

Hewlett-Packard reports higher 3Q earnings

August 19 2011, By BARBARA ORTUTAY , AP Technology Writer



In this Sept. 30, 2010 file photo, the Hewlett Packard Co. logo is displayed at headquarters in Palo Alto, Calif. Hewlett Packard Co. reports quarterly financial results Thursday, Aug., 18, 2011, after the market close. (AP Photo/Paul Sakuma, File)

(AP) -- Hewlett-Packard Co. reported an increase in its third-quarter net income on Thursday, but the technology company gave a lower-than-expected outlook for the current quarter and cut its outlook for the year for the second time.

While its commercial businesses remained healthy, [HP](#) said quarterly revenue in its customer-facing businesses fell 15 percent.

The results were overshadowed by HP's announcement that it plans to spin off its [PC business](#) and stop selling its webOS tablet and mobile phones. The world's largest maker of printers and personal computers

has been working to transform itself into more of a technology services company, like its rival IBM.

HP's stock fell \$1.88, or 6 percent, to close at \$29.51, on a day the broader market declined, with the S&P 500 index down 4.5 percent. HP's [stock](#) fell another \$2.90, or nearly 10 percent, to \$26.61 in extended trading. HP's announced its decision on the mobile products and its quarterly results about an hour before the market closed Thursday.

The company earned \$1.93 billion, or 93 cents per share, in the latest quarter. That's up 9 percent from \$1.77 billion, or 75 cents per share, a year earlier. Its adjusted earnings were \$1.10 per share, a penny above analyst expectations.

HP's revenue climbed less than 2 percent to \$31.2 billion from \$30.7 billion. This matched analysts' average expectations, according to FactSet.

HP said its software revenue rose 20 percent to \$780 million, and its services revenue climbed 4 percent to \$9.09 billion, while revenue in its [printer](#) segment fell 1 percent to \$6.09 billion and revenue in its personal systems group, which includes PCs, fell 3 percent to \$9.59 billion.

For the current quarter, HP forecast adjusted earnings of \$1.12 to \$1.16 per share, below analysts' average expectation for \$1.32 per share. The company expects revenue of \$32.1 billion to \$32.5 billion, shy of analysts' estimate of \$33.98 billion.

HP plans to record a one-time charge of \$1 billion in the fourth quarter related to the webOS business shutdown and other restructuring costs. It said may also book a charge related to the value of the webOS business but did not say how much that would be.

The company also lowered its full-year guidance slightly. It now expects revenue of \$127.2 billion to \$127.6 billion. In May, it forecast revenue of \$129 billion to \$130 billion, a slightly downward revision from its February outlook. Analysts are predicting \$129.12 billion in revenue.

HP, which is based in Palo Alto, Calif., expects adjusted earnings of \$4.82 to \$4.86 per share for the year, below its May outlook of \$5 per share and below analysts' estimate of \$5.01 per share.

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Citation: Hewlett-Packard reports higher 3Q earnings (2011, August 19) retrieved 11 September 2024 from <https://phys.org/news/2011-08-hewlett-packard-higher-3q.html>

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