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Instant view: Intel profit and sales beat estimates

Wed, Jul 14 2010

NEW YORK (Reuters) - Intel Corp (INTC.O: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), the world's biggest microchip maker, handily beat second-quarter sales and profit estimates and forecast third-quarter sales well ahead of Wall Street's consensus.

The upbeat numbers from the first major U.S. technology company to report this quarter suggest that global demand for PCs and servers is continuing to recover after last year's belt-tightening.

Shares of the company rose 6.5 percent in after-hours trading.

Following are initial reactions of analysts and investors:

PHANI SARIPELLA, SENIOR ANALYST, PRIMARY GLOBAL RESEARCH

"The numbers just blew me away, I cannot see any mention of any problems whatsoever."

"It's as if Europe just never happened as far as Intel is concerned. No mention of Europe, their numbers are at the high end of demand, their margins, it's like they're printing dollar bills there."

"The one thing about Intel shares is in spite of their numbers driving it up, it tends to sort of work itself up to \$24-ish or so and then just fall right back as the economy affects it."

"I expect the same to happen. I would be surprised if it reached significantly north of \$25. Because they still have to overcome a huge share count."

NICK KALIVAS, VICE PRESIDENT OF FINANCIAL RESEARCH & SENIOR EQUITY INDEX ANALYST, MF GLOBAL

"It's pretty much a blow out. I think it's reminding the market that basically stocks are too cheap; the market was trading Intel at a pretty compressed multiple."

"The fact that they are raising capital spending is confirming this idea that capacity is tight and there's some pretty good momentum and I think it's squeezing more buyers into the market. It's going to be a data point that causes people to flip from probably extreme pessimism to extreme optimism."

JOHN MASSEY, PORTFOLIO MANAGER AT SUNAMERICA ASSET MANAGEMENT

"Demand was stronger than many people anticipated, the Street was concerned corporate spending would be restrained with what's happened in Europe and that wasn't the case."

"The real thing that got the Street going was the gross margin guidance, which they raised. It shows a lot of confidence that the company has for the back half of the year. If the company was at all concerned about demand, you wouldn't have expected them to raise that number."

"Tech spending was a little more healthy than expected, on the server side and consumer side. We've seen companies start to loosen up refresh cycle budgets and expand, and that's a sign things are continuing to expand despite concerns in Europe."

EDWARD SNYDER, ANALYST, CHARTER EQUITY RESEARCH

"In a quarter where people expected relatively strong performance, they beat that pretty handily and set a good forecast. They seem unaffected by the negativity that's impacting equities."

"This going to be really good for a lot of other tech companies, particularly enterprise."

"It might be the case that this earnings period is so strong that it allays some of the fears about the broader economy."

CRAIG ELLIS, ANALYST, CARIS & CO

"Once again gross margins were incredibly strong, showing the benefit of the operational improvements that the company has made over the last few years, plus a good product mix and a strong manufacturing performance."

"It's another indication that some of the very positive server data points that you've been hearing year to date, and some of the constructive enterprise spending data points, are seeing good validation from Intel."

TRIP CHOWDHRY, ANALYST, GLOBAL EQUITIES RESEARCH

"They beat on the top line, they beat on the bottom line, the gross margin is through the roof. It couldn't be better. I think Intel is very under priced. And the key reason everybody missed on it is -- as they've been talking about for eight months -- cloud

infrastructure is just started."

"When we speak to our contacts who are IT purchasers and IT suppliers, we are not seeing any slowdown. Because Europe and Asia are investing in technology."

PATRICK WANG, ANALYST, WEDBUSH SECURITIES

"Either the investor community has massively under-calculated what worldwide demand is or Intel is too optimistic here."

"I think it's too early to call second-half demand so far because obviously Intel is the first one to report, but obviously earnings are off to a very bullish start."

HENDI SUSANTO, ANALYST, GABELLI & CO

"There's still consumer demand in growing markets. There could be potential upsides coming from corporate IT renewals."

DOUG FREEDMAN, GLEACHER & CO

"Very strong mix in product revenues and very strong revenues. People were very focused on the PC client group while the data center group -- driven by new product introduction -- was what helped lift revenues."

"Corporate spending for large server farms was much stronger than people had expected."

(Reporting by [Alex Dobuzinskis](#), Carolina Madrid, [Gabriel Madway](#), [Edward Krudy](#) and Matthew Lynley)

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