

Panasonic's red ink grows, forecasts loss for year

YURI KAGEYAMA - AP Business Writer - Associated Press

Panasonic Corp.'s losses ballooned to 698 billion yen (\$8.7 billion) for the fiscal second quarter as sales plunged in flat-panel TVs, laptops and other gadgets, and restructuring costs to turn itself around were proving bigger than initially expected.

The red ink, announced Wednesday, proved far worse than the 105.8 billion yen loss racked up for the July-September period last year.

The Osaka-based maker of Viera TVs and Lumix digital cameras revised its full year forecast from an earlier projection for a 50 billion yen (\$625 million) profit to a massive annual loss of 765 billion yen (\$9.6 billion).

Panasonic sank into a record loss of 772.2 billion yen (\$9.6 billion) for the fiscal year through March 2012 — among the biggest in Japan's manufacturing history.

Its problems are emblematic of the overall Japanese electronics industry. Panasonic's longtime rival Sony Corp. racked up a record annual loss of 457 billion yen (\$5.7 billion) in its fourth straight year of red ink. Sony reports fiscal results on Thursday.

Panasonic's quarterly sales sank 12 percent to 1.82 trillion yen (\$22.8 billion) as a global slowdown, the falling price of electronics products and competition from cheaper Asian makers chipped away at sales. Sales in Japan dipped 11 percent, while overseas sales shrank 14 percent.

Panasonic has been trying to expand operations that cater to other businesses, instead of consumers, by beefing up its solar panel and battery divisions, including auto batteries.

But such shifts are expected to take some time, and those sectors have also been slammed by price declines.

Panasonic lowered its sales forecast for the full year through March 2013, to 7.3 trillion yen (\$91.3 billion), down from an earlier 8.1 trillion yen (\$101 billion). Even the more pessimistic number falls short of last year's sales at 7.85 trillion yen.

The company also said it expects to book restructuring expenses of 440 billion yen (\$5.5 billion) for the year, bigger than the originally estimated 41 billion yen (\$513 million).

Panasonic and other Japanese makers have struggled despite the popularity of smartphones and other mobile devices as the market, including Japan, has been dominated by Apple Inc. of the U.S. and South Korea's Samsung Electronics Co.

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Published on Electronic Component News (<http://www.ecnmag.com>)

Also Wednesday, Panasonic said it will boost the efficiency of its operations by merging three group companies focusing on mobile phones and network systems.

During the first fiscal half, Panasonic's sales grew in appliances and automotive systems, but declined in TVs, digital cameras, Blu-ray recorders, mobile phones, printers and semiconductors, according to the company.

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