

# Sony sees first-half net profit drop but lifts full-year forecast

October 30 2019

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Japan's Sony said Wednesday half-year net profit fell nearly 15 percent, but it upgraded its annual forecast on solid growth in its image-sensor

and music sectors.

The PlayStation manufacturer said net profit dropped 14.9 percent to 340 billion yen (\$3.12 billion) for April-September, and tipped annual net profits of 540 billion yen, compared with an earlier 500 billion yen forecast.

The company said it saw sales jump in the image-sensor sector, thanks to a growth in demand due to mobile phones.

"We think the demand will continue to grow also for the next fiscal year with the increase of smart phones with multiple lenses and large-sized sensors," CFO Hiroki Totoki said.

Hideki Yasuda, an analyst at Ace Research Institute in Tokyo, also said before the results were announced that "demand for image sensors is expected to grow further" due to the reasons Totoki explained.

"Sales of image sensors remain strong," Yasuda told AFP.

Sony currently operates four image sensor plants in Japan and is looking to increase production capacity by March 2021.

"In order to respond to the demand after March 2021, we decided to invest in steps into the construction of a new plant in Nagasaki" in southern Japan, Totoki said.

## **Music business sales rose**

Last week, the CEO of US hedge fund Third Point, which holds a key stake in the Japanese conglomerate, reportedly expressed frustration at its rejection of a proposal to spin off its semiconductor operations including image sensors.

Sales for Sony's music business also rose, the firm said Wednesday, helped by its integration of EMI Music Publishing and an increase in streaming revenues.

"The streaming business is enjoying high sales growth," the CFO said, adding sales for the movie sector were brisk.

"'Spider-Man: Far From Home,' which became Sony's record smash hit movie by earning more than 1.1 billion dollars at the international box office, contributed to the movie sales."

Sony's half-year sales dipped 2.1 percent to 4.04 trillion yen while operating profit jumped 17.3 percent to 510 billion yen.

Sony has spent years struggling to recover from deep financial trouble, a process that entailed aggressive restructuring, the loss of thousands of jobs, and the sale of business units and assets.

It has seen a slowdown in its games and network businesses, and has said it expects revenue from the core sector to sag owing to a continued fall in game hardware sales, and the cost of developing a next-generation console.

In the six-month period, the company posted a drop in sales for the sector, citing a decline in both software and PlayStation 4 hardware sales.

"Sales of PS4 consoles, which had spearheaded the company's recovery, are slowing down further as users' interest is now shifting to PS5," Yasuda said.

"Sales of its electronics products remain weak due to tough competition in the global market," he added.

The firm said earlier this month its next-generation PlayStation 5 console, which will be equipped with new immersive features, would launch for the 2020 holiday season.

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Citation: Sony sees first-half net profit drop but lifts full-year forecast (2019, October 30)  
retrieved 18 April 2024 from

<https://techxplore.com/news/2019-10-sony-first-half-net-profit-full-year.html>

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