

RIM 1Q profit tops view, shares wobble on outlook

June 19 2009, By ROB GILLIES , Associated Press Writer



FILE - In this Feb. 18, 2009 file photo, a customer samples a Sprint Nextel BlackBerry Curve at a Sprint Nextel store in San Jose, Calif. BlackBerry maker Research in Motion Ltd. on Thursday, June 18, 2009, exceeded first-quarter expectations when it reported a 33 percent rise in profit but disappointed investors with its guidance. (AP Photo/Paul Sakuma, file)

(AP) -- BlackBerry maker Research in Motion Ltd. on Thursday reported a better-than-expected 33 percent jump in first-quarter profit as the company continues to boost market share among non-corporate customers.

RIM's second-quarter outlook, however, sent shares tumbling almost 7 percent in aftermarket activity, but the stock regained most of its losses during the company's conference call as executives assuaged analysts' concerns.

The Waterloo, Ontario-based company earned \$643 million, or \$1.12 per share, in the quarter that ended May 30. That's up from \$482.5 million, or 84 cents, in the year-ago period.

Excluding a \$175.1 million tax benefit and other one-time items, RIM earned \$564.4 million, or 98 cents per share, in the latest period - easily beating the average 94-cent estimate of analysts polled by Thomson Reuters.

Revenue rose 53 percent to \$3.42 billion. RIM added 3.8 million net subscribers during the quarter - a bit less than the 3.9 million subscribers who joined up during the fiscal fourth quarter holiday season - bringing total accounts to 28.5 million.

Co-CEO Jim Balsillie said RIM's market share of the U.S. smart phone market has grown to 55 percent from 40 percent in the past two quarters. Balsillie said the BlackBerry Curve is the No. 1 selling smart phone in North America. RIM's competition includes Apple's new [iPhone](#) and \$99 version, the new Palm Pre and the [Google](#) Android.

Eighty percent of new BlackBerry subscribers are non-corporate consumers, he said. The Canadian company has been targeting the consumer market after enjoying success in the corporate market for years.

In the second quarter, RIM forecast earnings of 94 cents to \$1.03 per share on revenue of \$3.45 billion to \$3.7 billion. Analysts expected profit of 97 cents per share and \$3.61 billion in revenue. RIM also said it

expects to sell between 8.1 million and 8.7 million new units, compared with the range of 8.5 million to 8.9 million that some analysts expected.

That outlook drove the company's shares down more than 6 percent in aftermarket trading immediately after the earnings report was released, but the stock came back to trade down just 21 cents from the stock's \$76.55 close. RIM's stock has more than doubled since bottoming at \$35.05 in March.

Peter Misek, an analyst with Canaccord Adams, said the stock rallied after it became clear on the conference call that the guidance was a little better than initially thought.

"The average selling price wasn't discussed in the release and that's why the stock ripped after it," Misek said. "The guidance is a little better than initially thought from the report, but still others thought the numbers would be higher, so it's going to be a volatile name."

Genuity Capital Markets analyst Deepak Chopra also said the stock declined initially on higher expectations.

"They continue to do phenomenally well. There was obviously increased expectations. There was chatter that the numbers could even be bigger," Chopra said.

Balsillie said the summer season can mean slower sales, but believes the release of new devices and the public's growing adoption of smart phones will cause a surge in sales.

"The lineup for the next 14, 15 months is spectacular," Balsillie said. "We've got sector winds at our sails."

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