

LG Electronics posts 2nd straight quarterly loss

April 27 2011



A clerk talks with customer near the LG Electronics logo at an electronic shop in Seoul, South Korea, Wednesday, April 27, 2011. LG Electronics reported its second straight quarterly loss amid falling sales. (AP Photo/Lee Jin-man)

(AP) -- LG Electronics reported its second straight quarterly loss, hit by investments in affiliates and falling sales, though the size of the red ink sharply narrowed amid improvement in its mobile phone and television businesses.

LG Electronics, a major global manufacturer of flat screen televisions and mobile phones, lost 15.8 billion won (\$14.6 million) in the three months ended March 31 compared with a [net profit](#) of 674.6 billion won a year earlier, the company said in a regulatory filing Wednesday.

The result came on the heels of a much bigger loss of 256.45 billion in the fourth quarter of last year.

Sales in the first quarter, meanwhile, fell 0.4 percent to 13.2 trillion won.

[LG Electronics](#) Inc. ranks No. 2 globally in flat screen televisions behind South Korean rival [Samsung Electronics](#) Co. LG trails global leader Nokia Corp. of Finland and Samsung to rank No. 3 in mobile phones.

In a statement and separate materials for investors, the maker of the Optimus brand of smartphones mainly attributed the net loss to a loss of 56 billion won from investments in affiliates including flat panel maker LG Display Co. and LG Innotek, which manufactures electronic components.

LG Electronics' mobile phone fortunes suffered last year amid intense competition in the global smartphone market and contributed to two straight quarters of operating losses.

The company, however, booked an operating profit of 131 billion won in the first quarter, which came amid cost cuts and better results for phones and televisions.

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.

Sales in its mobile communications business, which includes phones, fell 8.3 percent to 2.91 trillion won, the company said, and the business recorded an operating loss of 101 billion won, though that was sharply lower than one of 261 billion won in the previous three months.

LG said the result "showed significant improvement in the first quarter

due to an increase in smartphones in the company's portfolio and reduction in overhead costs."

Mobile phone handset sales fell 20 percent to 24.5 million devices in the first quarter from the fourth, LG said, citing weak seasonality, and declined 10 percent from the year before.

Looking ahead, the company said it would launch new smartphones including the LG Optimus Black and LG Optimus 3D in a bid to return to profitability in the business and that it would seek further cost reductions.

In flat screen televisions, the company said that sales rose 13 percent from the same period last year to 6.8 million sets, though revenue fell 4.8 percent to 5.3 trillion won. But in a positive sign, the company recorded an [operating profit](#) of 82 billion won, compared with a loss of 65 billion won in the fourth quarter.

Shares in LG Electronics rose 0.5 percent Wednesday to close at 105,000 won. The shares have fallen 11 percent so far this year.

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Citation: LG Electronics posts 2nd straight quarterly loss (2011, April 27) retrieved 4 April 2024 from <https://phys.org/news/2011-04-lg-electronics-2nd-straight-quarterly.html>

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