

SK Hynix posts record quarterly net profit

January 25 2018



Workers on the operations floor of a plant in Icheon run by SK Hynix, which saw quarterly net profit leap 98 percent year-on-year to 3.22 trillion won (\$3 billion)

The world's second-largest memory chipmaker SK Hynix saw profits nearly double to hit a record in the fourth quarter on strong demand, it said Thursday.

Net profit leaped 98 percent year-on-year to 3.22 trillion won (\$3 billion), the South Korean firm said in a regulatory filing, as expanding data centre capacities and smartphone memory sizes drove chip prices higher.

Shares in the firm rose 4.7 percent to close at 75,800 won Thursday.

"Market conditions were favourable in the fourth quarter thanks to strong demand for servers and price hikes for products for mobile devices," the firm said.

Sales soared 69 percent to 9.03 trillion won during the October-December period, it said, with operating profits reaching 4.47 trillion won—up 191 percent and beating market expectations.

The strong performance came despite the impact of a strengthening won.

"This is somewhat better than we expected," Greg Roh of HMC Investment Securities told AFP.

"SK Hynix is reaping the fruits of its early, large-scale investment in facilities and aggressive research and development efforts," he added.

Operating profits would be similar in the first three months this year, Roh expected, despite him also forecasting a four per cent quarter-on-quarter fall in sales due to readjustment of stocks.

For full-year 2017, net profit soared 260 percent on-year to 10.64 trillion won and operating profit powered up 319 percent to 13.72 trillion won, on the back of sales growing 75 percent to 30.1 trillion won.

"SK Hynix's performance eased market concerns over a possible downturn in the global semiconductor market," said Seo Sang-Young, an

analyst with Kiwoom Securities Co.

SK Hynix said it will expand its range by applying new technology to its products for servers and solid state drives to meet increasing demand for internet data centres.

In a conference call, the company said it had invested 10.3 trillion won last year, a record high.

It expected this year's investment figure to be even higher, driven by a new plant in Cheongju, in central South Korea, and expansion of its existing Chinese facility in Wuxi. It also has a manufacturing site in Incheon near Seoul.

Analysts said SK Hynix benefited from price increases in DRAM chips, as global IT companies such as Google, Amazon and Facebook increased their data centre capacities, and smartphone memory sizes expanded.

DRAM chips accounted for three-quarters of SK Hynix's total sales last year, with the rest going to NAND flash chips.

SK Hynix is the world's second largest DRAM maker with a global market share of 28 percent, behind number one Samsung Electronics, which has 45 percent.

SK Hynix also has 10 percent of the world NAND flash chip market, putting it in fifth place.

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Citation: SK Hynix posts record quarterly net profit (2018, January 25) retrieved 25 April 2024 from <https://phys.org/news/2018-01-chip-maker-sk-hynix-4q.html>

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