Panasonic to buy out Sanyo, Panasonic Electric

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Panasonic is planning to take 100 percent ownership of its subsidiaries Sanyo Electric and Panasonic Electric Works in a move costing up to $9.4 billion to strengthen green businesses such as electric cars and solar panels.

Japan's biggest consumer electronics maker said in a statement Thursday it will buy shares in the two companies through a public tender offer, aiming for a complete purchase by April 2011. Shares in the target companies soared while Panasonic tumbled.

Panasonic Corp. already owns 51 percent of Panasonic Electric Works Co., which has electric and housing operations, and owns 50.05 percent of Sanyo Electric Co., a money-losing unit with strong battery and solar panel businesses that Panasonic took over in December.

Panasonic, which makes Viera TVs and Lumix digital cameras, plans to spend up to 818.4 billion yen ($9.4 billion) on buying out the two companies. It said it has cash and can also borrow to finance the purchases but is also considering a share issue of up to 500 billion yen ($5.7 billion).

The move underlines the strategy of Panasonic President Fumio Ohtsubo who has repeatedly said that ecological businesses, including batteries for electric vehicles and solar panels for green homes, will be the backbone of the electronics maker.

Osaka-based Panasonic will offer 1,110 yen per share for Panasonic Electric and 138 yen per share for Sanyo in a tender starting Aug. 23 through Oct. 6. Panasonic will also carry out stock swaps to complete the buyout, if needed, it said.

Separately, the company's earnings report Thursday showed it recovering from the slump it suffered after the global financial crisis.

April-June profit totaled 43.7 billion yen ($502 million), a reversal from a 53 billion yen loss a year earlier.

Quarterly revenue surged 35 percent to 2.161 trillion yen ($24.8 billion) as sales grew across the board for a wide range of products such as flat-panel TVs, Blu-ray recorders, air conditioners, rechargeable batteries, semiconductors and solar panels.

Still, Panasonic is facing touch competition not only from local rivals like Sony Corp. but also Samsung Electronics Co. of South Korea in other areas of consumer electronics such as flat TVs.

"To survive the competition and to foster growth in new markets, it is essential to

foster quick strategic decision-making and the strength of the company," the company said.

While Panasonic is hoping to shape its growth strategy around what it calls "green innovation," it is also counting on growth in consumer electronics, showing a 3D camcorder for regular consumers Wednesday.

The company raised its forecasts for the full year through March 2011 to an 85 billion yen ($977 million) profit on 8.9 trillion yen ($102 billion) sales. It had previously expected 50 billion yen ($575 million) in profit on 8.8 trillion yen ($101 billion) sales.

Sanyo Electric shares shot up 27 percent in Tokyo trading to 149 yen after Japanese business daily The Nikkei reported on Panasonic's plans ahead of its announcement. Panasonic Electric jumped 15 percent to 1,124 yen but Panasonic Corp. sank 7.7 percent to 1,077 yen.

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