

Galaxy phones drive Samsung to record profit again

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In this July 7, 2010 file picture a man walks past near the logos of the Samsung Electronics at its show room in Seoul, South Korea. A Duesseldorf, Germany, court has issued a split decision in a patent dispute between rivals Apple and Samsung over two of the Korean company's tablet computers. California-based Apple sued to have sales of both the Samsung Galaxy Tab 10.1N and the Galaxy Tab 7.7 stopped. But the Duesseldorf state court ruled Tuesday July 24, 2012 that Samsung made enough changes to the Galaxy Tab 10.1 in its 10.1N that it no longer infringes upon any Apple iPad patents or designs. It said, however, that the back and sides of the smaller Galaxy Tab 7.7 imitated the Apple design in an "unacceptable manner" and ordered European sales stopped. (AP Photo/ Lee Jin-man,File)

(AP) — Samsung, the world's largest technology company by revenue, reported another record-high quarterly profit as customers flocked to Galaxy smartphones, helping it outdo rivals at a challenging time for the global tech industry.

Samsung Electronics Co. said Friday its net profit swelled to 5.2 trillion won (\$4.5 billion) in the April-June quarter, a 48 percent jump from a year earlier.

The earnings were lower than a median forecast of 5.6 trillion won in a poll of seven analysts by Yonhap Infomax. But Samsung shares jumped 5.2 percent to close at one-month high in Seoul as investors expect its earnings to continue growing strongly.

Samsung, the world's largest maker of mobile phones, televisions and memory chips, benefited from runaway demand for its Android-powered smartphones as rivals including Apple Inc. were yet to release new models.

The robust sales of smartphones such as the company's flagship Galaxy S3 helped Samsung paper over a slowdown in other consumer electronics sectors such as televisions and personal computers that has been painful for its rivals and component suppliers.

Its second quarter operating profit spiked 79 percent over a year earlier to 6.7 trillion won and its revenue rose 21 percent to 47.6 trillion won, matching Samsung's guidance released earlier this month. The operating profit, also at an all-time high, was up 15 percent from the previous quarter.

Despite nagging worries about debt-crippled Europe, analysts are expecting Samsung to achieve a record-high profit in the third quarter when Galaxy S3 sales are expected to reach a peak before Apple unveils its new iPhone, anticipated in October.

"The third quarter is expected to be marginally positive as demand for consumer electronics goods, including smartphones and tablets, remains strong and a stream of new products hit the market. Supply for display

panels is also expected to increase, as TV makers prepare for the year-end holiday season," Samsung said in a statement.

In a conference call, Samsung's mobile communications vice president Kim Hyun-joon said growth in global smartphone sales will not be affected by an economic slowdown. Sales of Samsung's smartphones in China increased significantly and the company expects to sustain mobile growth through expansion in emerging markets, he said.

The increase in smartphone sales, the S3 as well as the Galaxy Note, will also boost sales of Samsung's mobile processors, helping the company counter weak demand for computer memory chips, analysts said.

In the second quarter, Samsung's mobile division, which makes smartphones, personal computers and network equipment, contributed 63 percent of Samsung's entire operating profit by generating 4.2 trillion won profit.

Although the company does not release its mobile sales figures, Samsung probably outperformed competitors in the top-end smartphone market, while having a tougher time competing with Chinese brands such as ZTE and Huawei in low-end smartphones, analysts said.

Unlike Apple, which makes a limited number of smartphone models, Samsung boasts a wide range of mobile phones with various screen sizes, designs and price ranges. Industry watcher say Samsung might unveil a new version of the Galaxy Note at a German trade fair in the fall to fend off competition from Apple's new iPhone launch.

Research firm IDC said Samsung shipped 50.2 million smartphones in the April-June quarter, widening its lead over Apple. Apple, which earlier this week reported earnings that fell short of expectations, sold 26 million iPhones in the three month stretch.

The two companies, which together control around half of the world's smartphone market, are scheduled to meet on July 30 in a San Jose court for a U.S. trial on mobile patents.

An epic legal battle between the two companies started in April 2010 when Apple accused the South Korean firm of copying its iPhone and iPad designs and has expanded to about a dozen lawsuits in North America, Asia and Europe. Samsung in turn accuses Apple of violating its wireless technology patents.

Despite the legal battles, the two companies continue to have a close business relationship. Samsung is a key supplier of mobile processors for Apple's iPhone and iPad and Samsung's component divisions also make display screens and mobile chips for Apple.

Outside the mobile market, Samsung made improvements in flat-screens and TVs but semiconductor profit declined on weak global demand for personal computers.

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