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Microchip Technology Increases Guidance for Non-GAAP Net Sales and Non-GAAP EPS for Third Quarter of Fiscal 2017

CHANDLER, Ariz., Nov. 29, 2016 (GLOBE NEWSWIRE) -- (NASDAQ:MCHP) - Microchip Technology Incorporated, a leading provider of microcontroller, mixed signal, analog and Flash-IP solutions, today improved the range of its prior guidance for non-GAAP net sales and non-GAAP earnings per share for its fiscal third quarter of 2017 ending December 31, 2016. Microchip previously provided guidance on November 7, 2016 for consolidated non-GAAP net sales to be flat to down 6% with a mid-point of down 3%. Microchip now expects consolidated non-GAAP net sales to be down 1% to 4% with a mid-point of down 2.5% and non-GAAP earnings per share to be between 87 cents and 94 cents per share. The original guidance for non-GAAP earnings per share was between 85 cents and 95 cents per share. Due to Microchip's recent acquisition of Atmel and the related purchase accounting, Microchip is not able to provide GAAP guidance at this time.

"Our business through the first eight weeks of the December 2016 quarter is tracking modestly above our November 7, 2016 guidance," said Steve Sanghi, Microchip's CEO. "Furthermore, the integration activities associated with our acquisitions of Atmel and Micrel continue to make significant progress. Micrel's 6-inch fab in San Jose is now closed which we expect to drive significant gross margin benefits after the higher cost inventory from that factory is sold through and our lower costs from our higher volume factories are realized. The integration of Atmel continues to progress as we approach a major milestone of integrating business systems on January 1, 2017."

"With the continued execution of our integration activities and operational improvements for our business we are on track to realize our long term business model of 33% non-GAAP operating income by the fourth quarter of fiscal 2018," concluded Mr. Sanghi.

There will be no conference call associated with this press release. Microchip's CEO, Steve Sanghi, is presenting at the Credit Suisse 20th Annual TMT Conference tomorrow, Wednesday, November 30, 2016. A live webcast and replay of the presentation will be available at www.microchip.com.

Cautionary Statement:

The statements in this release relating to expecting our non-GAAP net sales to be down 1% to 4% with a mid-point of down 2.5%, expecting non-GAAP earnings per share to be between 87 cents and 94 cents per share, our business tracking modestly above our original guidance, integration activities associated with our acquisitions of Atmel and Micrel continuing to make significant progress, the Micrel 6-inch fab closure driving significant gross margin benefits after the higher cost inventory from that factory is sold through and our lower costs from our higher volume factories are realized, that the integration of Atmel continues to progress as we approach a major milestone of integrating business systems on

January 1, 2017 and being on track to realize our long-term business model of 33% non-GAAP operating income by the fourth quarter of fiscal 2018, 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 continue to successfully integrate Atmel's operations and employees, retain key employees and otherwise realize the expected synergies and benefits of the Atmel transaction; our ability to continue to realize the expected benefits of our Micrel acquisition; 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 or disputes involving intellectual property, customers or other issues; our actual average stock price in the December 2016 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, 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 November 29, 2016 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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