

Rackspace shares drop as 4Q revenue disappoints

The Associated Press

Rackspace Hosting Inc. shares sank more than 8 percent in after-hours trading Tuesday after the cloud computing company reported fourth-quarter revenue below market expectations.

Rackspace earned \$29.9 million, or 21 cents per share, for the quarter that ended Dec. 31. That compares with \$25 million, or 18 cents per share, in the same quarter a year ago. Total revenue increased 25 percent to \$352.9 million, as it added more customers and exchange rates were more favorable than in the prior year.

Analysts polled by FactSet profit of 21 cents per share on revenue of \$355.4 million.

CEO Lanham Napier said the company made significant investments during 2012 to bolster its systems, products and service delivery capabilities, including the launch of a new cloud platform.

Rackspace made \$105.4 million, or 75 cents per share, for the full year. That's up from \$76.4 million, or 55 cents per share, in the prior year. Annual revenue increased to \$1.31 billion from \$1.03 billion.

The San Antonio company's shares fell \$6.47, or 8.6 percent, to \$68.51 in after-hours trading. The stock has ranged from \$40.57 to \$81.36 in the past 52 weeks.

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