Panasonic, Sharp Expect Red Ink Despite Yen Help

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TOKYO (AP) — Japanese electronics makers Panasonic Corp. and Sharp Corp. both stuck to full year forecasts for massive losses even as results for the latest quarter got a boost from the weaker yen.

The two Osaka-based companies are among the Japanese electronics makers battered by price plunges in gadgets and hot competition from more successful rivals such as Apple Inc. and South Korea's Samsung Electronics Co.

Panasonic reported a 61.4 billion yen ($667 million) profit for the October-December period Friday. It had a loss of 698 billion yen in the previous quarter and a loss of 197.6 billion yen a year earlier. Quarterly sales slipped 8 percent to 1.8 trillion yen ($19.6 billion).

The company, which makes Viera TVs and Lumix digital cameras, said global demand weakened for flat panel TVs and digital products and devices while sales grew in LED lighting and auto-related equipment.

Sharp, which makes Aquos TVs and solar panels, reported a smaller flow of red ink for October through December. Its quarterly net loss shrank to 36.7 billion yen ($399 million) from 173.6 billion yen a year earlier.

It posted an operating profit for the period, the first time in five quarters, thanks to a recovery in liquid-crystal panel TVs and devices for smartphones. The operating result excludes one-time gains and losses to provide a clearer picture of financial performance.

Key to its improving fortunes was a return to the black in flat-panel TV operations, which had lost money for a year until the latest quarter. Sharp is promising to return to profit for the fiscal year through March 2014.

Sharp's quarterly sales rose 15 percent to 678.2 billion yen ($7.4 billion).

But both companies left unchanged their dismal forecasts for massive losses for the fiscal year through March.

Panasonic is projecting a 765 billion yen ($9.6 billion) annual loss. Sharp expects a 450 billion yen ($5 billion) loss, record red ink for the manufacturer founded in 1912, making products such as the twist-type mechanical pencil.

Panasonic, a brand that was an archrival to Sony Corp. during the decades of Japan's post World War II economic modernization, has been shifting its business

from consumer electronics to focus more on operations that cater to other businesses such as batteries and solar panels.

But it remains strong in appliances such as washing machines and refrigerators in some regions.

As exporters, Panasonic and Sharp got a boost from a favorable exchange rate. The dollar has strengthened about 14 percent against the yen in the past three months on expectations a new government would relax monetary policy to boost the nation's moribund economy.

Panasonic gained 3 billion yen ($33 million) in the latest quarter in operating profit from the weaker yen, according to the company. Sharp did not have a quarterly breakdown, but gained 700 million yen ($7.6 million) from the fall in the yen's exchange rate with the dollar and 500 million yen ($5.4 million) versus the euro over the first nine months of the fiscal year.

Panasonic reported a record loss of 772.2 billion yen ($8.4 billion) for the fiscal year through March 2012 — among the biggest in Japan's manufacturing history.

Sony, which also sank into a record loss for that fiscal year, reports earnings next week.

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