

Dell: PC demand stable stabilizing

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(AP) -- PC maker Dell Inc. said Monday it expects its fiscal second-quarter revenue to be slightly higher than in the first quarter, when sales plunged 23 percent to \$12.3 billion.

Dell's second quarter ends July 31. In a statement, the Round Rock-based company also said demand for its computers, servers and other technology "appears to have stabilized."

Its revenue in last year's fiscal second quarter totaled \$16.4 billion. A decline similar to what Dell saw in its first quarter would result in current-quarter sales of about \$12.8 billion.

Wall Street already expects Dell to top first-quarter revenue, though just barely. Analysts polled by Thomson Reuters predict Dell will report \$12.5 billion in sales for the second quarter.

Dell, the No. 2 PC maker in the world behind Hewlett-Packard Co., didn't go so far as to declare the end of the computer-industry slump, and said demand still varies significantly by product and region.

It also cautioned that quarterly gross margins will fall below first-quarter levels due to higher component costs, pressure to set prices low to keep up with competitors, and the recession-fueled popularity of inexpensive and less profitable computers.

The PC maker issued the statement on the eve of its annual meeting with Wall Street analysts. During Tuesday's executive briefings, analysts will

be looking for signs of upcoming acquisitions, among other things. Dell's chief financial officer, Brian Gladden, said in Monday's statement that Dell is "investing to expand on existing capabilities and extend into new areas."

Dell's shares lost 20 cents to close at \$13.02, then fell 50 cents, or 3.8 percent, to \$12.52 after hours.

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