# Toyota Lifts Profit Forecast As Disaster Woes Fade

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TOKYO (AP) — Toyota's quarterly profit slid 13.5 percent on production setbacks caused by last year's tsunami disaster and the flooding in Thailand, but Japan's top automaker raised its annual earnings forecast, saying a recovery is on track.

Toyota Motor Corp. reported Tuesday an 80.9 billion yen ($1.05 billion) profit for the October-December third quarter, down from 93.6 billion yen a year earlier.

Showing confidence in its ability to bounce back, the manufacturer of the Prius gas-electric hybrid, Lexus luxury models and the Camry sedan raised its annual profit forecast to 200 billion yen ($2.6 billion) from 180 billion yen ($2.3 billion).

Still, the higher forecast is barely half of what Toyota raked in the previous fiscal year at 408 billion yen.

Last year was tough for Japanese automakers as the earthquake and tsunami in northeastern Japan devastated key suppliers. The flooding in Thailand in late 2011 hit them with new supply problems just as they were starting to recover from the March disaster.

Toyota Senior Managing Officer Takahiko Ijichi pointed to the strong yen as also behind the declining profits.

The dollar dropped to about 77 yen for the latest quarter from 83 yen the same period in 2010.

Ijichi credited cost cuts as behind the more upbeat annual forecasts.

"Toyota remains committed to pursuing an improvement of its earnings structure through various cost reduction activities as well as continuing the production recovery from the Japan earthquake and floods in Thailand," he said.

Toyota posted 4.865 trillion yen ($63.4 billion) in quarterly sales, up 4.1 percent from the previous year.

Although Toyota lost sales as a result of production disruptions, such problems have gradually been fixed.

Toyota said Tuesday its major plant in the U.S., the one in Mississippi that makes the Corolla, added a second shift, bringing annual production capacity to 150,000 vehicles, as planned.

The plant's construction was stalled after the 2008 financial crisis, and vehicle production finally began in October last year.

Toyota is now expecting to sell 7.41 million vehicles around the world for the fiscal year ending March 2012, up from the previous forecast for 7.38 million vehicles. It is optimistic sales will improve in North America, Europe and Japan as well as the rest of Asia.

The quarterly results were released after the stock market closed. Toyota stock was unchanged at 2,986 yen.

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