Renesas earnings update

The Associated Press

TOKYO, Feb. 8 (Kyodo) — Struggling Japanese chipmaker Renesas Electronics Corp. on Friday widened its fiscal 2012 group net loss projection to 176 billion yen from an earlier 150 billion yen due to sluggish chip demand amid the stagnant global economy.

The projected net loss is far higher than 62.60 billion yen for the previous year.

The company now expects to incur a full-year group operating loss of 26 billion yen instead of an earlier forecast 21 billion yen profit, after posting an operating loss of 56.75 billion yen in fiscal 2011.

The company also slashed its sales estimate by 6.1 percent from an earlier projection to 770 billion yen, down 12.8 percent from the previous year.

In the April to December period, Renesas posted a group net loss of 161.72 billion yen, larger than 44.42 billion yen a year earlier, and a group operating loss of 31.24 billion yen against 33.17 billion yen.

Its consolidated sales in the first nine months of fiscal 2012 fell 10.8 percent to 600.40 billion yen, as semiconductor demand was hit by a drop in automobile and electronics products output for China amid deteriorating bilateral ties caused by a territorial dispute, the company said.

"Sales are likely to recover gradually from the first quarter of the next business year after hitting bottom in the fourth quarter," Renesas President Yasushi Akao said at a news conference, citing improving production forecasts from its customers and positive effects of a weakening yen.

Renesas plans to sell or pull out of unprofitable operations, while enhancing competitiveness in profit-making operations including products for car navigation systems, Akao said.

The company plans to receive up to 200 billion yen in aid from the government-backed Innovation Network Corp. of Japan and eight key clients, including Toyota Motor Corp.

To rebuild itself, the company is carrying out such restructuring measures as workforce cuts and consolidating manufacturing plants.

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