

TI profit, revenue tumble on shrinking demand (Update)

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(AP) -- Texas Instruments Inc. said Monday that first-quarter profit and revenue tumbled as competition heightened and demand for its chips shrank amid the recession, but the results still beat the company's own expectations as well as Wall Street's.

The company said customers have begun to whittle down inventories of TI's chips, which are used in cell phones and other gadgets. Orders for TI chips have risen each month since hitting bottom in December.

Still, executives stopped short of declaring a rebound.

"We remain cautious," said Ron Slaymaker, vice president of investor relations. "What we're really watching for are broad-based increases in consumption and we're not seeing that today."

The Dallas-based chip maker posted a profit of \$17 million, or 1 cent a share, during the [first quarter](#), down 97 percent from \$662 million, or 49 cents a share, in the same period last year.

Excluding a restructuring charge for job cuts, TI earned 7 cents a share during the latest period. Analysts polled by Thomson Reuters expected a profit of 3 cents a share.

Revenue tumbled 36 percent to \$2.09 billion from \$3.27 billion. Analysts expected revenue of \$1.9 billion.

TI's profit and revenue estimates for the second quarter were rosier than [Wall Street](#) forecasts. The company projected a second-quarter [profit](#) of 1 cent to 15 cents a share, compared with the analyst estimate of 2 cents a share. It estimated revenue of \$1.95 billion to \$2.4 billion, compared with the analyst estimate of \$1.94 billion.

Demand for TI's chips has shrunk amid the recession, prompting deep job cuts. Still, there have been some encouraging signs.

Last month, TI revised narrowed its estimate of first-quarter revenue toward the high end of its January prediction, suggesting that sales were not as weak as the company initially feared.

TI has lost its dominant grip on the market for chips that run many functions of cell phones. Nokia Corp., a major customer, has shifted to multiple suppliers.

It has fared better in other areas: Its largest division makes "analog" chips used in digital music players and other gadgets, while its "embedded" division makes small computers that go into machinery and cars.

Shares in the company rose 48 cents, or 2.8 percent, in extended trading following the release of results. It closed at \$17.32, down 65 cents, or 3.6 percent.

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