2.8	\$1.8
Stock-based comp expense	\$3.9	\$3.0
Other reserves	-\$2.5	\$1.6
Net change in AR, Inventory, AP	-\$11.8	-\$6.8
Other prepaids and liabilities	\$14.4	\$6.5
Cash flow from operations	\$20.3	\$27.0
Capital expenditures	-\$7.7	-\$2.7
Free cash flow	\$12.6	\$24.3
Net cash - investing activities	\$0.0	\$0.0
Net cash - financing activities	\$2.6	-\$3.3
Effect of exchange rate fluctuation on cash and cash equivalents	\$0.2	-\$0.3
Net change in cash	\$15.5	\$20.6



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions



Q1 FY2016 Summary of Balance Sheet Metrics

(\$'s millions)

	<u>Q1'16</u>	<u>Q4'15</u>	<u>Change</u>
Cash Equivalents & Investments	\$ 113.6	\$ 98.1	\$ 15.5
Accounts Receivable	\$ 297.1	\$ 322.6	\$ (25.5)
Inventory	\$ 461.4	\$ 463.5	\$ (2.1)
Accounts Payable	\$ 263.2	\$ 299.8	\$ (36.6)
DSO	55	43	12
DIO	95	83	12
DPO	58	52	6
Cash Cycle Days	92	74	18



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions

Supplemental Financials

First Quarter Fiscal 2016
Ended September 30, 2015



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions



Prior Period Net Income Comparisons

(in millions, except per share data)

	<u>Q1'16</u>	<u>Q4'15</u>	<u>Q1'15</u>
Net Income (GAAP)	\$ 13.7	\$ 26.7	\$ 20.9
Stock-based Compensation Expense (tax affected)*	\$ 2.8	\$ 3.3	\$ 2.3
Net Income (Non-GAAP)*	\$ 16.5	\$ 30.0	\$ 23.2
Diluted Net Income per common share (GAAP)	\$ 0.27	\$ 0.51	\$ 0.42
Stock-based Compensation Expense (tax affected)*	\$ 0.05	\$ 0.06	\$ 0.04
Diluted Net Income per share (Non-GAAP)*	\$ 0.32	\$ 0.57	\$ 0.46
Shares used in diluted EPS calculation (Non-GAAP) *	52.0	52.6	50.3

* Note: Non-GAAP, please see Non-GAAP financial measures on page 3.



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions



Non-GAAP Financial Summary

(in millions, except per share data)

	<u>Q1'16</u>	<u>Q4'15</u>	<u>Q1'15</u>
Net Sales	\$ 519.6	\$ 573.6	\$ 443.3
Non-GAAP Gross Margin	13.9%	15.7%	15.7%
Non-GAAP Operating Expenses	\$ 47.1	\$ 45.3	\$ 34.8
Non-GAAP Operating Income	\$ 25.3	\$ 44.8	\$ 34.6
Non-GAAP Net Income	\$ 16.5	\$ 30.0	\$ 23.2
Non-GAAP Net Income per share	\$ 0.32	\$ 0.57	\$ 0.46
Fully diluted shares for calculation	52.0	52.6	50.3



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions



Quarterly Net Income (Loss) GAAP to Non-GAAP Reconciliation

(in millions, except per share data)

	<u>Q1'16</u>	<u>Q4'15</u>	<u>Q3'15</u>	<u>Q2'15</u>	<u>Q1'15</u>
Net income (GAAP)	\$ 13.7	\$ 26.7	\$ 23.1	\$ 31.2	\$ 20.9
Adjustments:					
Stock-based compensation expense	\$ 3.9	\$ 4.0	\$ 3.6	\$ 3.2	\$ 3.0
Income tax effects of adjustments	\$ (1.1)	\$ (0.7)	\$ (1.7)	\$ (0.9)	\$ (0.7)
Net income (Non-GAAP)*	\$ 16.5	\$ 30.0	\$ 24.9	\$ 33.5	\$ 23.2
Diluted Net Income per share (GAAP)	\$ 0.27	\$ 0.51	\$ 0.44	\$ 0.61	\$ 0.42
Adjustments:	\$ 0.05	\$ 0.06	\$ 0.03	\$ 0.04	\$ 0.04
Diluted Net Income per share (Non-GAAP)*	\$ 0.32	\$ 0.57	\$ 0.47	\$ 0.65	\$ 0.46
Diluted shares used in GAAP per share calculation	51.4	52.0	52.0	51.1	49.7
Diluted shares used in Non-GAAP per share calculation	52.0	52.6	52.7	51.6	50.3

* Note: Non-GAAP, please see Non-GAAP financial measures on page 3.



FatTwin



TwinPro



SuperBlade



GPU / Xeon Phi



MicroCloud



MicroBlade



Storage



Embedded



Switch



Software



Complete Rack Solutions