

Nissan trims losses in Q2, upgrades forecasts

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Crisis-hit Japanese automaker Nissan says it has trimmed losses in the second quarter and upgraded its full-year forecasts

Crisis-hit Japanese automaker Nissan said Thursday it trimmed net loss in the second quarter, though it remained in the red, and upgraded its full-year forecasts as the global auto industry showed signs of recovery from the coronavirus pandemic.

But despite the improved results, the firm is recovering much more slowly than some of its rivals, with Toyota and Honda both reporting profits in their second quarters.

The pandemic has taken a heavy toll on the auto sector worldwide, with lockdowns and a move to working from home driving down demand, and economic downturns also affecting the bottom line.

Nissan, which was already struggling before the crisis hit, suffered a massive loss in the previous fiscal year, but it said quarterly net loss shrank to 44.4 billion yen (\$422 million) for the three months to September, from 285.6 billion in the previous quarter.

It revised upward its full-year forecast, projecting net loss at 615 billion yen for the fiscal year to March 2021, compared with its earlier estimate of a 670 billion yen net loss.

Annual sales are seen at 7.94 trillion yen, up from 7.8 trillion yen forecast earlier.

It said efforts to reduce fixed costs, inventory and incentives helped mitigate the ongoing effects of the pandemic.

CEO Makoto Uchida said the company's "Nissan Next" business transformation was on track despite the crisis caused by the coronavirus.

"Nissan launched 'Nissan Next' in May, with a clear focus on immediate recovery while putting the business back on the path to growth," he told reporters.

"I am pleased to announce that Nissan has made steady progress in the past six months."

Nissan at 'crucial stage'

Still, the results illustrate the continuing struggles for the firm.

In a press release, Uchida said the second half of the fiscal year would remain an "uncertain environment" and would require the firm to ensure "further financial discipline and improvement in our quality of sales".

"We are moving forward with our plan, promising to return to the black (in operating profit) for fiscal 2021 for sure," he told a press conference.

Referring to the impact of the US presidential election, Uchida only said: "We want to develop our continued investment and production activities in North America."

Nissan has slashed costs, including with the closure of its Barcelona plant and cuts to production, in an attempt to get back on track.

But analysts said there was still significant work to do.

"Nissan showed signs of recovery in the second quarter but the pace is still slower than that of its rivals," said Satoru Takada, auto analyst at TIW, a Tokyo-based research and consulting firm.

"Nissan is pinning its hopes on its planned release of new models, but the road ahead is still steep," he told AFP before the announcement.

"Full recovery is not yet in sight. Nissan remains at a crucial stage."

Rivals recovering faster

Carmakers around the world have been battered by the coronavirus crisis this year, with many relying on government help.

But there have been signs of light at the end of the tunnel for some of Nissan's rivals.

Last week Toyota almost doubled its full-year forecasts with a profit gain in the second quarter, saying sales and production were recovering quickly from the pandemic.

And Honda more than doubled its net profit forecast for the current year as it returned to the black for the second quarter.

Even before the pandemic, 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.

The Ghosn drama 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 earlier this year to a joint transformation plan, with each member taking the lead in a specific market.

But Takada said the partnership remained "fragile".

"All three still lack strength. It's time for each of them to concentrate on their own recovery," he added.

Nissan shares, slowly recovering from a low of 315.5 yen in early April, closed at 409 yen on Thursday, down 2.89 percent before the announcement.

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