P&G's results top forecast, easing pressure on CEO
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Procter & Gamble Co. PG +2.68%Chief Executive Bob McDonald bought himself a lifeline from harsh criticism levied in recent months with fiscal first-quarter earnings ahead of the company's forecast due to easing commodity prices and cost savings materializing faster than expected.

The results lifted P&G shares above $70 early Thursday for the first time since October 2008.

The maker of Tide laundry detergent and Gillette razors continued to see falling market share in most of its businesses. Trends have improved, however, including in the U.S., as price cuts in its largest market have stanched losses in categories such as razorblades and laundry detergent.

P&G stumbled in China, its second-largest contributor to sales and profits. Organic sales grew 7% in China, short of the 11% growth in categories P&G competes in, indicating that competitors muscled in on market share.

P&G indicated it is looking to cut expenses beyond the $10 billion restructuring plan announced earlier this year. P&G is creating a managerial role to oversee cost cutting and "organizational transformation" around the globe.

"We're focused on embedding a culture of productivity in the company that's equal to our culture of innovation," Mr. McDonald said Thursday on a conference call.

The move appears to heed criticism from some investors, including hedge-fund manager William Ackman, that P&G needs to address a bloated cost structure that has had an effect on results in recent years. Mr. Ackman's Pershing Square Capital Management LP has accumulated a $1.8 billion stake in P&G, and the activist had advocated for deeper cost cuts and the replacement of Mr. McDonald.

The need for deeper cost cuts is heightened by some P&G rivals announcing cost cuts of their own in recent days. Colgate-Palmolive Co. CL -2.06%on Thursday said a four-year restructuring plan will cut 6% of its global workforce of 38,600 and yield up to $435 million in annual savings by the time it is complete. Kimberly-Clark Corp. KMB -1.40%on Wednesday said it was paring its exposure to Europe by exiting the diaper category in most of Western and Central Europe, eliminating up to 1,500 jobs.

P&G's first-quarter results easily hurdled what many analysts considered a conservative forecast issued by the company in August. Earnings were down 6.9% and revenue fell 4% due to unfavorable foreign-exchange rates. But core earnings of $1.06 a share beat the 97-cent view at the high end of the company forecast. Organic sales, which exclude effects of foreign currencies, acquisitions and divestitures, rose 2%, the high end of P&G's forecast as well.

P&G did lose market share in businesses that represent more than 55% of overall sales in the period, but it was an improvement from the prior quarter, when it lost market share in 70% of its business. In the U.S., P&G held or gained market share in businesses representing 60% of sales, up from just 15% in the prior quarter.

Despite the better-than-expected results, P&G is holding on to its view for the year. One reason is that, with cost savings coming through faster than expected, P&G plans to put more money behind marketing to promote a number of products due out next year. "We're going to take this opportunity to lean forward and strengthen marketing plans," P&G Chief Financial Officer Jon Moeller said.

P&G is facing some additional costs procuring absorbent gel material it uses in baby diapers after a recent explosion at a factory in Japan that makes the product. Mr. Moeller said P&G has

found other suppliers to make the product, but "it's going to cost some money to qualify that supply."

For the quarter, P&G reported a profit of $2.81 billion, or 96 cents a share, versus $3.02 billion, or $1.03 a share, a year earlier. Stripping out one-time items, core earnings were $1.06, up from $1.01 a year ago.

Net sales fell 3.7% to $20.7 billion. The company previously estimated core earnings—excluding restructuring—of 91 cents to 97 cents a share on a sales decline of 4% to 6%.

Gross margin widened to 50.1% from 49.8%.

The company said net sales in the fabric care and home care segment fell 4% from a year earlier. Sales in the grooming segment fell 7%, while beauty care recorded a 7% decline. Baby care and family care had a 2% drop, and health-care sales were down 4%.

Fonte: The Wall Street Journal [Portal]. Disponível em: <http://online.wsj.com/article/SB10001424052970203897404578078293823585474.html>. Acesso em: 25 Oct. 2012.