

UPDATE 3-Qualcomm outlook off but shares up after Samsung deal

Q4 Rev \$2.69 bln vs Wall St view \$2.72 bln

- * Sees FY rev \$10.5bln-\$11.3bln vs Wall St view \$11.6 bln
- * Extends deal with Samsung
- * Samsung will make \$1.3 bln downpayment
- * Shares rise in after-hours trading (Adds executive comments, share price)

NEW YORK, Nov 4 (Reuters) - Wireless chip supplier Qualcomm Inc ([QCOM.O](#)) on Wednesday forecast weaker than expected full-year results, but its extension of a key deal with Korea's Samsung Electronics ([005930.KS](#)) helped offset the disappointment for some investors.

Qualcomm forecast full-year revenue of \$10.5 billion to \$11.3 billion, below Wall Street expectations for revenue of \$11.61 billion, according to Thomson Reuters I/B/E/S.

The company said it expected earnings of \$2.10 to \$2.30 per share in the full year of 2010, below the \$2.32 expected by analysts on average.

While the results were disappointing, analysts said that given the shares had fallen 9 percent since late September, a lot of softness had already been priced in.

One analyst said a weaker-than-expected profit outlook could mean that Samsung ([005930.KS](#)), one of Qualcomm's biggest customers, managed to negotiate a cheaper technology licensing rate.

"It's good news they've extended, but I'm fairly confident the terms aren't that favorable to Qualcomm," Charter Equity Research analyst Ed Snyder said.

"The guidance for this quarter was light and the full-year guidance is a bit discouraging, light on revenue and significantly light on earnings," he added.

Samsung said in a separate statement that it would make a \$1.3 billion down-payment to Qualcomm under the new agreement but Qualcomm would not disclose the phone maker's ongoing royalty rates. [ID:nSEL002738]

Company executives told analysts on a conference call that the company was happy with the value it is getting from the new Samsung agreement which includes current wireless technology standards as well as next-generation technologies.

Chief Financial Officer Bill Keitel said he expects consumers to upgrade their cellphones at a slower rate in 2010 than in 2009 and noted that the market was taking time to recover after the global economic recession.

"What we're seeing is a slower rebound than what we've seen in prior recessions," Keitel said.

Qualcomm's net profit fell to \$803 million, or 48 cents per share in the fiscal fourth quarter ended Sept. 27, from \$878 million, or 52 cents per share in the year-ago quarter.

Analysts on average had expected earnings of 52 cents per share, according to Thomson Reuters I/B/E/S.

Revenue fell to \$2.69 billion in the fourth quarter from \$3.34 billion a year ago, when it reported a \$560 million payment from Nokia ([NOK1V.HE](#)) from a legal settlement. Wall Street had expected revenue of \$2.72 billion,

Qualcomm's shares, which have fallen more than 9 percent since late September on concerns about its outlook, closed at \$41.60 on Nasdaq down 1.47 percent. The shares rose to \$42.30 in after-hours trading. (Reporting by [Sinead Carew](#); editing by Carol Bishopric)