

Eaton Corp. 1Q Earnings Up 8 Percent Over 2011

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Thomas J. Sheeran, Associated Press

CLEVELAND (AP) — Diversified manufacturer Eaton Corp. reported Monday that its first-quarter profit rose 8 percent as revenue rose 4 percent.

Cleveland-based Eaton said it expects revenue growth of 7.5 percent for the year and operating earnings per share growth of 14 percent.

Chairman and CEO Alexander M. Cutler said the company has become more optimistic about its U.S. operations.

"We continue to believe that for the full year markets will grow 5 percent, but we now believe the rate of growth in our U.S. markets will be higher than originally expected and the rate of growth in our non-U.S. markets will be lower than originally expected," he said.

Eaton makes power management and fuel, hydraulic and transmission systems for the auto and space industries and military.

The company reported net income of \$311 million, or 91 cents per share, for the three months ended March 31, up from \$287 million, or 83 cents, a year ago.

Excluding charges, Eaton earned 92 cents per share, beating the Wall Street estimate by 2 cents.

Revenue rose to \$3.96 billion from \$3.8 billion a year ago. Analysts expected \$3.99 billion on average.

By segment, electrical sales in the Americas were up 13 percent but down 12 percent elsewhere. Hydraulics rose 7 percent, aerospace sales were up 11 percent, truck segment sales increased 10 percent and automotive dipped 4 percent.

Its shares fell 34 cents to \$46.10 per share in morning trading amid a broad market selloff. They have traded in a 52-week range of \$33.09 to \$55.76.

Eaton raised full-year operating earnings guidance for the second time since February, increasing it an additional 10 cents per share to between \$4.30 and \$4.70 and for net income per share to between \$4.23 and \$4.63.

Analysts expect earnings of \$4.47 per share and typically exclude one-time items from their estimates.

Cutler highlighted stronger U.S. prospects in a call with analysts. "The U.S. is where the strength is. The market outside the U.S. is not where the strength is," he said.

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"We're seeing a fundamental change in terms of where the economic strength is. But, because of Eaton's diversity, and our strategy of really having a balanced portfolio, we're in a position still to increase our guidance this year for the second time," he said.

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