

Philips profit hit as readies lighting spin-off

April 25 2016

Electronics giant Philips on Monday posted a 63-percent slump in first quarter profits for 2016, blaming the fall on a high tax bill incurred for a major company restructuring.

It also confirmed that its lighting branch, which is being separated from the company's other activities, would "likely" be floated on the [stock market](#).

A household name around the world for home appliances, Philips said it had earned 37 million euros (\$41.5 million) in net income for the first quarter, compared with 100 million euros in the same period in 2015.

The Amsterdam-based company has re-oriented its range of activities in recent years to focus more on advanced lighting technology and on medical technology where margins are strong and less vulnerable to competition from emerging markets.

The restructuring of the company, which employs some 106,000 people around the world, is expected to be completed this year.

Philips said Monday overall sales rose 5.0 percent to 5.5 billion euros.

But costs related to the separation for the first three months of 2016 had reached 52 million euros.

Philips sold its first light bulb a few years after it was founded in 1891, but for the past dozen years has focused on [medical equipment](#), which

now accounts for more than 40 percent of sales.

It abandoned its television production business a few years ago, bowing to Asian competition.

And in late 2014, the company said it would sell off the core lighting business to focus more on medical equipment.

But since then, Philips has said it is examining its options, hesitating between a sale and an [initial public offering](#) (IPO).

"With equity markets' sentiment improving to the first couple of months of the year, an IPO increasingly appears a more likely outcome," the company said in a statement.

"However the [company](#) has not yet concluded on all proposals in the private sale process," it added.

© 2016 AFP

Citation: Philips profit hit as readies lighting spin-off (2016, April 25) retrieved 21 June 2024 from <https://phys.org/news/2016-04-philips-profit-readies-spin-off.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--