

Qualcomm 1Q earnings surge nearly 40 percent

January 26 2011, By ELLIOT SPAGAT , AP Business Writer

(AP) -- Qualcomm Inc. said Wednesday that earnings in the latest quarter surged 39 percent, driven by a growing worldwide embrace of smart phones and a shift to high-speed data networks.

The designer and maker of wireless chips sharply raised its income and revenue estimates for 2011. It provided current-quarter estimates that exceeded Wall Street's expectations.

Paul Jacobs, Qualcomm's chairman and chief executive, credited "unabated demand for wireless data" across a growing number of regions and highlighted China and India.

"We just completed the best quarter in the history of Qualcomm, driven by strong demand and excellent execution," he told analysts on a conference call.

Jacobs welcomed Verizon Wireless' launch of Apple Inc.'s iPhone, but he didn't say whether Qualcomm was providing chips for the device.

Qualcomm earned \$1.17 billion, or 71 cents a share, during the fiscal first quarter, which ended Dec. 27. That compares with income of \$841 million, or 50 cents a share, a year earlier.

Excluding adjustments for taxes, strategic investments and share-based compensation, the San Diego-based company earned 82 cents a share in the latest period, 10 cents higher than estimated by analysts polled by

FactSet.

Revenue grew 25 percent to \$3.35 billion from \$2.67 billion, beating analyst expectations of \$3.2 billion.

"It was just an all-around great quarter," said Bill Kreher, an analyst at Edward Jones. "They are really in the sweet spot in the shift toward smart phones and tablets."

Qualcomm makes chips for phones and wireless devices and reaps licensing fees for devices based on its code division multiple access, or CDMA, technology. It estimated CDMA devices sold for an average of \$204 in its July-September quarter. Although the indicator lags the other results by a quarter, it is closely watched and shows its licensing business is performing well.

In the current quarter, Qualcomm said it expected earnings of 77 cents to 81 cents per share, compared with analyst expectations of 68 cents. It estimated revenue will be \$3.45 billion to \$3.75 billion, compared with analyst estimates of \$3.14 billion.

Qualcomm raised its fiscal 2011 income estimate by 28 cents a share; it's now \$2.91 to \$3.05. It increased its revenue estimate by \$1.2 billion; it now projects \$13.6 billion to \$14.2 billion.

Bill Keitel, chief financial officer, said the company anticipates higher chip sales and gains in its licensing business, driven partly by resolution of a dispute with an unnamed customer.

The estimates do not include the potential impact of Qualcomm's acquisition of chip maker Atheros Communications Inc. for \$3.2 billion, a deal that is expected to close by the end of June.

The results were released after markets closed. In regular trading, Qualcomm shares rose 34 cents, or 0.7 percent, to close at \$51.86. They added \$3.04, or 5.9 percent, to \$54.90 in after-hours trading.

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