

ModernGraham Valuation

Company Name:

Company Ticker MCHP

Date of Analysis

7/27/2016

Microchip Technology Inc.



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	\$12,967,951,675	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	8.11	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	55.01%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.91	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.77	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	8.11	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.91	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	\$1.97
MG Growth Estimate	7.44%
MG Value	\$46.17
MG Value based on 3% Growth	\$28.63
MG Value based on 0% Growth	\$16.78
Market Implied Growth Rate	10.20%

MG Opinion

Current Price	\$57.08
% of Intrinsic Value	123.64%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.47
Graham Number	\$26.18
PEmg	28.91
Current Ratio	8.11
PB Ratio	5.77
Current Dividend	\$1.43
Dividend Yield	2.51%
Number of Consecutive Years of Dividend Growth	15

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	\$2.89	Next Fiscal Year Estimate	\$1.97
Mar2016	\$1.49	Mar2016	\$1.49
Mar2015	\$1.65	Mar2015	\$1.52
Mar2014	\$1.82	Mar2014	\$1.47
Mar2013	\$0.62	Mar2013	\$1.32
Mar2012	\$1.65	Mar2012	\$1.63
Mar2011	\$2.15	Mar2011	\$1.59
Mar2010	\$1.16	Mar2010	\$1.31
Mar2009	\$1.33	Mar2009	\$1.36
Mar2008	\$1.40	Mar2008	\$1.30
Mar2007	\$1.62	Mar2007	\$1.16
Mar2006	\$1.13	Mar2006	\$0.86
Mar2005	\$1.01	Mar2005	\$0.70
Mar2004	\$0.65	Mar2004	\$0.55
Mar2003	\$0.42	Mar2003	\$0.49
Mar2002	\$0.45	Mar2002	\$0.51
Mar2001	\$0.69	Mar2001	\$0.50
Mar2000	\$0.56	Balance Sheet Information 3/1/2016	
Mar1999	\$0.28	Total Current Assets	\$3,096,713,000
Mar1998	\$0.34	Total Current Liabilities	\$382,009,000
Mar1997	\$0.28	Long-Term Debt	\$2,483,037,000
		Total Assets	\$5,567,515,000
		Intangible Assets	\$1,619,001,000
		Total Liabilities	\$3,416,596,000
		Shares Outstanding (Diluted Average)	217,388,000





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:

Other
ModernGraham
posts about the
company

[Microchip Technology Inc Valuation – January 2016 Update \\$MCHP](#)
[Microchip Technology Inc. Analysis – September 2015 Update \\$MCHP](#)
[Microchip Technology Stock Valuation – May 2015 Quarterly Update \\$MCHP](#)
[34 Companies in the Spotlight This Week – 2/7/15](#)
[Microchip Technology Inc. Quarterly Valuation – January 2015 \\$MCHP](#)

Other
ModernGraham
posts about related
companies

[Jabil Circuit Inc Valuation – July 2016 \\$JBL](#)
[KLA-Tencor Corp Valuation – July 2016 \\$KLAC](#)
[Linear Technology Corp Valuation – July 2016 \\$LLTC](#)
[Arrow Electronics Inc Valuation – July 2016 \\$ARW](#)
[Lam Research Corp Valuation – June 2016 \\$LRCX](#)
[TE Connectivity Ltd Valuation – June 2016 \\$TEL](#)
[Juniper Networks Inc Valuation – June 2016 \\$JNPR](#)
[Nvidia Corporation Valuation – June 2016 \\$NVDA](#)
[Intel Corporation Valuation – May 2016 \\$INTC](#)
[HP Inc Valuation – May 2016 \\$HPQ](#)