

Toyota reports improved quarterly profit despite incentives

May 9 2018, by Yuri Kageyama



This Feb. 15, 2018, file photo shows the Toyota logo on the trunk of a 2018 Toyota Prius on display at the Pittsburgh Auto Show. Toyota Motor Corp. is reporting its quarterly profit rose 21 percent as cost cuts and booming sales in some markets offset the damage from higher U.S. incentives. Toyota, which makes the Camry sedan, Prius hybrid and Lexus luxury models, reported Wednesday, May 9, 2018, January-March profit of 480.8 billion yen (\$4.4 billion), up from 398 billion yen the same quarter the previous year. (AP Photo/Gene J. Puskar, File)

Toyota Motor Corp. reported Wednesday that its quarterly profit rose 21 percent as cost cuts and booming sales in some markets offset the toll from higher U.S. incentives.

January-March profit at Toyota, which makes the Camry sedan, Prius hybrid and Lexus luxury models, totaled 480.8 billion yen (\$4.4 billion), up from 398 billion yen the same quarter the previous year. Quarterly sales rose nearly 2 percent to 7.58 trillion yen (\$69 billion).

The absence of past costs related to the massive Takata air-bag inflator recall, which has slammed automakers around the world, also helped results, said Koji Kobayashi, Toyota's executive vice president and chief financial officer.

Toyota reported a 2.49 trillion yen (\$23 billion) profit for the fiscal year, up 36 percent on-year, on 29.38 trillion yen (\$268 billion) sales, up 6 percent.

Toyota released results before the Tokyo markets closed, which was surprising. Many big Japanese companies wait until after trading ends to announce earnings—a practice that has been standard for decades.

Kobayashi, tapped by President and Chief Executive Akio Toyoda to help guide Japan's top automaker, said the company hopes to grow leaner, staying true to its practice of valuing grassroots input from its workers—a trademark Toyota work style that has inspired manufacturers around the world.



Toyota's President and Chief Executive Akio Toyoda delivers a speech during a news conference on the automaker's quarterly result in Tokyo Wednesday, May 9, 2018. Toyota Motor Corp. reported Wednesday that its quarterly profit rose 21 percent as cost cuts and booming sales in some markets offset the toll from higher U.S. incentives. (Masanobu Kumagai/Kyodo News via AP)/Kyodo News via AP)

Much waste still could be eliminated, he said, pointing to the custom of "nemawashi," the traditional Japanese effort to form a consensus before making a decision. The company also creates a lot of internal reference materials that no one really looks at, he said.

"All workers must think like a Toyota person," he told reporters.

Toyota will pursue growth with a strategy of seeing itself as a "mobility company," not just an automaker, spending aggressively on research, according to the company.

It is banking on artificial intelligence and networking technology, as in connected and self-driving vehicles, to woo consumers.

All top automakers and many technology companies are working on similar products and services.



Koji Kobayashi, right, executive vice president of Toyota Motor Corp., and Senior Managing Officer Masayoshi Shirayanagi, attend a press conference on the automaker's quarterly result in Tokyo Wednesday, May 9, 2018. Toyota Motor Corp. is reporting its quarterly profit rose 21 percent as cost cuts and booming sales in some markets offset the damage from higher U.S. incentives. Toyota, which makes the Camry sedan, Prius hybrid and Lexus luxury models,

reported Wednesday January-March profit of 480.8 billion yen (\$4.4 billion), up from 398 billion yen the same quarter the previous year. (Kyodo News via AP)

Ecological vehicles are another area where competition is heating up. Toyota leads the world in selling gas-electric hybrid vehicles, but has lagged in electric vehicles. It has been working hard to catch up in recent years.

Toyoda called his new management team "the seven samurai," after the Akira Kurosawa film classic. He said he hopes to turn the major changes happening in the auto industry into a big opportunity for the company.

Being a "mobility company" means more than pushing ahead with more of the same, but pursuing "a future that we forge ourselves," he added.

Just like his grandfather Kiichiro Toyoda turned a loom company into an automaker, he must also take up new challenges, Akio Toyoda said.

"We will do more than just survive. We will build toward the future," he said.



Masayoshi Shirayanagi, senior managing officer of Toyota Motor Corp., speaks during a press conference on the automaker's quarterly result in Tokyo Wednesday, May 9, 2018. Toyota Motor Corp. is reporting its quarterly profit rose 21 percent as cost cuts and booming sales in some markets offset the damage from higher U.S. incentives. Toyota, which makes the Camry sedan, Prius hybrid and Lexus luxury models, reported Wednesday January-March profit of 480.8 billion yen (\$4.4 billion), up from 398 billion yen the same quarter the previous year. (Kyodo News via AP)

In the fiscal year through March, Toyota sold 10.44 million vehicles

around the world, up from 10.25 million vehicles the previous fiscal year.

It expects to sell 10.5 million vehicles for the year through March 2019, with sales growing in regions other than its main U.S., Japanese and European markets, such as South America and Africa.

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