

Texas Instruments Lowers Profit Forecast

NYT, The Associated Press, March 11, 2008 DALLAS (AP) — Texas Instruments, which makes chips used in about half the world's cellphones, has lowered its range of expected profits and sales for the first quarter.

The company said on Monday that it expected to earn 41 to 45 cents a share in the quarter that ends March 31, a range with a midpoint 3 cents lower than the midpoint of a January forecast. Analysts expected 46 cents a share, according to a survey by Thomson Financial.

Texas Instruments also said sales would total \$3.21 billion to \$3.35 billion, or about \$130 million below the midpoint of the January estimate. Analysts had forecast \$3.40 billion.

In January, the company said it would earn 43 to 49 cents a share on sales of \$3.27 billion to \$3.55 billion in the first quarter.

Texas Instruments shares had risen 35 cents, or 1.2 percent, to \$29.65 before the first-quarter update. In the first few minutes of extended trading, the shares fell \$1.40, or 4.7 percent.

The company, based in Dallas, suffered setbacks last year when Nokia, its largest customer, and Sony Ericsson decided to seek other suppliers of chips used in their phones.

The chief executive, Richard K. Templeton, said on Friday that the company expected to remain the largest supplier to Nokia.

Texas Instruments sells chips both for low-end mobile phones used in emerging markets like China and India and for advanced, feature-laden models used in developed countries.

The company also said that its educational unit, which makes the calculators for which the company was once known, would generate first-quarter sales of \$70 million to \$90 million, unchanged from an earlier forecast.

RJN - \$80 million calculator¹ sales per quarter is \$ 320 million per year. This is about one third of the supposed one billion dollar plus world wide calculator sales. Within the last week Casio has announced that it will gradually leave the calculator business. Is convergence starting to become a significant factor in calculators?

1. The TI educational unit probably has sales that are not calculators.