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# EDITED TRANSCRIPT

TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

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## CORPORATE PARTICIPANTS

**Richard K. Templeton** *Texas Instruments Incorporated - Chairman, President & CEO*

## CONFERENCE CALL PARTICIPANTS

**Toshiya Hari** *Goldman Sachs Group Inc., Research Division - MD*

## PRESENTATION

### Operator

Great. I think we'll go ahead and get started. Thank you all for coming. I'm Toshiya Hari. I cover the semiconductor and semi cap equipment space at Goldman Sachs. Very honored to have Rich Templeton, Chairman, President and CEO from Texas Instruments with us this morning. Rich thanks for making the trip out.

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

It's pleasure to be here.

## QUESTIONS AND ANSWERS

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

We appreciate you spending the time with us. I was hoping we could kick off with a question on the cycle. 2019 was a challenging year for the industry. It was a challenging year for TI, obviously, given how big you guys are. Now that you lived through this past downturn, how would you compare and contrast this downturn that we kind of went through versus past downturns? Any similarities, differences? Did you feel like the industry weathered this downturn better than past cycles? Any comments there?

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

I think, in general that there's always commonality. And as we talked, I think, even during several of the earnings calls, they're typically 4 or 5, in this case, it's probably 5, maybe 6 quarters because that's a human time constant of inventories build up during '17 and '18 because people were worried about getting product. And then it takes about a year to get that stuff blood down and comparisons get easier in that year timeframe. So we saw it and we're most of the way through the earnings cycle, I think everybody is -- if you look through the reports, everybody is either seeing stabilizing or improvement, and I think it all goes back to people who just drain down the inventory, they built up those 2 years.

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**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Okay. So really nothing kind of specific to the cycle that was different from your past experience?

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

This one was actually as expected, much more moderate than some of the exciting ones, if you look over 3 years, but those were best left behind.



FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Too easy for you guys. So I guess, on the near term, and you touched on this a little bit. But TI, along with your peers spoke to stabilization in the near-term and signs of a potential recovery into 2020. I know TI, you guys participate across a multitude of regions, obviously, in multitude of applications. But do any regions or end markets kind of stand out as being kind of the drivers into 2020?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

In the context of that question, Toshi, just 2020. No. Because I think when inventories build, they kind of build across the board and when they drain, they drain across the board. And then when it recovers, it will be pretty proportional. But as you know, and Dave and Rafael covered it on the Capital Management call last -- or 2 weeks ago, whatever, you look out over longer term, it's just hard to not be excited about where the industrial and the automotive markets are going from a semiconductor content point of view. But again, that's a longer term, not the 2020 context.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Right. And when you think about kind of the sustainability of the stabilization and potential recovery, how confident or how comfortable are you? And I asked the question because when we look across your end automotive customers, some of the industrial companies, it feels like their results, what they're reporting is still relatively muted. But at the same time, maybe not so much TI, but the rest of the semiconductor space, it feels like the sentiment has improved dramatically. So that disconnect worries me and us a little bit. So how...

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Perhaps, it's insight to why you hear a more balanced tone out of Dave and Rafael. Let's see what 2020 is going to do before you decide is it exciting or not exciting. And I know in your business of trying to forecast the near-term future, that's not a fun thing to -- what do you mean weight, your job is to guess it.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

I (inaudible) educated...

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

I don't have to. Make sure you've got an operating plan that can handle the range that you could face. And it's why I think we used very careful words of thing stabilizing, and we should now -- basically, during '20 go back to what consumption is. And as you just alluded to, now you can debate what consumption is going to be. And we'll just have to see what that looks like. That's why I don't -- I really just do not spend that much time. The biggest thing we do is make sure we can handle the range of outcomes and if we can, we don't spend a lot of time worried about it.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

And then on the coronavirus, it's not a particularly fun topic to be talking about, but it is top of mind for many investors and then corporates as well. It's been a couple of weeks since you guys reported your quarter and gave guidance for the March quarter. What are you seeing out there? Any supply chain disruptions or any changes to demand signals from customers or customers' customers, what are you seeing in?



FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

I think it's -- if anybody says they've got all the answers, I'd like to meet them, and I think they'd be jumping the gun right now in terms of what it looks like. So I think you've seen things come back from Chinese New Year, come back a little slower, and that's not a TI comment but just watch as factories turned back on in China. I think we've got to see it play out to really get a better determination of what the implication is.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Okay. So it's still too early to really say anything. Okay. That's fair. You talked a little about automotive and industrial being the more interesting parts of your business long term. In terms of automotive content growth, can you kind of level set the audience in terms of what you see today per car in terms of automotive semiconductor content? And how do you see that evolving over the next, call it, 3 to 5 years? And are there any specific applications you feel like there could be significant outperformance relative to that average number?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Yes, we don't make a -- spend that much time trying to either analyze or project. I think you can get third parties, they've probably got better data even than us. So I think you're in the mid or over \$300 per vehicle range. That number over 25 years has probably been growing 7%, 8% on an annualized basis. And to me, that's the great news as you could even have 1% or 2% SAAR growth. And if you have content, trying to grow at 5%, 6%, 7%, the multiplication of those 2 numbers is a decent mid- to upper single percentage growth rate. And I don't think there's anything that's going to slow that down. And while everybody talks, electrification, which is a wonderful story. Just when you look at the dollar intensity of semiconductors for a pure electric vehicle versus combustion engine. But going to the technologies that are going to make cars safer and there's high dollar content. Look at what will happen with lighting, look at what will happen with new 48-volt systems that are going to run inside the vehicles. So while the areas of better EV or the areas of autonomous, get a lot of visibility. There's not a subsystem inside automobiles where they're not looking at electronics to make the car safer, easier to use, lighter weight, use less power. Those are all good things for us.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Okay. So I guess, unlike some of your smaller peers, you're not necessarily making kind of sharp bets on specific applications. You continue to be fairly broadly focused or broadly based.

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

We're making many sharp bets.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Right. You're not talking about those.

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

No, I just -- we -- you just look up and down, go from bumper to bumper of a vehicle, and think about what it takes to make a car better. And it's where -- it's very easy to get excited about being a semiconductor supplier. And then -- and I really think and, Toshi, I know you follow this closely, look at the automotive results that we've put up for, pick a number, 7, 8, 9 years. And it's not because we've picked one application or one part, it's -- as Dave will remind you every time we break it into 5 sectors, and we've got teams grinding way on those. We do that on a global basis across the top-tier car companies across the Tier 1, Tier 2, Tier 3 suppliers. And that breadth of engagement is really the secret of making sure you're going to outgrow the market year after year. And that's why we feel pretty good about what we've done, but also about what we've got the potential to do.



FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

You talked about, obviously, the content growth opportunity in automotive. I have a feeling you spend very little time worrying about global SAAR projections, but to the extent you do, do you feel like a flattish environment is kind of a fair assumption to be making from a business planning perspective over the next 3 to 5 years? Do you have a view on where autos are headed?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Don't worry over 3 to 5 years. And if you sit back over 10, I think most people feel, 1% or 2% SAAR is probably -- when you just look at vehicle per million persons, you look at diffusion based on the major geographies and what those numbers can look like over 10 and 15 years. It's not too hard to look at 1% or 2% SAAR rate. But even without that, you'll have heard decent. You know the numbers pretty well. And that's why you used to get excited about it. Any SAAR growth is going to fall through really well.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Right. And then I guess similar questions for the industrial segment. Again, it's a diversified end market, you guys are diversified internally. It's really hard for us to try to get our arm around.

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Isn't it a wonderful thing?

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

It's a good thing. But again, similar question. Any -- were 2 or 3 applications that you're particularly excited about on a 3- to 5-year view?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

No, because it's kind of the same thing. And we lag a little bit that Dave hits record or play. When you guys bring up industrial, it's 13 sectors we grind through it. But that's what's -- that's what so exciting. And even inside of those 13, you've got to drop down to different end equipments and different customer bases, and that's where you really have to target and have to focus. It's the advantage being our size and with our reach and scale that we really can get teams of people working at all these levels in a very detailed way and play it for the long term, and it's why we're able to grow our industrial business consistently better than a lot of our competitors on that front. I think we've got -- we keep doing it. We'll be able to do that in the future. The generic description is the easiest one to give, and that is look across those industrial markets, they are mostly systems that have used electrical or electro-mechanical implementations. And so you sit back and look at these electrical or electromechanical systems, and you say, I want to make that system weigh less or use less power or be smarter or be easier to service remotely or be safer. And what are you going to do? You're going to have to put intelligence in it. Okay. And by the way, that's going to be low power microcontrollers and sensors and analog power and everything that goes with that. And so it is not a coincidence, when you think of that description with what we've designed our product portfolio look like plus the channels that we've got uniquely designed for that, why we get excited about that opportunity long term. And it's -- while it's tough for you to analyze, it's even more difficult for competitors to attack it because you've got to go after so many things. And we keep doing that, we'll enjoy it.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Great. The messaging on automotive and industrial is very consistent across you guys and your peers, it's a great market. There's content growth. We're investing in the business. The one area where there's quite a bit of a gap is comms. There's a lot of excitement around 5G, the transition from



FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

4G to 5G and how that brings about a significant content opportunity for Analog and processing. What is your view on that market? It feels like you see that as more of a cyclical market as opposed to a cyclically growing market. Am I right in kind of interpreting your view there?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

I think that's fair. And if you monitor what we've said over time and we made some changes, 5, 6, 7 years back, where we very decidedly said from an embedded and a processing point of view, basically -- primarily because of what we served in the base station market, that if -- if phone companies are not going to grow capital expenditures for equipment then to pretend that there's going to be semiconductor growth is crazy. And -- but yet, while we were taking that down, we said there is an incremental opportunity in Analog, just because as you go to 5G, you're going to end up with more sophisticated antennas that have to be able to comprehend that different architecture and that different system. So we said very clearly that we'll bring one of those down. And we think the analog opportunity is a nice one. But you sit back and you look at it over the long term, and I've watched from first generation to 2, 2.5, 2.75G, 3G. And if you do not believe the capital expenditure is going to grow by the operators, once that diffusion of 5G and tenant complexity gets in, there's not going to be a lot of dollar growth on that either. So we'll do well in it. We enjoy it. We'll play that, but you said over a 10-year period, it's hard to see that as a secular growth.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

All right. And I guess a similar question for personal electronics. It's a 22%, 23% business for you, I believe, as of 2019. I think the view there is you want to be selective. And again, not too aggressive in going after everything. How do you manage that business going forward and try to be selective?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Yes, I think, carefully is the right answer, but we do that with everything. And if you think about it, we've really gotten away from predominance or a lot of custom single customer devices and if you think about it, very logical. Because in personal electronics, a device is probably going to live for pick a time frame, 12 or 18 months, depending on how long that handset or generation handsets live. And if you can make investments that could live for 5 years or 10 years, those are going to have much better returns than if you're living for one product cycle. And so we've been more selective. I think we're doing a good job of finding where we can make those investments and still participate in those markets, but get long life out of some of the things we do, some of the intellectual property sell across multiple customers. And I'm pleased with the maturing of our team of finding a good balance doing that.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Okay. That's great. In terms of the competitive landscape, you guys have been very successful in gaining share through cycle. It's not necessarily every year, but through a cycle, you guys gained 30, 40 basis points of share. Scale is important, but what else? What else works for TI, when you guys think about your ability to gain share across Analog and MCU?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Yes. I'd put it more in the broader category. We talk frequently, and I think Dave and Rafael went through a discussion of the 4 competitive advantages. And you've heard us go through those before. But to me, that's really the context to think about it, meaning that if we are -- if we are doing those things well and they're real, meaning not just stuff on a slide, the real test is, are you growing your free cash flow per share faster than your best competitors over a 10-year, 15-year period. Over the past 10 and 15 years, even against our best competitors, we've been growing our free cash flow per share faster. So to me, that's the real question. Now is share gain, from a top line point of view, important inside of that? Yes, it is. But that's the thing that matters. I think if you're an owner because that's where your value is going to come from long term. So that's where our focus is, pleased with what's been done and I like the combination of competitive advantages and the focus we've got. And if we apply those well



FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

to the right markets, I think we've got a chance to do that over the next 10 or 15 years. So that's how I tend to think of that and what we can try to do.

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**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Okay. And I guess, the recent decline in better processing, is that primarily a function of what's going on in comms? Are you making decisions around pulling back on some of the product related investments ?

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

It's got much more to do. I think Dave has talked through it with a combination of you had strong growth in '16, '17, first 3 quarters of '18. You've certainly given some of that back in '19. And you have a comms piece that was more exposed during that same time frame. And so I just tend to look at, as you said, market share over a longer period of time. And I expect embedded to be a strong contributor over the next 5 years and 10 years for us.

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**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Okay. The U.S.-China trade tensions, obviously, an important dynamic today. Huawei was a relatively small customer for you guys, maybe not small in the context of TI but percentage terms, smaller than some of your peers.

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

No such thing as a small customer.

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**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

You're correct. But bigger picture, what sort of impact are you seeing from the trade tensions? Is it becoming more difficult to conduct business in China? I know you're involved in long product cycle businesses so you're not going to see share move up or down overnight. But does it feel like you're put in a very difficult position just given the trade tensions? Or what are you seeing on the ground?

