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[Samsung Hurt by Low Memory Prices](#)

Samsung Electronics reported its smallest profit in four years

Samsung is maybe the world's largest memory chipmaker and because of the steep decline in computer memory prices it registered an all times low profit during this quarter. The outlook for the second half of the year is somewhat brighter as the market for random access memory used in personal computers is expected to recover, along with strong sales of cell phones and flat screens. "Third-quarter results should be better across the board, with LCD division growing further and handset margins improving," said Lee Min-hee, an analyst at Dongbu Securities and cited by the news site [com](#). "DRAM results in the third quarter will obviously be better than in the second," he said. Other analysts expect Samsung to post a net profit of 3.85 trillion won in the second half of 2007 according to Reuters Estimates. Encouraged by a strong DRAM market in 2006, manufacturers kept churning out the chips at a brisk pace in 2007 despite sluggish or inexistent demand, leading to an oversupply and steep price decline, estimated at more than 40 percent (resulting in happy, happy customers). Samsung forecasts DRAM prices to rise by a mid-to-high single digit in the third quarter, and NAND flash chip prices to rise by a mid-single digit. It said DRAM shipments should rise more than 100 percent for 2007 and NAND shipments jump over 130 percent. Samsung, also the world's third-largest maker of mobile phones after Nokia and Motorola, sold record 37.4 million phones in April-June, compared to 34.8 million in the first quarter, as it strengthened its product line in the medium- and low-end markets. The world's biggest maker of large liquid crystal display (LCD) panels posted an operating profit margin of 9 percent in its display division thanks to an upturn in the market, compared to 3 percent a year ago and in the first quarter. "The company issued strong guidance on price recovery for DRAM and especially NAND (flash chips). If it achieves these targets we can expect a good third quarter," said Song Myung-sup, a tech analyst at CJ Investment and Securities.