

Adobe 3Q net income soars as revenue climbs

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Software maker Adobe Systems Inc. said Tuesday its fiscal third-quarter net income soared, boosted by higher revenue in all its business segments. But Adobe's shares dropped sharply in extended trading after its revenue outlook disappointed Wall Street.

San Jose, Calif.-based Adobe, known for Photoshop software and the Flash technology behind online games and video websites, earned \$230.1 million, or 44 cents per share, in the three months that ended Sept. 3. That's an increase of 69 percent from \$136 million, or 26 cents per share, in the same period a year ago.

Adjusted earnings were 54 cents per share in the latest quarter, surpassing analysts' expectations of 49 cents per share.

Revenue jumped 42 percent to \$990.3 million from \$697.5 million last year, thanks to strong demand for Adobe's Creative Suite 5 software package and its products targeting large businesses. Creative Suite, which is made for professional designers and Web developers, brings in about half of the company's revenue. The previous version suffered during the recession as fewer customers chose to upgrade, but demand for CS5 has been stronger as the economy has improved.

Analysts, on average, had expected revenue of \$985 million, according Thomson Reuters.

While the quarterly performance was strong, Adobe's revenue guidance for the current quarter fell below expectations. The company said it expects revenue between \$950 million and \$1 billion, lower than the \$1.03 billion analysts are looking for.

Shares plunged \$4.06, or 14.1 percent, to \$28.30 in extended trading, after slipping 17 cents to end regular trading at \$32.94.

Adobe expects to earn between 48 cents and 54 cents per share for the current quarter, excluding items. Analysts are expecting 53 cents.

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