Dean Foods Shares Fall on Weak Guidance

DALLAS (AP) — Milk producer Dean Foods on Wednesday posted a fourth-quarter profit of $37 million, reversing a loss from the year before. But its profit outlook fell short of Wall Street expectations, and shares slumped.

Dean has had to deal with higher dairy costs stemming from last summer's drought in much of the U.S. that drove up feed prices for cows. Higher prices for milk have weighed on volumes, and the company, one of the nation's largest dairy processors and milk distributors, has been cutting costs and selling off divisions.

The Dallas-based company's net income amounted to 20 cents per share, compared with a loss of $9.9 million, or 5 cents per share, in October-December 2011.

Adjusted for costs tied to the initial public offering of its organic and soy milk division WhiteWave Foods Co. in October, the sale of its Morningstar food business in January and other items, Dean said it posted an adjusted profit of 40 cents per share for the recent quarter.

Revenue rose 4 percent to $3.04 billion from $2.93 billion.

Analysts, on average, expected a profit of 30 cents per share on $3.37 billion in revenue, according to FactSet.

The company said its sales got a boost from growth at WhiteWave, which sells Horizon organic milk and Silk Soymilk. Dean now owns about 87 percent of WhiteWave, and still plans to spin off most of its shares in May. But the company said Wednesday that it will hold on to 19.9 percent of WhiteWave beyond that.

Dean also said that it was able to raise prices in its business that delivers milk to stores, helping offset its own increasing milk costs.

But sales volumes at the Fresh Dairy Direct business still edged down 0.8 percent, and Dean expects 2013 milk volume to decline by a low single digit percentage.

Based on predictions for its own business and for WhiteWave, Dean Foods expects an adjusted first-quarter profit of 22 cents to 27 cents per share. Analysts expect 30 cents per share.

For all of 2013, Dean Foods predicted profit of $1 to $1.10 per share, below Wall Street's estimate of $1.30 per share.

Dean shares fell $1.45, or 7.8 percent, to $16.94 in morning trading.

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