

It's Earnings Season: 3M, J&J, Siemens, DuPont

Samantha Bomkamp, AP Transportation Writer

3M profit dips in 4Q, lifts forecast for 2011

NEW YORK (AP) — 3M Co. on Tuesday raised its profit expectations for the new year, saying research and investments in new products are paying off.

3M said net income dipped slightly in the last quarter of 2010 because of higher costs. But revenue increased 10 percent on broad-based improvements in products used in electronics, cars and planes.

The Maplewood, Minn., company earned \$928 million, or \$1.28 per share, in the fourth quarter compared with \$935 million, or \$1.35 per share, a year ago.

Revenue rose to \$6.71 billion from \$6.12 billion. Business improved in all six of the company's segments.

3M's Electro and Communications unit, which makes everything from police tape to static control products, grew sales by 20 percent. Sales in its biggest segment, industrial and transportation, rose 10 percent. That division sells over 1,000 products for cars including abrasives and paint finishings, and adhesives for aircraft.

3M said broad-based sales increases offset moderating sales from its optical films for LCD TVs and H1N1-related products, like respirators.

The results topped the expectations of analysts polled by FactSet Research, who on average forecast a profit \$1.27 per share on revenue of \$6.59 billion. But shares fell 1.6 percent in premarket trading. To \$88.90.

For 2011, the maker of Post-Its and Scotch Tape expects to earn \$5.95 to \$6.20 per share, up from a previous forecast of \$5.90 to \$6.10 per share. 3M expects double-digit sales growth this year.

J&J reports lower 4Q profit, revenue

NEW BRUNSWICK, N.J. (AP) — Health care giant Johnson & Johnson, hammered by numerous recalls that have kept some popular nonprescription medicines and other products off the market, posted a 12 percent profit decline and a 5.5 percent drop in revenue for the fourth quarter.

The adjusted earnings from the maker of Tylenol, medical devices and biologic drugs matched Wall Street estimates but revenue fell short and its earnings estimate for this year was below current forecasts.

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Its shares fell \$1.22, or 2 percent, to \$61 in pre-market trading.

The company said Tuesday that net income was \$1.94 billion, or 70 cents per share. That was down from \$2.21 billion, or 79 cents per share, in 2009's fourth quarter.

Excluding one-time items, net income would have been \$1.03 per share, just matching analysts' expectations. The items included a charge of \$922 million for litigation settlements and product liability expenses.

The company's revenue fell to \$15.64 billion from \$16.6 billion a year ago and was below the \$16 billion expected by analysts polled by FactSet. Sales in the 2009 fourth quarter totaled \$16.55 billion.

Sales of consumer products such as Tylenol, Benadryl and Roloids — all the subject of recalls over product contamination and other problems — were down the most. Sales in that division fell 15 percent to \$3.6 billion.

Sales of prescription drugs, which include Remicade for immune disorders and Concerta for attention deficit disorder, fell nearly 5 percent to \$5.71 billion. The medical device division, now J&J's largest, did best with flat sales of \$6.32 billion.

Meanwhile, J&J forecast earnings per share of \$4.80 to \$4.90 for 2011. Analysts surveyed by FactSet were expecting \$4.99 a share for 2011.

The New Brunswick, N.J.-based company said that in addition to the series of recalls that began in September 2009, its results were affected by the U.S. health care overhaul.

For the full year, net income was up nearly 9 percent to \$13.33 billion, or \$4.78 per share. Revenue totaled \$61.59 billion, down 0.5 percent from 2009, even though J&J's 2009 fiscal year had a 53rd week.

"Although 2010 was a challenging year, the business continued to deliver earnings growth, while investing in the future and emerging a stronger organization," William C. Weldon, chairman and chief executive, said in a statement

"We will continue to see near-term pressures on the business for 2011," he added.

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Siemens reports 15 percent rise in Q1 earnings

by Geir Moulson, Associated Press

BERLIN (AP) — Strong rises in new orders and demand from emerging markets pushed Siemens AG to a 15 percent rise in net earnings in the October-December quarter, the industrial conglomerate said Tuesday.

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Siemens, which produces items as diverse as light bulbs and power-station turbines, said it was on track to reach its targets for the full 2011 fiscal year after income rose to €1.75 billion (\$2.4 billion) in the fiscal first quarter from €1.53 billion a year earlier.

