

iPhone maker Foxconn's profits slump 56 percent in first quarter

May 11 2023



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Profits for Taiwanese tech giant and key Apple supplier Foxconn fell 56 percent in the first quarter, it announced Thursday, a plunge blamed on

weakened demand due to a global downturn.

Foxconn—also known by its official name Hon Hai Precision Industry—is the world's biggest contract electronics manufacturer and assembles devices for many international brands, most notably Apple's iPhone products.

For the January-March period, [net profit](#) slumped 56 percent year-on-year to \$12.8 billion Taiwan dollars (US\$417 million), while revenue rose four percent on-year to \$1.46 trillion Taiwan dollars.

During Thursday's earnings call, Foxconn Chairman Young Liu blamed the [profit](#) plunge on unspecified "asset write-off from non operational business".

"There was growth in our operational business... We will enhance management of our investments," Liu said without elaborating.

Looking ahead, Liu said the company expects both quarterly and yearly decreases in its smart consumer electronics and other products for the three months to June, which is traditionally a slow season.

"The pandemic-spurred high growth period has come to an end and we are currently in the inventory adjustment period," he said.

But Liu also touted Foxconn's global expansion, most notably in India, where this week the company announced a massive land purchase worth US\$37 million on the outskirts of tech hub Bengaluru.

"Our footsteps (in India) have surpassed our peers and our scale of business is also the largest... Our capacity planning will be based on client's demand to continue expanding assembly and components layout in India," he said.

"We expect that with the [supply chain](#) becoming more and more complete, the competitiveness of Indian manufacturing will gradually emerge," Liu added.

Foxconn currently operates in more than two dozen countries.

It is seeking to diversify manufacturing away from China after strict COVID policies, a bout of industrial unrest and ongoing diplomatic tensions with the United States hurt production.

The profits plunge should be seen as an "investment curve" for Foxconn as it seeks to put more money into sectors like automotive and simulated reality technology, said Ivan Lam, senior analyst at Counterpoint Research.

"For the manufacturing side, they cannot be earning the profits because they need to be reinvesting back to upgrade the facilities and technology to support the cutting-edge" products that their clients such as Apple are developing, Lam told AFP.

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Citation: iPhone maker Foxconn's profits slump 56 percent in first quarter (2023, May 11) retrieved 25 April 2024 from

<https://techxplore.com/news/2023-05-iphone-maker-foxconn-profits-slump.html>

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