

EMC stock price highest since 2001

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HOPKINTON— EMC Corp. stock hit a six-year high yesterday after the data storage and software giant reported record revenues and net income for the third quarter.

EMC closed yesterday at \$24.45 a share on the New York Stock Exchange, up \$1.92. It last traded above that price on July 5, 2001, when it closed at \$30.03.

The stock jump came on the announcement that the data storage and software giant had posted net income of \$492.9 million, or 23 cents per diluted share, compared with a profit of \$283.7 million, or 13 cents per share in the same quarter a year ago. Total consolidated revenue for the quarter was \$3.3 billion, an increase of 17 percent over the \$2.8 billion reported for the third quarter of 2006.

EMC's net income for the quarter includes a net gain of \$115.2 million, primarily from the sale of 6 million shares of its interest in VMware Inc. to Cisco Systems Inc. Excluding that, net income was \$377.8 million, or 17 cents per diluted share, an increase of 31 percent over the same quarter last year, the company said.

VMware, which went public in August, posted net income of \$64.7 million for the third quarter, more than triple that for the same quarter in 2006. VMware, based in Palo Alto, Calif., makes software that allows computer servers to run more efficiently.

During a conference call with analysts, chief executive officer Joseph M. Tucci said the company increased its previously-announced stock buyback commitment from \$1 billion to \$2 billion.

"Based on our results, year to date, and our expectations for a solid fourth quarter, we are now very clearly on track to exceed the annual financial targets we set in January," Mr. Tucci said.

Analyst Brian A. Babineau of Enterprise Strategy Group in Milford said investors have been rewarded by the performance of EMC and its subsidiary.

"It's rather impressive," he said. "It's hard to argue that this company is not firing on all cylinders. From its financial management to the offering of VMware, it's been very precise, well managed."

Yesterday's 8.5 percent jump in the company' stock should come as no surprise, he said.

"That's the biggest indicator of what investors think of the results," he said. "Clearly, they are impressed with VMware and EMC."

Gary H. Sherr, vice president of the Worcester brokerage firm Carl P. Sherr & Co., said EMC's performance was very strong, even without the influence of VMware. He recommends the stock to his clients.

"EMC had a terrific report today, due to what it did on its own," he said. "EMC had positive comments in regard to their earnings. They reaffirmed their guidance. There were no surprises. We're seeing their stock move in response to the numbers."

Chief Financial Officer David I. Goulden said the company spent \$224 million in the third quarter to buy back approximately 12 million shares. So far this year, EMC has bought back 73 million shares, returning \$1.1 billion to shareholders, he said.

The company finished the quarter with \$7.5 billion in cash and investments on hand.

growth in sales to that market. He added that the company has good opportunities in the small-to-medium-size commercial market.

Mr. Babineau said that purchasing trends tend to be cyclical, and that the second and fourth quarters tend to be stronger for technology firms. He said EMC is on track to exceed its year-end target, but declined to be more specific.

EMC's North American sales grew 15 percent, compared with 21 percent growth overseas.

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