

Sony's quarterly loss balloons on mobile woes

October 31 2014, by Yuri Kageyama



In this Wednesday, Sept. 17, 2014 photo, Sony Corp. President Kazuo Hirai watches a data during a press conference at the company's headquarters in Tokyo. Sony's losses ballooned to 136 billion yen (\$1.2 billion) last quarter as the Japanese electronics and entertainment company's troubled mobile phone division reported huge red ink. The poor result released Friday, Oct. 31, 2014 was despite a 7 percent increase in quarterly sales to 1.9 trillion yen (\$17.3 billion) as performance improved in cameras, TVs and game businesses. The Japanese characters in the background reads: "Debt." (AP Photo/Toru Takahashi)

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The Tokyo-based maker of the PlayStation 4 video game machines, Spider-Man movies and Xperia smartphones had reported a 19.6 billion yen loss for the same July-September period a year earlier.

The poor result released Friday was despite a 7 percent increase in quarterly sales to 1.9 trillion yen (\$17.3 billion) as performance improved in cameras, TVs and game businesses.

Last month, Sony wrote down the value of its mobile phone business by 176 billion (\$1.6 billion). The mobile communications unit recorded a 172 billion yen (\$1.6) operating loss for the quarter.

During the quarter, Sony released several mobile products, including the high-end Xperia Z3 smartphone. But it has had trouble competing with industry leaders Apple and Samsung. Even Samsung has struggled with its smartphone business. Operating income from Samsung's mobile business fell sharply, and the company's net income dropped to its lowest since the first quarter of 2012.

Sony stuck to its forecast for the year through March 2015 of a 230 billion yen (\$2.1 billion) loss.

Sony has lost money in six of the seven past years, struggling amid intense competition from Apple Inc. of the U.S., Samsung Electronics Co. of South Korea and a host of other cheaper Asian rivals.

It has repeatedly promised turnarounds but failed to deliver, partly because even if one part of its sprawling business empire recovers, another area usually falters.

Under an overhaul announced earlier this year, Sony sold its Vaio computer business and is splitting off its TV division to run as a wholly-owned subsidiary. Sony's TV division has lost money for 10 years straight.

That's a stunning reversal of fortune for the inventors of the 1979 Walkman portable player, which once symbolized the power of Japanese industry to innovate.

In Sony's movie business, its lower theatrical revenue for the quarter was partially offset by higher home entertainment and TV licensing income, such as the home entertainment release of "The Amazing Spider-Man 2."

In its music business, best-sellers were Barbra Streisand's "Partners" and Chris Brown's "X."

Sony had a profitable fiscal first quarter, but that had been from the sales of its Tokyo property and its stake in a Tokyo game maker.

The challenge for Sony is to bring consumers back to its products and put in practice the long promised synergy between its entertainment know-how and electronic gadgetry.

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