SUPERMICRO

# Super Micro Computer, Inc. Announces Fiscal 2007 3rd Quarter Financial Results

SAN JOSE, Calif., May 09, 2007 (BUSINESS WIRE) -- Super Micro Computer, Inc. (NASDAQ:SMCI), a leader in application optimized, high performance server solutions, today announced financial results for the third quarter of fiscal year 2007. This marked the Company's first reporting of quarterly financial results since its initial public offering on March 29, 2007.

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Q3 Fiscal 2007 Highlights

   Quarterly revenue of $105.7 million, up 39% compared to Q3 FY06

   Net income of $4.1 million, or $0.13 per diluted share, up $0.02
   compared to Q3 FY06

   Server Solutions accounted for 37% of revenues, up from 35% in Q3
   FY06

   Introductions of new products including Universal Input/Output
   servers.
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"This quarter, we continued our tradition of innovation with the addition of new products such as our Universal Input/Output ("UIO") servers and their associated I/O carding including LSI 1068 SAS card, Intel Sun Rise Lake SAS RAID 5 card and 4-port Gigabit Ethernet LAN card. These products exemplify our commitment to empowering our partners with the very best in server technology and providing them with customizable configurations and optimizations for a wide range of application requirements with exceptional scalability," said Charles Liang, President and Chief Executive Officer of Super Micro Computer. "Our continuing strong financial performance demonstrates how customers value our innovative solutions which provide a much more competitive price/performance ratio and reduce customers TCO."

Q3 Fiscal 2007 Financial Results

Net revenue for the third quarter ended March 31, 2007 was $105.7 million, up 39% from $75.9 million in the third quarter of fiscal year 2006. Net revenue from server solutions comprised 37% of net revenues, up from 35% in the third quarter of fiscal year 2006. No customer accounted for more than 10% of net revenues during the quarter.

Net income for the third quarter of fiscal year 2007 on a generally accepted accounting principles (GAAP) basis was $4.1 million or $0.13 per diluted share compared to net income of $3.6 million, or $0.11 per diluted share in the same period a year ago. Included in GAAP net income for the quarter was $0.7 million of stock-based compensation expense. Excluding stock-based compensation expense and related tax effect, non-GAAP net income for the third quarter was $4.5 million, or $0.14 per diluted share, compared to non-GAAP net income of $3.8 million, or $0.12 per diluted share, in the same period a year ago.

GAAP gross margin for the third quarter was 17.1%, compared to 19.5% in the same period a year ago. Non-GAAP gross margin for the third quarter was 17.2% compared to 19.5% in the same period a year ago. Third quarter of fiscal year 2007 gross margin was lower than the same period a year ago due to lower margins on more mature products offset in part by a higher mix of server revenue which had higher margins than components. During the third quarter of fiscal year 2006, the Company introduced and began delivering new products based on dual core technology from Intel, which benefited gross margins.

Net revenue for the nine months ended March 31, 2007 was $309.4 million, up 46% from $212.5 million for the first nine months of fiscal year 2006. GAAP net income for the first nine months of fiscal year 2007 was $13.8 million or $0.43 per diluted share, compared to $10.6 million or $0.34 per diluted share in the same period a year ago. Excluding stock based-compensation expense and related tax effect, non-GAAP net income for the first nine months was $15.3 million or $0.47 per diluted share, compared to $11.2 million or $0.36 per diluted share in the same period a year ago.

The Company ended the quarter with $20.8 million in cash and cash equivalents. On April 3, 2007, the Company received net proceeds of approximately $43.6 million through the issuance of 6.4 million shares from its initial public offering.

In the first quarter of fiscal 2007, Super Micro Computer adopted Statement of Financial Accounting Standards No. 123R,

Share-Based Payments (FAS 123R), which requires that stock-based compensation be recorded in its financial statements. The Company's non-GAAP financial measures exclude the stock-based compensation expense and the related tax effect of the applicable items. The reconciliation between GAAP and non-GAAP net income, gross margin and net income per share is provided in the financial tables accompanying this press release.

