

Linear Technology F3Q

LLTC	Linear Technology		
Qtr: F3Q	Grade: D	Growth(qtr-qtr)	
Rev: 348.0	Rev: - - -	Rev:	+4.0%
GM: 76.3%	EPS: +++	Fcst:	+2+6%
EPS: \$0.55	Fcst: -	Div:	\$0.27

Linear Tech (LLTC, \$47.13 +0.53, Rated Hold/Not Compelling in my latest Semiconductor Investment Ideas)

F3Q Earnings: Late yesterday LLTC announced uninspiring March-ended F3Q results. The good news is that it exceeded the high-end of the range of estimates for expected EPS and revenue is expected to continue to grow amid persistent, broad-based bookings momentum lead by automotive, industrial and communications markets. But the bad news is that revenue was light and remains below expectations. While there is much to like about this company—especially its impressive profitability—the fundamental valuation of its shares at eight-times sales and over 20-times earnings keeps me on the sidelines.

The big news is the call for redemption of its convertible notes effective May 1 announced earlier this month that will boost profitability by eliminating interest expense. The company can easily afford to redeem the \$845M in principle with its \$1.76B in cash, equivalents and marketable securities that grew by \$45M sequentially (even after repurchasing \$10.9M worth of shares), although share count is expected to modestly increase due to the premium on the notes.

The company will hold its scheduled conference call at 11:30am EDT today.

—Dan K. Scovel
Semiconductor Analyst

LEGEND

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

Tokeneke Research LLC
Rowayton, CT 06853
dscovel@tokenekeresearch.com
www.tokenekeresearch.com
203-554-4621

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