



By: TA | AP Brief

Toyota taps earnings expert as its chief after reporting declining profits



Japan's top automaker Toyota reported a 43% drop in quarterly profit Friday, and announced Chief Financial Officer Kenta Kon will become its new chief executive and president.

Kon, a Toyota veteran, replaces Koji Sato in both roles in April. Shareholders' approval is expected in June.

"This expresses our determination to move toward change with all our might," Sato told reporters, calling the latest personnel changes part of a "gear shift."

Sato remains vice chairman at Toyota Motor Corp.

Kon, who has hands-on experience in various fields, including automated driving, was tapped as an expert on ways to improve company earnings, according to Toyota.

All the Japanese automakers have been struggling because of rising material costs and the impact of U.S. President Donald **Trump's** **tariffs**.

Toyota, which makes the Camry sedan and Lexus luxury models, estimated the negative impact of tariffs erased 1.45 trillion yen (\$9.2 billion) from its operating profit last year.

For the October-December quarter, group profit at Toyota totaled 1.25 trillion yen (\$8 billion), down from 2.19 trillion yen the same period the previous year.

For the nine months through December, Toyota reported a 26% decline in profit at 3.03 trillion yen (\$19 billion) from 4.1 trillion yen, even as sales gained nearly 7% to 38 trillion yen (\$242 billion) from 35 trillion yen the previous year.

Global vehicle sales for the nine months grew to 7.3 million vehicles from about 7 million vehicles, as sales increased in Japan, North America and Europe.

Toyota stocks jumped 2%

Sato, Toyota chief for the last three years, will continue to hold a key industry role as chairman of **JAMA**, or Japan Automobile Manufacturers Association, starting in January.

He also holds a leadership position at Keidanren, the Japan Business Federation, which oversees Japanese businesses overall.

He acknowledged those responsibilities were so critical and industry transformation so urgent that he felt he could do a better job if he resigned from his presidency.

Toyota stocks jumped 2% after the announcements were made

Kon, considered close to company chairman Akio Toyoda, the founder's grandson, said people at Toyota were responsible, but they also tended to be reluctant to change because they had worked hard at setting up the system, when they need to be more nimble.

Toyota, based in Toyota city, central Japan, stuck to its full fiscal year forecast for a 3.57 trillion yen (\$22.8 billion) profit, down 25% on year. Toyota stocks jumped 2% after the announcements were made.

"For Toyota to continue advancing its transformation into a mobility company, it is necessary not only to strengthen industry collaboration but also to expand partnerships beyond the industry," the company said in a statement.