LG Electronics' 2Q net profit falls 33 percent

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LG Electronics, a top global manufacturer of flat screen televisions and mobile handsets, said second-quarter net profit fell by a third amid a decline in sales and weaker profitability for phones.

LG Electronics, the world's third-biggest maker of flat screen TVs, earned 856 billion won ($722.4 million) in the three months ended June 30, it said Wednesday in a regulatory filing. That was down 33 percent from a record net profit of 1.28 trillion won a year earlier.

Sales in the second quarter fell a marginal 0.7 percent to 14.4 trillion won from 14.5 trillion won a year earlier.

Seoul-based LG Electronics Inc. said that sales of flat screen televisions rose 47 percent to 6.3 million sets from the year before.

Mobile phone handset sales rose 2 percent to 30.6 million units on continued growth in emerging markets and the introduction of new smartphones including the Ally and Optimus Q. But revenue from sales of handsets fell 31 percent to 3.38 trillion won.

LG cited lower average selling prices in developed markets and money spent on research and development and marketing for lower profitability in its mobile communications business, which includes phones.

Operating profit — seen as a direct indicator of business performance before taxes, dividends, asset sales and other items figured into net profit or loss — plunged 90 percent to 126 billion won from a record high of 1.24 trillion won the year before.

The company ranks No. 3 behind South Korean rival Samsung Electronics Co and Japan's Sony Corp. in flat screen TVs by market share, according to LG. It is also ranks No. 3 in mobile phones behind Nokia Corp. of Finland and Samsung, which holds the No. 2 spot.

Among LG's products are Infinia TVs and Lotus Elite, Chocolate Touch, Rumor Touch, Shine II and Wine II mobile phones.

The company, founded in 1958 as Goldstar, also manufactures household appliances including refrigerators, washing machines and air conditioners.

Sales in LG's home appliance, business solutions and air conditioning businesses all rose, the company said.

Looking ahead, LG Electronics said it expects overall "modest growth" in the third

quarter in line with the ongoing world economic recovery.

"Strong demand, expansion of premium product line-up and the launch of new LED TV products will continue to drive profits" in the third quarter for the home entertainment business, which includes televisions, the company said.

Shares in LG Electronics, which released results during afternoon trading, fell 2.9 percent to close at 101,000 won. The company's shares rose 62 percent in 2009.

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