

Sharp reshuffles management after record loss (Update)

May 14 2013, by Elaine Kurtenbach

Japanese electronics maker Sharp Corp. named a new president Tuesday, reshuffling its top management to help restore profitability after reporting a record loss.

The Osaka, Japan-based maker of Aquos TVs said that Kozo Takahashi, currently an executive vice president, will become its president and CEO as of June 25. His appointment is part of a business reorganization aimed at returning to the black in the fiscal year ending March 2014 after years of losses.

The company also said it would reduce its capital to help improve its balance sheet and "make a fresh start" by shedding its legacy of cumulative losses.

Sharp's 545.4 billion yen net loss (\$5.4 billion) in the fiscal year that ended in March exceeded its forecasts and compared with a 376 billion yen net loss in the previous fiscal year. The company forecasts a slim 5 billion yen net profit this fiscal year on net sales of 2.7 trillion yen (\$26.6 billion), up 8.9 percent from the year before.

The company said its net loss in the past year was worsened by costs for restructuring despite improved demand for electronics components such as liquid crystal displays and solar cells. All product groups apart from Sharp's LCD panel business showed improved operating income in the second half of the year, it said.

Sharp has struggled to cut costs and reshape its business, partly because it has invested in expensive plants in Japan that make the panels for TVs and mobile devices and is getting hammered by plunging prices and intense competition. Its main banks have extended 150 billion yen (\$1.48 billion) in fresh loans to help it meet a repayment deadline looming in September.

In a business plan issued Tuesday, the company said it planned to beef up its loss-making LCD panel business, which embodies its prized technology, as part of its alliance with South Korea's Samsung Electronics Co.

However, Sharp plans to cut capital investment by 3 percent to 80 billion yen (\$789 million) after trimming it by nearly 31 percent in the last fiscal year.

The company has trimmed thousands of jobs as it adjusts its product mix and works to trim its debt.

The new president, Takahashi, comes from the company's product development group and has also been in charge of Sharp's American's division. He replaces Takashi Okuda, who will become Sharp's chairman.

© 2013 The Associated Press. All rights reserved.

Citation: Sharp reshuffles management after record loss (Update) (2013, May 14) retrieved 16 April 2024 from <https://phys.org/news/2013-05-sharp-reshuffles-profit.html>

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.