Charges Lead To Johnson Controls $8M 4Q Loss

The Associated Press

MILWAUKEE (AP) — Auto parts and building equipment maker Johnson Controls Inc. said Tuesday that it posted an $8 million fiscal fourth-quarter loss, hurt by costs of restructuring its business and a change in how it accounts for retirees' benefits.

Johnson Controls said it expects softening global demand and changes in currency exchange rates will continue to limit its growth this year. Meanwhile, the company will begin to reap the benefits of its ongoing restructuring program in the second half of the fiscal year. For all of fiscal 2013, the company expects earnings to be the same or slightly higher than in 2012.

For the quarter ended Sept. 30, the Milwaukee-based company's loss amounted to 1 cent per share and compared with a profit of $234 million, or 34 cents per share, in the same quarter last year.

The recent quarter's results included $228 million in restructuring charges, $271 million in charges related to pension and retiree medical benefits, along with a $35 million tax charge related to the end of lead-processing operations at a Chinese battery plant.

Excluding those items, the company said it posted an adjusted profit of 77 cents per share.

Revenue fell 4 percent to $10.39 billion from $10.79 billion. Excluding the effects of changing currency values, the company said its revenue rose 1 percent.

Johnson Controls, like other companies that do significant business outside the U.S., can be hurt by a rising dollar because income earned in foreign currencies shrinks when it's translated back into a stronger U.S. dollar.

Sales at the company's building systems business fell 7 percent to $3.8 billion on lower sales in North America, Europe and the Middle East, but profit rose 15 percent to $327 million, largely as a result of cost cuts.

Profit in the division that makes car parts, mostly heating and cooling systems, tumbled 34 percent to $159 million on a steep drop in European demand. Meanwhile, income at the company's power solutions business, which makes auto batteries, rose 11 percent to $240 million.

For the full fiscal year, Johnson Controls earned $1.23 billion, or $1.78 per share, down from $1.42 billion, or $2.06 per share, in fiscal 2011. Revenue rose to $41.96 billion from $40.83 billion.

The company said it expects its fiscal 2013 earnings to be "flat to slightly higher"

than fiscal 2012.

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