

Microchip Technology (MCHP)

\$74.87 (Stock Price as of 01/06/2026)

Price Target (6-12 Months): **\$78.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/18/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: F

Value: D

Growth: F

Momentum: C

Summary

Microchip benefits from growing AI investments. The company's Gen 4 and Gen 5 data center products are witnessing strong sales growth. Its new products are expected to gain traction with the launch of the industry's first 3-nanometer-based PCIe Gen 6 switch that powers modern AI infrastructure. These switches offer double bandwidth, lower latency, advanced security and high-density AI connectivity for next-generation cloud and data center performance. The success of the restructuring plan also bodes well for MCHP's prospects. Microchip now expects net sales to be about \$1.185 billion for the third quarter of fiscal 2026. The revised net sales guidance reflects a broad-based recovery in most of Microchip's end markets, driven by improving inventory conditions at distributors as well as direct customers.

Price, Consensus & Surprise⁽¹⁾



Data Overview

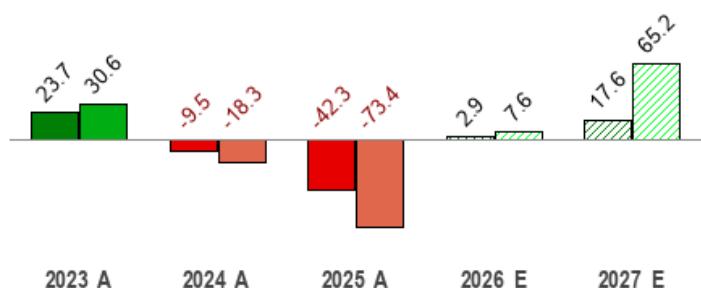
52 Week High-Low	\$77.20 - \$34.13
20 Day Average Volume (sh)	6,655,313
Market Cap	\$36.2 B
YTD Price Change	5.2%
Beta	1.46
Dividend / Div Yld	\$1.82 / 2.7%
Industry	Semiconductor - Analog and Mixed
Zacks Industry Rank	Top 14% (35 out of 244)

Last EPS Surprise	6.1%
Last Sales Surprise	0.8%
EPS F1 Est- 4 week change	0.8%
Expected Report Date	02/05/2026
Earnings ESP	5.0%

P/E TTM	72.1
P/E F1	53.1
PEG F1	1.6
P/S TTM	8.6

Sales and EPS Growth Rates (Y/Y %)⁽²⁾

Sales EPS



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1,250 E	1,329 E	1,336 E	1,412 E	5,327 E
2026	1,076 A	1,140 A	1,130 E	1,184 E	4,530 E
2025	1,241 A	1,164 A	1,026 A	971 A	4,402 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	0.48 E	0.59 E	0.70 E	0.56 E	2.33 E
2026	0.27 A	0.35 A	0.38 E	0.42 E	1.41 E
2025	0.53 A	0.46 A	0.20 A	0.11 A	1.31 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/06/2026.

(2) The report's text, the analyst-provided estimates, and the price target are as of 01/06/2026.

Overview

Microchip Technology develops, manufactures, and sells smart, connected and secure embedded control solutions. The company focuses on general purpose and specialized 8-bit, 16-bit, and 32-bit mixed-signal microcontroller, microprocessors, analog, FPGA, and memory products. Microchip now offers 64-bit mixed-signal microprocessors expanding its footprint beyond the 32-bit architecture.

The company's product portfolio supports artificial intelligence (AI)/machine learning (ML), data centers, edge computing and Internet of Things (IoT), E-mobility, networking and connectivity. Automotive, aerospace and defense, communications, consumer appliances, data centers and computing, and industrial are key end-markets powered by Microchip's products.

