

September 8, 2015



Microchip Technology Raises Guidance For Net Sales And EPS For Second Quarter Of Fiscal 2016

CHANDLER, Ariz., Sept. 8, 2015 /PRNewswire/ -- Microchip Technology Incorporated (NASDAQ: MCHP), a leading provider of microcontroller, mixed signal, analog and Flash-IP solutions, today narrowed the range and increased the mid-point of its prior guidance for net sales and earnings per share for its fiscal second quarter of fiscal 2016 ending September 30, 2015. Microchip's core business is tracking towards our original guidance while Micrel sales for the partial quarter are ahead of our original guidance. Microchip previously provided guidance on August 3, 2015 for consolidated non-GAAP net sales to be between \$532 million and \$569 million with a mid-point of \$550.5 million. Microchip now expects consolidated non-GAAP net sales to be between \$545 million and \$563 million with a mid-point of \$554 million. Microchip now expects non-GAAP earnings per share to be between 60 and 66 cents per share. The original guidance for non-GAAP earnings per share was between 58 and 66 cents per share.



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"We have completed the repurchase of the 8.6 million shares of Microchip common stock that we issued in the Micrel acquisition. Together with upside in net sales and early expense reductions achieved, we expect Micrel now to be breakeven to our non-GAAP earnings per share for the quarter. We had earlier guided Micrel to be 1.5 cents dilutive to our September quarter results," said Steve Sanghi, Microchip's president and CEO.

Mr. Sanghi added, "We have accelerated the pace of integration of Micrel into Microchip systems and now expect to close the Micrel San Jose fab within one year of the acquisition date. Early analysis from our sales and field applications engineers has also identified significant revenue synergy with Micrel products at our customers. We now believe that we will see the full accretion from this acquisition to be reflected in Microchip's financial results by the second half of fiscal 2017, which is considerably earlier than we previously guided."

There will be no conference call associated with this press release. Microchip's President and CEO, Steve Sanghi, is presenting at the Citi 2015 Global Technology Conference today,

Tuesday, September 8, 2015. A live webcast and replay of the presentation will be available at www.microchip.com.

Second Quarter Fiscal Year 2016 Outlook:

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. Due to the closing of our acquisition of Micrel on August 3, 2015, we are not able to provide GAAP guidance at this time, as the purchase accounting valuation adjustments related to the acquisition including acquired intangibles and inventory write-up as well as other acquisition-related charges are not yet known. We are able to provide the following non-GAAP guidance which includes Micrel:

| | Microchip Consolidated Guidance - Non-GAAP |
|-----------------------------------|---|
| Net Sales | \$545 million to \$563 million |
| Gross Margin | 57.5% to 57.7% |
| Operating Expenses | 27.4% to 28.8% |
| Other Expense | \$9.2 million |
| Income Tax Expense | 11.4% to 12.3% |
| Net Income | \$129.2 million to \$143.0 million |
| Diluted Common Shares Outstanding | 215.9 million shares |
| Earnings per Diluted Share | 60 cents to 66 cents |

Cautionary Statement:

The statements in this release relating to our core business tracking towards our original guidance, Micrel sales being ahead of our original guidance, expecting our non-GAAP revenue to be between \$545 million and \$563 million with a mid-point of \$554.0 million, expecting non-GAAP earnings per share to be between 60 and 66 cents per share, expecting Micrel to be breakeven to our non-GAAP earnings per share, accelerating the pace of integration of Micrel into Microchip's systems, expecting to close the Micrel San Jose fab within one year, significant revenue synergy with Micrel products at our customers, expecting full accretion from the Micrel transaction to be reflected in Microchip's financial results in the second half of fiscal 2017 and our Non-GAAP guidance for gross margin, operating expenses, other expense, income tax expense, net income and diluted common shares outstanding are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including, but not limited to: any economic uncertainty due to monetary policy, political or other issues in the U.S. or internationally, any unexpected fluctuations or weakness in the U.S. and global economies, changes in demand or market acceptance of our products and the products of our customers; foreign currency effects on our business; the mix of inventory we hold and our ability to satisfy short-term orders from our inventory; changes in utilization of our manufacturing capacity and our ability to effectively manage our production levels; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; the level of sell-through of our products through distribution; changes or fluctuations in customer order patterns and seasonality; our ability to successfully integrate Micrel's operations and employees, retain key employees and otherwise realize the expected synergies and benefits of the Micrel transaction; our ability to continue to realize the expected benefits of our other acquisitions; the impact of any other significant acquisitions that we may make; our ability to obtain a sufficient supply of wafers from third party wafer foundries and the cost of such wafers, the costs and outcome of any current or future tax audit or any litigation involving intellectual property, customers or other issues; our actual average stock price in the September 2015 quarter and the impact such price will have on our share count; disruptions in our business or the businesses of our customers or suppliers due to natural disasters including any floods in Thailand), terrorist

activity, armed conflict, war, worldwide oil prices and supply, Ebola or other public health concerns or disruptions in the transportation system; and general economic, industry or political conditions in the United States or internationally.

For a detailed discussion of these and other risk factors, please refer to Microchip's filings on Forms 10-K and 10-Q. You can obtain copies of Forms 10-K and 10-Q and other relevant documents for free at Microchip's website (www.microchip.com) or the SEC's website (www.sec.gov) or from commercial document retrieval services.

Stockholders of Microchip are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Microchip does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after this September 8, 2015 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Incorporated is a leading provider of microcontroller, mixed-signal, analog and Flash-IP solutions, providing low-risk product development, lower total system cost and faster time to market for thousands of diverse customer applications worldwide. Headquartered in Chandler, Arizona, Microchip offers outstanding technical support along with dependable delivery and quality. For more information, visit the Microchip website at www.microchip.com.

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