

Samsung's 2Q profit record high but below forecast

July 26 2013, by Youkyung Lee

(AP)—Samsung Electronics reported a record-high profit for a sixth straight quarter but still disappointed investors who had higher expectations for the world's largest smartphone maker.

Samsung said Friday its April-June net [profit](#) jumped 50 percent over a year earlier to 7.77 trillion won (\$6.9 billion).

The bottom line was lower than the market forecast of 7.96 trillion won, according to a survey of analysts by FactSet, a financial data provider.

Operating profit was also at a record high of 9.53 trillion won, up 48 percent. Sales rose 21 percent to 57.46 trillion won.

Samsung's latest quarterly report indicates that its explosive profit growth driven by Galaxy [smartphone](#) sales may be slowing as smartphones have become mainstream in developed countries. Emerging countries remain a source of growth for smartphone vendors, but consumers there flock to cheaper smartphones, leaving smaller margin to the manufacturers.

Samsung's division that makes and sells handsets, smartphones and [tablet computers](#) was the key force behind its latest run of record-setting profit. In 2012, the mobile division contributed 67 percent of Samsung's overall operating profit.

Samsung says its [mobile business](#) posted a lower profit compared with

the previous quarter on marketing costs. It was first time in a year that the mobile division reported a smaller profit than the earlier quarter.

The Galaxy S4, the latest iteration of its flagship smartphone, hit 10 million sales in the first month of its sales in May, making inroads as Apple did not refresh its iPhone and iPad. But some analysts including those at JP Morgan Chase revised down their sales forecasts of the Galaxy S4 by more than 20 percent, expecting the handset's shipments after the first quarter of launch will weaken.

Many analysts also expect Samsung to mark down the prices of the Galaxy S4 in the fall and winter quarters as rivals, including Apple, will release new models.

Samsung said the smartphone market may expand at a slower rate in the current quarter but it still plans to increase shipments. Samsung has also released variations of Galaxy smartphone series to offer cheaper handsets and fend off competition from Chinese rivals.

The South Korean company is the world's largest smartphone maker. In the January-March quarter, it sold more smartphones than next four vendors combined and one in every three smartphone sold in the period was made by Samsung, according to market researcher IDC.

The company also said Friday that it plans a record-high capital expenditure for this year. Out of 24 trillion won (\$21.6 billion) of annual capital spending, 13 trillion won will go to its semiconductor business and 6.5 trillion won will be spent on its display panel business.

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