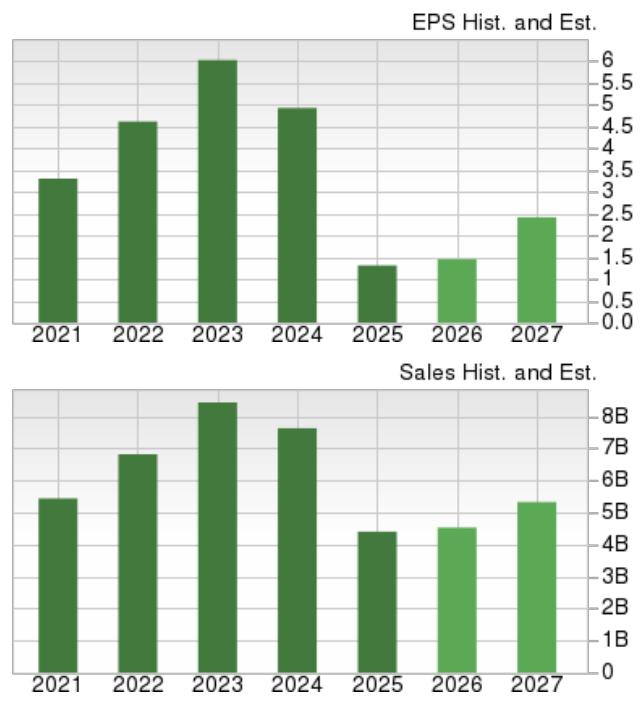
Chandler, AZ-based Microchip reported total revenues of \$4.4 billion in the fiscal 2025. The company reports under three major product lines:

Mixed-signal Microcontrollers (49.2% of fiscal 2025 revenues): This product portfolio comprises 8-bit, 16-bit and 32-bit mixed-signal microcontroller and 32-bit embedded mixed-signal microprocessor markets. The company also offers specialized mixed-signal microcontrollers for automotive, industrial, computing, communications, lighting, power supplies, motor control, human machine interface, security, wired connectivity and wireless connectivity applications.

Analog (27%): These segment offers power management, linear, mixed-signal, high voltage, thermal management, discrete diodes and MOSFETs, RF, drivers, safety, security, timing, USB, ethernet, wireless and other interface products.

Other (23.8%): The product line now comprises revenues from FPGA, license fees and royalties related to SuperFlash technology, and fees for engineering services, memory products, timing systems, manufacturing services, legacy application specific integrated circuits, and products for aerospace applications.

In the fiscal 2025, Americas, Europe and Asia contributed 29.2%, 21.6% and 49.2%, respectively to net sales. Distributors contributed approximately 45% to net sales in the fiscal 2025.



As of 01/06/2026



As of 01/06/2026

Reasons To Buy:

- ▲ Microchip is one of the leading providers of 8-bit, 16-bit and 32-bit microcontrollers globally. The company's AI coding assistant is aiding customers to achieve up to a 40% productivity improvement in programming Microchip's microcontroller devices. The company is adding AI agents into the AI coding assistant that is expected to reduce time to market for its customers. Microchip has secured design wins in data center infrastructure, spanning AI acceleration, storage and network infrastructure with tier 1 cloud providers and enterprise leaders. The company has expanded connectivity, storage and compute offerings for AI and data center applications as well as intelligent power modules for AI at the edge. These factors are expected to drive top-line growth in the long term.
- ▲ The company is benefiting from strong momentum across aerospace, defense, AI applications and network connectivity. MCHP's radiation-tolerant FPGA solutions can deliver up to 50% power savings. The company has expanded FPGA portfolio by introducing cost-optimized solutions that deliver up to 30% cost reduction while maintaining industry-leading performance and security. Microchip's embedded controllers that feature immutable post-quantum cryptography support, which was recently mandated by the NSA. This support enhances the security of platforms using Microchip's digital signing for secure boot and secure firmware over-the-air updates. These capabilities are helping in protecting MCHP's defense, industrial and AI applications that should be in compliance with CNSA 2.0 and the European Cyber Resiliency Act.
- ▲ The company announced the closure of Fab 2 manufacturing operations in May 2025 and began transferring the process technologies from Fab 2 to Fab 4 in Gresham, Oregon and Fab 5 in Colorado Springs, Colorado. The company has paused capital expenditure plans for Fab 4 and Fab 5. The company is also right-sizing Fab 4 and Fab 5 through a layoff that will save \$25 million annually. Moreover, decreasing underutilization charges is expected to help Microchip achieve its long-term non-GAAP gross margin target of 65%.

Microchip's growth is expected to ride on strong demand for 16-bit and 32-bit microcontrollers and analog products, robust product pipeline and excellent semiconductor industry growth prospects.

