

IBM posts higher 4Q net income, beats estimates

January 22 2013

IBM's fourth-quarter earnings grew 6 percent even as revenue was largely flat, as the company benefited from growing, lucrative software businesses such as Internet-based computing and data analytics.

The results beat Wall Street's expectations, as did the technology bellwether's guidance for the current year. IBM's stock increased in after-hours trading following the release of results.

IBM Corp. said Tuesday that it earned \$5.83 billion, or \$5.13 per share, in the October-December period. That's up from \$5.49 billion, or \$4.62 per share, in the same period a year earlier. That was the company's 40th consecutive quarter—a full decade—of growing earnings per share from a year earlier.

The results include special items related to acquisitions and a charge IBM took to account for a U.K. court decision that will increase its costs for paying pensions to some of its retired employees. Excluding those items, earnings were \$5.39 per share in the latest quarter, above Wall Street's estimates of \$5.25 per share.

Revenue slid less than 1 percent to \$29.3 billion from \$29.49 billion. It would have been flat were it not for currency fluctuations, which translated to fewer dollars IBM made on overseas sales. Analysts polled by FactSet had expected revenue of \$29.12 billion.

Revenue from software was \$7.9 billion, an increase of 3 percent from

the fourth quarter of 2011. Revenue from hardware fell 1 percent to \$5.8 billion, and revenue from technology services fell 2 percent to \$10.3 billion. Revenue from other businesses fell as well.

IBM is seen as a good gauge of technology demand because it sells to major companies and governments around the world. That said, it's not completely immune from economic fluctuations. Its revenue missed Wall Street's expectations in the third quarter.

For 2013, IBM expects earnings of at least \$15.53 per share. It expects adjusted earnings of at least \$16.70, above the \$16.65 that analysts were expecting. The company said it is "well on track" toward its long-term outlook for adjusted earnings of at least \$20 per share in 2015.

IBM's stock rose \$5.42, or 2.8 percent, to \$201.50 in after-hours trading. The stock had closed up \$1.61 at \$196.08 in the regular session.

Copyright 2013 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: IBM posts higher 4Q net income, beats estimates (2013, January 22) retrieved 2 May 2024 from <https://phys.org/news/2013-01-ibm-higher-4q-net-income.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.
