

Hynix net profit surges to record as sales rise

October 28 2010, By KELLY OLSEN , AP Business Writer

(AP) -- Hynix Semiconductor, the world's second-largest manufacturer of computer memory chips, said third-quarter net profit more than quadrupled to a record high as increased shipments helped make up for chip price declines.

Hynix earned 1.06 trillion won (\$939.5 million) in the three months ended Sept. 30, it said Thursday in a regulatory filing. The company reported [net profit](#) of 246.28 billion won a year earlier.

Sales rose 53 percent to 3.25 trillion won. Operating profit - seen as a direct indicator of business performance before taxes, dividends, asset sales and other items figured into net profit or loss - more than quadrupled to 1.01 trillion won.

The net profit result was Hynix's largest ever, said company spokeswoman Park Seong-ae. It was also the fifth straight quarter in the black after the company recorded its first net profit in two years in the third quarter of last year.

Since 2008, [Hynix](#) Semiconductor Inc. has closed its U.S. factory, cut costs, slashed executive pay and positions and encouraged early retirements in a bid to revive its fortunes. An infusion of fresh capital via bank loans and a share sale also helped.

Hynix manufactures [DRAM chips](#), used mostly in personal computers, and ranks No. 2 behind South Korean rival [Samsung Electronics](#) Co. It also ranks No. 4 in the world in NAND [flash memory chips](#), which are

used in products such as digital cameras, music players and smartphones.

Icheon, South Korea-based Hynix supplies NAND chips to Apple Inc. for its iPod and [iPhone](#) products and mobile DRAM chips for the [iPad](#), according to Park.

Besides South Korean rival Samsung, Hynix also competes with Japan's Toshiba Corp. and Micron Technology Inc. of the United States.

The average selling price for Hynix's DRAM chips in the third quarter declined 9 percent from the second, the company said, while shipments increased 2 percent. The average selling price for NAND flash memory fell a steeper 23 percent, though shipments increased 42 percent.

Kim Min-chul, Hynix's chief financial officer, told analysts on a conference call that lingering global economic uncertainties were keeping demand for personal computers below traditional year-end seasonal levels.

Demand for DRAM chips in mobile devices, however, as well as for NAND flash products was expected to be strong, he said.

Shares in Hynix, which released earnings results before the stock market opened, fell 0.9 percent to 22,700 won after more than two hours of trading Thursday. The company's share price more than tripled in 2009.

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