

Samsung 3Q profit at record high but outlook mixed

October 29 2010, By KELLY OLSEN , AP Business Writer



Visitors take a close look at Samsung Electronics products in Seoul, South Korea, Friday, Oct. 29, 2010. Samsung Electronics Co. said net profit rose 17 percent in the third quarter to a record high amid strength in its semiconductor and mobile phone businesses. (AP Photo/ Lee Jin-man)

(AP) -- Samsung Electronics Co., the world's largest manufacturer of computer memory chips, said business conditions are deteriorating due to anemic recoveries in advanced economies even as it reported a 17 percent jump in third quarter profit to a record high.

Samsung earned 4.46 trillion won (\$3.97 billion) in the three months ended Sept. 30, up from net profit of 3.81 trillion won the year before, it said Friday. The result was Samsung's third straight record net profit.

Suwon, South Korea-based Samsung is a major force in the global electronics industry. Besides dominating in memory chips and flat screen

TVs, the company is also the world's largest manufacturer of large-sized [liquid crystal displays](#) and ranks No. 2 in mobile phones behind Nokia Corp. of Finland.

The company manufactures both [DRAM chips](#), used mostly in personal computers, and NAND [flash memory chips](#), used in products such as digital cameras, music players and smartphones.

Its semiconductor business racked up record [sales](#) of 10.66 trillion won during the quarter, while sales in the memory division rose 60 percent from the year before despite a decline in prices because of an oversupply of chips.

Sales of [mobile phone](#) handsets rose 19 percent from a year earlier to 71.4 million units, helped by the launch of the Galaxy S and Wave smartphones.

Samsung said overall third-quarter sales rose 12 percent to 40.23 trillion won, also a record and the first time the company's revenue has surpassed the 40 trillion won mark. Sales the year before were 35.89 trillion won.

Looking ahead, Samsung vice president Robert Yi said the outlook for the rest of the year was mixed.

Strong sales of mobile phones and an increase in year-end demand for televisions would be countered by more oversupply and price declines for memory chips along with a potential further decline in LCD panel prices.

"Combining these with the possible appreciation of (the) won, we expect overall fourth-quarter business conditions to be difficult," he told analysts on a conference call.

The South Korean currency rose 4.7 percent on average against the dollar during the third quarter, according to the Bank of Korea.

Samsung achieved its third-quarter results due to the "cost competitiveness" of its memory chips and "strong sales of handsets," Yi said. That was despite difficulties due to weakness in developed markets, which caused a slowdown in demand for products including personal computers and televisions, he said.

Flat screen TV shipments rose 17 percent in the third quarter to 9.07 million units, but Samsung said in its statement that sales of premium LED and 3D-capable TVs declined after soccer's World Cup "due to weakening consumer confidence amid the slow economic recovery in the United States and Europe."

Another weakness was the LCD business, where Samsung said that shipments increased slightly from the year before and were flat from the previous three months.

On the operating level - seen as a direct indicator of business performance before taxes, dividends, asset sales and other items figured into net profit or loss - Samsung reported a profit of 4.86 trillion won in the third quarter, or 15 percent higher than the year before.

Shares in Samsung, which released earnings shortly after the stock market opened, fell 2.5 percent to close at 745,000 won. The stock price surged 77 percent in 2009, but has fallen 6.8 percent so far this year.

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Citation: Samsung 3Q profit at record high but outlook mixed (2010, October 29) retrieved 26 April 2024 from <https://phys.org/news/2010-10-samsung-3q-profit-high-outlook.html>

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