

Toshiba tips return to black as it sells chip, nuclear units

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Troubled Japanese conglomerate Toshiba said on Wednesday it would swing into the black for the full fiscal year as it completes the multi-billion-dollar sale of its chip business to restore its balance sheet.

The Tokyo-based firm said it now expects a net profit of 520 billion yen (\$4.9 billion) for the year to March, reversing a net loss of 966 billion yen a year earlier.

Toshiba, which had earlier expected a full-year loss, upgraded its bottom line estimate as it factored in a drop in tax expenses associated with the sale of the prized chip [business](#) to a consortium led by Bain Capital.

The upward revision was also helped by the sale of US nuclear energy firm Westinghouse, which had long pressured Toshiba's earnings because of its massive losses.

Among other factors behind the revision was last year's issuance of 2.28 billion new shares to raise a total of 600 billion yen, a move aimed at avoiding a humiliating delisting from the Tokyo bourse.

"These outcomes have sufficiently addressed the material events and conditions that raised substantial doubts about the company's ability to continue," Toshiba said in a statement.

The firm made its forecast as it announced that in the nine months to December it saw a [net profit](#) of 27 billion yen, reversing a 532.5 billion

yen loss for the same period last year.

Toshiba has been on the ropes after the disastrous acquisition of Westinghouse, which racked up billions of dollars in losses before being placed under bankruptcy protection.

Those losses came to light as the group was still reeling from revelations that top executives had pressured underlings to cover up weak results for years after the 2008 global financial meltdown.

In order to survive and avoid delisting, the cash-strapped group decided to sell the chip business—the crown jewel in a vast range of businesses ranging from home appliances to nuclear reactors.

"Uncertainty has been decreasing," Hideki Yasuda, an analyst at Ace Research Institute in Tokyo, said before the announcement.

"Investors are focusing on Toshiba's business strategies after it loses the chip business, Toshiba's breadwinner," Yasuda told AFP.

Earlier in the day, Toshiba announced Nobuaki Kurumatani, former deputy president of Sumitomo Mitsui Banking, would take over as its new CEO.

Current chief Satoshi Tsunakawa will stay on as Chief Operating Officer, the company said.

"Any excellent company has had difficult times in its history, and Toshiba has had an extremely difficult time in recent years," Kurumatani told reporters.

"I think Toshiba can revive itself as a stronger company," he added.

The replacement came as Toshiba said it had uncovered further accounting irregularities, this time at its Toshiba Tec overseas unit.

Workers inflated profits to the tune of 4.7 million euros, Toshiba said, adding that it would work to "further strengthen our internal management."

Shares in Toshiba jumped 1.92 percent to close at 318 yen as the benchmark Nikkei index lost 0.43 percent.

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