

Toshiba shares fall 20% after it flags one-off loss

TOKYO: Toshiba shares dived more than 20 percent on Wednesday in their second straight double-digit plunge, as the company said it may book a one-time loss of several billion dollars over its US nuclear business.

The stock price dropped by 20.42 percent to 311.60 yen, the largest fall allowed for a single day, about 30 minutes after the opening bell, as the company failed to ease investor worries over the potential risk. It finished the session at that level.

On Tuesday the Tokyo-based conglomerate said in a statement that costs linked to the acquisition last year by its US subsidiary of a nuclear service company would possibly amount to "several billion US dollars, resulting in a negative impact on Toshiba's financial results".

The exact figure of the potential write-down is still being worked out, Toshiba president Satoshi Tsunakawa told reporters after the announcement, apologising for "causing concern".



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The company statement suggested the figure would be released soon, citing an end-of-year deadline for settling the valuation of the nuclear deal.

The announcement came after Toshiba shares closed nearly 12 percent lower on Tuesday on media reports about the potential loss.

Analysts said uncertainty was fuelling investor anxiety.

"Concerns have yet to be cleared away as they said they didn't know the figure," Yukihiro Shimada, senior analyst at SMBC Nikko Securities, told AFP.

SMBC Nikko credit analysts Yutaka Ban and Kentaro Harada said in a report that investors "can't be optimistic about the situation" even though the total write-down may not end up as big as the 500bn yen (\$4.3bn) reported by local media.

Nomura Securities analyst Masaya Yamasaki said in a report issued late Tuesday that the expected loss "is negative for the company as its financial standing is fragile".

Tsunakawa at the press conference answered in the affirmative when asked if Toshiba is considering boosting capital.

Chief financial officer Masayoshi Hirata said that after the figure is confirmed the company will "explain and seek support" from financial institutions.

Toshiba said the possible loss was related to the valuation of the purchase by subsidiary Westinghouse Electric of the nuclear construction and services business of Chicago Bridge & Iron.

Westinghouse and Chicago Bridge & Iron have turned to an independent accountant to resolve a dispute over differences in asset valuations, Toshiba said earlier this year.

Toshiba said Tuesday the potential write-down would "far exceed" the \$87m first expected, resulting in a "far lower asset value than originally determined".

Toshiba's latest full-year forecast is for annual net profit of 145bn yen (\$1.24bn), up 45 percent from an earlier estimate, on sales of 5.4tn yen.

But Tuesday it said it would release a revised earnings forecast as soon as possible to reflect the coming write-down.

Toshiba's nuclear woes are the latest blow to the once-proud pillar of corporate Japan.

It has been besieged by problems, most notably a profit-padding scandal in which bosses for years systematically pushed subordinates to cover up weak financial results.

In an intensive overhaul, the company has been shedding businesses and announced the sale of its medical devices unit to camera and office equipment maker Canon.

Investors had welcomed the makeover, with Toshiba shares having climbed 77.3 percent this year through Monday.

Tsunakawa was appointed president earlier this year to steer Toshiba past the accounting scandal that has dented its reputation.

Source: AFP