

Japan's Sony, Sharp see brighter future as yen slides

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Tadato Kimura displays the Xperia Z ultra waterproof smartphone in New Delhi on July 30. Japan's electronics giants Sony and Sharp on Thursday indicated better times ahead after announcing improved quarterly results thanks to an overhaul of their businesses and a weaker yen.

Japan's electronics giants Sony and Sharp on Thursday indicated better times ahead after announcing improved quarterly results thanks to an overhaul of their businesses and a weaker yen.

Sony said it had swung back to a [net profit](#) of \$35 million for the April-June quarter, reversing a year-earlier loss as it boosted its annual sales forecast. It also saw a small [operating profit](#) in its dented [television business](#).

And Sharp served up some rare good news, saying it had shrunk its net loss between April and June, while returning to the black at the operating level. Last year the firm warned it may go out of business as it scrambled to secure crucial [bank loans](#) while offering its Osaka headquarters as collateral.

In the latest quarter, the maker of Aquos-brand electronics reported a net loss of 17.98 billion [yen](#) (\$183 million) in its fiscal first quarter, well down from a 138.4 billion yen shortfall a year earlier.

Thursday's upbeat results come a day after rival Panasonic booked 66.3 percent surge in operating profit, pointing to the impact of cost-cutting and the fall in the yen. An accounting change tied to its [pension fund](#), however, helped its net profit jump more than seven-fold to \$1.1 billion.

The earnings will be a welcome relief for Japan's electronics giants, which have been undergoing painful restructuring aimed at stemming years of record losses largely tied to their struggling electronics units.

The sector has faced serious challenges keeping up in the low-margin telephone business while foreign rivals including Apple and South Korea's Samsung have blown past them in the lucrative [smartphone](#) sector.



Women show (left to right) Sharp', Sony, Samsung and Fujitsu phones in Tokyo on May 15. Sharp served up some rare good news, saying it had shrunk its net loss between April and June, while returning to the black at the operating level, after warning last year it may go out of business as it scrambled to secure crucial bank loans while offering its Osaka headquarters as collateral.

On Thursday, Sony said finances in its perennially struggling television unit were getting better while crediting strong domestic demand for its Xperia-brand smartphones, a day after rival NEC pulled out of the smartphone business owing to tepid demand.

Sony pointed to a "significant improvement in the mobile products and communications segment, reflecting strong smartphone sales, and significantly higher operating income in the financial services segment, as well as the favourable impact of foreign exchange rates".

But the maker of Bravia televisions and PlayStation games consoles left

its annual profit forecast unchanged at 50 billion yen, citing an "unfavourable outlook" for electronics product sales.

Japanese exporters have been given a much-needed boost since November as the yen has fallen more than 20 percent against the dollar, making them more competitive overseas while inflating the value of repatriated foreign income.

Sony said it racked up a 3.5 billion yen net profit for the fiscal first quarter to June, reversing a net loss of 24.6 billion yen a year earlier, as it lifted its full-year to March 2014 sales target to 7.9 trillion yen, from 7.5 trillion yen.

At the operating level, Sony said its profit in the quarter soared more than five-fold to 36.4 billion yen.

The improving results come after Sony said in May it had booked its first annual net profit in five years, offering a glimmer of hope for the former market leader.

But its jump back into the black was largely due to fluctuations in the value of the yen and gains from a string of asset sales—including unloading its Manhattan office building for more than \$1.0 billion.

Sony has said it is mulling a US hedge fund's proposal to spin off part of its profitable entertainment arm, but Japan's leading Nikkei business daily said Thursday that it was likely to reject the deal.

Sharp, meanwhile, said it returned to the black on the operating side, reversing a 94.13 billion yen loss a year before, while sales in the quarter climbed almost 33 percent to 607.91 billion yen.

Sharp credited its improved results to cost cuts and rising sales of

products such as smartphones equipped with its prized IGZO screen technology and solar batteries.

The Osaka-based firm left unchanged its full-year forecast, estimating a net profit of 5.0 [billion yen](#) on sales of 2.7 trillion yen.

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