

EXHIBIT 38

Innovations

Samsung to manufacture iPhone chips for Apple again, report says

+ Add to list

By [Alex Schiffer](#)

July 18, 2017

After a five-year hiatus, Samsung Electronics will return to manufacturing chips for Apple's new iPhone in 2018, according to a [report from the Korea Herald](#).

The South Korea-based electronic company was a primary producer of iPhone chips until 2013, when Apple awarded its rival Taiwan Semiconductor Manufacturing Company (TSMC) exclusive production rights. [In 2011, Apple sued Samsung](#) over patent infringement, and the company cut down the number of components it got from its competitor from that time.

The Herald, which relied on unnamed sources, reported that Samsung's chances at producing iPhone chips again picked up in June when Kwon Oh-hyun, one of Samsung's three co-chief executives who is in charge of chips among other things, visited the Apple headquarters in California last month. Samsung [announced in March that it would purchase specialized machines, reportedly in an attempt](#) to produce seven-nanometer processors for the iPhone and regain Apple's business.

Sources told the Herald that Samsung's ties to organic light-emitting diodes, an LED used in phones, is what caused Apple to get Samsung back into the mix for processors. Samsung is the world leader in OLED manufacturing, with 95 percent market share, and will probably be the lone OLED supplier for the upcoming iPhone.

TSMC will still play a role in supplying chips for next year's iPhones, according to the Herald. It also said Samsung will share some iPhone orders next year that "have been monopolized by TSMC." It plans to complete its tests on the new chip-making machines in the near future before seeking Apple's approval.

Samsung [had one of its most profitable quarters in company history](#) earlier in the year, with \$8.7 billion in operating profit, a 48 percent increase from the previous year. Total revenue for the quarter was \$44.5 billion, with the majority of business coming in semiconductor and display divisions. At the time of its announcement, the company also said that demand for chips and memory had increased over the course of the quarter.

8/22/2019

Samsung to manufacture iPhones again for Apple again, report says - The Washington Post

Apple and Samsung didn't respond to requests for comment.

Alex Schiffer

Alex Schiffer covered business, finance and technology for The Washington Post. He left The Post in August 2017. Follow 
