

Foxconn logs second straight quarter of profits as AI demand surges

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Foxconn, also known as Hon Hai Precision Industry, enjoyed a second successive quarter of surging profits in October-December.

Taiwanese tech giant Foxconn on Thursday reported a second straight quarter of profit growth, with the Apple supplier boosted by demand for

AI hardware and infrastructure.

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 October-December rose to Tw\$53.2 billion (US\$1.6 billion).

CEO Young Liu said the company's overall performance was "better than expected", pointing to full-year revenues reaching Tw\$6.16 trillion dollars as "the second-highest" after 2022.

He credited the boost to the growing demand for generative AI, a technology that has skyrocketed in popularity since ChatGPT was introduced to the public in late 2022.

With ambitions to move beyond electronics assembly, Foxconn has invested significantly to be a part of the AI technology market.

Most notably, it announced last October it would team up with US chip giant Nvidia to create "AI factories"—powerful data-processing centers that would drive the manufacturing of next-generation products.

"I think AI servers will be the main drive for growth this year," Liu said Thursday, adding that Foxconn expects the sector to account for 40 percent of the group's overall server revenue.

The company is "in the process of transitioning from a manufacturing company to a comprehensive situations platform provider", Liu added.

"This year, its key focuses will be on electric vehicles, AI, semiconductors, and low-earth orbit satellites."

Thursday's figures follow better-than-expected profits in its third quarter thanks to rising demand ahead of the holiday season.

The boost came on the heels of two consecutive quarterly misses—with January-March seeing a drop of 56 percent and a one percent fall in the following three months.

While Liu said the outlook for 2024 has been raised "from neutral to significant growth" thanks to the AI demand, challenges may lie ahead for Foxconn.

A recent Counterpoint Research report said iPhone sales in China fell nearly a quarter over the first six weeks of 2024.

Foxconn operates in more than two dozen countries but the bulk of its operations is based in China—a dependence it is looking to reduce after production was impacted by three years of strict COVID policies, a bout of industrial unrest and diplomatic tensions with the United States.

In November, Foxconn said it was planning to invest an additional US\$1.54 billion investment in India for "operational needs", after announcing the purchase of a huge tract of land on the outskirts of tech hub Bengaluru last year.

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