

Sony trims full-year loss forecast to \$1.4 billion (Update)

February 4 2015, by Elaine Kurtenbach



A man walks by the Sony Building at Ginza shopping district in Tokyo Wednesday, Feb. 4, 2015. Sony Corp. on Wednesday trimmed its forecast of losses for the year that ends in March and said it doesn't expect the hack at Sony Pictures to hurt its finances overall. The entertainment and electronics giant delayed the announcement of its earnings for the October-December quarter, citing internal difficulties arising from the hack at Sony Pictures Entertainment. (AP Photo/Eugene Hoshiko)

Sony Corp. trimmed its forecast of losses and gave a figure for damages

from the Sony Pictures hack, but said it would suffer no significant harm from the cyberattack in the long run.

The entertainment and electronics giant delayed the announcement of its earnings for the October-December quarter because the hack affected its ability to compile its complete results in time.

The hack, which became public in December when the Hollywood studio's computers were crippled and sensitive documents were posted online, cost Sony about \$15 million, it said.

"We don't expect leaks of unreleased films online or damage to our IT systems will cause a significant loss," Kazuhiko Takeda, vice president of Sony's corporate planning department, told reporters. "We had insurance against cyberattacks and will be able to recover a significant portion of the costs."

Sony issued new earnings forecasts for the fiscal year ending in March and said it was benefiting from strong sales of the PlayStation 4, other devices and network services.

The company is forecasting a loss of 170 billion yen (\$1.4 billion) for the fiscal year, an improvement from a forecast made in October of a 230 billion yen loss. The company reported a 40 billion yen loss last fiscal year, which was the latest in a succession of losses as its TV business lost ground to cheaper competitors.

Hackers attacked Sony Pictures over its movie "The Interview," which spoofs an assassination of North Korean leader Kim Jong Un, and leaked tens of thousands of emails.

The studio first suspended the movie's Christmas release, citing the concerns of cinema chains over threats of terrorist attacks, but later went

ahead with it. The movie made at least \$15 million from more than 2 million digital rentals and purchases in its first four days.

Sony's movie business nonetheless forecasts a nearly 12 percent fall in sales in the October-December quarter to 197.6 billion yen (\$1.68 billion), and a 23 percent drop if valued in dollar terms. It attributed the declines to lower home entertainment revenues and strong theatrical release figures for the previous year.

Overall for the year, Sony Pictures is forecasting 890 billion yen (\$7.6 billion) in total sales, up from its earlier forecast of 860 billion yen.

Seeking a fresh footing after losing ground in consumer electronics to rivals such as South Korea's Samsung and Apple Inc., the company has sold its Vaio computer business and is splitting off its TV division to run as a wholly-owned subsidiary.

It still is relatively strong in video games and its movie and music businesses have benefited from a weakening in the Japanese yen, which improves profit earned in dollars when it is brought back to Japan.

Foreign exchange fluctuations cut both ways, though, and a stronger dollar can wreak havoc with cost-cutting efforts in overseas markets.

In its update, Sony said stronger than expected sales of the PlayStation 4, higher network services revenue, robust sales of devices and a slight improvement in its financial services business will help counter a decline in its mobile business.

It expects to release its October-December quarterly results by the end of March.

© 2015 The Associated Press. All rights reserved.

Citation: Sony trims full-year loss forecast to \$1.4 billion (Update) (2015, February 4) retrieved 17 April 2024 from <https://phys.org/news/2015-02-sony-full-year-net-loss-billion.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.