

Panasonic loss balloons for record red ink

May 11 2012, By YURI KAGEYAMA , AP Business Writer



FILE- In this Oct. 31, 2011, file photo, a man walks by a Panasonic sign at an electronics retailer in Tokyo. Panasonic Corp. is expected to report it's earnings Friday, May 11, 2012. Panasonic Corp.'s January-March losses ballooned 10-fold to 438 billion yen (\$5 billion), completing a year of record red ink at the Japanese electronics maker battered by natural disasters and an ailing TV business. (AP Photo/Koji Sasahara, File)

(AP) -- Panasonic's January-March losses ballooned 10-fold to 438 billion yen (\$5 billion), completing a year of record red ink at the Japanese electronics maker battered by natural disasters and an ailing TV business.

Panasonic Corp. had racked up a 40.7 [billion yen](#) loss the same period the previous year.

The Osaka-based maker of Viera TVs and Lumix digital cameras reported Friday a record loss of 772.2 billion yen (\$9.6 billion), a reversal from the 74 billion yen profit a year ago and among the biggest

in Japan's manufacturing history.

That comes a day after Panasonic's archrival [Sony Corp.](#) racked up a record annual loss of 457 billion yen (\$5.7 billion) in its fourth straight year of red ink.

Sony, which makes the Walkman portable audio player and PlayStation [game machine](#), had a 255 billion yen (\$3.2 billion) loss January-March - its fifth straight quarterly net loss to round out a [fiscal year](#) that was the worst in its 66-year corporate history.

Both companies' TV operations, centering around flat-panel sets, have been battered by a powerful [Samsung Electronics Co.](#) of South Korea and other Asian players.

A strong yen has also eroded the value of overseas earnings for the Japanese.

Like Sony, which is hoping for a turnaround under a new president, Kazuo Hirai, Panasonic has tapped Kazuhiro Tsuga as president. The appointments still need shareholder approval.

Panasonic is forecasting a return to profit for the fiscal year ending March 2013, at 50 billion yen (\$625 million) profit on 8.1 trillion yen (\$101 billion) sales, up 3 percent.

Panasonic does not have the entertainment or gaming businesses of Sony. But it is struggling as it attempts to strengthen solar panel and battery operations, including auto batteries, to find new areas of growth.

In a strategy released Friday, Panasonic said it will focus on business customers, not just individual consumers. It will increasingly target global buyers such as refrigerators in China and TVs in India, it said.

The company booked 767 billion yen (\$9.6 billion) in restructuring expenses over the fiscal year ended March, to turn itself around, including cutting costs in TV operations.

Panasonic's sales fell in every major region, including the U.S., Europe, Japan, China and the rest of Asia.

Quarterly sales slipped 8 percent to 1.88 trillion yen (\$23.5 billion). Annual sales plunged 10 percent to 7.85 trillion yen (\$98 billion).

"Business conditions deteriorated," Panasonic said in a statement, listing as negatives the supply chain disruptions from the tsunami in northeastern Japan and the floods in Thailand.

It also blamed the European financial crisis for slowing demand and cited worries about a steady and cheap electricity supply as a concern.

The tsunami last year set off meltdowns at several reactors at a nuclear power plant and is putting the supply of cheap power at risk.

Panasonic lost 1.5 percent to close at 570 yen in Tokyo. Trading ended shortly before results were released.

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Citation: Panasonic loss balloons for record red ink (2012, May 11) retrieved 6 May 2024 from <https://phys.org/news/2012-05-panasonic-loss-balloons-red-ink.html>

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