

SMTC F4Q Earnings

SMTC		Semtech	
Qtr:	F4Q	Grade:	A
Rev:	150.6	Rev:	+++
GM:	61.6%	EPS:	+++
EPS:	\$0.49	Fcst:	+++
		Growth(qtr-qtr)	-6.4%
		Fcst:	+2+8%
		Div:	

SMTC announced January-ended F4Q earnings well in excess of expectations after the close yesterday. There isn't much not to like about this supplier of very high-performance analog and mixed-signal products—except for its share price which I do not consider to be compelling as either a Long or Short based on valuation fundamentals.

The sequential decline in F4Q sales reflected normal seasonality. Asia accounted for 71% of sales, North America 17%, Europe 12%, and distribution 40%. Declining markets included communications (at 30% of sales), consumer (29%, including 18% in handhelds) and computing (15%). Industrial markets (at 26%) grew. SMTC released 16 new products, claimed a record 1,405 design wins, and its book-to-bill ratio exceeded 1.0.

Circuit Protection products were 33% of sales and declined by -4% sequentially due to seasonal weakness from consumer and computer markets, while communications and industrial markets were flat. Significant growth is expected this quarter from new smartphones and global communications infrastructure deployments.

Communications products at 23% were down by -1% on lower 40G SerDes and timing devices partially offset by 100G SerDes. Asia and Europe declined while Japan was up slightly. Significant growth is expected F1Q.

Power Management and High Reliability products at 11% decreased by -3% due to computing but partially offset by consumer LCD TVs and set-top boxes and industrial automotive applications, while communications was flat. Revenue is expected to be slightly down on seasonality this quarter.

Wireless and Sensing products at 9% grew +7% from medical applications, but is expected to be flat F1Q.

Gennum products at 25% dropped by -18% after significant one-time IP sales the prior quarter, but only by -2% adjusting for that spike. Computing accounted for 46% of Gennum sales; industrial 40%; consumer 9%; and communications 5%. Significant revenue growth is expected F1Q driven by computing and industrial applications.

—Dan K. Scovel
Semiconductor Analyst

LEGEND

	Grade
+++ exceeded the high-end of the range	A all +++
++ above consensus, within the high-end of the range	B all +
+ slightly above consensus	C all o/+
o met consensus	D mixed -/o/+
- slightly below consensus	E all o/-
-- missed consensus, within the low-end of the range	F all -
--- missed the low-end of the range	

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