LG Electronics sinks to loss after EU fine

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SEOUL, South Korea (AP) — LG Electronics Inc. reported its first quarterly loss in a year Wednesday after Europe slapped it with a massive fine for price fixing.

Its net loss totaled 468 billion won ($429 million) for the last quarter of 2012, compared with a loss of 112 billion a year earlier.

The European Union fined it 492 million euros ($664 million) last month for rigging prices of cathode-ray tubes for years up until 2006. LG said it would appeal.

LG also blamed its poor fourth quarter on intense competition among TV makers and sluggish consumer demand. The won's gains against the U.S. dollar also hurt, LG said.

Operating profit, which excludes the fine, rose 25 percent over a year earlier to 107.2 billion won. Revenue fell slightly to 13.5 trillion won.

The increase in operating profit was driven by LG's mobile business which was profitable in 2012 after suffering two years of losses. LG's smartphone shipments jumped 56 percent over a year earlier to 8.6 million in the fourth quarter, helped by its Optimus series of phones based on the Android operating system.

LG Electronics is among the smaller players in the smartphone market. Counterpoint Technology Market Research estimated that more than 90 percent of the smartphone market's profit is claimed by Samsung Electronics Co. and Apple Inc.

But higher-end smartphones have steadily increased in importance for LG's overall mobile business as it battles competition from Chinese makers at the low-cost end of the market.

LG said it plans to bet on countries that have begun introducing faster wireless networks called LTE, which it expects will produce higher demand for smartphones compatible with the new technology.

The company, which competes in the TV market with Sony Corp., Panasonic Corp. and local rival Samsung Electronics Co., is counting on early launches of advanced displays such as OLED and ultra-high definition this year to get ahead of its rivals.

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