

HP profit dips, sees impact from strong dollar

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US computer giant Hewlett-Packard on Tuesday reported a drop in profits in the past quarter and said the strengthening dollar was likely to hurt its finances this year.

The company, in the midst of a years-long turnaround effort, said profit in the three months ending January 31 dropped four percent to \$1.4 billion.

Revenue fell five percent to \$26.8 billion, in part due to currency changes.

"With the first quarter of fiscal 2015 now behind us, the HP turnaround remains on track," said Meg Whitman, chairman, president and chief executive.

"We grew operating [profit margins](#) across all of our major business segments, increased investment in innovation, and executed well across key areas of our portfolio and in our separation activities. Our progress continues as we head into the second quarter."

But HP also said the higher dollar has cut into its results and that may impact the company over the coming year, because revenue earned overseas will deliver fewer dollars.

"While we were able to manage the impact of currency in the quarter and deliver earnings as expected, we believe the impact on Fiscal year

will be significantly greater than we anticipated in November," Whitman said.

"We'll work hard to offset these impacts through re-pricing and productivity, but fully mitigating currency movements of this size would require reducing investments and mortgaging our future. We won't do that."

HP announced plans last year to break itself into two companies—one with a focus on personal computers and printers, and the other on software and enterprise services.

The split aims to sharpen the focus of each unit, according to Whitman.

The move is the latest in the sector based on the belief that tightly focused firms perform better.

HP has been undergoing a massive reorganization to cope with the move away from traditional personal computers to mobile devices.

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