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Dell shares lower after slashing full-year revenue forecast on chip shortage

Dell Technologies Inc (NYSE:DELL) shares fell Wednesday a day after the company cut its full-year revenue forecast due in part to a shortage of chips from Intel Corp (NASDAQ:INTC).

Shares were down 4.7% to \$50.70 in New York.

The company, which reported fiscal third-quarter results after the bell Tuesday, reduced its fiscal 2020 revenue forecast to between \$91.5 billion and \$92.2 billion from between \$92.7 billion and \$94.2 billion.

Demand outstrips capacity

Intel said last month that demand for its microprocessors used in PCs was outstripping its ability to add capacity, forcing it to rely on contract manufacturers to ease the shortage.

Dell is the third-biggest PC maker after China's Lenovo Group Ltd and HP Inc (NYSE:HPQ), with the business accounting for nearly half of its total revenue.

"Intel CPU shortages have worsened qtr-over-qtr, impacting our commercial PC and premium consumer PC Q4 forecasted shipments," Chief Operating Officer Jeffrey Clarke said on a post-earnings call with analysts, according to Reuters.

Dell's PC business had a strong quarter which ended November 1, with sales rising 4.6% to \$11.41 billion and mirroring upbeat results from rival HP, which also reported earnings on Tuesday.

But revenue from Dell's server and networking unit dropped 16% to \$4.24 billion while sales in its VMware (NYSE:VMW) unit rose 11.4%.

The Texas-based company reported total revenue of \$22.84 billion for the latest quarter, narrowly missing estimates of \$23.04 billion.

Dell's net income was \$552 million, compared with a loss of \$895 million a year earlier.

Excluding items, the company earned \$1.75 per share, while analysts were expecting a profit of \$1.62 per share.

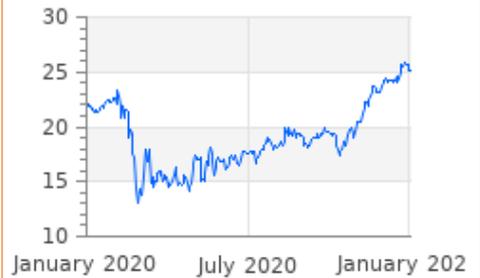
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Price: 25.27

Market Cap: \$32.61 billion

1 Year Share Price Graph



Share Information

Code: HPQ

Listing: NYSE

52 week	High	Low
	26.145	12.54

Sector: Hardware & electrical equipment

Website: www.hp.com

Company Synopsis:

Hewlett-Packard (HP) is a global provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses and large enterprises, including customers in the government, health and education sectors.

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