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UPDATE 3-Qualcomm ups outlook, but chip target disappoints

Wed, Jul 20 2011

* Q3 Share \$0.61 vs \$0.47 in year ago quarter

* Q3 Rev \$3.62 billion vs \$2.7 billion year ago

* Sees Q4 MSM shipments 120mln-125mln vs Q3 120mln

* Qualcomm shares down 2.7 percent (Adds analyst comment, share price update, byline)

By [Sinead Carew](#)

NEW YORK, July 20 (Reuters) - Qualcomm Inc's (QCOM.O: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) improving financial outlook was not enough to impress investors disappointed with its wireless chip shipment target during a quarter when new advanced devices like the next generation Apple Inc (AAPL.O: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) iPhone are expected to go on sale.

Qualcomm shares fell 2.27 percent in late trading on Wednesday after its forecast wireless chip shipments in a range of 120 million to 125 million was below analyst expectations for 130 million and higher and just above its third-quarter report of 120 million shipments.

While the company is known to issue cautious forecasts, some investors worried the lower than expected volume could be a sign of weakening demand.

"The market's nervous that the economy is slowing. Any hints of that in quarterly calls is not being taken well by investors," said Morgan Keegan analyst Tavis McCourt who had expected 135 million chip shipments this quarter.

While quarter ending in September usually shows modest sequential growth the forecast was "a little lighter than normal," McCourt said.

Qualcomm raised its earnings per share guidance for the full year 2011 to a range of \$3.15 to \$3.20 from its previous expectation for \$3.05 to \$3.13.

It increased its revenue target for the year to a range of \$14.7 billion to \$15 billion from its previous expectation of \$14.1 billion to \$14.7 billion.

"It's a good report. It's certainly better than what people expected, but its not a blow-out," Charter Equity Research analyst Ed Snyder said.

Qualcomm's profit rose to \$1.035 billion, or 61 cents per share, for its fiscal third quarter ended in June 26 from \$767 million, or 47 cents per share, in the same quarter the year before. Excluding unusual items, Qualcomm earnings of 73 cents per share were ahead of analyst expectations for 71 cents per share, according to Thomson Reuters I/B/E/S.

Revenue rose to \$3.62 billion from \$2.7 billion. Wall Street analysts had expected revenue of \$3.59 billion, according to Thomson Reuters I/B/E/S.

On May 24, Qualcomm said it completed its acquisition of another wireless chip maker, Atheros Communications.

Qualcomm shares fell to \$55.75 in late trading after closing at \$57.30 in the regular Nasdaq session. (Reporting by Sinead Carew; editing by [Andre Grenon](#))

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