

RIM: Next-generation phones not out till late 2012

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In this Oct. 18, 2011 file photo, Mike Lazaridis, co-CEO of Research in Motion gestures at the end of his keynote address to the BlackBerry DevCon Americas conference in San Francisco. Research In Motion Ltd. reports quarterly financial results Thursday, Dec. 15, 2011, after the market close (AP Photo/Eric Risberg, File)

BlackBerry maker Research In Motion Ltd. said Thursday that new phones deemed critical to the company's future will be delayed until late 2012.

Mike Lazaridis, one of the company's co-CEOs, said the BlackBerry 10 phones will need a highly integrated chipset that will not be available until mid-2012, so the company can now expect them to ship late in the year. He disclosed the delay on a conference call with analysts.

Analysts say RIM's future depends on the new software platform. RIM

needs to come up with a compelling BlackBerry as U.S. users have moved on to flashier touch-screen phones such as Apple's iPhone and various competing models that run Google's Android software.

Earlier Thursday, RIM said BlackBerry sales will fall sharply in the holiday quarter, providing further evidence that it is struggling to compete. It also has been having a hard time finding a niche in the tablet-computer market, which is dominated by Apple's iPad.

RIM continues to enjoy success overseas, but market researcher NPD Group says RIM's market share of smartphones in the U.S. has declined from 44 percent in 2009 to 10 percent this year.

The company's stock fell 7 percent in extended trading Thursday.

The delay in BlackBerry 10 phones is the latest in a series of setbacks for the once-iconic Canadian company. Its PlayBook tablet computer hasn't been selling well, forcing the company to sell them at a deep discount. A widespread outage frustrated tens of millions of BlackBerry users in October. RIM fired two executives after their drunken rowdiness forced the diversion of an Air Canada flight. The head of its operations in Indonesia faces charges related to a stampede at a recent promotional sale where dozens of consumers were injured.

RIM said its net income sank 71 percent as revenue fell and the company took a large accounting charge on the PlayBook, which uses the same operating software that RIM's new phones will use.

"We ask for your patience and confidence," Lazaridis said.

RIM earned \$265 million, or 51 cents per share, for its fiscal third quarter that ended Nov. 26. That compares with \$911 million, or \$1.74 per share, a year ago. The company said revenue fell 6 percent to \$5.2

billion. The PlayBook charge was \$485 million before taxes.

The company shipped 14.1 million BlackBerry smartphones during the third quarter and 150,000 PlayBook tablets, but its fourth-quarter guidance was what investors focused on because it had warned about the third-quarter results earlier.

Although RIM has said it would sell fewer BlackBerrys in the current quarter, the forecast given Thursday appeared worse than expected.

RIM said it would only ship between 11 million and 12 million BlackBerrys in the fourth quarter compared to 14.8 million in the previous fourth quarter.

RIM also said its fourth-quarter earnings would be in the range of 80 to 95 cents per share on revenue in the range of \$4.6 billion to \$4.9 billion. Analysts had been expecting earnings of \$1.15 a share on revenue of \$5.04 billion, according to FactSet.

Peter Misek, an analyst at Jefferies & Co. in New York, said earlier that if RIM reveals that it will ship no more than 12 million BlackBerrys in the current quarter, then the company needs to get its new phones out fast. Otherwise, RIM could lose money in future quarters as it continues to struggle to sell the current, stopgap models.

Misek said late Thursday the BlackBerry 10 phones will now be released three to nine months later than people believed.

BGC Financial analyst Colin Gillis said the guidance was terrible and wondered if it was the start of a collapse.

"If consumers abandon this platform it can happen pretty quickly," Gillis said. "Don't think this is the bottom."

Jim Balsillie, the other co-CEO, said the last few quarters have been among the most challenging times in the company's most recent history. He said executives are working to turn it around, but said it may take time.

"We are not satisfied with the performance of the business in the United States," Balsillie said.

Balsillie said he and Lazaridis have reduced their cash salary to \$1 per year, though they will continue to earn stock options and other compensation.

RIM's stock fell \$1.15 to a new seven-year low of \$13.98 in extended trading Thursday after the results were released.

The stock has lost about 75 percent of its value this year. A company that was worth more than \$70 billion a few years ago now has a market value of around \$8 billion.

"We recognize our shareholders may feel we've fallen short," Balsillie said

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