VMware to cut 900 jobs, offers weak outlook

The Associated Press

VMware Inc. said Monday that it is cutting 900 jobs, or nearly 7 percent of its workforce, and expects revenue to fall short of Wall Street's expectations for the current quarter.

The software company also said it plans to exit some lines of business and consolidate facilities this year. Cost of the job cuts and business changes is expected to be between $90 million and $110 million.

Its stock tumbled $14.58, or 14.8 percent, to $83.74 in after-hours trading following the guidance announcement, after closing down 68 cents at $98.32.

VMware expects revenue of $1.17 billion to $1.19 billion for the first quarter. Analysts polled by FactSet forecast $1.25 billion.

For the final quarter of 2012, VMware earned $205.8 million, or 47 cents per share. That's up from $200.4 million, or 46 cents per share, in the same period a year earlier.

Excluding one-time items adjusted earnings were 81 cents per share in the recent quarter, beating the 78 cents per share that analysts expected.

Revenue rose 22 percent to $1.29 billion, slightly above estimates.

The company said 2012 was a "strong year," despite a tough economic environment.

VMware's virtualization software allows one computer to function as multiple machines, which can help companies save energy and other costs.

It had 13,800 employees at the end of 2012.

Source URL (retrieved on *09/02/2014 - 3:55pm*):
http://www.ecnmag.com/news/2013/01/vmware-cut-900-jobs-offers-weak-outlook