

Samsung expects strong 3rd-quarter profit

October 6 2009, By KELLY OLSEN , AP Business Writer



A South Korean woman looks at products of Samsung Electronic Co. at an electronic shop in Seoul, South Korea, Tuesday, Oct. 6, 2009. Samsung said Tuesday that profit likely surged in the third quarter on higher sales, amid a brightening outlook for the world's largest manufacturer of computer memory chips and flat screen televisions. (AP Photo/Lee Jin-man)

(AP) -- Samsung Electronics Co. said Tuesday that profit likely surged in the third quarter on higher sales, amid a brightening outlook for the world's largest manufacturer of computer memory chips and flat screen televisions.

The Suwon, South Korea-based corporation expects to record a consolidated [operating profit](#) of between 3.9 trillion won and 4.3 trillion won (\$3.67 billion) for the three months ended Sept. 30, it said in a statement. Samsung recorded consolidated operating profit of 1.48 trillion won in the same period last year.

Samsung began issuing earnings estimates on a consolidated basis, which includes overseas subsidiaries, in the second quarter this year. The company began releasing consolidated operating profit and sales figures from the first quarter of last year, though does not release a consolidated net profit figure and offered no estimate.

Samsung's highest operating profit on a consolidated basis so far was 2.57 trillion won recorded in the first quarter of 2008, according to company spokeswoman Lee Soo-jeong.

Lee said Samsung could not comment on reasons behind the expected third-quarter performance.

Analysts cited improving business conditions such as rising prices for memory chips and liquid crystal displays, and weakness in the Korean won against the Japanese yen as positive factors.

"Market share really jumped on all fronts - DRAM, flash, handsets, TVs, LCD panels," said Jay Kim, who follows Samsung for Hyundai Securities in Seoul.

Samsung is the world's largest manufacturer of DRAM, or dynamic random access memory, chips, NAND flash [memory chips](#), flat screen televisions and liquid crystal displays. The company is the world's second-largest maker of [mobile phone handsets](#) behind Finland's [Nokia](#) Corp.

DRAM are used mostly in personal computers, while NAND flash chips are used in devices such as digital cameras and music players.

Samsung estimated consolidated sales of between 35 trillion won and 37 trillion won for the third quarter. That compares with sales of 30.3 trillion won a year earlier, according to the company.

Tuesday's announcement didn't include estimates for its earnings on a parent basis, which include net profit.

The company earned 2.25 trillion won on a parent basis in the three months ended June 30, up 5.2 percent from the same period the year before. Sales rose 15.9 percent to 21.02 trillion won.

Samsung recorded its first ever net loss in the fourth quarter of 2008 as the global economic slump hit prices and demand. The company returned to profit in the first quarter of this year, though it was down sharply from the year before.

Hyundai's Kim said he expects Samsung will record net profit of 3.4 trillion won in the third quarter, which would be a near tripling from the 1.2 trillion won recorded in the same period last year.

Samsung said in July when it began issuing the estimates that they would help minimize market speculation over its performance and increase corporate transparency.

Lee, the company spokeswoman, said Samsung would release third-quarter earnings results on Oct. 30.

Shares in Samsung, which released the estimates just after the stock market opened, fell 0.3 percent to close at 745,000 won.

Samsung's stock price hit a record high of 825,000 won on Sept. 22, according to the Korea Exchange.

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