

Sony reports \$1 bln annual loss, first in 14 years

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In this Aug. 28, 2008 photo, Sony Executive Deputy President and CEO Katsumi Ihara, center, Executive Vice President Nobu Kurita, left, and General Manager Takao Yoshikawa pose at a press briefing of its new Bravia TV series in Tokyo. Sony, which makes Bravia flat-panel TVs and Cyber-shot digital cameras, said Thursday, May 14, 2009, it lost 98.9 billion yen (\$1 billion) in the fiscal year through March, its first annual net loss in 14 years, and projected it would lose even more money this year amid a slump in consumer demand for electronics goods. (AP Photo/Shizuo Kambayash)

(AP) -- Sony Corp. reported its first annual net loss in 14 years and forecast a bigger loss this year, saying the pressure from sliding sales, competition in gadget prices and a strong yen was expected to continue.

The Japanese electronics and entertainment company said Thursday it lost 165 billion yen (\$1.72 billion) in the January-March quarter, compared to a 29 billion yen profit for the same period the previous

year. That brought its full [fiscal year](#) loss to a 98.9 billion yen (\$1 billion).

Sony, which makes Bravia flat-panel TVs and Cyber-shot digital cameras, said it is closing three plants in Japan to help turn its business around. It is also in the midst of cutting 16,000 workers.

Sony said no quick recovery was in sight, projecting a 120 billion yen (\$1.2 billion) loss for the fiscal year through March 2010.

It joins a string of other big Japanese corporations, including [Toyota Motor Corp.](#) and [Hitachi Ltd.](#), that have announced huge losses and bleak outlooks.

Also Thursday, [Sanyo Electric Co.](#) said it booked a net loss of 93.2 billion yen (\$976 million) for the fiscal year, compared with a 28.7 billion yen profit the year before. It expects to turn a small profit of 7 billion yen this year.

Sanyo is being acquired by Panasonic Corp., which is also expected to announce dismal earnings Friday.

Analysts say Chief Executive Howard Stringer, who decided to center power in his position earlier this year by also becoming president, has yet to give details of a turnaround plan, including strategies and products.

Stringer, a Welsh-born American and the first foreigner to head Sony, has promoted four relatively young Japanese executives onto his managerial team. Representing the company's gaming and electronics sectors, they aim to take advantage of Sony's sprawling empire to differentiate it from a host of rivals such as South Korea's [Samsung Electronics Co.](#) and Taiwan's Acer Inc., which are better at producing cheaper products.

Sony's annual sales slid 12.9 percent to 7.73 trillion yen. Sales fell in all key markets: down 20 percent in the U.S., 17 percent in Europe and 14 percent in Japan.

Its fiscal year loss was a reversal from the 369.4 billion yen profit it had a year earlier.

Still, the loss was smaller than the company's forecast for a 150 billion yen shortfall. The result wasn't as bad partly because TV prices held up better than expected, Sony said. A one-time gain from a change in Japanese tax laws also helped, it said.

Sony continued to lose money in its game segment, where its PlayStation 3 home console and PlayStation Portable have struggled against rival offerings from Nintendo Co., the Wii and DS, as well as in some markets against the Xbox 360 from Microsoft Corp.

Koya Tabata, analyst with Credit Suisse in Tokyo, said the forecast was in line with what he had expected. Sony must in the short run fix its electronics inventory as one step in turning its business around, he said.

"In the longer term, we are all waiting for the PlayStation network business to deliver profits," he said. "But that depends on management."

Sony sold 10.06 million PlayStation 3 machines for the fiscal year through March, up 10 percent from the previous year. It also sold more PlayStation Portable machines, at 14.11 million during the fiscal year, up slightly from 13.81 million.

Sony is closing three plants in Japan by the end of December - one for cell-phone cameras, another for video recorder parts and another for systems used for smart cards. After they are shuttered, the number of plants around the world will dwindle from 57 last year to 49.

The company said it was on track with its previously announced plan to reduce 8,000 of its 185,000 jobs around the world, and trim another 8,000 temporary workers who aren't included in the global work force tally.

Sony said it was raising its cost reduction efforts from an earlier 250 billion yen by March 2010 to 300 billion yen.

It said it had an operating loss in its core electronics segment because of the slowing global economy, price competition and a strong yen, which erased any benefits from better liquid-crystal display TVs.

In its movies division, home entertainment sales declined. They were not offset by some of its stronger motion picture releases, including "Hancock."

In its music business, Beyonce's "I Am Sasha Fierce" and AC/DC's "Black Ice" were among albums that did well during the fiscal year just ended.

[Sony](#) stock dropped 6.8 percent to 2,400 yen in Tokyo. Earnings were announced after trading ended.

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