

Toyota raises forecast on profit jump, weak yen

November 5 2014, by Yuri Kageyama



A worker walks past the logo of Toyota at a Toyota gallery in Tokyo, Wednesday, Nov. 5, 2014. Toyota raised its annual earnings forecast after posting a 23 percent jump in July-September profit as a favorable exchange rate added to the momentum of the Japanese automaker's sales growth. (AP Photo/Eugene Hoshiko)

Toyota raised its annual earnings forecast after posting a 23 percent jump in quarterly profit Wednesday as a favorable exchange rate added to the momentum of the Japanese automaker's sales growth.

Toyota Motor Corp.'s fiscal second quarter profit was a better-than-expected 539 billion yen (\$4.7 billion), up from 438 billion yen the same period the previous year. Analysts surveyed by FactSet had expected about 500 billion yen (\$4.4) in [quarterly profit](#)

Quarterly sales grew 4 percent to 6.55 trillion yen (\$58 billion) as a weak yen boosted the value of overseas revenue.

The dollar was trading at about 100 yen last year, but has soared lately, trading Wednesday at about 114 yen. Toyota is expecting the dollar to average 104 yen for the fiscal year.

Toyota, which makes the Prius hybrid, Camry sedan and Lexus luxury model, said the favorable exchange rate added 40 billion yen (\$350 million) to operating profit last quarter.

Unlike other Japanese automakers that have worked hard to move production abroad to reduce the risks of a fluctuating yen, Toyota has kept much of its production in Japan, partly because of political pressures on it, as a major manufacturer, to help Japan Inc. That is now paying off in a big way.



Visitors inspect a car at a Toyota gallery in Tokyo, Wednesday, Nov. 5, 2014. Toyota raised its annual earnings forecast after posting a 23 percent jump in July-September profit as a favorable exchange rate added to the momentum of the Japanese automaker's sales growth. (AP Photo/Eugene Hoshiko)

Toyota, the world's top-selling automaker, raised its profit projection for the year through March 2015 to 2 trillion yen (\$17.5 billion). That would be an increase of 10 percent from the previous year. It previously forecast 1.78 trillion yen (\$15.6 billion) in annual profit.

Toyota raised its annual sales forecast to 26.5 trillion yen (\$232 billion) from an 25.7 trillion yen (\$225 billion), which was about what it recorded in fiscal 2013.

Toyota tends to be conservative in its forecasts so Wednesday's revisions were not surprising, given what analysts surveyed by FactSet had projected.

The rosier projections are despite a lowered forecast for unit sales, to 9.05 million vehicles, down from the previous projection of 9.1 million vehicles, for the fiscal year.

Sales are languishing in the once booming market of China. Japan has taken a hit after the consumption tax was raised in April. But sales are expected to hold up in the U.S., Europe, South America and Africa for Toyota.



A visitor walks by Toyota models on display at the firm's gallery in Tokyo, Wednesday, Nov. 5, 2014. Toyota raised its annual earnings forecast after posting a 23 percent jump in July-September profit as a favorable exchange rate added to the momentum of the Japanese automaker's sales growth. (AP Photo/Eugene Hoshiko)

Toyota Executive Vice President Nobuyori Kodaira credited cost

reductions and marketing efforts along with the weak [yen](#) for the favorable results.

Competition is intense among the world's biggest-selling automakers: Toyota, General Motors Co. of the U.S. and Germany's Volkswagen AG.

Toyota has been at the top, since overtaking GM in 2008, although it fell behind in 2011, when its production was hit by the tsunami and quake disaster in northeastern Japan. Toyota appears set to clinch the top selling title again this year.



Visitors look at interior of a model on display at a Toyota gallery in Tokyo, Wednesday, Nov. 5, 2014. Toyota raised its annual earnings forecast after posting a 23 percent jump in July-September profit as a favorable exchange rate added to the momentum of the Japanese automaker's sales growth. (AP Photo/Eugene Hoshiko)

Toyota has battled other difficulties in recent years, including the massive recalls for unintended acceleration problems, mainly in North America, where it was fined by the authorities. Toyota is also among the automakers embroiled in the unfolding Takata air bag recall crisis.

Having scored success as a pioneer in gas-electric hybrids, Toyota is set to introduce another kind of green technology, the hydrogen-powered fuel-cell vehicle, to mass production.



Visitors inspect a car at a Toyota gallery in Tokyo, Wednesday, Nov. 5, 2014. (AP Photo/Eugene Hoshiko)

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