New orders were up 19 percent at €22.59 billion, while revenue rose 12 percent to €19.49 billion, figures that Siemens said benefited from currency translation effects.

The company said it was the third consecutive quarter in which all of its sectors saw year-on-year growth in both orders and revenues, emerging markets leading the way with a 31 percent increase.

The strongest order growth came from Asia and Australia — a 55 percent rise — and the Americas, where orders were up 23 percent. Of Siemens' three sectors — industry, energy and healthcare — the energy division posted the strongest increase, 27 percent, helped by large orders in the fossil power generation area.

Operating profit for the quarter was up 6 percent at €2.23 billion. Siemens said it took a charge of €136 million related to the sale of its information technology services division to Atos Origin of France and earnings also were burdened by €261 million from a special employee remuneration program.

"We delivered (an) excellent bottom-line performance and are fully on track to reach the targets we set for fiscal 2011," CEO Peter Loescher said.

Siemens cited "continuing improvement in its markets" as it underlined the forecast it made in November.

That calls for "clear" growth in order intake and income from continuing operations at least 25 percent to 35 percent higher than in the previous fiscal year.

The earnings figures were in line with market expectations, though ING analyst Axel Funhoff pointed to a 24 percent decline in earnings at Siemens' healthcare sector to €381 million as something of a disappointment.

Siemens said that was due in part to "higher functional costs." The sector saw orders growth of 10 percent, the lowest of the three sectors.

Overall, "Siemens posted solid results again that came in roughly as expected, and its substantially better-than-expected order intake also shows that the company is operationally in full swing," Funhoff said.

Siemens shares were up 1.5 percent in Frankfurt trading at €95.29, the best performer on the DAX index of blue-chip stocks.

DuPont reports 4Q earnings decline

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by Randall Chase, AP Business Writer

DOVER, Del. (AP) — Dupont Co. on Tuesday reported a decline in fourth-quarter earnings as increased sales were offset by higher raw material costs and the loss of pharmaceutical business from patent expirations.

E.I. du Pont de Nemours & Co., based in Wilmington, Del., reported net income of \$376 million, or 40 cents per share, for the quarter, down from \$441 million, or 48 cents per share, a year earlier.

Earnings excluding significant items totaled \$463 million, or 50 cents per share, in the quarter, compared to \$402 million, or 44 cents a share, in the fourth quarter of 2009.

The results beat analysts' consensus earnings estimate of 31 cents per share, and DuPont boosted its full-year 2011 earnings guidance to a range of \$3.45 to \$3.75 per share, up from previous guidance of \$3.30 to \$3.60 per share. The company said the change reflects a lower base tax rate and reduced pension obligations, as well as continued global economic growth and industrial production.

"The fourth quarter was a strong finish to an outstanding year," said Chairman and CEO Ellen Kullman. "We laid the groundwork for recovery in 2009 and executed with precision and effectiveness in 2010, meeting and often exceeding our business goals and financial commitments, some a full year early."

Full year earnings totaled \$3.05 billion, or \$3.28 per share, up from \$1.77 billion, or \$1.92 per share, in 2009, as consolidated sales grew 20 percent, to \$32.7 billion. Excluding significant items, full-year earnings increased 62 percent, to \$3.28 per share.

Sales for the quarter increased 14 percent to \$7.74 billion, reflecting a 12 percent increase in volume and 6 percent pricing gains. Sales grew 26 percent in the Asia-Pacific region and 18 percent in Latin America, with U.S. sales up 15 percent.

DuPont's electronics and communications unit led performance with a 33 increase in sales, including a 24 percent volume gain. The unit saw sales increase 44 percent for the year, as the company reported strong demand in most market segments, especially in photovoltaics.

Performance chemicals sales were up 26 percent on 13 percent higher volumes and 14 percent higher prices, reflecting advantageous pricing for titanium dioxide, a whitening pigment used in products ranging from paint to toothpaste.

On the downside, DuPont saw pretax pharmaceutical income decline by \$160 million as it continued to feel the effects of April 2010 patent expirations for the blood pressure drugs Cozaar and Hyzaar, which previously had contributed millions of dollars in royalty payments and profit sharing to the company.

Despite higher raw material costs reflected in the quarterly results, DuPont said it

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exceeded its full-year productivity targets of \$400 million each for fixed costs and working capital.

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