

Cisco 3Q net income rises 14 percent (Update)

May 15 2013

Cisco's net income jumped 14 percent in the latest quarter as revenue at all four of its divisions rose for the first time in a year and a half.

Cisco earned \$2.5 billion, or 46 cents per share, in its fiscal third quarter, which ended April 27. That's up from \$2.2 billion, or 40 cents per share, a year ago. Excluding one-time items Cisco earned 51 cents per share in the latest quarter, and its revenue increased 5 percent, to \$12.2 billion from \$11.6 billion.

Analysts surveyed by FactSet expected 49 cents per share and \$12.2 billion in revenue.

The networking equipment company's net income and revenue beat Wall Street's expectations and its stock gained \$1.21, or 5.7 percent, to \$22.42 in aftermarket trading after the release of the numbers. The stock fell 6 cents to \$21.21 during Wednesday's regular trading session.

"We are starting to see some good signs in the U.S. and other parts of the world which are encouraging," Chairman and CEO John Chambers said in a press release.

Revenue in the U.S. improved and sales from emerging markets grew more than 10 percent.

As one of the largest technology companies in the world, Cisco's performance is widely regarded as a way to gauge the relative health of

the technology industry. The San Jose, California, company cuts a broad swath, selling its routers, switches, software and services to corporate customers and government agencies around the world.

In addition, Cisco's fiscal quarters end a month later than most other major technology companies, giving it additional time to assess economic conditions.

The company said total orders rose 4 percent during the quarter. Orders in the Americas grew 7 percent. The company said government spending improved as local and state governments and education departments spent more money. Orders from the federal government decreased.

"We believe this balanced approach to growth is a positive signal for the U.S. economy going forward," Chambers said during a conference call. Orders from emerging markets like Russia, Brazil, China, and Mexico improved and the company said it is seeing some signs of improvement in Europe.

"You're beginning to see Europe bottom out with the exception of the South," said Chambers.

Cisco expects further signs of a slow and steady recovery in the fiscal fourth quarter. The company forecast adjusted net income of 50 to 52 cents per share and said revenue will grow 4 to 7 percent, to \$12.16 billion to \$12.51 billion.

Analysts expect income of 50 cents per share and \$12.46 billion in revenue.

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