

## Texas Instruments shares slip on worries of slowing market

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SAN FRANCISCO (MarketWatch) — Shares of Texas Instruments Inc. slipped Tuesday a day after the semiconductor giant posted results that showed a big jump in profit, but also confirmed analysts' fears of a slowing market.

TI [TXN](#), +0.25% slid a fraction to close at \$28.88 after reporting generally in-line results, which did not put to rest the debate on the nature of the expected chip industry decline.

“TI reported robust results and guidance that impressively were in line with Street estimates,” FBR Capital analyst Craig Berger said in a note. “Further, the firm’s market commentary largely confirms our thesis that the chip industry is experiencing a ‘soft-landing’ as chip shipments align with consumption rates, and with only modest estimate cuts this cycle.”

Charter Equity analyst Edward Snyder said he sees “stable performance” from TI in the near term, as he also cited a “soft landing scenario.”

**Rex on Techs: Neutral on Microsoft**

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Whether the subject is Switzerland, the Super Bowl or Microsoft, the main point for Rex Crum is that each is neutral — especially Microsoft.

“Although most end markets have stabilized or weakened in recent months, wireless demand remains steady at both the personal and network level, and industrial markets are expected to slow, not crater,” he wrote.

“This soft landing scenario could actually benefit the company, which has struggled with extended lead times after cutting too deeply in the face of the ‘08-‘09 crash,” Snyder added.

On the other hand, Auriga analyst Daniel Berenbaum argued in a note that “despite management commentary that they do not see a meaningful revenue correction in the offing,” he sees the industry going through “a multi-quarter inventory correction and as weakness in PCs and TVs spreads to communications and industrial.”

TI makes semiconductors for a range of devices, including smart phones, PCs and TVs, factory equipment and automobiles. Analysts have cautioned that the PC and consumer markets are slowing down.

The company is still generally viewed as strong long-term player in the chip market, especially given its robust position in the analog and embedded processing markets.

“We are positive on shares and believe TI remains exceptionally well positioned to gain share in 2011 and beyond,”

Wedbush analyst Patrick Wang wrote.

And as World Series fever sets in, San Francisco-based analyst Douglas Freedman of Gleacher & Co. offered an upbeat view of TI, saying in a note, “Giants likely beat the Rangers, but TI will still be a winner.”

TI reported a third-quarter profit of \$859 million, or 71 cents a share, compared with a profit of \$538 million, or 42 cents a share, for the year-earlier period. Revenue was \$3.7 billion, up from \$2.9 billion.

Analysts had expected the Dallas-based chip maker to report earnings of 69 cents a share, on revenue of \$3.7 billion, according to a consensus survey by FactSet Research.

For the current quarter, TI said it expects earnings of 59 cents a share to 67 cents a share, and revenue of \$3.36 billion to \$3.64 billion.

Analysts had expected earnings of 63 cents a share, on revenue of \$3.53 billion, according to a consensus survey by FactSet Research.

In a prepared statement, TI Chief Executive Rich Templeton said, “Demand from industrial markets was especially strong, while consumer demand cooled, impacting markets such as computing and televisions.”

Templeton also said the company expects “sequentially lower revenue reflecting a combination of seasonal patterns, continued soft demand in computing and consumer markets, and slowing growth in the industrial market.”



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