

Japan's Panasonic set for \$10.2 billion loss

February 3 2012



A general view at the Panasonic booth at the 2012 International Consumer Electronics Show at the Las Vegas Convention Center, in January. Panasonic is bracing for a record net loss of more than \$10.2 billion for the year to March due to the strong yen, Thai floods and acquisition costs, according to reports.

Japan's Panasonic on Friday warned it would see its worst-ever net loss of 780 billion yen (\$10.2 billion) for the year to March, blaming the strong yen, flooding in Thailand, and acquisition costs.

The electronics giant said the huge net loss -- which would be one of the worst ever recorded by any non-financial Japanese company -- was due to one-off costs it incurred to acquire rival Sanyo, among other factors.

"We expect a sizable decline in sales due to the impact of [massive flooding](#) in Thailand last October on broad supply chains, together with a [global economic slowdown](#) triggered by the European [debt crisis](#)," the firm said.

"Although the company carried out streamlining efforts rigorously in this extreme situation, it is not expected that the company will be able to offset the decline in sales," it added in a statement.

It will also take an additional 250 billion yen charge for acquisition-related goodwill impairment in the annual figures.

The figures are a stark contrast to its [net profit](#) of 74 billion yen in the year to March 2011, and its first forecast for the current year, which was for a 30 billion yen profit.

Osaka-based Panasonic revised downward its annual sales forecast to 8.0 trillion yen, from 8.3 trillion yen earlier. Operating profit for the year is now seen at 30 billion yen, compared with 130 billion yen projected earlier.

Panasonic has long suffered major losses in its [television business](#) and its debt soared due to the Sanyo purchase, while it was downgraded by Moody's during a torrid year.

But Hiroshi Sakai, chief economist at SMBC Friend Research Center, said that "recovery is expected" once the company had finished costly procedures linked to the Sanyo acquisition.

"It faced sizable contingencies this year such as the Thai floods and the great earthquake disaster, whose impact is expected to subside," he said.

But he added: "Its business environment is expected to remain severe due to a slump in its main businesses, notably the TV and electronic devices sectors."

In the third quarter, Panasonic said that while Japan had seen signs of recovery after the March 2011 disasters, the economy was "still severely

affected by the shortage in electricity distribution after the disaster, the global economic slowdown, appreciation of the yen".

The company posted a net loss of 333.82 billion yen for the nine months to December, reversing a 114.70 billion yen profit in the corresponding period a year earlier, partly due to write-downs on the value of deferred tax assets.

Operating profit for the period plunged 85.0 percent to 39.54 billion yen on sales of 5.97 trillion yen, down 10.3 percent.

(c) 2012 AFP

Citation: Japan's Panasonic set for \$10.2 billion loss (2012, February 3) retrieved 7 May 2024 from <https://phys.org/news/2012-02-japan-panasonic-billion-loss.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--