

Healthy profit rise for Philips

July 27 2015

Rising sales of medical equipment helped drive a 12 percent increase in second quarter net profit at Dutch electronics manufacturer Philips, the company said Monday.

The net profit attributable to shareholders of 272 million euros (\$301 million) was accompanied by a 20 percent jump in sales to 5.97 billion euros compared with the same period a year earlier.

The operating profit of 501 million euros as measured by earnings before interest, tax and amortisation (EBITA) beat the average of 415 million euros forecast by analysts surveyed by Bloomberg.

"We are encouraged by the continuing improvement in our operational results in the second quarter of 2015, driven by strong comparable sales growth in Healthcare..." Philips chief executive Frans van Houten said in a statement.

While overall sales rose by 3 percent on a comparable basis, sales of medical equipment climbed by 8 percent.

Van Houten said he was pleased with the company's performance, but added "we are increasingly concerned about the global macro-economic environment, particularly in China, Russia and Latin America."

Nevertheless, he said Philips expects to turn in modest sales growth this year and improve its operational performance in both 2015 and 2016.

Philips, which sold its first light bulb a few years after it was founded in 1891, has for the past dozen years focused on medical equipment, and which now accounts for 43 percent of sales.

"The healthcare market has increased rapidly and there is a lot of excitement" about new technologies, van Houten told AFP in a telephone interview later.

"Philips is well positioned to take advantage of trends in the marketplace," he said.

Philips shares jumped 3.0 percent to stand at 24.90 euros in afternoon trading in Amsterdam.

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