

Texas Instruments seeing signs of bottom

By [Benjamin Pimentel](#)

Published: Oct 25, 2011 4:14 p.m. ET

SAN FRANCISCO (MarketWatch) — Texas Instruments saw a drop in profit and predicted lower revenue for the current quarter, but the company did put out some good news: The chip giant says the market slump may be coming to an end.

“We’re not at the bottom yet,” TI’s Chief Financial Officer Kevin March said in an interview on Tuesday. “But we’re seeing signs of a bottom getting ready to form.”

The Dallas-based semiconductor company [TXN, +0.25%](#) said there’s still uncertainty in the market, but in a call with analysts late Monday, TI Vice President Ron Slaymaker said, “We’re kind of, maybe you call it bumping along the bottom as opposed to operating in an environment that is getting progressively worse.”

Texas Instruments sees bottom

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Texas Instruments reports a 30% profit drop in its third quarter earnings results, but the CFO says the company is seeing a market bottom. Ben Pimentel has details on Digits.

TI’s shares have fallen more than 1% over the past three months, as chip stocks took a heavy beating in the wake of the market downturn.

The Philadelphia Semiconductor Index [SOX, +0.05%](#) has fallen 8.3% since Jan. 1, compared to the Nasdaq Computer Index [COMP, +0.29%](#) which is down a fraction for the year.

Echoing the comments of other technology companies, March said the company just saw demand fall in the summer as the Washington DC debt ceiling debate and the financial crisis in Europe sparked more economic uncertainty.

TI makes chips for a variety of markets from consumer electronics, industrial equipment to personal computers and smart phones.

March said that after big drops in orders in July and August, the company saw “a slower pace” of decline in September. He said there are data points suggesting that “a bottom is probably on the horizon.”

Citigroup analyst Glen Yeung said TI “echoed sentiment from other chipmakers,” adding in a note, “This is consistent with our views since August, and we remain constructive on the sector.”

Williams Financial analyst Cody Acree wrote that TI “has no visibility as to when the actual bottom will be seen, although channel inventories are extremely lean and with customers relying heavily on turns.”

However, Charter Equity analyst Edward Snyder said the economic slump will likely continue to have an impact on TI.

“With 30,000 products and 15,000 customers, TI’s results are the best proxy for industry sentiment, which is clearly turning bearish,” Snyder wrote. “As the mid-quarter update suggested, demand for semiconductors is slowing on economic concerns. We do not believe this will be a one-quarter event, but expect weak financial results into 2012.”

In an e-mail, Snyder also said, “I love their optimism but don’t share it.”



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