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UPDATE 2-Anadigics' weak 1st-qtr outlook pulls shares down

Wed, Feb 22 2012

- * Q4 adj loss/shr \$0.14 vs est loss/shr \$0.12
- * Q4 rev down about 40 pct at \$36.5 mln
- * Sees weak Q1 rev on seasonality, fall in rev from RIM
- * Shares fall 14 pct

By Monika Shinghal

Feb 22 (Reuters) - Chipmaker Anadigics Inc, struggling to recover from the loss of business to its one-time top customer Research In Motion, forecast weak first-quarter revenue, sending its shares down 14 percent.

Anadigics expects the first quarter to reflect seasonal softness and the revenue decline from products sold to Research in Motion, Chief Financial Officer Terry Gallagher said in a statement.

The company, which provides chips for broadband wireless and wireline communication markets and is valued at about \$200 million, does not count RIM as a top customer in 2012.

"We're kind of seeing the last of the tail, let's call it," Gallagher said in a post-earnings conference call.

Charter Equity Research analyst Edward Snyder told Reuters: "They have a tough year ahead, particularly the first half. They are continuing to lose traction in sales, which is not good given their size."

Snyder, however, sees some improvement in the second half, when revenue from new products would start flowing in and cost cuts start yielding results.

Anadigics has started ramping up production in support of design wins at Samsung Electronics, ZTE Corp, Huawei Technologies Co Ltd and LG Electronics, and these are set to drive 2012 revenue, Chief Executive Ron Michels said in the call.

In addition, the company has secured a number of new design wins including ZTE's next generation Blade and Samsung's Galaxy S2 4G smartphones, he said.

Anadigics, which competes with RF Micro Devices, Skyworks Solutions Inc and Triquint Semiconductor, aims to reduce costs by \$1 million in fiscal 2012, especially selling, general and administrative (SG&A) expenses.

SG&A jumped 58 percent to \$11 million in the fourth quarter.

The results of some of the cost-saving actions should be evident by the second quarter, CFO Gallagher said.

The company could cut more jobs to save costs, D.A. Davidson & Co analyst Aalok Shah said. It had cut 10 percent jobs last May when RIM shifted orders to its rivals.

Shares of the company fell to a two-month low of \$2.54 in early trade, but recouped most of the losses and were down 6 percent at \$2.79 in afternoon trade on Wednesday on the Nasdaq.

Shah attributed the share fall to weak first-quarter outlook, which was not expected, and lower-than-expected fourth-quarter results.

The stock has lost nearly 50 percent of its value in the last 52 weeks, excluding Wednesday's fall.

The company has missed Wall Street estimates since the BlackBerry maker shifted orders to its rivals last year.

For the fourth quarter, Anadigics posted a loss of 14 cents per share, excluding items. Net revenue fell about 40 percent to \$36.5 million.

Analysts had expected a loss of 12 cents per share, excluding items, on revenue of \$37.6 million, according to Thomson Reuters I/B/E/S.

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