

Samsung Electronics reports 72% profit slump

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South Korea's Samsung Electronics, the world's top computer memory chipmaker, has announced its first-quarter net profit fell 72 percent year-on-year as poor demand depressed prices.

Net profit for January-March was 619 billion won (462.6 million dollars) compared to 2.19 trillion won a year earlier, the company said in a statement.

Sales rose 8.5 percent to 18.57 trillion won over the period, while [operating profit](#) year-on-year fell to 148 billion won from 2.15 trillion.

The quarterly result was still better than analysts had expected and compares with a 20 billion won loss in the last quarter of 2008 -- the company's first-ever [quarterly loss](#).

"Despite the extremely challenging market environment, Samsung made a strong recovery from the fourth quarter of 2008, supported by stabilising semiconductor prices, increased profit margin for mobile phones and careful control of marketing and other expenditure," the firm said in a statement.

Vice-president Robert Yi said that "lingering uncertainty means it is difficult to predict a sharp improvement in demand or the business environment in the near term."

Yi added that [Samsung Electronics](#), flagship of the country's biggest business group, would focus on improving technology and high-end products and strengthening management of its global supply chain.

The chip divisions recorded a quarterly operating loss of 670 billion won on weak demand and seasonal factors. Samsung said demand would improve slightly in the second quarter but oversupply would prevent any meaningful improvement in prices.

The LCD (liquid crystal display) division recorded an operating loss of 310 billion won but Samsung said it outperformed the broader market thanks to increased sales of large panels.

It said it was pushing to boost sales of premium products to China, where the market remains relatively strong.

The telecommunications divisions rebounded in the first quarter to record an operating profit of 1.12 trillion won on a consolidated basis. Samsung said it maintained unit sales despite a shrinking in the overall market.

It said overall demand would stay weak in the second quarter but the market for smartphones, touch-screen mobiles and 3G devices would slightly improve.

The company's digital media divisions registered an improved operating profit of 380 billion won in the first quarter as sales of premium products rose and marketing costs were controlled.

Samsung said its new range of large-screen LED

(liquid electronic display) TVs introduced in the first quarter was well received.

"Samsung will likely post profits even in its semiconductor and LCD panel operations from the second quarter," Koo Ja-Woo at Kyobo Securities told Dow Jones Newswires.

"This is likely to help Samsung expand overall profits in the second quarter."

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