

# Accelerating Growth at Texas Instruments



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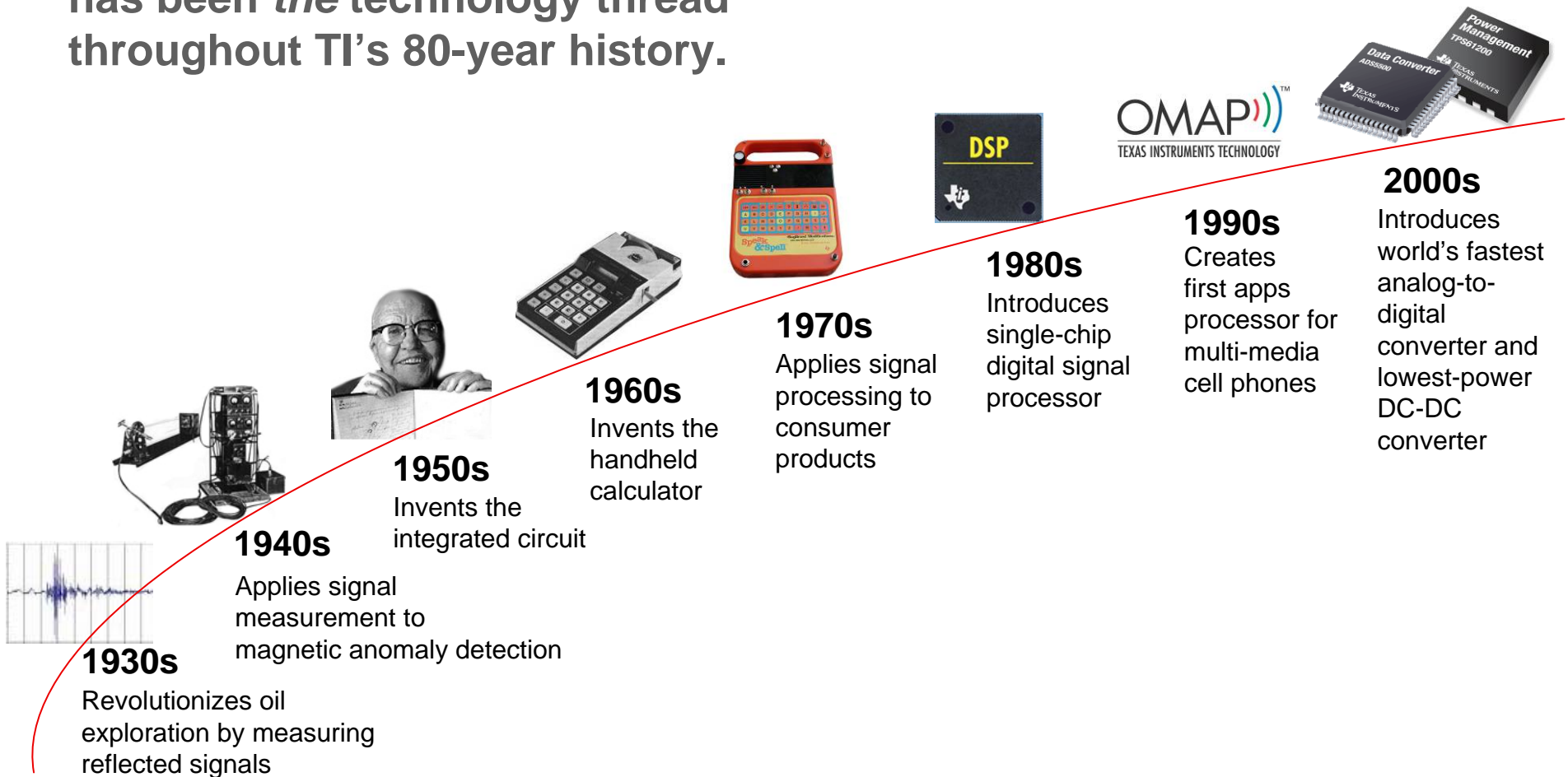
December 1, 2010

# Agenda

- Introduction to Texas Instruments
- Growth Focus
- Approach
- Results
- Summary

