

Samsung Electronics forecasts 31.7% fall in Q3 profit

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Samsung Electronics expects operating profits in the third quarter to fall 31.7 percent, the South Korean tech giant said in a statement Friday, after a global economic downturn hit demand for consumer electronics.

The latest forecast is the company's first projection of a year-on-year decline in profit for nearly three years.

Operating profit for July to September was predicted to reach 10.8 trillion won (\$7.7 billion), down 31.7 percent from 15.8 trillion won a year earlier, the world's major maker of smartphones and [memory chips](#) said in a statement.

But the company said it expected sales to increase by 2.7 percent from the same period last year to 76 trillion won.

The firm is the flagship subsidiary of the giant Samsung Group, by far the biggest of the family-controlled conglomerates that dominate business in Asia's fourth-largest economy, and is crucial to South Korea's economy.

Until the second quarter of this year, Samsung, along with other [tech companies](#), significantly benefitted from strong demand for [electronic devices](#)—as well as chips that power them—during the pandemic.

But the [global economy](#) is now facing multiple challenges, including soaring inflation, rising interest rates and a growing threat of a broad debt crisis.

The situation has been exacerbated by Russia's invasion of Ukraine—which spurred a surge in energy prices and pushed global food prices up—along with China's adherence to a strict zero-COVID policy.

"If you look at the current macroeconomic environment, the demand for consumer segment such as smartphones, PCs remains weak," Neil Shah, an analyst at Counterpoint research, told AFP.

And "almost a third of the Samsung's revenues and almost 70 percent of

operating profits comes from semiconductor divisions and particularly memory," he added.

The company is expected to release its final earnings report at the end of this month.

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