

NetApp to cut jobs, boost buyback and pay dividend

The Associated Press

Data storage company NetApp Inc. said Wednesday that it will eliminate 900 jobs as part of a restructuring effort to streamline operations.

The company announced the cuts in its quarterly earnings release as it reported higher operating costs that outweighed increased sales of its data storage programs. The company said the staff reduction will cost it \$50 million to \$60 million in pretax charges for employee severance fees and related expenses.

The company also said it will begin paying a quarterly dividend of 15 cents per share to stockholders. The first dividend will be paid July 23 to shareholders of record as of July 11. And NetApp more than doubled its stock repurchase plan to \$3 billion. The company said it intends to repurchase \$2 billion of that amount within the next 12 months.

In its fourth fiscal quarter, the Sunnyvale, Calif., company reported net income of \$174 million, or 47 cents per share, down slightly from \$181 million, or 47 cents per share, in the same period a year ago.

Excluding restructuring costs and other one-time charges the company would have earned \$253 million, or 69 cents per share, compared with \$252 million, or 66 cents per share, a year earlier.

Revenue rose to \$1.72 billion from \$1.70 billion.

Analysts polled by FactSet had expected earnings per share of 68 cents per share on revenue of \$1.75 billion.

For the current quarter, NetApp expects to report adjusted earnings per share between 45 cents and 50 cents on revenue of \$1.475 billion to \$1.575 billion. Analysts, on average, are predicting earnings of 53 cents per share and revenue of nearly \$1.6 billion.

NetApp shares fell 56 cents, or 1.5 percent, to close at \$36.63 before the report. Shares rose 3.5 percent to \$37.90 in after-hours trading.

Source URL (retrieved on 09/18/2014 - 8:11pm):

<http://www.ecnmag.com/news/2013/05/netapp-cut-jobs-boost-buyback-and-pay-dividend>