

Loss narrows, sales decline in second quarter for Kodak

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Eastman Kodak Co. on Wednesday afternoon reported its second-quarter loss narrowed while its sales declined.

The company posted a net loss from continuing operations of \$224 million, or 76 cents a share, compared with a loss of \$299 million, or \$1.09 a share, a year ago, , a filing with the U.S. Securities and Commission shows. That reflects an improvement of 25 percent.

The company posted a \$157 million loss from continuing operations before income taxes in the second quarter, compared with \$306 million a year ago—an improvement of 49 percent. The current quarter's loss included \$101 million in restructuring and reorganization costs along with a \$51 million provision for income taxes, Kodak said.

Sales for continuing operations in the second quarter were \$583 million, compared with \$699 million in the prior-year quarter, a decline of 17 percent.

The results reflect separation of the Personalized Imaging and Document Imaging businesses, which are being spun off to Kodak Pension Plan, the pension plan for U.K. employees, and the discontinuation of some consumer businesses, including Kodak Gallery and digital cameras, the company said. With discontinued operations included, the consolidated net loss for the quarter was \$224 million.

The Graphics, Entertainment and Commercial Films segment reported a \$5 million loss, compared with a \$26 million loss in the prior-year's quarter, Kodak said. Digital Printing and Enterprise reported a \$13 million segment loss compared with a \$61 million loss in the second quarter 2012.

Graphics, Entertainment and Commercial Films logged sales of \$371 million, a decline of 17 percent. The drop reflects volume declines in Entertainment Imaging and Commercial Films, as well as lower sales for digital plates as the business focused on profitable accounts, the company said.

Digital Printing and Enterprise had a revenue decline of 11 percent primarily because of discontinuance of consumer inkjet printer production and lower sales of ink for the installed base of consumer inkjet printers. Partially offsetting these declines was an increase in sales within the commercial inkjet printing business, Kodak said.

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As a result of the company's focus on profitability, the gross profit margin in the quarter from continuing operations improved to 23 percent, up some 9 percentage points.

"In this quarter we continued our progress in recreating Kodak as a technology company focused on imaging for business, and serving customers worldwide with breakthrough solutions and enterprise services," said Antonio Perez, chairman and CEO, in a statement. "At the same time, we moved forward significantly with our restructuring, and we remain on track to emerge in the third quarter."

Kodak filed for Chapter 11 bankruptcy in January 2012.

For the first six months Kodak logged sales of \$1.18 billion, down from \$1.32 billion in 2012. It posted net income of \$59 million, or 43 cents a share, for the first half, compared with a loss of \$665 million, or \$2.19 a share, the previous year, the SEC filing states.