

Motorola Mobility sees slowdown in Verizon sales

January 26 2011, By PETER SVENSSON , AP Technology Writer

(AP) -- The CEO of Motorola Mobility Holdings Inc., the cell phone maker that recently broke away from Motorola, on Wednesday said the company is already seeing a slowdown in sales of its phones in Verizon stores, as consumers are waiting for the launch of the Verizon iPhone.

The threat to Motorola Mobility's phones comes just as the company is standing on its own legs, having split away from the rest of Motorola on Jan. 4.

The company on Wednesday reported a profit for the fourth quarter, its second straight profit after years of heavy losses. But it warned that it will report another loss for the current quarter.

CEO Sanjay Jha said there's been "a little slowdown" in sales at Verizon Wireless, which has been Motorola's biggest booster. Verizon will start selling the iPhone on Feb. 10, breaking AT&T Inc.'s exclusive hold over the device in the U.S.

Motorola said it had net income of \$80 million, or 27 cents per share, in the October to December period. That compares with a loss of \$204 million, or 69 cents per share, in the previous year, and a long string of losses before that.

Excluding one-time items, earnings were 37 cents per share, beating the average estimate of analysts polled by FactSet by 1 cent.

The Libertyville, Ill., maker of the Droid 2 and Cliq phones posted \$3.43 billion in revenue, up 21 percent from \$2.82 billion a year ago.

The company said it expects a loss of 9 cents to 21 cents in the first quarter. Analysts were expecting a profit of 1 cent per share.

Motorola shares fell \$1.68, or 4.8 percent, to \$33.15 in extended trading, after the release of the report.

Motorola shipped 4.9 million smart phones in the quarter, up from 2 million in the same quarter a year ago, when it launched the first Droid phone.

The company has bet its turnaround on phones like the Droid that run Google Inc.'s Android software. Verizon Wireless has been an enthusiastic seller of the phones, since it needed an alternative to the iPhone at rival AT&T Inc.

Motorola shipped 11.3 million of all types of phones in the fourth quarter, down slightly from 12 million a year ago. Among North American phone makers, both Apple Inc. and Research In Motion Ltd., the maker of the BlackBerry, sell more phones.

Motorola is among the companies hoping to emulate Apple's success with the iPad. It's set to release its first tablet computer, the Xoom, in February. It will have a 10.1-inch touch screen, two cameras and the ability to play Flash videos, which the iPad does not.

The remainder of the "old" Motorola is called Motorola Solutions Inc. and makes barcode scanners, police radios and other equipment geared to corporate and government users. It reports fourth-quarter results on Thursday.

The split was motivated by the desire to present two simple stories to investors rather than one complicated one. It was conceived in 2008, but then put off as the economy soured and Motorola's phone sales continued to collapse.

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