

Sony upgrades full-year net profit and sales forecast

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Japanese electronics and entertainment giant Sony has raised its annual sales forecast.

Sony upgraded its full-year sales and profit forecast on Thursday, saying it expected strong performances in the music, movie and electronics

sectors.

The optimistic outlook came despite a lacklustre second quarter overall, with net profit down more than half compared with its extraordinary results in the same period last year.

The Japanese conglomerate, which this year bought top online anime library Crunchyroll for \$1.2 billion, said it expected the purchase to boost sales and profit in its movie division.

Several factors including sales via streaming services and "licence revenue in the anime business" are also projected to lift music profits, as Sony enjoys steady growth in its entertainment businesses.

Sony Group is now projecting a net profit of 730 billion yen (\$6.4 billion) for this fiscal year, up from its earlier estimate of 700 billion yen. It also raised its annual sales forecast from 9.7 trillion yen to 9.9 trillion yen.

One business area that has posted strong results in the first half is electronics, led by booming demand for digital cameras.

"Sony is displaying a strong performance in its mainstream electronics sector," Hideki Yasuda, an analyst at Ace Research Institute in Tokyo, told AFP.

"Its music sector is seen to remain solid while movie-related businesses are expected to recover firmly. These strong sectors offset declines in its gaming business," Yasuda said.

The group's net profit more than halved for the second quarter to 213.1 billion yen as the pandemic boom enjoyed by the gaming sector, when people turned to indoor entertainment during virus lockdowns, slowed.

A one-time tax reduction also contributed to strong net profit results in the same quarter last year.

'Spider-Man' income stream

In 2020-21, Sony reported its biggest-ever annual net profit, which more than doubled to 1.17 trillion yen on record sales of nearly nine trillion yen.

"The gaming industry had an extraordinary year last year," said Yasuo Imanaka, chief analyst at Rakuten Securities, but "Sony is now experiencing a reactionary fall".

The positive impact of a box-office triumph for anime epic "Demon Slayer", distributed by Sony's animation unit Aniplex, "is lasting longer than expected", Imanaka said before the earnings release.

Sony is also hoping cinema ticket sales will pick up as Covid-19 restrictions ease worldwide, with a number of potential blockbusters lined up for the end of the year including "Ghostbusters: Afterlife" and "Spider-Man: No Way Home".

"As long as they don't over-saturate the market, then they have a very steady potential income stream from the Spider-Man franchise," Mio Kato, an analyst at LightStream Research in Tokyo, told AFP.

Sony owns a lot of gaming franchises that can "translate well to feature film", she added.

"That sort of cross selling is something that Japanese companies have started to really figure out over the last two or three years, so it's just a matter of timing."

Sony is negotiating its involvement in a plan by Taiwan's microchip giant TSMC to build its first factory in Japan, Chief Financial Officer Hiroki Totoki told reporters.

"A stable supply of semiconductors is good for the whole of Japan... once a decision is made, we want to make an announcement without any delay."

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