

Panasonic suffers first loss in six years

TOKYO: Japan's Panasonic Corp. announced on Friday, 15 May 2009, its first annual loss in six years and warned its bottom line would remain in the red this year because of weak sales of televisions, cameras and other goods.

Panasonic reported a net loss of 378.96 billion yen (US\$3.95-billion) for the financial year to March, against a record profit of 281.88 billion yen the previous year.

The group, which is cutting 15,000 jobs and closing dozens of plants, said it expected to lose 195 billion yen for the current business year to March because of poor demand and restructuring costs.

The global economic outlook remains uncertain and business conditions will remain severe this year, said Panasonic president Fumio Otsubo.

"Even though there are a few positive signs, it's impossible to say that we'll see a strong (economic) recovery" this year, he said.

Panasonic, which is buying its struggling smaller rival Sanyo, aims to increase its share of the renewable energy industry by taking advantage of Sanyo's strength in solar batteries, said Otsubo.

The company will also target customers in emerging economies, which have been less severely affected by the global downturn than the United States and Europe, he said.

"Without targeting the so-called 'new rich' in emerging nations who are furiously buying TVs, washing machines and refrigerators, we can't hope for growth," said Otsubo.

The group's loss is the latest in a slew of grim earnings results from Japan's high-tech heavyweights, which are reeling from a slump in exports.

Panasonic said its revenue fell 14.4% in the year to March to 7.77 trillion yen, hit by sluggish demand for plasma televisions, digital cameras, semiconductors and home appliances.

Operating profit plunged 86% to 72.9 billion yen.

The group, which changed its corporate name from Matsushita Electric Industrial in October, expects sales to slump 10% this year but it aims to boost operating profit by 3% to 75 billion yen.

In the past year to March, "we lacked strength in both growth potential and profitability", said Otsubo.

"We recognised the challenges ahead, such as our business structure in Japan, heavy fixed costs and a shortage of new businesses with growth potential."

But analysts noted that the group had managed to stay in the black at the operating level, unlike rivals such as Sony and Toshiba.

Panasonic should also benefit from an emerging economic recovery in China, they said.

"As China benefits from increased government stimulus and consumer electronics subsidies Panasonic's business should also benefit," Macquarie Securities analysts wrote in a recent note to clients.

Other Japanese electronics makers are also in the red because of the global economic crisis, which has sapped demand for their products and pushed up the value of the yen, reducing their export earnings.

Sony announced on Thursday its first annual loss in 14 years while Hitachi announced earlier in the week it went more than \$8-billion into the red, the biggest ever deficit posted by a Japanese manufacturer.

Source: AFP

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