

Intel reports lower 1Q net income, higher revenue (Update)

April 15 2014, by Barbara Ortutay



In this Jan. 6, 2014 file photo, Mooly Eden, senior vice president and perceptual computing general manager from Intel, talks to the media during the Intel news conference at the International Consumer Electronics Show, in Las Vegas. Intel Corp. reports quarterly earnings after the market close on Tuesday, April 15, 2014. (AP Photo/Jack Dempsey, File)

Intel's earnings fell in the first three months of the year amid a continued slump in the worldwide PC market, but revenue grew slightly because of

solid demand for tablet processors and its data center services.

Intel Corp. is the world's largest maker of microprocessors, which act as the "brains" of computers. Intel has historically been strong in selling chips for personal computers, but that business is declining as people buy smartphones and tablets instead. Intel has been slow to respond to that shift with lower-energy chips that mobile devices demand.

Intel has been working to change that. Besides coming out with mobile-friendly chips, Intel is also expanding into new technologies such as wearable devices and everyday appliances. It bought a maker of fitness trackers, Basis Science, this year.

Intel Corp. said Tuesday that it earned \$1.95 billion, or 38 cents per share, in the January-March quarter. That's down 5 percent from \$2.05 billion, or 40 cents per share, a year earlier.

Revenue grew 1 percent to \$12.8 billion from \$12.6 billion.

Analysts, on average, were expecting earnings of 37 cents per share on revenue of \$12.8 billion.

Although revenue for the PC business fell, Intel saw signs of improvement. The company also credited solid growth in data centers and said it shipped 5 million tablet processors. Chief executive Brian Krzanich described that as "strong progress on our goal of 40 million tablets for 2014."

There are signs that the steep PC slump is easing, though it may be a temporary bump from Microsoft's retirement of the Windows XP operating system, which it launched in 2001.

Last week, research firms Gartner and IDC said that although global PC

shipments declined in the first three months of the year for the eighth straight quarter, the decline was not as steep as in the last quarter of 2013.

Analysts for both firms pointed to a bump in demand, especially in Japan, stemming from the Windows XP retirement. While users can still run XP, but Microsoft will no longer provide security updates and has urged existing users to upgrade to newer systems.

For the second quarter, Intel is forecasting revenue of \$12.5 billion to \$13.5 billion. Analysts were expecting \$12.9 billion.

Shares of the company climbed 57 cents, or 2.1 percent, to \$27.34 in extended trading after the results came out. The stock had closed at \$26.77, up 21 cents and not far from its 52-week high of \$27.12.

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Citation: Intel reports lower 1Q net income, higher revenue (Update) (2014, April 15) retrieved 24 April 2024 from <https://phys.org/news/2014-04-intel-1q-net-income-higher.html>

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