Qualcomm sees profit, rev around high end

(Reuters) - Qualcomm Inc.'s (QCOM.O) second-quarter earnings could beat its outlook range and revenue will be toward the high end of its target, the top executive for the wireless chip maker said on Tuesday.

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Qualcomm shares rose almost 7 percent after Chief Executive Paul Jacobs announced the outlook, which he said was based on estimated chip shipments and early reports from companies that buy licenses to use Qualcomm technology.

"We're very pleased with the way things are shaping up in the second quarter," Jacobs told investors during a webcast of the company's annual shareholder meeting.

Jacobs said that demand for third generation 3G high-speed wireless devices was growing "at a healthy rate."

Jacobs said earnings before unusual items would be at or above Qualcomm's target, announced in January, for earnings per share of 49 cents to 53 cents for the second fiscal quarter ending this month.

The executive also said revenue this quarter would come in toward the high end of the target range of $2.4 billion to 2.6 billion, also announced last month.

Charter Equity Research analyst Ed Snyder said that as well as benefiting from strong demand Qualcomm was likely improving its profit by cutting costs.

"Overall demand for phones with Qualcomm's products are good and it looks like they're moving to cut costs. Long term there's no argument that Qualcomm is gaining share in a growing market," said Snyder who recommends buying the stock.

The news follows Qualcomm's announcement the day before that it would increase its dividend and that its board had approved a $3 billion stock repurchase program to replace a recently completed $2 billion buyback program.

Qualcomm shares closed Tuesday up 6.7 percent, or $2.37, at $37.93 on the Nasdaq but still well below their year-high of $49.80 reached in early January.

Even as the shares were rising on Tuesday Qualcomm had to respond to investor complaints during the meeting about its share price, which has seen volatility due to disappointment over its financial outlook.

(Reporting by Sinead Carew. Editing by Robert MacMillan and Carol Bishopric)