

Dell 2Q net income rises 16 percent

August 19 2010, By JESSICA MINTZ , AP Technology Writer



In this file photograph taken Feb. 28, 2007, a Dell computer logo is shown in Dallas. Dell Inc. is expected to release quarterly earnings on Thursday, Aug. 19, 2010, after the market close. (AP Photo/LM Otero, file)

(AP) -- PC maker Dell Inc. said Thursday that its net income improved 16 percent in the most recent quarter, though a key measure called gross profit margin fell.

The majority of Dell's revenue comes from selling computers and other technologies to businesses, so its results offer a gauge of the economic recovery in the form of business spending on technology.

Companies spent more on servers, storage and computers for employees in the fiscal second quarter, which ended July 30, compared with the previous year.

Brian Gladden, Dell's chief financial officer, said in an interview that the "corporate refresh" of old technology is continuing.

That pushed earnings for the world's second-largest [computer maker](#) up to \$545 million, or 28 cents per share. It was \$472 million, or 24 cents a share, in the same period a year earlier.

Excluding certain items, Dell's [net income](#) was 32 cents per share, 2 cents better than Wall Street expected, according to a Thomson Reuters poll of analysts.

Revenue rose 22 percent to \$15.5 billion, from \$12.8 billion. That's more than the \$15.2 billion analysts predicted.

Dell's largest product categories - laptops and desktop PCs - saw revenue jump 17 percent and 22 percent, respectively. Those increases came from PCs sold to businesses.

[Dell](#) said revenue from the consumer PC division was flat from a year earlier. Gladden said demand for consumer PCs dropped off in the second half of the quarter.

Dell's gross profit margin - the percentage of revenue left after subtracting the cost of making products - fell to 16.6 percent from 18.7 percent a year ago. Prices remained high for some PC components, including memory and LCD screens, in the quarter.

Shares of the company fell 1 percent to \$11.92 in extended trading after the release of results Thursday. Earlier, it lost 15 cents, or 1.2 percent, to close regular trading at \$12.04.

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Citation: Dell 2Q net income rises 16 percent (2010, August 19) retrieved 24 May 2024 from <https://phys.org/news/2010-08-dell-2q-net-income-percent.html>

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