

LG Electronics profit surges on smartphone sales

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A man uses his mobile phone near a banner advertising LG Electronics' G3 smartphone in front of a mobile phone shop in Seoul, South Korea, Wednesday, Oct. 29, 2014. South Korea's LG Electronics Inc. said Wednesday its third-quarter profit jumped 87 percent over a year earlier as smartphone sales set a record high.(AP Photo/Ahn Young-joon)

South Korea's LG Electronics Inc. said Wednesday its third-quarter profit jumped 87 percent over a year earlier as smartphone sales set a

record high.

LG Electronics said its July-September net income reached 202.6 billion won (\$193 million) on sales of 14.9 trillion won. Operating income more than doubled from a year earlier to 461.3 billion won.

LG said the improved earnings stemmed from the recovery of its handset business. Its 167 billion won profit exceeded that from televisions, LG's other mainstay business.

The company's smartphone shipments increased 40 percent from a year earlier to a record 16.8 million units, as its flagship G3 smartphone and mid-tier L series smartphone drove sales. The company said it will continue its "two track" strategy, trying to lure consumers in advanced countries with the high-end G series and expand L series models for consumers in emerging markets.

LG's mobile communications business remained profitable for a second straight quarter after three quarters of losses.

The improvement in LG's smartphone business comes as its hometown rival Samsung Electronics Co. is suffering a rapid decline in profit from its mobile division. Samsung Electronics, which is scheduled to report third-quarter earnings on Thursday, will post around 2 trillion won in profit from its mobile communications business, less than one third of its profit a year earlier, according to analysts.

South Korean handset makers are facing a setback in the domestic market after the government this month put a ceiling on handset subsidies. The move is meant to offer buyers more certainty about prices but has dented sales. LG said demand for new smartphones in South Korea will stay subdued.



People pass by banners advertising LG Electronics' G3 smartphone at Seoul Railway Station in Seoul, South Korea, Wednesday, Oct. 29, 2014. South Korea's LG Electronics Inc. said Wednesday its third-quarter profit jumped 87 percent over a year earlier as smartphone sales set a record high. (AP Photo/Ahn Young-joon)

LG's Home Entertainment division, which sells televisions, recorded 131 billion won in operating income. The company said shipments of ultra-HD televisions, which pack four-times more pixels than standard HD TVs, increased in countries except in China and South America.

Shares of LG Electronics rose 4 percent in Seoul after earnings release.

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