



May 9, 2007

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.

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.

"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
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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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