

## **Panasonic earnings update**

The Associated Press

Panasonic Corp. said Wednesday it expects to book a group net loss of 765 billion yen for the current business year through March, incurring a hefty loss for the second straight year due to massive restructuring costs amid a continued slump in its mainstay electronics operation.

The downward revision in the net balance outlook, a striking turnaround from its earlier forecast of a 50 billion yen profit, largely stems from restructuring costs of 440 billion yen, as the Osaka-based company booked hefty impairment losses in solar and lithium-ion battery businesses and mobile phone operations after reviewing its assets.

"The fundamental factor for the downswing lies in a slump in the mainline business," Panasonic President Kazuhiro Tsuga said at a news conference in Tokyo, adding the sales fall largely stems from sluggish performance in digital appliances.

The deterioration in its digital products business has been caused by a decline in sales of flat-panel televisions and Blu-ray disc recorders, while price competitiveness has also diminished, Tsuga said.

"Regrettably, I have to say our company is on the loser's side in this area," he said, adding it could not fully cope with changes in the business environment.

Panasonic, known for its Viera brand TV sets, said it will not pay dividends for the current business year for the first time in about 63 years.

As part of its restructuring efforts, Panasonic said it will end its smartphone business in Europe by the end of this business year, while separating its mobile terminal business into a new company next April amid declining domestic market share in the business.

The company will halve the number of cell production sites in Japan to three in its consumer lithium-ion battery business for such products as personal computers and mobile phones, while ceasing additional investments in its Malaysia plant for its solar battery business.

The company also reduced its deferred tax assets amid the rapid deterioration in its business conditions.

Looking ahead, Panasonic said its sales are likely to be reduced by around 100 billion yen for the current business year due mainly to the ongoing boycott of Japanese products in China following Japan's nationalization on Sept. 11 of a major part of the Senkaku Islands claimed by China and Taiwan.

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It has also slashed its annual TV sales volume target to 9 million units from 12.5 million units for this business year.

The company said that with its restructuring efforts, it aims to achieve an operating profit margin of more than 5 percent in every business segment in fiscal 2015.

In the April to September period, the company said it registered a group net loss of 685.17 billion yen, its largest loss for the six-month period and far eclipsing the loss of 136.15 billion yen a year earlier, on sales of 3.64 trillion yen, down 9.2 percent.

Meanwhile, it secured a group operating profit of 87.37 billion yen, up 83.5 percent, on cost-cutting efforts, the company said.

For the full year, Panasonic said it expects to log a consolidated operating profit of 140 billion yen, compared with the earlier forecast profit of 260 billion yen, on sales of 7.3 trillion yen, compared with the earlier projected sales of 8.1 trillion yen.

In the previous business year, the company reported an all-time-high group net loss of 772.17 billion yen and operating profit of 43.73 billion yen on group sales of 7.85 trillion yen.

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