

Lockheed Martin Says 3Q Profit Fell 28 Percent

MINNEAPOLIS (AP) — It's getting harder to make a buck in the planes-and-missiles business.

Even as the big defense contractor Lockheed Martin was explaining why its third-quarter profit shrank 28 percent, British Prime Minister David Cameron was laying out sweeping defense cuts on Tuesday. They include a smaller order for Lockheed's new F-35 Joint Strike Fighter, built in Fort Worth, Texas.

Defense contractors have been retrenching as the U.S. and other governments clamp down on defense spending. Lockheed Martin said it has seen numerous delays on weapons decisions — and outright cancellations — over the last several months.

The latest change is for the F-35. Britain had planned to buy 138 of them, in two different versions, including one that can take off and land on short fields. On Tuesday, it said it would reduce the planned numbers of the planes, although it didn't say by how much. And its order will be for the version that uses a catapult to launch from an aircraft carrier. The planes can cost \$113 million each.

"We're certainly not overly concerned or hyperventilating," Chief Executive Robert Stevens said of the potential for a smaller British order. "I expect there will be some ebb and flow in quantities and timing" as the F-35 gets closer to being delivered, he said.

The company based in Bethesda, Md., reported net income of \$571 million, or \$1.57 per share, for the quarter that ended Sept. 30, down from \$797 million, or \$2.07 per share, a year ago.

The company spent \$178 million, or 32 cents per share, on the voluntary buyout program for executives during the quarter. Lockheed Martin has cut about 10,000 jobs since the beginning of 2009, and said on Tuesday that it employs about 133,000 people.

Revenue rose to \$11.38 billion from \$10.8 billion a year ago.

Analysts surveyed by Thomson Reuters were expecting earnings of \$1.53 per share on higher revenue of \$11.59 billion.

The carrier and conventional land-based versions of the F-35 are both ahead of the flight test schedule, Stevens said. But the short take-off version — the one the British are backing away from — is 40 flights behind schedule, he said.

Chief Financial Officer Bruce Tanner said in an interview that the company is getting

Lockheed Martin Says 3Q Profit Fell 28 Percent □

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

closer to selling its Pacific Architects and Engineers business, with a deal expected to close late this year or early in 2011. He said the company is in talks with about eight potential buyers, and will narrow the list to two by mid-November.

Lockheed said earlier this month that it would sell its Enterprise Integration Group to the private equity firm Veritas Capital for \$815 million in cash.

Tanner said Lockheed would be open to the right acquisition, too, but added "We don't feel the need to acquire sales. We actually like the portfolio we have."

The company has been plowing some of the cash it's been generating into pensions. It made a \$1.05 billion contribution during the quarter, and has contributed \$1.4 billion so far this year. It ended the quarter with \$2.66 billion in cash, up from \$2.39 billion at the same time last year.

The company reduced its full-year 2010 guidance, mostly because of the sale of the Enterprise Integration Group. It now expects net sales of \$44.9 billion to \$45.9 billion for 2010. As recently as July it had predicted revenue of \$45.5 billion to \$46.5 billion. And it expects to earn \$6.75 to \$6.95 per share from continuing operations. Analysts were expecting a earnings of \$7.05 to \$7.25 per share.

In 2011, its segment profits should be about the same as this year, the company said.

Source URL (retrieved on 03/30/2015 - 10:48am):

<http://www.impomag.com/news/2010/10/lockheed-martin-says-3q-profit-fell-28-percent>