



Texas Instruments

WE MAP YOUR FINANCIAL GOALS

Overview

Texas Instruments Incorporated designs, makes and sells semiconductors to electronics designers and manufacturers across the world. The Company operates through two segments: Analog and Embedded Processing. Its Analog segment's product line includes High Volume Analog & Logic (HVAL), Power Management (Power), High Performance Analog (HPA) and Silicon Valley Analog (SVA). Its Embedded Processing segment's product line includes Processors, Microcontrollers and Connectivity. It is also engaged in smaller product lines, such as DLP products (primarily used in projectors to create high-definition images), certain custom semiconductors known as application-specific integrated circuits (ASICs) and calculators. The Company has design, manufacturing and sales operations in over 30 countries. It also offers baseband products, and OMAP applications processors and connectivity products, which are sold into smartphones and consumer tablets.

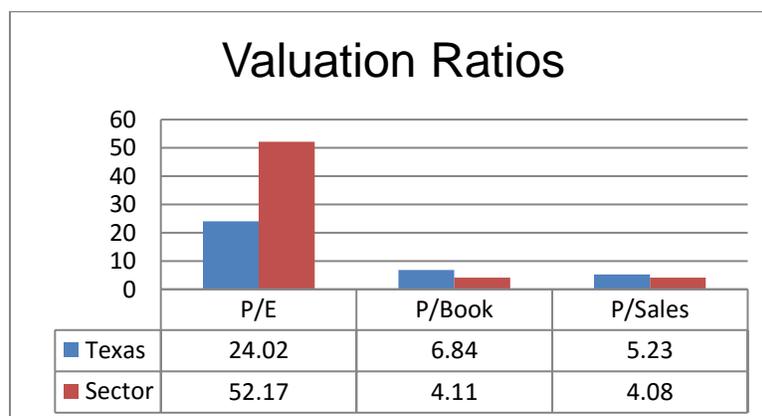
Board of Directors	
Name	Position
Ralph W. Babb, Jr	Chairman of the board and chief executive officer
Mark A. Blinn	President and chief executive officer
Daniel A. Carp	Retired chairman of the board and chief executive officer
Janet F. Clark	Retired executive vice president and chief financial officer
Carrie S. Cox	Chairman of the board and chief executive officer
Jean M. Hobby	Retired global strategy officer
Ronald Kirk	Senior Of counsel
Pamela H. Patsley	Executive chairman
Robert E. Sanchez	Chairman of the board and chief executive officer
Wayne R. Sanders	Retired chairman of the board and chief executive officer
Richard K. Templeton	Chairman, president and chief executive officer
Christine Todd Whitman	President

Top Investors			
Investors	Percentage Owned	Shares	Turn Over
Capital Research Global Investors	8.3%	83.27 Million	Low
The Vanguard Group, Inc.	7.27%	72.91 Million	Low
Capital World Investors	6.52%	65.45 Million	Low
PRIMECAP Management Company	4.96%	49.78 Million	Low
BlackRock Institutional Trust Company, N.A	4.04%	40.53 Million	Low
State Street Global Advisors	3.81%	38.18 Million	Low
MFS Investments Management	2.93%	29.43 Million	Low
Capital International Investors	2.62%	26.29 Million	Low
JP Morgan Asset Management	2.17%	21.77 Million	Low
T.Rowe Price Associates, Inc	1.98%	19.87 Million	Low

