

Virus drives down Toyota profit forecasts

May 12 2020, by Hiroshi Hiyama



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Toyota on Tuesday forecast a sharp drop in sales and operating profit over the coming year as the Japanese giant suffers from the "wide-ranging, significant and serious" fall-out from the coronavirus pandemic that has shredded the global auto market.

The manufacturer said its operating profit for the fiscal year ending in March 2021 was expected to dive 79.5 percent and declined to even give a forecast for net profit.

Toyota also forecast a near-20 percent drop in annual sales, with every region suffering a slump, led by Europe and Asia.

The firm said it assumed the global automobile market would "bottom out" around the middle of the year and then recover but warned that the impact of the pandemic would be felt for some time.

"The impact of COVID-19 is wide-ranging, significant and serious, and it is expected that weakness will continue for the time being," Toyota said in its statement.

The car giant said the spread of the disease had affected it in a number of ways: it has had to mothball several plants around the world, parts supply chains are crippled and dealerships are either closed or facing sales slumps.

President Akio Toyoda vowed in a press conference to be "a driver of the economy after this is over."

"I think we are all prepared for the task. With these earnings, we stand at the starting point of Toyota's rebirth," he said.

Carmakers around the world have suffered as the pandemic slams the global economy into reverse.



Dealerships have also been slammed by the pandemic

Auto production in Brazil fell a catastrophic 99 percent in April, according to the carmakers' association.

Profits at Toyota's global competitors have seen similar falls, with General Motors reporting an 86-percent slump in first-quarter earnings last week.

Toyota's smaller rival Honda also declined to give an annual forecast and announced a 25.3 percent fall in net profit from the previous year.

Honda's operating profit fell 12.8 percent to 633.63 billion yen (\$5.9

billion) as sales dropped 6.0 percent to 14.9 trillion yen.

Satoru Takada, auto analyst at TIW, a Tokyo-based research and consulting firm, told AFP that Toyota had been putting in a "steady" performance but was powerless in the face of the pandemic.

"The auto industry's business environment has totally changed," he said, with the virus slamming both supply and demand.

"No one can predict when the impact will ease and what the business environment is going to be like after the storm of the outbreak," the analyst told AFP.

"The end of the tunnel has yet to be in sight."

As a sign the firm was performing well before the crisis took hold, Toyota said its net profits for the last fiscal year ending in March rose more than 10 percent.

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