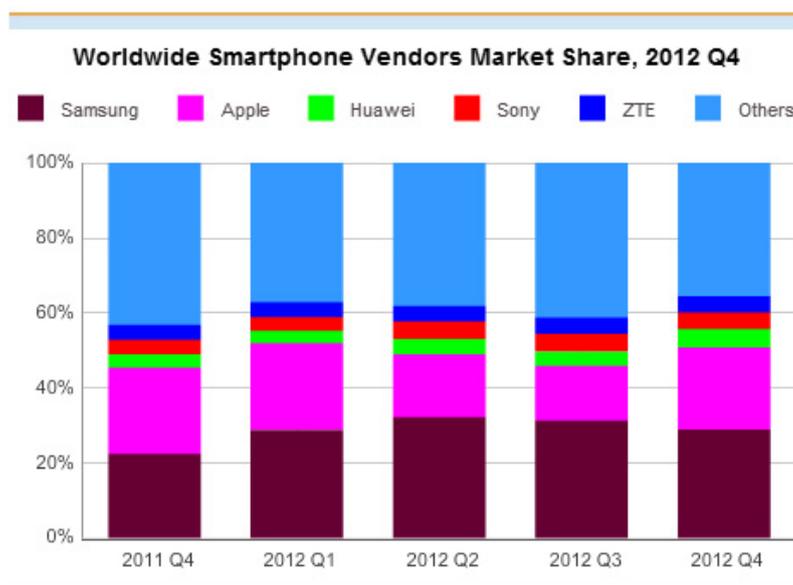


Samsung 4Q Profits Jump 76 Percent on Galaxy Sales

Andrew Berg

A doubling of profits from Samsung's Galaxy line of smartphones boosted the company's overall fourth quarter profits by nearly 76 percent over the previous quarter.

Samsung recorded net profits for the fourth quarter of \$6.6 billion, a 76 percent surge from \$3.72 billion during the same period last year. According to FactSet, analyst consensus was \$6.4 billion.



When broken out, the company's mobile communications business generated quarterly revenues of \$23.5 billion, a 4 percent increase compared with the previous quarter.

Samsung said that growth was mainly driven by solid sales of Samsung's Galaxy S II and Galaxy Note II smartphones. All told, operating profit for IT & mobile communications, which encompasses four business units including mobile communications, was \$5 billion on revenues of \$34.4 billion.

While Samsung didn't reveal specific smartphone shipment numbers, analyst estimates were in the 60 million range for the quarter, which would peg full-year smartphone shipments at 200 million. That's in contrast to the 47.8 million iPhones that Apple recently announced for the fourth quarter.

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In numbers reported yesterday, research firm IDC pegged Samsung's share of the global smartphone market at 29 percent, with Apple falling in at just under 22 percent. Samsung's share has increased 76 percent year over year, while Apple's slice has grown just 29 percent.

While Samsung may be moving more phones than Apple it doesn't have the high profit margins that Apple commands. Samsung's profit margins for cellphones were down sequentially to 17.4 percent from the 18.8 percent.

"Despite uncertainties in Europe and concerns over the U.S. fiscal cliff creating a difficult business environment, we did our best this quarter to achieve strong earnings based on a strategic focus on differentiated and high value-added products as well as our technological competitiveness," said Robert Yi, senior vice president and head of investor relations, in a statement.

Yi said Samsung expects a slow recovery in the component business in 2013 due to reduced capital expenditures, while competition in the set business will intensify further as demand slows and the mid- to low-end market expands.

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