

Japan's Honda revs up annual net-profit forecast

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Honda nearly doubled its net profit forecast

Honda Motor on Friday nearly doubled its annual net-profit forecasts, citing strong growth in the sales of its cars and motorcycles, as well as US corporate tax cuts.

Japan's third-largest automaker now expects [net profit](#) to hit one trillion yen (\$9 billion) for the fiscal year ending in March, up from 585 billion yen projected three months earlier.

For the nine months to December, Honda's net profit jumped 82.8 percent from a year earlier to 951.6 billion yen.

The upgrade was the third upward revision to the profit forecasts this business year.

The company also said increased car and motorcycle sales volume and a lower yen enabled it to raise its [operating-profit](#) forecast to 775 billion yen from 745 billion yen, and the sales projection to 15.2 trillion yen from 15.05 trillion yen.

A lower yen makes Japanese carmakers more competitive in foreign markets and inflates profits when repatriated.

Foreign exchange will remain a decisive factor for Japan's car industry, said Satoru Takada, an analyst at TIW, a Tokyo-based research and consulting firm.

"Honda is likely to continue to enjoy good contributions from its motorcycle sales. The impact of Takata's airbag scandal on its earnings has been subdued, reducing quality-control costs," he told AFP.

Operating [profit](#) grew by a fractional 0.6 percent to 706.7 billion yen due to costs related to faulty Takata airbags as well as the absence of a one-time gain earned in the pension account last year.

But Honda's net profits will be higher than earlier expected due to the reduction of corporate tax rates at US subsidiaries as the US Congress passed tax reform plans in December, the firm said.

Sales grew 11.8 percent to 11.45 trillion yen.

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