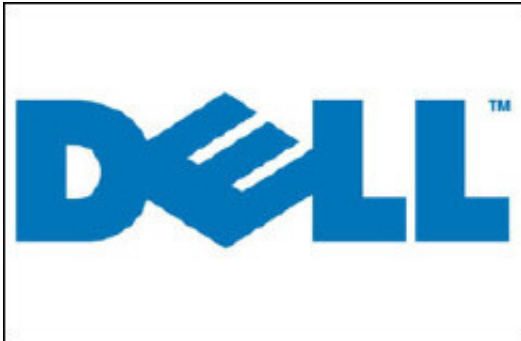


Dell 3Q net income more than doubles

November 18 2010, By JESSICA MINTZ , AP Technology Writer



Personal computer maker Dell Inc. said Thursday that its net income for the latest quarter more than doubled as companies spent more to replace aging technology.

Dell's earnings topped Wall Street's expectations, and investors sent shares up nearly 6 percent after the results were announced.

Businesses of all sizes, plus government agencies and other public-sector customers, spent more with Dell in the quarter. Large enterprise revenue jumped 27 percent to \$4.3 billion from a year ago, and small and medium business increased 24 percent to \$3.7 billion. While networking gear maker [Cisco Systems](#) Inc. recently reported unexpectedly slow growth in new orders from government customers, Dell said public-sector revenue rose 20 percent to \$4.4 billion, with government business steady.

Revenue from consumers, Dell's smallest customer segment in the quarter, increase 4 percent to \$3 billion.

In an interview, Dell Chief Financial Officer Brian Gladden said the company expects to see similar slow growth through the [holiday shopping](#) quarter.

Desktop and laptop computers made up about 56 percent of Dell's revenue in the quarter. PCs are less profitable than Dell's technology consulting services and other smaller slices of Dell's business, but the company still managed to improve gross margin - a measure of profitability - by keeping costs from rising too sharply.

The company said low component costs helped margins in the quarter, as did "pricing discipline" - not cutting prices too deeply to attract buyers.

For the fiscal third quarter, which ended Oct. 29, Dell's [net income](#) jumped to \$822 million, or 42 cents per share, from \$337 million, or 17 cents per share.

Excluding items, Dell earned 45 cent per share.

Analysts surveyed by Thomson Reuters expected Dell to earn much less - 32 cents per share.

Revenue jumped 19 percent to \$15.4 billion from \$12.9 billion, slightly less than the \$15.8 billion analysts predicted.

For the full fiscal year, which ends in January, Dell said it expects revenue around the midpoint of its earlier guidance for an increase of 14 percent to 19 percent from last year. That would put fiscal 2011 revenue at about \$62 billion. Analysts are currently predicting \$62.4 billion.

Gladden also shot down rumors that Dell is contemplating taking the company private.

Shares of Dell, which is based in Round Rock, Texas, rose 79 cents, or 5.7 percent, to \$14.45 in extended trading. Earlier in the day, [Dell](#) shares added 31 cents, or 2.4 percent, to close at \$13.66.

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