

Motorola Profit and Revenue Beat Wall Street View

(Reuters) - Motorola Inc (MOT.N) posted quarterly earnings and revenue that beat Wall Street expectations driven by products such as mobile network equipment, sending its shares up 1 percent.

While smartphone sales held no surprises, Avian Securities analyst Matthew Thornton said revenue beat his expectations at the networks unit, which Motorola is selling to Nokia Siemens, a venture of Nokia (NOK1V.HE) and Siemens AG (SIEGn.DE).

"Investors will be pleased with the results but I don't expect the stock to rally too much because mobile devices was in line and part of the upside came from networks, which is being sold," Thornton said.

Network equipment sales of \$967 million were ahead of Thornton's expectation for \$940 million while mobile devices revenue of \$1.7 million was in line with his estimate.

Motorola, which plans to split itself in two in the first quarter next year, posted a profit of \$162 million, or 7 cents per share compared with a profit of \$26 million, or 1 cent per share, in the same quarter the year before.

Excluding items, it earned 9 cents per share compared with Wall Street expectations for 8 cents, according to Thomson Reuters I/B/E/S.

Net sales fell to \$5.414 billion from \$5.497 billion in the same quarter the year before but were ahead of the average analyst expectation for revenue of \$5.19 billion, according to Thomson Reuters I/B/E/S.

Motorola shipped 8.3 million phones in the quarter including 2.7 million smartphones based on Android software from Google Inc (GOOG.O).

This compared with the average estimate for 8.13 million total phone shipments and 2.69 million smartphones according to seven analysts contacted by Reuters and first-quarter total phone sales of 8.5 million and smartphone sales of 2.3 million.

In May Motorola had said that smartphone sales would rise in the second quarter while it forecast a decline of phone sales overall as the company reduces its focus on less advanced phones which create more volume sales but are less profitable.

Motorola is depending on Android to turn around the company which has lost out to rivals such as Apple Inc (AAPL.O) and Samsung Electronics (005930.KS) in the last

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few years.

While Apple launched its latest iPhone within the second quarter, Motorola's latest flagship smartphone the Droid X did not go on the market until the third quarter.

Motorola's most important phone customer is the No 1. U.S. mobile operator Verizon Wireless, a venture of Verizon Communications (VZ.N) and Vodafone Group Plc (VOD.L).

Verizon Wireless has been heavily promoting Motorola phones since late last year. It launched Droid X this month.

Motorola forecast third-quarter earnings per share of 10 cents to 12 cents, excluding items such as stock-based compensation and intangible assets amortization expenses. Thornton said the midpoint of the range was a penny ahead of Wall Street expectations.

After rising as high as \$7.95, Motorola shares were up 1 percent at \$7.78 in premarket trading just before 8 a.m.

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