

Earnings Outlook

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## Texas Instruments seen posting earnings dip

### Chip giant had cut its outlook citing weak wireless demand

By Benjamin Pimentel, MarketWatch

**SAN FRANCISCO (MarketWatch) — Texas Instruments is expected to post a dip in earnings and sales after the chipmaker cut its outlook due to weaker-than-expected demand for its wireless products.**

TI is scheduled to report first-quarter results after Monday's closing bell.



Photo courtesy Texas Instruments

Handling a chip wafer in Texas Instruments K-Fab.

Analysts expect the Dallas-based chip company (NASDAQ:TXN) to report earnings of 29 cents a share, on revenue of \$3.06 billion, according to a consensus survey by Thomson Reuters.

TI in March reduced its outlook, citing weak demand for its wireless products. The company said it expected a profit of 15 cents to 19 cents a share.

TI also said its estimates for acquisition-related charges and restructuring charges remained unchanged and expected to total to about 10 cents a share. TI also forecast sales of \$2.99 billion to \$3.11 billion.

earnings of 55 cents a share, on revenue of \$3.39 billion.

For the year-earlier period, the company posted

Charter Equity analyst Edward Snyder said he sees “below normal handset demand is weighing on wireless products, as distributors work through holiday season inventory.”

“We were encouraged that the weakness didn’t extend to communication infrastructure and embedded products, supporting management’s expectation for a bottom in soft analog demand,” he said in a note.

But he added: “However, we believe upside to guidance will be limited given excess capacity and additional expenses acquired with National Semiconductor will pressure margins and demand is likely to see only gradual improvements near-term.”

TI cut its earnings and sales outlook last month, citing weaker-than-expected demand for its wireless products including its applications processor, called OMAP, used in smart phones, e-readers and tablets.

Wedbush analyst Betsy Van Hees wrote that she expects the chipmaker to post in-line second-quarter guidance “with expectations driven by improving demand trends, particularly in analog.”

“We believe with the semi industry’s recovery under way, that TI should benefit from improving booking trends,” she added.

TI is seen as a formidable player in the analog chip market. The company makes processors for a range of products, including home security systems, medical and industrial equipment and consumer electronic products.

TI stock has gained about 10% since the beginning of the year, though it's down more than 3% over the past three months.

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