

Red ink runs at Sony again, cuts profit forecast (Update)

October 31 2013, by Elaine Kurtenbach



In this May 22, 2013 file photo, Sony's logo is seen outside the company's headquarters in Tokyo. Electronics and entertainment giant Sony Corp. is reporting a 19.3 billion yen (\$196 million) loss for the latest quarter on weakness in its movies division. (AP Photo/Itsuo Inouye, File)

The "White House Down" flop added to earnings woes at Sony Corp. in the latest quarter, dragging the entertainment and electronics giant to a 19.3 billion yen (\$196 million) loss.

The action movie's lackluster box office, especially compared with last year's releases of "21 Jump Street" and "The Amazing Spider Man," contributed to a 17.8 billion yen (\$181 million) operating loss for Sony's pictures division, the company said Thursday.

The company slashed its profit forecast for the fiscal year ending in March to 30 billion yen from 50 billion yen, reflecting deep-seated problems in its electronics business, televisions in particular, and the disappointing performance at Sony Pictures.

"White House Down" starred Jamie Foxx as President of the United States and Channing Tatum as a Capitol police officer who ends up as the president's impromptu bodyguard while touring the executive residence with his daughter just as a band of rogue former soldiers and government employees attack. Milder in its violence, it appeared to suffer from comparisons with "Olympus Has Fallen," a slightly earlier release featuring a former North Korean terrorist who takes the president hostage.

Sony's sales for the July-September quarter rose 10.6 percent from a year earlier to 1.78 trillion yen (\$18.1 billion), thanks mainly to the favorable impact of the yen's decline against the U.S. dollar. Adjusted for the 20 percent drop in the value of the yen, revenue fell 9 percent.

The company's sales of digital cameras and video cameras fell while its television, music and smartphone businesses improved. Sales of its Xperia Z smartphone helped and are expected to remain strong, the company said.



In this Thursday, June 20, 2013, file photo, a man looks up at a Sony building at Tokyo's Ginza shopping district. Japanese electronics and entertainment company Sony Corp. reports quarterly earnings on Thursday, Oct. 31, 2013. (AP Photo/Shizuo Kambayashi, File)

Although sales of televisions and personal computers improved slightly from earlier in the year, they were lower than the same quarter of 2012.

"The electronics business is declining beyond expectations" due to shrinking sales of televisions and other audio-visual equipment, along with slowing growth in major emerging markets such as China, the company said in its presentation.

"Sony expects its business environment to continue to be severe in the second half of the fiscal year," it said.

Sony said it is striving to improve profitability at its troubled television division by focusing on sales of higher cost products such as its 4K LCD

TVs.

The company, which has suffered declining fortunes for several years, is also gearing up for the launch of its PlayStation 4 game machine.

But it still faces fierce competition from Apple Inc's iPad and iPhone as well as from powerful South Korean rival Samsung Electronics Co.

Sony sank to record losses for the fiscal year ended March 2012, reporting the worst result in the company's six decade history.

Still, its loss for April to September narrowed to 15.8 billion yen (\$161 million) from 40 billion yen in the first half of the previous fiscal year.

Rival Panasonic, meanwhile, said its quarterly profit improved to 63.3 billion yen (\$644 million) from a 698.6 billion yen loss the year before.

Panasonic, like Sony, has benefited from weaker yen. While its domestic sales fell 4 percent, sales overseas climbed 11 percent. Total revenue of 1.88 trillion yen (\$19.1 billion) was up 3 percent from a year earlier after taking a hit from the sale of Sanyo businesses carried out in the current fiscal year.

Panasonic raised its sales forecast to 7.4 trillion yen (\$75.3 billion) and doubled its profit forecast for the fiscal year to 100 billion yen (\$1 billion).

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