

Dell profit slumps on 'challenging' PC market

SAN FRANCISCO: Dell said on Tuesday (21 August 2012) profits for the second quarter fell as the US tech firm faced a "challenging" PC market and pursued efforts to shift into areas such as software and cloud computing.

Dell said its net income fell 18 percent from a year ago to \$732 million, and lowered its outlook for full-year earnings.

Earnings translated to 50 cents per share excluding special items, above most Wall Street estimates. Revenues dropped eight percent to \$14.5 billion, shy of forecasts.

Still, Dell said it was on track to become a more diversified tech firm, less dependent on personal computers, which are seeing slowing sales as consumers move to various mobile devices.

"We're transforming our business, not for a quarter or a fiscal year, but to deliver differentiated customer value for the long term," said Michael Dell, chairman and chief executive.

"We're clear on our strategy and we're building a leading portfolio of solutions to help our customers achieve their goals."

Brian Gladden, Dell chief financial officer, added, "We continued our progress in shifting the mix of our business to higher-margin enterprise solutions, led by solid growth in our server, networking, services, and Dell IP storage businesses.

"Growth in our PC business was challenging, as we saw a tough macroeconomic and competitive environment, and continued to focus on higher-value solutions in this business," Gladden said.

Texas-based Dell, once the biggest PC maker, has fallen to fourth place in global sales.

Dell has expanded its effort in the Internet "cloud" in the face of softening demand for traditional computing hardware and has also moved into software and other services.

Dell announced in June it will use some of its cash stockpile to pay dividends in a bid to boost shareholder value.

But in after-hours trade, Dell shed 3.5 percent to \$11.90 on the earnings news.

Source: AFP/i>

