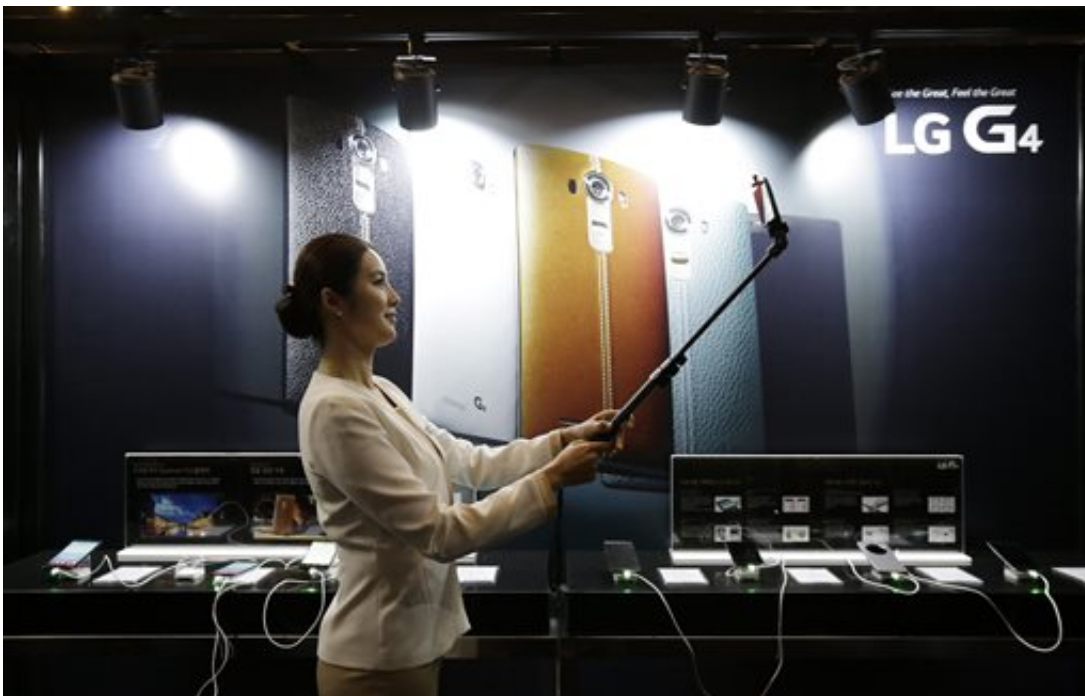


LG Electronics says 1Q profit sinks nearly 60 percent

April 29 2015, by Youkyung Lee



A model takes a selfie with an LG Electronics' new G4 smartphone during its unveiling ceremony in Seoul, South Korea Wednesday, April 29, 2015. LG Electronics Inc. says its quarterly profit plunged 59 percent from a year earlier as losses from TVs offset a modest improvement in its smartphone business. (AP Photo/Ahn Young-joon)

LG Electronics Inc. said Wednesday its quarterly profit plunged 59 percent as losses from TVs offset a modest improvement in its smartphone business.

The Korean company said its January-March net profit fell to 38.4 billion won (\$36 million) from 92.6 billion won a year earlier. Sales were flat at 14 trillion won while operating profit slumped 37 percent to 305 billion won.

Its mainstay TV business lost money as weak currencies in emerging markets sapped demand and the strong U.S. dollar increased the cost of components.

LG's chief financial officer Jung Do-hyun estimated that weak emerging market currencies and the euro reduced the company's operating profit by 600 billion won.

LG sold a record high number of smartphones but its mobile profit was thin. Even after selling 15.4 million smartphones, up 26 percent, the division's operating profit margin was just 2 percent. Apple's margin was more than 20 percent while Samsung's was about 10 percent.

The company is struggling to gain a slice of the high-end smartphone market dominated by Apple and Samsung.

LG's weak brand power and low marketing budget have hampered its efforts to advance in the premium market and give its new smartphones wider recognition. Its smartphone sales growth was driven by solid sales of budget phones in North America.

LG began sales of the flagship G4 smartphones in South Korea on Wednesday and they will hit shelves in global markets in coming months.



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With the G4, LG is trying to distinguish its new phones from iPhones and Galaxy smartphones with a leather design and powerful camera features that improve images taken in low-light conditions.

The company's home appliance division that sells air conditioners, refrigerators and washing machines was the most lucrative business for LG during the quarter. Home appliance sales were also hurt by the strengthening of the South Korean currency but the company said profit improved because it sold more high-end products in South Korea.



Models hold LG Electronics' new G4 smartphones during its unveiling ceremony in Seoul, South Korea Wednesday, April 29, 2015. LG Electronics Inc. says its quarterly profit plunged 59 percent from a year earlier as losses from TVs offset a modest improvement in its smartphone business. (AP Photo/Ahn Young-joon)



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