Dell 1Q profit, 2Q outlook miss estimates

The Associated Press

Shares of Dell Inc. fell sharply in aftermarket trading Tuesday after the computer maker posted disappointing first-quarter results and forecast weak sales in its fiscal second quarter.

The Round Rock, Texas, company said its profit fell 33 percent in the fiscal first quarter, as it reported decreased sales to big businesses, consumers, and the public sector. Over the three months ended May 4, Dell said its net income shrank to $635 million, or 36 cents per share, from $945 million, or 49 cents per share a year ago.

Excluding one-time charges, Dell said it earned 43 cents per share in the latest quarter. Revenue fell 4 percent, to $14.42 billion from $15.02 billion.

Analysts were forecasting an adjusted profit of 46 cents per share and $14.91 billion in revenue, according to FactSet. Dell stock fell $1.71, or more than 11 percent, to $13.37 aftermarket trading following the release of the earnings report.

Dell's total product revenue fell 5 percent to $11.42 billion as revenue from mobility products, software, desktop PCs, and storage products all decreased.

Sales to consumers took a particularly sharp decline of 12 percent, while sales to the public sector fell 4 percent and revenue from large businesses decreased by 3 percent. Sales to small and medium businesses grew 4 percent compared to the first quarter of fiscal 2012.

Dell said it expects its revenue in the second quarter to be 2 to 4 percent higher than in the first quarter, which suggests a total of $14.71 billion to $15 billion. That's down 4 to 6 percent from the year-ago quarter, when it reported $15.66 billion in revenue.

Analysts expected a smaller sales decline to $15.44 billion.

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