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Instant view: RIM issues weak outlook, shares tumble

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TORONTO (Reuters) - Research In Motion's net profit jumped 32 percent, but it issued a weaker-than-expected outlook as it pumped money into the launch of its PlayBook tablet computer.

Shares of the Canadian company dropped 4.9 percent in after-hours trade immediately following the release of the results.

COMMENTARY:

PETER MISEK, MANAGING DIRECTOR, JEFFERIES & CO, NEW YORK

"The quarter was good, the full-year guide was good, but the May quarter guidance looks light, a bit surprisingly light. It looks like operating expenses are much higher than we thought and revenues are a little lighter than we thought."

"They're (the market) going to focus on the next quarter (forecast) and they're going to try and gauge whether this is really the bottom and the trough, or whether they really think they can do \$7.50 or more of earnings for the year."

"We have a buy rating \$80 target, so we're optimistic they can make this transition."

"Seasonally, May is a slow quarter so that's typical, but also we think this probably has everything to do with the fact they're transitioning to a new operating system."

"Their first products running the new operating system

are launching so they're launching the Playbook, which is the first QNX-powered device, coming in April, and then they'll be launching hybrid devices, like the Storm 3, launching in May."

"It looks like the Playbook has a little bit lower margins and so as the Playbook gets incorporated into their numbers that's going to drag margins down a little bit."

COLIN GILLIS, ANALYST, BGC PARTNERS

"Nobody can beat Apple's margins, because they have massive scale, they are big buyers of components, they make their own stuff and then they have stores -- they capture the full margin in their stores."

"To have the PlayBook in the mix, of course it's probably going to hurt their margins."

"They've put out respectable full year guidance numbers, but are we going to believe them? Now you are stuck in a situation, where you are going to be watching the count all year long."

"Any time you have a strong full-year number and a weak Q1 number. It's like I'm going to make it up in the last half of the year don't worry -- what gives them the confidence that that's going to happen?"

"Everyone's like the PlayBook pop, well it's a tough sell in the consumer market place and the enterprise sales cycle is slow,"

"Accounts receivables have gone up and the spreads between AR and revenue growth widened this quarter and I don't like that ... AR's shouldn't be growing faster than revenue."

MATTHEW THORNTON, ANALYST, AVIAN SECURITIES

"The February quarter was fine. The May quarter guidance -- shocking might be too strong a word, but it was very weak."

"Q1 revenue is below expectations, EPS is below expectations. And they're talking about spending heavily on R&D and sales and marketing for the PlayBook tablet."

ED SNYDER, MANAGING DIRECTOR, CHARTER EQUITY RESEARCH

"The problem with the stock right now is that the guidance is markedly below what people had expected. The number was \$1.65 EPS and they're guiding for about \$1.50, and for lower ASPs and for lower gross margins. So it's a clear sign to investors these guys are going to have to spend more money and that what everybody had feared was going to occur - that they're going to continue to lose traction in the very competitive smartphone business and have to go to the lower-end phones.

"Now it's one quarter, but all they need is one quarter of data to run for the doors because there's so much bear sentiment on these guys. They've not performed well in the last two years on smart phones.

"What people are worried here is you've got one company, albeit a really good company, but they're trying to take on all the OS development, all the ecosystem development, work with the developers on apps, build the hardware, work with the carriers.. ... Any one company that tries to do this by themselves will probably lose."

"For them to not get hurt here, they've got to repudiate their previous stance, embrace probably Android, or some other OS (operating system) that somebody else is developing and move on. And that's very difficult for anyone who's sunk this much money into it and more importantly for anyone whose ego has got the better of them and considers themselves to be ordained to win."

BARRY RICHARDS, ANALYST, PARADIGM CAPITAL

"Q4 was a very strong quarter. The guidance for Q1 was a bit more mixed. The company flavored that with some very strong earnings-per-share guidance for the year. Overall it's neutral, slightly positive. The stock is down, but fundamentally it's pretty solid results."

TAVIS MCCOURT, ANALYST, MORGAN KEEGAN

"Generally looks like Q4 was in line with expectations, Q1 is a little lower on EPS due to research and development, along with sales and marketing associated with the tablet initiative."

(Reporting by [Alastair Sharp](#), [Euan Rocha](#); editing by Frank McGurty)

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