

IBM posts higher 4Q net income (Update)

January 21 2014

IBM's fourth-quarter net income grew 6 percent, surpassing Wall Street's expectations even though revenue fell. Its shares fell in extended trading after the results came out—and CEO Ginni Rometty said she's recommending that senior executives, including herself, forgo personal bonuses for the year.

IBM Corp. said Tuesday that it earned \$6.19 billion, or \$5.73 per share, in the October-December period. That's up from \$5.83 billion, or \$5.13 per share, in the same period a year earlier.

IBM's adjusted earnings were \$6.13 per share in the latest quarter.

Revenue fell 5.5 percent to \$27.7 billion from \$29.3 billion.

Analysts, on average, had expected adjusted earnings of \$5.99 per share on revenue of \$28.27 billion, according to FactSet.

IBM is the world's largest technology-services company. Its results provide a gauge of businesses' appetite for technology spending.

Hardware revenue plunged 26 percent to \$4.3 billion in the fourth quarter. Software revenue increased 3 percent to \$8.1 billion, however, and services revenue slipped 4 percent to \$9.9 billion.

The Armonk, New York, company is forecasting 2014 earnings of at least \$17 per share and adjusted earnings of at least \$18 per share. Analysts expect \$18.02 per share.

Rometty said the company remains "on track" toward its adjusted earnings goal of at least \$20 in 2015.

For the full year, IBM earned \$16.5 billion, or \$14.94 per share, compared with earnings of \$16.6 billion, or \$14.37 per share, in 2012. Adjusted earnings were \$16.28 per share. Revenue fell 5 percent to \$99.8 billion from \$104.5 billion.

IBM's shares fell \$5.04, or 2.7 percent, to \$183.39 in after-hours trading. The stock had closed down \$1.66 at \$188.43 earlier.

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