LG profit plunges as mobile phone losses widen

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LG Electronics, a top global manufacturer of consumer electronics and home appliances, said third-quarter net profit plunged as losses widened at its mobile phone business.

LG Electronics, the world's third-biggest manufacturer of mobile phones, earned 7.57 billion won ($6.73 million) in the three months ended Sept. 30, it said Thursday. That was down 99 percent from net profit of 911.3 trillion won a year earlier.

The result, however, came in far better than expected. Analysts polled by Yonhap Infomax, the financial news arm of Yonhap news agency had forecast a net loss of 149.6 billion won.

Sales in the third quarter rose 2 percent to 13.43 trillion won.

The mobile business of Seoul-based LG Electronics Inc. has hit hard times amid competition from sophisticated devices like the iPhone. The company replaced its chief executive last month after its handset business recorded a loss in the second quarter.

On the operating level — seen as a direct indicator of business performance before taxes, dividends, asset sales and other items figured into net profit or loss — LG reported a loss of 185.18 billion won from a profit of 851 billion won the year before.

The result was LG's first operating loss since it began issuing consolidated earnings results in 2007, according to the company.

Sales at LG's mobile communications business, which includes phones, fell 30 percent to 3.22 trillion won "as a result of a decline in handset shipments across developed markets," the company said in presentation materials for investors and a statement.

The operating loss in the business widened to 326 billion won from 133 billion won in the previous three months, LG said. Mobile phone handset sales fell 10 percent to 28.4 million in the third quarter from 31.6 million the same period last year.

On the bright side, LG said that sales of flat screen televisions rose 37 percent to a record 6.6 million sets.

The company ranks No. 2 globally behind South Korean rival Samsung Electronics Co. in flat screen TVs measured by shipments, according to LG. It also ranks No. 3 in mobile phones behind Nokia Corp. of Finland and Samsung, which holds the No. 2 spot.

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

Shares in LG Electronics, which released results during afternoon trading, rose 1 percent to close at 102,000 won. The company's shares rose 62 percent in 2009.

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