

Honda yearly earnings solid despite chip crunch

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Honda expects net profit to remain steady in the current financial year.

Japanese auto giant Honda said Friday net profit rose 7.6 percent in the financial year to March, benefiting from strong motorbike sales and a weaker yen.

The company also expects net profit to remain steady in the current financial year, even as the global microchip shortage and virus-related supply chain disruption cause headaches for the car industry.

Honda said annual net profit rose 7.6 percent to 707 billion yen (\$5.5 billion) in 2021-22 and issued a forecast of 710 billion yen net profit for the year to March 2023.

Sales last year were up 10.5 percent, it said, "due mainly to increased [sales revenue](#) in motorcycle business and financial services business operations as well as positive foreign currency translation effects."

But "despite shifting to a recovery trend, the [economic environment](#) surrounding the company, its consolidated subsidiaries and its affiliates... continued to be difficult due to the impact of (the) semiconductor supply shortage, and increases in raw material costs, among other factors."

Honda said its factories in Japan and overseas had been forced to suspend or reduce output due to supply chain and staffing issues related to COVID-19.

Toyota, the world's top-selling carmaker, this week also posted a record full-year [net profit](#), helped by [strong sales](#) and a cheaper yen.

The currency has touched 20-year lows against the dollar in recent weeks, inflating the value of Japanese automakers' overseas profits. Some [analysts](#) believe this will help them offset their current challenges.

In April, Honda said it will invest nearly \$40 billion into electric vehicle technology over the next decade as it works towards switching all sales away from traditional fuel cars.

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