

# Hitachi Sees Return To Profit

Manufacturing.net

TOKYO (AP) -- Hitachi Ltd., which makes everything from home appliances to nuclear reactors, narrowed its annual loss from record red ink the previous year and forecast it would return to profit for the first time in five years.

The Japanese manufacturer said Tuesday its net loss was 106.9 billion yen (\$1.2 billion) for the fiscal year through March 2010, down from a 787.3 billion yen loss a year earlier, with lower revenue offset by cost cuts.

Revenue fell 10.3 percent year-on-year to 9 trillion yen. Around 40 percent of Hitachi's revenue comes from abroad. Among key regions, Hitachi's sales in North America slid 19 percent and dropped 11 percent in Asia.

Apart from a slump in global demand, Hitachi said falling prices for its products and a strong yen pressured its revenue. A rising yen hurts Japanese exporters like Hitachi as it cuts the value of their overseas earnings.

Hitachi said it incurred a loss of 40 billion yen due to foreign currency fluctuations. The company also lost 200 billion yen due to slumping prices of its goods worldwide.

But the Tokyo-based company expects to return to the black in the current fiscal year thanks to a recovery in demand. Hitachi said sales of construction machines, hard disc drives and chip-making equipment are recovering.

For the year to March 2011, Hitachi is forecasting a net profit of 130 billion yen -- which would be its first annual profit in five years. It expects revenue to rise 2.6 percent to 9.2 trillion yen.

Hitachi shares sank 3.3 percent to 382 yen Tuesday on the Tokyo Stock Exchange. The company reported earnings after the market closed.

Hitachi reports earnings based on U.S. accounting standards.

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