Reasons To Sell:

- ▼ Microchip's mixed-signal microcontroller sales in the fiscal 2025 suffered from challenging macroeconomic conditions, along with persistent inflation and high-interest rates. Microchip's channel inventory decreased to 199 days at the end of the second quarter of fiscal 2026 and underutilization was \$51 million. This has been negatively impacting gross margin. Microchip plans to reduce inventory write-offs and underutilization charges to boost gross margin, which is expected to take at least couple of quarters.
- ▼ Microchip derives a significant proportion of its revenues from outside America, subjecting the company to exchange rate volatility. By geographical regions, the bulk of the revenues in fiscal 2025 came in from Asia (49.2% of total revenues), followed by Americas (29.2%) and Europe (21.6%). Unfavorable movements in exchange rates continue to adversely impact the top line of Microchip and undermine its growth potential to some extent.
- ▼ Microchip has a highly leveraged balance sheet. As of Sept. 30, 2025, cash and short-term investments totaled \$236.8 million compared with total debt (long-term plus current portion) of \$5.38 billion. The high-debt level can jeopardize its ability to sustain dividend payout and buy back shares and dent its ability to pursue accretive acquisitions. Total debt to total capital of 44.53% is much higher than the industry's 22.23%.

Increasing lead time and significant exposure to Asian markets subjecting Microchip to exchange rate volatility are the primary concerns weighing on margin expansion and limiting growth prospects.

Last Earnings Report

Microchip Q2 Earnings Beat Estimates, Sales Down Y/Y

Microchip Technology reported second-quarter fiscal 2026 non-GAAP earnings of 35 cents per share, which beat the Zacks Consensus Estimate by 6.06% but fell 24% year over year.

Net sales of \$1.14 billion decreased 2% year over year and beat the Zacks Consensus Estimate by 0.75%. Sequentially, revenues increased 6%.

FY Quarter Ending	3/31/2025
Earnings Reporting Date	Nov 06, 2025
Sales Surprise	0.75%
EPS Surprise	6.06%
Quarterly EPS	0.35
Annual EPS (TTM)	0.93

Microchip's Segmental Details

Sales from Mixed-signal Microcontroller, Analog and Other accounted for 51.3%, 28.2% and 20.6% of net sales, respectively. Microcontroller grew 9.7% sequentially with strong contribution from 32-bit MCU, while analog business sales increased 1.7% sequentially.

In terms of channel, direct sales accounted for 55%, while 45% came from distribution.

Geographically, revenues from the Americas, Europe and Asia contributed 29.7%, 19.7% and 50.6% to net sales, respectively. Net sales grew in the Americas and Asia, while it was flat in Europe.

MCHP's Operating Results

Non-GAAP gross margin contracted 290 basis points (bps) on a year-over-year basis to 56.7% but expanded 236 bps sequentially. Product gross margin was 67.4% driven by a rich product mix of data center products. Underutilization in MCHP's factories in the reported quarter was \$51 million.

Non-GAAP research & development expenses, as a percentage of net sales, increased 170 bps year over year to 20.1%. Non-GAAP selling, general & administrative expenses, as a percentage of net sales, climbed 40 bps year over year to 12.3%.

Non-GAAP operating expenses, as a percentage of net sales, were 32.4% compared with 30.3% reported in the year-ago quarter.

Consequently, the non-GAAP operating margin declined to 24.3% compared with 29.3% reported in the year-ago quarter. Sequentially, operating margin expanded 364 bps.

Microchip's Balance Sheet & Cash Flow

As of Sept. 30, 2025, cash and short-term investments totaled \$236.8 million compared with \$566.5 million as of June 30. As of Sept. 30, 2025, total debt (long-term plus current portion) was \$5.38 billion compared with \$5.46 billion as of June.

Inventory at the end of September 2025 was 199 days, down from 214 days at the end of June 2025. Distribution inventory days were reduced by a couple of days to 27 days.

For the fiscal second quarter, cash flow from operating activities was \$88.1 million compared with \$275.6 million in the previous quarter. Free cash flow was \$38.3 million compared with \$257.7 million in the previous quarter.

Microchip returned roughly \$245.8 million to shareholders through dividends in the fiscal second quarter. The company announced a quarterly dividend of 45.5 cents per share.

MCHP Offers Positive Q3 Guidance

Microchip expects net sales to be \$1.129 billion (+/- \$20 million) at mid-point for the third quarter of fiscal 2026, which reflects roughly 1% sequential decline.

