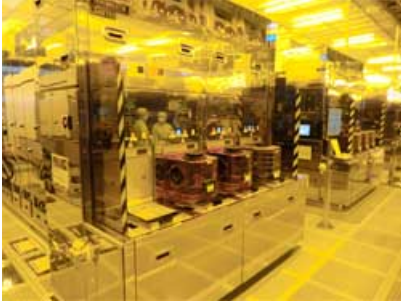


STMicroelectronics disappoints investors despite profits

PARIS, FRANCE: French-Italian microchip manufacturer STMicroelectronics reported a switch into profit in its second quarter, but its outlook disappointed investors as the company's shares fell.



After 11 consecutive quarters of losses, STMicroelectronics has now returned to profit.
Image: [Silicon](#)

The company, an indicator of activity in high-technology industries, reported a net profit of \$38m, compared with reported losses of \$24m in the first quarter and \$152m in the second quarter of 2013.

The results put it on track to meet its target of returning to profit for the whole of this year.

Sales totalled \$1.86bn, below analysts expectations of \$1.88bn, but the gross operating margin was 34.0% slightly higher than the 33.6% expected.

For the third quarter, the company forecast that its margins would improve and that sales would rise by about 3.0%.

Brokers Aurel BGC commented that the second quarter marked the first profit in 11 quarters and that recurrent losses from a joint venture with Swedish group Ericsson "are now history".

At Morgan Stanley, analysts said the overall figures were satisfactory but that sales in the second quarter and the outlook for the third quarter could have been higher given the positive trend in the semi-conductor sector, in particular in the car manufacturing and industrial sectors."

Analysts at Barclays said that this 3.0% figure was below consensus estimates of 5.1% but was in line with recent figures from companies with similar activities, Texas Instruments and Lienar Tech.

Source: AFP via I-Net Bridge

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