

Samsung 'Cautiously' Optimistic About Future as 2Q Guidance Sags

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Samsung [issued](#) [1]“weak” 2Q guidance, forecasting an operating profit of \$7.1 billion on \$51.3 billion in sales.

The Korean company blamed the sagging profits on “strong Korean currency, declined smartphone and tablet shipments, and increased marketing expenses to reduce inventories.”

Samsung pegged its smartphone slump to slow market growth and increases in mid to low-end channel inventories due to stronger competition in Chinese and European markets. The inventory increases led to heightened marketing efforts directed toward sell-off. The company also said weaker demand for its IT and mobile (IM) products hit its display and system LSI business.

Meanwhile, increased demand for 5- and 6-inch smartphones has been cannibalizing the 7- and 8-inch tablet market, according to Samsung.

Looking ahead, though, Samsung is “cautiously” optimistic about an upswing in the third quarter on the strength of new smartphones.

Samsung is expected to soon release the Galaxy Note 4, the predecessor to its successful phablet. The company last year announced that the Note 3 [sold 10 million units in its first 60 days](#) [2], doubling the pace set by the Note 2.

The company also forecast increased panel and chipset shipments to positively affect its IM division.

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<http://www.wirelessweek.com/news/2014/07/samsung-%E2%80%98cautiously%E2%80%99-optimistic-about-future-2q-guidance-sags>

Links:

[1] http://www.samsung.com/us/aboutsamsung/news/newsIRead.do?news_ctgry=irpublicdisclosure&news_seq=23448

[2] <http://www.engadget.com/2013/12/10/samsung-note-3-10-million-sold/>