

Nissan profits from rise in North America, China sales

TOKYO, JAPAN: Japanese car manufacturers Nissan said its nine-month net profit jumped 18.4% as it benefited from a weaker yen and accelerating sales in North America and China.



Nissan's Carlos Ghosn talking to workers in Nissan's factory. Image: Wikipedia.

The buoyant figures come after rival Toyota, the world's biggest car company, last week tipped a record annual profit with nine-month earnings more than doubling to US\$15bn.

Nissan, Toyota and Japan's number-three car manufacturer Honda have been big winners over the past year as a sharp drop in the yen inflated exporters' repatriated profits, further boosted by improved demand in key overseas markets.

Sales in China slumped in late 2012 and into last year as a Tokyo-Beijing diplomatic row sparked a consumer boycott of Japanese brands in the world's biggest vehicle market. Relations remain tense, but Japanese manufacturers have reported sales are returning to levels seen prior to the dispute.

Nissan was particularly vulnerable as it counts on China for about a quarter of its sales and has been fighting off rivals, including General Motors and Volkswagen, to scratch back to its pre-boycott 7.7% market share.

China boost profits

In November, the executive in charge of Nissan's China business said it had gone from suffering in China to struggling to catch up with rebounding sales in the world's biggest vehicle market.

Nissan, maker of the Altima sedan and luxury Infiniti brand, has three plants in China with a local partner and plans to open another factory this year.

On Monday (10 February), the firm said it earned ¥274.1bn in the April to December period on sales of ¥7.27trn, a rise of 19.7% from a year earlier.

For the nine-months, Nissan sold 3.67m vehicles globally, up one percent.

"Nissan has delivered a solid nine-month performance amid growing demand for new models in several key markets," the company's chief executive Carlos Ghosn said in a statement.

"Sales in Japan and North America helped offset emerging market volatility and sluggish conditions in Europe. Based on its strong product line-up and current market demand, Nissan is maintaining its full-year earnings forecast," he said.

In November, Nissan downgraded its fiscal full-year profit outlook to ¥355bn from an earlier estimate of ¥420bn.

Buoyant figures

"Despite the buoyant figures so far, an April sales tax hike in Japan and possible slowdown in US and Asian markets could put the brakes on sales for the Japanese car sector," said Takaki Nakanishi, analyst and chief executive at Nakanishi Research Institute in Tokyo.



Nissan's Infiniti has been selling well in China and the USA. Image: Wikipedia

"The Japanese car industry has been on the upswing thanks to the weak yen and strong demand in the US and Asia, including in Japan," he said.

"But there are some negatives on the horizon. The sales tax hike in Japan will affect sales for sure, although I think the impact is likely to be limited. Also, the recent strong demand in Asia and America is likely to lose its momentum," Nakanishi added.

He said gains from the weak yen are likely to taper off while political unrest in Thailand, a major production base for Japanese car manufacturers, could also hurt results.

Still, the upbeat results mark a firm recovery for Japanese manufacturers after the 2011 quake-tsunami disaster hammered production and disrupted supply chains.

Honda has said its nine-month net profit rose almost 40% to ¥403.60.

Source: AFP via I-Net Bridge

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