

Toshiba chairman resigns over huge nuclear business loss

February 14 2017, by Yuri Kageyama



In this April 16, 2016 photo, a man walks past a display of Toshiba Corp.'s products in Tokyo. Japanese electronics and energy giant Toshiba delayed reporting its financial results by a month Tuesday, Feb. 14, 2017, citing problems with its auditing. Toshiba stock tumbled 8 percent in Tokyo trading after its earnings weren't announced as scheduled. The company said the earnings won't be out until March 14. Auditors had questioned Toshiba's reporting on the acquisition of CB&I Stone & Webster by its U.S. nuclear unit Westinghouse, the company said in a statement. (AP Photo/Koji Sasahara)

Toshiba Corp.'s chairman resigned Tuesday after the company logged such massive losses in its nuclear business that it must sell its lucrative computer-chip business to avoid going belly-up.

The company projected a 712.5 [billion yen](#) (\$6.3 billion) loss for its nuclear [business](#) related to the acquisition of CB&I Stone & Webster by its U.S. nuclear unit Westinghouse. The company also said it will not take on new projects to construct nuclear plants.

President Satoshi Tsunakawa said the company also was looking for potential partners to acquire a stake in Westinghouse.

He bowed deeply at a news conference to apologize for "troubling investors and stakeholders."

Earlier Tuesday, Toshiba delayed reporting its official financial results by a month, citing auditing problems. That sent Toshiba stock tumbling 8 percent in Tokyo trading.

After the market closed, it released unaudited numbers, warning they may change "by a wide margin."

The company said Shigenori Shiga, the chairman, will step down from the board, effective Wednesday, but stay on as a Toshiba executive.

Toshiba said its net worth was in the negative, at minus 191 billion yen (\$1.7 billion) by the end of last year. The company hopes to fix that by the end of March by selling its flash-memory business and other assets.



Toshiba Corp. President Satoshi Tsunakawa bows during a press conference at the company's headquarters in Tokyo, Tuesday, Feb. 14, 2017. Japanese electronics and energy giant Toshiba said Tuesday that its chairman is resigning to take responsibility for problems that will result in a 713 billion yen (\$6.3 billion) loss in its nuclear business. Toshiba warned, however, that unaudited financial results it announced may change "by a wide margin." It earlier delayed reporting its official financial results by a month, citing auditing problems related to the losses in its nuclear business. That sent Toshiba stock tumbling 8 percent in Tokyo trading. (AP Photo/Shizuo Kambayashi)

In a stunning acknowledgement, Tsunakawa told reporters the company viewed its move into the nuclear sector by acquiring Westinghouse in 2006 as a misstep that led to its present woes.

Westinghouse's purchase in 2015 of CB&I Stone & Webster, a nuclear construction and services business, was aimed at winning more business in decontamination, decommissioning and plant projects. But it just

amplified that problem.

Auditors questioned Toshiba's latest reporting on the acquisition of CB&I Stone & Webster after a whistleblower, an employee at Westinghouse, wrote a letter to the Westinghouse president.

The company said it will reorganize its nuclear business to be directly under Tsunakawa for stricter monitoring.

It will also focus on reactor maintenance, the nuclear fuel business and decommissioning of the Fukushima nuclear plant in Japan, where reactors went into multiple meltdowns after the March 2011 earthquake and tsunami.



Toshiba Corp. President Satoshi Tsunakawa listens to a reporter's question during a press conference at the company's headquarters in Tokyo, Tuesday, Feb. 14, 2017. Japanese electronics and energy giant Toshiba said Tuesday that its chairman is resigning to take responsibility for problems that will result in a

713 billion yen (\$6.3 billion) loss in its nuclear business. Toshiba warned, however, that unaudited financial results it announced may change "by a wide margin." It earlier delayed reporting its official financial results by a month, citing auditing problems related to the losses in its nuclear business. That sent Toshiba stock tumbling 8 percent in Tokyo trading. (AP Photo/Shizuo Kambayashi)

Efficiency moves expected at CB&I Stone & Webster never played out, resulting in a huge overvaluation of the company's worth that led to the huge losses. Toshiba denied it had purposely covered up the problems.

