

# Sony counting on high-definition television for rescue

TOKYO, JAPAN: Sony's Chief Executive, Kazuo Hirai pledged to drag the embattled electronics company out of a painful restructuring in the current fiscal year using its high-definition technology as a possible saviour for its money-losing TV unit.



Sony's Kazuo Hirai says the company will use its 4K and 2K technology to change the fortunes of its television unit. Image: [Headbang 'n Buttonmash](#)

He made the comments as he unveiled Sony's newest turnaround strategy, just a week after the Japanese company posted a US\$1.26bn annual loss.

Much of that red ink stemmed from costs tied to Sony's exit from the personal computer business, part of a wider shake-up that has seen layoffs and asset sales - including its Manhattan headquarters for more than US\$1.0 billion.

Sony shares plunged in the wake of the loss - it has now lost money in five of the last six years - and followed news that the sprawling firm would not pay bonuses to senior executives for the third year.

Hirai, appointed in 2012 to resuscitate the company, has centred much of his attention on changing a troubled consumer electronics business, including Sony's money-losing television unit.

Speaking to reporters in Tokyo, he said: "We will complete the structural reform of our electronics business between now and March next year, in order to move Sony onto a high-profitability structure and deliver sustained growth," he said.

## 2K and 4K televisions sets make profits

He added that strong sales of 2K and 4K high-resolution TVs, which tend to have better profit margins than lower-end

models, could help turn around the fortunes of the company's struggling television unit.

"In terms of products, high-end 4K sets and high-end 2K products are popular," Hirai said.

"We expect there will be a strong product line-up this year," he added.

Hirai has repeatedly shrugged off pleas to abandon the television unit, which he insists remains central to Sony's business.

The firm also rejected a call from a US hedge fund billionaire to sell off part of its profitable movie business, which includes a Hollywood studio.

TV losses narrowed in the past year to March as the management slashed costs, and Hirai said he expected it would post a profit this year.

"Despite the loss, we are on the right track - the cost structure has become strong in the division," he added.

Sony is betting on rising demand for televisions with 4K technology - the highest definition available that is several times sharper than current models.

The company is a leader in the next-generation technology, which is currently found on large televisions that are 50 inches and above, although a high price tag has so far been a barrier to sales.

Japanese manufacturers have suffered badly in their TV divisions as razor-thin margins and fierce overseas competition in the lower end of the market dragged on their results.

The electronics that built Sony into a global brand in the 1980s are now an albatross around its neck, weighing on the profits that other divisions generate, such as those in music publishing and movies. Its little-known insurance business also makes money.

Source: AFP via I-Net Bridge

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