Caterpillar 4Q Earnings Fall By Half

Joshua Freed, AP Business Writer

MINNEAPOLIS (AP) — Caterpillar's fourth-quarter net income fell by half after it took a big charge for a deal in China that went bad, and because of slower growth in China and economic uncertainty in the U.S. and Europe.

Still, its adjusted profit and revenue were better than analysts expected. And while cautious about the global economic outlook, Caterpillar expects conditions to pick up later in the year, outside of Europe. Shares rose 2.4 percent in premarket trading.

U.S.-based Caterpillar Inc. makes construction and mining equipment as well as power generators, so its growth rises and falls with the world's economy.

For the fourth quarter, Caterpillar earned $697 million, or $1.04 per share. That was down from a profit of $1.55 billion, or $2.32 per share a year earlier.

Revenue fell 7 percent to $16.08 billion as dealers reduced inventory.

The most recent quarter included a non-cash charge of 87 cents per share to write down the purchase of Zhengzhou Siwei. Not counting that, analysts surveyed by FactSet had been expecting a profit of $1.70 per share.

Caterpillar's purchase of Siwei last year gave it a new business — roofing supports for mines — in a country where mining is growing quickly. But on Jan. 18, Caterpillar said it had found "deliberate, multi-year, coordinated accounting misconduct" in the accounting at Siwei, and said it will write down its investment in the company by $580 million. It also said it dismissed several senior managers at the company.

For this year, Caterpillar expects revenue of $60 billion to $68 billion, with a profit of $7 to $9 per share.

Analysts had been expecting a profit of $8.54 per share on revenue of $64.58 billion.

Caterpillar said there's a wide range in its outlook because of the high level of uncertainty in the world. It expects relatively weak growth in the U.S. economy. Growth in China will improve, but not back to the levels seen in 2010 or 2011, Caterpillar said.

For all of 2012, Caterpillar's profits rose 15 percent to $5.68 billion, or $8.48 per share, up from $4.93 billion, or $7.40 per share, in 2011. Revenue rose 10 percent to $65.88 billion, from $60.14 billion.

Shares of the company rose $2.32 to $97.90 in premarket trading.

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