

Dell Q1 2012 Profits, Revenues Down

Written by Marco Attard
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Dell posts negative results for Q1 2012, with a -33% Y-o-Y drop in profits and revenues falling by -4%-- declines the company blames on current economic woes and changing consumer preferences.



PC revenues are down by -6% Y-o-Y for the quarter, while consumer sales fall by -12% to reach \$3 billion. The company explains some of the PC declines with supply chain disruptions caused by the 2011 Thailand floodings, as well as consumers buying tablets instead of PCs.

Most regions see drops in revenues-- Dell EMEA revenues are down by -1%.

The decline in spending from corporations and public sector hits Dell even worse now that it appears to focus mostly on the enterprise services market. Solutions and services account for 50% of Dell gross margin.

During the earnings call CEO Michael Dell gives hints on Dell's future direction-- Windows 8 will result in new products occupying higher price bands, even if the upgrade cycle to Windows 8 will not match that for Windows 7. The company should have a "full complement" of Windows 8 devices once Microsoft releases the OS.

"Unlike other Windows transitions, this is a transition where you are going to need a new PC," Dell concludes.

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