

NEC's quarterly loss swells as it abandons smartphones

July 31 2013

NEC said Wednesday its net loss swelled in the three months to June, as the Japanese information technology giant announced plans to exit its once-dominant smartphone business.

The company lost 21.5 billion yen (\$219 million) in the three months to June, compared to 17.9 billion yen in the same quarter a year earlier.

Sales rose 1.4 percent to 640.1 billion yen.

The firm attributed its mounting losses to a slump in its telecom system businesses, which includes [network infrastructure](#) and another unit that supplies [computer servers](#).

NEC—a one-time powerhouse in the sector—also said it would exit the smartphone business, ending the development, production and sales of the mobile devices.

"We were late to enter the smartphone market, and we were unable to develop attractive products. That's what it comes down to," NEC chief financial officer Isamu Kawashima told a press conference, according to Dow Jones Newswires.

NEC had merged its mobile [phone handset](#) operations with those of Casio Computer and Hitachi to fight off rising competition. But the subsidiary struggled to succeed in a market increasingly dominated by Apple and South Korean giant Samsung.

The Japanese firm has seen its domestic smartphone market share dive from top spot with around 27 percent to just five percent now, according to Japanese media.

Also Wednesday, NEC left its full-year forecast unchanged, saying it was still gauging the impact on its earnings from the decision to stop making smartphones.

The firm expects to swing back to a [net profit](#) of 20 billion yen for the year to March 2014 on sales of 3.0 trillion yen.

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