

LG Electronics 2Q net profit plunges, sales fall

July 27 2011, By KELLY OLSEN , AP Business Writer

(AP) -- LG Electronics, a top global manufacturer of mobile phones and flat-screen TVs, said second-quarter net profit plunged as sales declined and its mobile phone business remained in the red.

LG earned 108.4 billion won (\$103.3 million) in the three months ended June 30, the company said Wednesday. That was down 87.3 percent from [net profit](#) of 856.4 billion won a year earlier.

The result snapped two straight quarters of net losses for the Seoul, South Korea-based company known for its Optimus brand of smartphones. LG has been trying to turn around its [mobile phone business](#) amid tough competition in the fast growing global smartphone market.

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.

Sales in the second quarter fell 0.2 percent to 14.4 trillion won.

LG's mobile communications business, which includes phones, suffered its fifth straight quarterly operating loss in the second quarter. But in a sign of improvement the scale of red ink declined by almost half on higher smartphone sales and cost-cutting.

The [mobile business](#) racked up an operating loss of 54 billion won,

sharply lower than 101 billion won in the first quarter and 119 billion won in the second quarter last year. Sales fell 4.6 percent from last year to 3.25 trillion won.

LG said it sold 24.8 million mobile phones during the quarter, which the company described as a slight increase from the previous three-month period.

LG's overall bottom line was also hurt by a loss of 56 billion won from investments in affiliates including flat panel maker LG Display Co. and LG Innotek, which manufactures electronic components.

Shares in LG Electronics gained 2.6 percent to 83,800 won.

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Citation: LG Electronics 2Q net profit plunges, sales fall (2011, July 27) retrieved 20 June 2024 from <https://phys.org/news/2011-07-lg-electronics-2q-net-profit.html>

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