CareFusion to cut 700 jobs; posts strong 4Q profit

The Associated Press

Medical device maker CareFusion Corp. said on Tuesday it plans to eliminate 700 jobs in restructuring aimed at saving more than $100 million a year, while it posted better-than-expected results for its fiscal fourth quarter.

For the three months ended June 30, CareFusion said net income fell to $52 million, or 23 cents per share, compared with $96 million, or 44 cents per share, in the 2009 quarter. Adjusted for various one-time items, the results came to 38 cents per share, the company said.

Revenue rose 19 percent to $1.04 billion, from $867 million last year.

Analysts surveyed by Thomson Reuters, on average, expected profit of 37 cents per share, on revenue of $1.02 billion.

For the full fiscal year, CareFusion said net income fell to $194 million, or 88 cents per share, from $568 million, or $2.58 per share, last year.

CareFusion was spun off as a separate company from Cardinal Health Inc. a year ago. Chairman and CEO David Schlotterbeck said during this year, "We evaluated our cost structure and the strategic fit of certain businesses and are now taking the necessary steps to right size our company."

As a result, the company expects to eliminate about 700 jobs from its global work force. The reductions are intended to eliminate layers of management and support staff, the company said. It did not detail where the job cuts may occur.

For the current fiscal year, CareFusion expects the restructuring to save $85 million to $95 million, with another $25 million coming in fiscal 2012. It expects to book charges between $40 million and $50 million in the fiscal year, including employee separation and other costs.

The company expects to post adjusted fiscal 2011 profit between $1.58 and $1.68 per share. That likely does not include the charges related to the restructuring. Revenue is expected to grow in the mid-single digits. If revenue rises by 5 percent, that would equal about $4.13 billion, based on fiscal 2010 results.

Wall Street is expecting fiscal 2011 profit of $1.62 per share, on average, with estimate ranging from $1.59 to $1.67.

Analysts, on average, expect revenue of $4.13 billion, with estimates from $4.05 billion to $4.41 billion.

In aftermarket electronic trading, CareFusion shares fell 2 cents, to $21.40, from

their close in regular trading at $21.42.

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