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## Slowdown signs - Honda sees 2009 net profit to sink by 95%

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Honda Motor Co said that it expects group operating profit to dive 94.7% YoY from fiscal 2008 to a mere JPY 10 billion for the current business year unless auto sales recover from the damage caused by the global economic crisis.

For fiscal 2008, Honda said that group net profit sank 77.2% YoY to JPY 137.01 billion, but fared better than its earlier projected net profit of JPY 80 billion. Operating profit also plunged, dropping 80.1% YoY to JPY 189.64 billion on sales of JPY 10.01 trillion, down by 16.6% YoY.

But among Japan's top three automakers, Honda is likely to stand alone in staying in the black, as Toyota Motor Corporation and Nissan Motor Co expect to report huge losses next month for fiscal 2008.

In addition to the stronger yen, which dented overseas profits, Honda was hit hard as vehicle sales across all its overseas markets dropped 10.5% YoY to 2,961,000 units. Domestic vehicle sales slid 9.6% YoY to 556,000 units. In total, sales in Japan and abroad shrank 10.4% to 3,517,000 units.

Looking ahead, Honda is likely to fall into the red with a group operating loss of JPY 110 billion for the April to September half. For the full year through next March, the automaker projects group net profit will fall 70.8% to JPY 40 billion on sales of JPY 8.37 trillion, down by 16.4%.

Honda also projected car sales would slip 8.7% YoY to 3,210,000 units for fiscal 2009. Its sales outlook for motorcycles stood at 8,595,000 units, down by 15% YoY.

(Sourced from Kyodo News)

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