

Panasonic, Sharp point to better times ahead

TOKYO, JAPAN - Japan's Panasonic and Sharp on Tuesday, 4 February, pointed to better times ahead as earnings improved thanks to an overhaul of their businesses and the yen's decline, but the recovery was held back by weak sales of consumer gadgets.



Panasonic has returned to profitability even though sales of some products, like digital cameras, have fallen quite sharply. Image: Wiki Images.

The nine-month results comes as the country's electronics companies, including Sony, undergo painful restructurings aimed at stemming years of record losses.

The country's struggling electronics sector has faced serious challenges in recent years, with television sales plunging while foreign rivals such as Apple and Samsung surge past them in the lucrative smartphone market.

Digital camera makers have also suffered as the move to smartphones has hammered demand for point-and-shoot offerings.

Panasonic said it swung back into the black with a nine-month net profit of US\$2.4bn after cutting costs, buoyant sales in its auto division including GPS navigation products, and the yen's fall over the past year.

The ¥243.0bn net profit between April and December reversed a net loss of ¥623.8bn over the same period a year ago, while sales came in at ¥5.68trn, a rise of 4.4%, it added.

Panasonic - recovering from combined losses topping US\$15bn in the past two fiscal years - expects to earn ¥100bn in net profit for the year to March.

But sales of household appliances and digital consumer products, including its struggling television business, remained weak as the company shifted its attention away from loss-making divisions as part of a wider restructuring.

"Sales of digital consumer products decreased while focusing on profitability rather than sales volume," it said in a statement.

Panasonic has said it will abandon the consumer smartphone market and stop production of plasma television screens, in line with a broader industry shift away from plasma screens. Hitachi and Pioneer have also exited the market in recent years.

Sharp's profit boost

Sharp, the manufacturer of Aquos-brand electronics, said it booked a ¥17.7bn net profit in the April to December period, reversing a net loss of ¥424.3bn a year earlier.

Sharp said sales jumped 21% on brisk demand for panels, including its popular "IGZO" displays for mobile phones.

The firm added that it had also made big cuts in labour costs and capital investment.

It boosted its full-year operating profit forecast by 25% to ¥100bn, while leaving an annual net profit forecast unchanged at ¥5bn.



Sharp is back in the black after strong sales, particularly of its range of Aquos brand of appliances. Image: [Engadget](#)

The move back to profitability is a big reversal for Sharp, which warned in 2012 that it might go out of business as it scrambled to secure crucial bank loans while offering its Osaka headquarters as collateral.

While the yen, which has lost about a quarter of its value against the dollar since late 2012, is good news for the sector, the impact of the weak currency won't last forever, said Mitsushige Akino, analyst at Ichiyoshi Investment Management.

"Japanese electronics firms have to quickly carry out their restructurings, including launching more competitive products, while the weak yen gives them breathing space," he told AFP.

Sony, which reports its earnings on later this week, has also returned to profit after losing money four years in a row.

Strong demand for its Xperia-brand smartphones and new PlayStation 4 games console helped boost results, along with a money-making movie business.

But Sony's jump back into the black was still largely due to fluctuations in the value of the yen and gains from a string of asset sales - including unloading its Manhattan office building for more than US\$1.0bn.

Source: AFP via I-Net Bridge

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