

Taiwan smartphone maker HTC to lay off 1,500 workers

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Taiwan's struggling smartphone maker HTC announced Tuesday it would slash 1,500 jobs, around a fifth of its total workforce, in the

biggest staff cull for three years following heavy losses.

The announcement of the cuts to its manufacturing workforce comes despite a new [deal](#) with Google, completed in January, which boosted HTC's first quarter performance after a dismal 2017.

Once a star of the intensely competitive smartphone sector, HTC has been struggling in the face of stiff competition from Apple and Samsung as well as strong Chinese brands such as Huawei.

It incurred a net loss of Tw\$16.91 billion (\$554 million) in 2017 and a loss per share of Tw\$20.58, the highest since it listed on the Taiwan Stock Exchange in March 2002.

Losses of Tw\$9.8 billion in the last three months of 2017 represented its worst ever quarterly results.

HTC described the cuts—which will be implemented by the end of September—as "a decisive step in the realignment of resources across the organisation" that would allow "more flexible operations management".

Shares in the firm plunged almost six percent in Taipei on Tuesday.

Under the \$1.1 billion deal with Google, the US tech giant took on half of HTC's research and development staff—about 2,000 people.

Many of them had already been working on its Pixel handset, manufactured by HTC, as well as acquiring intellectual property licensing.

The deal reflected Google's wish to emulate the success of Apple iPhones by controlling the hardware as well as the software used in the

premium-priced handsets.

Following the Google deal, HTC announced its first quarterly gains for almost three years in May, posting a net profit of Tw\$21.1 billion.

But while analysts said the Google agreement would mean some immediate benefits for HTC, such as more capital and cost reductions, they predicted a turnaround in its fortunes was unlikely.

In 2015, the company cut more than 2,000 jobs, slashing its workforce by 15 percent after posting its then biggest ever quarterly loss of Tw\$8.0 billion.

HTC has previously said it wants to better coordinate its smartphone and [virtual reality](#) businesses.

The company is among major tech firms including Facebook and Samsung to venture into virtual reality and released its first VR headset Vive in 2016.

However, analysts have been sceptical about the earning potential of its investments in virtual reality and other emerging areas.

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