

RIM loses BlackBerry subscribers for first time (Update)

December 20 2012, by Rob Gillies

BlackBerry-maker Research In Motion, which is already struggling with plunging sales, said Thursday it lost subscribers for the first time in the latest quarter, as the global number of BlackBerry users dipped to 79 million.

But the Canadian company added to its cash position as it prepares to launch new smartphones on Jan. 30 that are deemed critical to the company's survival.

RIM's stock initially jumped more than 8 percent in after-hours trading, but then fell \$1.37, or 9.7 percent, after the company held a conference call with analysts. The stock had been on a three-month rally that has seen the stock more than double from its lowest level since 2003.

Three months ago, RIM had 80 million subscribers.

Analysts said the loss of 1 million subscribers was expected. Once coveted symbols of an always-connected lifestyle, BlackBerry phones have lost their luster to Apple's iPhone and phones that run on Google's Android software.

RIM is banking its future on its much-delayed BlackBerry 10 platform, which is meant to offer the multimedia, Internet browsing and apps experience that customers now demand.

"We believe the company has stabilized and will turn the corner in the

next year," CEO Thorsten Heins said on a conference call with analysts. "We are realistic about our competitors, but we know that customers in this industry demand and respond to innovation and we believe BlackBerry 10's truly delivers on this request."

Heins noted that the company's cash holdings grew by \$600 million in the quarter to \$2.9 billion, even after the funding of all its restructuring costs. RIM previously announced 5,000 layoffs this year.

Heins said subscribers in North America showed the largest decline, but said there is growth overseas.

The company continues to buy itself more time, said Colin Gillis, an analyst with BGC Financial. "It doesn't mean (BlackBerry) 10 will gain traction. A lot of people said 10 would be DOA, but I don't think that's going to be the case," he said.

Jefferies analyst Peter Misek called the results better than expected, noting that RIM added a significant amount of cash. RIM will need the money to advertise the new BlackBerrys and operating system.

Misek also called it a positive development that RIM said there would not be another delay to BlackBerry 10.

"The success or failure of this company will be on BlackBerry 10," Misek said.

RIM posted net income of \$14 million, or 3 cents per share for its fiscal third quarter, which ended Dec. 1. That compares with a profit of \$265 million, or 51 cents per share, in the same quarter a year ago.

The latest figure includes a favorable tax settlement. Excluding that adjustment, RIM lost 22 cents per share. Analysts polled by FactSet

were expecting a wider loss of 27 cents.

RIM reported revenue of \$2.7 billion, down 47 percent from a year ago.

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