

Motorola alert prompts stock fall

The world's second largest mobile phone maker, Motorola, has warned it will miss fourth-quarter profit forecasts.

News that sales are tipped to be between \$11.6bn and \$11.8bn, less than its earlier estimate of up to \$12.1bn sent shares nearly 8% down by closing.

The group now expects profits after one-off costs to fall to between 13 cents and 16 cents a share.

Motorola blamed a slowdown in handset sales for the drop. Sales growth has been at its slowest in 18 months.

The group shipped about 66 million handsets during the period, up 23% on the previous quarter and 48% on the same time last year.

Competition

The recent price war between Motorola and rival Nokia, as well as rising sales of cheaper handsets in emerging markets has had an effect, experts said.

"This probably means they've been trying to fight Nokia on pricing. It probably means Nokia's going to see a similar trend - high unit volumes and low phone pricing and margins," said Charter Equity Research analyst Ed Snyder.

Analysts had expected the firm to unveil sales of about \$12bn for the three months to the end of December.

"We are very disappointed with our fourth-quarter financial performance, but we remain committed to the strategic direction and long-term financial targets we discussed at our annual analysts meeting," Mr Zander said in a statement.

In October, the firm also missed forecasts, posting revenues of \$10.6bn against forecasts of \$11bn. Profits also fell 45% compared with a year earlier- mainly as a result of one-off items.

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