Stock information

- Market Capitalization: 69.90 Billion
- Beta: 1.38
- Dividend Yield: 2.18%
- IPO Date: 01-Oct-1953
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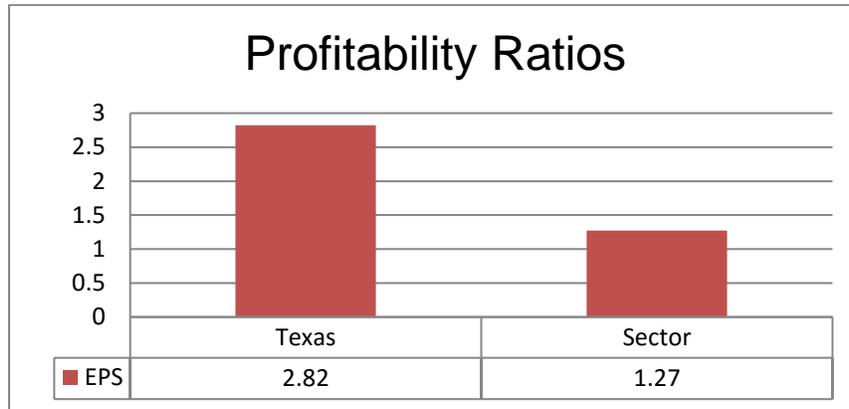
Texas Instruments Inc., against Sector Competitors Fundamentals Overview



The valuation ratios are used to compare companies or company with the industry or others to determine which one is better or which one is more attractive for investors. Valuation ratios measure how cheap or expensive the business is, or in other words the investors opportunities in one company in comparison with the other.

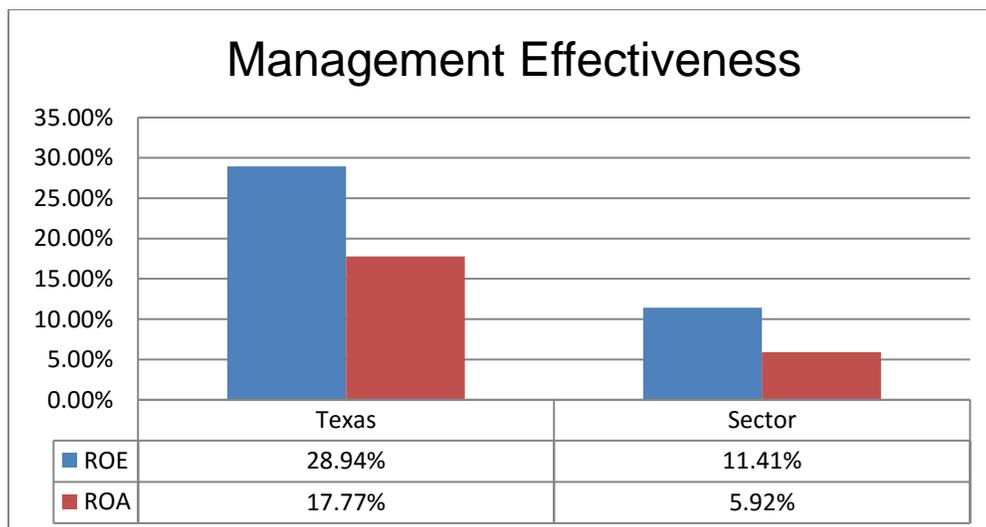
- The P/E ratio, or stock price/ Earnings per Share, indicates how much investors are willing to pay for a stock in order to receive one dollar of earnings. P/E also reflects the market and investors expectation of company growth. From the chart above, we can see that Texas has a P/E ratio of 24.02 which is lower than the Sector's P/E ratio of 52.17. Texas low P/E ratio compared with the sector can be justified by its low Market Value per Share and we cannot justify it by its EPS as Texas EPS is higher than the sector (we will revise later on).
- Price to book value ratio measures a company's market price in relative to its book value. The ratio indicates how much equity investors are paying for each dollar in net assets. A ratio below one could be a bad sign for investors as it means that the market believes the assets are overstated or earnings are low. However, Texas P/Book is 6.84 which is higher than the sector average which is 4.11.
- P/S or price to sales ratio indicates how much investors are willing to pay for \$1 of sale. Texas P/Sales is 5.23 compared with the sector of 4.08. If we look at this ratio we will think that the lower the ratio the better off, like in this situation, where the Sector P/S is lower than Texas P/S, it is not always true. A high ratio might indicate that Texas investors are paying more as they are expecting a higher growth in the future. Nevertheless, a low ratio possibly indicates an undervaluation and a high ratio indicates overvaluation.

