

Sara Lee Posts 3Q Loss But Raises Forecasts

Manufacturing.net

NEW YORK (AP) -- Sara Lee Corp. reported Thursday that it lost money in its fiscal third quarter, pulled down by significant charges and flat revenue, and the food maker's shares fell.

But its adjusted earnings per share beat Wall Street forecasts, and the company raised its forecast for the year's adjusted earnings above analysts' expectations.

Sara Lee reported a loss of \$336 million, or 49 cents per share, for the quarter that ended March 27, compared with net income of \$165 million, or 24 cents per share, a year earlier. Excluding one-time items such as a \$518 million charge for taxes, the company earned 29 cents per share.

Analysts polled by Thomson Reuters, who typically exclude one-time items, on average expected the company to earn 21 cents per share.

Revenue was flat at \$2.58 billion, as favorable currency exchange rates and revenue from new products helped offset lower prices and a drop in sales volume as Sara Lee exited some parts of the meat business.

The revenue missed analysts' \$2.71 billion estimate.

Sara Lee executives were optimistic Thursday, though, saying they expect operating income to rise across the company and raising their 2010 earnings expectations. The company also said it would invest during the current quarter in developing new products development and marketing to position itself for fiscal 2011.

"It's an exciting time to be at Sara Lee," CEO Brenda Barnes said in a call with investors. "The bottom line is that our company is more focused and effective than it's ever been. We have made significant progress and it's continuing this quarter and for the full year."

The company, based in Downers Grove, Ill., has been cutting costs to improve its profitability and trimming its business lines to focus on its core food and beverage business.

Sara Lee has sold its personal-care business to Unilever NV and is selling its Ambi Pure air freshener business to Procter & Gamble Co. Company leaders said Thursday that they are still seeking a buyer for Sara Lee's remaining consumer products business, which includes shoe polish and insecticides.

The company's core brands, such as Jimmy Dean, Hillshire Farms and Ball Park, helped its North American retail revenue rise. But the company's other segments —

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such as fresh bakery and food service, which lost a major contract -- are still struggling.

Sara Lee said it now expects to earn 60 cents to 64 cents per share for its full fiscal year, or adjusted earnings of \$1.06 to \$1.10 per share. That's up slightly from its March forecast. Analysts anticipate the company will earn \$1.05 per share for the year.

Shares of Sara Lee fell 38 cent, nearly 3 percent, to \$13.63 in midday trading.

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