

Toyota Q1 net profit up nearly 4%, full-year profit revised down

August 2 2019



Toyota said its operating profit climbed 8.7 percent to 742 billion yen

Japanese car giant Toyota said Friday its first quarter net profit rose thanks to solid sales and cost cutting efforts, but it revised down full-year profit partly due to a stronger yen.

The maker of the Camry sedan and Prius hybrid reported net profit of 683 billion yen (\$6.4 billion) in the April-June period, up 3.9 percent from a year before.

The company forecast full-year net profit would rise 14.2 percent to 2.15 billion yen, down from the previous forecast of 2.25 billion yen.

It cited a stronger yen but executive vice president Moritaka Yoshida said foreign exchange was not the only issue.

"It's not just about foreign exchange but because of the whole environment," he said.

"Competition is expected to be very fierce," he added, saying the automaker could not afford to be "complacent."

Toyota said its operating profit climbed 8.7 percent to 742 billion yen, citing efforts to lower raw material costs, a strong sales push and a weaker yen against the dollar during the period.

Sales grew 3.8 percent to 7.64 trillion yen.

Toyota said its group sales units expanded to 2.7 million in the first quarter from 2.6 million the previous year.

Satoru Takada, auto analyst at TIW, a Tokyo-based research and consulting firm, said: "Toyota is displaying a firm performance compared to its domestic rivals, as the auto industry is facing tough business conditions."

"A potential risk is the impact of the US-China trade war. A foreign exchange loss is also among its concerns," he told AFP before the earnings were announced.

Brexit worries

The business environment for companies like Toyota has also been clouded by the US-China trade war and continued uncertainty from Brexit.

Yoshida said the company will continue to keep its eyes on "the potential impact on (its) businesses".

"We want to continue to produce more vehicles locally, and this could be a countermeasure" to the potential impact of the US-China trade war, he added.

Toyota executives have said previously there would be no way to avoid a negative impact in the event of a no-deal Brexit.

Its assembly plant in Burnaston in central England, which produces 600 vehicles per day, would be affected.

The plant operates under the company's famous "just-in-time" system, holding limited stock on site and relying on flexible imports of millions of component car parts from the EU.

Toyota shares were down 2.83 percent before the lunch break but trimmed the losses in the afternoon session after the results were announced.

Honda on Friday said its net profit in the first quarter dropped 29.5 percent to 172 billion yen due to the impact of foreign exchange and the increase of selling, general and administrative expenses.

Operating profit fell 15.7 percent to 252 billion yen while sales dipped 0.7 percent to 4 trillion yen.

Honda revised down its net profit for the year ending March 2020 to 645 billion yen from 665 billion yen.

Toyota's crisis-hit rival Nissan reported last month a plunge in quarterly net profit as it struggles with weak sales and fallout from the arrest of its former chief. It also announced 12,500 job cuts.

Nissan's bottom line profit dropped to 6.4 billion yen for the three months to June.

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