

Research in Motion posts 68 pct jump in 2Q profit

September 16 2010, By ROB GILLIES , Associated Press Writer



FILE - In this Feb. 18, 2010 file photo, a BlackBerry Storm2 smartphone is displayed at the Mobile World congress in Barcelona, Spain. BlackBerry maker Research In Motion reports quarterly financial results Thursday, Sept. 16, 2010, after the market close. (AP Photo/Manu Fernandez)

(AP) -- BlackBerry maker Research in Motion Ltd. believes it will successfully resolve disputes with India, the United Arab Emirates and other countries over data security and avert their threats to ban services, the company's co-CEO said Thursday.

Jim Balsillie's remarks came as the company said its second-quarter earnings jumped 68 percent as it added new BlackBerry subscribers and beat analysts expectations at a time many have started to write the company off.

Balsillie said the company is continuing discussions with governments and service providers, and "they believe we have made good progress in those discussions."

"I'm optimistic that a positive and constructive outcome can be achieved," he added during a conference call with analysts to discuss the latest financial results.

RIM shares increased 8 percent in extended trading, even before Balsillie spoke on the negotiations.

BlackBerry shipments climbed 45 percent to 12.1 million from a year ago. That comes amid concerns that RIM is losing ground to Apple Inc.'s iPhone and devices using Google Inc.'s Android software.

"International markets continue to be a strong driver of growth," Balsillie said.

He said about 52 percent of revenue came from outside the United States, and more than 45 percent of BlackBerry subscribers are outside North America.

The company said it made a profit of \$797 million, or \$1.46 per share, in the three months ended Aug. 28. That's up from \$476 million, or 83 cents per share, a year earlier.

Analysts surveyed by Thomson Reuters expected earnings of \$1.35 per share, on average.

Revenue rose 31 percent to \$4.62 billion, better than the \$4.47 billion expected by analysts.

For the quarter ending in November, the company projected earnings of

\$1.62 to \$1.70 per share on revenue of \$5.3 billion to \$5.55 billion. Analysts were looking for \$1.39 per share and revenue of \$4.83 billion.

Shares of RIM, which is based in Waterloo, Ontario, rose \$3.72, or 8 percent, to \$50.21 after the results came out.

In regular trading earlier, shares rose 97 cents, or 2.1 percent, to close at \$46.49 - still down more than 30 percent from the start of the year on the perception it is losing market share to the iPhone and Android phones.

There are far fewer third-party applications available for BlackBerrys, and because of a weak app store strategy, users have had trouble finding them. RIM has also been behind on adapting its software for touch screens.

Worries that countries such as India and the United Arab Emirates would ban BlackBerry services also drove the stock lower. The countries complained that BlackBerry e-mail encryption posed a national-security risk. Investors' fears of a shutdown have dissipated on expectations that RIM would reach deals to avert bans. India postponed a ban for at least two months after RIM agreed to give security officials "lawful access" to data.

"We've made it clear that we are respectful of government needs and fully cooperating to comply with lawful requirements on an industry standard basis, but we cannot compromise the security architecture of the BlackBerry enterprise solution," Balsillie said Thursday, reiterating the company's previous stance.

Balsillie said RIM "simply has no ability to read the encrypted information and that it has no master key or back door key to allow access." He said the company knows it's a "fundamentally important

security feature" for its corporate clients.

BlackBerrys still have a strong following in the corporate market, but investors have seen signs of its grip fraying.

RIM launched the BlackBerry Torch in August, with a touch screen and a slide-out keyboard. It has an improved operating system and a new Web browser, but analysts say RIM is trying to play catch-up rather than breaking new ground

But BGC Financial analyst Colin Gillis said there's no doubt RIM beat expectations in the second quarter.

"There's no way around it. We got revenue on the high end of guidance," Gillis said. "Things are not falling apart."

Duncan Stewart, director of research and analysis at DSam Consulting, said everyone who has been describing RIM as "the living dead, the next company that's going to implode" won't be able to say their pessimism has been reflected in the earnings or in the guidance for next quarter.

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