Hynix records Q2 net profit amid record sales

KELLY OLSEN - AP Business Writer - Associated Press

Hynix Semiconductor turned a net profit in the second quarter after a loss the year before as sales rose to a record and prices for its mainstay computer memory chips increased.

Hynix, the world's second-largest manufacturer of computer memory chips, earned 664.8 billion won ($550.2 million) in the three months ended June 30, the company said Thursday in a regulatory filing. It reported a net loss of 58 billion won a year earlier.

Sales nearly doubled to an all-time high of 3.28 trillion won from 1.68 trillion won the year before, Hynix said.

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

The company has also cut costs, slashed executive pay and positions and encouraged early retirements. It also received an infusion of fresh capital via bank loans and a share offering.

Hynix manufactures DRAM chips, used mostly in personal computers and ranks No. 2 behind South Korean rival Samsung Electronics Co. It also ranks No. 4 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.

Besides Samsung, Icheon, South Korea-based Hynix also competes with Japan's Toshiba Corp. and Micron Technology Inc. of the United States.

Hynix said in a release that the average selling price for its DRAM chips rose 6 percent in the second quarter from the first, while shipments increased 7 percent. NAND flash memory prices, however, fell 6 percent while shipments increased 22 percent.

"Favorable market conditions for DRAM continued in the second quarter," Kim Min-chul, Hynix's chief financial officer, told analysts on a conference call, citing stronger than expected price increases.

Shares in Hynix, which released earnings results before the stock market opened, rose 0.2 percent to 23,650 won after about 25 minutes of trading. The company's shares more than tripled in 2009.

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