

Intel expected to report 8% sales gain

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SAN FRANCISCO (MarketWatch) — Intel Corp. is expected to report an 8% gain in revenue as it kicks off the tech earnings season when it posts fourth-quarter financials after Thursday's closing bell.

Analysts expect the Santa Clara, Calif.-based chip giant [INTC, -0.03%](#) to report earnings of 53 cents a share on revenue of \$11.38 billion, according to a consensus survey by FactSet Research.

For the year-earlier period, the company reported earnings of 40 cents a share, on revenue of \$10.57 billion.

Advertisers on Google overpaying?

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Some advertisers on Google's search engine say a little-known feature of the company's AdWords ad system is causing them to overpay. Amir Efrati reports on Digits.

Intel, the world's biggest semiconductor company, will report amid a spate of negative news.

There are still worries about the direction of the economy. Last week's Consumer Electronics Show highlighted the stiffening competition Intel faces in the smartphone and tablet markets.

Analysts have warned that tablets are cannibalizing segments of the notebook market. Meanwhile, Intel has struggled to compete with other chip makers in the smartphone and tablet arenas.

On Wednesday, data from IDC and Gartner confirmed worries of slower PC market growth, due in part to the impact of the rise of tablets, led by Apple Inc.'s [AAPL, -0.64%](#) iPad. [Read more about iPad, game consoles eating into PC sales.](#)

"We have seen little evidence of a rebound in consumer demand for PCs," Charter Equity Research analyst Edward Snyder said in a note, as he argued that there's "leaving little chance of significant sustainable upside in Intel's quarterly report."

He added: "The good news is there doesn't appear to be much excess inventory exiting the holiday season and product blend should continue to favor margins. That won't be enough to get the stock moving but it will be sufficient to keep it from underperforming."

Other analysts were more upbeat.

"We believe investor sentiment is excessively negative," RBC Capital analyst Mahesh Sangneria said in a note. "While we expect some cannibalization of notebooks by tablets, we expect this to be a developed world issue which is already a slower growth market for PCs."

Wedbush analyst Patrick Wang also said he expects Intel's fourth-quarter results to be "not as bad as feared," as he speculated that the company may also put out a stronger-than-anticipated first-quarter outlook.

"We remain constructive on shares ahead of fourth-quarter earnings as we believe a modest fourth-quarter miss is already priced into shares," he wrote. "However, we see potential for strong first-quarter revenue tailwinds."

He cited "lean inventories," the strong ramp of the new version of Intel's Core chips for PCs, and "robust China demand."



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