Caterpillar 1Q Profit Jumps 29 Percent, Boosts Outlook

Josh Funk, AP Business Writer

Caterpillar's first-quarter profit jumped 29 percent and it boosted its outlook for the year as U.S. builders replaced old gear and global demand for mining equipment boomed.

The company generated $1.59 billion net income, or $2.37 per share, during the quarter. That's up from last year's $1.23 billion net income, or $1.84 per share.

The Peoria, Ill., firm said Wednesday its revenue grew 23 percent to $15.98 billion from last year's $12.95 billion.

Caterpillar said it now expects to generate earnings per share of $9.50 in 2012. That's up from a previous prediction of $9.25, but Caterpillar didn't increase its revenue forecast, and that may have pressured the company's stock before the market opened Wednesday.

While the company beat most expectations easily, revenue came in a little short.

On average, the analysts surveyed by FactSet expected quarterly earnings per share of $2.13 on revenue of $16.18 billion.

And some unsettling data on durable goods sales may have put a damper on Caterpillar shares as well.

Shares of Caterpillar Inc. declined $3, amost 3 percent, to sell for $105.40 in morning trading.

Credit Suisse analyst Jamie Cook said that Caterpillar's results were impressive, but she questioned why revenue fell short of expectations and why Caterpillar boosted its profit outlook for the year without increasing the revenue forecast.

The Commerce Department reported that orders for long-lasting factory goods fell by the largest amount in three years last month.

While that was mostly because demand for commercial aircraft fell, companies ordered less machinery, and that could be a sign that manufacturing output may slow.

Caterpillar said it is continuing to invest in more manufacturing capacity because it currently has a record backlog of orders, especially for its mining products.

Caterpillar's results are watched closely because they are considered an indicator of

industrial activity and the health of the overall economy.

Caterpillar said last year's acquisitions of mining equipment maker Bucyrus International and engine maker MWM Holding GmbH provided a $1.1 billion boost to sales during the quarter. That helped offset decreased demand for construction equipment in China and Brazil.

"We're seeing strong global demand for most mining products and significant growth in replacement demand for products in the United States, which more than offset slowing in China and Brazil," Caterpillar Chairman and CEO Doug Oberhelman said.

Caterpillar officials say they expect the global economy will continue to improve and average 3 percent growth in 2012. The U.S. economy will likely see similar growth levels, but Caterpillar said much of Europe will see little or no economic growth this year.

In China, economic growth may have slowed because of the government's efforts to control inflation, but Caterpillar still predicts 8.5 percent growth there in 2012.

Yet construction equipment sales in China have been weaker than expected.

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