The company expects inventory at the end of the September quarter to be between 195 and 200 days.

Non-GAAP earnings are anticipated between 34 cents per share and 40 cents per share.

Non-GAAP gross margin is anticipated between 57.2% and 59.2%. Non-GAAP operating expenses are projected to be 32.3-32.7%. Non-GAAP operating margin is anticipated to be 24.5-26.9%.

Recent News

On January 5, 2026 Microchip announced that it expects net sales to be about \$1.185 billion for the third quarter of fiscal 2026. The expected net sales figure is well above MCHP's original guidance of \$1.109 to \$1.149 million range provided on Nov. 6, 2025. The company revised its net sales guidance on Dec. 2, 2025, when it was expected that results would come in at the higher end of its original guidance. MCHP is set to report third-quarter fiscal 2026 results on Feb. 5.

On Nov. 6, Microchip announced the launch of its Model Context Protocol (MCP) Server, an AI interface that connects with compatible tools and LLMs to deliver verified, real-time Microchip data for enhanced design productivity and engineering efficiency.

On Nov. 4, Microchip announced the Radiation-Tolerant ATA6571RT CAN FD Transceiver, a high-reliability 5 Mbps communication solution for space applications offering enhanced error detection, scalability, and robustness for satellites and spacecraft systems.

On Oct. 30, Microchip announced a new portfolio of 25 Gbps and 10 Gbps Optical Ethernet PHY transceivers featuring IEEE 1588 Precision Time Protocol (PTP) and MACsec encryption, delivering secure, deterministic, and long-distance connectivity for industrial, telecom, and automation applications.

On Oct. 27, Microchip announced the TimeProvider 4500 v3 grandmaster clock, delivering sub-nanosecond accuracy and resilient, GNSS-independent time distribution over 800 km for critical infrastructure networks.

On Oct. 21, Microchip introduced the PIC32-BZ6 MCU, a highly integrated single-chip platform designed to simplify multiprotocol connectivity, enhance scalability and security, and accelerate development for smart home, automotive, industrial, and wireless motor control applications.

On Oct. 15, Microchip announced its new SkyWire technology embedded in the BlueSky Firewall 2200, enabling nanosecond-level time measurement, alignment, and verification for critical infrastructure networks.

On Oct. 13, Microchip unveils the world's first 3 nm PCIe Gen 6 Switchtec, offering double bandwidth, lower latency, advanced security, and high-density AI connectivity for next-generation cloud and data center performance.

On Oct. 7, Microchip and AVIVA Links achieved ASA-ML interoperability, advancing open automotive connectivity standards. This milestone, supported by NXP's acquisition of AVIVA, boosts OEM confidence, scalability, and multi-vendor adoption for next-gen ADAS and IVI systems.

Valuation

Microchip shares have returned 3.6% in the six-month period and 28.8% in the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector are up 10.7% and 19% in the six-month period, respectively. In the past year, the Zacks sub-industry and the sector has risen 20.4% and 25%, respectively.

The S&P 500 index is up 13.7% in the six-month period and 19% in the past year.

The stock is currently trading at 30.57X forward 12-month earnings compared with 28.74X for the Zacks sub-industry, 23.19X for the Zacks sector, and 23.25X for the S&P 500 index.

In the past five years, the stock has traded as high as 68.18X and as low as 10.59X, with a five-year median of 19.65X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$78 price target reflects 32.1X forward 12-month earnings.

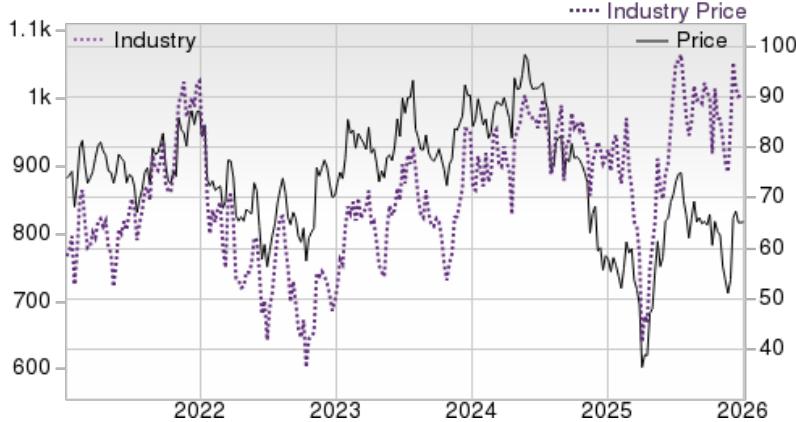
The table below shows summary valuation data for MCHP

