

# Intel to report 2Q numbers

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(AP) -- Intel Corp. is scheduled to report its second-quarter earnings after the market closes Tuesday. Below is a summary of analyst opinion and key developments related to the period.

**OVERVIEW:** Intel's been bullish that the personal computer industry is recovering from its worst stretch in six years, but the company's prediction last quarter that things have "bottomed out" has been met with skepticism.

The Santa Clara, Calif.-based company's latest quarterly numbers will help illuminate the direction of the PC market, and by extension the market for Intel's microprocessors, the electronic brains of those machines. The recession has hit the industry hard, and experts are mixed on how it is holding up, despite Intel's optimism.

It is clear the industry is still hurting. The question is: are things getting better?

The latest forecast from the Semiconductor Industry Association, released in June, predicts a 21 percent decline in worldwide chip sales to \$195.6 billion this year. The industry trade group thinks sales will start to rebound in 2010.

Meanwhile, earlier this month market research firm iSuppli Corp. cut its forecast for global [semiconductor sales](#) this year, attributing the change to the fact there's "little visibility into future demand trends" and warning that "conditions appear to be worse than previously expected in

2009."

Intel is making aggressive moves to expand beyond the PC market, including a couple of major deals in the past few months that demonstrate how badly the world's biggest PC microprocessor maker wants to get into another market entirely: the market for chips for smartphones and other small, Internet-connected devices.

Last month Intel announced that it was biting off its biggest acquisition in nearly a decade with an \$884 million deal for Wind River Systems Inc., whose software is used in products ranging from NASA rovers to TV set-top boxes and mobile devices.

Intel also announced an expanded partnership with cell phone maker Nokia Corp. that should lead to Nokia using Intel chips inside phones it builds in the future. The companies were tightlipped on details about products that could result from the partnership.

Intel continues to fight a lengthy legal battle with smaller rival Advanced Micro Devices Inc., a fight that resulted in a record \$1.45 billion fine from the European Union in May for Intel's alleged anticompetitive behavior. The EU accuses Intel of illegally using its market heft to freeze AMD out of certain stores and accounts with PC makers, a charge Intel denies.

Intel says its sales tactics are legal and is appealing the case.

**BY THE NUMBERS:** Analysts surveyed by Thomson Reuters expect Intel to earn 7 cents per share, down from 28 cents a share a year ago. They also forecast sales of \$7.27 billion, a 23 percent decline from \$9.5 billion a year ago.

**ANALYST TAKE:** Citing the "fog lifting," Thomas Weisel Partners

analyst Kevin Cassidy recently raised his estimates for Intel's numbers, saying that his checks with Taiwanese laptop makers found they had shipped more computers than they had expected in the latest quarter, a good sign for [Intel](#) because it means they're buying more chips.

"While management in May indicated the June quarter was tracking ahead of expectations, we are increasingly confident the company may outperform its guidance based on favorable business dynamics playing out," he wrote in a note to clients.

**STOCK PERFORMANCE:** Intel's stock has seesawed the past few months. It ended March at \$15.03, topped \$17 earlier this month, and ended last week at \$16.04 per share.

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