

# LG Electronics posts \$229 million quarterly loss

January 26 2011, By KELLY OLSEN , AP Business Writer

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LG Electronics' LCD TVs are displayed at a local electronic department store in Seoul, South Korea, Wednesday, Jan. 26, 2011. LG Electronics, the world's second-biggest manufacturer of flat screen televisions, reported its first quarterly loss in nearly two years amid continued weakness in its mobile phone business. LG Electronics said Wednesday that it lost 256.4 billion won (\$229.4 million) in the three months that ended Dec. 31. (AP Photo/Lee Jin-man)

(AP) -- LG Electronics reported its first quarterly loss in nearly two years as prices for flat screen televisions fell and devices like the iPhone provided stiff competition for its mobile phone business.

The company, a major global manufacturer of flat screen televisions and mobile phones, lost 256.4 billion won (\$229.4 million) in the three months ended Dec. 31, it said Wednesday. That compared with net profit of 361.9 billion won a year earlier.

The fourth-quarter red ink, however, came in far less than the 390 billion won median estimate in a survey of analysts by Yonhap Infomax, the financial news arm of South Korea's Yonhap news agency.

LG Electronics Inc. is the world's second-largest manufacturer of flat screen televisions behind South Korean rival [Samsung Electronics](#) Co. LG trails global No. 1 Nokia Corp. of Finland and Samsung to rank No. 3 in mobile phones.

Sales in the fourth quarter rose 1.8 percent to 14.7 trillion won, LG said.

LG's mobile phone business suffered last year amid intense competition from sophisticated smartphone devices such as Apple Inc.'s [iPhone](#).

Seoul-based LG also reported a 245.7 billion won [operating loss](#) compared with an operating profit of 113.8 billion won the year before.

Sales in LG's mobile communications business, which includes phones, fell 14.7 percent to 3.58 trillion won, the company said.

The operating loss in that business, however, narrowed to 274 billion won from 326 billion won in the previous three months on increased sales of smartphones such as the Optimus One, the company said.

Mobile phone handset sales rose 8 percent to 30.6 million devices in the fourth quarter from the third, but declined 10 percent from the year before.

The company vowed in a press release to focus on profitability this year by introducing more premium smartphones and tablet devices "while regaining its cost competitiveness" in mobile phones.

LG sold a quarterly record 8.7 million flat screen TVs in the final three

months of last year amid traditionally strong end-of-year demand, up 33 percent from the year before. That milestone, however, was overshadowed by declining prices amid tough competition and oversupply in the industry that sent the company's home entertainment business tumbling to an operating loss of 122 billion won for the period.

The company, founded in 1958 as Goldstar, also manufactures household appliances including refrigerators, washing machines and air conditioners.

Shares in [LG Electronics](#), which released results during afternoon trading, fell 0.8 percent Wednesday to close at 121,000 won.

For all of 2010, LG's net profit fell 45 percent to 1.28 trillion won, while sales rose 0.1 percent to 55.8 trillion won.

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