International Paper Profits Double, 1,600 Still Jobless

MEMPHIS, Tenn. (AP) — International Paper, the world's biggest wood products company, said Wednesday its third-quarter profit more than doubled as a huge federal tax credit more than offset falling sales of cardboard box materials.

The 13 percent sales decline shows retailers who depend on consumer spending for their profits have yet to resume large-scale purchases of the cardboard boxes that are made from materials made by IP.

But CEO John Faraci said that at the end of the latest quarter, the company "began to see some modest improvements in demand in some segments of our paper and packaging businesses."

In premarket trading, IP shares rose 59 cents, or 2.6 percent, to $23.22.

International Paper, based in Memphis, said its profit rose to $371 million, or 87 cents per share, in the July-September period from $149 million, or 35 cents per share, a year ago.

But the latest results included special items, primarily a $525 million federal alternative fuel tax credit.

Without special items, IP said it would have earned 37 cents per share from continuing operations versus 84 cents a share a year ago. The latest figure is 13 cents a share better than Wall Street analysts polled by Thomson Financial expected. They typically exclude special items from their estimates.

The law authorizing the fuel tax credit is set to expire in December.

Sales in the third quarter fell 13 percent to $5.92 billion from $6.81 billion a year ago.

Operating profit in IP's largest segment, industrial packaging, fell to $214 million from $255 million as lower box prices offset a modestly higher volumes and lower annual maintenance outages.

At the printing paper segment, operating profit climbed to $138 million from $86 million as export sales rose and domestic volumes climbed and materials costs fell.

Consumer packaging's operating profit jumped to $68 million from $38 million as lower annual maintenance outages, modest volume improvements and favorable materials costs offset pricing pressure.

"We expanded margins year-over-year and continued to deliver strong cash flow and pay down debt," Faraci said. IP repaid $1.3 billion in debt.

Pension payments boosted expenses to $46 million from $40 million.