In conclusion for the Valuation Ratio, even though we only took three ratios, Texas is an overvalued company, as its P/Book ratio and P/Sales ratio is higher than the sector.



Profitability ratio can easily explain the company’s ability to generate profit. And it is used to measure the company’s performance.

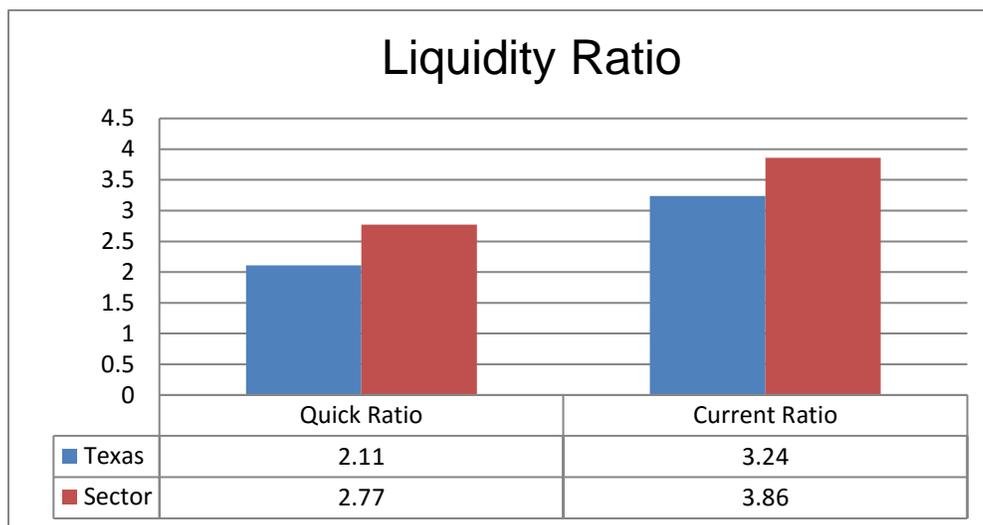
- Earnings per share (EPS) are the amount of a company's profit allocated to each outstanding shares of common stock. Earnings per share, serves as an indicator of a company's profitability. EPS also shows how profitable a company is on shareholders basis. Texas as EPS of 2.82 which is higher than the sector of 1.27. However, looking at EPS ratio as a growth indicator is not always a precise method. The Pay-out ratio plays an important role to this too as how much the company is paying dividend compared with EPS and how much kept from EPS to invest in the future.



Management Effectiveness ratios simply mean to evaluate the management performance; for example how well they are using their assets and money (equity) to produce a positive alpha.

- Return on equity (ROE) measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. The higher the ratio percentage, the more efficient management is in utilizing its equity and the better return is to investors. Texas has ROE ratio of 28.94% which is much higher than the sector of 11.41%. This shows than Texas management is more efficient using its equity compared with the sector average.
- ROA Return on assets (ROA) is a pointer of how profitable a company is relative to its total assets. ROA gives the investor an idea of how efficient managements are utilizing its assets to generate earnings. The higher the ROA ratio, the better, because the company is earning more money on less investment. Texas ROA is 17.77% compared with the sector of 5.92%. This shows than Texas management is more efficient using its assets compared with the sector average.

