

Philips reports sharp switch into annual profit

THE HAGUE, THE NETHERLANDS: Electrical appliance and household goods group Philips switched back into profit in for 2013, the company said.



Philips' chief executive Frans van Houten says the company is on track to achieve its 2016 objectives.
Image: Wiki Images

The Dutch group, which has developed rapidly in the high-margin medical equipment sector, reported net profit for the year of €1.17bn from a loss of €30m in 2012.

The turnaround was largely attributable to a leap in gross margins. In the last quarter, profit amounted to €412m from a comparable loss of €420m.

The group said the figures reflected increased profits and a reduction of restructuring charges, noting also that it had changed its accounting method during the year.

The results in 2012 had also been hit by a fine of several hundred million euros imposed by the European Commission for price-fixing on television screens. Sales last year fell by one percent to €23.3bn.

Earnings before interest, tax depreciation and amortisation more than doubled from €1.10bn or 4.7% of sales to €2.45bn or 10.5% of sales in 2013.

The group said that it was cautious about the outlook for this year because of uncertainty about the macro-economic situation, risks over exchange rates and falling orders in the fourth quarter.

"Looking at 2014, we remain cautious because of ongoing macro-economic uncertainties, currency headwinds and softer

order intake in the fourth quarter," chief executive Frans van Houten said.

"We expect that 2014 will be a modest step towards our 2016 targets, taking into account the restructuring to drive the new productivity targets and investments in additional growth initiatives," he added

Philips' restructuring programme started in 2011 is aimed at saving €1.1bn by the end of this year, notably through cutting 6,700 jobs.

Founded in 1891, Philips employs 114,000 people globally, about 2,000 fewer than it did in 2012.

Source: AFP via I-Net Bridge

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