

# Samsung's 2Q net profit surges 83 percent

July 30 2010, By KELLY OLSEN , AP Business Writer

---



In this May 17, 2010 file photo, an employee of Samsung Electronics adjusts LED TV screens at its branch in Seoul, South Korea. Samsung Electronics Co.'s net profit surged 83 percent in the second quarter to a record high amid increased sales and strength in its semiconductor and flat panel businesses, the company said Friday, July 30, 2010. (AP Photo/Lee Jin-man, File)

(AP) -- Samsung's quarterly profit surged to a record high as sales of semiconductors, flat panels and TVs climbed, but the electronics giant warned that intensifying competition in areas like mobile phones could dent earnings in coming quarters.

The world's largest maker of computer memory chips, flat screen TVs and liquid crystal displays booked net profit of 4.28 trillion won (\$3.6 billion) in the second quarter ended June 30, it said Friday in a regulatory filing. That was up 83 percent from 2.33 trillion won profit a year earlier.

The results came a day after Japan's Sony Corp., Panasonic Corp. and [Sharp Corp.](#) all announced they had returned to profit in the same three months as deep cost cuts took effect and demand bounced back from the global recession. Sony attributed its rebound to solid sales of flat-screen TVs, Vaio computers and the [PlayStation 3](#) gaming consoles.

But Samsung's head of investor relations Robert Yi warned of possible difficulties for the South Korean company in continuing to rack up the kinds of profits it enjoyed in the second quarter.

"With intensified competition throughout the digital media and mobile industries going forward, it may become a challenge to maintain current profitability levels," he said in a statement.

Despite its success over the past decade and a half in becoming a top global brand with a reputation for quality, Samsung has yet to come up with the kind of mega-hit product - such as Sony's Walkman or Apple Inc.'s iPod and [iPhone](#) - that raises its creator to icon status.

In late June, Samsung introduced a new premium smartphone - the Galaxy S - in [South Korea](#) and has sold over 500,000 so far, according to company spokesman Jason Kim. Widely seen as Samsung's answer to the iPhone, it is also on sale globally, but Kim could not immediately say how many have been sold.

Samsung said its earnings were driven by surging profitability in its semiconductor and LCD businesses, though it reported [operating profit](#) declines in digital media - which includes televisions and digital home appliances - and telecommunications, which includes mobile phones.

Samsung manufactures both consumer electronics devices such as flat screen televisions and mobile phones as well as key components. Aside from its dominance in chips, LCDs and flat screen TVs, Samsung

Electronics Co. ranks No. 2 in mobile phones behind Finland's Nokia Corp.

The Suwon, South Korea-based company said quarterly revenue totaled 37.89 trillion won, 17 percent higher than 32.51 trillion won last year.

"Our component businesses performed very strongly, yet it was a more challenging quarter for our set businesses," said Yi. Set businesses refer to products such as televisions, appliances and phones.

Continuing strong demand combined with supply constraints for computer memory chips helped boost prices, Samsung said. Demand for flash memory chips, meanwhile, was driven by new applications such as for smart phones and tablet computers.

For LCD panels, the company cited strong demand for flat screen televisions due to football's World Cup, which was held from June 11 to July 11 in South Africa. Samsung said that [flat screen TV](#) shipments increased amid rising demand in both developed and developing markets.

In its telecommunications business, mobile phone shipments increased 22 percent in the second quarter, characterized by strong sales in the United States and emerging markets. Revenue fell four percent and Samsung said that average selling prices declined due to "intensified price competition." That along with a fall in the euro, reduced profitability.

Samsung's record results failed to attract investors. Shares in [Samsung](#), which released earnings shortly after the start of trading, fell 2.1 percent to close at 810,000 won. The stock price surged 77 percent in 2009.

©2010 The Associated Press. All rights reserved. This material may not

be published, broadcast, rewritten or redistributed.

Citation: Samsung's 2Q net profit surges 83 percent (2010, July 30) retrieved 23 April 2024 from <https://phys.org/news/2010-07-samsung-2q-net-profit-surges.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.