

## Riverbed (Nasdaq: RVBD) shares drop on outlook

**Date:** January 27, 2012 9:25 AM

**Author:** [Janice Meehan](#)

**Source:** AP

**Categories:** [Stocks](#), [Nasdaq](#)

**Tags:** [Riverbed Technology](#), [RVBD](#)

**Permalink:** <http://bit.ly/zJWLID>

Orlando, FL 1/27/12 ([StreetBeat](#)) -- Shares of Riverbed Technology Inc. ([Nasdaq: RVBD](#)) tumbled 14 percent before Friday's opening bell, after the company warned of a first-quarter dip in the growth of an important line of its technology as it introduces a new product platform.

The Steelhead products line, which speeds the transfer of data across wide-area networks, will help drive growth later this year, the company said, though business would slow in the near term.

Some industry watchers focused on that long-term plan and suggested investors take advantage of any dip in share price.

Janney Capital Markets analyst Bill Choi backed his "Buy" rating and \$34 price target for the San Francisco company, calling the sell-off a buying opportunity. Any disruption from the product change should only last a quarter or two, he said.

"New hardware and software launching in quarter one expands Riverbed's market opportunity and its ability to accelerate and consolidate file and storage servers, software as a service traffic, and back-up and disaster recovery," Choi wrote.

Jefferies analyst George Notter backed his "Underperform" rating for Riverbed, and raised his price target by 75 cents to \$17.25, saying that while the fourth-quarter results were better than he expected. However, he is more concerned about the long-term growth potential of the company's core business.

Notter said that the WAN market is only expected to grow about 10 percent this year and 8 percent in 2013. Meanwhile, it may be tough for Riverbed to find growth outside of that market.

WAN can help improve the performance of applications shared over computer networks — such as the networks that connect the computers of multinational corporations to one another.

Riverbed, which provides virtualization and cloud computing services, said late Thursday that net income improved to \$20 million, or 12 cent a share, in the three months ended Dec. 31. That compares with net income of \$13 million, or 8 cents a share, in the same period last year.

Excluding special items, the company earned 25 cents a share for the recent quarter, Edging out Wall Street expectations. Revenue grew 23 percent.

Riverbed shares dropped \$4.09 to \$25.83 before the opening bell.

[StreetBeat Disclaimer](#)

[Distributed by Viestly](#)