Hynix turns 1st-quarter profit as DRAM prices rise

KELLY OLSEN - AP Business Writer - Associated Press

Hynix Semiconductor returned to profit in the first quarter after a loss last year as sales more than doubled and prices for its mainstay computer memory chips increased.

Hynix, the world's second-largest manufacturer of memory chips, earned 822 billion won ($742 million) in the three months ended March 31, the company said Thursday in a release. It reported a net loss of 1.18 trillion won a year earlier.

Sales more than doubled to 2.82 trillion won from 1.31 trillion won the year before, Hynix said.

It was the company's third straight quarter in the black. Hynix recorded its first net profit in two years for the third quarter of last year as prices for memory chips rose amid a rapid recovery in the market.

Hynix Semiconductor Inc. manufactures DRAM chips, used mostly in personal computers. It also ranks No. 3 in the world in NAND flash memory chips, used in products such as digital cameras, music players and smartphones.

Hynix supplies NAND chips to Apple Inc. for its iPod and iPhone products and mobile DRAM chips for the iPad, according to Hynix.

The Icheon, South Korea-based company competes with world memory chip leader and South Korean rival Samsung Electronics Co. as well as Japan's Toshiba Corp.

Hynix said that average selling prices for its DRAM chips rose 3 percent from the fourth quarter amid tight supply and strong demand, while shipments increased 6 percent. NAND flash memory prices, however, fell 8 percent and shipments were flat.

"Overall demand for DRAM was healthier compared with typical seasonality, mainly led by strong PC demand from consumers and Chinese New Year holiday," Kim Min-chul, Hynix's chief financial officer told analysts on a conference call.

He said DRAM prices did much better than expected due to strong demand amid tight supply.

Kim added that as the global economy continues to recover, demand from developed markets and corporations is expected to fuel purchases of personal computers. He said Hynix projects annual personal computer shipments will grow by more than 15 percent.

Hynix has been making a comeback after recording seven straight losses through the second quarter of last year. The company cut costs, slashed executive pay and positions and encouraged early retirements. It also received 800 billion won in fresh capital via bank loans and a share offering.

Shares in Hynix, which released earnings results before the stock market opened, fell 1.6 percent to 28,100 won after about one hour of trading. Hynix shares more than tripled in 2009.

Source URL (retrieved on *05/23/2013 - 12:40pm*):
http://www.ecnmag.com/news/2010/04/hynix-turns-1st-quarter-profit-dram-prices-rise