

Hon Hai's Q4 net profit dips as smartphone demand slows

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Taiwan's tech giant Hon Hai said net profit dipped in the fourth quarter, hit by a slowdown in demand for smartphones as key customer Apple warns waning sales of its iPhone.

Net income in October-December fell 6.67 percent to Tw\$52.9 billion (\$1.6 billion) while revenue slipped 4.69 percent, the company said in a statement Wednesday.

Hon Hai—also known as Foxconn, the world's biggest contract electronics maker—announced the earnings late Wednesday after sealing a \$3.5 billion takeover of ailing Japanese electronics firm Sharp.

While it enjoyed a 12.51 percent rise in full-year profit to Tw\$146.8 billion, the drop in sales in the last three months reflected a slowdown at Apple, which saw the slowest sales growth ever of iPhones in the same period and warned of a decline in the current quarter.

Global shipments of smartphones still reached a record last year, up 10.1 percent, despite slowing growth, according to market intelligence firm International Data Corp.

Despite the drop at the end of the year, analysts at Fubon said Hon Hai had enough firepower for the Sharp acquisition, adding that the losses piled up at the Japanese firm "should be manageable".

"We continue to emphasise that this deal will be positive for both Hon

Hai and Sharp," Fubon analysts said in a note.

The takeover of Sharp is the first foreign acquisition of a major Japanese electronics firm and comes after weeks of delays.

The investment—which will give Hon Hai a 66 percent controlling stake—was finally sealed Wednesday with the price slashed by one-fifth from a previous offer.

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