

Toyota logs nine-month profit gain, upgrades annual forecasts

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Analysts are closely watching the impact of China's coronavirus on Toyota, which has suspended operations at more than 10 plants in the country

Japanese car giant Toyota on Thursday reported a surge in net profit on record sales for the nine months to December, and upgraded its full-year

profit forecasts.

But the maker of the Camry sedan and Prius hybrid warned it was closely watching the impact of the new coronavirus in China, where the firm has suspended operations at more than 10 plants.

Toyota said [net profit](#) for April-December surged 41.4 percent on-year to 2.0 trillion yen (\$18 billion) with sales up 1.6 percent at 22.8 trillion yen, the highest ever for the period.

The profit jump was mainly due to strong revenue, cost-cutting efforts and gains in shares it holds.

By region, sales in North America—its cash cow—as well as Japan and Europe increased for the nine months but those in Asia declined.

The company revised upward its full-year profit forecast, now projecting a net profit of 2.35 trillion yen for the [fiscal year](#) to March, compared with its earlier estimate of 2.15 trillion yen, thanks to foreign exchange gains.

Operating profit is now forecast at 2.5 trillion yen, up from 2.4 trillion yen estimated earlier, while its sales outlook remained unchanged at 29.5 trillion yen.

"Despite the industry's tough business environment, Toyota is showing a steady performance compared with its rivals," said Satoru Takada, auto analyst at TIW, a Tokyo-based research and consulting firm.

"Cost-cutting efforts continued contributing to Toyota's [profit](#)," offsetting the negative impact of a strong yen, Takada told AFP.

Virus impact unclear

At a news conference, operating officer Masayoshi Shirayanagi said the company was "paying close attention" to the impact of the outbreak, warning its latest forecast revision did not take the spreading virus into account.

Executive vice president Didier Leroy also said: "The impact of this new additional problem is really unclear at this stage."

Toyota has decided to keep its 12 plants in China closed until at least Sunday over the virus, and any decision to extend the closure beyond that will be made after "assessing the situation", a company spokeswoman said.

"The coronavirus outbreak represents a material downside risk to our scenario for a mild recovery of the Chinese auto market in 2020," said S&P Global Ratings credit analyst Vittoria Ferraris.

"We estimate the current two-week production shutdown imposed in the Chinese province of Hubei will knock two percent to four percent off total annual production in the region."

China may further extend shutdowns beyond Hubei to limit contagion risk, possibly affecting up to one-half of China's auto and auto-parts production, she added.

Takada also warned the outbreak could be "a potentially serious factor".

"It can affect not only their production in China but also customer sentiment," Takada told AFP, adding that other uncertain factors were the US-China trade dispute, the fragile Middle East situation and volatile oil prices.

Toyota stocks, which were up about two percent just before the

announcement, jumped 2.57 percent to close at 7,914 yen.

Rival Honda is scheduled to release its nine-months figures on Friday, while Nissan will unveil April-December results next week.

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