

Sony warns it will lose \$2.14bn this year

TOKYO, JAPAN: Sony has said the company will lose at least \$2.14bn this fiscal year, more than four-times its earlier forecast and blamed a downturn in its mobile phone business for the losses.



Sony has blamed its mobile business for the huge ¥230bn loss that it is facing this year. Image: Wikipedia

The estimated net loss of ¥230bn in the fiscal year to March next year came as a surprise only months after it forecast a loss of just ¥50 billion yen, citing a turnaround in its hard-hit television business.

Sony has cut expectations for sales in the smartphone business, which has been reporting operating losses as it competes against global rivals including Apple and Samsung.

The announcement, which came after Japanese markets had closed, is likely to resurrect fears that the once world-leading electronics company has a lot more work ahead of it to cast off years of losses.

It also said it would not pay a year-end dividend for the first time since it started trading in Tokyo in 1958, according to the leading Nikkei business daily.

Sony warned it had "modified" its mid-range business plan (MRP) to address the significant change in the market and competitive environment of the mobile business.

New business plan

"Under the new MRP, the over-arching strategy for the (mobile) segment has been revised to reduce risk and volatility, and to deliver more stable profits," it said in a statement.

"This revision includes changing the strategy of the (mobile) segment in certain geographical areas, concentrating on its premium lineup, and reducing the number of models in its mid-range line-up," Sony said.

Sony boss Kazuo Hirai is expected to brief the media on the losses, expected to reach a ¥40bn and reversing earlier expectations for a ¥140bn profit on sales worth ¥7.8trn.

In May the firm posted a bigger-than-expected loss of ¥128.37bn in the fiscal year to March. That came several months after announcing 5,000 job cuts at its struggling computer and television units.

Sony has seen its credit rating slashed to junk status as it undergoes a painful restructuring, including exiting the personal computer business and liquidating assets that saw the \$1.0bn sale of its Manhattan headquarters to generate some cash.

The firm is also selling properties at a prestigious Tokyo site where its headquarters have been for six decades.

Hirai has repeatedly shrugged off pleas to abandon the still ailing television unit, which he insists remains central to Sony's core business. Japanese manufacturers have suffered badly in their TV divisions as razor-thin margins and fierce overseas competition hurt profits.



Sony's Kazuo Hirai says a new business strategy is in place but it will take years before Sony returns to profitability after years of losses. Image: [Headbang'nButtonmash](#)

However, Sony has fared the worst, with its earnings trailing struggling domestic rivals Panasonic and Sharp, both of which have reported profits following record losses as they overhaul their vast businesses.

Source: AFP via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>