

Shares of cybersecurity firm FireEye up on 4Q beat (Update)

February 11 2015, by Brandon Bailey

FireEye Inc., the high-profile computer security company called in to investigate massive hacks at Sony Pictures and Anthem, reported fourth-quarter earnings Wednesday that show its business is growing but profit so far remains elusive.

Results were better than Wall Street had expected, however. Shares jumped 6 percent in after-hours trading.

FireEye, based in Milpitas, Calif., added customers and boosted billings over the last year as major U.S. retailers, banks and other organizations suffered a slew of high-profile cyberattacks. FireEye's Mandiant division was hired in a number of cases to help assess damage and trace the hackers responsible.

"We're growing very fast and we're taking a lot of market share," CEO David DeWalt told The Associated Press.

Analysts say FireEye is poised to capitalize on growing demand for computer security services, but it has spent heavily to build out research and development as well as sales and marketing. The stock is down dramatically from its peak near \$100 a year ago when FireEye acquired Mandiant, and shares have traded mostly below \$40 for the past several months. The stock closed Wednesday down 2 percent at \$35.69.

DeWalt said the company will continue investing in research but its spending as a percentage of revenue will shrink as the company grows,

boosting profitability. FireEye is also promoting new products, including online software and consulting services that customers buy on a subscription basis. Analysts say that can help the company by creating a stable base of recurring revenue.

Revenue for the most recent quarter nearly tripled from a year ago, jumping to \$143 million. But the company's losses also surged, to \$105.7 million, from just \$2.5 million a year ago. The 2013 period had included a big tax gain on the Mandiant deal.

Excluding one-time items, FireEye's adjusted losses totaled 38 cents a share, just slightly bigger than the year before. That was smaller than the loss of 49 cents per share expected by analysts, according to FactSet. Revenue had been projected at \$141.4 million.

For 2015, FireEye forecast revenue between \$605 million and \$625 million. The midpoint falls short of analysts' average estimate of \$622.4 million. The company expects an adjusted loss of \$1.80 to \$1.90 per share for the year; bracketing analysts' \$1.85 per share estimate.

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Citation: Shares of cybersecurity firm FireEye up on 4Q beat (Update) (2015, February 11) retrieved 26 April 2024 from <https://phys.org/news/2015-02-cybersecurity-firm-fireeye-4q.html>

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