

Nissan slashes profit forecasts after inspection scandal

TOKYO, Japan - Japanese car giant Nissan has slashed its forecast for full-year operating profit after admitting that a damaging inspection scandal last year had "adversely impacted" the firm's performance.



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Nissan said it now expects operating profit of 565 billion yen (\$5.2bn) for the fiscal year to March 2018, a drop of 12.4% from its previous estimate in November.



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"During the period, the group's performance was adversely impacted by special items related to the final vehicle inspection issue in Japan, along with slowing sales growth, negative pricing trends, and inventory adjustments in the US market," it said in a statement.

Nissan was forced to recall some 1.2 million vehicles after admitting in October that staff without proper authorisation had conducted final inspections on some vehicles intended for the domestic market before they were shipped to dealers.

The automaker suspended all domestic production for a few weeks, sending its passenger car sales plummeting more than 55% in Japan in October.

In a bid to atone for the scandal, chief executive officer Hiroto Saikawa said he was "voluntarily" returning his pay, along with other executives.

Light at the end of the tunnel

Vice president Joji Tagawa told reporters that it had been a "challenging" period for the carmaker but saw some light at the end of the tunnel.



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"We remain focused on improving the state of our business performance and our financial results despite market headwinds ... we expect to normalise our operations by the end of the fiscal year. We take it very seriously so we are putting in place various measures to cope with the situation," he said.

Nissan's operating profit for the nine months to December 2017 was 364.2 billion yen, a 27.6% decline from the same period last year.

The car manufacturer sold a total of 4.1 million vehicles - a gain of 2.9% on-year - but again the inspection scandal took its toll.

There was a 3.4% dip in car sales in Japan because of the inspection issue, Nissan said.

Source: AFP

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