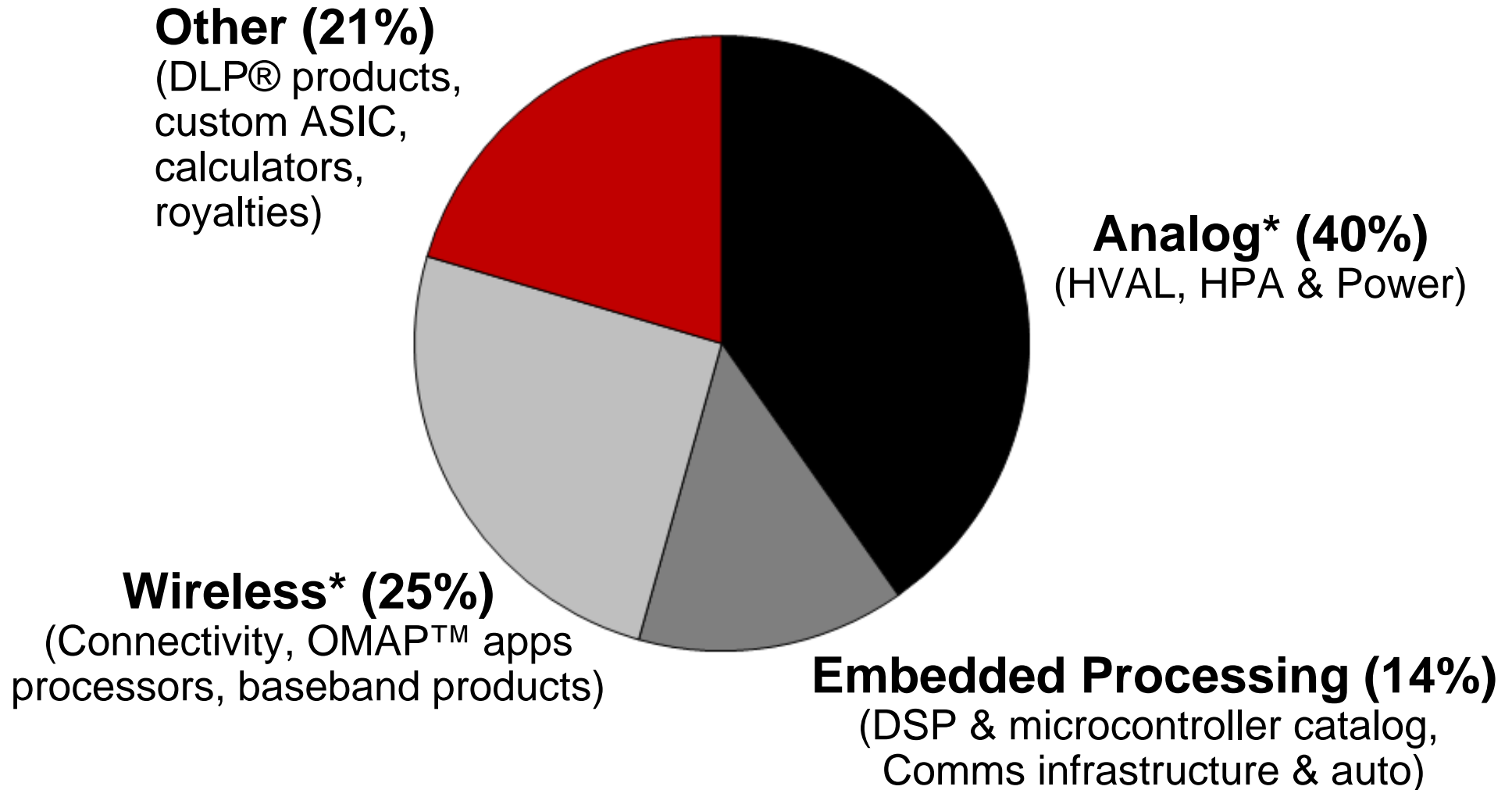
# TI builds upon a history of innovation

Innovation in signal processing has been *the* technology thread throughout TI's 80-year history.



