# Samsung memory chip profits hit by US export ban amid record overall revenue



Samsung Electronics reported a decline in profits for its memory chip division in the first quarter of 2025, marking a significant impact from recent geopolitical and trade developments. The South Korean electronics giant disclosed that the drop in earnings was influenced by a US ban on exporting high-bandwidth memory (HBM) chips designed for AI accelerators to China, underscoring the complex intersection of technology and international trade controls.

For the quarter ending March 2025, Samsung posted an operating profit of 6.7 trillion won (approximately US$4.7 billion), reflecting a modest overall increase of 1.2% year-on-year despite the challenges faced by its semiconductor segment. Meanwhile, revenue hit a record high of 79.14 trillion won (US$55.5 billion), rising 10.05% from the same period in the previous year. These figures indicate a strong consumer electronics sector that mitigated some of the downturn experienced in the memory chip business.

The US export curbs on HBM—a critical component widely used in advanced AI processing—have necessitated operational adjustments at Samsung. The company has announced that it is “reviewing strategic and flexible use of global production bases and sales hubs around the world,” hinting at a potential reshaping of its manufacturing and sales footprint in response to trade barriers. This repositioning aligns with broader industry trends, where semiconductor firms are increasingly recalibrating supply chains amid geopolitical friction.

These export controls are part of a recurring pattern of semiconductor geopolitics, reminiscent of the US measures in the 1980s targeting Japanese chipmakers such as Toshiba. At that time, US authorities viewed Japanese advances in semiconductor technology as a threat to American supremacy, imposing sanctions that significantly disrupted Japan's chip industry. Today’s restrictions follow a similar strategic logic aimed at preserving US technological leadership by limiting China's access to cutting-edge components.

The semiconductor industry’s fragmentation due to these export controls is accelerating a restructuring of global supply chains and regional production. Major industry players like Taiwan Semiconductor Manufacturing Company (TSMC) have responded by planning substantial investments—TSMC announced a $100 billion expansion in the US—to reduce reliance on any single market and hedge geopolitical risks.

Despite the recent 42.4% year-on-year plunge in operating profit for Samsung’s chip business, analysts remain optimistic about the memory chip market’s future growth. Projections indicate an increase from $83.36 billion in 2024 to $90.99 billion in 2025, a growth rate of 9.2%, with an expected rise to $125.24 billion by 2029 driven by sustained demand from AI, 5G networks, and Internet of Things (IoT) devices. Industry forecasts predict a 40% surge in operating profits for both Samsung and compatriot SK Hynix in 2025, signalling recovery from current pricing pressures.

Samsung’s sizeable cash reserve, reported to be around $63 billion, is viewed as a strategic asset providing financial resilience to navigate the near-term uncertainties and continue investments in next-generation memory technologies.

The Korea Times is reporting that Samsung’s cautious outlook for the second quarter reflects concerns over demand uncertainty and potential impacts from continuing US tariffs, reflecting a broader environment of commercial caution amid ongoing geopolitical tensions. These developments highlight the complex interplay of technology business performance and international policy decisions in the semiconductor sector.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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3. <https://www.reuters.com/business/samsung-electronics-operating-profit-rises-slightly-q1-2025-04-30/> - This article details Samsung's revised business outlook for the second quarter of 2025, citing increasing global trade uncertainties and U.S. tariff policies that are expected to dampen demand for key products like smartphones and semiconductors.
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6. <https://www.ft.com/content/b6f89d2b-5fe2-4a8f-a7cc-c75989e27544> - This source discusses how CXMT, China's leading memory chip producer, has rapidly expanded its market share, posing a substantial strategic challenge to existing leaders in the memory chip industry, including Samsung.
7. <https://news.google.com/rss/articles/CBMikgFBVV95cUxQWklnYXh2cHZHYkQyUVUxbnFwdUFvbFFwUTU3WkR1WkY4ck9sYVdwSk4wRkhMM2ROdW9lVFdMVFd6MGpTTFhCNUFGRU52UzBlMzBCbUx0d3VvQVJKMm9idWNpMzNjcmpJeVBjNlQzOTFxd25ZV05LUE9qWlk3bkpJWk9TRjgxOEVpanRkMDBWSGtMUQ?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data