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# Texas Instruments misses forecasts, blames Japan

Mon, Apr 18 2011

By [Sinead Carew](#)

NEW YORK (Reuters) - Chip maker Texas Instruments Inc TXN.N warned of slower-than-usual quarterly sales growth as it scrambles to restart production after Japan's massive earthquake, and said it was unclear when the supply of the silicon and wafers it needs will return to normal.

Shares of TI, which plans to buy National Semiconductor Corp (NSM.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) for \$6.5 billion in a bid to expand its hold over a booming analog chip market, fell 1.6 percent after it said earnings were also reduced by quake-related expenses.

Chief Financial Officer Kevin March told Reuters TI was projecting growth of about 5 percent for the current quarter, versus a typical 9 percent or more as TI contends with supply shortages as well as damage to its own factories and those of its customers in Japan.

"It's a knock-on effect you've going on here," March said. "We're mindful that the actual raw silicon and wafers we'd use in our factories, a lot of those are manufactured in the earthquake zone."

TI on Monday forecast second-quarter earnings of 52 cents to 60 cents per share on revenue of \$3.41 billion to \$3.69 billion. Analysts had expected revenue of \$3.52 billion.

The company's first-quarter earnings also missed Wall Street expectations by a penny, as expenses rose after two of its Japanese factories were damaged in the country's largest earthquake on record.

TI also said first-quarter revenue from wireless baseband chips -- the main chip in cellphones -- was cut by weak sales at one customer. TI's biggest baseband is Nokia (NOK1V.HE: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), which is due to post quarterly earnings April 21. Nokia has had a tough time competing in advanced phones.

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TI had already signaled on March 14 it would face a hefty factory repair bill, and warned its first- and second-quarter revenue would be hurt by production interruptions from damage and power-supply disruptions at two key factories in Japan.

The company said one of the factories will "soon" resume full production, while the other will not get back up to its normal speed until mid-July.

CFO March cautioned to analysts on a conference call that it would be several months after July before TI sees full production revenue from the second factory because of manufacturing cycle times.

The company forecast a strong second half of the year as it said that underlying orders were still strong, but it did not give specific guidance. Gleacher & Co analyst Doug Freedman said it was difficult to tell when the industry would return to normal after the Japan disaster.

"We're in uncharted territory," he said.

Other analysts complained about TI's costs, even outside of the factory problems.

"They still were weak even without Japan. Sounds like their costs are rising a bit faster than their revenue," said Charter Equity Research analyst Ed Snyder.

The maker of chips used in products ranging from consumer electronics to industrial equipment said its first-quarter profit rose to \$666 million, or 55 cents per share, from \$658 million, or 52 cents per share, in the year-ago quarter.

Excluding 2 cents per share in costs associated with the quake, its earnings of 57 cents per share were just a penny below Wall Street expectations, according to Thomson Reuters I/B/E/S.

Revenue rose 6 percent to \$3.39 billion from \$3.21 billion, in line with the average analyst expectation for \$3.39 billion.

Shares in TI slid nearly 3 percent before paring loses to trade at \$34.25, down from a close of \$34.79 on the New York Stock Exchange.

(Reporting by [Sinead Carew](#); Editing by [Richard Chang](#))

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