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## Intel to cut 5% of staff after forecasting no growth this year

The world's biggest computer chip maker, Intel, says it will cut its workforce by 5% as it expects no revenue growth in 2014.

The company told Reuters news agency that it would reduce its global workforce of 107,000.

Intel's gloomy earnings report this week knocked its share price, which was down 2.6 at the close.

A spokesman, Chris Krauter, said: "This is part of aligning our human resources to meet business needs."

The weak forecast comes as chip makers continue to be hurt by a drop in sales of personal computers (PCs).

Revenues at Intel's division which makes chips for desktop computers fell 4% in 2013.

However, the company said there had been signs in the past few months that the PC sector was "stabilising".

[According to its latest earnings](#), the PC chip division generated revenues of \$8.6bn (£5.2bn) in the October-to-December quarter of 2013, compared with \$8.5bn a year ago.

"We had a solid fourth quarter with signs of stabilisation in the PC segment and financial growth from a year ago," said Intel chief executive Brian Krzanich.

For the full year 2013, the firm reported a net profit of \$9.6bn, down 13% from a year ago.

'Disappointed again'

Sales of PCs have fallen for six quarters in a row, hurt by the growing popularity of tablets and smartphones.

As a result, computer chip makers have been looking to boost growth in other divisions and areas to try and sustain their growth.

In case of Intel, analysts have been focussing on the performance of its data centre business.

Intel said the division's revenues rose 8% in the last quarter of 2013, from a year earlier. However, the rise was less than what some analysts had expected.

"The incremental nugget we got from fourth quarter earnings was that data centre group disappointed again," said Patrick Wang an analyst with advisory firm Evercore. He said investors were anticipating a healthy performance from the division.

Intel's chief financial officer, Stacy Smith, said the division's revenues in 2014 would probably come in toward the bottom of the previous estimate of 10% to 15% growth.

'Bringing innovation'

Intel has also taken other steps to create new growth areas and offset the impact of slowing PC sales on its business.

At the recently held Consumer Electronics Show (CES), in Las Vegas, the firm showcased various new technologies.

That included a 3D-camera technology, where one of its depth sensors could be used to interpret gesture controls and to separate foreground objects from the background.

It said laptops featuring the technology would go on sale this year.

The company also unveiled a series of new concept wearable technologies - seen by many as a key growth area in the coming years.

The products showcased included Smart earbuds -which act as an activity tracker as well as play music and a smartwatch that can connect to the internet without needing to be linked to a phone.

"We've built a strong foundation for our business by bringing innovation to the market more quickly across a wide range of computing platforms," said Mr Krzanich.

"At [the] CES, we demonstrated multiple devices that weren't on our roadmap six months ago."