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Honda Profit More Than Doubles

Weaker yen boosts foreign earnings; Higher gasoline costs lift U.S. sales

By Kosaku Narioka

Honda Motor more than doubled first-quarter net profit and raised its annual forecasts, as the yen's weakness boosted quarterly results and lifted earnings prospects.

The Japanese automaker said Wednesday that operating profit for its car business climbed for the three months ended June, driven partly by a weaker yen, which boosts the value of profit earned abroad in yen terms.

Chief Financial Officer Masao Kawaguchi said car sales fell in China but rose in the U.S. as consumers favored fuel-efficient cars, including hybrids, because of higher gasoline prices.

Kawaguchi said the Chinese economy isn't great and a shift away from gasoline-powered vehicles is accelerating, likely because of rising oil prices.

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The company expects revenue and profit gains for the year. Above, a Honda plant in Canada.

Honda left its global vehicle sales forecast for the year ending March 2027 unchanged. With the impact of the Middle East conflict on the global economy still unclear, the company plans to update sales forecasts after the second quarter, Kawaguchi said.

As part of efforts to bolster its car business in China, Honda in July extended its joint venture with Guangzhou Automobile Group through 2038. Honda's sales in the country have fallen in recent years because of intense competition and a shift away from gas-powered vehicles in the world's largest auto market.

Operating profit also increased for its motorcycle business in the first quarter thanks to higher sales in India and Brazil.

The company projected higher revenue and net profit for the full year, citing the yen's recent depreciation.

That would mark a reversal from the net loss Honda Motor recorded in its latest fiscal year, its first since listing in 1957, as it booked electric-vehicle losses equivalent to about $10 billion after giving up on its main EV plans in the U.S.

Honda is aiming to improve its hybrid EV offerings to shore up its car business's profitability, and plans to end production of the only EV it sells in the U.S., the Prologue sport-utility vehicle, this year.

After reporting an annual loss in May, Chief Executive Toshihiro Mibe said he was abandoning a target he set in 2021, when he said all Honda cars would be EVs or fuel-cell vehicles by 2040. The move mirrors that of most automakers in the U.S., including Volkswagen, Stellantis and Ford.

The Japanese automaker's net profit reached 450.9 billion yen, equivalent to $2.86 billion, in the first quarter, far exceeding the ¥208.2 billion estimate in a poll of analysts by data provider Quick. Revenue climbed 13.5% to ¥6.062 trillion.

Kraft Heinz Raises Its Sales View For Year

By Katherine Hamilton

Kraft Heinz recorded a narrower loss and lower sales in the second quarter, but raised its sales outlook as it aims to mitigate higher supply costs by raising prices.

The company behind Jell-O and Lunchables on Wednesday posted a loss of $5.46 billion, or $4.60 a share, compared with a loss of $7.82 billion, or $6.60 a share, a year earlier.

Stripping out certain one-time items, adjusted per-share earnings were 56 cents, ahead of the 53 cents anticipated by analysts, according to FactSet.

Revenue fell 1.4% to $6.26 billion. Analysts surveyed by FactSet forecast revenue of $6.13 billion.

North American sales were down 2.7%, while international developed markets fell 3.5%. Emerging markets logged a 10% bump in sales.

The declines stemmed from lower volume and mix. Inflation in manufacturing and logistics, as well as higher advertising expenses, weighed on the company's adjusted operating income.

Kraft Heinz did raise prices in each of its segments, as it tried to offset higher input costs, primarily in coffee and ready-to-drink beverages.

The company narrowed its outlook for annual adjusted earnings per share to $2.03 to $2.09, compared with a prior range of $1.98 to $2.10. It now expects net sales to fall 0.5% to 2% during the year, compared with its previous outlook of a 1.5% to 3.5% decline.

Kraft Heinz is also increasing its incremental investments in the business by $100 million to a total of $700 million this year.

Heineken Sales Rise Amid Americas Weakness

By Joshua Kirby

Heineken backed its earnings outlook for the year after sales volumes picked up pace over the second quarter, boosted by premium labels and lower-alcohol products and despite continued weakness in some key beer markets.

The Dutch brewer said Wednesday that total volumes were 1.9% higher organically on year between April and June, picking up pace from the 1.2% growth booked over the first quarter. That boosted net revenue for the half-year to 14.83 billion euros, equivalent to $17.10 billion, and operating profit to €2.17 billion, according to Heineken's preferred accounting method, which excludes exceptional items and amortization. Net profit rose 10% on year to €1.26 billion.

"Heineken delivered strong first-half results overall," analysts at JPMorgan wrote in a note following the update.

That was despite a continued slide in the Americas region, where sluggish demand saw total volumes decrease more than 4% on year despite some uplift from the FIFA soccer world championship that kicked off in June across the U.S., Canada and Mexico.

"There was a World Cup boost," finance chief Harold van den Broek told reporters in a call. "But not enough to lift the market into significant growth."

