

ModernGraham Valuation

Microchip Technology
Inc.



Company Name:

Company Ticker MCHP

Date of Analysis

2/4/2019

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	\$19,559,376,278	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.04	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	3.23%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	44.65	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.03	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	1.04	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	108.41	Fail
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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.85
MG Growth Estimate	3.24%
MG Value	\$27.76
MG Value based on 3% Growth	\$26.85
MG Value based on 0% Growth	\$15.74
Market Implied Growth Rate	18.08%

MG Opinion

Current Price	\$82.70
% of Intrinsic Value	297.92%
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

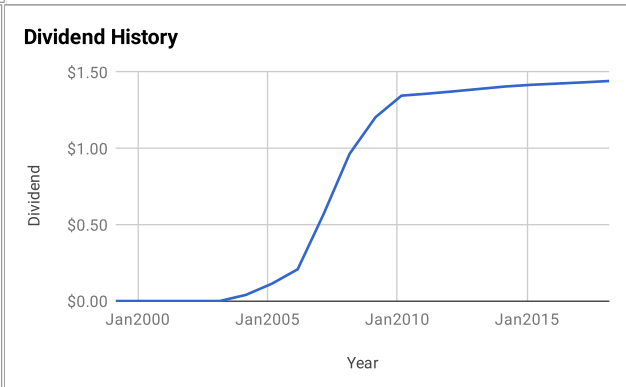
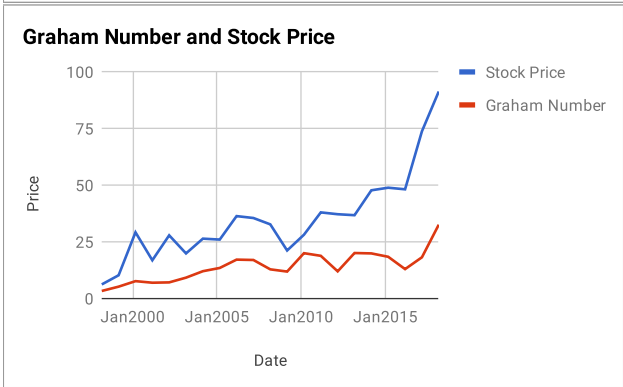
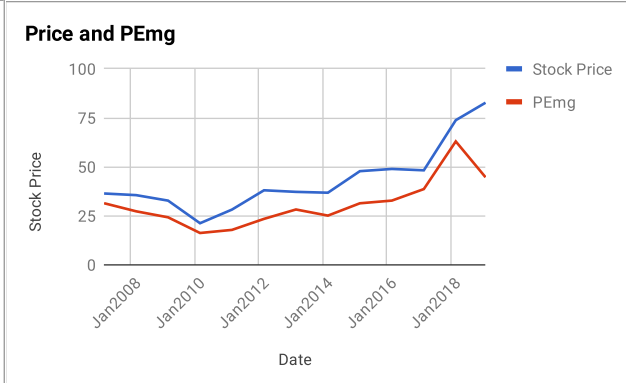
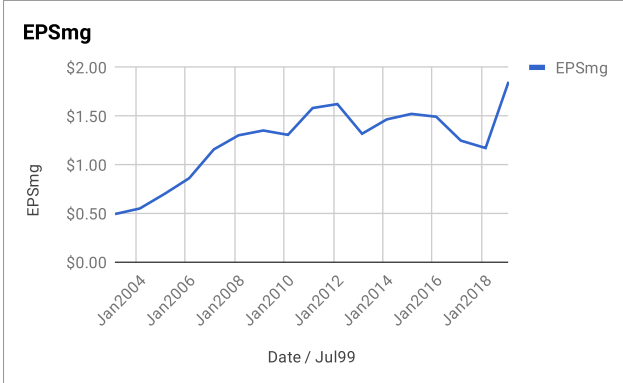
Net Current Asset Value (NCAV)	-\$44.96
Graham Number	\$32.58
PEmg	44.65
Current Ratio	1.04
PB Ratio	4.03
Current Dividend	\$1.45
Dividend Yield	1.75%
Number of Consecutive Years of Dividend Growth	17

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	\$3.38	Next Fiscal Year Estimate	\$1.85
Mar2018	\$1.03	Mar2018	\$1.17
Mar2017	\$0.71	Mar2017	\$1.25
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	\$1.62
Mar2011	\$2.15	Mar2011	\$1.58
Mar2010	\$1.16	Mar2010	\$1.31
Mar2009	\$1.31	Mar2009	\$1.35
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	Balance Sheet Information 9/1/2018	
Mar2001	\$0.70	Total Current Assets	\$2,176,200,000
Mar2000	\$0.59	Total Current Liabilities	\$2,088,100,000
Mar1999	\$0.24	Long-Term Debt	\$9,551,100,000
		Total Assets	\$18,667,100,000
		Intangible Assets	\$13,613,400,000
		Total Liabilities	\$13,496,900,000
		Shares Outstanding (Diluted Average)	251,800,000





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 – April 2018 \\$MCHP](#)
 - [Microchip Technology Inc Valuation – July 2016 \\$MCHP](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [KLA-Tencor Corp Valuation – January 2019 \\$KLAC](#)
 - [TE Connectivity Ltd Valuation – January 2019 \\$TEL](#)
 - [NVIDIA Corp Valuation – January 2019 \\$NVDA](#)
 - [Seagate Technology PLC Valuation – January 2019 \\$STX](#)
 - [Corning Inc Valuation – January 2019 \\$GLW](#)
 - [HP Inc Valuation – December 2018 \\$HPQ](#)
 - [Intel Corp Valuation – November 2018 \\$INTC](#)
 - [Apple Inc Valuation – November 2018 \\$AAPL](#)
 - [Littelfuse Inc Valuation – September 2018 \\$LFUS](#)
 - [CTS Corporation Valuation – August 2018 \\$CTS](#)