

Panasonic Reports Big Loss but Forecasts Profit

MALCOLM FOSTER, Associated Press



TOKYO (AP) — Japanese consumer electronics giant Panasonic Corp. on Friday reported a near-record net loss of 754 billion yen (\$7.5 billion) for the fiscal year through March due to restructuring costs and slumping sales, but predicted a return to the black this year as it prunes unprofitable businesses.

The Osaka-based company, which makes Viera TVs and Lumix digital cameras, has been battered by plunging prices, the strong yen, an ailing TV business and intense competition from the likes of South Korea's Samsung Electronics Co.

A good chunk of the net loss came from hefty restructuring expenses, including impairment losses as the company wrote down the value of assets related to its solar, lithium-ion and mobile phone businesses. The company also reduced its global staff over the year from 330,767 to 293,742.

Sales declined 7 percent during the year to 7.3 trillion yen, the company said in its financial results, citing a "severe business situation" in the electronics industry, including sluggish demand for flat-panel TVs.

Panasonic, which lost a record 772 billion yen the previous year — one of the biggest losses ever in Japan — acknowledged that its three-year business plan had fallen far short of the desired results. Under its next three-year management plan, it promised to immediately eliminate unprofitable businesses.

For this fiscal year, it projected a net profit of 50 billion yen (\$500 million).

In late March, President Kazuhiro Tsuga said the company will persist with trying to fix its ailing TV business, describing an exit from the fiercely competitive industry as a "final resort."

Panasonic said sales of its plasma TV had fallen by about half, while LCD TVs suffered a 3 percent decline.

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Panasonic, established in 1918 and an archrival to Sony Corp. during Japan's rapid industrialization following World War II, has been shifting its business from consumer electronics to focus more on operations that cater to other businesses such as batteries and solar panels.

The company said it plans to restructure its TV, semiconductor, mobile phone, circuit board and optical product businesses so that they will become profitable by fiscal 2016.

It remains strong in household appliances, with sales of refrigerators and washing machines both growing during the year.

With the dollar breaking above 100 yen Friday for the first time in four years, Panasonic is likely to benefit as the yen's weakness boosts foreign earned income. But the company's exposure to fluctuations against the U.S. dollar has shrunk over the years due to hedging and other practices, said Hideaki Kawai, managing director in charge of accounting and finance.

A weakening of 1 yen against the dollar is expected to boost operating profit this year by 1 billion yen, he said.

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