

Cisco earnings fall 46 pct but beat expectations

August 5 2009, By PETER SVENSSON , AP Technology Writer



FILE - In this May 5, 2008 file photo, a Cisco sign is shown at Cisco Systems Inc. headquarters in San Jose, Calif. Cisco Systems reports fourth-quarter earnings after the market close, Wednesday, Aug. 5, 2009. (AP Photo/Paul Sakuma, file)

(AP) -- Cisco Systems Inc. said earnings fell 46 percent in its latest quarter, but the profit beat Wall Street expectations, and the company said the quarter may have been the bottom of the recession-related downturn.

"We saw a number of positive signs this quarter in the economy and in our business," [CEO](#) John Chambers said in a statement. He added that if trends keep improving, there's a good chance the latest quarter was a "tipping point."

He expects a slight increase in [revenue](#) in the current quarter compared with the just-ended one.

As the world's largest maker of [computer networking](#) gear, Cisco has seen sales hit hard as clients delayed investments and capital improvements. However, good [profit margins](#) and a large pile of cash have helped the company ride out the [downturn](#).

The San Jose, Calif.-based company posted a profit of \$1.1 billion, or 19 cents per share, for the fiscal fourth quarter, which ended July 25. That was down from \$2 billion, or 33 cents per share, in the same quarter last year.

Sales fell 18 percent to \$8.5 billion.

Excluding the cost of stock-based compensation and other items, Cisco's earnings were 31 cents per share. Analysts polled by Thomson Reuters were expecting earnings of 29 cents per share on \$8.5 billion in revenue.

For the current quarter, Chambers said he expects a revenue drop of 15 percent to 17 percent from a year ago, implying revenue of \$8.55 billion to \$8.76 billion. Analysts had been forecasting \$8.59 billion in revenue.

Cisco shares fell 20 cents to \$21.95 after Chambers announced his forecast, after initially rising on the results. In regular trading before the results were announced, shares closed down 29 cents, or 1.3 percent, at \$22.15.

Chambers said the company is finished with a belt-tightening program that has led to [layoffs](#) of just above 2,000 employees in the last two quarters, slightly more than the company had advertised. The company is now fully focused on growth, he said.

For the full year, Cisco earned \$6.1 billion on \$36.1 billion in sales, compared to \$8.1 billion on sales of \$39.5 billion in the previous fiscal year.

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