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

I think there's a few things. But the best way I describe it, and I describe it internally to our team this way. And so it's, therefore, the easiest way to describe it to investors is we have to be operating that what we've been doing for 20 years to be successful in China has to change. Because either the trade tension is going to go away with the Phase I deal or a Phase II deal or whatever is anticipated. And I think we have to assume that this is going to go on for a long time. And so I'm just -- I'm enormously pragmatic about this. It's not being done against TI. It's happening in the world, our competitors are facing it. Now we just have to go do a better job in China than anybody else. And we'll have to do things differently as we go forward, and we'll have to work on some new things. But that's the approach you take. And yes, customers in China are trying to make sure they've got alternatives available for obvious reasons in terms of entities listings. It could be there. But they're also very pragmatic as -- and if we provide great parts, we provide them at great lead times, great availability, great pricing. We'll end up, I think, doing pretty well over the long term. So that's the approach we're taking on.

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**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

And when you talk about doing things differently going forward without giving away the secret sauce, what are some of the things that you're...



FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

I think there's still more to be discovered. I think this is, to me at this point, it's a mindset, which is get back to the basics on how do you take care of customers and how do you make sure you're focused on them and don't just think what we've been doing is going to work for the next 20 years. So it's that frame of mind. And it also has what, Toshi, is the -- with an organization is don't wait for something external to change to get better. You're in charge of affecting the design wins today and the business that we're going to do today. Now let's go get -- let's be very disciplined on that.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

All right. And are there any local suppliers in Greater China that you worry about? Or are they still generations behind? Is it more the Europeans and the Japanese perhaps that you worry about in terms of potential market shifts at your Chinese customers?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Well, I think you've got to watch both on different time constants. So if you've got people trying to make replacements happen, that probably is more -- and I still don't think there's much going on that way. I think there's still more words than real revenue changing hands, that would be more a sphere of Taiwanese, Korean and Japanese or European. But if anybody hasn't been paying attention to rising new companies, they're being blind. And I'm careful that they're just described as Chinese companies because, as you know, there's 3 or 4 flavors. NASDAQ-listed, California headquartered design team, some listed China, they're all companies, and they all have got good engineers are working to compete. And what it comes down to is you've got to get to your customers and bring them better products and better capability. So that's how we view those guys as you can't ignore them. But they all have a different threat at a different time.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Okay. That's helpful. Your distribution strategy, I wanted to touch on, given the recent changes. I know it's an evolving thing, and it's not like you went from off to on or on to off. But I guess, the recent changes did surprise us to some extent. If you kind of walk through where you are in that evolution, what we should expect going forward from you guys?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Yes. I think you said it well. You should expect that we continue on the journey we've been on for 7, 8 years now. And you've watched a set of changes as we built out a sales force as we took away design win registrations that we had with distributors as we build capabilities with ti.com. These things were all going in one direction, and that is to have closer direct relationships with our customers because you're just going to be in a better position to support them. And if you do that well, you're going to be able to win more business. And so while some people say the changes that we announced in the October time frame was a big event it was actually just part of the continuum of where we've been heading to. So that will continue. I think it's going to be -- we're going to be thrilled with it, is going to continue to lead us just being able to keep gaining more share.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

As outside observers, should we expect your traction in the market, your market share to take a bit of a dip before elevating higher? I know you care more of the long term, obviously, but if we do care about your business on a 12 or 18-month horizon? Should we be prepared for a slight dip or should we not think about it that way?





FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

My guess is not really, but even within that context, I think either Rafael or Dave gave some color that we've been moving towards consignment programs for a number of years, and we added a second phase of consignment in '19. That obviously, when you do something like that, it's a time shifting of revenue because something that's been shipped is now going to have to be consumed before the consumption leads to revenue again. And with some of that, you'll have kind of a similar headwind in 2020. Now '19 compared to -- '20 compared '19 is not going to look that different because it's already in the run rate. So there's a little from that point of view that's inside of it. But I don't think those will be measurable over the long term.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Got it. I wanted to ask about capital allocation. Dave and Rafael talked about it extensively on the call the other day, but specifically around M&A, you've been -- in terms of large-scale deals, you've been absent from the market since, I guess, 2011, depending on how you define large-scale, but since National. Has that been mostly a function of just pricing? Or has it been more deals, no deals available from a strategic kind of standpoint, a combination of both? What's sort of the context there?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Yes. I guess -- and I see some folks in the room that I've known a long time. And I do find this amusing topic and that you'll back to the announcement of National and even some of the other things that we were doing in 2010 and 2011. And buying wafer fab, buying wafer fab equipment, buying National. People were afraid the sun was never going to come up again, and the markets were in the tank, and that's the perfect time to be buying assets. Yet we didn't exactly get a sheer, okay, when we did those moves. Yet when prices are real high and valuations are high, people like, why aren't you doing more of this stuff. Like oh for goodness sake, you're out of sequence. And so to the -- to your specific question, yes, I think these valuations are -- I don't think you're doing a good thing for your long-term owners. And so be disciplined. And as a result, not be popular, but I think it's actually the best thing to do for long-term free cash flow per share growth. And I still think that discipline will be rewarded. The comment I make to people is will we do M&A in the future at some point. I'd say, yes, we will. But you guys are probably going to be in a really lousy mode when we do it. And -- but it's back, and I'm not going to single anybody in the room out, is volatility are going to leave this business, be it the equity market or be it semiconductor market. I don't think it will. So we're not going to tame it. We're just going to take advantage of it. And -- but that takes a longer-term view, I think, to manage that well. But that's how we've looked at it. We're thrilled with what the National acquisition did financially, strategically, everything that we had hoped for at that time. And -- but I think you've got to be very disciplined on those.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