In its preliminary results, Toshiba said it anticipates a group net loss of 500 billion yen (\$4.4 billion) for April-December of last year, including the 712.5 billion yen hit from its nuclear business.

The company is forecasting a group net loss of 390 billion yen (\$3.43 billion) for the full year through March 31, instead of the 145 billion yen profit it had anticipated earlier.

Toshiba, founded in 1875, employs about 190,000 people and used to be one of the most respected brands of Japan Inc. It still has a sprawling business spanning household appliances, railways, hydrogen energy and elevator systems.

The company has been grappling in recent years with a scandal over company officials' doctoring of accounting books to meet unrealistic profit targets.

"It is so unfortunate that this has happened," said Ryoji Sato, a company director, when asked by a reporter about the [company](#)'s promises to come clean. "We must keep trying to do better."



Toshiba Corp. President Satoshi Tsunakawa speaks during a press conference at the company's headquarters in Tokyo, Tuesday, Feb. 14, 2017. Japanese electronics and energy giant Toshiba said Tuesday that its chairman is resigning to take responsibility for problems that will result in a 713 billion yen (\$6.3 billion) loss in its nuclear business. Toshiba warned, however, that unaudited financial results it announced may change "by a wide margin." It earlier delayed reporting its official financial results by a month, citing auditing problems related to the losses in its nuclear business. That sent Toshiba stock tumbling 8 percent in Tokyo trading. (AP Photo/Shizuo Kambayashi)



In this Jan. 30, 2017, photo, a man walks past an advertisement of Toshiba Corp.'s products in Tokyo. Japanese electronics and energy giant Toshiba delayed reporting its financial results by a month Tuesday, Feb. 14, 2017, citing problems with its auditing. Toshiba stock tumbled 8 percent in Tokyo trading after its earnings weren't announced as scheduled. The company said the earnings won't be out until March 14. Auditors had questioned Toshiba's reporting on the acquisition of CB&I Stone & Webster by its U.S. nuclear unit Westinghouse, the company said in a statement. (AP Photo/Koji Sasahara)



Toshiba Corp. President Satoshi Tsunakawa arrives for a press conference at the company's headquarters in Tokyo, Tuesday, Feb. 14, 2017. Japanese electronics and energy giant Toshiba said Tuesday that its chairman is resigning to take responsibility for problems that will result in a 713 billion yen (\$6.3 billion) loss in its nuclear business. Toshiba warned, however, that unaudited financial results it announced may change "by a wide margin." It earlier delayed reporting its official financial results by a month, citing auditing problems related to the losses in its nuclear business. That sent Toshiba stock tumbling 8 percent in Tokyo trading. (AP Photo/Shizuo Kambayashi)



Toshiba Corp. President Satoshi Tsunakawa listens to a reporter's question during a press conference at the company's headquarters in Tokyo, Tuesday, Feb. 14, 2017. Japanese electronics and energy giant Toshiba said Tuesday that its chairman is resigning to take responsibility for problems that will result in a 713 billion yen (\$6.3 billion) loss in its nuclear business. Toshiba warned, however, that unaudited financial results it announced may change "by a wide margin." It earlier delayed reporting its official financial results by a month, citing auditing problems related to the losses in its nuclear business. That sent Toshiba stock tumbling 8 percent in Tokyo trading. (AP Photo/Shizuo Kambayashi)



Toshiba Corp. President Satoshi Tsunakawa speaks during a press conference at the company's headquarters in Tokyo, Tuesday, Feb. 14, 2017. Japanese electronics and energy giant Toshiba said Tuesday that its chairman is resigning to take responsibility for problems that will result in a 713 billion yen (\$6.3 billion) loss in its nuclear business. Toshiba warned, however, that unaudited financial results it announced may change "by a wide margin." It earlier delayed reporting its official financial results by a month, citing auditing problems related to the losses in its nuclear business. That sent Toshiba stock tumbling 8 percent in Tokyo trading. (AP Photo/Shizuo Kambayashi)

© 2017 The Associated Press. All rights reserved.

Citation: Toshiba chairman resigns over huge nuclear business loss (2017, February 14) retrieved 28 April 2024 from <https://phys.org/news/2017-02-toshiba-chairman-resigns-huge-nuclear.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.