# TI revenue by segment

2009 TI Revenue  
\$10.4B

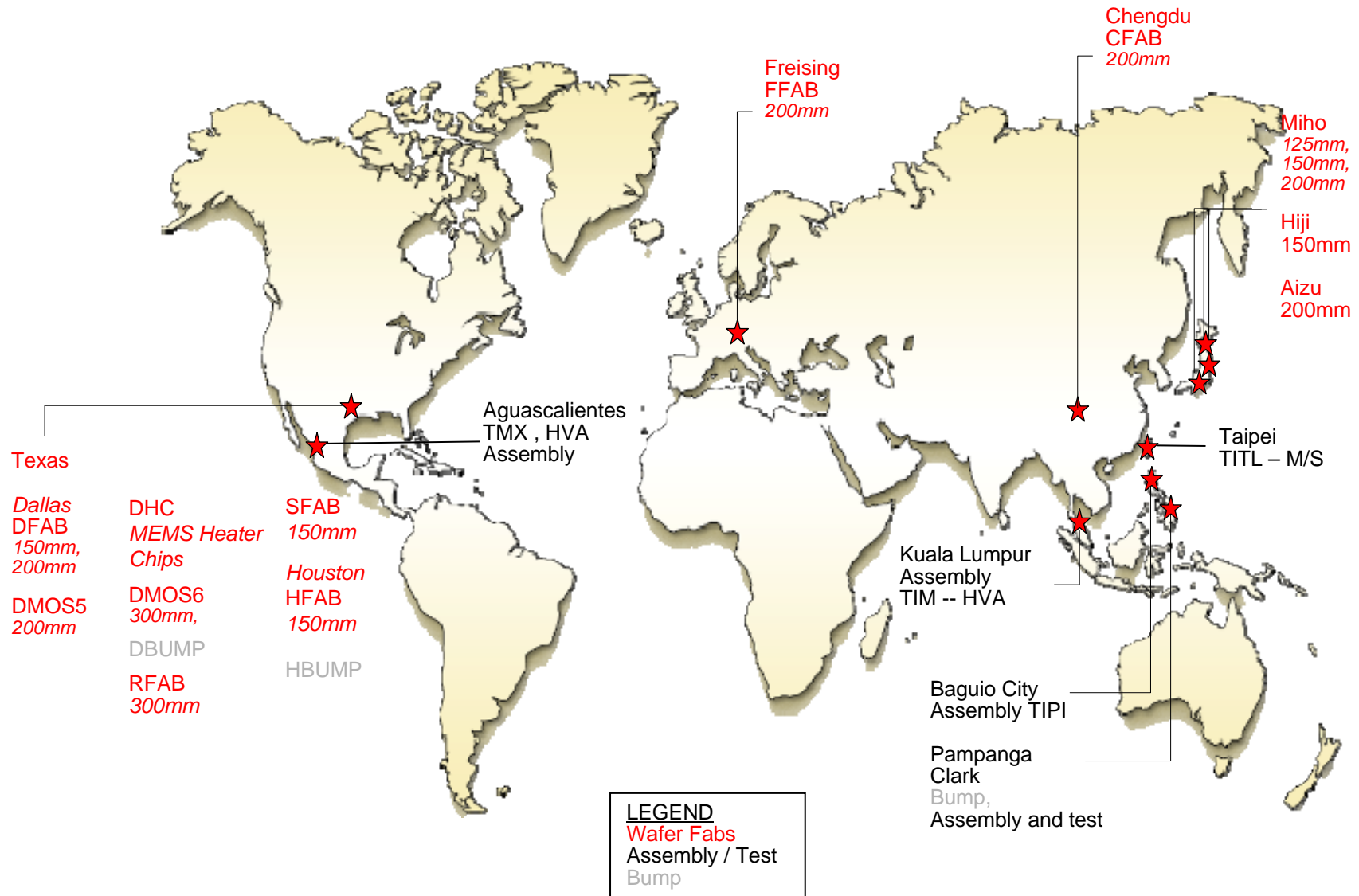


\*Restated 1Q10 due to product line transfer between segments.

