Procter & Gamble profit jumps on sale of unit

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Consumer products maker Procter & Gamble Co. reported Friday that its second-quarter profit jumped 53 percent behind the sale of its Folgers coffee business, but warned that sales are slowing in the tough economy.

The company lowered its earning projections for the full year, and said it expects total sales to fall in the current quarter and possibly for the year.

''We're going to have to see how deep the recession is ... and what (the market condition) looks like when we do come out, and then we'll be realistic,'' Chairman and CEO A.G. Lafley told investors on a conference call. ''I think we're in a very volatile and obviously uncertain period.''

P&G, whose brands cover a wide range of household, beauty, and personal care products such as Tide detergent, Pampers diapers and Gillette shavers, said net sales fell 3.2 percent to $20.37 billion on lower volume and a stronger dollar. It also confirmed that organic sales -- those not related to acquisitions -- have slowed below its targets. Analysts had expected revenue of $20.64 billion, according to a Thomson Reuters poll.

The company earned $5 billion for the quarter, compared with $3.27 billion a year earlier. Earnings per share were $1.58, in line with Wall Street expectations, and include a gain of 63 cents per share from the Folgers deal with Orrville, Ohio-based jams and jellies maker J.M. Smucker Co. A year earlier, P&G earned 98 cents per share.

But Lafley -- who in December warned that P&G is recession-resistant but not recession-proof -- expressed confidence Friday that it will continue to grow profitably by offering better value and innovation and with cost-cutting and increased productivity.

He said P&G is trying to increase its market share through promotions to lure budget-minded consumers such as offering more coupons and by emphasizing value -- recent Gillette Fusion commercials say its blades deliver a comfortable shave for $1 a week, less than many men spend each day on coffee. Fusion's double-digit sales growth was among the few bright spots in Friday's report.

U.S. households have been trimming spending and some are turning to lower-priced store and generic brands. P&G officials said some women are cutting down on beauty spending, and that households are emptying their pantries and drawers of such products as its Duracell batteries before buying any more while retailers are tightening inventories.

P&G shares fell 4 percent, or $2.32, to $55.90 in morning trading. They have traded in a range of $54.92 to $73.57 in the past year, but have slid since mid-September.

''With unemployment growing, tradedown expanding and retailer destocking accelerating, (the) growth outlook remains bleak,'' Bill Schmitz Jr., a Deutsche Bank analyst, said in a note Friday.

As the company had warned in December, its organic sales growth was down, to 2 percent. The company had said then it would miss its target for organic sales of 4 percent to 6 percent.

P&G said Friday it now expects organic sales to grow by 2 percent to 5 percent for its full fiscal year ending in June, with total sales growth that will be from flat to down 4 percent.

The Cincinnati-based company said it is ''comfortable'' with analysts' consensus earnings estimate of $4.29 for its fiscal year. P&G's revised forecast was $4.20 to $4.35 per share, down from earlier guidance of $4.28 to $4.38.

For the current January-March quarter, P&G expects organic sales growth of 2 to 5 percent, but said total sales could fall 2 percent to 7 percent. P&G projects earnings of 78 cents to 86 cents per share. Analysts are projecting a profit of 85 cents per share.

New York Times, New York, 30 jan. 2009, Business, online. Disponível em <www.nytimes.com>. Acesso em: 2 fev. 2009.