TriQuint Semi Guides Lower

Bill Snyder

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Citing an unexpected drop in wireless-related sales, **TriQuint Semiconductor** (TQNT) said Tuesday it won't reach its third-quarter fiscal targets.

Investors pounced on the after-hours announcement, pushing the stock down 22 cents, or 6%, to $3.43; in regular trading TriQuint shed 2 cents to close at $3.65.

The chipmaker now expects revenue of $88 million to $90 million for the third quarter, with a gross margin between 27% and 29% and a loss of 3 cents to 4 cents a share. In July, the company said it expected revenue of $92 million to $94 million in the quarter, with gross margins of 29% to 32%. At the time, it expected earnings per share to range from break-even to a loss of a penny.

The company also lowered full-year guidance.

In a call after the announcement, CEO Ralph Quinsey mentioned slowdowns in orders for chips that will go into handsets and wireless networks. He said the downturn is likely to be short term.

But Edward Snyder, who follows TriQuint for Charter Equity Research, said the slowdown in wireless networking could take longer to resolve than the company indicated. (Charter is a research house that does not have a banking business.)

The slowdown in handsets involved both GSM (a technology popular in Europe) and CDMA (a new technology that promises higher speeds) phones, Quinsey said.

Qualcomm (QCOM) controls the technology for CDMA, the cell-phone industry's fastest-growing standard. "This can't be good for **Qualcomm** (QUAL)," wrote Gary Dvorchak, a managing partner of Channel Island Partners, a hedge fund based in Los Angeles, in a posting on Street Insight.

Quinsey said that "while a few customers in the wireless phone market are adjusting inventories on specific programs, we believe that the long-term end market demand for our products is excellent." He said that TriQuint's sales to customers making base stations are still within expectations, but not quite as robust as they had been previously.

Moreover, he said the company is not planning any changes in capital expenditures, a sign that the downturn is -- in the company's opinion, at least -- not serious.

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