

Foxconn says cannot meet demand for iPhone 5

November 8 2012



Customers queue to enter the Apple Store in the German city of Munich for the new iPhone 5. Taiwan's Foxconn has admitted that it cannot meet strong demand for the iPhone 5 due to difficulties in building the gadget, amid concerns over the US giant's future earnings.

Taiwan's Foxconn has admitted that it cannot meet strong demand for Apple's new iPhone 5 due to difficulties in building the gadget, as investors grow concerned about the US giant's future earnings.

"We can't really fulfil Apple's requests. Our shipments are insufficient... given the huge market demand," Foxconn chairman Terry Gou told reporters late Wednesday.

He added that the design of the iPhone 5, of which five million were sold over its launch weekend in September, has made production difficult, but did not elaborate.

He declined to say whether Foxconn plans to outsource some of the iPhone orders to other makers.

The iPhone has been a huge driver of Apple's phenomenal profits, along with the iPad, both of which are made by Foxconn, which also manufactures products for other firms such as Nokia, Intel and Sony.

Peter Oppenheimer, Apple's Chief Financial Officer, said on October 25 that demand for the iPhone 5 continued to outstrip supply, but that it was working hard to catch up.

Last month the firm, which is based in Cupertino, California, said net profit in the July-September quarter climbed to \$8.2 billion thanks to a 58 percent jump in sales of its phones and a 26 percent rise in tablet sales.

But Apple's shares have fallen in recent weeks owing to concerns it may not be able to meet demand in the near future, as well as increased competition from rivals including Samsung.

Mars Hsu, an analyst at Grand Cathay Securities, said Apple's main worry was in product innovation, as the new iPad and iPad Mini did not appear to be very different from competitors' gadgets.

Apple has also faced much criticism since the launch of the iPhone 5,

following a number of problems.

It was forced to apologise soon after the phone's launch because of its glitch-ridden maps application in the new operating system, which led the firm to urge customers to use rival apps while improvements were made.

The company is also undergoing a management overhaul and last month announced the executive in charge of Maps, Siri and other software in the iPhone is leaving as part of a shakeup.

Taiwan-based Foxconn is the world's largest contract electronics maker and assembles products for Apple, Sony and Nokia, among others in its factories in China.

The company has come under the spotlight after suicides and labour unrest at its Chinese plants in recent years, which activists have blamed on tough working conditions, prompting calls for better treatment of staff.

Foxconn employs more than one million workers in China, roughly half of them based in its main facility in Shenzhen, which borders Hong Kong.

— Dow Jones Newswires contributed to this story —

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Citation: Foxconn says cannot meet demand for iPhone 5 (2012, November 8) retrieved 23 May 2024 from <https://phys.org/news/2012-11-foxconn-demand-iphone.html>

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