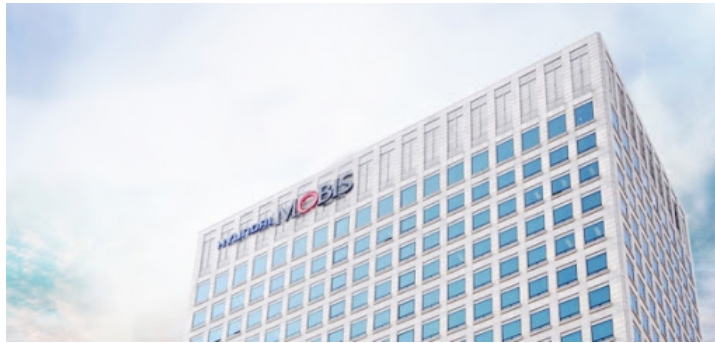


Hyundai Mobis saw its operating profit fall 27% in the 1st quarter, yielding to COVID-19 crisis

Lee Jun-sung | 승인 2020.04.27 10:53



Hyundai Mobis posted an operating profit of 360.9 billion won (some \$295.8 million) in the first quarter of this year, down 26.9 percent from the same period last year, in the aftermath of the COVID-19 crisis.

Sales fell 3.6 percent to 8.42 trillion won (\$6.9 billion) over the same period, while net profit dropped 28.2 percent to 348.8 billion won (\$285.9 million), a Hyundai official said on April 24.

The COVID-19 outbreak directly affected the manufacturing sector of its main business modules and core components, leading to a decrease in overall sales, the official explained.

In fact, Hyundai Mobis saw its overall sales of modules and core components fell 5.7 percent to 6.5 trillion won in the wake of a drop in production of finished vehicles.

In particular, as the production of modules and core components decreased, the operating profit of the relevant business sector turned into a deficit of 89.9 billion won due to the effects of fixed costs and increased R&D investment to strengthen future technologies.

"A 55.7 percent drop in sales of modules and parts in China in the first quarter had the biggest impact on the drop in earnings," the official said, adding that the prolonged COVID-19 crisis is feared to have a greater impact on the U.S. and European downturn in the second quarter.

Hyundai Mobis plans to strengthen its order activities in the Chinese market, which is showing signs of recovery.

Meanwhile, Hyundai Mobis said it will invest 300 billion won (\$246 million) to nurture the Uiwang Research Institute in Gyeonggi Province as a key research and development hub related to electrification.

To that end, the company plans to buy 42,000 square meters of idle land for about 90 billion won (\$73.8 million) from its affiliate Hyundai Rotem to build a building here.

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Lee Jun-sung