

Apple supplier Foxconn says profits fueled by holiday season demand

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Key iPhone supplier Foxconn posted "better-than-expected" profits in its third quarter, with leadership on Tuesday attributing the surprise jump to

demand ahead of the holiday season.

The firm—also known by its official name Hon Hai Precision Industry—is the world's biggest contract electronics manufacturer and assembles devices for several companies, most notably Apple's iPhones.

It said net profit for July-September rose to Tw\$43.1 billion (US\$1.3 billion) from Tw\$38.8 billion in the same period last year.

"We have entered the traditional peak season in the second half and our operations are set to gradually improve quarter on quarter," CEO Young Liu said during an earnings call.

"These performances were better than expected in the first half of the year."

Tuesday's results follow consecutive quarterly profit misses—with January-March seeing a drop of 56 percent and a one percent fall in the next three months.

Liu added that he expected "robust growth in revenue" for consumer smart products during the fourth quarter.

Foxconn is China's largest private-sector employer, with more than a million workers nationwide.

But the company—as well as key client Apple—has been looking to diversify its manufacturing supply chain after it saw production affected by strict COVID restrictions in China and diplomatic tensions with the United States.

Last month, Chinese state-run media Global Times reported that Foxconn was under land use and tax investigations for its sites in central

Hunan and Hubei provinces, though no details on the offenses were provided.

Chief financial officer David Huang sought to reassure investors during Tuesday's call.

"At present, the group's production and operations are all normal," he said. "We will actively cooperate with the operations of relevant units and hope to complete the relevant work as soon as possible to alleviate everyone's concerns about the uncertainty."

Taiwan's national security chief on Monday said the tax probe was "political", as billionaire founder Terry Gou is running for president of the democratically ruled island.

Liu said he did not "have any crystal ball at this time" on the election outcome, or on China's potential reaction if Gou wins.

"I don't know what's going to happen. But from the management team's point of view, we would have to be prepared for all the possible cases," Liu said. "I wish (Gou) the best—that's all I can say."

Gou—who gave up his Foxconn management reins four years ago—is currently polling last among the major candidates, with Vice President Lai Ching-te the current frontrunner.

Taiwan's Central Election Commission announced Tuesday that Gou had collected enough valid signatures of support, making him eligible to formally register as a candidate.

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