

Honda profits up 73.6% to US\$3.7bn

TOKYO, JAPAN: Japanese car manufacturer Honda said last week its net profit for the year to March rose by 73.6% to US\$3.7bn, thanks to robust overseas sales, a weaker yen and various cost-cutting measures.



HONDA

The rosy bottom line figure underscores a recovery among the nation's major car manufacturers after Japan's quake-tsunami disaster in 2011 devastated sales and production, and highlighted strong demand in the key Asian and US markets.

The yen, which has lost about one-fifth of its value on the dollar since November, has also helped, boosting Japanese firms' competitiveness overseas and jacking up the value of their repatriated foreign income.

Honda, Japan's third-biggest automaker, said it sold a record 4.01m vehicles worldwide in the last fiscal year.

"In general Japan's major car manufacturers showed a brisk performance for the past fiscal year on the back of strong demand in North America and the positive impact of the weak yen," said Shigeru Matsumura, analyst with SMBC Friend Securities.

"They are expected to continue to show firm results for the current fiscal year thanks to those issues," he added.

On Friday, Honda said it earned ¥367.15bn on revenue of ¥9.87trn, up from ¥7.95trn a year earlier.

The company's sales in China have almost returned to normal levels after plunging sharply because of a bitter territorial row between Tokyo and Beijing that fuelled a consumer boycott in China of Japanese products.

Territorial dispute

The long-standing dispute flared again in September last year when Tokyo nationalised some of a tiny East China Sea archipelago that Beijing claims is its territory, setting off huge demonstrations across China and leading to the consumer boycott.

Japanese factories and businesses across China temporarily closed or scaled back operations over fears of being targeted

by angry mobs.

But "we think the Chinese market will continue to grow, especially having seen the enthusiasm and the number of firms participating in the Shanghai Motor Show" this month, said Tetsuo Iwamura, Honda's executive vice president.

"Our business (in China) is steadily recovering to the normal level," he added.

Japan's vehicle manufacturers have been forced to recall millions of vehicles over safety and quality concerns in recent years.

But Honda is expecting another strong year ahead with annual net profit forecast at ¥580bn on sales of ¥12.1trn.

Many car manufacturers and durable goods producers are eyeing strong buying demand ahead of the government hike in national sales tax that is due to rise to 8% from the current level of 5% and eventually 10% in 2015.

Japanese industry has also benefitted from the big-spending and easy-money policies of Prime Minister Shinzo Abe, who swept December's elections on a promise to inject new life into the world's third-largest economy.

Huge easing measures from Abe's hand-picked team at the Bank of Japan have also pushed down the value of the yen.

Rival manufacturers, Toyota and Nissan, are due to report their full-year earnings next month.

Source: AFP via I-Net Bridge

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