

IBM's profit increases and revenue growth resumes

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IBM Corp. said Tuesday that it managed a 9 percent increase in profit in the last quarter as the technology company's revenue grew for the first time in a year and a half.

It also offered a slightly better forecast for 2010, although IBM already had been telling investors it was "well ahead" of the pace it would have needed to reach its previous target. IBM shares dipped in extended trading.

The revenue boost in the latest quarter, which ended Dec. 31, was just under 1 percent. But the last time IBM's revenue had risen was the July-September quarter in 2008. Some analysts have been worried that IBM would have trouble continuing its streak of using cost cuts to squeeze out higher profits.

IBM said it earned \$4.8 billion, or \$3.59 per share in the last three months of 2009, up from \$4.4 billion, or \$3.27 per share, a year earlier. Revenue was \$27.2 billion, versus \$27.0 billion in the fourth quarter of 2008.

IBM's revenue in services and software rose, while hardware fell. However, the hardware division's decline wasn't as steep as in previous quarters.

IBM's results don't always track with the direction of the overall economy, but the higher revenue is a sign that corporations are resuming to normal patterns of spending on technology.

Intel Corp. offered this earnings season's first signs of a tech recovery last week. Intel posted higher revenue and the company's highest-ever gross profit margin, driven in large part by better sales of microprocessors for server computers. That shows corporations are spending more on their computing systems after keeping tighter budgets during the recession.

IBM said it expects profit of at least \$11 per share in 2010. That is higher than IBM's previous prediction for \$10 to \$11 per share in profit.

IBM, which is based in Armonk, N.Y., has impressed investors by wringing more profit even with soft spending on technology. For better results in bad times, IBM has leaned on its ability to cut its own costs and to sell its technology services as a way for other companies to save money. IBM shares have risen more than 50 percent in the past year.

IBM shares rose 1.8 percent to close at \$134.14 before the earnings report. In extended trading the stock fell 1.1 percent to \$132.71.

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Published on Electronic Component News (<http://www.ecnmag.com>)

Source URL (retrieved on 12/18/2014 - 7:11am):

<http://www.ecnmag.com/news/2010/01/ibms-profit-increases-and-revenue-growth-resumes>