

Cisco 4Q Profit Grows but Plans to Cut 4,000 Jobs

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NEW YORK (AP) — Cisco's earnings and revenue grew in the latest quarter as demand for its computer networking equipment increased. But CEO John Chambers called the global economy "challenging and inconsistent" and the company said it is cutting about 4,000 jobs, or about 5 percent of its work force.

Cisco's revenue guidance for the current quarter was weaker than Wall Street expected, and shares fell sharply in extended trading.

The company's stock fell \$2.51, or 9.5 percent, to \$23.87 in extended trading after the results were released. The stock closed up 6 cents at \$26.38 in the day's regular trading session.

Cisco Systems Inc. earned \$2.27 billion, or 42 cents per share, in the three months that ended on July 27. That's up from \$1.92 billion, or 36 cents per share, a year earlier.

Adjusted earnings were 52 cents per share in the latest quarter, squeaking past Wall Street's expectations by a penny. This figure excludes charges stemming from a patent settlement with TiVo and other one-time items.

Revenue rose 6 percent to \$12.42 billion from \$11.69 billion.

Analysts, on average, had expected revenue of \$12.41 billion, according to a poll by FactSet.

Cisco's performance is widely regarded as a bellwether for the technology industry. That's because the San Jose, California, company cuts a broad swath, selling routers, switches, software and services to corporate customers and government agencies. Cisco's fiscal quarters end a month later than most other major technology companies, giving it additional time to assess economic conditions.

Cisco's product orders grew 4 percent year-over-year, the same as in the third quarter of this year. Orders in the Americas region grew 5 percent, while Asia declined 3 percent due to economic challenges in the region, Chambers said. Europe, the Middle East, Africa and Russia increased 6 percent. On its own, Europe was up 9 percent.

Chambers said that economic conditions in Europe still "vary significantly" by

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region, with the north and the U.K. showing "very positive progress."

"We remain cautious, however, given the instability of the southern region," he added.

The caution is evident in Cisco's guidance. For the current quarter, the company said that it expects revenue to grow 3 percent to 5 percent year-over-year. Analysts are expecting \$12.72 billion, a 7 percent increase from last year's \$11.9 billion.

Over the long term, Chambers said that the company still expects revenue to grow 5 percent to 7 percent, and added that Cisco is in a "better position in the market today than ever before."

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