Toyota Quarterly Profit Triples, Raises Forecast

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TOKYO (AP) — Toyota's quarterly profit tripled, driven by a recovery from natural disasters, and the company raised its full-year earnings forecast Monday despite a sales slump in China.

Toyota Motor Corp., on track to regain the crown of world's No. 1 automaker this year, reported a July-September net profit of 257.9 billion yen ($3.2 billion) compared with an 80.4 billion profit a year earlier. The result was better than the 238 billion yen ($3 billion) quarterly profit forecast by analysts surveyed by FactSet.

Japan's top automaker raised its profit forecast for the full fiscal year through March 2013 to 780 billion yen ($9.8 billion) from 760 billion yen ($9.5 billion).

It had a profit of 283.5 billion yen the previous fiscal year when Toyota's car production was hammered by the tsunami disaster in northeastern Japan and flooding in Thailand.

The company's optimism comes despite a sales plunge in China, where a territorial dispute over tiny islands known as Senkaku in Japan and Diaoyu in China has set off protests and a boycott of Japanese cars in recent months.

Quarterly sales improved 18 percent to 5.4 trillion yen ($67.6 billion) as the demand for Toyota vehicles picked up across all major regions, including North America, Europe, Japan and Asian nations other than China.

Executive Vice President Satoshi Ozawa said Toyota had recovered from last year's disaster-related parts shortages and was able to boost profits despite the disadvantage of a strong yen. A strong yen erodes the value of overseas earnings of Japanese exporters such as Toyota.

"We have revised the forecast we announced at the end of the first quarter to reflect the progress we have been making," Ozawa said.

For the fiscal second quarter, Toyota, which makes the Camry sedan, Prius hybrid and Lexus luxury models, sold 2.2 million vehicles around the world, up from 1.8 million the same period the previous year.

It now expects to sell 8.75 million vehicles for the full business year through March 2013, up by more than a million vehicles compared to the 7.35 million vehicles sold the previous year.

But the latest projection is 50,000 vehicles fewer than the 8.8 million vehicles Toyota projected in August. Toyota said the drop comes from the sales slump in China, as well as Europe.

Toyota's vehicle sales in China dropped to about half of last year's levels in September to 44,100 vehicles from 86,000 the year before. In August, Toyota sold 75,280 vehicles in China, down 15 percent.

Toyota, which makes the Prius hybrid, Camry sedan and Lexus luxury models, had planned to sell 1 million vehicles in China this calendar year. Now, it says it expects to sell about 850,000 vehicles this year because of the anti-Japanese sentiments.

The China effect is expected to erase 30 billion yen ($375 million) from net profit for the year through March 2013, Toyota said.

Still, Toyota has widened its lead over General Motors Co. in global vehicle sales, selling 7.4 million vehicles around the world through September, and 450,000 more than General Motors, which says it sold 6.95 million cars and trucks.

GM was the top-selling automaker for more than seven decades before losing the title to Toyota in 2008. Last year, Toyota sank to No. 3 after GM and Volkswagen AG of Germany, as it got hit with the earthquake and tsunami in northeastern Japan and the Thai floods later that year.

Although Toyota lost 20 billion yen ($250 million) in operating profit from an unfavorable exchange rate, it gained 160 billion yen ($2 billion) through cost-reduction efforts during the latest quarter, the company said.

Nomura Securities Co. auto analyst Masataka Kunugimoto said in a report last month the damage to Toyota's bottom line from the sales decline in China would be small as Toyota gains sales in other markets such as North America, Southeast Asia and Brazil.

"Profits are expected to expand further," he said.

Other Japanese automakers are also recovering but suffering the China sales drop.

Honda Motor Co.'s quarterly profit surged 36 percent, and it raised its sales forecast to 4.1 million vehicles for the year through March 2013, down about 180,000 from the earlier forecast of 4.3 million. Honda lowered its profit forecast to 375 billion yen ($4.7 billion) for the full fiscal year from 470 billion yen ($5.9 billion). The new forecast still represents a 78 percent rebound.

Nissan Motor Co., allied with Renault SA of France, reports earnings Tuesday.

Toyota stock gained 2 percent to 3,210 yen ($40) in Tokyo trading.

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