



## TI reports third quarter 2023 financial results and shareholder returns

Conference call on TI website at 3:30 p.m. Central time today

[www.ti.com/ir](http://www.ti.com/ir)

DALLAS (Oct. 24, 2023) – Texas Instruments Incorporated (TI) (Nasdaq: TXN) today reported third quarter revenue of \$4.53 billion, net income of \$1.71 billion and earnings per share of \$1.85. Earnings per share included a 5-cent benefit for items that were not in the company's original guidance.

Regarding the company's performance and returns to shareholders, Haviv Ilan, TI's president and CEO, made the following comments:

- "Revenue was flat sequentially and decreased 14% from the same quarter a year ago. During the quarter, automotive growth continued and industrial weakness broadened.
- "Our cash flow from operations of \$6.5 billion for the trailing 12 months again underscored the strength of our business model, the quality of our product portfolio and the benefit of 300-mm production. Free cash flow for the same period was \$1.6 billion.
- "Over the past 12 months we invested \$3.7 billion in R&D and SG&A, invested \$4.9 billion in capital expenditures and returned \$5.6 billion to owners.
- "TI's fourth quarter outlook is for revenue in the range of \$3.93 billion to \$4.27 billion and earnings per share between \$1.35 and \$1.57. We continue to expect our 2023 effective tax rate to be about 13% to 14%."

Free cash flow, a non-GAAP financial measure, is cash flow from operations less capital expenditures.

### **Earnings summary**

<i>(In millions, except per-share amounts)</i>	Q3 2023	Q3 2022	Change
Revenue	\$ 4,532	\$ 5,241	(14)%
Operating profit	\$ 1,892	\$ 2,678	(29)%
Net income	\$ 1,709	\$ 2,295	(26)%
Earnings per share	\$ 1.85	\$ 2.47	(25)%

### **Cash generation**

<i>(In millions)</i>	Q3 2023	Trailing 12 Months		Change
		Q3 2023	Q3 2022	
Cash flow from operations	\$ 1,937	\$ 6,538	\$ 9,035	(28)%
Capital expenditures	\$ 1,495	\$ 4,890	\$ 3,112	57 %
Free cash flow	\$ 442	\$ 1,648	\$ 5,923	(72)%
Free cash flow % of revenue		9.1 %	29.3 %	

### **Cash return**

<i>(In millions)</i>	Q3 2023	Trailing 12 Months		Change
		Q3 2023	Q3 2022	
Dividends paid	\$ 1,126	\$ 4,499	\$ 4,236	6 %
Stock repurchases	\$ 46	\$ 1,076	\$ 2,909	(63)%
Total cash returned	\$ 1,172	\$ 5,575	\$ 7,145	(22)%

**TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES**

<b>Consolidated Statements of Income</b> (In millions, except per-share amounts)	<b>For Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ 4,532	\$ 5,241
Cost of revenue (COR)	1,717	1,624
Gross profit	2,815	3,617
Research and development (R&D)	471	431
Selling, general and administrative (SG&A)	452	431
Restructuring charges/other	—	77
Operating profit	1,892	2,678
Other income (expense), net (OI&E)	128	33
Interest and debt expense	98	53
Income before income taxes	1,922	2,658
Provision for income taxes	213	363
Net income	\$ 1,709	\$ 2,295
Diluted earnings per common share	\$ 1.85	\$ 2.47
Average shares outstanding:		
Basic	908	913
Diluted	916	923
Cash dividends declared per common share	\$ 1.24	\$ 1.15

**Supplemental Information  
(Quarterly, except as noted)**

Provision for income taxes is based on the following:

Operating taxes (calculated using the estimated annual effective tax rate)	\$ 229	\$ 391
Discrete tax items	(16)	(28)
Provision for income taxes (effective taxes)	\$ 213	\$ 363

A portion of net income is allocated to unvested restricted stock units (RSUs) on which we pay dividend equivalents. Diluted EPS is calculated using the following:

Net income	\$ 1,709	\$ 2,295
Income allocated to RSUs	(10)	(11)
Income allocated to common stock for diluted EPS	\$ 1,699	\$ 2,284

**TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES**

<b>Consolidated Balance Sheets</b>	<b>September 30,</b>	
<b>(In millions, except par value)</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,566	\$ 3,169
Short-term investments	6,382	5,921
Accounts receivable, net of allowances of (\$15) and (\$10)	1,976	2,040
Raw materials	401	333
Work in process	2,147	1,347
Finished goods	1,360	724
Inventories	3,908	2,404
Prepaid expenses and other current assets	265	238
Total current assets	15,097	13,772
Property, plant and equipment at cost	12,528	9,491
Accumulated depreciation	(3,208)	(3,006)
Property, plant and equipment	9,320	6,485
Goodwill	4,362	4,362
Deferred tax assets	632	291
Capitalized software licenses	138	75
Overfunded retirement plans	166	273
Other long-term assets	1,923	799
Total assets	\$ 31,638	\$ 26,057
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 300	\$ 499
Accounts payable	713	780
Accrued compensation	707	662
Income taxes payable	108	123
Accrued expenses and other liabilities	824	734
Total current liabilities	2,652	2,798
Long-term debt	10,922	7,438
Underfunded retirement plans	141	69
Deferred tax liabilities	66	92
Other long-term liabilities	1,226	1,153
Total liabilities	15,007	11,550
Stockholders' equity:		
Preferred stock, \$25 par value. Shares authorized – 10; none issued	—	—
Common stock, \$1 par value. Shares authorized – 2,400; shares issued – 1,741	1,741	1,741
Paid-in capital	3,280	2,877
Retained earnings	52,098	49,519
Treasury common stock at cost		
Shares: September 30, 2023 – 833; September 30, 2022 – 831	(40,253)	(39,476)
Accumulated other comprehensive income (loss), net of taxes (AOCI)	(235)	(154)
Total stockholders' equity	16,631	14,507
Total liabilities and stockholders' equity	\$ 31,638	\$ 26,057

**TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES**

<b>Consolidated Statements of Cash Flows</b>	<b>For Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>(In millions)</b>		
<b>Cash flows from operating activities</b>		
Net income	\$ 1,709	\$ 2,295
Adjustments to net income:		
Depreciation	303	249
Amortization of capitalized software	17	13
Stock compensation	79	68
Deferred taxes	(99)	(3)
Increase (decrease) from changes in:		
Accounts receivable	(20)	150
Inventories	(179)	(205)
Prepaid expenses and other current assets	28	25
Accounts payable and accrued expenses	27	42
Accrued compensation	145	140
Income taxes payable	(7)	21
Changes in funded status of retirement plans	26	56
Other	(92)	(85)
Cash flows from operating activities	1,937	2,766
<b>Cash flows from investing activities</b>		
Capital expenditures	(1,495)	(790)
Proceeds from asset sales	1	—
Purchases of short-term investments	(3,080)	(4,346)
Proceeds from short-term investments	2,885	3,033
Other	(5)	(10)
Cash flows from investing activities	(1,694)	(2,113)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of long-term debt	—	695
Dividends paid	(1,126)	(1,051)
Stock repurchases	(46)	(996)
Proceeds from common stock transactions	68	78
Other	(12)	(12)
Cash flows from financing activities	(1,116)	(1,286)
Net change in cash and cash equivalents	(873)	(633)
Cash and cash equivalents at beginning of period	3,439	3,802
Cash and cash equivalents at end of period	\$ 2,566	\$ 3,169

## **Segment results**

<i>(In millions)</i>	Q3 2023	Q3 2022	Change
<b>Analog:</b>			
Revenue	\$ 3,353	\$ 3,993	(16)%
Operating profit	\$ 1,504	\$ 2,185	(31)%
<b>Embedded Processing:</b>			
Revenue	\$ 890	\$ 821	8 %
Operating profit	\$ 258	\$ 321	(20)%
<b>Other:</b>			
Revenue	\$ 289	\$ 427	(32)%
Operating profit*	\$ 130	\$ 172	(24)%

\* Includes restructuring charges/other.

## **Non-GAAP financial information**

This release includes references to free cash flow and ratios based on that measure. These are financial measures that were not prepared in accordance with GAAP. Free cash flow was calculated by subtracting capital expenditures from the most directly comparable GAAP measure, cash flows from operating activities (also referred to as cash flow from operations).

We believe that free cash flow and the associated ratios provide insight into our liquidity, our cash-generating capability and the amount of cash potentially available to return to shareholders, as well as insight into our financial performance. These non-GAAP measures are supplemental to the comparable GAAP measures.

Reconciliation to the most directly comparable GAAP measures is provided in the table below.

