

Rackspace 1Q profit rises

May 3 2010

(AP) -- Rackspace Hosting Inc. said Monday that its first-quarter profit rose as managed hosting revenue climbed.

For the quarter that ended March 31, Rackspace earned \$9.8 million, or 7 cents per share, compared with a [profit](#) of \$6.6 million, or 5 cents per share, in the year-ago quarter.

Analysts polled by Thomson Reuters expected a profit of 7 cents per share in the latest quarter.

Revenue rose 23 percent to \$178.8 million, coming in slightly above analyst estimates for \$177.7 million in revenue.

Rackspace said revenue from managed hosting, which is its largest segment, rose 19 percent to \$159.5 million, while revenue from remote-storage "cloud" computing rose 79 percent to \$19.3 million.

The company's total server count rose to 59,876 by the end of the quarter from 50,038 in the same quarter last year.

Rackspace shares fell 65 cents, or 3.4 percent, to \$18.50 in after-hours trading. The stock rose \$1.20, or 6.7 percent, to \$19.15 during regular trading.

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