

# Panasonic slumps to \$4 billion yearly loss

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Panasonic Corp. President Fumio Ohtsubo bows during a news conference on the company's financial results for the year ended March 2009, in Tokyo, Japan, Friday, May 15, 2009. Panasonic Corp. sank deep into the red last fiscal year, joining a growing list of Japanese electronics makers who have fallen victim to a stronger yen and an unprecedented slump in global demand. The Osaka-based company Friday reported a 378.96 billion yen (\$4 billion) loss for the fiscal year ended March \_ its first loss in seven years \_ and expects to stay in the red in the current fiscal year.(AP Photo/Itsuo Inouye)

(AP) -- Panasonic Corp. slumped deep into the red last fiscal year, joining the expanding club of big Japanese brands shellshocked by their rapid descent from cash cow to money loser.

The world's biggest plasma TV maker Friday reported a 378.96 billion

yen (\$4 billion) loss for the [fiscal year](#) ended March - its first loss in seven years - and expects to stay in the red in the current year.

Business slumped across all segments amid lackluster demand for everything from flat-screen TVs and digital cameras to home appliances and semiconductors. Sales were down 14.4 percent to 7.77 trillion yen, and operating profit tumbled 86 percent to 72.9 billion yen.

For the January-March quarter, Panasonic booked a record net loss of 444.3 billion yen compared with a profit of 61.6 billion yen a year earlier.

The results represent a swift reversal of fortune for Panasonic, which just last year posted a record net profit of 281.9 billion yen.

But it is only the latest among a score of bellwether brands in Japan releasing grim results as the world's second-biggest economy gets battered by the unprecedented slump in global demand.

On Thursday, rival Sony Corp. said it lost \$1 billion yen last fiscal year. Toyota Motor Corp., meanwhile, swung from a record profit to its worst annual loss since being founded in 1937.

Panasonic vowed to press ahead with "drastic business structural reforms" to try to engineer a recovery.

For the 12 months through March 2010, it forecasts a steeper-than-expected net loss of 195 billion yen on sales of 7 trillion yen. It predicts that operating profit will climb 3 percent to 75 billion yen, though analysts say the projection looks overly optimistic.

President Fumio Ohtsubo has said he wants to shutter unprofitable business lines, shift resources to those with growth potential and improve

product quality. The firm is slashing capacity and aims to cut about 5 percent of its 300,000-strong global work force by next spring.

The company will close 40 production facilities worldwide by March 2010 to help save 135 billion yen this year, said Panasonic official Makoto Uenoyama, according to Kyodo news agency.

"Panasonic expects that the economic environment in fiscal 2010 will be more severe than the past fiscal year, as the global recession and shrinking demand triggered by the financial crisis coincide with changes in market structure, including the expansion of emerging markets and a shift to lower-priced products," the Osaka-based company said in a statement.

Along with the foreign exchange and economic factors, the company blamed its net loss on high restructuring costs. It booked 367.4 billion yen in restructuring expenses and 92 billion yen in equity write-downs.

Panasonic also awaits legal clearance for its \$9 billion takeover of smaller Japanese rival Sanyo Electric Co. The deal would create one of the world's biggest electronics companies and enable Panasonic to add Sanyo's strengths in "green" energy technology.

The company last year changed its official name from Matsushita Electric Industrial Co., shedding the name of its charismatic founder in favor of its more internationally known brand.

Panasonic's efforts to restructure may not reap immediate benefits but are likely to pay off in the long term, said Mona Mehta, an analyst at Independent Research Private Ltd.

The company's prospects also appear brighter than that of Sony, which relies heavily on overseas markets. Panasonic gets the majority of its

revenue in Japan.

"We believe Sony is much more vulnerable to the economic scenario in the U.S. and Europe," Mehta said in an e-mail. "We believe the Games segment will continue to be a drag for Sony. However, we do not expect Panasonic to pull a better year ... but on a level playing field it surely is expected to fair much better than [Sony](#)."

Panasonic reports earnings based on U.S. accounting standards.

In trading Friday, shares of Panasonic jumped 4.8 percent to 1,455 yen on the Tokyo Stock Exchange, outpacing the benchmark Nikkei 225 index's 1.9 percent rise. The results were released after trading closed.

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