Sony trims quarterly loss to $115 million

YURI KAGEYAMA - AP Business Writer - Associated Press

Sony Corp. is still struggling but managed to reduce its red ink for the latest quarter as the Japanese electronics and entertainment company aims for a comeback from record yearly losses.

Sony on Thursday reported a 10.7 billion yen ($115 million) loss for the October-December quarter compared with a 158 billion yen loss a year earlier.

The company had a record loss of 457 billion yen for the fiscal year through March 2011 as its TV business struggled and it suffered from factory and supplier damage in northeastern Japan from the 2011 earthquake and tsunami.

Quarterly sales inched up nearly 7 percent to 1.95 trillion yen ($21 billion) despite declining sales of gadgets such as flat-panel TVs and Blu-ray video recorders, but only because Sony got a perk from a weaker yen.

The yen has been weakening because of expectations the central bank will ease monetary policy and that helped Sony by boosting the value of its overseas sales.

Sony has lost money for the past four years as it fell behind powerful rivals such as Apple Inc. and Samsung Electronics Co. in profitability and innovation.

Kazuo Hirai, who took over as president nine months ago, is promising to lead a comeback with what he calls "wow" products, such as nifty mobile devices, sophisticated digital cameras and interconnected gadgetry designed to show off Sony's technological prowess.

The problem is that rivals are doing the same and sometimes doing it faster and at cheaper prices.

Sony is expected to disclose information about the PlayStation 4 video game machine later this month, but it's unclear whether video games can really save Sony.

Sony's TV division is in its ninth straight year of red ink.

Its movie business fared better on the success of "Skyfall" and "Hotel Transylvania," while its music business also did well with best-sellers in Alicia Keys' "Girl on Fire," One Direction's "Take Me Home", and Celine Dion's "Sans Attendre," according to Sony. Both divisions posted increases in operating profit and sales.

Sony stuck to its forecast for eking out a return to profit at 20 billion yen ($214 million) for the fiscal year through March. It also left unchanged its projection for 6.6 trillion yen ($70.6 billion) in annual sales, up 1.6 percent from the previous year.

Other Japanese electronics makers are also suffering but have gotten some help from the weak yen.

Panasonic Corp. and Sharp Corp. are both expecting massive losses for the fiscal year through March. Panasonic reported last week a 61.4 billion yen ($667 million) profit for the October-December period Friday, reversing from losses the same quarter a year earlier, while Sharp reported a smaller flow of red ink at a 36.7 billion yen ($399 million) quarterly loss.

Sony has promised to reduce the bureaucracy in its managerial ranks and product-development decision-making. It is selling its New York headquarters building for $1.1 billion in a deal set to be completed in March. It has entered a partnership with Japanese medical equipment maker Olympus Corp. to expand in that lucrative field.

Sony was once a brand known for innovation, creating new electronics sectors like the Walkman, one of the first mobile devices to catch on when it became a hit in the 1980s. Some analysts say playing catch-up in smartphones and flat-panel TVs may be too little too late, and the company needs a far more pioneering product if it hopes to regain its historical glamour.

Also Thursday, Fujitsu announced it is slashing 5,000 jobs, or nearly 3 percent of its global work force, by the end of next month, as it seeks to reshape its computer-chip business and overseas operations. Of those job cuts, 2,800 will be in Japan, and 2,200 overseas, mostly in Europe. A more detailed breakdown was not immediately available.

Company spokesman Takashi Koto said the job cuts will be achieved by early retirement, layoffs and other methods.

—

Follow Yuri Kageyama on Twitter at www.twitter.com/yurikageyama