Smith & Wesson Soars As Earnings Beat Wall St.

The Associated Press

SPRINGFIELD, Mass. (AP) — Sales are so strong that Smith & Wesson Holding Corp. is aiming for bigger profits. Its shares jumped more than 19 percent in after-hours trading as the gun maker posted record quarterly earnings and said it expected more to come.

Smith & Wesson expects earnings during the fiscal year ending next April in the range of 85 to 90 cents per share with revenue of $530 million to $540 million, or nearly one-third higher than the previous year. That would demolish analysts' forecasts of 57 cents per share including special items, and sales of $498.2 million, according to FactSet.

The company said Thursday that it earned a record profit in its fiscal first quarter, which ended July 31. Net income was $18.9 million, or 28 cents per share, compared with $2.3 million, or 4 cents per share, a year earlier. Analysts expected 18 cents per share on sales of $128.7 million.

Sales jumped 48 percent to a record $136 million, even as the company cut marketing costs. Smith & Wesson credited orders for the newest lightweight pistol in its M&P line, called the Shield, which it advertises as "slim, concealable power" in 9mm & .40-caliber versions, along with other popular guns.

Smith & Wesson expects second-quarter earnings, including special items, of 19 to 21 cents per share on revenue of $130 million to $135 million. There's usually a seasonal slowdown in gun sales during the late summer and early fall, but the company thinks it won't be as much as in past years. Analysts forecast 13 cents per share on $119 million in sales.

The company said it had a July 31 backlog on guns worth $392.4 million, down from three months earlier but 164 percent higher than a year ago.

Smith & Wesson shares rose $1.75, or 19.4 percent, to $10.75 in after-hours trading.

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