

Japan's Honda records lower profit, projects recovery ahead on sales rebound

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A woman walks past the logo of Honda Motor Co. in Tokyo on Oct. 19, 2021. Honda's profit for the fiscal year that ended in March dropped 1.7% as sales took a hit from a semiconductor shortage and restrictions in China related to the coronavirus pandemic. But the Japanese automaker said Thursday, May 11, 2023, that recovery was on the way, forecasting record sales and operating profitability for the current fiscal year. Credit: AP Photo/Koji Sasahara

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But the Japanese automaker said Thursday that recovery was on the way, forecasting record sales and operating profitability for the current [fiscal year](#).

Net [profit](#) for the fiscal year that just ended totaled 695.2 billion yen (\$5.2 billion), as declining [auto sales](#) and rising research costs offset the perks of a favorable currency exchange rate.

A cheap yen is a plus for Japanese exporters like Honda because it raises the value of overseas revenue when it is converted into yen.

Sales for the fiscal year grew 16% to 16.9 trillion yen (\$126 billion), lifted by healthy motorcycle sales.

Tokyo-based Honda Motor Co. projected record sales revenue for the fiscal year ending in March 2024, at 18.2 trillion yen (\$136 billion). The 1 trillion yen (\$7.5 billion) operating profit projected for the fiscal year, if achieved, would also be a record for the company.

The maker of the Accord sedan and Odyssey minivan is expecting fiscal year [net profit](#) to improve to 800 billion yen (\$6 billion).

Although auto [sales](#) dropped on-year for the fiscal year just ended, they are expected to recover, Chief Operating Officer Shinji Aoyama told reporters.

Also Thursday, Honda announced it has signed a joint venture agreement with GS Yuasa, which makes batteries for cars and motorcycles, to set up a new company to research and develop batteries for electric vehicles.

The company will focus on collaborations in [lithium-ion batteries](#), including coming up with production methods, both sides said. The new company, which is receiving capital of 2 billion yen (\$15 million), is 50% owned by Honda and 50% by GS Yuasa.

The move comes as the world's automakers are scrambling to keep up with a major consumer shift toward EVs, as demand grows especially in China, but also elsewhere like the U.S. and Europe.

"The new company will fully leverage the strengths of the two companies and establish a strong presence in the rapidly expanding battery market," said Koichi Yamamoto, president of the new [company](#).

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