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Texas Instruments raises outlook, but shares slip

Chip maker raised bottom end of forecast citing broad-based demand

By [Benjamin Pimentel](#), MarketWatch

SAN FRANCISCO (MarketWatch) -- Shares of Texas Instruments edged higher Wednesday, a day after the chip maker raised the bottom end of its sales and earnings forecasts, effectively raising the midpoint of its outlook.

But the stock was later swept down in a tech retreat, losing 0.6% to close at \$23.74.

On Tuesday, the Dallas, Tex.-based tech giant (NYSE:TXN) pointed to strong demand that, so far, has not been negatively affected by the crisis in Europe.

In a statement Tuesday, TI said it now expects revenue in the range of \$3.45 billion to \$3.59 billion, compared with a previous range of \$3.31 billion to \$3.59 billion.

The company also said it expects earnings in the range of 60 cents to 64 cents a share, compared with a previous range of 56 cents to 64 cents a share.

"In general, we're seeing pretty broad-based strength," TI Vice President Ron Slaymaker said in a call with analysts.

Following the revision, analyst Ramesh Misra upgraded the stock's rating to buy from hold saying in a note, "We believe that the pull back in TI, and for much of the semiconductor sector, is setting the stage for a ferocious rally."

Charter Equity's Edward Snyder wrote: "Guidance firmed to high end of range with little signs of trickle down from Europe," adding that the company's "rebound continued past the 12 month mark, with the company now expecting revenue and EPS in the upper half of its forecasted range driven primarily by the analog and embedded segments."

With its major cell phone makers shifting to a multi-supplier strategy, TI has focused more on its analog and embedded units where it has steadily gained strength.

The company sells microprocessors used in a wide range of devices such as home security systems, factory testing equipment, medical equipment and automobiles.

"Barring a macro meltdown, we believe TI is exceptionally positioned to deliver healthy top-line growth and significant earnings power," Wedbush analyst Patrick Wang said in a note.

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