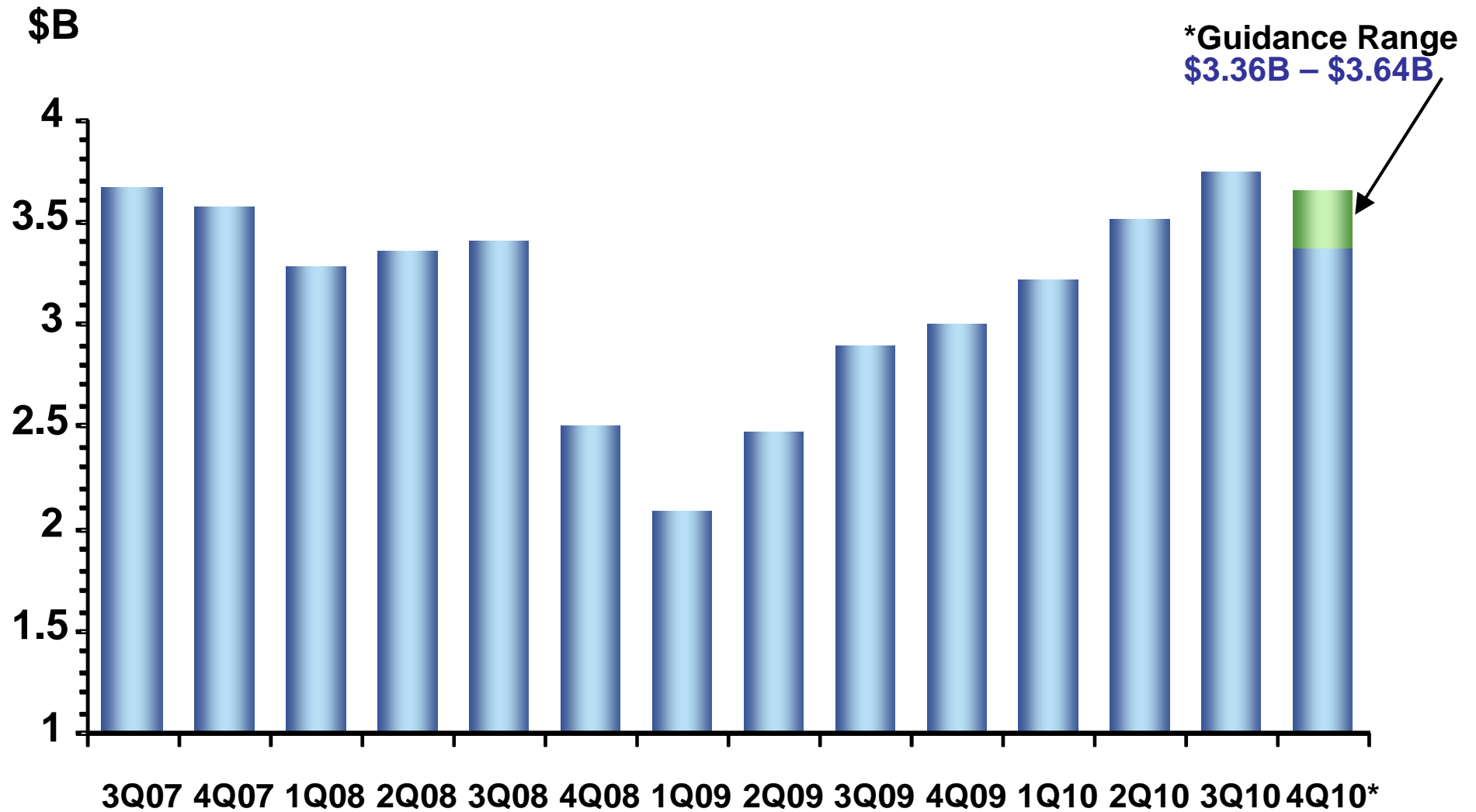
# Analog & Embedded Processing are great opportunities

- **Large markets**
  - Analog: \$32B (2009)
  - Embedded Processing: \$14B (2009)
- **Inside everything, cool new apps**
  - ~80,000 TI customers
- **Profitable markets with strong cash generation**
  - Low capital investment requirements
- **Fragmented competition**
  - Analog: top eight companies comprise ~50% of market
  - Embedded Processing: top four companies comprise ~50% of market
- **TI has strong positions, room to grow**
  - #1 in Analog, 13% share (WSTS, 2009)
  - #2 in Embedded Processing, 11% share (WSTS, 2009)

