

UPDATE 2-Citrix Q4 beats Street, outlook fails to excite

* Q4 adj EPS \$0.66 vs est \$0.54

* Q4 rev up 8.5 pct

* Sees Q1 adj EPS \$0.39-\$0.40 vs est \$0.40

* Sees 2010 adj EPS \$1.87-\$1.90 vs est of \$1.88

* Shares fall 7 pct after the bell (Recasts; adds conference call details, analyst quotes)

By Sayantani Ghosh

BANGALORE, Jan 27 (Reuters) - Infrastructure software maker Citrix Systems Inc ([CTXS.O](#)) posted quarterly results that blew past estimates amid easing concerns about tech spending, but shares tracked down 7 percent as investors were expecting a stronger outlook.

The company, which develops virtualization software that allows a single computer to act like many "virtual" machines, set an outlook for the first quarter and the full year that was mostly in line with analysts' expectations.

However, Wall Street has been betting big on virtualization technology and flagged the conservative outlook given by the company.

"They are setting a good, conservative, low bar to beat, because right now there is a lot of overhype and speculation around adoption of virtualization technology. I think they want to reset those expectations a bit," said **Unni Narayanan, chief executive of Primary Global Research, an investment research firm.**

Narayanan also said tech spending sustained itself across the board in the fourth quarter, and unlike previous years, where companies usually freeze budgets, spending was not deferred.

For the first quarter, the company forecast non-GAAP earnings of 39 cents to 40 cents per share. Analysts were expecting earnings of 40 cents per share. [ID:nWNAB9200]

The company's fourth-quarter results trumped analysts' expectations with its desktop virtualization product -- XenDesktop 4 -- boosting sales. Citrix added 5 new XenDesktop deals in the fourth quarter. Overall desktop business sales grew 5 percent to over \$290 million.

Primary Global's **Narayanan** said small and medium businesses, which had been under pressure through the downturn, have been gravitating towards Citrix's server virtualization products.

For the fourth quarter, the company posted a profit of \$88.1 million, or 47 cents a share, compared with \$60.1 million, or 33 cents a share, a year ago.

Excluding items, it earned 66 cents a share. Analysts were looking for a profit of 52 cents a share, according to Thomson Reuters I/B/E/S.

Citrix posted an 8.5 percent rise in total net revenue at \$451.2 million. Analysts were expecting revenue of \$431.5 million.

Shares of the Fort Lauderdale, Florida-based company were trading down 2.3 percent at \$41 in extended trading, after closing at \$41.98 Wednesday on Nasdaq. (Editing by Gopakumar Warriar and Saumyadeb Chakrabarty)