Business Outlook

Super Micro Computer expects net revenue to be in the range of $106 million to $111 million for the fiscal fourth quarter ending June 30, 2007.

Mr. Liang concluded, "We expect to see further growth through the continued expansion of our already-broad product line, the additional working capital and enhanced credibility provided by the IPO, and continued diversity of our customers and markets we serve."

Conference Call Information

Super Micro Computer will discuss these financial results and its outlook for the fourth quarter of fiscal 2007 in a conference call at 2:00 p.m. PT, today. Those wishing to participate in the conference call should call 877-704-5378 (international callers dial 913-312-1292) a few minutes prior to registering. A replay of the call will be available through Wednesday, May 16, (Midnight Eastern Time), by dialing 888-203-1112 (international callers dial 719-457-0820) and entering replay PIN 9094435. The live web cast and replay of the call will be available on the Investor Relations section at www.supermicro.com, with the replay beginning approximately two hours after the conclusion of the call and will remain available until the Company's next earnings call.

Cautionary Statement Regarding Forward Looking Statements

Statements contained in this press release 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, among other things, to our expected financial and operating results, our ability to build and grow Super Micro Computer, the benefits 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 market for X86 server, increased competition, difficulties of predicting timing, introduction and customer acceptance of new products, poor product sales, difficulties in establishing and maintaining successful relationships with our distribution partners, shortages or price fluctuations in our supply chain, our ability to protect our intellectual property rights, difficulty managing rapid growth and general political, economic and market conditions and events. 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.

Use of Non-GAAP Financial Measures

Non-GAAP gross margin discussed in this press release excludes stock-based compensation expense. Non-GAAP net income (loss) and net income (loss) per share discussed in this press release exclude stock-based compensation expense and 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 this press release. 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.

About Super Micro Computer, Inc.

Established in 1993, Supermicro emphasizes superior product design and uncompromising quality control to produce industry-leading serverboards, chassis and server systems. These mission-critical Server Building Block solutions provide benefits across many environments, including data center deployment, high-performance computing, high-end workstations, storage networks and standalone server installations. For more information on Supermicro's complete line of advanced motherboards, SuperServers, and optimized chassis, visit www.Supermicro.com, email Marketing@Supermicro.com or call the San Jose, CA headquarters at +1 408-503-8000.

SUPER MICRO COMPUTER, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

| | March 31, 2007 | June 30, 2006 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 20,828 | $ 16,509 |
| Short-term investments | - | 53 |
| Accounts receivable, net | 32,777 | 22,252 |
| Inventories, net | 72,996 | 57,612 |
| Deferred income taxes | 3,440 | 3,440 |
| Prepaid expenses and other current assets | 5,339 | 1,311 |
| Total current assets | 135,380 | 101,177 |
| Property, plant, and equipment, net | 31,165 | 29,605 |
| Other assets | 262 | 219 |
| Total assets | $166,807 | $131,001 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 66,177 | $ 52,019 |
| Accrued liabilities | 14,348 | 8,891 |
| Income tax payable | 1,556 | 1,085 |
| Accrued litigation loss | - | 575 |
| Advances from receivable financing arrangements | 944 | 800 |
| Current portion of capital lease obligations | 170 | 165 |
| Current portion of long-term debt | 645 | 616 |
| Total current liabilities | 83,840 | 64,151 |
| Deferred income taxes-noncurrent | 300 | 398 |
| Long-term capital lease obligations-net of current portion | 31 | 64 |
| Long-term debt-net of current portion | 18,134 | 18,621 |
| Total liabilities | 102,305 | 83,234 |
| Stockholders' equity: | | |
| Common stock | 12,616 | 10,536 |
| Deferred stock compensation | (1,746) | (2,563) |
| Retained earnings | 53,632 | 39,794 |
| Total stockholders' equity | 64,502 | 47,767 |
| Total liabilities and stockholders' equity | $166,807 | $131,001 |

