

Infineon says crisis hit earnings in fourth quarter

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German computer chip giant Infineon said Friday that high economic uncertainty had hurt its fourth-quarter earnings and would weigh on sales in the coming months as well.

Infineon, which runs its business year from October to September, said operating profit fell 8.0 percent to 195 million euros (\$269 million) in the three months to September compared with the preceding period, while revenues were "essentially flat" at 1.038 billion euros.

The semi-conductors giant, which had been projecting stable fourth-quarter earnings, did not provide a year-on-year comparison or release its annual results.

"[Economic uncertainty](#) in light of the European [debt crisis](#) and resulting financial [market turmoil](#) drove increasing caution on the part of our customers over the course of the quarter," [Infineon](#) explained.

"As a result, we were not able to record revenue growth for the quarter. In addition, service agreements expired, under which we provided services for our former wireless [mobile phone business](#). Both factors combined caused the sequential decline" in profits, it said.

Looking ahead to the current year, Infineon said it was pencilling in a decline of between five and 10 percent in revenues in the period from October to December.

"Whilst demand in the automotive markets should remain benign, we expect customer caution to characterise business" in its key divisions, the statement said.

"In total, we anticipate a mid-to-high single-digit percentage sequential [revenue decline](#)."

Furthermore, Infineon said it had set aside an additional 150 million euros in provisions connected with the bankruptcy of its memory-chip unit Qimonda.

It said it would publish detailed fourth-quarter and full-year earnings figures on November 16.

The fourth-quarter results disappointed investors and Infineon shares were showing a loss of around 2.4 percent in a firmer market on the Frankfurt stock exchange on Friday.

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