Beer Stays Strong Through Global Recession

AMSTERDAM (AP) — Dutch brewer Heineken NV on Wednesday raised its forecast for full-year operating profit, citing cost savings, better prices and higher sales of its most profitable brands, even though overall sales volumes were down.

The company raised its forecast for full year "organic" operating profit -- a nonstandard measure -- to low double digit growth from high single digit growth.

Shares rose 0.3 percent to euro30.06 in early Amsterdam trading.

Heineken, which is family-controlled, reports audited earnings twice annually. Its profit forecast is based on organic operating profit -- comparing all operations as if they were consolidated in both years -- and before exceptional items and amortization of intangible assets, such as its brands.

The difference is significant. Heineken said reported net profit may actually be lower in 2009 than 2008 "due to weaker currencies in the second half of the year" and because integrating newly-acquired operations was a drag on earnings in the first half.

Heineken bought Scottish & Newcastle for euro14.3 billion ($21.27 billion) in May 2008.

The company put third quarter sales at euro4.07 billion, which Heineken said was a fall of 0.4 percent if comparing like for like operations. It didn't give a comparison figure.

Volumes were down 6 percent, with falls in Europe and the Americas somewhat offset by strong growth in Africa, Heineken said.

"Organic" operating profit was up by around 15 percent in the third quarter, Heineken said, without giving numbers.

Analyst Kris Kippers of Petercam Bank said the sales appeared worse than expected because the company was not able to hike prices as well as it did in the first half.

"With a top line in jeopardy...cost cutting efforts are necessary to safeguard the company's bottom line," he said in a note. "We do not expect Heineken to return to above industry (average) volume performance, as consumers are trading down, certainly in the U.S."

He repeated a "hold" advice on shares.

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