European volumes were meanwhile barely positive, growing 0.2% on year. By contrast, Asia-Pacific volumes climbed close to 10% on year.

> **Demand in the Americas stayed sluggish despite World Cup gains.**

Van de Broek said the company remained prudent amid macroeconomic and geopolitical uncertainty. He backed the group's medium-term strategy to speed up growth and boost productivity and performance ahead of the imminent arrival of a new chief executive.

Heineken in June said Rafael Oliveira, formerly boss of coffee-and-tea maker JDE Peet's, would take the reins from Dolf van den Brink, a company veteran who led the company for six years before stepping down at the start of this year.

The pickup in volumes adds to signs that new markets and a focus on more premium labels can help the world's brewers out of a lengthy slump. AB InBev, brewer of Bud Light and Corona, said last week that volumes rose more than expected over the most recent quarter, helped in part by a better mix of its pricier labels, as well as by the FIFA World Cup.

Heineken is aiming to get some impetus back into key markets through product innovation, Van den Broek said, pointing to the launch in Brazil of the low-alcohol, low-calorie and gluten-free Heineken Ultimate.

Heineken meanwhile backed its outlook for the year of 2% to 6% growth in operating profit, aided by planned cost savings of up to €500 million for the year.

BUSINESS WATCH

CHRISTINA HOUSE/LOS ANGELES TIMES/GETTY IMAGES

Patients would use CVS's app to view pricing options for Eli Lilly's Zepbound and Foundayo.

CVS HEALTH

Partnership Is Set To Offer GLP-1s

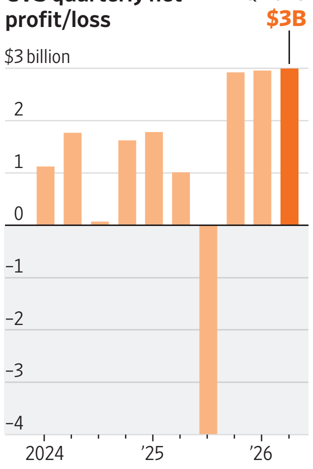
CVS Health said it will revamp its weight management program through a partnership with Eli Lilly, lifted its full-year outlook and reported a nearly threefold increase in its second-quarter profit.

The company on Wednesday said patients will be able to use the CVS Health app to view transparent pricing options for Zepbound and Foundayo, two Lilly GLP-1 treatments. Those treatments also may be available for same-day pickup at CVS pharmacies.

The company projected yearly adjusted earnings between $7.90 and $8.10 a share. Its stock closed down 5.1%.

—Elias Schisgall

CVS quarterly net profit/loss



Source: S&P Capital IQ

ETSY

Ecommerce Site Cuts Staff by 12%

Etsy is laying off about 220 employees, representing roughly 12% of its workforce, to adapt to changing online-shopping habits.

The layoffs are mostly in its product and engineering division. The cuts weren't driven by cost-cutting initiatives or artificial intelligence, Chief Executive Kruti Goyal said in a letter to employees.

The announcement came alongside a second-quarter report showing growth across the business, prompting Etsy to raise its outlook for annual gross merchandise sales.

Revenue from continuing operations rose 6.2%, to $668.3 million, ahead of the $646.1 million analysts were projecting, according to FactSet.

Gross merchandise sales from continuing operations increased 1%, to $2.58 billion, ahead of Wall Street's estimate of $2.51 billion.

Etsy now expects annual gross merchandise sales will increase by a mid-single-digit percentage, up from its previous guidance of low-single-digit growth.

The company swung to a second-quarter loss of $46.7 million, or 36 cents a share, from a profit of $28.8 million, or 25 cents a share, in the prior-year period.

—Katherine Hamilton

ELI LILLY

Weight-Loss Drugs Send Earnings Up

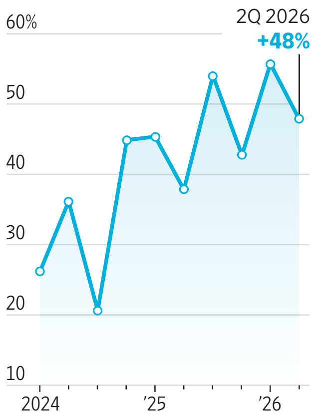
Eli Lilly reported higher net income and revenue in the recent quarter, fueled by continued surging demand for its GLP-1 weight-loss drugs.

Stripping out one-time items, earnings were $8.38 a share, the company said Wednesday. Analysts surveyed by FactSet expected adjusted earnings of $6.01 a share. Lilly stock jumped 4.9%.

Demand is surging for Lilly's weight-loss treatments Mounjaro and Zepbound. The company reported $9.94 billion in Mounjaro revenue—up 91% from last year—as well as $4.93 billion in Zepbound revenue—up 46% from last year.

—Connor Hart

Eli Lilly's quarterly revenue, change from a year earlier



Source: S&P Capital IQ