Valuation Multiples - MCHP					
	Stock	Sub-Industry	Sector	S&P 500	
P/E F12M	Current	30.57	28.74	23.19	23.25
	5-Year High	68.18	29.65	29.96	23.8
	5-Year Low	10.59	13.8	18.7	15.747
	5-Year Median	19.65	24.46	26.26	21.21
P/S F12M	Current	7.03	8.18	7.42	5.63
	5-Year High	9.47	8.35	7.42	5.63
	5-Year Low	3.89	4.40	4.23	3.82
	5-Year Median	6.15	6.35	6.3	5.04
EV/Sales TTM	Current	9.82	9.77	8.15	5.79
	5-Year High	10.74	10.02	8.39	5.81
	5-Year Low	4.74	4.9	4.15	3.76
	5-Year Median	7.2	7.61	6.9	5.1

As of 01/05/2026

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 14% (35 out of 244)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Analog Devices, Inc. (ADI)	Outperform	1
MACOM Technology Sol... (MTSI)	Outperform	2
Applied Materials, I... (AMAT)	Neutral	3
Monolithic Power Sys... (MPWR)	Neutral	3
NXP Semiconductors N... (NXPI)	Neutral	2
ON Semiconductor Cor... (ON)	Neutral	3
Silicon Laboratories... (SLAB)	Neutral	3
Semtech Corporation (SMTC)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Semiconductor - Analog And Mixed

	MCHP	X Industry	S&P 500	ADI	AMAT	ON
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	1	3	3
VGM Score	F	-	-	D	C	D
Market Cap	36.24 B	18.21 B	39.40 B	135.78 B	225.45 B	23.62 B
# of Analysts	11	8	22	11	11	14
Dividend Yield	2.71%	0.00%	1.39%	1.43%	0.65%	0.00%
Value Score	D	-	-	D	D	C
Cash/Price	0.01	0.06	0.04	0.03	0.04	0.13
EV/EBITDA	36.92	12.60	14.79	27.89	22.39	9.45
PEG Ratio	1.57	2.29	2.04	1.53	2.94	2.55
Price/Book (P/B)	5.41	4.82	3.38	4.02	11.10	2.98
Price/Cash Flow (P/CF)	26.39	26.39	15.41	23.14	28.17	10.60
P/E (F1)	52.35	40.82	18.79	28.32	29.76	20.24
Price/Sales (P/S)	8.60	6.40	3.12	12.32	7.95	3.82
Earnings Yield	2.16%	2.37%	5.32%	3.53%	3.36%	4.94%
Debt/Equity	0.80	0.29	0.57	0.24	0.32	0.43
Cash Flow (\$/share)	2.54	2.86	8.98	11.99	10.10	5.54
Growth Score	F	-	-	D	B	D
Hist. EPS Growth (3-5 yrs)	-22.94%	9.38%	8.24%	2.62%	11.67%	21.67%
Proj. EPS Growth (F1/F0)	7.63%	24.67%	9.18%	25.67%	1.38%	-40.70%
Curr. Cash Flow Growth	-60.26%	-14.88%	7.00%	11.04%	5.79%	-18.02%
Hist. Cash Flow Growth (3-5 yrs)	-12.57%	14.01%	7.49%	17.34%	13.76%	14.01%
Current Ratio	2.25	3.07	1.19	2.19	2.61	5.23
Debt/Capital	44.53%	22.23%	38.14%	19.41%	24.02%	29.88%
Net Margin	-4.39%	-0.81%	12.77%	20.58%	24.67%	5.16%
Return on Equity	5.21%	12.42%	17.03%	11.23%	39.26%	13.60%
Sales/Assets	0.28	0.50	0.53	0.23	0.83	0.46
Proj. Sales Growth (F1/F0)	2.90%	15.51%	5.29%	16.40%	2.10%	-15.30%
Momentum Score	C	-	-	B	C	F
Daily Price Chg	3.12%	1.65%	0.64%	1.30%	5.75%	3.51%
1 Week Price Chg	0.14%	-0.37%	-0.05%	-1.12%	2.66%	3.22%
4 Week Price Chg	-0.43%	-2.57%	0.81%	-0.66%	6.03%	4.10%
12 Week Price Chg	4.15%	7.89%	3.72%	18.16%	29.54%	17.12%
52 Week Price Chg	15.05%	7.53%	15.51%	27.20%	60.20%	-9.02%
20 Day Average Volume	6,655,313	1,034,352	2,399,304	2,937,214	5,778,660	7,923,293
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.84%	0.00%	0.00%	0.52%	0.14%	-0.02%
(F1) EPS Est 12 week change	-8.81%	1.26%	0.44%	5.77%	1.24%	-4.53%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-0.04%	0.00%	0.00%

