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UPDATE: Citrix 2Q Profit Up 12%; Sees Strong 3Q Revenues

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Citrix Systems Inc.'s (CTXS) second-quarter profit jumped 12% as the virtualization and infrastructure software company posted higher revenue across all businesses and regions.

Shares rose 4.6% to \$49.50 in after-hours trading as the revenue growth exceeded Wall Street's expectations.

For the current quarter, Citrix projected earnings of 48 cents to 49 cents a share on revenue of \$450 million to \$460 million. Analysts surveyed by Thomson Reuters expect 48 cents and \$446 million, respectively.

For the year, Citrix lowered its earnings target to \$1.87 to \$1.89 from about \$1.90 as the second quarter missed estimates, but the company lifted its revenue outlook to \$1.81 billion to \$1.83 billion from \$1.7 billion to \$1.8 billion.

The company posted its third consecutive quarterly growth in its product-license segment after a year of declines, and also noted higher sales in its other three businesses. Citrix has benefited from the XenDesktop trade-up promotion and spiking levels of interest in desktop virtualization and cloud computing.

"Desktop virtualization has been driving Citrix's sales," said **Unni Narayanan, an analyst at Primary Global Research**. He added that cloud computing, which is ancillary to Citrix's core business, is growing in popularity with small and mid-sized businesses.

On Monday, Jefferies said it expected Citrix to deliver a "solid quarter," saying results so far from software vendors have indicated that enterprise stayed healthy through the end of June.

Citrix, which improves computer efficiency by allowing multiple systems to operate on one computer, posted a profit of \$47.6 million, or 25 cents a share, up from \$42.5 million, or 23 cents a share, a year earlier. Excluding stock-based compensation and other items, earnings rose to 41 cents from 39 cents as revenue climbed 17% to \$458.4 million.

In April, the company projected earnings of 44 cents to 45 cents on revenue of \$430 million to \$440 million.

Operating margin widened to 16.1% from 10.1%.

Revenue from product licenses, or new product purchases, climbed 15%, while license updates, which include annuity revenue from a subscription paid when new licenses are purchased, increased 13%. Sales at the online services and technical services segments jumped 18% and 35%, respectively.