

# Cisco beats estimates with 2Q earnings, sales (Update)

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In this Feb. 2, 2012 photo, shows Cisco CEO John Chambers watching a Stanford basketball game in Palo Alto, Calif. Cisco, the world's largest maker of computer networking equipment, says its net income jumped 44 percent in the latest quarter as it continues to put last year's slump behind it. Cisco Systems Inc. has emerged leaner after a round of layoffs and a narrowing of its focus. Net income was \$2.2 billion, or 40 cents per share, in the fiscal second quarter, which ended Jan. 28. That compares with earnings of \$1.5 billion, or 27 cents per share, a year ago. (AP Photo/Paul Sakuma)

(AP) -- Cisco, the world's largest maker of computer networking equipment, on Wednesday said that its net income jumped 44 percent in the latest quarter as it continues to put last year's slump behind it.

Cisco Systems Inc. has emerged leaner after a round of layoffs and a narrowing of its focus.

Net income was \$2.2 billion, or 40 cents per share, in the fiscal second quarter, which ended Jan. 28. That compares with earnings of \$1.5 billion, or 27 cents per share, a year ago.

Excluding the cost of stock-based compensation and some acquisition-related amortization, Cisco earned 47 cents per share. Analysts polled by FactSet had on average expected earnings of 43 cents per share on that basis.

Revenue was \$11.5 billion, up 11 percent from \$10.4 billion a year ago. Analysts expected \$11.2 billion.

CEO John Chambers said he expects revenue in the just-started quarter to rise by 5 percent to 7 percent. Analysts polled by FactSet had been expecting an increase of 5 percent.

The company expects earnings, excluding items, of 45 cents to 47 cents per share for the new quarter. Analysts had been expecting 45 cents per share.

Cisco also said it will raise its quarterly dividend on the anniversary of its first dividend. Cisco paid a dividend of 6 cents a share last April. The new dividend will be 8 cents per share, which works out to an annual yield of 1.6 percent at Wednesday's closing stock price.

Cisco has also been returning cash to shareholders through buybacks.

Cisco shares rose 23 cents to close at \$20.43. They fell 6 cents in after-hours trading. The shares are up 54 percent from their eight-year low of \$13.30, hit in August.

Cost-cutting has restored investor confidence in Cisco, and the company looks set to expand again. After shedding nearly 10,000 jobs last year, the San Jose, Calif., company added a net 400 employees in the latest quarter. Chief Financial Officer Frank Calderone said the hires were mainly in the services arm, and were partly offset by the last layoffs of the restructuring program.

The program aimed at saving \$1 billion in annual expenses, and Chambers said it's now complete.

Chambers said it's also time to resume looking at possible acquisitions, after a hiatus while Cisco put its house in order. Its last major acquisition was that of Norwegian teleconferencing company Tandberg in April 2010.

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