

AMD posts a profit, thanks to \$1.25B Intel payment

January 21 2010, By JORDAN ROBERTSON , AP Technology Writer



In this Oct. 14, 2009 file photo, an Advance Micro Devices (AMD) logo is shown on a computer at Best Buy in Mountain View, Calif. AMD reports fourth-quarter financial results after the market close Thursday, Jan. 21, 2010. (AP Photo/Paul Sakuma, File)

(AP) -- Advanced Micro Devices Inc. posted its first quarterly profit in three years because it got \$1.25 billion in a legal settlement with its archrival.

The world's No. 2 maker of computer microprocessors said Thursday it would have lost money were it not for the payment it received from [Intel Corp.](#) to squash a long-running antitrust battle.

AMD also appeared to benefit from a lift in the overall [computer market](#)

. Revenue was up 42 percent over last year, and unit sales of microprocessors and graphics chips grew, even though prices fell.

These results add to the evidence that spending on technology appears to be increasing again.

Intel, which kicked off the tech earnings season last week, reported better sales in all its major product categories and the highest gross profit margin in the company's history. This week IBM Corp. raised its profit forecast for 2010 and reported better sales of the types of computer servers that use AMD and Intel chips. And on Thursday, Gartner Inc. predicted that worldwide spending on information technology in 2010 would improve at a faster rate than expected.

AMD said after the market closed Thursday that it made \$1.2 billion, or \$1.52 per share, in the period ended Dec. 26. In the same period last year, it lost \$1.4 billion, or \$2.36 per share.

Excluding the settlement and other items, AMD lost \$57 million, or 8 cents per share. Analysts polled by Thomson Reuters were expecting a loss of 18 cents per share, excluding items.

AMD's revenue was \$1.6 billion, a 42 percent improvement over the year-ago period. Analysts were expecting \$1.5 billion.

For the full year, AMD's net income was \$304 million and revenue was \$5.4 billion. In 2008, AMD had a net loss of \$3.1 billion and revenue of \$5.8 billion.

The \$1.25 billion payment that AMD collected from Intel in the latest period settled an [antitrust lawsuit](#) that AMD filed against Intel in 2005 and was set to go to trial in March.

However, the deal didn't end other cases that AMD had encouraged. For years AMD has been complaining to antitrust regulators around the world about Intel's sales tactics, which AMD argues are illegal. As a result of those complaints, Intel was slapped with a record \$1.45 billion fine in the European Union, an antitrust lawsuit by the U.S. Federal Trade Commission, and separate cases in South Korea and New York state. Intel denies the allegations and is fighting those cases.

AMD's biggest gambit to shore up its finances has been the spinoff of its factories into a separate company.

The deal, which involves a partnership with the Persian Gulf state of Abu Dhabi, frees AMD from the huge expense of making chips. Semiconductor factories require multi-billion-dollar upgrades every few years.

AMD has still been reporting the spinoff's results with its own, which has dragged down the company's overall numbers. AMD said it will stop that practice in the first quarter.

AMD said it expects revenue to be "down seasonally" in the first quarter. Analysts were expecting \$1.4 billion in revenue.

AMD shares fell 29 cents, or 3.2 percent, to \$8.73 in extended trading after the results were reported. During the regular trading session they closed up 12 cents, or 1.4 percent, at \$8.99.

The stock has more than quadrupled over the past year.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: AMD posts a profit, thanks to \$1.25B Intel payment (2010, January 21) retrieved 20

March 2024 from <https://phys.org/news/2010-01-amd-profit-125b-intel-payment.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.