

# RIM shares down on BlackBerry revenue miss

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In this March 22, 2011 photo, a customer looks at a Research In Motion Blackberry Curve 3G using a Verizon carrier, in Mountain View, Calif. Research In Motion Ltd. releases quarterly financial results Thursday, March 24, after the market close. (AP Photo/Paul Sakuma)

(AP) -- Research in Motion Ltd.'s stock took a hit Thursday after the maker of the BlackBerry reported revenue from its recently concluded quarter that fell short of expectations and warned that sales in the current three-month period are shifting to cheaper models.

RIM's shares were down \$6.81, or almost 11 percent, at \$57.31 in

extended trading after the Waterloo, Ontario, company reported results from the three months that ended Feb. 26.

It posted net income of \$934 million, or \$1.78 per share, for its fiscal fourth quarter. That was up 31 percent from \$710 million, or \$1.27 per share, a year earlier.

Analysts surveyed by FactSet expected earnings of \$1.75 per share, on average.

Revenue rose 36 percent to \$5.6 billion, shy of the \$5.65 billion expected by analysts.

For the current quarter that ends in May, RIM said it expects earnings of \$1.47 to \$1.55 per share, below the average analyst forecast at \$1.65. It said that was because cheaper phones would make up more of its sales in the quarter, and it's spending more on research, development, sales and marketing, especially on its new tablet, the PlayBook.

"These are investment in the future," RIM co-CEO Jim Balsillie told investors on a conference call. The decline in earnings isn't a trend, he said.

RIM expects earnings for the entire fiscal year of \$7.50 per share, well above the analyst forecast at \$6.82.

The growth of BlackBerry sales has slowed in North America due to competition from the iPhone and phones running Google Inc.'s Android software. But overseas, sales are taking off, as corporations are only starting to put BlackBerrys in the hands of employees. Sales outside the old core markets of U.S., Britain and Canada are now 52 percent of the total, the company said. Cheaper models make up more of the overseas sales, analysts say.

Balsillie also said the company is selling more of its cheaper phones because more BlackBerrys are sold without contracts. Such phones aren't subsidized as much by the wireless carriers, and are usually cheaper, entry-level models.

The PlayBook goes on a sale in the U.S. on April 19. It's half the size of Apple Inc.'s iPad, and it's designed to work both as a standalone tablet and as an accessory for a BlackBerry phone.

RIM said Thursday that the PlayBook will be able to run applications written for Android, which is popular on smartphones that compete with BlackBerrys.

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