

Nissan upgrades annual forecast despite Q3 net loss

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Nissan was struggling with weak demand and the fallout from the Ghosn saga even before the pandemic hit the automotive industry

Crisis-hit Japanese carmaker Nissan on Tuesday upgraded its full-year forecast for the second straight quarter, as the global auto industry shows

signs of recovery from the coronavirus pandemic.

The embattled firm beat market expectations to return an [operating profit](#) for the first time in four quarters, but said [net loss](#) for the quarter expanded.

It now projects a net loss of 530 billion yen (\$5.1 billion) for the [fiscal year](#) to March, smaller than its earlier estimate of a 615 billion yen net loss.

For the three months to December, its net loss expanded to 37.8 billion yen from 26.1 billion yen a year earlier.

Operating profit for the third quarter came in at 27.1 billion yen, beating market expectations of an operating loss.

Even before the crisis, Nissan was battling weak demand as well as the fallout from the arrest of former boss Carlos Ghosn, currently an international fugitive after jumping bail and fleeing Japan.

It suffered a massive loss in the previous fiscal year and its recovery has been slower than some of its rivals.

Earlier Tuesday, Honda said net profit had more than doubled in the third quarter and it revised up its full-year forecast.

Toyota, which overtook Volkswagen last year as the world's biggest selling automaker, releases its earnings on Wednesday.

The pandemic has taken a heavy toll on the auto sector worldwide, but demand recovered swiftly in the second half of last year, most notably in the US and China.

"Japan's auto industry showed a steady performance as major markets are recovering from the negative impact of the new coronavirus globally," said Satoru Takada, auto analyst at TIW, a Tokyo-based research and consulting firm.

"Nissan is showing signs of recovery from its disastrous results for the previous fiscal year, but the recovery appears to lack strength," Takada told AFP before the announcement.

Nissan executives talked up the figures, saying in a statement that "the recovery in each quarter is evident, with improved [retail sales](#) and a strengthened financial base as outlined in the Nissan NEXT business transformation plan".

"Nissan returned to a positive operating profit in the third quarter, versus previous quarters," the firm noted.

'Uncertainties will continue'

Nissan CEO Makoto Uchida said the firm recognised "that uncertainties will continue".

"But through the ongoing implementation of our Nissan NEXT plan we will ensure steadily increased growth and we hope to turn (Nissan) into a profitable company," he told reporters.

But while the operating profit beat analyst expectations for a loss of 46.7 billion yen, Takada said the firm wasn't out of the woods yet.

Sales increased in Asia, including in China and Japan, but declined in the rest of the world.

"Nissan's full recovery is not yet in sight. It may take more time for its

brand to shine again," Takada said.

Nissan has been buffeted by a series of problems, ranging from weak demand and the pandemic, to the ongoing saga over its former chief Ghosn.

The firm faces court proceedings over the case in Japan, and the drama has underscored longstanding tensions in Nissan's alliance with Mitsubishi Motors and France's Renault.

Ghosn has claimed that his arrest was orchestrated by Nissan executives opposed to his plans to more closely integrate the Japanese firm with its French partner.

After a rocky period, the alliance partners agreed last year to a joint transformation plan, with each member taking the lead in a specific market.

"Nissan is still struggling to rebuild the Renault-Nissan-Mitsubishi alliance in the post-Ghosn era," Takada said.

The company has also been hit by a global semiconductor shortage, which it cited among its reasons for downgrading its sales forecast.

"We detected this in the months of November and December and since then we are working very closely with the suppliers on getting out of this situation," chief operating officer Ashwani Gupta told reporters.

"Nobody has a crystal ball, but... we think that by May or June we should be out from this (semiconductor) crisis."

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