

Panasonic reports loss, plans to cut 17,000 jobs

YURI KAGEYAMA - AP Business Writer - Associated Press

Panasonic Corp., Japan's biggest home appliance maker, is cutting about 17,000 jobs worldwide over two years as its losses swell from restructuring costs and damage from the March 11 disasters.

President Fumio Ohtsubo said the company will streamline operations to boost profitability, including selling some of its businesses, and reduce its nearly 367,000 workers to 350,000 by the fiscal year ending March 2013.

Like other Japanese electronics makers including archrival Sony Corp., Panasonic has been struggling against competition from newcomers and formidable players from South Korea like Samsung Electronics Co., the world leader in flat-panel TVs. Panasonic has been steadily trimming its workforce to reduce costs. About a year ago it had 385,000 workers.

Osaka-based Panasonic reported a 40.7 billion yen (\$499 million) loss for the January-March quarter on Thursday. The loss was largely due to 61 billion yen (\$748 million) in restructuring costs, it said. Panasonic had reported an 8.89 billion yen loss for the same period the previous year.

The maker of Viera flat-panel TVs and Lumix digital cameras said its bottom line was also hurt by the March 11 earthquake and tsunami in northeastern Japan, which stalled production because of parts shortages and curbed consumer spending amid the ensuing nuclear reactor crisis.

Panasonic said it was unable to give forecasts for the fiscal year that began April 1 because it could not yet calculate the full damage from the disasters. It said the disasters shaved 21 billion yen (\$258 million) off its operating profit for the fiscal year ended March 31.

Panasonic has been trying to turn itself around in recent years by adapting to a global shift toward cheaper gadgets, including new strategies that it is chiseling after adding Japanese battery and solar-panel maker Sanyo Electric Co. as a subsidiary.

Sanyo's strength lies in cheaper home appliances as well as in solar-panel and battery businesses, which are expected to benefit from greater consumer enthusiasm for "green" energy-efficient technologies.

Ohtsubo said the businesses will be unified under the Panasonic brand, targeting 9.4 trillion yen (\$115 billion) in sales for the fiscal year through March 2013.

Panasonic hopes to be No. 1 in the world in lithium-ion batteries and among the top global three in solar panels, he said.

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A turnaround will come from boosting its flat TV operations, taking advantage of growth in new markets like India and Vietnam, Ohtsubo said.

"There is so much left for us to tackle," he said from Osaka headquarters via a satellite feed in Tokyo. "We hope to revive our TV business."

For the three months ended March 31, Panasonic's global sales dipped 7 percent on-year to 2.04 trillion yen (\$25 billion).

For the fiscal year, it reported a 74 billion yen profit (\$908 million), a reversal from the 103.5 billion yen loss for the previous fiscal year.

A strong yen also hurt Panasonic, slashing fiscal year operating profit by 43.9 billion yen (\$539 million). A strong yen hurts Japanese exporters by eroding the value of their overseas earnings.

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