SUPER MICRO COMPUTER, INC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

| | Three Months Ended | Nine Months Ended |
|---|---|---|

| | March 31, 2007 | March 31, 2006 | March 31, 2007 | March 31, 2006 |
|---|---|---|---|---|
| Net sales | $ 105,659 | $ 75,886 | $ 309,448 | $ 212,528 |
| Cost of sales | 87,592 | 61,100 | 254,381 | 171,557 |
| Gross profit | 18,067 | 14,786 | 55,067 | 40,971 |
| Operating expenses: | | | | |
| Research and development | 5,143 | 4,412 | 15,637 | 11,313 |
| Sales and marketing | 3,485 | 2,324 | 8,968 | 7,070 |
| General and administrative | 3,278 | 1,714 | 8,789 | 4,703 |
| Provision for (reversal of) litigation loss | - | 575 | (120) | 575 |
| Total operating expenses | 11,906 | 9,025 | 33,274 | 23,661 |
| Income from operations | 6,161 | 5,761 | 21,793 | 17,310 |
| Interest income | 69 | 64 | 190 | 179 |
| Interest expense | (369) | (334) | (1,040) | (915) |
| Other income,net | - | 1 | - | 2 |
| Income before income taxes provision | 5,861 | 5,492 | 20,943 | 16,576 |
| Income tax provision | 1,790 | 1,906 | 7,105 | 5,979 |
| Net income | $ 4,071 | $ 3,586 | $ 13,838 | $ 10,597 |
| Net income per share: | | | | |
| Basic | $ 0.18 | $ 0.16 | $ 0.62 | $ 0.48 |
| Diluted | $ 0.13 | $ 0.11 | $ 0.43 | $ 0.34 |
| Shares used in per share calculation: | | | | |
| Basic | 22,277,339 | 21,971,132 | 22,226,460 | 21,964,218 |
| Diluted | 32,434,182 | 32,048,534 | 32,373,284 | 30,804,738 |

SUPER MICRO COMPUTER, INC
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
(In thousands)
(Unaudited)

| | Nine Months Ended March 31, 2007 | Nine Months Ended March 31, 2006 |
|---|---|---|

| | | |
|---|---|---|
| OPERATING ACTIVITIES: | | |
| Net income | $ 13,838 | $ 10,597 |
| Reconciliation of net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,179 | 890 |
| Stock-based compensation expense | 1,673 | 849 |
| Allowance for doubtful accounts | 172 | 15 |
| Allowance for sales returns | 2,950 | 1,736 |
| Loss on disposal of property and equipment | 2 | 1 |
| Deferred income taxes | (98) | - |
| Gain on short-term investments | - | (8) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (13,647) | (8,958) |
| Inventories, net | (15,384) | (20,654) |
| Prepaid expenses and other current assets | (715) | (278) |
| Accounts payable | 14,177 | 26,601 |
| Accrued litigation loss | (575) | 575 |
| Accrued liabilities | 5,457 | 1,283 |
| Income tax payable | 538 | (2,629) |
| Net cash provided by operating activities | 9,567 | 10,020 |
| INVESTING ACTIVITIES: | | |
| Purchases of short-term investments | - | (51) |
| Other assets | (43) | (69) |
| Purchases of property and equipment | (2,642) | (10,471) |
| Proceeds from maturity of short-term investments | 53 | 1,826 |
| Net cash used in investing activities | (2,632) | (8,765) |
| FINANCING ACTIVITIES: | | |
| Proceeds from long-term debt | - | 8,939 |
| Proceeds from exercise of stock options | 1,157 | 345 |
| Repayment of long-term debt | (458) | (2,522) |
| Payment of obligations under capital leases | (137) | (68) |
| Advances under receivable financing arrangements | 144 | 539 |
| Payment of offering costs | (3,322) | - |
| Net cash provided by (used in) financing activities | (2,616) | 7,233 |
| Net increase in cash and cash equivalents | 4,319 | 8,488 |
| Cash and cash equivalents at beginning of year | 16,509 | 11,170 |
| Cash and cash equivalents at end of year | $ 20,828 | $ 19,658 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | $ 852 | $ 916 |
| Cash paid for taxes | 6,665 | 8,612 |
| Non-cash investing and financing activities: | | |
| Equipment purchased under capital leases | 109 | 155 |
| Deferred stock-based compensation related to | | |

