Toyota's Profit Tumbles 75 Percent After Earthquake

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TOKYO (AP) — Toyota's quarterly profit crumpled more than 75 percent after the March earthquake and tsunami wiped out parts suppliers in northeastern Japan, severely disrupting car production.

The maker of the popular Prius hybrid gave no forecast for the current fiscal year through March 2012, citing an uncertain outlook because production continues to be hampered by shortages of parts. Toyota is expected to lose its spot as the world's top-selling automaker to General Motors Co. this year because of the disasters.

The automaker's president Akio Toyoda said he and others at Toyota are "gritting our teeth" to keep jobs in Japan. He promised to disclose earnings forecasts by mid-June.

Toyota Motor Corp. reported Wednesday that January-March profit slid to 25.4 billion yen ($314 million) from 112.2 billion yen a year earlier. For the fiscal year ended March 2011, Toyota's earnings doubled, showing that the Japanese automaker had been on the way to recovery from its recall crisis when the magnitude-9.0 earthquake struck on March 11.

But Toyota also said efforts to fix production, including using other plants and finding replacement parts, were going better than initially expected, with car manufacturing expected to gradually pick up in Japan and abroad from next month to 70 percent of pre-disaster levels.

Toyota earlier said such production improvements wouldn't start in Japan until about July, and overseas in August, with a full recovery not expected until late this year.

"Our priority is to get our production back to normal and recover from the disaster," a somber Toyoda told reporters. When a full recovery would come was still unknown, he said.

By the end of May, the crisis has cost the company production of 550,000 vehicles in Japan, and another 350,000 overseas. Production is now back at about 50 percent.

"By reviving our company, we want to help bring Japan's comeback," said Toyoda.

Analysts say the quake and tsunami have sorely hurt Toyota but a production recovery could come quickly.

"I think chances may be good that getting production back would be speedy," Shotaro Noguchi, analyst at SMBC Nikko Capital Markets in Tokyo, said in a recent report.

Still, Toyota may face a different kind of challenge in the months ahead because the government has asked for a shutdown of the Hamaoka nuclear power plant, which is located on a fault-line and furnishes the power supply for the region where Toyota is headquartered and has many of its plants and suppliers.

The request came because of growing fears about the safety of nuclear power after the tsunami damaged the cooling systems at the Fukushima Dai-ichi plant on the northeastern coast, sending it to the brink of a meltdown.

Toyoda did not say how much the Hamaoka shutdown would reduce production, but promised the company would do its utmost to secure a stable power supply.

He said production at all lines for all models would be back at pre-disaster levels by November or December at the latest, but efforts are under way to do it faster.

The hit Toyota has taken makes it likely a resurgent General Motors will regain the title of world's No. 1 automaker by annual vehicle sales. Toyota overtook GM as the world's biggest automaker in 2008, a distinction the American manufacturer had held since 1932.

Toyota said it sold 7.31 million vehicles for the fiscal year through March 2011, up by 71,000 vehicles from the previous year.

For the January-March period, Toyota sold 1.79 million vehicles worldwide. That is fewer than the 2.22 million vehicles GM sold and fewer than No. 3 automaker, Volkswagen AG of Germany, at 1.99 million.

Toyoda said the automaker was still missing about 30 types of parts, although that was an improvement from the 150 it had lacked before. Toyota hopes to be producing at 70 percent of its pre-quake levels by June.

The automaker's full-year results highlight how, when the quake struck, Toyota had been on its way to a recovery from the recall fiasco, affecting 14 million vehicles worldwide, which had battered its reputation for quality.

Sales for the January-March quarter dipped 12 percent year-on-year to 4.6 trillion yen ($57 billion), according to Toyota. For the fiscal year ended March 2011, profit doubled to 408.1 billion yen ($5 billion) from 209.4 billion yen the previous year. Annual sales edged up 0.2 percent to 18.99 trillion yen ($234 billion).

Toyota said vehicle sales fell in North America, Japan and Europe, but it had robust sales in other regions, such as the rest of Asia, Africa and South America.

Toyota is especially struggling in the U.S., where its April sales rose just 1 percent

from the previous year, while GM's car and truck sales surged 26 percent and South Korean rival Hyundai Motor Co. posted a 40 percent jump in sales.

Like other Japanese exporters, Toyota has been hurt by the surging yen, which erodes overseas earnings. The dollar has now fallen to near 80 yen from about 90 yen a year earlier.

"Despite negative factors such as a rapid rise in the yen and the earthquake, our profit sharply rose, thanks to massive cost-cutting and sales efforts," said Toyoda, referring to the full-year result.

Honda, which reported a quarterly profit drop of 38 percent last month, has said it doesn't expect to return to full production in Japan until the end of the year.

Toyota shares closed up 0.6 percent at 3,270 yen ($40) in Tokyo, shortly before earnings were announced. That is still down 9 percent from before the quake.

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Associated Press writer Shino Yuasa contributed to this report.

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