

INSTANT VIEW: Intel smashes expectations, sees strong Q3

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LOS ANGELES/SAN FRANCISCO (Reuters) - Intel Corp's ([INTC.O](#)) quarterly results smashed Wall Street expectations on Tuesday, and the chip maker offered a forecast for current-quarter revenue that also topped analysts' estimates.

COMMENTARY:

STEVE NEIMETH, PORTFOLIO MANAGER, SUNAMERICA MUTUAL FUND

"It seems like very good news. Revenues are much better than expected, which was a surprise to many investors due to the Dell numbers, which spooked investors. In addition, gross margins looked better than expected, which will likely result in the stock being up tomorrow.

"This bodes well for the sector, which many believe looks inexpensive. It bodes well for many of the large-cap tech companies like IBM, Microsoft and Cisco, which have correlation due to similarities in their end market.

"Many investors will be focused on their gross margins and how they were able to come in at such strong levels. Was it driven by a change in depreciation levels, or a positive mix of sales? If the latter, it will be extreme positive for stocks tomorrow."

UNNI NARAYANAN, CEO OF PRIMARY GLOBAL RESEARCH

"We felt things were going to be better than expected. I did not expect it to be this much better.

"The fundamentals of the company around the three vectors -- server, desktop, and ultimately netbooks -- look solid, with a big rebound happening -- we forecast -- close to mid-2010.

"Clearly on the enterprise cycles as well as the consumer cycles, we're seeing an uptick and it's happening probably faster than most of us expected."

VIJAY RAKESH, ANALYST, THINKEQUITY

"The numbers were very good and the guidance was very strong. Overall, it was very good guidance, indicating the PC market has improved and they have a clear expectation of a seasonally strong second half. It paves the way for tech in general."

CODY ACREE, ANALYST, STIFEL NICOLAUS

"It looks like a very solid number. Revenue was ahead of expectations. The lower inventories and higher gross margins are driving earnings per share above even the high end of expectations.

"It looks like a solid number across the board."

ASHOK KUMAR, ANALYST, COLLINS STEWART

"Basically, very strong numbers for the quarter and guidance is in line with seasonal trends. It's an extremely strong number given the macro economic backdrop.

"Despite those headwinds, the company delivered significant upside to both guidance as well as expectations. The big unknown is whether it's anything more than inventory replenishment."

ROBERT BURLESON, ANALYST, CANACCORD ADAMS

"Strong numbers. Healthy guidance, ahead of consensus. A key to part of this is the gross margin of 53 percent, well above what people were thinking, which was the high 40s.

"Demand questions will linger but we probably won't have an answer till late in Q3 with feedback from back-to-school. But I do know that the production of notebooks in Q3 will have a healthier mix, more weighted to traditional notebooks and less netbooks.

"All in all, it shows that the recovery continues in terms of factories filling up, profitability getting better and earnings estimates going up for this year and next year."

Burleson has a buy rating on the stock.

DOUG FREEDMAN, ANALYST, BROADPOINT AMTECH

"Revenue was much stronger than we expected. And gross margin forward guidance is also in line to slightly better than we had expected. Across the board, it looks like a very solid result.

"Intel has a much stronger seasonal second half. So the fact that Q2 is better than Q1 clearly puts the worst behind Intel.

Freedman has a "buy" recommendation and a \$19 price target on the shares.

PATRICK WANG, ANALYST, WEDBUSH MORGAN

"Initial take is good and good. If you take a look, they blew out second quarter revenues, they beat by about \$500 million and the most positive is the third quarter guidance.

"They guided for \$8.5 billion and the whisper was \$8 billion. Intel guided for conservative seasonality, which is fair given the current economic environment.

"They guided gross margins for the third quarter of 53 percent and the whisper was 50 percent to 51 percent. A nice way to kick off earnings season for tech companies."

(Reporting by Sue Zeidler and Laura Isensee in Los Angeles, Ritsuko Ando, Richard Chang and Edward Krudy in New York; Compiled by Edwin Chan)

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