

Motorola posts 3 quarter profit, names CFO

By Anna Marie Kukec

Schaumburg-based Motorola Inc. managed a small third-quarter profit and sees its future growing while its local work force stabilizes, executives said during an interview Thursday.

About 9,700 suburban workers have left Motorola since last year through layoffs, retirements and attrition, and about 10,000 workers remain in Schaumburg, Arlington Heights, Libertyville and Chicago. They'll focus on producing by next year at least another 20 Android mobile phone models, video broadband, mobile computing and other products, said co-CEO Greg Brown.

"We've managed our costs with vigilance, and our story now is about growth," Brown said.

The optimistic Motorola Thursday posted a \$12 million profit, or 1 cent per share, compared to a loss of \$397 million in the same period last year. But sales were \$5.4 billion, compared to about \$7.5 billion a year ago.

The communications company narrowed its losses in the Mobile Devices business, which makes mobile phones, and even added about \$700 million more to its cash coffers for a total of about \$7.2 billion, all good signs as the economy recovers worldwide, said Brown.

Motorola also forecast a brighter fourth quarter with earnings from continuing operations at about 7 cents to 9 cents per share, considerably higher than its current post. The news pleased Wall Street, sending Motorola shares up nearly 10 percent to close at \$8.74.

In addition, the introduction of its second Google Android phone this week, called Droid, also shows promise with Verizon Wireless service and marketing efforts.

"With the push from Google and Verizon Wireless, this will help Motorola put this phone in front of as many consumers as possible," said Mark McKechnie, an analyst with Broadpoint AmTech Inc. "We're hoping for a good following from consumers during the holiday season."

So is Motorola, said co-CEO Sanjay Jha.

"With the hits we've been seeing (on the Web site), and the pre-orders, it's all very exciting," said Jha, who was hired more than a year ago to oversee the business unit.

Jha said that all the executives have been using the Droid and have been pleased with its performance.

"We feel good about it," he said. "But at the end of the day, it's how it all plays out."

Jha said Motorola intends to introduce 20 new Android phones worldwide throughout 2010, including several models in the United States. He was unsure how many would be available in the Chicago market next year.

The Mobile Devices segment still dragged down the company overall, but not as bad as before, according to its balance sheet. The mobile phone unit posted sales at \$1.7 billion, down 46 percent, compared to the same period a year ago. Its operating loss was \$183 million, compared to a whopping \$840 million last year.

The unit also formed new partnerships with Accuweather, Amazon MP3, Barnes & Noble, CardStar, Comcast Entertainment Group, MySpace, Howcast.com and several other Web-oriented outlets, an indication of its future marketing efforts via the Web and social networking arenas.

All of these efforts showed a clear rebound in the phones business for Motorola. The Google Android line will help Motorola "snap back," said Edward Snyder, principal and analyst with Charter Equity Research.

"Nothing to slow them down between now and 2Q10," said Snyder. "Palm is in trouble and Motorola's distribution will swamp them out before WebOS gets to many more carriers."

In other business, Motorola appointed Edward Fitzpatrick as its permanent chief financial officer, replacing Paul Liska, who left and later sued the company for wrongful termination. The case is pending.