

Sony first-half net profit doubles, forecast revised up

October 28 2020



Japan's Sony has reported that its net profit doubled in the April-September period

Sony on Wednesday said net profit doubled in the April-September period and revised up its full-year forecast, citing growth in key sectors

including gaming, which has been boosted by coronavirus lockdowns worldwide.

The results beat analyst expectations and came as the Japanese tech giant gears up to launch its much-anticipated PlayStation 5 console next month, setting up a holiday season head-to-head with the new Xbox.

The gaming sector has been one of the few beneficiaries of the pandemic, with people forced indoors sending title downloads and streaming soaring.

Sony said net profit leaped 103.8 percent to 692.89 billion yen (\$6.65 billion) for the first half, and forecast annual net profits of 800 billion yen—up from an earlier 510 billion yen forecast.

The first-half results were due in part to financial factors, including positive tax benefits, but also reflected a strong performance in games and network services, music streaming and financial services.

"Enhanced restrictions on exports to China by the US government are negatively impacting our business in the imaging and sensing sector, while our gaming segment is benefiting from demand for stay-at-home activities," Sony's Chief Financial Officer Hiroko Totoki told reporters.

Game-playing hours among PlayStation users peaked in April, but demand for games "will continue through the last half of the year", he added.

Strong performance in the game and music sectors also drove the upwards revision in the full-year net profit forecast, with Sony saying it was seeing "higher-than-expected sales of games software, primarily add-on content" and an increase in music-streaming revenues.

It was not all good news, however, with decreasing sales of sensors for mobile products only partially offset by an increase in sales of sensors for digital cameras.

Console wars

The firm's movie unit has also struggled as the pandemic keeps cinemas around the world shuttered and delays new releases.

"There are signs of recovery, but theatres are still closed in major US cities," Totoki said.

"It's possible revenue recovery will be delayed because of fierce competition caused by busy movie release schedules even after movie theatres reopen."

Analysts said the pandemic was having a varied impact on the different segments that make up Sony's business.

"The impact of the coronavirus on Sony's entire business was smaller than expected but is still weighing on Sony's earnings," Hideki Yasuda, an analyst at Ace Research Institute in Tokyo, told AFP.

"Image sensors continued contributing to its entire earnings in the first half. But US sanctions against Huawei are likely to affect shipments of image sensors for Huawei's smartphones in the future," he said.

Sony has high hopes for its eagerly-awaited new console, which launches from November 12—two days after Microsoft's rival next-gen Xbox Series X.

The PS4 has outsold the Xbox One by more than two to one, and Sony is hoping new games including "Final Fantasy XVI", "Hogwarts Legacy"

and "Spider-Man Morales" will help it stay in the lead.

Expectations for the PS5 are extremely high, Yasuda said, warning that disappointment could affect share prices.

"Whether PS5 will be a success or not will have a great impact on Sony's entire business... but we need to confirm how strong the demand for PS5 will be. That has yet to be seen," he said.

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