

Cisco cuts long-term sales growth forecast

September 13 2011, By PETER SVENSSON , AP Technology Writer

(AP) -- Cisco Systems Inc. lowered its long-term sales forecast on Tuesday, acknowledging that its days of heady growth won't return in the foreseeable future.

Chief Financial Officer Frank Calderoni told analysts and investors at a meeting in San Jose, Calif. that [Cisco](#), the world's largest maker of [computer networking equipment](#), now expects sales to grow 5 percent to 7 percent per year for the next three years.

Its long-term target has been for annual revenue growth of 12 percent to 17 percent. That was easily achievable for a decade, as the Internet boomed. But its sales have grown by only 9 percent per year in the last four years, due to competition and the slow economy.

Analysts polled by FactSet have on average been expecting 5.5 percent sales growth for this year, so the midpoint of Cisco's forecast is slightly higher. However, they were expecting slightly better growth in fiscal 2013 than Cisco's forecast implies.

Cisco shares rose 35 percent, or 2.2 percent, to \$16.44 in afternoon trading.

Calderoni said Cisco expects to grow earnings faster than revenue, at about 7 percent to 9 percent per year.

Cisco also expects to "hold or gain share" in its major segments, Calderoni said. The 5 percent to 7 percent [forecast](#) for sales growth

compares to the company's 5 percent to 8 percent growth estimate for the total market for its products, implying that Cisco sees relatively stagnant market share expansion over all.

Cisco is in the midst of a drastic [reorganization](#). The company has cut 6,500 jobs this year, and has gone from trying to expand into more than a dozen markets to focusing on five core areas. In the process, it has shut down its Flip Video unit, which made popular consumer camcorders, and trimmed its other [consumer businesses](#).

Speculation is swirling that long-serving CEO John Chambers might be the next victim of Cisco's shakeup. Speaking at the event, he was combative, saying the company is gunning for Hewlett-Packard Co. as it expands its new business of selling servers for corporate data centers.

Chambers said another competitor, Juniper Networks Inc., "is the most vulnerable I've ever seen."

Cisco's toughest challenger, Chambers said, is Huawei Technologies Co. of China, which competes with low-cost equipment. Cisco plans to go after it in its home market, Chambers said.

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