

Sony logs record full-year sales but keeps forecast cautious

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A lockdown-fuelled gaming boom has slowed, but Sony has seen success in other entertainment sectors.

Sony on Tuesday reported its best-ever sales in the financial year to March thanks to strong results in movies, electronics and music, but

offered a cautious forecast as supply chain disruption continues.

A lockdown-fuelled gaming boom has slowed, and the Japanese giant saw net profit dip 14 percent from the previous year's record high.

But that was offset in part by strong showings from other entertainment sectors, with "Spider-Man: No Way Home" overtaking "Avatar" as North America's third-highest-grossing film ever.

Demand for sensors used in smartphone cameras has also continued to soar, and Sony Music scored a winner with Adele's latest album "30".

The conglomerate reported full-year sales for 2021-22 of 9.9 trillion yen (\$76 billion) and net profit of 882 billion yen.

In 2020-21, Sony logged a record net profit of more than a trillion yen, partly thanks to tax gains and the explosion of gaming during COVID-19 lockdowns.

The 10 percent increase in sales from 8.99 trillion yen in 2020-21 "was mainly due to significant increases in sales in the pictures, electronics products and solutions and music segments", Sony said.

Sony has benefited from a recent slide in the yen against the dollar, with the Japanese currency hitting 20-year lows against the greenback this year.

"Sony has sizable international sales, which expand when the yen depreciates," Hideki Yasuda, senior analyst at Toyo Securities, told AFP before the earnings release.

It also saw favourable business environments for sectors including music and movies balance out weaker performances elsewhere.

"Sony is really turning into a content company now, from its previous status as an electronics manufacturer," said Yasuda.

For the year to March 2023, Sony offered cautious forecasts, with net profit projected to slip six percent to 830 billion yen, though sales are expected to rise 15 percent to 11.4 trillion yen.



Sony has faced challenges rolling out its PlayStation 5 console, which remains difficult to get hold of 18 months after its launch.

PlayStation 5 woes

The company also announced a share buyback of up to 200 billion yen

(\$1.5 billion) as tech stocks take a beating.

"In the current fiscal year, the demand environment is expected to be more severe than in recent years due to the situation in Ukraine and Russia and the slowdown in the global economy caused by rapid inflation," warned Sony chief financial officer Hiroki Totoki.

Sony has faced challenges rolling out its PlayStation 5 console, which remains difficult to get hold of 18 months after its launch—in part due to supply chain disruption including the global chip shortage.

"Inventory levels are at a very low level," acknowledged Totoki, saying demand is higher than the production projection of 18 million units for the current financial year.

Serkan Toto, an analyst at Kantan Games in Tokyo, said he does not "see any kind of problem for Sony in the gaming world or in the gaming market, except for the supply chain issues".

"It's impossible to get a PlayStation 5. It's ridiculous," he added.

Sony sold 11.5 million PS5s last year, and Totoki said the firm was adapting to weather ongoing supply chain issues, including COVID lockdowns in China.

"We have changed our source of procurements and design. We are getting used to these kinds of changes," he said.

But he said the firm expects it to take three months for the lockdown situation in Shanghai to normalise and it remains "difficult to predict" how virus measures will evolve in China.

Sony is locked in a battle for gaming supremacy with US rival

Microsoft, which is seeking regulatory approval for its landmark \$69 billion deal to buy "Call of Duty" and "Candy Crush" maker Activision Blizzard.

The merger will make Microsoft the third-largest gaming company by revenue, behind Tencent and Sony—marking a major shift in the booming industry.

Sony has sought to keep up through its own acquisitions, including Montreal-based game company Haven Entertainment Studios and a \$3.6 billion deal for Bungie, creator of hits such as "Halo" and "Destiny".

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