

S.Korea's Hynix says chip price slump will hit Q4 profit

December 21 2010

South Korea's Hynix Semiconductor says it expects computer memory-chip prices to fall further early next year and hit its fourth-quarter results this year.

"[Chip prices](#) remained strong until the first half of this year, but they dropped sharply, especially during the fourth quarter," chief executive O.C. Kwon told The Wall Street Journal in an interview.

"Due to the sharper than expected fall, a considerable decline in both our sales and profit is inevitable in the fourth quarter."

Hynix, the world's second-largest memory chipmaker, supplies chips known as [dynamic random access memory](#) (DRAM) to Hewlett-Packard and other major computer makers.

It also makes NAND flash-memory chips -- those used to store data in gadgets even when power is switched off -- to Apple and Nokia.

Over the past six months, the average spot price of the most widely used DRAM chip has more than halved to 1.95 dollars each, according to DRAMeXchange, an online chip clearing house based in Taiwan.

Hynix announced a record [net profit](#) in the third quarter of 1.06 trillion won (916.9 million dollars) and a 53 percent rise in revenue to 3.25 trillion won.

Next year, Kwon said it targets revenue of more than 10 trillion won but he cautioned that the strong won might depress earnings.

Kwon said chip prices could start bottoming out as early as the first quarter, as demand starts to pick up amid lower component prices and a continuing recovery in the global economy.

He said he expects global chip demand and supply to balance out in the second half of next year.

(c) 2010 AFP

Citation: S.Korea's Hynix says chip price slump will hit Q4 profit (2010, December 21) retrieved 26 April 2024 from <https://phys.org/news/2010-12-skorea-hynix-chip-price-slump.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.