

# HP profits lower, to cut nearly 6,400 workers

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Hewlett-Packard sign on a HP building. US computer giant Hewlett-Packard reported a 17-percent fall in quarterly net profit on Tuesday and said it plans to cut two percent of its workforce, or nearly 6,400 workers, over the next year.

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HP said net profit fell to 1.7 billion dollars, or 86 cents per share, in the second quarter of its fiscal year from 2.1 billion dollars, or 87 cents per share, a year ago, in line with the expectations of Wall Street analysts.

The Palo Alto, California-based company, the world's largest manufacturer of personal computers, said revenue was down three percent in the quarter which ended on April 30 to 27.4 billion dollars.

Chief financial officer Cathy Lesjak announced the planned layoffs in a

conference call with analysts after the release of the results.

"We will be taking some targeted action to structurally change and improve the effectiveness of our product businesses," she said.

"These actions will result in the elimination of approximately two percent of the HP [workforce](#) as we further streamline and simplify our organization and supply chain.

"These actions will be implemented over the next 12 months."

The only bright spot for HP in the quarter was in its services business, which notched up an operating profit of 1.17 billion dollars in the quarter due to its purchase last year of EDS.

"Our services business continued to deliver strong profitability with an increased deal pipeline and the EDS integration tracking ahead of schedule," said HP chairman and chief executive Mark Hurd.

HP said revenue from its enterprise storage and servers division fell 28 percent to 3.5 billion dollars while software revenue declined 15 percent to 880 million dollars.

Computer shipments were flat in a "challenging environment" and the division saw revenue fall 19 percent to 8.2 billion dollars. Revenue from laptop computers was down 13 percent while desktop computer revenue fell 24 percent.

Operating profit for the division fell to 374 million dollars from 544 million dollars a year ago.

The imaging and printing group saw revenue decline by 23 percent to 5.9 billion dollars and operating profit fall to 1.1 billion dollars from 1.2

billion dollars a year earlier.

HP said revenue grew nine percent in the Americas to 12.1 billion dollars and declined by 11 percent in Europe, the Middle East and Africa to 10.6 billion dollars.

Revenue fell 10 percent in Asia Pacific to 4.7 billion dollars.

HP said it expects third quarter revenue to be flat and full fiscal year revenue to decline by four percent to five percent with full-year earnings per share of between 3.76 dollars to 3.88 dollars.

[HP](#) shares shed 4.62 percent to 34.89 dollars in after-hours electronic trading.

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