

XLNX Mixed F2Q

XLNX	Xilinx		
Qtr: F2Q	Grade: D	Growth(qtr-qtr)	
Rev: 579.2	Rev: +++	Rev: +0.7%	
GM: 70.0%	EPS: +++	Fcst: flat	
EPS: \$0.61	Fcst: - -	Div: \$0.33	

Xilinx (XLNX, \$49.61 -0.52)

F2Q Earnings: Late yesterday XLNX announced mixed September-ended F2Q results. Revenue and earnings exceeded the high-end of expectations, but flat sequential guidance was a disappointment—although management reiterated previous expected growth for the fiscal year.

	Qtr Rev	Qtr-Qtr	Yr-Yr		Qtr Rev	Qtr-Qtr	Yr-Yr
N. America	33%	1%	20%	Communications & Data Center	41%	-6%	9%
Asia Pacific	38%	-3%	6%	Industrial, Aerospace & Defense	41%	7%	11%
Europe	20%	7%	11%	Broadcast, Consumer & Auto	18%	5%	8%
Japan	9%	3%	-7%				
				Advanced Products	46%	10%	61%
				Core Products	54%	-6%	-14%

Growth in industrial/aero/defense and broadcast/consumer/automotive more than offset the expected decline in communications. Industrial/aero/defense strength was from test/measurement/emulation as well as aerospace/defense. Broadcast/consumer/automotive was up better than expected due primarily to broadcast.

Advanced technologies achieved record sales (thank you TSMC) and more than offset weakness from older 'Core' products. 28nm technology product sales set a new record for the fourth consecutive quarter lead by the 'Zynq' product line which increased 25% sequentially driven by automotive, wireless, industrial, and consumer applications. 20nm also reached another record driven by test and measurement, wired, and wireless markets. 16nm sales were significant and exceeded expectations with the UltraScale+ family shipping to a number of markets including automotive, data center, and communications.

This quarter advanced products are expected to continue to grow and communications is expected to increase with growth from both wireless and wired. Industrial/aero/defense is expected to decline as test and measurement comes off of two record quarters. Broadcast/consumer/automotive is expected to be flat.

The company appears well positioned to capture growth across a variety of sectors including: newer 'advanced' product node offerings; automotive ADAS; 5G wireless infrastructure; data center processor architecture fragmentation; IoT across a variety of industrial and consumer applications; and defense with the F35 strike fighter program. Great company with outstanding management and margins as well as tons of cash. But fundamental valuation at 5-6x sales and over 20x earnings isn't cheap and keeps me on the sidelines.

—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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