| | | |
|---|---|---|
| stock option grants | - | 2,345 |
| Reversals of deferred stock-based compensation for cancellation of stock options | 133 | 28 |
| Accrued costs for property and equipment purchases | 112 | 101 |
| Accrued offering costs | 706 | - |

SUPER MICRO COMPUTER, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except share and per share amounts)
(Unaudited)

| | Three Months Ended March 31, 2007 | | |
|---|---|---|---|
| | GAAP (a) | Reconciling Items | Non-GAAP (b) |
| Net sales | $ 105,659 | $ - | $ 105,659 |
| Cost of sales | 87,592 | (84)(c) | 87,508 |
| Gross profit | 18,067 | 84 | 18,151 |
| Operating expenses: | | | |
| Research and development | 5,143 | (304)(c) | 4,839 |
| Sales and marketing | 3,485 | (81)(c) | 3,404 |
| General and administrative | 3,278 | (215)(c) | 3,063 |
| Provision for litigation loss | - | - | - |
| Total operating expenses | 11,906 | (600) | 11,306 |
| Income from operations | 6,161 | 684 | 6,845 |
| Interest income | 69 | - | 69 |
| Interest expense | (369) | - | (369) |
| Other income, net | - | - | - |
| Income before income taxes provision | 5,861 | 684 | 6,545 |
| Income tax provision | 1,790 | 219 (d) | 2,009 |
| Net income | $ 4,071 | $ 465 | $ 4,536 |
| Net income per share: | | | |
| Basic | $ 0.18 | | $ 0.20 |
| Diluted | $ 0.13 | | $ 0.14 |
| Shares used in per share calculation: | | | |
| Basic | 22,277,339 | | 22,277,339 |
| Diluted | 32,434,182 | | 32,434,182 |

| | Three Months Ended March 31, 2006 |
|---|---|

| | GAAP (a) | Reconciling Items | Non-GAAP (b) |
|---|---|---|---|
| Net sales | $ 75,886 | $ - | $ 75,886 |
| Cost of sales | 61,100 | (25)(c) | 61,075 |
| Gross profit | 14,786 | 25 | 14,811 |
| Operating expenses: | | | |
| Research and development | 4,412 | (133)(c) | 4,279 |
| Sales and marketing | 2,324 | (75)(c) | 2,249 |
| General and administrative | 1,714 | (102)(c) | 1,612 |
| Provision for litigation loss | 575 | | 575 |
| Total operating expenses | 9,025 | (310) | 8,715 |
| Income from operations | 5,761 | 335 | 6,096 |
| Interest income | 64 | - | 64 |
| Interest expense | (334) | - | (334) |
| Other income, net | 1 | - | 1 |
| Income before income taxes provision | 5,492 | 335 | 5,827 |
| Income tax provision | 1,906 | 88 (d) | 1,994 |
| Net income | $ 3,586 | $ 247 | $ 3,833 |
| Net income per share: | | | |
| Basic | $ 0.16 | | $ 0.17 |
| Diluted | $ 0.11 | | $ 0.12 |
| Shares used in per share calculation: | | | |
| Basic | 21,971,132 | | 21,971,132 |
| Diluted | 32,048,534 | | 32,048,534 |

(a) Operating results based on accounting principles generally accepted in the United States (GAAP).
(b) Non-GAAP amounts exclude amortization of stock-based compensation and related tax effect.
(c) Amortization of SFAS No. 123R, APB 25 and SFAS No. 123 stock-based compensation in Q3'07 and APB 25 and SFAS No. 123 stock-based compensation in Q3'06.
(d) The provision of income taxes used in arriving at the non-GAAP net income was computed using an income tax rate of 34.2% and 30.7% for the three months ended March 31, 2006 and 2007, respectively.