Analyst Earnings Model⁽²⁾

Microchip Technology Incorporated (MCHP)

In \$MM, except per share data

FY Ends March 31st	2023A	2024A	2025A	1Q	2Q	2026E			2027E			2028E				
	Mar-23	Mar-24	FY Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	3QE	31-Mar-26	Mar-26	1Q	30-Jun-26	3QE	31-Dec-26	4QE	FY Mar-27	FY Mar-28
Income Statement																
Total Revenue	\$8,438.7	\$7,634.4	\$4,401.6	\$1,075.5	\$1,140.4	\$1,130.0	\$1,183.9	\$4,529.8	\$1,249.6	\$1,329.4	\$1,335.9	\$1,411.8	\$5,326.8	\$6,130.0		
YoY % Chng	23.7%	(9.5%)	(42.3%)	(13.4%)	(2.0%)	10.1%	22.0%	2.9%	16.2%	16.6%	18.2%	19.2%	17.6%	15.1%		
Cost of Sales, Non-GAAP	\$2,713.6	\$2,608.8	\$1,891.8	\$491.1	\$494.2	\$467.7	\$445.1	\$1,898.2	\$527.9	\$533.7	\$498.9	\$625.9	\$2,186.4	\$2,510.5		
YoY % Chng	16.1%	(3.9%)	(27.5%)	(1.3%)	4.9%	2.3%	(4.5%)	0.3%	7.5%	8.0%	6.7%	40.6%	15.2%	14.8%		
Cost of Sales, GAAP	\$2,740.8	\$2,638.7	\$1,933.7	\$498.8	\$502.5	\$474.9	\$452.4	\$1,928.5	\$538.8	\$543.1	\$508.3	\$636.1	\$2,226.4	\$2,555.4		
Gross Profit, Non-GAAP	\$5,725.1	\$5,025.6	\$2,509.8	\$584.4	\$646.2	\$662.3	\$738.8	\$2,631.7	\$721.7	\$795.8	\$837.0	\$785.9	\$3,140.4	\$3,619.5		
YoY % Chng	27.7%	(12.2%)	(50.1%)	(21.4%)	(6.7%)	16.4%	46.4%	4.9%	23.5%	23.1%	26.4%	6.4%	19.3%	15.3%		
Gross Profit, GAAP	\$5,697.9	\$4,995.7	\$2,467.9	\$576.7	\$637.9	\$655.1	\$731.6	\$2,601.3	\$710.8	\$786.3	\$827.6	\$775.7	\$3,100.4	\$3,574.6		
Research and Development, Non-GAAP	\$1,034.4	\$1,002.6	\$879.2	\$226.4	\$229.1	\$223.1	\$250.2	\$928.9	\$243.7	\$240.9	\$222.1	\$237.8	\$944.6	\$919.0		
Research and Development, GAAP	\$1,118.3	\$1,097.4	\$983.8	\$255.5	\$262.3	\$254.4	\$265.1	\$1,037.3	\$273.9	\$271.9	\$251.4	\$259.7	\$1,056.9	\$1,034.4		
Selling, General and Administrative, Non-GAAP	\$730.9	\$673.8	\$552.6	\$135.7	\$139.9	\$143.9	\$159.6	\$579.1	\$137.8	\$144.6	\$134.0	\$146.2	\$562.5	\$498.0		
Selling, General and Administrative, GAAP	\$797.7	\$734.2	\$617.7	\$159.3	\$172.3	\$161.0	\$188.9	\$681.6	\$166.0	\$174.8	\$175.8	\$181.9	\$698.6	\$678.1		
Amortization of Acquired Intangible Assets	\$669.9	\$605.4	\$490.9	\$107.6	\$108.1	\$124.5	\$127.7	\$467.9	\$129.0	\$138.3	\$142.0	\$148.7	\$558.0	\$644.1		
