

SK Hynix profits slump 69% in first quarter

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SK Hynix predicted demand for its DRAM chips used in smartphones will pick up this year

South Korea's SK Hynix, the world's second-largest memory chip maker, saw operating profits plunge more than two-thirds in the first quarter in the face of lower prices, it said Thursday.

Korean chipmakers—led by the behemoth Samsung Electronics—have enjoyed record profits in recent years as prices for their products soared.

But demand has started to decline while global market supply is increasing after manufacturers invested billions in new factories.

SK Hynix supplies to companies from Apple to China's Huawei Technologies, and recorded operating profits of 1.4 trillion won (\$1.21 billion) in the January to March period, it said—down 69 percent year-on-year.

Revenues dropped 22 percent and net income slumped 65 percent.

Shipments of DRAM chips—commonly used in smartphones and computer servers—dropped eight percent quarter-on-quarter, because of a "seasonal slowdown and conservative server purchases", the chipmaker said in a statement.

Average selling prices dropped 27 percent, it added.

The firm expects demand for DRAM chips to recover later this year, with new smartphones adopting its high-density chips.

"In the market where concerns over the uncertainty about memory demand and expectations for [demand](#) recovery coexist, SK Hynix will concentrate on cost reduction and [quality assurance](#)," it said.

Shares in the firm rose more than three percent in morning trading in Seoul.

The figures come after Samsung Electronics earlier this month warned of a more than 60 percent plunge in [first-quarter](#) operating profit as markets weaken.

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