

# Dell raises intrigue by rescheduling 1Q report (Update)

May 14 2013

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Struggling personal computer maker Dell will report its latest quarterly earnings ahead of schedule in a move likely to spur speculation that the results will be dismal.

The schedule change announced Tuesday means Dell Inc. will release its fiscal first-quarter earnings after the market close this Thursday. The Round Rock, Texas, company had planned to report the results on May 21.

Dell spokesman David Frink declined to say why the company made the switch.

There's high intrigue surrounding Dell's earnings report because the company is trying to sell itself to CEO Michael Dell and other investors for \$24.4 billion.

Two of Dell's biggest shareholders, billionaire Carl Icahn and Southeastern Asset Management, have made an alternate proposal in an attempt to block that deal.

Dell's board of directors so far has maintained the proposed sale to Michael Dell and his allies at \$13.65 per share represents the safest deal for the company's shareholders because of a steady deterioration in PC sales as more people and businesses buy smartphones and tablets instead of laptop and desktop machines.

The board's reasoning will be bolstered if Dell's first-quarter results paint a bleak picture. The chances of a rosy outlook appear remote. The research firm International Data Corp. estimates Dell's PC sales fell 11 percent during the first three months of this year. That downturn followed an 8 percent drop in Dell's total revenue during its last fiscal year.

Analysts surveyed by FactSet are predicting Dell will post adjusted first-quarter earnings of 35 cents per share on revenue of \$13.5 billion. If those figures pan out, it would represent a 19 percent decrease in Dell's adjusted earnings from last year and a 6 percent dip in revenue.

Michael Dell, who founded the company 29 years ago while he was in college, says he can turn things around by focusing on more profitable areas of technology, such as business software and data storage. The changes could depress Dell's results for several years, a factor in Michael Dell's hopes to take the company private after 25 years on the stock market. He says Dell will be able to overhaul its business away from the glare and distractions of the stock market.

Icahn and Southeastern disagree, arguing that existing shareholders should be given an opportunity to reap the gains for a turnaround. Their proposal would give shareholders the option of retaining a stake in Dell as a publicly held company. Icahn and Southeastern believe so strongly in their plan that they are mounting an effort to oust the 12-member board that's backing the company's sale to Michael Dell and replace it with directors who would support their alternate proposal.

Dell's stock shed 9 cents to \$13.43 in afternoon trading Tuesday.

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