DuPont 2Q Profit Skids, Adjusted Earns Tops View

DOVER, Del. (AP) — Lower sales and restructuring charges helped drive chemical giant DuPont Co.'s profit down 61 percent in the second quarter, overshadowing a strong showing by its agriculture and nutrition business.

Its adjusted earnings still beat Wall Street expectations. DuPont shares rose 67 cents, or 2.4 percent, to $28.33 in premarket trading Tuesday.

The chemical maker, one of the nation's biggest, called its performance solid given current economic conditions, and CEO Ellen Kullman said the company's efforts to reduce costs and increase productivity were paying off.

"Most markets remain dynamic and challenging, but the actions we are taking position DuPont well for the eventual economic recovery," she said.

Wilmington-based DuPont said it earned $417 million, or 46 cents per share, in the three months ended June 30, down from $1.08 billion, or $1.18 per share a year earlier.

Overall revenue fell 24 percent to $7 billion from $9.3 billion a year ago and slightly below analysts' forecast of $7.1 billion.

Excluding one-time items, adjusted earnings were 61 cents per share, beating Wall Street's estimate of 53 cents a share.

The results reflected a $340 million pre-tax charge related to DuPont's ongoing restructuring efforts. Dupont said in May that it would cut another 2,000 jobs, on top of 2,500 layoffs and elimination of about 10,000 contractor jobs it announced last fall.

DuPont said it has achieved about $600 million in cost reductions so far this year, more than half of its $1 billion goal. The company reaffirmed its 2009 earnings outlook range of $1.70 to $2.10 per share, excluding significant items.

But second-quarter results reflect continued weak demand in the automobile, construction and general industrial markets. Volumes declined in all major business segments and were down by double digits across all geographic regions.

Volume was down 27 percent in Europe, where negative currency effects helped push sales down by 38 percent. Higher local selling prices were unable to offset the negative effects of currency exchange rates in all overseas markets.

Sales declined by more than 20 percent in all business segments excluding the agriculture and nutrition unit, where higher selling prices led to a 3 percent increase in sales. The performance and material unit saw sales decline by 40 percent, which the company attributed to weak demand in major markets in all regions.

On the other hand, DuPont said the agriculture and nutrition unit's earnings increased 15 percent to a record $580 million, driven by a 21 percent in seed sales.

Oppenheimer analyst Ed Yang said he was surprised that DuPont didn't report any improvement in volumes compared to the first quarter, given that economic conditions seem to be stabilizing.

"The pro forma earnings were better than what we were modeling, but it was really all due to cost cutting," he said.

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