

RIM shares plunge on lowered earnings outlook

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A BlackBerry is displayed at a Research in Motion (RIM) function in New Delhi in August 2011. Research In Motion shares plunged Friday as the struggling BlackBerry maker said it will not meet its annual earnings target and it is taking a \$485 million charge because of weak sales of the PlayBook tablet computer.

Research In Motion shares plunged Friday as the struggling BlackBerry maker said it will not meet its annual earnings target and it is taking a \$485 million charge because of weak sales of the PlayBook tablet computer.

The Waterloo, Ontario-based smartphone and tablet manufacturer, said

it no longer expects to meet its full-year adjusted earnings guidance of \$5.25 to \$6.00 a share.

RIM shares were down 8.61 percent at \$16.98 in early trading on Wall Street and shed six percent to \$17.36 on the [Toronto stock exchange](#).

RIM said it would take a pre-tax charge of \$485 million in the third quarter of its fiscal year because of a write-down in the value of its "high level" of [PlayBook](#) inventory.

The company said it was also taking a charge of \$50 million in the quarter, which ended November 26, related to a BlackBerry service outage in October.

RIM said third-quarter revenue is expected to be slightly lower than the previously forecast \$5.3 billion to \$5.6 billion.

Earnings per share are expected to be at the "low to mid point" of the \$1.20 per share to \$1.40 per share range forecast previously, it said.

Sales of the PlayBook have been sluggish since the device hit stores in mid-April with a \$499 price tag for the 16-gigabyte model, \$599 for the 32GB version and \$699 for the 64GB model.

Major US retailers [Best Buy](#), Staples and Office Max slashed PlayBook prices to \$299, \$399 and \$499 in September but the device has failed to make inroads in a market dominated by Apple's [iPad](#).

RIM said it sold 150,000 PlayBook tablets in the third quarter and 14.1 million BlackBerry smartphones, in line with its previous guidance of between 13.5-14.5 million.

RIM co-chief executive Mike Lazaridis said RIM remains "committed"

to the PlayBook and "believes the [tablet market](#) is still in its infancy."

"Although a number of factors have led to the need for an inventory provision in the third quarter, we believe the PlayBook... is a compelling tablet for consumers," Lazaridis said.

"Early results from recent PlayBook promotions indicate a significant increase in demand across most channels," he said. "We look forward to continuing to grow the installed base of PlayBook users."

RIM is scheduled to announce its third quarter results on December 15.

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