Samsung says profits dropped by two thirds as global slowdown bites

Samsung has just released its earnings guidance for the three months ending December 31st 2022, and they don't contain great news for the South Korean tech giant. The figures suggest Samsung may have just had its least profitable quarter in eight years, *Reuters* notes, as the global economic slowdown hits the company's core chip making and consumer tech businesses.

Operating profit is estimated to have fallen by over two thirds compared to the same period the previous year, down from 13.87 trillion Korean won (around $10.9 billion) to 4.3 trillion Korean won (around $3.4 billion). Sales were down by a smaller 9 percent to 70 trillion Korean won (around $55.1 billion).

Competitor LG's profits are also down

Multiple areas of Samsung's business have been hit by the economic slowdown. Rising interest rates are reducing the amount people have to spend on premium smartphones and other high-end tech, while Samsung's memory chip business was hit by falling prices across the industry and a decrease in demand from device makers.

As the world's largest manufacturer of smartphones, TVs, and memory chips, Samsung's performance is seen as an indicator of the health of the wider consumer tech industry. Sure enough, competitor LG's fourth-quarter earnings guidance, which was also released today, contain some similarly worrying numbers.

Although LG’s revenue was up by 5.2 percent, it estimates that operating profit was down a massive 91.2 percent in the fourth quarter, contributing to a 12.6 percent overall drop for 2022.

https://www.theverge.com/2023/1/6/23542015/samsung-q4-2022-earnings-guidance-eight-year-low-profits-revenue-down-lg