Toyota To Lose No. 1 Spot Sometime This Year

Yuri Kageyama, AP Business Writer

TOKYO (AP) — Toyota Motor Corp., which is likely to lose its spot as the world's No. 1 automaker to General Motors Co. later this year, reports its fiscal fourth quarter results Wednesday.

WHAT TO WATCH FOR: Toyota's production capacity was sorely hurt by a devastating earthquake and tsunami in Japan on March 11. The twin disasters nearly washed away Japan's northeastern coast, home to a network of key auto-parts suppliers.

The maker of the Camry sedan and Prius hybrid overtook GM as the world's biggest automaker in 2008, a distinction that the American car manufacturer had held since 1932. But in late 2009, Toyota's reputation was battered by massive recalls.

In 2010, GM came within 30,000 vehicles of Toyota's sales: 8.42 million cars and trucks for Toyota, compared to 8.39 million for GM. Toyota President Akio Toyoda responded on March 9 by announcing a global strategy aimed at achieving an industry first — annual sales of 10 million vehicles by 2015. Two days later, Japan was struck by the worst earthquake in its history.

Since then, car sales have plunged in Japan, Toyota's home market, as nervous consumers hold back on spending. Japan sales had already been declining after the end of incentives in September for purchasing green vehicles.

WHY IT MATTERS: Toyota, the symbol of Japan Inc., underlines the nation's struggle to recover. Power supplies were disrupted after the quake crippled the Fukushima Dai-ichi nuclear power plant. Now the government wants to shut down the Hamaoka nuclear plant in central Japan, the major power provider for some of Toyota's plants.

Toyota said last month that its worldwide production will start recovering in July and may return to full production by November or December, but that was before the Hamaoka decision. Already, the crisis has cost the company production of 400,000 vehicles in Japan, and another 100,000 overseas.

Like other Japanese exporters, Toyota's results are likely to be hurt by the surging yen, which erodes the value of overseas earnings. The dollar has now fallen to about 80 yen from about 90 yen a year earlier.

Toyota has not revised its forecast after the earthquake, but did an earlier upward revision to a 490 billion yen ($6.1 billion) profit for the fiscal year through March 2011, more than double what it earned the previous year, when results were seriously hit by recalls.

WHAT'S EXPECTED: Analysts surveyed by FactSet, on average, forecast a quarterly

profit of about 82 billion yen ($1 billion) on sales of 4.8 trillion yen ($60 billion).

LAST YEAR'S QUARTER: Toyota's profit for the January-March quarter in 2010 totaled 112 billion yen ($1.2 billion) compared with a 766 billion yen loss the year before. Quarterly sales jumped to 5.28 trillion yen ($57 billion) from 3.54 trillion the previous year.

Source URL (retrieved on *09/02/2014 - 12:29am*):
http://www.impomag.com/news/2011/05/toyota-lose-no-1-spot-sometime-year?qt-recent_content=1