

Motorola 2Q earnings climb, revenue stabilizes

July 29 2010, By PETER SVENSSON , AP Technology Writer



In this July 26, 2010 photo, a Motorola office address is displayed in Santa Clara, Calif. Motorola is reporting a sharply higher profit for the second quarter Thursday, July 29, that beats Wall Street expectations on revenue that was almost the same as a year ago, signaling the end of a long decline. (AP Photo/Paul Sakuma)

(AP) -- Motorola Inc. on Thursday reported a sharply higher profit for the second quarter and stabilized its long revenue decline as its strategy of focusing on smart phones like the Droid bore fruit.

Co-CEO Greg Brown said he expects the company to post a revenue increase for the third quarter, which would be the first such increase in three years.

[Motorola](#) shares fell 4 cents to \$7.64 in pre-market trading.

The Schaumburg, Ill., company reported net income of \$162 million, or 7 cents per share in the April-June quarter. That's up from \$26 million, or 1 cent per share, a year ago.

Excluding items, Motorola would have earned 9 cents per share. That exceeded the average estimate of analysts polled by Thomson Reuters by a penny a share.

Overall revenue fell 1.5 percent to \$5.4 billion from \$5.5 billion. Analysts expected \$5.2 billion.

Revenue in the cell phone unit was \$1.7 billion, up from \$1.6 billion in the first quarter. The total number of cell phones still fell, from 8.5 million to 8.3 million, but Motorola sold more of its pricey [smart phones](#) : 2.7 million, compared to 2.3 million in the first quarter.

The head of phone unit, Sanjay Jha, said he expects it to post its first revenue increase since 2006 in the third quarter. Motorola's phone sales have been sliding since then, when the Razr phone was at the height of its popularity.

The phone unit's turnaround plan hinges on latching on to the trend towards smarter phones, but Motorola is still playing catchup to Apple Inc., which sold 8.4 million iPhones in the quarter. Motorola's phone used [Google](#) Inc.'s [Android](#) software, which is emerging as the major competitor to Apple's system.

The cell phone unit posted a profit of \$87 million after years of losses, though that was partly due to a [legal settlement](#) of \$228 million.

Motorola is planning to spin off the cell phone unit as Motorola Mobility early next year, along with the unit that makes cable set-top boxes. The rest of the company, which makes police radios and bar code scanners,

will be called Motorola Solutions. Last week, Motorola agreed to sell its networks equipment business to Nokia Siemens Networks for \$1.2 billion. That deal is expected to close before the end of the year.

Motorola said it expects to earn 10 cents to 12 cents per share in the current quarter, excluding some items. Analysts have been expecting earnings of 10 cents per share.

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