Adobe's 4Q beats Wall Street expectations

The Associated Press

Adobe Systems Inc.'s shares jumped in after-hours trading Thursday after the software maker reported fiscal fourth-quarter results that beat market expectations.

The company, based in San Jose, Calif., makes popular software like Adobe Reader and Photoshop.

Adobe earned $222.3 million, or 44 cents per share, for the quarter that ended Nov. 30. That compares with net income of $173.7 million, or 35 cents per share, in the fourth quarter last year. It earned 61 cents per share on an adjusted basis, excluding one-time items, in the most recent quarter.

Revenue was roughly flat at $1.15 billion.

Analysts polled by FactSet expected the company to earn 56 cents per share on an adjusted basis, on revenue of $1.10 billion.

For the year, Adobe made $832.8 million, or $1.68 per share, flat with 2011 results. Revenue rose to $4.40 billion from $4.22 billion.

Adobe said it added about 10,000 subscribers per week to its Creative Cloud service during the quarter, as it shifts to a more subscription-based format. Creative Cloud offers online versions of Adobe software products through subscriptions, instead of a download or physical package, at lower cost. Adobe added 8,000 subscriptions per week in the third quarter.

Chief Financial Officer Mark Garret said the company is confident that fiscal 2013 will be its pivotal year for the transition to the subscription-based services. It will yield a stronger, more predictable recurring revenue model with higher long-term revenue growth, Garret said.

Adobe shares rose $1.94, or 5.5 percent, to $37.47 in after-hours trading. The stock lost 43 cents to close at $35.53 in the regular session amid a broader market decline.

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