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Qualcomm On Deck: Stacking Up Mobile Chips

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NEW YORK ([TheStreet](#)) -- **Qualcomm(QCOM)** bulls are looking for a good old earnings [beat-and-raise](#) Wednesday after the bell, as smartphone trends seem to have been working in the company's favor.

The San Diego wireless tech shop and chip manufacturer is expected to report strong fiscal third-quarter results. Given recent design wins at **Apple(AAPL)**, **Nokia(NOK)** and **Research In Motion(RIMM)**, Qualcomm should be able to offer a fairly sunny outlook.



"Gains in low-cost WCDMA in Asia, the release of the new iPhone, and changes in strategy at Nokia and RIM will all likely lead to out-performance by Qualcomm for several quarters," Charter Equity Research analyst Ed Snyder wrote in a note last week.

Analysts expect Qualcomm to post adjusted earnings of 71 cents a share on sales of \$3.6 billion for the fiscal third quarter ended last month. Looking ahead, analysts expect the company to post a profit of 76 cents on \$3.96 billion in sales, a 10% sequential revenue growth rate and 33% year-over-year.

Much of Qualcomm's gains come at the expense of other chip suppliers.

In the case of Apple, **Intel's(INTC)** [Infineon is the loser](#) as the new iPhone substitutes Qualcomm's so-called world phone wireless baseband chips for Infineon's GSM kit.

"Most of" Infineon's chips "will be replaced over the next year with Qualcomm-based phones, starting with iPhone 4S in September, and followed by iPhone 5 in June 2012," Snyder wrote. This should be a good sales boost for Qualcomm if Apple is selling some 20 million iPhones a quarter starting midway through next year, Snyder estimated.

While the wins in wireless chips at Apple are huge, the new iPhones will use Apple's own **ARM(ARMH)**-based processors, not Qualcomm's Snapdragon technology.

But Snapdragon is expected to be part of the plan for at least the first generation of Nokia's **Microsoft(MSFT)** Windows 7 phones, which are due later this year.

RIM, too, is expected to have Qualcomm chips inside the upcoming touch-screen BlackBerry Bold.

At \$56, Qualcomm shares are down from the \$59 high in late February, but up 53% for the past year.

--Written by Scott Moritz in New York.

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