

ConAgra Nurses Profit Dip But Raises Outlook

Sarah Skidmore, AP Food Industry Writer

PORTLAND, Ore. (AP) — ConAgra Foods Inc. said Tuesday that its first-quarter profit dropped 63 percent compared with a year earlier — when it sold a business — but its adjusted profit beat estimates, and it raised its outlook.

The Omaha, Neb.-based food maker said strong performance of its Healthy Choice, Marie Callender and Orville Redenbacher consumer lines meant its results for the year would be solid. But investors were unimpressed by the company's performance in commercial foods and sent shares down slightly in morning trading.

ConAgra reported earning \$165.9 million, or 37 cents per share, for the quarter, down from \$442.4 million, or 94 cents per share, a year earlier, when it gained 71 cents per share from selling its commodity trading business.

Adjusted for a charge related to investment losses, the company's earnings of 38 cents per share topped the average estimate from analysts surveyed by Thomson Reuters for 34 cents per share. Analysts' estimates generally exclude one-time items.

Revenue dipped 3 percent to \$2.96 billion — missing Wall Street's \$3.09 billion sales expectations.

Sales in the company's consumer division — which accounts for 63 percent of its revenue — edged up 1 percent to \$1.86 billion, even including a drop in Slim Jim production after a June factory explosion.

But sales fell 9 percent in ConAgra's commercial foods segment due to weakness in the restaurant industry and lower commodity prices, which drove down prices of some of its commercial products, like flour.

Profits improved at ConAgra and some other food makers as prices for key ingredients receded from last year's record highs. ConAgra also trimmed its product lines to focus on its most profitable products, and it cut costs.

The company raised its outlook for the full year, saying it expects to earn near \$1.70 per share. Its prior forecast was for adjusted income from continuing operations in a range of \$1.63 to \$1.66 per share, while analysts expect 2010 net income of \$1.65 per share.

"We expect the balance of the year to show strong profits for (the consumer foods) segment due to manageable inflation, good cost savings, sales growth and favorable mix," CEO Gary Rodkin said in a statement.

Stifel, Nicolaus & Company Inc. analyst Christopher Growe commended the

ConAgra Nurses Profit Dip But Raises Outlook

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

company for coming in above expectations, but he said ConAgra still faces challenges in commercial foods and maintained a "hold" rating on the company's shares.

Grove said the company must raise its sales volume, possibly by investing more in marketing, though it may continue benefiting this year from cost reductions.

Shares of ConAgra fell 33 cents to end at \$22 Tuesday.

Source URL (retrieved on 01/25/2015 - 9:47am):

<http://www.impomag.com/news/2009/09/conagra-nurses-profit-dip-raises-outlook>