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## BlackBerry Maker's Income Drops 54%

By Vittorio Hernandez

BlackBerry manufacturer Research in Motion reported Thursday a 54 per cent drop in income before tax to \$414 million in the quarter that ended Aug. 27.

RIM attributed the decline in profits over summer to lack of new models, lower demand for the PlayBook tablet computer and strong competition from the iPhone and Android phones. As a result, the company shipped only 10.6 million BlackBerry phones for the quarter, below the forecast of 12 million.

"Overall unit shipments in the quarter were slightly below our forecast due to lower than expected demand for older models," RIM co-Chief Executive Jim Balsillie told The Guardian.

RIM launched its PlayBook tablet computer in mid-April, but sales dropped to 200,000 in the past quarter from 500,000 the previous quarter. Analysts pointed to the rushed rollout of the PlayBook, missing features common in competitor's models, as the reason behind the gadget's lackluster sales. It includes embedded e-mail, calendar and address book applications.

To improve sales, RIM co-Chief Executive Mike Lazaridis said in October that the PlayBook will undergo a major software upgrade. Besides adding the three basic features, the PlayBook will also have software to run on Android applications.

Another reason seen by analysts for the weak sales is the late launch of RIM's BlackBerry 7 at the end of August.

RIM executives forecast that BlackBerry 7 sales would grow from 13.5 to 14.5 million units for the third quarter and revenues of \$5.3 to \$5.6 billion.

But analysts doubt RIM's optimistic outlook based on the rapid decline of the Canadian tech company's sales in the past three quarters. In the second quarter, RIM's share in the global smartphone market went down to 12 per cent from 19 per cent in the first quarter, while Apple's share went up to 18 per cent and Google's Android rose to 43 per cent.

"This report is another nail in the coffin of management. I don't think anybody believes their guidance. Management's credibility is at an all-time low. We're well past the point (where) these guys should be replaced," Charter Equity Research analyst Edward Synder told The Guardian.

"It's pretty clear the BlackBerry platform is now in decline. They really need QNX to reinvigorate the business," added Tavis McConut of Morgan Keegan & Co.

Following the disappointing quarterly result, RIM shares dipped 15.78 per cent to \$27.99 in after-hours trading on Thursday from a high of \$70 in February.