

# Samsung says Q1 operating profits soar nearly tenfold on-year

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Samsung said a focus on "high-valued-added products" played a major role in its Q1 bounceback.

Samsung Electronics said Tuesday that its first-quarter operating profits had risen nearly tenfold year-on-year amid recovering chip prices and

growing demand, notably for generative AI.

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

"Operating [profit](#) increased to KRW 6.61 trillion (\$4.85 billion) as the Memory Business returned to profit by addressing demand for high value-added products," it said in a statement.

Strong smartphone sales, higher prices for semiconductors plus a focus on high-value-added products including HBM—the high-bandwidth memory used in AI hardware—were key to the strong performance, it said.

"Looking ahead to the [second quarter](#), the industry is expected to remain solid, led mainly by demand for generative AI," the company added.

Sales were up 12.8 percent on-year to 71.9 trillion won, the company said.

"Demand for on device AIs and high resolution features continues to drive our production," said Tommy Kwon, vice president of Samsung's system LSI business, on an earnings conference call.

The weakness of the Korean won—down nearly seven percent against the US dollar so far this year—"resulted in a positive impact on company-wide operating profit of about KRW 0.3 trillion compared to the previous quarter," Samsung added.

Samsung's net profit of 6.75 trillion won exceeded [market expectations](#), which had been estimated at 4.99 trillion won, according to a survey conducted by the financial data firm Yonhap Infomax.

## Focus on AI

South Korean chipmakers, led by Samsung, enjoyed record profits in recent years as prices for their products soared, but a global economic slowdown dealt a blow to memory chip sales.

However, the [semiconductor market](#) had been predicted to recover this year and grow 11.8 percent, according to industry monitor World Semiconductor Trade Statistics.

The news from Samsung comes after South Korea's SK Hynix—the world's second-largest memory chip maker—announced in January that it had returned to profit after four consecutive quarters of losses.

Samsung's "overall outlook is secured by a resurgence in the [smartphone market](#), escalating DRAM prices, and a modest decline in Fed interest rates," Brady Wang, associate director of market research firm Counterpoint, told AFP.

"Samsung is strategically positioned to thrive amidst the evolving market conditions."

But to maintain its momentum, the tech giant needs to "focus on accelerating development in emerging areas like high bandwidth memory, crucial for AI and high-performance computing," he said.

Semiconductors are the lifeblood of the global economy, used in everything from kitchen appliances and mobile phones to cars and weapons.

And demand for the advanced chips that power AI systems has skyrocketed thanks to the success of ChatGPT and other generative AI products.

Semiconductors are South Korea's leading export and hit \$11.7 billion in March, their highest level in almost two years, accounting for a fifth of South Korea's total exports, according to figures released by the trade ministry.

Samsung had a "surprise" on its earnings thanks to "the recovery in memory demand", said Tom Kang, research director of Counterpoint.

"The market environment is becoming more favorable to Samsung. Recovery in the smartphone market is also going to be tailwinds, combined with the rebound in [memory](#) prices."

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