# Sony more than doubles net loss forecast to $6.4 bn

April 10 2012, by Peter Brieger


The headquarters of Japanese electronics company Sony in Tokyo. Sony on Tuesday said it would book a net loss of about $6.4 billion in the year to March, more than double its previous forecast amid sweeping changes at the struggling electronics giant.

Japan's Sony on Tuesday said it would book a net loss of about $6.4 billion in the year to March, more than double its previous forecast amid sweeping changes at the struggling electronics giant.

The company said it would lose 520 billion yen ($6.4 billion) after earlier saying it would see a shortfall of about 220 billion yen, its fourth consecutive year in the red.

Sony's earlier net loss forecast was itself more than twice as much as the

90 billion yen it had predicted it would lose before upping the figure in February.

The latest increase was mainly due to a tax charge tied to Sony's assets in the United States, amounting to about 300 billion yen, it said.

"Due to the recording of this additional tax expense, net loss attributable to Sony Corporation's stockholders is expected to be significantly greater than the February forecast," it said in a statement.

The Tokyo-based maker of PlayStation consoles and Bravia televisions also said it expected to swing back to an operating profit of 180 billion yen in the current fiscal year.

The company, which was scheduled to hold a press briefing about the changes later Tuesday, kept its sales forecast and operating loss outlook for the year ended March unchanged at 6.4 trillion yen and 95 billion yen respectively.

The announcement came just days before Sony's new chief executive Kazuo Hirai is expected to outline some of the "painful decisions and choices" that he earlier said were necessary to turn around the iconic firm.

Earlier this year, Sony shed its Welsh-born US chief executive Howard Stringer as the firm face deep losses at its struggling television unit.

On Monday, a report in the leading Nikkei business daily said Sony would slash 10,000 jobs worldwide this year as it attempts to carry out sweeping reforms, or about 6.0 percent of its workforce.

During an earlier restructuring announced in December 2008 amid the global financial crisis, Sony cut about 16,000 jobs worldwide.

About half the current planned job cuts are part of a restructuring of Sony's chemical unit as well as operations tied to its small and medium-sized liquid crystal display panels, the Nikkei said.

The company's top seven executives, including its outgoing chief, would also give up their annual bonus, it said.

Sony declined to comment on the report, which came less than a month after it announced the sale of its chemical division to the Development Bank of Japan, saying the unit did not fit with its restructuring plans.

The division, which has several thousand employees, accounts for only a small fraction of Sony sales, but the move was widely seen as the first of many changes aimed at reshaping the company.

Industry analysts have said Sony must usher in major reforms amid fierce overseas competition and continuing losses at its mainstay television business. It still generates substantial profits from electronics parts.

Sony has blamed tough competition, falling prices, slow demand, the impact of severe flooding in Thailand last year, and the high yen among the reasons for its weak balance sheet.

Credit rating agencies Moody's and Standard & Poor's both downgraded Sony earlier this year.

Sony is not unique among Japan's electronics giants with industry leader Panasonic replacing its president amid a massive loss forecast while Sharp is also reshuffling its executive line-up.