<i>(In millions)</i>	<b>For 12 Months Ended September 30,</b>		<b>Change</b>
	<b>2023</b>	<b>2022</b>	
Cash flow from operations (GAAP)	<b>\$ 6,538</b>	<b>\$ 9,035</b>	<b>(28)%</b>
Capital expenditures	<b>(4,890)</b>	<b>(3,112)</b>	
Free cash flow (non-GAAP)	<b>\$ 1,648</b>	<b>\$ 5,923</b>	<b>(72)%</b>
Revenue	<b>\$ 18,112</b>	<b>\$ 20,190</b>	
Cash flow from operations as a percentage of revenue (GAAP)	<b>36.1 %</b>	<b>44.7 %</b>	
Free cash flow as a percentage of revenue (non-GAAP)	<b>9.1 %</b>	<b>29.3 %</b>	

This release also includes references to operating taxes, a non-GAAP term we use to describe taxes calculated using the estimated annual effective tax rate, a GAAP measure that by definition does not include discrete tax items. We believe the term operating taxes helps to differentiate from effective taxes, which include discrete tax items.

## Notice regarding forward-looking statements

This release includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as TI or its management "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar import. Similarly, statements herein that describe TI's business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in forward-looking statements.

We urge you to carefully consider the following important factors that could cause actual results to differ materially from the expectations of TI or our management:

- Economic, social and political conditions, and natural events in the countries in which we, our customers or our suppliers operate, including global trade policies;
- Market demand for semiconductors, particularly in the industrial and automotive markets, and customer demand that differs from forecasts;
- Our ability to compete in products and prices in an intensely competitive industry;
- Evolving cybersecurity and other threats relating to our information technology systems or those of our customers, suppliers and other third parties;
- Our ability to successfully implement and realize opportunities from strategic, business and organizational changes, or our ability to realize our expectations regarding the amount and timing of associated restructuring charges and cost savings;
- Our ability to develop, manufacture and market innovative products in a rapidly changing technological environment, our timely implementation of new manufacturing technologies and installation of manufacturing equipment, and our ability to realize expected returns on significant investments in manufacturing capacity;
- The duration and scope of the COVID-19 pandemic, government and other third-party responses to it and the consequences for the global economy, including to our business and the businesses of our suppliers, customers and distributors;
- Availability and cost of key materials, utilities, manufacturing equipment, third-party manufacturing services and manufacturing technology;
- Our ability to recruit and retain skilled personnel and effectively manage key employee succession;
- Product liability, warranty or other claims relating to our products, software, manufacturing, delivery, services, design or communications, or recalls by our customers for a product containing one of our parts;
- Compliance with or changes in the complex laws, rules and regulations to which we are or may become subject, or actions of enforcement authorities, that restrict our ability to operate our business or subject us to fines, penalties or other legal liability;
- Changes in tax law and accounting standards that impact the tax rate applicable to us, the jurisdictions in which profits are determined to be earned and taxed, adverse resolution of tax audits, increases in tariff rates, and the ability to realize deferred tax assets;
- Financial difficulties of our distributors or semiconductor distributors' promotion of competing product lines to our detriment; or disputes with current or former distributors;
- Losses or curtailments of purchases from key customers or the timing and amount of customer inventory adjustments;



- Our ability to maintain or improve profit margins, including our ability to utilize our manufacturing facilities at sufficient levels to cover our fixed operating costs, in an intensely competitive and cyclical industry and changing regulatory environment;
- Our ability to maintain and enforce a strong intellectual property portfolio and maintain freedom of operation in all jurisdictions where we conduct business; or our exposure to infringement claims;
- Instability in the global credit and financial markets; and
- Impairments of our non-financial assets.

For a more detailed discussion of these factors, see the Risk factors discussion in Item 1A of TI's most recent Form 10-K. The forward-looking statements included in this release are made only as of the date of this release, and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances. If we do update any forward-looking statement, you should not infer that we will make additional updates with respect to that statement or any other forward-looking statement.

### **About Texas Instruments**

Texas Instruments Incorporated (Nasdaq: TXN) is a global semiconductor company that designs, manufactures, tests and sells analog and embedded processing chips for markets such as industrial, automotive, personal electronics, communications equipment and enterprise systems. Our passion to create a better world by making electronics more affordable through semiconductors is alive today, as each generation of innovation builds upon the last to make our technology smaller, more efficient, more reliable and more affordable – making it possible for semiconductors to go into electronics everywhere. We think of this as Engineering Progress. It's what we do and have been doing for decades. Learn more at [TI.com](http://TI.com).