

Toyota outsells all carmakers again

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Toyota Motor Corp outsold General Motors Co and Volkswagen AG for a third straight quarter, helped by rising demand in Japan and China.

Sales at Toyota, including its Hino Motors Ltd and Daihatsu Motor Co units, rose about 6% to 2.58 million units in the January-to-March period, the Japanese automaker said today. Second place is too close to call as GM and VW said they sold about 2.4 million each, and the German company hasn't disclosed deliveries for the MAN and Scania heavy truck brands.

For president Akio Toyoda, last quarter capped what the company estimates to have been its most profitable fiscal year as Toyota projects a record 1.9 trillion yen profit (RM59.7 billion), mainly because of a weaker yen. Still, the maker of the Camry is facing a growing challenge from VW, which plans to sell as many vehicles as Toyota in 2014 by expanding in China and benefiting from a recovery in Europe.

"We expect Toyota to hold the N. 1 title in the industry until 2016 or 2017," said Masatoshi Nishimoto, an analyst at IHS automotive in Tokyo. "For Toyota to maintain the title beyond that, they may need to grow more in China."

Toyota, whose shares jumped 60% last year, has surrendered some of those gains this year after recall-related costs mounted and the yen's depreciation slowed. They fell 0.2% to close at 5,549 yen in Tokyo as the benchmark Topix Index climbed 1%.

Safety Recall

This month, Toyota called back more than 6 million vehicles to fix a range of safety defects in one of the biggest recall announcements in automotive history. The Toyota City, Japan-based carmaker in March 2014 agreed to pay a record US\$1.2 billion fine in the US for misleading consumers about safety defects during its 2009-2010 recall crisis related to vehicles with unintended acceleration.

Those headwinds have prompted analysts to scale back their earnings estimates for Toyota in the past month to below what Toyota has been forecasting. The average of

25 analyst estimates compiled by Bloomberg calls for net income to reach 1.87 trillion yen in the year ended March 2014, which would still be a record.

Last year marked a turning point for Toyoda, 57, who took over as president five years ago after Toyota's first annual loss in almost six decades. Following years of global recalls, natural disasters, a soaring yen and Chinese boycotts against Japanese products, Toyoda got what he wished for: a disaster-free year.

Toyoda's Moves

The grandson of Toyota's founder has cleared out the remnants of top management he inherited when he took the helm in 2009, laid out a greater focus on emerging markets and appointed three outside directors to join the board for the first time.

Toyota's production outside Japan climbed more than 8% to 5.89 million in the fiscal year ending in March 2014, outpacing the 1.6% gain in domestic output, the company said.

At the Beijing motor show that opens to the public this week, Toyota showed new Corolla and Levin compact cars that the automaker plans to offer with locally sourced hybrid components starting next year.

Localizing development of hybrids in China allows Toyota to avoid 25% tariffs that the country levies on imports of key auto components, including parts that go into the gasoline-electric Prius. Of the 315,500 Priuses sold globally last year, only about 1,400 went to China.

The hybrid strategy is part of Toyota's push to pass Nissan Motor Co and become the top Japanese automaker in China, where it ranks sixth among foreign automakers, and behind GM and Volkswagen.

China Spending

GM is spending US\$12 billion in China from this year through 2017 to add manufacturing capacity and offer new and refreshed models. Volkswagen has said its Chinese joint ventures will invest 18.2 billion euros (RM80.9 billion) through 2018 to expand in the world's largest auto market.

GM, which sat atop the auto industry in 2011, slipped to third last year behind Toyota and VW. While deliveries are rising this year — even outselling VW in China

— GM chief executive officer Mary Barra is under fire because the company took years to recall millions of vehicles for faulty ignition switches linked to at least 13 deaths.

Barra was grilled at US congressional hearings this month about what GM knew and when. Her performance became the butt of jokes on NBC's "Saturday Night Live," which mocked her elusiveness in answering questions.

Last year, GM deliveries increased percent to 9.71 million units, while VW's sales, which includes MAN and Scania, reached 9.73 million units.

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