

ModernGraham Valuation

Company Name:

Company Ticker MCHP

Date of Analysis

Microchip Technology Inc.

9/3/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.83
MG Growth Estimate	1.91%
MG Value	\$22.54
MG Value based on 3% Growth	\$26.54
MG Value based on 0% Growth	\$15.56
Market Implied Growth Rate	7.08%

MG Opinion

Current Price	\$41.47
% of Intrinsic Value	183.95%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.32
Graham Number	\$23.34
PEmg	22.66
Current Ratio	6.06
PB Ratio	4.28
Dividend Yield	3.44%
Number of Consecutive Years of Dividend Growth	14

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.50	Next Fiscal Year Estimate	\$1.83
Mar15	\$1.65	Mar15	\$1.52
Mar14	\$1.82	Mar14	\$1.47
Mar13	\$0.62	Mar13	\$1.32
Mar12	\$1.65	Mar12	\$1.62
Mar11	\$2.15	Mar11	\$1.58
Mar10	\$1.16	Mar10	\$1.31
Mar09	\$1.31	Mar09	\$1.35
Mar08	\$1.40	Mar08	\$1.30
Mar07	\$1.62	Mar07	\$1.16
Mar06	\$1.13	Mar06	\$0.86
Mar05	\$1.01	Mar05	\$0.70
Mar04	\$0.65	Mar04	\$0.55
Mar03	\$0.42	Mar03	\$0.49
Mar02	\$0.45	Mar02	\$0.51
Mar01	\$0.70	Mar01	\$0.50
Mar00	\$0.59	Mar00	\$0.37
Mar99	\$0.24	Balance Sheet Information Jun15	
Mar98	\$0.31	Total Current Assets	\$2,255,614,000
Mar97	\$0.28	Total Current Liabilities	\$372,308,000
Mar96	\$0.23	Long-Term Debt	\$1,858,697,000
		Total Assets	\$4,856,985,000
		Intangible Assets	\$1,042,148,000
		Total Liabilities	\$2,758,103,000
		Shares Outstanding (Diluted Average)	216,767,000



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

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ModernGraham
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company

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[34 Companies in the Spotlight This Week – 2/7/15](#)
[Microchip Technology Inc. Quarterly Valuation – January 2015 \\$MCHP](#)
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[Microchip Technology Inc. Quarterly Stock Valuation – October 2014 \\$MCHP](#)

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[TE Connectivity Limited Analysis – August 2015 Update \\$TEL](#)
[Broadcom Corporation Analysis – August 2015 Update \\$BRCM](#)
[SanDisk Corporation Analysis – August 2015 Update \\$SNDK](#)
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