Hillshire Gains on Improved Outlook

NEW YORK (AP) — Shares of Hillshire Brands rose Thursday after the maker of Jimmy Dean sausages raised its outlook based on its performance in the first half of its fiscal year.

The company, based in Chicago, is the former North American business of Sara Lee Corp., which split into two separate companies this past summer.

Even though CEO Sean Connolly said commodity costs are expected to "become more challenging" this calendar year, the company now expects adjusted earnings of $1.60 per share to $1.70 per share. The previous guidance was for $1.40 to $1.55 per share, and analysts, on average, were predicting $1.58 per share, according to data provider FactSet.

For the October-to-December period, Hillshire's net income was $65 million, or 53 cents per share. That's compared with $470 million, or $3.94 per share in the year-ago period when the company was still part of Sara Lee.

Adjusted net income from continuing operations rose to $76 million, or 62 cents per share. That's compared with $56 million, or 48 cents per share, in the year-ago period.

Total adjusted net sales rose 2.5 percent to $1.1 billion.

Analysts, on average, expected a profit of 47 cents per share, on sales of $1.1 billion.

Net sales in the retail segment rose 2.2 percent to $777 million, fueled by strong performance of Jimmy Dean sandwiches, Aidells sausages and Hillshire Farm lunchmeat. The company noted its improved packaging and "product quality enhancements" are on track to roll out in its third quarter.

The food service segment saw a 2.8 percent increase in sales, to $283 million.

Shares of Hillshire Brands Co. rose 72 cents, or 2.4 percent, to close at $30.98, after earlier touching $32.01, their highest point since debuting.

Source URL (retrieved on *08/20/2014 - 3:25pm*):
http://www.foodmanufacturing.com/news/2013/02/hillshire-gains-improved-outlook