

# Cisco extends recovery, net income up 63 pct in 3Q

May 12 2010, By PETER SVENSSON , AP Technology Writer

---



In this Feb. 3, 2009 file photo, a Cisco Systems sign is shown at Cisco Systems headquarters in San Jose, Calif. Cisco Systems Inc. releases quarterly financial results Wednesday, May 12, 2010, after the market close. (AP Photo/Paul Sakuma, file)

(AP) -- Cisco said Wednesday that its net income for the latest quarter rose 63 percent from last year, as the economic recovery gave customers the confidence to spend on big-ticket networking gear.

"We witnessed a return to strong balanced growth across geographies, products and customer segments that we haven't seen since before the global economic challenges began," CEO John Chamber said in a statement.

Cisco Systems Inc. said it earned \$2.2 billion, or 37 cents per share, in the fiscal third quarter that ended May 1. That's up from \$1.3 billion, or 23 cents per share, a year ago.

Excluding one-time charges and the cost of stock-based compensation, the world's biggest maker of computer networking equipment earned 42 cents per share.

Analysts polled by Thomson Reuters expected 39 cents per share. Cisco routinely exceeds those estimates.

Revenue rose 27 percent to \$10.4 billion, from \$8.2 billion. That topped Cisco's own forecast of \$10 billion to \$10.3 billion.

The San Jose, Calif., company's revenue has now recovered to the level of late 2008, when the economic downturn started in earnest. Cisco saw a steep drop in sales after that. The sharp revenue increase is a reflection of a bounce-back in spending, rather than sustainable growth from Cisco - its long-term target remains year-over-year growth of 12 percent to 17 percent. Also, this year's quarter was a week longer than last year's which added 4 percent to 5 percent to revenue.

Chambers said Cisco expects the recovery to continue at the same pace in the current quarter, with revenue up 25 percent to 28 percent from last year. That works out to a range between \$10.7 billion and \$10.9 billion, stretching above the average analyst estimate of \$10.7 billion.

Cisco shares fell 55 cents, or 2.1 percent, to \$26.19 in extended trading, after the release of the results.

Cisco's products are used around the world, and its quarters end a month after most companies, making it a bellwether for trends in capital spending by corporations and governments. Chambers told analysts on a conference call that he hadn't seen any drop-off in demand from Europe in the last few weeks, even as the continent has been hit by the Greek debt crisis.

Chambers said Cisco hired a net 1,000 people in the quarter, and he expects the pace of hiring to speed up. It laid off about 2,000 people last year. It has about 67,000 employees.

During the quarter, Cisco closed the \$3.4 billion acquisition of Tandberg ASA, a Norwegian supplier of teleconferencing equipment, but the closing happened too late to affect results substantially.

Chambers said the company's servers for data centers are selling well. The company entered that market last year, competing with Hewlett-Packard Co. and IBM Corp., who are partners in other fields. The customer base doubled last quarter, and the pace of sales is now at \$200 million a year, the CEO said.

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

Citation: Cisco extends recovery, net income up 63 pct in 3Q (2010, May 12) retrieved 25 April 2024 from <https://phys.org/news/2010-05-cisco-recovery-net-income-pct.html>

<p>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.</p>
--