

Sony raises annual forecast despite Hollywood strikes, PS5 woes

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A weaker yen has helped boost Sony's gaming and music sectors.

Japanese electronics titan Sony lifted its full-year net profit and sales forecasts on Thursday, citing strength in the company's gaming, music and image-sensor sectors.

But the firm admitted it faced headwinds and some observers said there were concerns about the hit to the bottom line caused by Hollywood strikes and underwhelming PlayStation 5 sales.

Sony said it saw [net profit](#) hitting 880 billion yen (\$5.8 billion) in the year to March 2024, up from the previous projection of 860 billion yen. Annual sales were seen at 12.4 trillion yen, compared with a previous estimate of 12.2 trillion yen.

"Sales are expected to be higher than the August forecast mainly due to higher-than-expected sales in the Game & Network Services, Music and Imaging & Sensing Solutions segments," Sony said in a financial statement.

A weaker yen helped boost the gaming and music sectors, with the latter also buoyed by "an increase in revenues from streaming services", it said.

Gaming has consistently been one of Sony's main driving forces, with the firm aiming to sell 25 million units of its new PlayStation 5.

While partially offset by an expected decrease in demand among automotive and industrial infrastructures, sales in the image-sensor sector were projected to be robust thanks to favorable foreign exchange rates, the firm said.

Still, Sony's net profit for July-September sank 29 percent from a year earlier to 200 billion yen. For the six months to September, net profit dropped 23 percent year-on-year to 417 billion yen.

Going forward, Sony pins its hopes partly on the profitability of image sensors.

While the sluggish smartphone market is squeezing profits, "we believe the improvement will progress slowly", Sony CEO Hiroki Totoki told a news conference after the results were released.

"There is no change to our view that the trend toward larger... mobile sensors will drive the overall growth of the image sensor market in the mid to long term," he said.

It also wants to prioritize "increasing the market penetration" of PS5, which it once described as "on course to become (the Sony gaming unit's) most successful console yet".

Totoki said while the firm intended to maintain its PS5 sales target, it admitted it was "not something that we can attain very easily".

The firm blamed recent strikes in Hollywood for dragging down the conglomerate's movie performance.

The action caused "date changes for some theatrical releases and restrictions on promotional activities in [motion pictures](#)", it said, forecasting "lower revenues" for films.

Industrial action by actors and screenwriters this year has seen work on numerous films and TV shows paused for months. But writers have come to an agreement with studios and actors on Wednesday reached a tentative deal to return to filming.

Even after the protracted strikes end, "it will take time for business activities to normalize due to the concentration of productions and theatrical releases", Totoki said.

"So we expect this to have a negative impact on next fiscal year's results."

Sony is "undergoing something of a rough patch", Hideki Yasuda, an analyst at Toyo Securities, told AFP ahead of results, citing the strike and lackluster progress in PS5 sales.

"Sales of the CMOS image sensors seem fine, but overall, the situation doesn't appear too good for Sony," he said.

Still, Kazunori Ito, at Morningstar, said, "The result is overall a tad weak. It raised the fiscal outlook, but since operating profit remained unchanged, the outlook hike was due mostly to a weak yen."

Sony's shares ended 0.8 percent lower in Tokyo, ahead of the earnings release.

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