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Toyota Motor Corporation F2Q08 Semi Annual Financial Results Conference Call Transcript

Question-and-Answer Session

Operator

[Operator Instructions]. We will first go to Steve Usher at Japan Investments [ph].

Unidentified Analyst

Thank you very much. I have got three questions here if I may. First of all could you please comment on the model mix in North America with profits essentially flat there, can you discuss what impact mix had there and what the outlook is? Secondly, congratulations on the excellent equity market performance during the China operations. Can you give us an idea of your full year expectations of the China contribution within the equity earnings, you have increased your prospectus on the equity side, if you could just give us an idea what the China contribution is on that? And thirdly, could you comment and give us a bit more detail in terms of the profitability in Latin America, particularly your Brazilian operations. What kind of margins can we expect there and can you give us a bit more number detail in terms of the profit contribution? Thank you very much. Hello?

Takeshi Suzuki - Senior Managing Director

First let me respond to your question regarding the model mix in North America. Comparing the first half of this year against the first half of last year, there has been very little impact of model mix on profitability. If anything it sounds like improved impact from model mix on the profitability. The improvement in model mix is primarily due to the launch of LX which has been very profitable model. On the other hand the hybrid vehicle, the Prius had somewhat longer profit margin than the average margins and offsetting that, the overall model mix impact on the profitability was somewhat on improving side of it, favorable side. Let me explain to you the earnings situation of the Chinese affiliates accounted for under equity methods. The contribution made by the Chinese affiliates accounted for under equity message made to the Toyota's overall profit, was at 30 billion Yen in the first half of this year. Our Chinese business have been doing extremely well with volume increasing and therefore in the second half of this year we are expecting her to receive at least the same level of our earnings or some of the higher than the first half from the Chinese affiliates and because we are expecting substantial growth of our Chinese business, on the full year basis, probably we can accept 70 billion Yen to 80 billion Yen coming from the Chinese affiliated companies accounting for under equity method per year.

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