Precision Castparts Quarterly Profit Up 19 Percent

The Associated Press

PORTLAND, Ore. (AP) — Precision Castparts reported a 19 percent increase in first-quarter net income but warned of "major headwinds" including an unplanned shutdown of its 29,000-ton forging press in Houston.

The outage at the parts-forging press occurred three weeks before the end of the fiscal first quarter, which ended July 1, and hurt sales and operating income, although the company gave no figures. Repairs are expected to last five weeks into the second quarter.

Chairman and CEO Mark Donegan said Precision also faces a planned press rebuild at a plant in Grafton, Mass., and normal maintenance at other plants for about two weeks, all of which affect sales and expenses in the fiscal second quarter. He said the company expected to return to normal operations by the third quarter, which starts around Oct. 1.

Donegan said aerospace and power markets appear "very solid" and predicted that growth will continue upward at a steady pace. The company is benefiting from increased aircraft orders by airlines, including stepped-up production of Boeing's new 787, which that company calls the Dreamliner.

Precision's fiscal first-quarter income was $341.7 million, or $2.33 per share, compared with $286 million, or $1.97 per share, a year earlier.

Revenue rose 18 percent to $1.97 billion.

Analysts expected $2.35 per shares on revenue of $2.00 billion, according to FactSet.

In addition the Houston plant, there is a planned rebuild of a plant twice that size in Massachusetts and other facilities that will impact sales and expenses.

"We are dealing with these challenges directly and quickly putting them behind us, with a return to business as usual by the third quarter," Donegan said.

Shares of Precision Castparts Corp., fell $2.90, or 1.8 percent, to $157.12 in midday trading.

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