

Samsung 3Q earnings likely to fall from record

October 7 2010, By KELLY OLSEN , AP Business Writer



A model shows NT DoCoMp's smart phones, Galaxy S, left, and Galaxy Tab, made by South Korean electronics giant Samsung Electronics Co., at the CEATEC Japan, Japan's major consumer electronics show, in Chiba near Tokyo, Wednesday, Oct. 6, 2010. (AP Photo/Shizuo Kambayashi)

(AP) -- Samsung Electronics, the world's biggest seller of computer memory chips, forecast Thursday that third-quarter operating profit likely eased from the previous quarter's record high amid signs that growth in global demand is waning.

The Suwon, South Korea-based company expects consolidated [operating profit](#) of between 4.6 trillion won and 5 trillion won (\$4.1 billion to \$4.5 billion) for the three months ended Sept. 30, it said in a statement.

That would be higher than the 4.22 trillion won recorded in the third quarter last year but less than the 5.01 trillion won racked up in the second quarter of 2010.

Samsung shares fell 2.9 percent to close at 770,000 won amid declines in other Asian technology stocks.

The International Monetary Fund on Wednesday cut its forecast for U.S. growth this year and next amid stubbornly high unemployment that is expected to restrain consumer spending. Major economies in Europe are also growing at an anemic pace.

Aside from dominance in chips, [Samsung Electronics](#) Co. is the world's biggest seller of [liquid crystal displays](#) and flat-screen televisions and ranks No. 2 in [mobile phone handsets](#) after Finland's Nokia Corp.

Samsung estimated consolidated sales of between 39 trillion won and 41 trillion won for the third quarter. That compares with sales of 35.9 trillion won a year earlier.

The company gave no reason for the expected quarterly results and plans to release details when it formally announces third-quarter earnings at the end of this month, according to spokesman Nam Ki-yung.

Lee Min-hee, an analyst at Dongbu Securities in Seoul, said that Samsung's earnings outlook is deteriorating amid falling memory chip prices and slowing momentum in the global information technology industry.

"Quarterly earnings peaked out in the second quarter in terms of operating profit," said Lee, who predicted a sharp decrease in the final three months of this year to about 3 trillion won.

Samsung reported record [net profit](#) of 4.28 trillion won in the second quarter and Lee estimated that the company will report a similar result during the third as foreign exchange-related gains boost the bottom line. Net profit, however, will decline to 2.6 trillion won in the final three months of the year, he said.

Samsung does not release net profit forecasts. Operating profit is seen as a direct indicator of business performance before taxes, dividends, asset sales and other items that are figured into net profit or loss.

Samsung began issuing earnings estimates, or guidance, last year in hopes increased transparency would help minimize market speculation over its performance. The estimates include the performance of its overseas and domestic subsidiaries.

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