J.M. Smucker Beats Wall Street Expectations

ORRVILLE, Ohio (AP) — J.M. Smucker's fiscal first-quarter net income declined slightly as the food company faced higher expenses and continued to deal with rising commodity costs. But its adjusted results and revenue topped Wall Street expectations.

The food company, whose products include Jif peanut butter and Folgers coffee, also said Thursday that it now expects its full-year earnings will come in at the higher end of its previously predicted range.

J.M. Smucker Co. earned $110.9 million, or $1 per share, for the three months ended July 31. That compares with $111.5 million, or 98 cents per share, a year ago.

The per share discrepancy resulted from fewer shares outstanding in the current quarter.

Taking out special project costs, earnings were $1.17 per share. Analysts polled by FactSet expected $1 per share.

Revenue increased to $1.37 billion from $1.19 billion, up 15 percent. Wall Street forecast $1.3 billion.

The results include $86.7 million from the $350 million acquisition of part of Sara Lee's food-service business. Smucker, based in Orrville, Ohio, also credited higher prices and a better product mix with helping its results.

Sales of the U.S. retail coffee division rose 4 percent, bolstered by sales of K-Cup pods for single-cup coffee brewers. This was somewhat offset by price cuts. The segment reported strong sales of Folgers Gourmet Selections and Millstone K-Cups.

For the U.S. retail consumer foods unit, sales climbed 15 percent because of higher prices and a better mix of products. Jif sales surged 48 percent. Sales of Smucker's fruit spreads and Crisco were flat.

Sales for the international, foodservice and natural foods unit jumped 40 percent thanks to the Sara Lee foodservice acquisition.

Smucker said that commodity costs climbed during the period and were not fully offset by price increases.

Selling, distribution and administrative expenses rose 7 percent in the period. Amortization and interest expenses also increased.

For fiscal 2013, Smucker still expects adjusted earnings between $5 and $5.10 per

share but added it expects to be near the high end of that range. Revenue is predicted to climb about 7 percent. Based on fiscal 2012's $5.53 billion in revenue, that implies about $5.92 billion.

Analysts foresee earnings of $5.10 per share on revenue of $5.88 billion.

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