New Products Drive Kraft Sales

NEW YORK (AP) — Kraft Foods' net income rose 13 percent in the third quarter, the food maker said Wednesday, as new products and increased advertising helped it top Wall Street expectations.

The company, which makes Oscar Mayer, Maxwell House coffee and Miracle Whip, also stood by its forecast for 2013.

The results are the first since the U.S.-based Kraft Foods Group Inc. split with its global snack food business. That company is called Mondelez International and is home to brands such as Oreo, Chips Ahoy and Nabisco. The split was intended to accelerate growth by allowing each of the companies to focus on a more targeted portfolio of products.

At Kraft, CEO Tony Vernon has said the company will continue pruning its lineup of product extensions, while making innovation a priority.

Kraft said new products contributed significantly to volume growth of 2.6 percentage points in the quarter. Even as innovations for Lunchables and Oscar Mayer cold cuts lifted performance, however, the company said older products saw sales volumes decline.

For the period ended Sept. 30, the company said it earned $470 million, or 79 cents per share. That compares with $417 million, or 70 cents per share, a year ago.

Revenue rose 3 percent to $4.6 billion.

Analysts on average expected a profit of 69 cents per share on revenue of $4.54 billion.

Gross profit rose 16 percent as costs for ingredients eased. A lower effective tax rate offset restructuring costs associated with its split from Mondelez.

Kraft still expects to earn $2.60 per share in 2013.

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