

Intel scores 'record' profits for 2011

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Chipmaker Intel on Thursday reported record revenue and profits for 2011 despite a slight slowdown in the fourth quarter related to the impact of Thailand's floods on the personal computer industry.

Revenues soared in the Asia-Pacific region, excluding Japan, followed by modest gains in the Americas and Europe, the company said.

Intel said net revenues climbed 24 percent to \$54.0 billion for the 12 months to December 31.

Net income was up 12.9 percent to \$12.9 billion.

Earnings per share rose 19 percent to \$2.39.

Revenues were boosted by acquisitions early in the year of McAfee and the Infineon wireless division, but even excluding them, Intel said, net revenues were up by 15.6 percent.

Net income rose just six percent in the fourth quarter year on year, totaling \$3.4 billion, as the personal computer industry slowed, hit by the widespread flooding in Thailand, a disk drive manufacturing hub.

"As a result of the hard disk drive shortages we saw a reduction of orders for microprocessors as customers reduced inventories across the supply chain," the company said in a statement.

"Despite this reduction in inventory levels, it is our belief that the



shortage did not impact actual sales of personal computers in the fourth quarter with demand trends playing out as expected."

Intel president and chief executive Paul Otellini called the year "exceptional".

"With outstanding execution the company performed superbly, growing revenue by more than \$10 billion and eclipsing all annual revenue and earnings records," he said.

"With a tremendous product and technology pipeline for 2012, we're excited about the global growth opportunities presented by Ultrabook systems, the data center, security and the introduction of Intel-powered smartphones and tablets."

Otellini told analysts he expects continuing strong demand from the new market for extra-thin notebook computers, known generically as ultrabooks but also a brand name claimed by Intel for those using its chips.

"We saw record notebook microprocessor units in 2011" helped by the launch of that market, Otellini told analysts in a conference call.

Intel shares closed up 0.95 percent to \$25.63 ahead of the earnings release.

The company said it would boost capital expenditures in 2012 by 14 percent to \$18.3 billion as it develops its capacity to produce 14 nanometer chips.

Chief financial officer Stacy Smith said the company expected "high single digit revenue growth" this year, and that gross margins, a key measure of the health of chipmakers, would be in the range of 64



percent, compared to 62.5 percent this year.

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