

SK Hynix posts lowest profit in three years

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SK Hynix has felt pressure from export restrictions on chip materials imposed by Japan as part of a trade dispute with South Korea

The world's second-largest memory chip maker, South Korea's SK Hynix, posted its lowest quarterly profit in three years as it suffers from a long-running slump in the global chip market, it said Thursday.

Korean chipmakers—led by behemoth Samsung Electronics—have enjoyed record profits in recent years as prices for their products soared.

SK Hynix supplies chips to companies from US giant Apple to China's Huawei but demand began to decline as global market supply increased after manufacturers invested billions in new factories.

Operating profit for SK Hynix dropped 93 percent to 473 billion won (US\$404 million) in on-year July-September, the company said in a statement.

Net [profit](#) plunged 89 percent to 495 billion won from a year earlier while sales fell 40 percent to 6.8 trillion won.

"DRAM prices remain weak during the quarter, leading to a 16 percent drop in the average selling price," the firm said.

The firm has cut output and changed its product mix to increase profitability, it added.

"Both DRAM and NAND Flash capacity will decrease next year compared with this year, and the amount of investment is expected to shrink considerably next year as well," it added.

SK Hynix has also faced fresh challenges from export restrictions on [chip](#) materials imposed by Japan in July as part of a trade dispute with South Korea over wartime history.

The chipmaker said it will "effectively deal with demand fluctuations due to external uncertainties", adding it expected chip [prices](#) to recover next year as demand rises for ultrafast 5G handsets.

Rival Samsung Electronics faces similar challenges and has flagged a 56

percent fall in operating profits ahead of its quarterly figures next week.

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