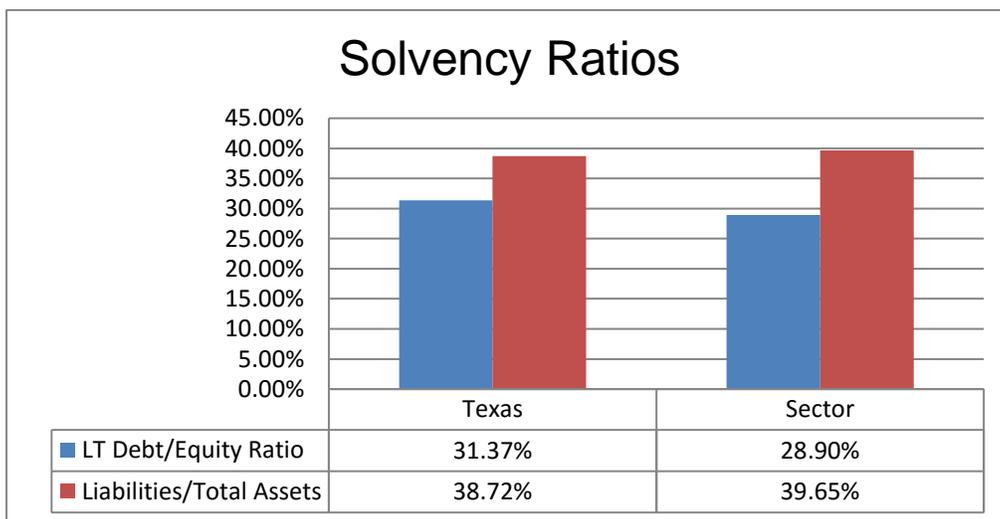
As Conclusion for Management Effectiveness Ratios, we can say that Texas management is better than the other companies in the sector.



Liquidity Ratios are employed by analyst to determine the firm’s ability to pay its short-term liabilities.

- Quick Ratio is an indicator of a company’s short-term liquidity. The quick ratio measures a company’s ability to meet its short-term obligations with its most liquid assets. The higher the ratio, the more likely that the company will be able to pay its short-term bills. The ratio excludes inventories from current assets. Texas Quick Ratio is 2.11 which are lower than the sector of 2.77. Although Texas Quick Ratio is lower which means that Texas are less likely that the company will be able to pay its short-term bills compared with the sector still a very high ratio might show that the company is not efficiently using its liquid short term assets.
- Current ratio is the same as quick ratio, except inventories are included in the calculation. A ratio less than one means that the company has negative working capital and is probably facing a liquidity crisis. Texas Current Ratio is 3.24 compared with the sector of 3.86. This shows that the Texas is holding less investors compared with the sector

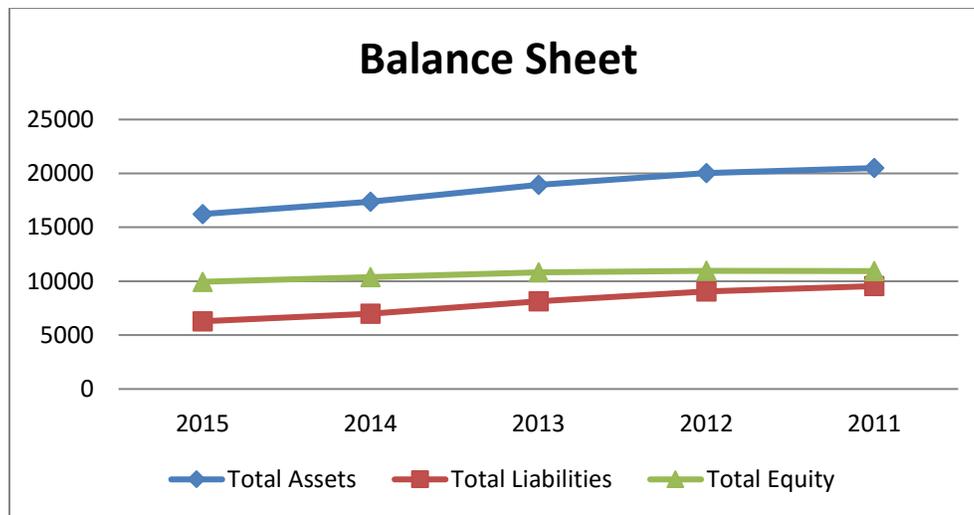
In conclusion for Liquidity Ratios, Quick Ratio and Current ratio for Texas is lower than the sector from this we conclude that Texas has less margin of safety compared with Sector.



