

RF Micro Devices Under the Microscope

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RF Micro Devices (RFMD) guides in line, but some fans wanted more.

The Greensboro, N.C., wireless chipmaker reiterated its sales outlook for the fiscal third quarter ending Dec. 31, calling for about \$272 million in revenue, or about 10% sequential growth. The sales guidance, which was part of an analyst-day presentation in New York Friday, is directly in line with Street expectations.

With RF Micro's strength at selling key parts to the mobile phone titans **Nokia (NOK)** and **Motorola (MOT)**, investors have built high hopes and analysts have long-range projections to make.

In an interview after the show, CEO Bob Bruggeworth said he got asked three different ways about the same topic: RF Micro's business outlook. But "we only give guidance one quarter out, and a lot of analysts like to plug in their numbers to go further out," Bruggeworth said.

Without much to chew on, investors sent the stock down slightly Friday. Still, some bulls came away very optimistic.

Charter Equity Research analyst Ed Snyder says he expects sales of RF Micro's EDGE chip to double next year as both Nokia and Motorola load the chips into more phones.

Snyder says the ramp-up of this business hasn't yet been figured into the earnings estimates for next year. "Consensus earnings per share of 48 cents does not reflect" the new chip sales to Nokia, says Snyder, who has a 60-cent target for fiscal 2008. Snyder has a strong buy rating on the stock.

Snyder also says that RF Micro will likely have a chip in the upcoming, highly anticipated **Apple (AAPL)** iPod phone. Bruggeworth was mum on the topic.

RF Micro shares were down a nickel to \$7.55 Friday.

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