

LLTC F2Q Mixed

LLTC		Linear Technology	
Qtr:	F2Q	Grade:	D
Rev:	352.6	Rev:	--
GM:	75.4%	EPS:	+
EPS:	\$0.51	Fcst:	++
		Growth(qtr-qtr)	
		Rev:	-5.0%
		Fcst:	+4+7%
		Div:	\$0.30

Linear Technology (LLTC, \$45.17 -0.28, Rated Hold/Not Compelling in my latest Chip Investment Ideas)

Mixed F2Q: Late yesterday LLTC announced mixed December-ended F2Q results. Revenue for the seasonally weak quarter was well short of consensus although within the range, while EPS slightly exceeded expectations. Revenue guidance for F3Q significantly bettered expectations but was within the high-end of the range.

Bookings declined slightly and the company noted ‘weaker pockets in the global economy,’ although the book-to-bill ratio was slightly greater than 1:1; bookings improved throughout the period; and the industrial end-market exhibited the most strength. Cash grew by \$60M to \$1.07B on operating cash flow of \$148M or 42% of sales and it returned \$101M to shareholders including \$66M in dividends and \$35M in share repurchases. The company subsequently raised its quarterly dividend for the 23rd consecutive year, this time by 3-cents to \$0.30 per share.

There is much to like about this company—especially its impressive profitability—but the fundamental valuation of its shares at over seven-times sales and 20-times earnings keeps me on the sidelines. 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 -

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