

Profits fall again at S. Korea's LG Electronics

25 January 2017

South Korea's LG Electronics on Wednesday reported its second successive year of slumping net profits due partly to weak smartphone sales.

Full-year net profit for 2016 was 126.3 billion won (\$109.3 million), the Seoul-based firm said, down by almost half on 2015—when they had fallen by 50 percent.

The company produces a range of products, from mobile phones to televisions and home appliances including air conditioners, washers and refrigerators.

It said in a statement it fell into losses in the fourth quarter, taking hits in its mobile telecommunications and vehicle components businesses.

LG Electronics made a net loss of 258.8 billion won (\$224 million) in the October-December period.

Its [home appliances](#) and [home](#) entertainment units both turned in strong performances, but in mobile communications "profitability was hampered by weak sales of the G5 smartphone and higher marketing investments".

LG has struggled for years to increase its smartphone sales after a late entry into the market dominated by Samsung and Apple.

It has since found itself hemmed in by emerging Chinese rivals such as Huawei or Xiaomi.

Its vehicle components unit saw revenues jump by nearly two-thirds in the fourth quarter, but "R&D investments negatively affected profitability", it said.

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