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ROB GILLIES - Associated Press - Associated Press

BlackBerry maker Research In Motion Ltd. said Thursday that BlackBerry sales will fall sharply in the holiday quarter, providing further evidence that it is struggling to compete with the iPhone and smartphones running Google's Android software.

RIM said its net income sank 71 percent as revenue fell and the company took a large accounting charge because it had to sell its PlayBook tablet computer at a deep discount.

RIM earned \$265 million, or 51 cents per share, for the quarter that ended Nov. 26. This compares with \$911 million, or \$1.74 per share, a year ago.

The Canadian company said revenue fell 6 percent to \$5.2 billion.

The company shipped 14.1 million BlackBerry smartphones during the third quarter and 150,000 PlayBook tablets, but its guidance received particular attention because it had warned about the third-quarter results earlier. Although RIM has said it would sell fewer BlackBerrys in the current quarter, the forecast given Thursday appeared worse than expected.

RIM said it would only ship between 11 million and 12 million BlackBerrys in the fourth quarter and said earnings would be in the range of 80 to 95 cents per share.

Peter Misek, an analyst at Jefferies & Co. in New York, said earlier that if RIM reveals that it will ship no more than 12 million BlackBerrys in the current quarter, then the company needs to get its new phones out fast. Otherwise, RIM could lose money in future quarters as it continues to struggle to sell the current, stopgap models.

On Thursday, BGC Financial analyst Colin Gillis said the guidance was terrible. He questioned when RIM will be able to come out with its next-generation BlackBerry 10 phones, formerly known as BBX. Analysts say RIM's future depends on the new software platform, but many of them expect the launch to be delayed until the second half of next year.

Jim Balsillie, one of the company's co-CEOs, acknowledged the challenges facing the once-iconic company and said executives are working to turn it around.

"It may take some time to realize the benefits of these efforts and the platform transition that we are undertaking, but we continue to believe that RIM has the right set of strengths and capabilities to maintain a leading role in the mobile communications industry," Balsillie said in a statement.

RIM is still deep in a struggle to compete with the iPhone and smartphones running Google's Android software. It's also having a hard time finding a niche in the tablet

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computer market, which is dominated by Apple's iPad.

RIM's stock fell \$1.04, or nearly 7 percent, to \$14.09 in extended trading Thursday after the results were released.

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