

# Smartphone maker HTC posts 70 percent profit drop

April 24 2012

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(AP) -- Taiwan smartphone maker HTC Corp. reported a 70 percent drop in first quarter profit as it faces keener competition from Apple Inc. and Samsung Electronics Co.

HTC said Tuesday that profit amounted to 4.5 billion New Taiwan dollars (\$152 million) from revenue of NT\$68 billion in the three months through March.

Revenue was down 35 percent from a year earlier.

The company expects revenue to rise to NT\$105 billion in the second quarter, with the marketing of the "[HTC One](#)" series phone that offers users a better camera and music experience in addition to a sleek design.

HTC chief executive Peter Chou said the company's biggest challenge has come from Apple's iPhone 4S launch that took up the lion's share of leading U.S. mobile operators' handset purchases.

The "HTC One" is expected to win back some of the U.S. market while the Taiwanese maker is expanding its markets in Europe and Asia, Chou said.

HTC has grown on the strength of the design of its handsets, based on Google's Android operating system.

Chou said two consecutive quarters of profit decline forced HTC to

"rearchitect our organization" and make greater efforts on innovation "to achieve what we have wanted to deliver" without cutting corners.

Increased expenses for marketing and product innovation cut into second quarter profits, he said.

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Citation: Smartphone maker HTC posts 70 percent profit drop (2012, April 24) retrieved 28 June 2024 from <https://phys.org/news/2012-04-smartphone-maker-htc-percent-profit.html>

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