# Worldwide Manufacturing capabilities



# Revenue trend



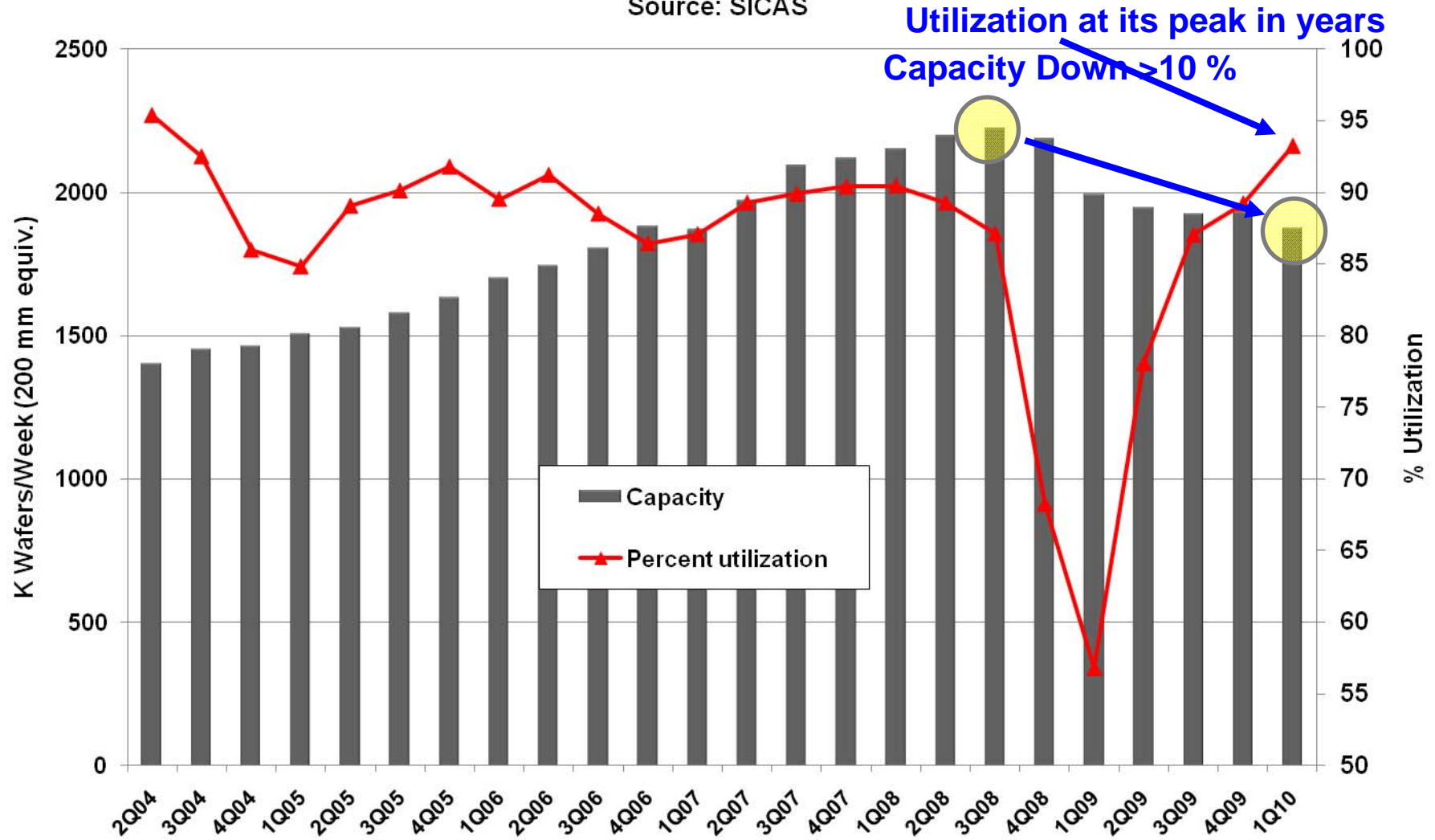
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# Significant capacity taken off-line

