

Qualcomm 3Q profit rises 4 percent, revenue down

July 21 2010, By ELLIOT SPAGAT , AP Business Writer

(AP) -- Qualcomm Inc. said Wednesday that its fiscal third-quarter profit rose 4 percent and revenues fell less than analysts expected, allaying concerns among investors that the developer of wireless chips and technologies was failing to capitalize on consumers' appetites for smart phones.

Qualcomm earned \$767 million, or 47 cents a share, during the three-month period ending June 27, compared to a profit of \$737 million, or 44 cents a share, during the same period last year. The latest result includes a loss of 7 cents a share from share-based compensation and 3 cents a share from tax items.

Excluding those charges, [Qualcomm](#) earned 57 cents a share, 3 cents higher than estimated by analysts polled by Thomson Reuters.

Revenue slipped 2 percent to \$2.71 billion from \$2.75 billion, but it was higher than the \$2.63 billion that analysts expected.

The San Diego-based company disappointed investors the previous two quarters as prices for phones fell sharply and cut into royalty payments. Qualcomm sells chips to phone makers and collects licensing fees from companies that use its patented technologies.

Bill Kreher, an analyst at Edward Jones, said the results show that Qualcomm is in well-positioned to benefit from the spread of the high-end phones.

"The shipments were stronger than we anticipated and the average selling price held up better than some had feared," he said.

Qualcomm said that it shipped 103 million chipsets during the quarter, up 10 percent from last year.

The company estimated that its licensees shipped between 134 million and 138 million devices at an average price between \$183 and \$189. Bill Keitel, Qualcomm's [chief financial officer](#), said the price rose from the previous three-month period due to spread of high-end phones.

Qualcomm raised its 2010 revenue estimate by \$300 million to between \$10.7 and \$11 billion,

The results were released after markets closed. Qualcomm shares fell 59 cents, or 1.6 percent, to \$36.16 during regular trading, but rose \$1.52 after hours. The shares have fallen about 25 percent since January.

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