Special (Income) Charges and Other, Net	(\$4.0)	(\$12.3)	\$79.2	\$22.2	\$6.3	\$6.3	\$41.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Acquisition Related	\$2.8	(\$0.1)	\$3.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Professional Services Associated with Certain Legal Matters	\$4.7	\$1.5	\$2.5	\$7.5	\$12.3	\$12.3	\$12.3	\$44.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Total Operating Expenses, Non-GAAP	\$1,765.3	\$1,676.4	\$1,431.8	\$362.1	\$369.0	\$367.0	\$409.9	\$1,508.0	\$381.5	\$385.5	\$356.1	\$384.0	\$1,507.1	\$1,416.9		
YoY % Chng	16.2%	(5.0%)	(14.6%)	2.6%	4.8%	2.5%	11.2%	5.3%	5.4%	4.5%	(3.0%)	(6.3%)	(0.1%)	(6.0%)		
Total Operating Expenses, GAAP	\$2,581.9	\$2,424.7	\$2,171.6	\$544.6	\$549.0	\$546.2	\$588.0	\$2,227.8	\$568.8	\$585.0	\$569.2	\$590.4	\$2,313.4	\$2,356.6		
Stock-Based Compensation Expense	\$170.4	\$177.5	\$180.4	\$52.9	\$61.6	\$54.6	\$57.3	\$226.4	\$62.4	\$66.7	\$65.7	\$69.8	\$264.7	\$304.0		
Depreciation and Amortization	\$998.4	\$879.5	\$750.1	\$171.1	\$172.7	\$193.6	\$199.6	\$737.0	\$203.2	\$217.4	\$222.5	\$233.4	\$876.4	\$1,011.2		
EBITDA	\$4,114.4	\$3,450.5	\$1,046.4	\$203.2	\$261.6	\$302.5	\$343.2	\$1,110.6	\$345.2	\$418.7	\$480.8	\$418.7	\$1,663.4	\$2,229.2		
YoY % Chng	37.5%	(16.1%)	(69.7%)	(50.2%)	(21.7%)	39.0%	29.5%	6.1%	69.9%	60.0%	58.9%	22.0%	49.8%	34.0%		
Operating Income, Non-GAAP	\$3,959.8	\$3,349.2	\$1,078.0	\$222.3	\$277.2	\$295.3	\$328.9	\$1,123.7	\$340.2	\$410.3	\$480.9	\$401.9	\$1,633.2	\$2,202.6		
Operating Income, GAAP	\$3,116.0	\$2,571.0	\$296.3	\$32.1	\$88.9	\$108.9	\$143.6	\$373.5	\$142.0	\$201.3	\$258.4	\$185.3	\$787.0	\$1,218.0		
Interest Income	\$2.1	\$7.6	\$9.2	\$4.9	\$3.6	\$3.3	\$3.9	\$15.7	\$4.2	\$4.1	\$4.1	\$4.4	\$16.8	\$18.2		
Interest Expense	\$203.9	\$198.3	\$259.2	\$57.4	\$56.3	\$56.9	\$66.5	\$237.1	\$52.9	\$52.6	\$56.3	\$60.1	\$221.8	\$243.4		
Loss on Settlement of Debt	\$8.3	\$12.2	\$1.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Other Income (Loss), Net	\$3.8	(\$2.2)	(\$5.7)	\$4.6	(\$4.4)	(\$2.5)	(\$0.4)	(\$2.7)	(\$0.7)	(\$2.3)	(\$1.6)	(\$1.4)	(\$5.9)	(\$7.0)		
Non-Cash Other Expenses, Net	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		
Gains on Equity Investments	\$0.0	\$0.0	\$3.5	\$0.0	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.3)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.4)	(\$0.4)		
Total Other Expenses (Income), Net, Non-GAAP	\$197.9	\$192.9	\$252.2	\$47.9	\$57.2	\$56.1	\$63.2	\$224.5	\$49.4	\$50.9	\$53.9	\$57.2	\$211.4	\$232.6		
Total Other Expenses (Income), Net, GAAP	\$206.3	\$205.1	\$257.4	\$47.9	\$57.1	\$56.0	\$63.1	\$224.2	\$49.3	\$50.8	\$53.8	\$57.1	\$211.0	\$232.2		
