



Technology firms look to orders

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Fourth quarter will be 'healthy'

Staff and wire reports

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Intel Corp. said Tuesday that fourth-quarter sales will grow more slowly than normal and blamed a stronger-than-usual third quarter, not weakening sales or increased competition, for the cautious forecast.

Motorola Inc., meanwhile, said it expects sales to continue their hot pace and rise to a record \$10.3 billion to \$10.5 billion in the fourth quarter.

The two companies are among the Valley's largest high-tech employers. Intel, the world's largest maker of computer chips, has 10,100 employees in Chandler. Motorola, a cellphone and communications giant, has 1,600 at operations in Tempe and Chandler.

Intel Chief Financial Officer Andy Bryant told analysts that the company expects revenue of between \$10.2 billion and \$10.8 billion in the fourth quarter. That would be about 5 percent higher than the \$9.96 billion it reported for the quarter that ended Oct. 1, but lower than the 8 percent typical for year-end.

"Demand looks healthy and seasonal," Bryant said, but added that some customers had built up inventories in the third quarter to protect themselves against tight supplies that have plagued Intel much of this year.

Bryant and Chief Executive Officer Paul Otellini said the capacity issues should be resolved within months as upgraded factories come on line.

Intel's Fab 12 in Chandler is scheduled to resume production next month after an 18-month, \$2 billion upgrade.

Bryant's view was reinforced Tuesday by a positive forecast from Semico Research Corp. The Phoenix firm said its Inflection Point Indicator hit a record high in August, suggesting an upward trend in the industry from February through May.

For the third quarter, Intel said strong demand for notebook computers helped boost profits by 5 percent.

But the company missed analyst expectations by a cent. It earned \$2 billion, or 32 cents per share, compared with \$1.91 billion, or 30 cents a share, a year ago.

Intel said the results included an increase in taxes of about \$250 million and the payment of \$300 million to MicroUnity Inc. to settle a patent-infringement case.

Analysts were expecting the chipmaker to earn 33 cents per share on sales of \$9.92 billion, according to a survey by Thomson Financial.

Shares of Intel slid more than 3 percent in after-hours trading, falling 73 cents to \$22.99. They had gained 26 cents during the regular Nasdaq session.

Motorola, the world's No. 2 maker of mobile phones, said its third-quarter earnings more than tripled on record sales as it gained market share in the global cellphone market.

Motorola said net earnings for the July-through-September period were \$1.75 billion, or 69 cents per share, compared with \$479 million, or 18 cents per share, a year earlier, not counting the semiconductor unit it had spun off.

Results included gains of 32 cents per share from Motorola's Nextel stock and related hedge adjustments and 13 cents from tax benefits, along with charges totaling 6 cents per share for debt retirement costs and a reorganization of its business units.

Excluding those items, the Schaumburg, Ill.-based company had operating earnings of 30 cents per share - 2 cents better than the consensus estimate of analysts surveyed by Thomson Financial.

Revenue climbed 26 percent to a record \$9.42 billion from \$7.5 billion in the third quarter of 2004, also excluding the results of its divested unit, Freescale Semiconductor Inc.

Motorola said sales jumped 41 percent in the cellphone unit, its biggest, as it increased market share to 19 percent - up 5.5 percent from a year earlier and about 1 percent from the second quarter of 2005.

Motorola shares closed up 23 cents at \$20.17 on the New York Stock Exchange before the report was released and jumped 2.4 percent higher in after-hours activity.