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Freescale posts profit, expects flat growth

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MANHASSET, N.Y. — Freescale Semiconductor Inc. reported net earnings of \$85 million, or 20 cents per share, on sales of \$1.44 billion in the first quarter of 2005, compared to \$5 million, or 1 cent per share, on sales of \$1.43 billion in the previous quarter.

In the previous quarter, Freescale (Austin, Texas) incurred pre-tax charges of \$5 million related to its separation from Motorola, and \$79 million for restructuring. Without these charges, Freescale's fourth-quarter earnings were \$72 million, or 17 cents per share.

In the year-ago quarter, Freescale earned \$106 million on sales of \$1.4 billion.

Freescale reported gross margin of 40.2 percent, up from 36.0 percent the previous quarter and 36.3 percent a year ago, which the company attributed to a more profitable product mix, higher factory utilization, and improved operating efficiencies.

Last month, Freescale chairman and chief executive said at the Semico Summit the semiconductor industry would be in for a period of single-digit growth as pricing pressures and the shift from an IT-centered to consumer electronics-centered market continued.

For the second quarter, Freescale expects revenue of \$1.38 to \$1.47 billion and margins flat with the first quarter.

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