

# Dean Foods Slumps as Raw Milk Prices Climb

Associated Press

DALLAS (AP) — Dean Foods Co. withdrew its annual guidance Monday as raw milk prices continued to climb to record levels, and the largest milk processor in the U.S. said it is facing its toughest business environment ever.

The company's shares lost 7 percent in morning trading.

Dean Foods brands include Mayfield, Oak Farms and Tuscan. The company said Monday that it took a loss in the second quarter as raw milk prices grew 31 percent compared to last year. It said the high costs have hurt sales of its milk overall and caused shoppers to pick other brands. Dean Foods also said it lost a significant customer in 2013 and has been working to cut costs: it has closed 12 plants in the last year, including four in June and July.

The Dallas company forecast an adjusted 2014 profit of 73 cents to 80 cents per share in February, but cut that estimate to 60 cents per share in May. Analysts surveyed by FactSet expect 52 cents per share on average.

Dean Foods reported a loss of \$645,000, or 1 cent per share, in the second quarter. It lost \$56.9 million, or 61 cents per share, in the same quarter a year earlier.

Losses, adjusted for non-recurring gains and to account for discontinued operations, were 14 cents per share. The average estimate of analysts surveyed by Zacks Investment Research was for a loss of 5 cents per share.

The company said revenue rose 7.5 percent to \$2.39 billion from \$2.23 billion in the same quarter a year earlier, and beat Wall Street forecasts. Analysts expected \$2.34 billion, according to Zacks.

Dean Foods expects to take an adjusted loss of 5 cents to 15 cents per share in the third quarter, while analysts surveyed by FactSet were forecasting a profit of 24 cents per share.

Dean Foods shares dropped \$1.12, or 7.1 percent, to \$14.69 in morning trading. The stock is down almost 30 percent over the past year.

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