
Slowdown signs - Dongfeng Motor H2 profit falls by 14%

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Bloomberg reported that Dongfeng Motor Group Co the Chinese partner of Nissan Motor Co. and Honda Motor Co suffered a 14% drop in H1 profit as the nation's cooling economy stymied demand for new vehicles.

Net income at China's third largest automaker slipped to CNY 1.57 billion from CNY 1.83 billion a year earlier, based on full year results announced today. Sales rose 7.1% to CNY 30.5 billion.

China's auto sales slumped to the slowest growth rate in a decade last year as waning exports stoked unemployment and rising job concerns. This year, the government has cut sales taxes and given out subsidies in a bid to revive auto demand.

Mr Xu Ping Dongfeng Chairman said in a Hong Kong stock exchange statement that the slowdown is just a temporary turbulence. We are confident that the long-term development of the industry would be promising," especially because of the government help.

Dongfeng, which also makes cars with PSA Peugeot Citroen boosted full year profit 7.2% to CNY 4.04 billion or CNY 0.47 a share, after new models helped it win market share. Vehicle sales jumped 11% to 1.06 million outpacing a 6.7% gain for the overall market.

The carmaker, the largest listed in Hong Kong rose 8% to HKD 5.25 in the city today. The stock has more than doubled this year compared with the Hang Seng Index's 8.3% climb. Earnings were reported after the market closed.

The automaker's passenger vehicle sales rose 14 percent to 727,000 last year, helped by the introduction of models, including the Peugeot 307 hatchback and Nissan X-trail. Commercial-vehicle sales rose 6.1 percent to 331,000.

(Sourced from Bloomberg)

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