

Nissan's profits up 14% in June quarter

TOKYO, JAPAN: Japanese car manufacturer Nissan said on Thursday, 25 July that its net profit rose 14% in the April to June quarter as sales in North America grew while a weaker yen boosted its bottom line.



But the country's second biggest manufacturer warned that sales to China, the world's biggest car market, tumbled while demand in recession-riddled Europe was also weak.

For the three months to June, Nissan said it earned ¥82bn, up from ¥72bn in the same quarter last year.

Sales came in at ¥2.51trn, Nissan said, compared with ¥1.89trn in the same period last year.

It added that owing to an accounting change in its reported results with the Tokyo Stock Exchange, which removes a Chinese joint-venture from the figure, sales amounted to ¥2.23trn.

The manufacturer, partly-owned by France's Renault, left unchanged its forecast of a ¥420bn in net profit for the year to March 2014.

Like rivals Toyota and Honda, which report their results next week, Nissan has benefited from a sharply weaker yen, which makes them more competitive overseas and inflates the value of repatriated foreign income.

Sales performance

Nissan said sales to the US market rose by 20% to 306,000 vehicles in the quarter as it prepares for a string of new product launches including its Rogue sport utility vehicle and luxury Infiniti brand's Q50 sedan.

It also resurrected its budget Datsun brand this month to woo a new generation of cost-conscious buyers in emerging markets.

Nissan, which in 1981 killed off the Datsun brand that was a favourite of legions of Western drivers, has launched a "next-

generation" of the car to penetrate high-growth developing economies, including India.

Despite the upbeat quarterly results, Nissan saw a 3.3% year-on-year decline in unit sales to 1.17m vehicles, as sales in China fell by about 15%.

"Market conditions were challenging in the first quarter, but our results were in line with our prior expectations," Nissan chief executive Carlos Ghosn said.

"We expect robust contributions from our new product launches in the second quarter and beyond. Nissan is on track to deliver its full-year forecast," he said.

Effects of island dispute

The firm has not fully recovered from the impact of a consumer boycott of Japanese-branded goods in China, as a long-running diplomatic dispute over a chain of East China Sea islands flared anew last year.

Japanese firms saw sales in the world's biggest vehicle market plunge and many closed factories for a time as urban riots swept parts of China.

Nissan's China market accounts for about one-quarter of its overall sales, far higher than its domestic rivals. The car company has been working to recover lost market share as Volkswagen and US-based General Motors try to capitalise on the boycott.

On Thursday, 25 July Nissan said demand in recession-riddled Europe remained weak.

Tatsuya Mizuno, an analyst of Mizuno Credit Advisory, said: "A weaker yen has helped the financial performance of car manufacturers but they are still affected by a deteriorating relationship between Japan and China. Thanks to the US economy showing some signs of recovery, the industry may come back to the pre-Lehman levels sooner or later."

Source: AFP via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>