

## Panasonic's April-June net profit up by 8 fold (Update)

July 31 2013, by Elaine Kurtenbach

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Pedestrians are reflected on the glass window of a Panasonic showroom in Tokyo Wednesday, July 31, 2013. Japanese consumer electronics giant Panasonic Corp. said net profit surged more than eight-fold last quarter, helped by the weaker yen and strength in the company's automotive and housing-related businesses. The 107.8 billion yen (\$1.1 billion) profit in April-June compared with a 12.8 billion net profit in the same period a year earlier, an increase of 842 percent. (AP Photo/Shizuo Kambayashi)

Japanese consumer electronics giant Panasonic Corp. said Wednesday its

quarterly earnings surged more than eight-fold, helped by the weaker yen and a one-time boost from a change in its corporate pension scheme.

The company also credited strength in its automotive and housing-related divisions for helping to offset weakness in sales of its traditional business of electronic appliances.

The 107.8 billion yen (\$1.1 billion) net profit in April-June was up from net profit of 12.8 billion a year earlier. The company said the change in the pension scheme—to one that pays out based on contributions rather than a predefined benefit—yielded a one-time gain of 79.8 billion yen (\$810 million).

For the fiscal year through March 2014, Panasonic kept its net profit forecast at 50 billion yen. It recorded a near record loss of 754.25 billion yen in the fiscal year that ended in March.

But the company still expects sales to weaken to 7.2 trillion yen in the current year, down 1.4 percent from the previous year.

The Osaka-based company, which makes Viera TVs and Lumix digital cameras, is battling plunging prices and weak sales in Japan, despite a nascent economic recovery. It says it is making progress in trimming its unprofitable businesses.

The modest economic recovery since late last year, attributed to stimulus policies championed by Prime Minister Shinzo Abe, has helped, said Hideaki Kawai, Panasonic's managing director in charge of accounting and finance.

"The general feeling is that things are getting better," he said. "But from here on out we are looking for an impact from other measures such as reducing corporate taxes."

Panasonic's sales rose 1 percent to 1.82 trillion yen (\$18.5 billion). An 8 percent increase in overseas sales helped offset a 6 percent decline in domestic revenue, though in real terms that exclude exchange rate effects global sales also fell.

Panasonic derives nearly half of its total revenue from sales in Japan. The company, established in 1918, rivaled Sony Corp. during Japan's rapid industrialization following World War II. But it has been battered by an onslaught of competition from relative newcomers such as South Korea's Samsung Electronics Co.

While trying to repair its ailing TV business, Panasonic has been shifting away from consumer electronics toward other businesses such as batteries and solar panels. It remains strong in household appliances, an area that should benefit from a building boom associated with Abe's economic policies.

Sales at the company's "eco-solutions" business, which makes energy efficient products such as solar panels and LED bulbs, rose 6 percent and profit from the business jumped more than three-fold. Panasonic said demand was fueled by higher electricity prices.

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