Hain Celestial profit plunges

Aisha Al-Muslim
Stock indexes held steady yesterday after the price of oil halted its slide, at least for now.

Energy stocks fell again, but not by nearly as much as earlier in the week, after crude rose for the first time in four days. Big gains for health care stocks also helped to offset losses for financial companies and other areas of the market, leaving indexes close to flat.

The Standard & Poor’s 500 index edged down less than 0.1 percent to 2,434.50. The Dow Jones industrial average dipped 12.74 points to 21,397.29, and the Nasdaq composite index rose less than 0.1 percent to 6,236.69.

Markets this week have been dominated by oil’s tumbling price and worries about how much it will affect the broader market. Benchmark U.S. crude rebounded a bit, rising 21 cents to settle at $42.74 per barrel.

Energy stocks in the S&P 500 dipped by 0.1 percent.

Health care stocks have been shooting higher this week even as the rest of the market struggled. Health care stocks in the S&P 500 jumped 1.1 percent, by far the biggest gain among the 11 sectors that make up the index, after the Senate unveiled its proposal to revamp how Americans get medical care.

The sector is up 3.7 percent for the week; the overall index is up just 0.1 percent. — AP

Hain Celestial Group Inc. yesterday released several quarters of long-delayed financial reports, showing a dramatic drop in its net income for the 21-month period it reported.

The Lake Success-based organic and natural products maker’s net income for fiscal 2016 fell more than 70 percent from the prior year, and net income for the first nine months of fiscal 2017 fell more than 50 percent.


“It has been a tough year,” Hain Celestial founder and CEO Irwin Simon said during a conference call yesterday morning with industry analysts. “I am happy with the news that came out today.

“The company has had the opportunity to file its earnings for the past year amid a review of its accounting, after it disclosed in August it was evaluating its internal controls over financial reporting. The accounting review cost more than $20 million, a charge that reduced net income in the first nine-months of 2017, Hain said.

“The company said it was determining if revenue from certain U.S. distributors was recorded in the correct period. The company had been recognizing revenue when products were shipped to certain distributors, rather than when the products were sold through its distributors to customers.

Yesterday, the company also announced it made “immaterial” revisions to its previously issued results.

“We have also implemented greater and more effective internal controls and enhanced oversight for our financial reporting and business units,” Simon said in a statement.

Net sales for the first nine months of fiscal 2017, ended March 31, were $2.12 billion, down less than 1 percent from the prior fiscal year. Net income for the nine months was $67.12 million, compared with $136 million in the prior year.

Net sales for the fiscal year ended June 30, 2016, were $2.89 billion, an increase of 11 percent. Net income for the year fell to $47.43 million from $164.96 million, affected by charges of $84.5 million for “goodwill impairment,” and $39.7 million for “trade name impairment.”

Tammy Straus, quality control partner for accounting firm Grassi & Co. in Jericho, said factors that would have affected the company’s net income include one-time costs related to acquisitions, as well as price adjustments.

“I would like to give them a couple of more quarters when they are operating within normalcy to see how their business performs,” Straus said.

Hain Celestial’s board authorized the repurchase of up to $250 million of the company’s stock.

The company appointed James Langrock executive vice president and chief financial officer, effective today. Langrock joined Hain in November 2015.

The board recently appointed Andrew R. Heyer as the lead independent director. Heyer has been a director since 2012 and chairman of the audit committee.

Hain Celestial shares fell 1.5 percent to close at $32.66. The shares are down 35 percent in the past year.

Hain Celestial’s brands include Celestial Seasonings tea, Earth’s Best baby food, Terra chips and Spectrum oils. Distributor United Natural Foods Inc. and Walmart Stores Inc. each account for more than 10 percent of sales, according to the company’s most recent annual filing. Hain Celestial has more than 7,800 employees.