LG Display posts profit but iPhone dims outlook

YOUKYUNG LEE - AP Technology Writer - Associated Press

LG Display reported a $299 million profit for the fourth quarter Thursday thanks to mobile product launches by key customers including Apple Inc. but warned that earnings will decrease in the current quarter as demand for iPhones wanes.

The South Korean panel maker said its October-December net profit totaled 319.7 billion won ($299 million) compared with a loss of 6.3 billion won a year earlier when the European Union fined the company 215 million euros for price fixing. Sales rose 32 percent to 8.74 trillion won.

LG forecast a profit drop for the current quarter because it expects to ship fewer panels to TV makers and mobile device makers. In particular, shipments of panels for mobile phones and tablet computers will likely decline to 25 percent of total sales from 31 percent in the fourth quarter.

LG's financial performance has become closely linked with Apple, which is the world's second-largest smartphone supplier after Samsung Electronics Co. LG Display also makes TV panels but sluggish demand for TVs has made smartphones and tablets more crucial for its growth.

Apple accounted for two thirds of LG Display's total profit during the second and third quarters of 2012, Samsung Securities analyst MS Hwang said in a report.

Apple's earnings report Wednesday showed that its sales of iPhones, iPads and Mac computers were each 1 million units short of market expectations. The Cupertino, Calif.-based company also gave sales guidance that fell short of expectations.

Many brokerages have lowered LG Display's sales outlook and share price target recently, citing concerns about demand for Apple's iPhone. Analysts said an increase in iPad mini sales in lieu of other iPad models that use bigger screens will also reduce LG's profit.

James Jeong, LG Display's chief financial officer, said the panel industry, which has been suffering from oversupply and weak global demand for years, is not expected to make a big improvement for another year.

Jeong said LG Display will have almost no increase in its production capacity this year, underlining how the tech sector is still reluctant to increase investment in factories at a time of global economic uncertainty.

LG's fourth quarter profit fell short of the 352 billion won median forecast by analysts polled by FactSet.

Operating profit totaled 587.3 billion won, compared with a 154.7 billion won loss a

year earlier.

Source URL (retrieved on *12/18/2013 - 10:22pm*):
http://www.ecnmag.com/news/2013/01/lg-display-posts-profit-iphone-dims-outlook?qt-recent_content=0