

# Samsung to triple capital, R&D spending this year

May 17 2010, By KELLY OLSEN , AP Business Writer

---

(AP) -- Samsung Electronics said Monday it will more than triple investment in capital spending and research and development this year to a record 26 trillion won (\$22.7 billion), betting on future growth despite questions about the global economic outlook.

Samsung said the investment in new production facilities means it expects to hire 10,000 new workers this year.

The world's biggest manufacturer of memory chips and flat screen TVs will spend about 18 trillion won on facilities - 11 trillion won for semiconductor manufacturing and 5 trillion won to increase production capacity for liquid crystal display panels. It will also spend 8 trillion won for R&D, it said in a release.

The total dwarfs the approximately 8 trillion won the company spent last year, according to a figure provided by Samsung spokeswoman Lee Soojeong.

"Although the global economic environment and business conditions remain changeable and uncertain, if we invest aggressively in expanding facilities and in hiring then these circumstances also present Samsung an opportunity for future growth and to stimulate the economy," Chairman Lee Kun-hee said in the release.

Lee spoke at a groundbreaking ceremony attended by about 500 Samsung executives for a new memory chip plant in the city of

Hwaseong, just south of Seoul.

Monday's announcement came after the broader Samsung Group conglomerate said last week said plans to invest 23.3 trillion won over the next decade in technologies including solar cells and medical devices in a bid to boost sales and expand its work force.

Samsung Group, which consists of dozens of companies in areas including electronics, shipbuilding, finance and fashion, said the money would be spent in five areas: solar cells, rechargeable cells for hybrid electric vehicles, LED, or light emitting diode, technologies, biopharmaceuticals and medical devices.

Moody's Investors Service hailed last week's announcement as showing the kind of vision needed to support growth.

"The strategic initiative should have a positive, long-term impact on Samsung Electronics' credit profile because the global demographics of aging populations in key markets, rising energy costs, and concerns about global warming make the identified industries particularly promising targets for investment," the ratings agency said in a statement Monday.

Samsung's stock took a hit from investors Monday, sinking 3.2 percent to close at 784,000 won amid a 2.6 percent sell-off in South Korea's benchmark stock index amid global jitters about Europe's debt crisis. The company's stock price surged 77 percent in 2009.

Chairman Lee is widely credited as the driving force behind the rise of Samsung Electronics Co. over the past decade or so to the top tier of global technology companies.

Convicted of tax evasion and later pardoned by South Korea's president,

Lee returned to lead Samsung Electronics in March this year after stepping down in April 2008 following his indictment.

[Samsung Electronics](#), which is No. 2 globally in mobile phones behind Finland's Nokia Corp., said late last month that net profit surged more than six-fold in the first quarter of this year to a record high on strong demand and higher prices for memory chips as well as increased sales of mobile phones and flat screen televisions. It earned 3.99 trillion won in the three months ended March 31 after recording net profit of 582 billion won the year before.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Samsung to triple capital, R&D spending this year (2010, May 17) retrieved 26 April 2024 from <https://phys.org/news/2010-05-samsung-triple-capital-year.html>

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.