

Slow PC, smartphone demand saps SK Hynix 4Q profit

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Slowing global demand for personal computers and smartphones slashed the profits of South Korean semiconductor giant SK Hynix by half in the fourth quarter, the company said Tuesday.

Global PC sales last year hit an eight-year low and sales of high-end smartphones slowed as [gadget makers](#) increasingly shifted focus to fast-growing mid- or low-end markets.

As demand for PCs as well as the handsets powered by expensive chips declined, average prices of SK Hynix's dynamic random access memory (DRAM)—commonly used for PCs—and NAND flash chips used for mobile devices fell 10 and 15 percent respectively in the fourth quarter.

Net profit for the September to December period amounted to 871 billion won (\$725 million), down 46 percent from a year ago, the company said in a statement.

Operating profit also dropped 41 percent to 989 billion won during the same period, missing a 1.04 trillion-won average of analyst estimates compiled by Bloomberg News.

"China's Lunar New Year holiday (in February) and the Rio Olympics (in 2016) may boost demand but their impact will remain very limited," Shin Hyun-Joon, analyst at LIG Investment and Securities said.

"I do not see any major pick-up in demand anytime soon."

SK Hynix vowed to beef up investment and cut costs to overcome "crisis situations" expected this year including sluggish demand and escalating competition among chipmakers like local rival Samsung.

It also vowed to invest 6.0 trillion won this year on corporate infrastructure, including upgrading production capacity of its NAND flash chip plants in Cheongju city south of Seoul.

The company last year announced a plan to spend a whopping \$38 billion to build new plants or upgrade existing ones over the next 10 [years](#).

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