

# Alcoa's 1Q Profit Rises, Beats Expectations

The Associated Press

NEW YORK (AP) — Alcoa Inc. kicked off earnings season Monday by reporting a larger first-quarter profit than analysts expected, helped by strong demand for aluminum used to make airplanes and automobiles.

The company still sees demand for aluminum growing 7 percent in 2013, with gains cutting across many industries.

Alcoa is the first company in the Dow Jones industrial average to report first-quarter results. Because its products wind up in so many things, from cars and buildings to soda cans, investors study Alcoa's results for hints about earnings at companies in other industries.

Alcoa said net income in the first quarter was \$149 million, or 13 cents per share, compared with \$94 million, or 9 cents per share, [a year earlier](#) [1].

Excluding special items, the company said it would have earned 11 cents per share, beating analysts' forecast of 8 cents per share, according to FactSet.

Revenue fell to \$5.83 billion from \$6.01 billion a year earlier and was below the \$5.91 billion that analysts predicted. Alcoa blamed lower aluminum prices and curtailed production in its European primary metals business.

Over the past decade, Alcoa has shifted more of its business away from mining and refining and into the production of parts for industry. The company is benefiting as airplanes and autos get lighter for better fuel efficiency by using more aluminum parts.

Airlines have been ordering new planes to reduce their spending on fuel, the largest cost for many of them. That trend should continue for several years, making aerospace a growing aluminum market, chairman and CEO Klaus Kleinfeld said in a conference call with analysts.

U.S. auto sales are booming, too, as customers who put off purchases during the recession trade in their aging vehicles. In March, sales hit 1.45 million vehicles, the highest total since August 2007, according to Autodata Corp.

Alcoa believes that government fuel standards and customer demand for better mileage will push car makers to use more lighter materials like aluminum. Some drivers think heavy vehicles are safer in a crash — truck sales were a major factor in the strong March figures — but Kleinfeld argued that lighter cars can brake to a stop faster, potentially avoiding accidents.

Sales of aluminum for nonresidential construction is finally recovering in North

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America and will grow much faster in China, Kleinfeld said.

Alcoa released its earnings after the markets closed. Its shares rose 15 cents to close at \$8.39 in the regular session. They fell 12 cents in after-hours trading.

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