DuPont Posts Profit After Massive Cost-Cutting

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DOVER, Delaware (AP) — DuPont offset falling sales and prices using cost cuts and reported larger third-quarter profits Tuesday.

All major chemical makers, including Wilmington-based DuPont Co., were hit first by soaring crude and energy costs last year, and then plummeting sales both in the U.S. and abroad. Cutting expenses has become a priority for the industry and DuPont said reduced spending by $900 million so far this year, just short of its full-year goal of $1 billion.

Costs have since fallen 12 percent for DuPont during the third quarter, and could be as much as 6 percent lower by the end of the year, the company said.

That led to a surprise profit of $409 million, or 45 cents per share, for the quarter ending Sept. 30, compared to $367 million, or 40 cents per share, in last year's third quarter, which included a hurricane-related charge of 16 cents per share.

The results easily beat the consensus Wall Street estimate of 33 cents a share.

Still, revenue fell to $6.1 billion from $7.4 billion during the same period last year.

"We see overall sequential improvement in our industrial businesses as market conditions begin to firm," CEO Ellen Kullman said. "With a more streamlined organization, permanent fixed cost reductions, and increased productivity, DuPont is well-positioned to capitalize as markets improve."

The company revised its full year earnings outlook to a range of $1.95 to $2.05 per share, excluding significant items, narrowing toward the upper range its previous forecast of $1.70 to $2.10.

DuPont said it expects demand to improve in key markets and said it will benefit from lower raw material costs and currency exchange rates in the fourth quarter.

For the most recent quarter, however, the company again saw double-digit volume declines in four of its five business units, with the agriculture and nutrition unit again being the exception. Volumes were down in all markets, with the largest declines in the U.S., Europe, Africa and the Middle East.

Continued weakness in motor vehicle markets contributed to sales declines in the performance materials and coatings and color technologies units.

Sales of $1.2 billion in the agriculture and nutrition unit were off 5 percent and the unit reported a pretax loss of $113 million.

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