Caterpillar Cuts 2012 Guidance On Weak Economy

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MINNEAPOLIS (AP) — Caterpillar Inc. cut its profit and revenue guidance on Monday, saying the world's economic conditions "are weaker than we had previously expected."

The Peoria, Ill., company is the world's largest construction and mining equipment maker, so its results are watched closely as a sign of where the broader economy is headed.

Caterpillar said dealers want to reduce inventory, so they're ordering fewer products than end users want. Caterpillar said it has reduced production, resulting in temporary shutdowns and layoffs. The lower production levels will continue until orders from dealers and inventories line up with deliveries to end customers, Caterpillar said.

The company now expects 2012 revenue of $66 billion, with profit of $9 to $9.25 per share. Analysts surveyed by FactSet had expected revenue of $67.2 billion, with profit of $9.41 per share.

It expects 2013 revenue to be about the same as this year, in a range of up 5 percent to down 5 percent.

"We're not expecting rapid growth, and we're not predicting a global recession," Chairman and CEO Doug Oberhelman said.

Profit in the third quarter rose 49 percent to almost $1.7 billion, or $2.54 per share. That compares with profit of $1.14 billion, or $1.71 per share, a year earlier. Revenue rose 4.6 percent to $16.45 billion.

The results included a gain of $273 million, or 27 cents per share, from selling a majority interest in a logistics business. Analysts surveyed by FactSet had been expecting a profit of $2.21 per share, on revenue of $16.64 billion.

The economy this year "has been a disappointment," Caterpillar said, with growth lower than expected in the U.S. and China, and with much of Europe in recession.

Caterpillar shares fell $1, or 1.2 percent, to $82.86 in premarket trading.

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