

Taiwan's HTC reports record low net profit

April 8 2013



A model displays a HTC smartphone in Taipei on August 17, 2011. Taiwan's smartphone maker HTC said net profit slumped 98.1 percent in the three months to March compared to a year earlier, hitting a record low of Tw\$85 million (\$2.83 million).

Taiwan's smartphone maker HTC said Monday net profit slumped 98.1 percent in the three months to March compared to a year earlier, hitting a record low of Tw\$85 million (\$2.83 million).

Analysts blamed delays in rolling out its much-anticipated

flagship smartphone handset, as the company battles against fierce competition from Samsung and Apple.

The [net profit](#), down from Tw\$4.46 billion in the first quarter of 2012, was the lowest since 2006 when the company started selling own-brand products.

Revenue fell 36.9 percent to Tw\$42.8 billion a year earlier, below the company's February forecast range of Tw\$50 billion to Tw\$60 billion.

Analysts said profit could improve in the second quarter on sales of the flagship HTC One handset, which was unveiled in February.

"HTC's whole schedule was thrown into disarray because of the HTC One, which meant it didn't have the revenue coming in but still had a lot of fixed costs," Daiwa Securities analyst Birdy Lu told Dow Jones Newswires.

"There will be some improvement this quarter in terms of the bottom line, but they still face a lot of competition."

But in a [research paper](#) released last month, the Taipei-based KGI Securities Investment Advisory Co. said it was "conservative on the outlook for HTC One in the next six months", basing its gloomy forecast on [mass production](#) bottlenecks.

Under pressure from major rivals Samsung and Apple, HTC has turned to emerging markets including China, analysts say, but faces further strong competition from telecom giants including [Huawei Technologies](#) and ZTE Corp.

According to research firm IDC, [HTC](#) held a 4.6 percent share of the global smartphone market in 2012, a sharp decline from 8.8 percent a

year earlier. Samsung held a 30.3 percent, while Apple had 19.1 percent.

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