

# Sony surprises with first quarter profit

July 31 2014, by Yuri Kageyama

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(AP)—Sony Corp. reported a surprise eightfold jump in quarterly profit Thursday as sales got a perk from a cheap yen and its bottom line was helped by gains from selling buildings and its stake in a video-game maker.

Sony's April-June profit soared to 26.8 billion yen (\$261 million) from 3.1 billion yen a year earlier. Analysts surveyed by FactSet had forecast a loss. Quarterly sales climbed nearly 6 percent to 1.81 trillion yen (\$17.6 billion).

The Japanese electronics and entertainment conglomerate, which has been trying to reshape its business after years of losses, did well in its video games, movie and camera businesses, offsetting restructuring costs.

Under an overhaul announced earlier this year, Sony has sold its Vaio computer business and is splitting off its TV division to run as a wholly-owned subsidiary.

Sony said it had a 20.7 billion yen (\$201 million) operating loss for the quarter related to exiting the PC business.

The Tokyo-based company raked in cash from the sales of Tokyo property and its 9.5 million shares in Square Enix, a video-game maker.

The sale of certain buildings and premises for 23.2 billion yen (\$226 million) brought in 14.8 billion yen (\$144 million) in operating income,

and the Square Enix sale for 15.3 billion yen (\$149 million) resulted in a 4.8 billion yen (\$47 million) gain.

Sony stuck to its outlook for the fiscal year through March 2015, forecasting a 50 billion yen (\$486 million) loss. Sony has lost money in six of the seven past years.

For the latest quarter, Sony, which makes PlayStation game machines and Bravia TVs, did better compared with a year earlier over much of its sprawling businesses, except for its mobile communications unit.

Its film unit benefited from the success of "The Amazing Spider-Man 2" and "22 Jump Street," according to Sony, while its music division posted a 4 percent rise in sales, with Michael Jackson's "Xscape," Pharrell Williams' "GIRL" and John Legend's "Love in the Future" scoring as best-sellers.

Sony Chief Executive Kazuo Hirai has repeatedly promised to restore the company's past glory, exemplified in the Walkman portable music player, which pioneered a whole genre of products, and to carry on the innovative spirit of founders Akio Morita and Masaru Ibuka.

But Sony's TV division has lost money for 10 years straight, unable to keep up with Samsung Electronics Co. of South Korea and other rivals. In mobile devices, Sony has been slammed by Apple Inc.

It is unclear whether the latest results mark a first step toward a new Sony, or it is merely eking out profitability by downsizing and selling assets.

Also Thursday, Sony announced it will set up a new company in OLED, or organic light-emitting diode, display technology with Japanese rival Panasonic Corp. in a possible sign it can't go at it alone against Samsung

and others.

The company, to be set up by January, will combine Sony and Panasonic's research and development in OLEDs to speed up commercialization, they said.

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