Japan's Panasonic projects record annual net loss

The Associated Press

Japanese electronics maker Panasonic forecast Friday it would log a record net loss of 780 billion yen ($10.2 billion) for the year through March, nearly twice its previous estimate, amid weak TV and mobile phone sales and restructuring costs.

Panasonic also blamed production disruptions from flooding in Thailand and declining sales of digital products.

The revised net loss figure is far larger than the company's previous worst loss of 427.7 billion yen logged for the fiscal year through March 2002, when it was still Matsushita Electric Industrial Co.

For the October-December quarter, Panasonic reported a net loss of 197.6 billion yen ($2.6 billion). A year earlier, it had reported a net profit of 40 billion yen for the same quarter.

The yen's strength against the dollar and euro, which erodes foreign earned income when repatriated to Japan, also hurt income. Osaka-based Panasonic gets just under half its sales from outside the country.

Panasonic is in the middle of streamlining its businesses and cutting jobs after acquiring Sanyo Electronics Co. Some Panasonic and Sanyo products, including refrigerators and washing machines, overlap. Panasonic has said it hopes to focus on relatively new areas such as solar panels and expensive gadgets.

The larger projected annual net loss was linked largely to restructuring costs, from early retirement packages to impairment losses of fixed assets, it said in a presentation.

Quarterly sales declined 14 percent to 1.96 trillion yen.

Last month, Moody's Investors Service lowered its credit rating for Panasonic Corp. one notch, from A2 to A1, saying the company's financial strength has deteriorated since it acquired the remaining stakes in Sanyo Electric Co. and Panasonic Electric Works Co.

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