

EARNINGS

Texas Instruments Outlook Tops Analysts' Views

Chip Maker's Third-Quarter Earnings Rose 31%, Bolstered by Stronger Sales, Margins

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Texas Instruments Inc. projected fourth-quarter profit that topped Wall Street's estimates as the chip maker also reported that its third-quarter earnings rose 31% thanks to stronger sales and margins.

Chairman and Chief Executive Rich Templeton said that in the latest quarter, TI's revenue was solidly in the upper half of the company's projected range and earnings were at the high end of its estimates.

Shares rose 2.1% to \$45.33 in recent after-hours trading. Through Monday's close, the stock remains down 3.5% since Microchip Technology Inc.'s earnings warning earlier this month fueled concerns that the semiconductor sector is headed for a sharp downturn.

Ahead of the earnings report, Charter Equity Research noted that Microchip's analog markets somewhat resemble those of TI, though the firm also noted that TI's results stand to benefit from cost-cutting efforts earlier this year.

For the fourth quarter, the company forecast per-share earnings of 64 cents to 74 cents and revenue of \$3.13 billion to \$3.39 billion. Analysts polled by Thomson Reuters expected per-share profit of 63 cents and revenue of \$3.24 billion.

TI, whose chips are used for many kinds of devices purchased by consumers and businesses, has pivoted away from the mobile-chip business in response to tough competition from smartphone makers' in-house designers and rivals such as Qualcomm Inc. TI instead has been targeting the market for "embedded" processors such as those used in cars and industrial equipment, as well as nondigital, or analog, chips.

During the latest quarter, sales of analog chips rose 11% to \$2.15 billion, while sales of embedded processors improved 6.4% to \$711 million.

TI reported a profit of \$826 million, or 76 cents a share, up from \$629 million, or 56 cents a share, a year earlier. Revenue increased 7.9% to \$3.5 billion.

The company expected per-share profit of 66 cents to 76 cents and revenue of \$3.31 billion to \$3.59 billion.

Gross margin rose to 58.4% from 54.8%.

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