

Johnson Controls 2Q Profit Rises 3 Percent

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The Associated Press

MILWAUKEE (AP) — Auto parts and building equipment maker Johnson Controls Inc. said Friday that its fiscal second-quarter profit rose 3 percent. Strong demand from automakers offset higher costs for starting a new metals plant in North America, as well as weaker demand in Europe and some production inefficiencies there.

For the quarter ended March 31, the Milwaukee-based company earned \$364 million, or 53 cents per share, up from \$354 million, or 51 cents per share, in the same quarter last year. That matched expectations of analysts polled by FactSet.

Revenue rose 4 percent to \$10.57 billion from \$10.14 billion. Analysts predicted revenue of \$10.62 billion.

Sales in the company's largest division, which makes seats, instrument panels and other parts for passenger cars, vans and trucks, rose 7 percent to \$5.6 billion. But profit at the business fell 4 percent on costs related to the new plant and inefficiencies in European programs launched over the past two years.

Sales of building systems rose 1 percent to \$3.56 billion, as higher Asian and North American sales were largely offset by a drop in demand from Europe.

The debt crisis in Europe has hurt economic growth in many countries using the euro.

Sales at the company's power solutions business, which makes batteries for autos and hybrid vehicles, were flat at \$1.41 billion, as unusually warm weather reduced consumer demand for replacement batteries. Cold weather tends to cause aging batteries to die, but batteries last longer in warmer weather.

Johnson Controls said that its businesses are gaining market share and it will continue cutting costs and trying to make its operations more efficient. The company projected that fiscal third-quarter profit will grow 20 percent from a year ago and fiscal fourth-quarter profit will increase 25 percent.

That suggests earnings per share of 62 cents per share in the third quarter, which ends in June, and 98 cents per share in the fourth quarter, which ends in September.

Analysts expect third-quarter profit of 73 cents per share and fourth-quarter profit of 89 cents per share.

Shares rose 34 cents, or 1.1 percent, to \$32.69 in premarket trading.

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