Solvency Ratios measure a firm’s financial leverage and ability to meet its long-term obligation.

- Total debt/ equity increases and decreases in this ratio suggest a greater or lesser reliance on debt as source. Debt/Equity Ratio is a debt ratio used to measure a company's financial leverage. The D/E ratio indicates how much debt a company is using to finance its assets relative to the amount of value represented in shareholders’ equity. For Texas the Debt ratio is 31.37% which is higher than the sector of 28.90%. This shows that Texas has more debt or higher leverage.

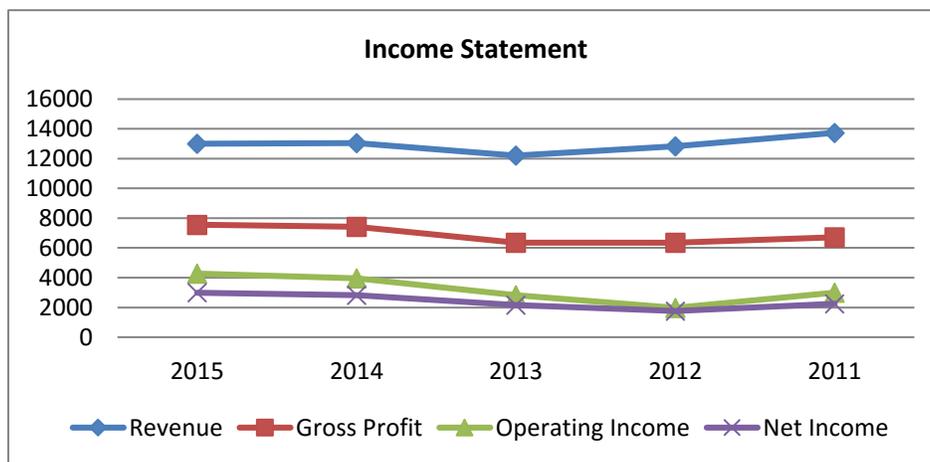
Texas Instruments Inc., Financial Statements



- Texas Total Assets had a down trend from 2011 to 2015. Total assets decreased by 2.32% from 2011 to 2012, decreased by 5.41% from 2012 to 2013, 8.27% from 2013 to 2014 and decreased by 6.57% from 2014 to 2015. Since 2011 to 2015, Texas total assets decreased by more than 20%, it dropped from 20,497 Million in 2011 to 16,230 Million in 2015. The drop can be justified by; first Account Receivables decreased to 1,165 million from 1,545 million in 2011, probably Texas changed its receivables policy and started receiving money from clients more quickly as we notice that their cash increased. Second, Total Inventories decreased from 1,788 million in 2011 to 1,691 million in 2015. Third, Property/Plant/Equipment Total-Gross decreased from 7,133 million in 2011 to 5,465

million in 2015. Finally, Intangibles decreased significantly from 3,106 million in 2011 to 1,629 million in 2015.

- Like Total Assets, Texas Total Liabilities also had down trend for the past 5 years. Total liabilities decreased by 5.08% from 2011 to 2012, 10.25% from 2012 to 2013, and 14.13% from 2013 to 2014 and decreased by 10.00% from 2014 to 2015. From 2011 to 2015, total liabilities had a huge drop from 9,545 million to 6,284 million in 2015 more than 34% drop. The huge drop can be justified by; first, Total current Liabilities decreased from 3,499 million to 2,555 million (Account Payable decreased to 386 million from 625, accrued expenses dropped from 1,392 million to 1,074 million and other Current Liabilities decreased from 101 million to 95 million). Second, Total Long term Debt dropped to 3,120 million from 4,211 million. Finally, Other Liabilities (Pension Benefits and Other Long Term Liabilities) dropped from 1,228 million to 572 million.
- Texas Equity had a down trend, but not in the same significance that Total assets and total liabilities had. Texas Equity decreased from 10,952 million in 2011 to 9,946 million in 2015 which is 9.19% drop. The main reason for this was the increase in Treasury Stock-Common which increased to 24,068 million in 2015 from 17,485 in 2011.



