

Adobe posts lower 1Q profit, exceeds expectations

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In this Dec. 15, 2009 file photo, Adobe Systems Inc. headquarters in San Jose, Calif., is seen. Adobe Systems, Inc. will report quarterly earnings after the market close Tuesday, March 23, 2010. (AP Photo/Paul Sakuma)

(AP) -- Adobe Systems Inc. said Tuesday that fiscal first-quarter earnings declined on higher expenses, but sales climbed as demand for its design and publishing software improved with the economy.

The results surpassed Wall Street's expectations, and Adobe also gave a strong forecast for the current quarter. Its shares rose in after-hours trading.

Adobe earned \$127.2 million, or 24 cents per share, in the three months that ended March 5. That is down 19 percent from a year earlier.

Excluding items such as stock compensation costs, Adobe earned 40 cents per share in the latest quarter, above the 37 cents that analysts polled by Thomson Reuters were expecting.

Revenue rose 9 percent to \$858.7 million, also surpassing analysts' expectations.

"Stability in our creative business, combined with strength in our Acrobat and Omniture solutions, helped drive strong [financial performance](#)" in the first quarter, Shantanu Narayen, president and CEO, said in a statement.

San Jose, Calif.-based Adobe bought the Web analytics software company Omniture last fall in a \$1.8 billion deal.

For the current quarter, Adobe is forecasting a profit of 23 cents to 30 cents per share. Excluding items, the company expects to earn 39 cents to 44 cents per share, compared with analysts' expectations of 41 cents per share.

The company forecast revenue of \$875 million to \$925 million, above Wall Street's predictions of \$858.6 million.

The bulk of Adobe's revenue comes from Creative Suite, its flagship [software package](#) targeting professional designers and developers. The company launched the most recent version, Creative Suite 4, in the fall of 2008, just as the [financial crisis](#) hit.

This squeezed sales of the product, but analysts widely expect the next version to do better, boosted by pent-up demand from businesses that

may not have upgraded to CS4.

Adobe has not said when it plans to launch Creative Suite 5, but analysts expect it to do so in the first half of the year.

In extended trading Tuesday after the results were announced, Adobe shares gained \$1.57, or 4.5 percent, to \$36.79. Earlier, it closed up 27 cents at \$35.22.

(This version CORRECTS revenue percentage increase.)

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