

Toyota warns of 64% drop in full-year net profit

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Toyota, like other global car makers, has been battered by the coronavirus

Toyota on Thursday warned of a 64 percent drop in full-year net profit and reported a slump in quarterly earnings, as the coronavirus pandemic shreds the global auto market.

Japan's top car maker, which had previously declined to give a bottom-line forecast because of ongoing uncertainty, now projects net profit at 730 billion yen (\$6.9 billion) for the fiscal year to March, down from 2.07 trillion yen the previous year.

Its forecast of annual operating profit remained unchanged at 500 billion yen, down nearly 80 percent from the previous year.

"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 a statement.

The warning came as Toyota reported a 74.3 percent plunge in net profit for the three months to June, with quarterly revenue down more than 40 percent.

By region, operating profit in Japan dropped more than 80 percent in April-June, while it logged losses in North America and Europe.

Carmakers around the world have been battered by the pandemic, with many relying on government help, as it slams the global economy into reverse and forces people to stay at home.

"It was a tough quarter for all Japanese automakers. Toyota was no exception," said Satoru Takada, auto analyst at TIW, a Tokyo-based research and consulting firm.

"Production is recovering from the pandemic impact, after hitting rock bottom in April and May, but sales are expected to remain stagnant for now," Takada told AFP ahead of the results.

General Motors fell into the red in the second quarter with a \$758 million loss, reversing a quarterly net profit a year ago.

Toyota's smaller domestic rival Nissan warned of a massive \$6.4 billion net loss for the current fiscal year, while Honda reported a net loss for the quarter and forecast a much-reduced full-year profit.

Toyota said the pandemic and the response to the virus had "adversely affected" the firm "in a number of ways".

It cited falling demand, as well as the temporary suspension of production at plants in Japan and overseas and hits to Toyota dealers, distributors, and third-party suppliers.

"The duration of the global spread of COVID-19 and the resulting future effects are uncertain," the firm warned, adding it was "difficult to predict" the final impact of the virus on its business.

Toyota upgraded its group's global sales target to

9.1 million units for the fiscal year from its earlier estimate of 8.9 million units.

The revision and better-than-expected figures pushed Toyota shares up 2.3 percent at the closing on Thursday, though Nissan and Honda fell sharply.

"Negative factors have outnumbered positive ones, but Toyota is still less affected than its rivals," Takada said.

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