

Samsung Electronics forecasts major Q2 profit jump

July 5 2024



Samsung Electronics has said it expects second-quarter profits to surge thanks to a bounceback in chip prices.

Samsung Electronics said Friday it expects second-quarter operating profits to rise more than 15-fold on-year as chip prices bounce back and

demand for generative AI continues to grow.

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.

The world's largest memory chip maker said in a regulatory filing that its April-June operating profits were expected to rise to 10.4 trillion won (\$7.54 billion), up 1,452.2 percent from 670 billion won a year earlier.

The expectation exceeded the average estimate by 25.8 percent, according to South Korea's Yonhap news agency, which referenced its financial data firm.

Sales, meanwhile, are expected to rise 23.3 percent to 74 trillion won, Samsung 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.

"The development of AI has driven the demand for high-capacity SSDs," Taipei-based research firm TrendForce's analyst Avril Wu said, referring to a new generation of storage devices used in computers.

Due to Samsung's ability to produce higher-layer, non-volatile storage that does not require power to retain data, the firm "is expected to be one of the main beneficiaries," she told AFP.

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.

The United States in April announced grants of up to \$6.4 billion to Samsung to produce cutting-edge chips in Texas.

That same month, industry tracker International Data Corporation (IDC) said Samsung regained its position as the top smartphone seller, wresting back the lead from Apple.

Samsung is set to unveil its latest flagship foldable smartphones, equipped with AI features, along with a range of accessories including a new health-monitoring "smart ring", on July 10 in Paris.

The tech giant should see a "greater uptick" going into the second half of this year, also driven by its mobile experience division, "which will benefit from 'premiumisation' trend of smartphones in its key markets," Neil Shah, research vice resident at Counterpoint Research, told AFP.

Meanwhile, Samsung's "large reported net cash position continues to support its credit quality," Gloria Tsuen, vice president and senior credit officer at Moody's Ratings, said.

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

© 2024 AFP

Citation: Samsung Electronics forecasts major Q2 profit jump (2024, July 5) retrieved 5 July 2024 from <https://techxplore.com/news/2024-07-samsung-electronics-major-q2-profit.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.