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## Taiwan's Pegatron sees rosy second half on new iPhones

Foxconn rival expected to get lion's share of orders for 4.7-inch LCD models

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TAIPEI -- iPhone assembler [Pegatron](#) on Thursday said it expects a robust second half on strong demand for upcoming iPhones and consumer electronics products including game consoles.

"The third quarter will grow as we are entering the peak season for consumer electronics, and there is also the launch of a new communications product," Pegatron Chief Financial Officer Charles Lin said during an earnings call on Thursday. "We are seeing growth momentum in the third quarter, and the fourth quarter will be even better."

But Pegatron officials also cited a number of risk factors that could diminish demand. They said tight supply of components could push up prices, while a possible labor shortage in China remains a concern. They also said volatilities in regional economies and global politics could dampen demand.

Pegatron is a smaller rival to [Hon Hai Precision Industry](#), better known as Foxconn, in terms of iPhone assembly orders. Pegatron also makes game consoles for Sony and Microsoft, and tablets for the U.S. software giant.

Yuanta Investment Consulting analyst Vincent Chen said Foxconn would monopolize orders for the premium Apple handsets with organic light-emitting diode (OLED) displays. Chen said Foxconn will also be making most of the 5.5-inch models with liquid crystal display screens this year, while Pegatron will dominate orders for the smaller 4.7-inch iPhones with LCD screens.

Market watchers generally agree that demand for the OLED models will be stronger than for the new iPhones sporting LCD screens, due to the latter's relative lack of innovation from existing handsets.

Chen estimates that Pegatron's total iPhone shipments will still grow this year to 50.3 million units from 45.6 million in 2016, with 27 million handsets being new models.

In the three-month period through June, Pegatron's net income dropped 13.8% to 3.43 billion New Taiwan dollars (\$113.21 million) year-over-year. It reported revenue of NT\$240.38 billion, up 7% year-over-year.

Its bottom line was partly affected by growing expenses in the second quarter as the company embarked on a hiring spree earlier than usual in view of possible labor shortage later in the year.