SUPER MICRO COMPUTER, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except share and per share amounts)
(Unaudited)

| | Nine Months Ended March 31, 2007 |
|---|---|

| | GAAP (a) | Reconciling Items | Non-GAAP (b) |
|---|---|---|---|
| Net sales | $309,448 | $ - | $309,448 |
| Cost of sales | 254,381 | (168)(c) | 254,213 |
| Gross profit | 55,067 | 168 | 55,235 |
| Operating expenses: | | | |
| Research and development | 15,637 | (785)(c) | 14,852 |
| Sales and marketing | 8,968 | (270)(c) | 8,698 |
| General and administrative | 8,789 | (450)(c) | 8,339 |
| Provision for (reversal of) litigation loss | (120) | - | (120) |
| Total operating expenses | 33,274 | (1,505) | 31,769 |
| Income from operations | 21,793 | 1,673 | 23,466 |
| Interest income | 190 | - | 190 |
| Interest expense | (1,040) | - | (1,040) |
| Other income, net | - | - | - |
| Income before income taxes provision | 20,943 | 1,673 | 22,616 |
| Income tax provision | 7,105 | 175 (d) | 7,280 |
| Net income | $13,838 | $1,498 | $15,336 |
| Net income per share: | | | |
| Basic | $0.62 | | $0.69 |
| Diluted | $0.43 | | $0.47 |
| Shares used in per share calculation: | | | |
| Basic | 22,226,460 | | 22,226,460 |
| Diluted | 32,373,284 | | 32,373,284 |

| | Nine Months Ended March 31, 2006 | | |
|---|---|---|---|
| | GAAP (a) | Reconciling Items | Non-GAAP (b) |
| Net sales | $212,528 | $ - | $212,528 |
| Cost of sales | 171,557 | (77)(c) | 171,480 |
| Gross profit | 40,971 | 77 | 41,048 |
| Operating expenses: | | | |
| Research and development | 11,313 | (336)(c) | 10,977 |
| Sales and marketing | 7,070 | (193)(c) | 6,877 |
| General and administrative | 4,703 | (243)(c) | 4,460 |
| Provision for (reversal of) litigation loss | 575 | | 575 |
| Total operating expenses | 23,661 | (772) | 22,889 |

| | | | |
|---|---|---|---|
| Income from operations | 17,310 | 849 | 18,159 |
| Interest income | 179 | - | 179 |
| Interest expense | (915) | - | (915) |
| Other income, net | 2 | - | 2 |
| Income before income taxes provision | 16,576 | 849 | 17,425 |
| Income tax provision | 5,979 | 237 (d) | 6,216 |
| Net income | $10,597 | $612 | $11,209 |
| Net income per share: | | | |
| Basic | $0.48 | | $0.51 |
| Diluted | $0.34 | | $0.36 |
| Shares used in per share calculation: | | | |
| Basic | 21,964,218 | | 21,964,218 |
| Diluted | 30,804,738 | | 30,804,738 |

(a) Operating results based on accounting principles generally accepted in the United States (GAAP).
(b) Non-GAAP amounts exclude amortization of stock-based compensation and related tax effect.
(c) Amortization of SFAS No. 123R, APB 25 and SFAS No. 123 stock-based compensation for the nine months ended March 31, 2007 and APB 25 and SFAS No. 123 stock-based compensation for the nine months ended March 31, 2006.
(d) The provision of income taxes used in arriving at the non-GAAP net income was computed using an income tax rate of 35.7% and 32.2% for the nine months ended March 31, 2006 and 2007, respectively.

SMCI-F

SOURCE: Super Micro Computer, Inc.

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