We have about 5 minutes left, I wanted to pause there to see -- there's one in the front, please.

**Unidentified Analyst**

Just as a follow-up to the U.S.-China discussion we were just having a couple of some minutes back. Do you -- what do you think is the risk that China could develop the Analog technology or the products with respect to kind of TI?

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Well, I think you've got to sit back and do they have good engineers and can they develop circuits. The answer is yes. I think the question is, and that's why I go back to the broader view of competitive advantages is what portfolio can be built, what sales channel can be built, what baseline of technologies can be built and can you do all those together. And so that's how I tend to look at things in the bigger picture not can a company develop chips or a handle of chips and meet some of the local needs. But there's a big distance from that typically serving the local market to -- can you really become a global competitor in the industrial and the automotive markets, for example, to build up the portfolio. So that's where I



FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

think there's a long time constant of just -- can something be done technically versus can they really expand it into being a sizable competitor. I think there's a lot that's to take place between those. It's why analog will be the last of the markets that the Chinese companies didn't do attack. They go after the bigger sockets, as everybody does, the -- memory, processors, baseband, that's big shiny objects tend to get the attention.

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**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Any other questions?

Rich, I guess, sort of a big picture question. It feels like you guys have this playbook you follow it, it's a well-run company. You guys talk about the free cash flow per share, dynamic. Again, it's worked really well for you. As the CEO of the company, are there any things that you're unhappy about when it comes to your business or how it's run today? Margins are high. You're generating free cash, stocks up. What are you worried about? What keeps you up at night?

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Well, I can assure you if you're on the inside, okay?

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**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

At this (inaudible)

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Yes, I do enjoy the tortured soul approach to what goes on. But to the very serious one I'll get -- the derivative question that I will get because I do a lot of roundtables, a lot of open forums with [TRS] throughout the world is I'll get the inevitable. What keeps you awake at night? And I would say, other jet lag, nothing. And -- but the serious 1 that is really where I spent a lot of time is the urgency of an issue is no longer going to come from our P&L or the status of the company. I can go back to the '90s, and it was really easy to stand up in front of a group of people and say, you're lousy, just look at your results and look at how you compare to other companies. So that's the challenge is you've got to make sure you're creating an environment where people are really aggressive about fixing problems, attacking marketplaces, really measuring their performance from the outside in meaning what's happening today on the ground with the customer. And that's really where you got to keep the energy high because you can't let teams grow complacent. Because I think that's that is, in some ways, the greater thing that we've got to build to guard against. I love the team of people, you get a chance to meet some of them. That team just keeps getting better year after year. The sophistication of what products to build, the urgency. Those are all great attributes where we'll serve, but that's where we've got to really keep the attention on.

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**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

How do you drive that intensity for them?

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**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Just get in front of everybody on that front. And don't -- it's really easy. Any company of any size, you've got problems. Well, look for them, find them and then fix them. And then go find the next one, because they'll be there. And it's not that hard. I think most companies get in trouble when they start pretending that they don't have problems and then they build up. And so be constantly searching and finding them, and you'll keep the place pretty urgent.



FEBRUARY 12, 2020 / 5:40PM, TXN - Texas Instruments Inc at Goldman Sachs Technology & Internet Conference

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Wonderful. Got it. We're out of time.

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Great.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Thanks for the discussion. Really enjoyed it. Thanks a lot.

**Richard K. Templeton** - *Texas Instruments Incorporated - Chairman, President & CEO*

Thank you. I appreciate it.

**Toshiya Hari** - *Goldman Sachs Group Inc., Research Division - MD*

Thank you.

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