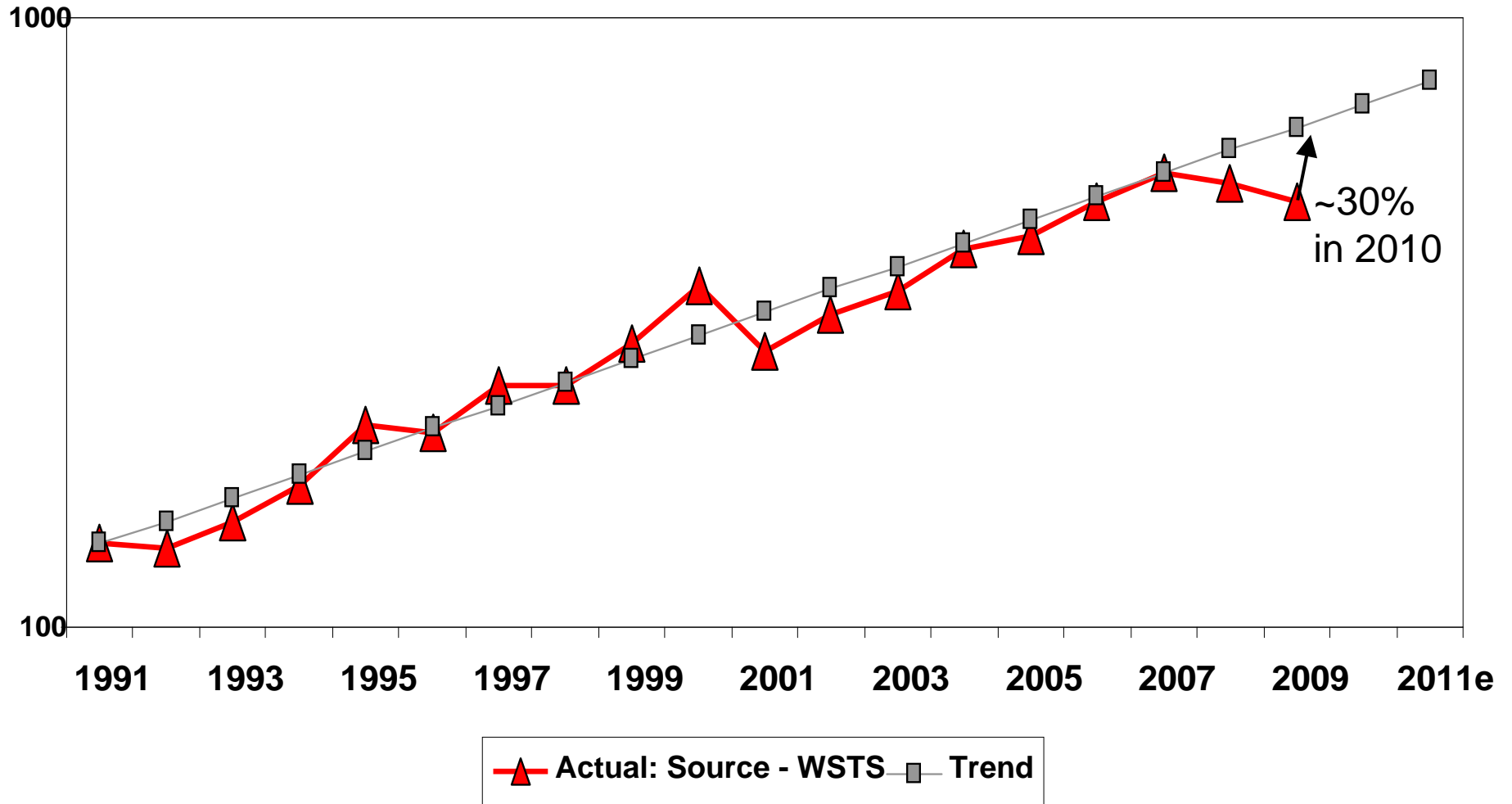
## IC Industry Capacity

Source: SICAS



# Units continue to grow

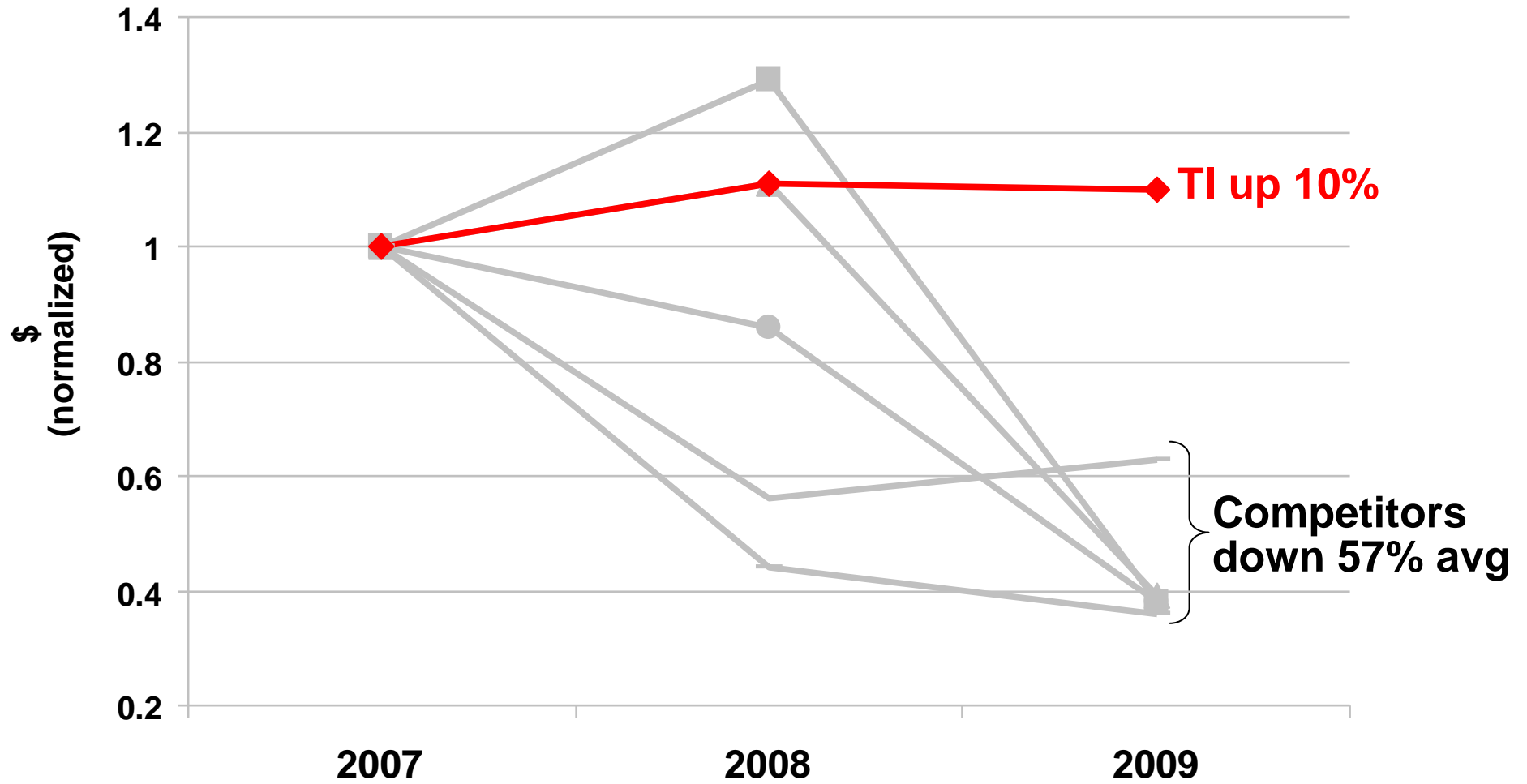
*units (B) non-memory*



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# Capital spending comparisons



