# Nissan warns of up to £4 billion loss amid turnaround challenges and industry pressures



Nissan Predicts Up to £4 Billion Loss Amid Costly Turnaround Plan and Industry Challenges

Japan’s third-largest carmaker, Nissan, has forecast a potential loss of as much as £4 billion for the year, a figure nearly ten times higher than its previous guidance. The announcement highlights the escalating challenges the company faces as it navigates a costly turnaround strategy and a turbulent automotive market.

The stark profit warning represents the first major financial update under the leadership of Ivan Espinosa, a Mexican executive appointed chief executive last month after two decades with Nissan. Espinosa succeeded Makoto Uchida, who stepped down following a failed merger attempt with Honda earlier this year.

“This significant net loss is primarily due to a major asset impairment and restructuring costs as we continue to stabilise the company,” Espinosa said. Speaking to The Guardian, he emphasised that despite the setbacks, Nissan maintains “significant financial resources, a strong product pipeline and the determination to turn around Nissan in the coming period.”

Nissan’s expected loss stems largely from a £2.6 billion write-down in the value of its global production assets. Despite this impairment, the company stated it “remains in a solid cash position.” However, the downgrading of Nissan’s debt to “junk” status by Moody’s in February reflects ongoing concerns about the company’s financial health.

The automaker anticipates that sales in 2024 will fall to 3.35 million vehicles, a substantial decline from 5 million in 2019. This drop is attributed to “changes in the competitive environment and deterioration in sales performance,” though the company stopped short of directly blaming recent tariffs.

Nissan’s recovery plan includes drastic measures such as cutting 9,000 jobs and accelerating the launch of electric vehicles to reduce reliance on combustion engines. These efforts are taking place amid considerable uncertainty related to the broader automotive sector, including the impact of US tariffs.

Industry analysts have highlighted the tariff situation as a significant concern. Tatsuo Yoshida of Bloomberg Intelligence told the AFP news agency that the 25% US tariffs on car imports are expected to impact Nissan more severely than other Japanese carmakers. “If this situation goes on forever, it can be a death blow for Nissan, in a sense that it will run out of cash and default,” he warned ahead of the company’s profit announcement.

Nissan operates a major production facility in Smyrna, Tennessee, which offers some protection from tariffs. In 2024, Nissan built 524,000 vehicles at this US plant, out of 924,000 it sold stateside. Yet, production of popular models such as the Rogue SUV, manufactured in Japan, has been reduced due to tariff pressures.

The Guardian reports that Nissan’s financial struggles have extended to its Sunderland plant, the company’s sole assembly facility in Europe. Over the year leading to March 2024, this plant recorded a £63 million loss, a marked decline from the £32 million profit the previous year.

The company’s ongoing difficulties trace back to a period of internal strife following the dramatic arrest and subsequent flight of former CEO Carlos Ghosn. Since then, leadership instability has compounded sales and profit challenges.

Looking ahead, the unfolding developments at Nissan will draw attention from industry rivals and investors. Should the company fail to reverse its financial decline, it could become vulnerable to acquisition attempts. There is speculation around a potential hostile bid from Honda, while Taiwanese tech giant Foxconn, known for manufacturing iPhones, has also expressed interest in acquiring shares as it contemplates entering the automotive sector.

Source: [Noah Wire Services](https://www.noahwire.com)

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