Annie’s 3Q Profit Tops Expectations Despite Recall

BERKELEY, Calif. (AP) — Annie's, which makes natural and organic packaged food, posted an adjusted profit in its most recent quarter that edged past Wall Street expectations despite costs and lost sales from a pizza recall.

The company's fiscal third-quarter net income came to $1.4 million, or 8 cents per share. Excluding the cost of writing off inventory related to the recall, profit was 15 cents per share. Analysts expected 14 cents per share, according to FactSet.

In the October-December quarter in 2011, Annie's posted profit of $69,000, or 7 cents per share, after paying preferred dividends. The comparison was skewed because Annie's went public in March 2012. A year ago, it paid big dividends to certain investors as a private company, and it now has about 17.8 million shares outstanding, compared with about 1 million a year ago. A bigger share count weighs on earnings per share.

Annie's is best known for its signature macaroni and cheese with pasta shaped like rabbits. The January recall involved seven kinds of its frozen pizzas. The company found a metal mesh screen at a supplier's flour mill had failed, and it was possible that metal fragments made their way into the pizza dough. No metal was found in finished pizzas.

Annie's said it will likely recover some of the costs from product recall insurance.

Revenue rose nearly 18 percent to $36.3 million from $30.8 million in the same period the year before. Analysts expected $36.7 million.

The recent quarter's revenue includes $1.6 million cut due to the pizza recall. The recall costs came to $690,000.

Shares fell 5 cents to close the day at $36.50. The Berkeley, Calif., company's initial public offering of stock priced at $19.

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