

ISSI F4Q Shortfall

Integrated Silicon Solutions (ISSI, \$12.81 -0.19, Rated Hold/Not Compelling in my latest Chip Investment Ideas)

F4Q Shortfall: ISSI preannounced an expected September-ended F4Q shortfall late yesterday due to weakness from Asian communication and consumer markets as well as a flash memory wafer shortage, while industrial and automotive markets remain healthy. Expected quarterly revenue of \$84M will be down by -1% sequentially compared to original guidance calling for flat to up +5%. Non-GAAP EPS is now expected at \$0.19-\$0.23 down from \$0.25-\$0.29. Results are scheduled to be released during the morning of October 29.

Bad news for ISSI as a fabless supplier of established DRAMs and SRAMs, as well as some NOR memory and analog mixed-signal products. However, I consider the shares to be marginally undervalued based on fundamentals and will seriously consider it as a potential opportunity for future upside after the dust settles following this bad news amid current chip sector weakness and overall equity market turmoil.

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