# Expanding capacity to support growth



**RFAB (Richardson, TX)**

- World's first 300mm Analog fab
- Supports \$2B incremental revenue



**Aizu (Japan)**

- 200mm Analog fab, Spansion
- Supports \$1B incremental revenue



**TI Clark (Philippines)**

- 800K sq ft Assembly & Test
- Supports 12Bu/yr when fully tooled



**Chengdu (China)**

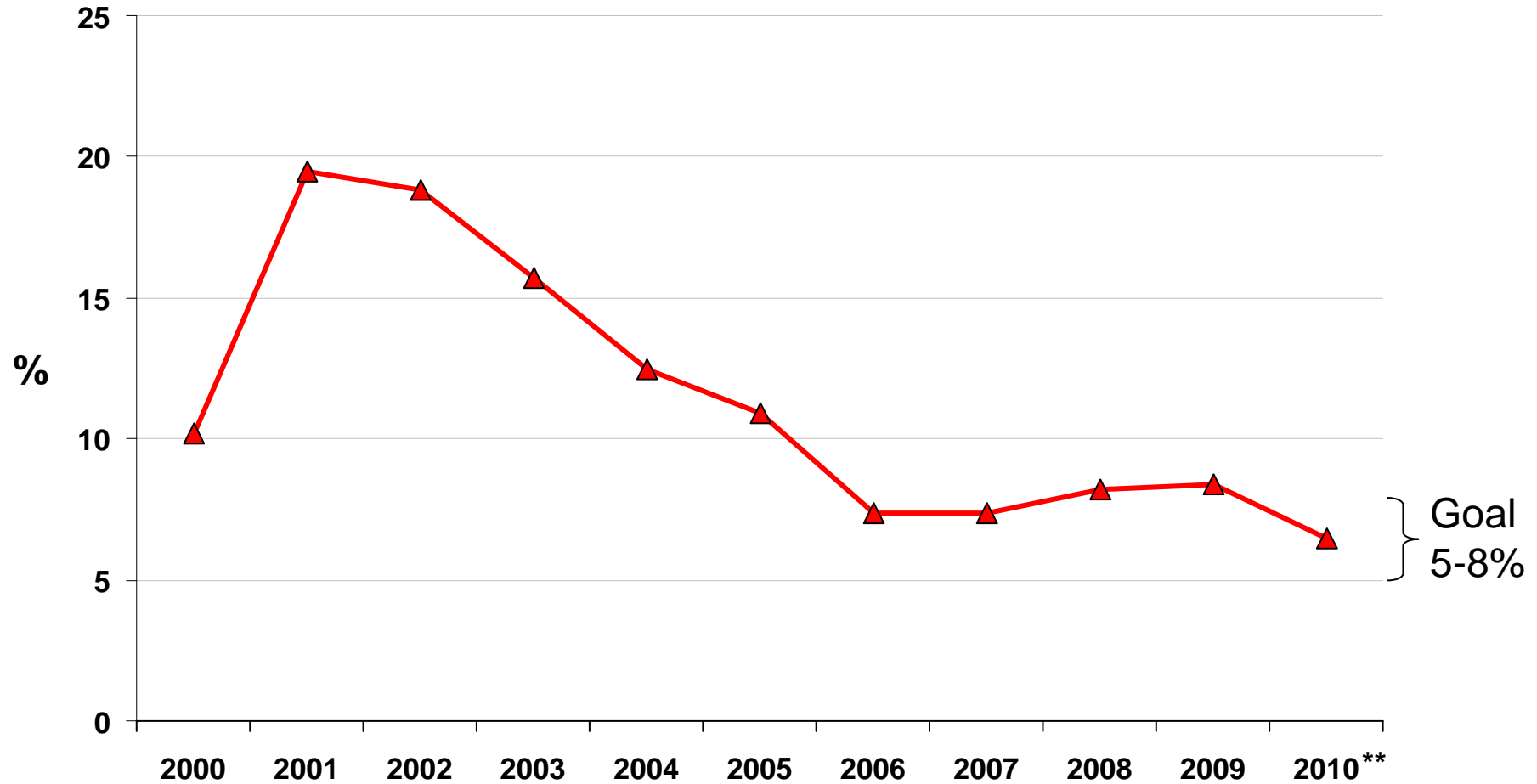
- 200mm Analog fab, Cension
- Supports \$1B incremental revenue

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# More efficient manufacturing

## Depreciation % of TI Revenue\*



\* Continuing operations, except 2000-2002 as reported

\*\* Full-year 2010 revenue estimate from First Call (Oct. 2010); Depreciation, TI guidance (Oct. 2010)

# Managing TI for better long-term returns

## Return on Invested Capital\*

2000		2004		2007		2009	
NSM	23%	MXIM	21%	LLTC	33%	LLTC	24%
LLTC	23%	NSM	21%	<b>TI</b>	<b>25%</b>	<b>TI</b>	<b>15%</b>
MXIM	22%	LLTC	19%	NSM	19%	INTC	10%
MCHP	20%	INTC	19%	ADI	18%	MCHP	9%
FCS	19%	QCOM	16%	QCOM	17%	QCOM	8%
INTC	19%	ADI	14%	INTC	14%	ADI	8%
IFX	17%	MCHP	13%	MXIM	14%	NSM	8%
STM	16%	<b>TI</b>	<b>11%</b>	MCHP	11%	MXIM	8%
ADI	15%	BRCM	7%	ISIL	5%	MRVL	7%
QCOM	11%	FCS	5%	BRCM	5%	ISIL	4%
<b>TI</b>	<b>11%</b>	STM	5%	FCS	5%	BRCM	2%
MRVL	4%	MRVL	4%	MRVL	4%	FCS	-3%
ISIL	0%	IFX	3%	IFX	1%	IFX	-7%
BRCM	-16%	ISIL	2%	STM	-4%	STM	-10%

**TI YTD 3Q10 ROIC = 30%**

\* ROIC = (net operating profit after tax) divided by (assets minus non-debt liabilities)

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# Summary

- **Transforming TI - moving to better opportunities**
- **Analog & Embedded Processing key products for growth**
  - Great growth potential
  - Low capital needs for better long-term returns
- **Industry capacity reduced in down cycle**
  - TI invests for growth
  - Improve control of supply chain to customers
- **New capacity added with well-timed purchases of manufacturing equipment at attractive prices**
  - Low depreciation, better return on investment
  - Significant revenue growth enabled

**Thank you!**