

Lear 1Q Profit Falls 14 Percent As Costs Rise

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The Associated Press

SOUTHFIELD, Mich. (AP) — Auto parts maker Lear Corp. said Thursday its first-quarter profit dropped 14 percent, pulled down by restructuring and other charges, along with lower profit at its seating business.

The Southfield, Mich.-based company earned \$134.1 million, or \$1.32 per share for the three months ended March 31. That was down from \$156 million, or \$1.44 per share, in first quarter last year. The 2011 quarter included a one-time gain of \$3.9 million related to an affiliate transaction that was absent in the recent period.

Share repurchases cut the number of outstanding shares by 6 percent, which boosted earnings on a per-share basis.

Excluding restructuring and other charges, the company posted an adjusted profit of \$1.38 per share for the recent quarter.

Sales rose 3.8 percent to \$3.64 billion from \$3.51 billion, as the continued increase in vehicle production boosted demand for Lear's products. Interest expenses more than tripled, to \$12.5 million.

The results beat Wall Street predictions. Analysts, on average, expected a profit of \$1.20 per share, on \$3.59 billion in revenue, according to data provider FactSet.

Sales at the company's seating business rose 3 percent to \$2.8 billion, helped by the addition of new business. But profit at the segment fell as a result of higher product and facility opening costs and an increase in product development costs, Lear said.

Sales of electrical power systems rose 6 percent to \$830 million.

On April 11, Lear said it will buy Guilford Mills, which makes automotive and specialty fabrics, for an undisclosed amount. The acquisition will bolster Lear's seating business. It is expected to close by the end of the current quarter.

The company backed its previous full-year guidance of between \$13.85 billion and \$14.35 billion in sales. Analysts expect \$14.51 billion in sales for the year, with estimates ranging from \$14 billion to \$15.54 billion.

Lear shares closed Wednesday trading at \$40.97, up nearly 3 percent since the start of the year.

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