Pre-Tax Income, Non-GAAP	\$3,761.9	\$3,156.3	\$825.8	\$174.4	\$220.0	\$239.1	\$265.7	\$899.2	\$290.7	\$359.4	\$427.0	\$344.7	\$1,421.9	\$1,969.9		
YoY % Chng	37.1%	(16.1%)	(73.8%)	(47.7%)	(23.5%)	78.5%	273.7%	8.9%	66.7%	63.3%	78.6%	29.7%	58.1%	38.5%		
Pre-Tax Income, GAAP	\$2,909.7	\$2,365.9	\$38.9	(\$15.8)	\$31.8	\$52.9	\$80.5	\$149.4	\$92.7	\$150.5	\$204.6	\$128.3	\$576.0	\$985.7		
Income Tax, Non-GAAP	\$408.8	\$458.7	\$117.0	\$19.7	\$20.9	\$25.7	\$28.6	\$94.9	\$31.3	\$38.6	\$45.9	\$37.1	\$152.9	\$211.8		
YoY % Chng	205.3%	12.2%	(74.5%)	(54.8%)	(44.0%)	(3.7%)	194.4%	(18.9%)	58.7%	84.9%	78.6%	29.7%	61.1%	38.5%		
Income Tax, GAAP	\$672.0	\$459.0	\$39.4	\$2.8	(\$9.9)	\$15.9	\$24.1	\$32.9	\$27.8	\$45.2	\$61.4	\$38.5	\$172.8	\$295.7		
Tax Rate, Non-GAAP	10.9%	14.5%	14.2%	11.3%	9.5%	10.8%	10.6%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%		
Tax Rate, GAAP	23.1%	19.4%	101.3%	(17.7%)	(31.1%)	30.0%	30.0%	22.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	
Net Income, Non-GAAP	\$3,353.1	\$2,697.6	\$708.8	\$154.7	\$199.1	\$213.4	\$237.1	\$804.4	\$259.5	\$320.7	\$381.1	\$307.7	\$1,269.0	\$1,758.2		
YoY % Chng	28.4%	(19.5%)	(73.7%)	(46.6%)	(20.4%)	98.9%	286.2%	13.5%	67.7%	61.1%	78.6%	29.7%	57.8%	38.5%		
Dividends on Preferred Stock				\$2.2	\$27.8	\$27.8	\$27.8	\$111.2	\$27.8	\$27.8	\$27.8	\$27.8	\$111.2	\$111.2		
Net Income, GAAP	\$2,237.7	\$1,906.9	(\$2.7)	(\$46.4)	\$13.9	\$9.2	\$28.5	\$5.3	\$37.1	\$77.6	\$115.4	\$62.0	\$292.0	\$578.8		
Diluted Shares Outstanding, Non-GAAP				548.0	542.5	569.5	568.8	568.8	569.0	545.0	545.0	545.0	545.0	545.0		
YoY % Chng				(1.0%)	4.9%	4.9%	5.0%	4.7%	4.9%	(4.3%)	(4.2%)	(4.2%)	(4.2%)	(4.2%)	0.0%	
Diluted Shares Outstanding, GAAP				557.3	548.0	537.3	539.2	545.0	545.0	543.6	545.0	545.0	545.0	545.0		
Diluted EPS, Non-GAAP				\$6.02	\$4.92	\$1.31	\$0.27	\$0.35	\$0.42	\$1.41	\$0.48	\$0.59	\$0.70	\$0.56	\$2.33	\$3.23
YoY % Chng	30.6%	(18.3%)	(73.4%)	(49.1%)	(23.9%)	87.6%	279.0%	7.8%	76.3%	68.1%	86.4%	35.4%	64.9%	38.5%		
Diluted EPS, GAAP				\$4.02	\$3.48	(\$0.01)	(\$0.09)	\$0.03	\$0.02	\$0.05	\$0.01	\$0.07	\$0.14	\$0.21	\$0.54	\$1.06

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	F
Momentum Score	C
VGM Score	F

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform**- ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral**- ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform**- ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.