Datalink lowers 3Q outlook, stock takes big hit

The Associated Press

Data-center services company Datalink Corp. lowered its outlook for third-quarter revenue and net income on Thursday saying its customers remain wary of making large capital outlays in the uncertain economy.

Its stock shed 16 percent in after-market trading on the news.

Datalink said it saw some customers push back expected contracts 90 days or more due to their uncertainty over the economy's direction.

"This customer behavior has caused us to miss our previous guidance," CEO Paul Lidsky said.

The company now expects to post third-quarter earnings of 14 to 15 cents per share on an adjusted basis. That's compared with its prior forecast of 20 to 25 cents. Analysts polled by FactSet were expecting the company to earn an adjusted 23 cents per share.

It forecast third-quarter revenue in the range of $105 million to $106 million, versus its prior forecast of $117 million to $122 million. Analysts were expecting $120.4 million.

Datalink's stock fell $1.38 to $7.20 in extended trading following the release of its updated guidance. It will report its full third-quarter results on Oct. 25.

The company, based in Eden Prairie, Minn., also said Thursday that it completed its $13.2 million acquisition of Strategic Technologies Inc. The deal will boost Datalink's market share and increase its presence on the East Coast.

Datalink expects the deal will add to its earnings within one quarter. It will record a charge of about $300,000, or 1 cent per share, in its fourth quarter as a result of the deal.

The acquisition follows its purchase of another information technology services company, Midwave Corp., in October 2011.

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