- Texas's revenue decreased from 2011 to 2013, it decreased by 6.63% from 2011 to 2012 and by 4.83% from 2012 to 2013. After that we saw Texas revenue increasing by 6.88% from 2013 to 2014. From 2014 to 2015 Revenue was stable and decreased slightly by 0.34%. Although revenue increased from 2014 to 2015, it did not reach the revenue that it had in 2011. 2015 revenue was 5.35% less than 2011.

- Gross profit decrease by 5.52% from 2011 to 2012. From 2012 to 2013 revenue increased by 0.03%, increased by 16.73% from 2013 to 2014 and by 1.94% from 2014 to 2015. In 2015 Texas Gross profit was 12.47% more than it had in 2011.
- Operating Income decreased by 34.06% from 2011 to 2012. It increased by 43.54% from 2012 to 2013, increased by 39.37% from 2013 to 2014 and by 8.28% from 2014 to 2015. Increased by more than 42.85% from 2011 to 2015.
- Net Income had the same movements as Gross Profit and Operating income which decreased from 2011 to 2012 by 21.33% and kept increasing for the year after. In 2012 Net Income increased by 22.91% from 2011, by 30.48% from 2013 to 2014 and by 5.855 from 2014 to 2015. A total increase of 33.54% from 2011 to 2015.

Texas's last ten acquisitions

- 23 Sept 2011:- National Semiconductor
- 14 May 2009:- Luminary Micro
- 11 Feb 2009:- CICLON semiconductor
- 11 Jun 2008:- Innovative Design Solutions
- 13 May 2008:- Commergy Technologies
- 10 Oct 2007:- POWERPRECISE Solutions
- 15 Aug 2007:- Integrated Circuit Designs
- 24 Jan 2006:- Chipcon AS
- 30 Jul 2003:- Radia communications
- 20 Jun 2002:- Condat AG

Texas's last ten divestitures

Date	Sold	Bought By
16-Aug-10	Cable modem product line	Intel
25-Jun-07	DSL customer premises equipment (CPE) product line	Infineon
9-Jan-06	Sensors & Controls business – substantially all except RFID product line	Bain Capital LLC
17-Feb-05	Liquid crystal display (LCD) driver operations	Oki Electric Industry, Co.
6-Sep-00	Materials business unit – specialty-clad metals and electrical contacts	Blue Point Capital Partners
19-Nov-98	Aversa manufacturing operation (M&C)	Telital
18-Jun-98	Memory business unit (DRAMs)	Micron Technology, Inc.
8-May-98	ControlWORKS and related staff	Gores Technology Group
8-Aug-97	Mold manufacturing business unit	Jade Technologies
26-Jun-97	Inspection equipment business units	Flextech Holdings Ltd.

Technical Analysis



Resistance Level 1	Resistance Level 2	Resistance Level 3
69.8133	70.2467	71.0933
Support Level 1	Support Level 2	Support Level 3
68.5333	67.6867	67.2533

Pivot Point: 68.9667

Conclusion

In conclusion for Texas Instruments report, we reviewed a few important ratios and we took a quick look at Texas Instruments Financial statements. However, investors must study the market before making any decision and also study the company's from different side, this include (company fundamentals, ratios and technical analysis...) upon that the investor can identify his opportunities based on his/her valuation.

Sources

- Thomson Reuters Eikon Platform
- www.investinganswers.com
- www.ti.com