

## Emerging Markets Boost Heinz 3Q Profit

The Associated Press

PITTSBURGH (AP) — H.J. Heinz Co.'s fiscal third-quarter net income rose 4 percent as the company sold more ketchup and sales in emerging markets shot up 40 percent.

Its stock surged \$2.06, or 4 percent, to \$54.16 in morning trading Friday. Over the past year, the shares have traded in a range of \$46.99 to \$55.

The world's biggest ketchup maker said that it earned \$284.7 million, or 88 cents, per share, in the quarter ended Jan. 25. That's up from \$273.8 million, or 84 cents per share, a year earlier.

It also said it plans to close up to eight factories of its 81 plants worldwide as part of its previously announced efforts to lower costs and improve productivity. The company had already announced six of the eight possible factory closures and earlier said that it was looking to eliminate up to 1,000 jobs globally in fiscal 2012.

Excluding charges of 7 cents per share related to its productivity and manufacturing efforts, earnings were 95 cents per share, beating the 85 cents per share that analysts surveyed by FactSet expected.

Revenue for the period ended Jan. 25 climbed 7 percent to \$2.92 billion from \$2.72 billion, topping Wall Street's \$2.89 billion estimate.

Ketchup sales rose almost 9 percent on growth in Latin America and a division that serves U.S. restaurants.

Heinz is focusing on countries such as Brazil, China, Russia and Indonesia, which are growing faster than the U.S. and Western Europe. Revenue in such emerging markets grew 40 percent. Excluding sales from recent acquisitions and the impact of changes in foreign currencies, emerging-market revenue rose 20 percent, and now makes up more than 20 percent of Heinz's total quarterly sales.

The Pittsburgh company said sales in its North American consumer division fell 1 percent. Heinz raised prices on its ketchup, Ore-Ida frozen potatoes and Classico pasta sauces because of higher commodity costs. That hurt sales volume. The company has developed products in smaller sizes for lower prices to draw value-focused customers, and says it's launching the first wave of those.

Heinz now expects fiscal 2012 earnings between \$3.27 and \$3.29 per share, which strips out an anticipated foreign exchange benefit of 5 cents per share and excludes special items. It previously predicted earnings in a range of \$3.24 to \$3.32 per share, excluding the impact of changing currency values and one-time items.

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Analysts predict earnings of \$3.32 per share.

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