Yum’s 4Q Net Income Falls

In this Friday, Jan. 31, 2014, photo, a KFC sign hangs in Saugus, Mass. Fast-food conglomerate Yum! Brands, Inc., headquartered in Louisville, Ky., will report its fourth-quarter and annual earnings on Monday after markets close. **(AP Photo/Elise Amendola)**

LOUISVILLE, Kentucky (AP) — Yum Brands' fourth-quarter profit fell 5 percent due to costs related to refinancing some debt, but its adjusted results beat expectations as its KFC chain recovers from a series of setbacks in China.

The company, which also owns Pizza Hut and Taco Bell, indicated it is still confident its earnings per share will grow 20 percent this year. Its stock rose 4.5 percent in aftermarket trading.

Yum has been trying to get its China performance back on track since it was hit by a controversy over its poultry supply a little more than a year ago. It seemed to be making progress when an outbreak of bird flu upended its efforts a few months later. It launched a marketing campaign assuring customers in China of the safety of its food.

Just last month, though, authorities in eastern China announced a ban on live poultry sales following a spike in the number of people infected with a strain of bird flu.

Although Yum has more than 40,000 restaurants around the world, China accounts for more than half its total revenue. The company is the biggest Western fast-food chain operator in China, and sees the country as a growth market. In the year ahead, it plans to focus on building in secondary cities where rents and labor costs tend to be lower.

"In China, we strengthened our poultry supply chain, made significant progress rebuilding consumer trust in the KFC brand and made substantial gains in restaurant productivity, said CEO David Novak.

For the quarter, Yum's net income fell to $321 million, or 70 cents per share, from $337 million, or 72 cent per share last year. Excluding a one-time cost related to repurchasing some debt, net income was 86 cents per share. Analysts expected 79 cents per share, according to Fact Set.

Revenue edged up 1 percent to $4.18 billion, short of the $4.26 billion forecast by analysts.

For the year, net income fell 32 percent to $1.09 billion, or $2.36 per share. That compares with $1.6 billion, or $3.38 per share a year ago. Its adjusted earnings for 2013 amounted to $2.97 a share.

Revenue fell 4 percent to $13.08 billion from $13.63 billion last year.

The company reaffirmed its guidance of at least 20 percent earnings per share growth in 2014, implying $3.56 per share, excluding items. Analysts expect $3.57 per share.

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