# 

# Gains and losses

# Reporting on business performance

|  |  |
| --- | --- |
| **1** | **Honda increases profit on good business in China and Japan** Honda significantly increased its profit in the past 2013/14 fiscal year (ended March 2014) on strong sales in Japan and China. Operating profit rose 37.7 percent to roughly 5.31 billion euros. The Japanese automaker's net profit climbed more than 56 percent to 4.06 billion euros, compared to the previous year. (Reuters – April 25, 2014) |
| **2** | **Peugeot benefits from demand in Europe and increases revenue** Struggling carmaker Peugeot increased its revenue at the beginning of the year thanks to stronger business in Europe and China. Revenue climbed 1.9 percent year-on-year to 13.3 billion euros for the January to March period, the French company said. PSA Peugeot Citroën delivered 725,916 vehicles worldwide, particularly due to the recovery in Europe. Deliveries were up 7.6 percent on the year-ago period. Sales rose 16 percent in Europe and 18 percent in China. Sales in Russia and South America, on the other hand, were down. Business there was affected by exchange rate turmoil - the currency decline in Russia, Argentina and Brazil reduced revenue by 4.5 percent. (Reuters – April 25, 2014) |
| **3** | **Continental raises outlook after profit increase in the first three months of 2014** Continental has increased its outlook for the adjusted ebit margin in 2014 from ten percent to 10.5 percent. CEO Elmar Degenhart said the good trend of the first three months seems to continue in the second quarter. The automotive supplier increased its sales by 4.4 percent to 8.4 billion euros in the first quarter, adjusted sales were up 8.3 percent. Adjusted operating profit (ebit) amounted to 953 million euros, an increase of just under 20 percent. (Reuters – April 25, 2014) |
| **4** | **Delphi profits jump** Delphi Automotive posted a 16 percent increase in first-quarter 2014 profits, helped by strong auto parts demand in Asia and North America. Net income increased to 320 million dollars, from 276 million dollars in the year-ago period. Revenue climbed six percent to 4.28 billion dollars. The automotive supplier said it now projects 2014 adjusted earnings of between 4.80 dollars and five dollars a share, up from its previous forecast of between 4.70 dollars and 4.95 dollars a share. (autonews.com, Online, USA – April 25, 2014) |
| **5** | **Sogefi posts loss** Sogefi reported a net loss for the first quarter 2014 after results were hit by restructuring charges and the negative effect of exchange rates. The Italian automotive supplier posted a net loss of 6.3 million euros for the first three months of this year, down from a profit of seven million euros in the same period last year. (Reuters – April 25, 2014) |
| **6** | **Electrolux hikes Europe forecast** Electrolux's earnings before interest, taxes and one-time items rose four percent to roughly 114 million dollars in the three months through March 2014. Electrolux reiterated that market demand in the U.S. is expected to increase by four percent in 2014 and said it now expects demand to rise by as much as three percent in Europe. The home appliance maker had previously said it sees slightly positive demand for the European market. First-quarter sales at Electrolux were up 1.2 percent year-on-year to 3.88 billion dollars. (Bloomberg.com – April 25, 2014) |

## Task 1

Read news clip #1 about Honda and add any information you can to the table below.

**Honda**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **what** | **(where)** | **how much change** | **when** | **final figure** | **why** |
| **gains** | *Net profit* |  | *37.7%* | *2013/14 fiscal year*  *2013/14 fiscal year* | *€4.06 m* |  |
| **losses** |  |  |  |  |  |  |

## Task 2

Read news clip #2 about Peugeot. Then work together with another person to add information to the table below.

**Peugeot**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **what** | **where** | **how much change** | **when** | **final figure** | **why** |
| **gains** |  |  |  | 1st quarter 2013 to 1st quarter 2014 | (725,916 vehicles) |  |
| **losses** |  |  |  |  |  |  |

## Task 3

Read news clip number \_\_\_\_\_\_\_\_ about \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and add information to the table.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **what** | **where** | **how much change** | **when** | **final figure** | **why** |
| **gains** |  |  |  |  |  |  |
| **losses** |  |  |  |  |  |  |

## Task 4

Underline all words and phrases in the 6 news clips that show upward movement (gains). Circle all words and phrases that show downward movement (losses). Then make a list below:

|  |  |
| --- | --- |
| **Gains** | **Losses** |
|  |  |

Can you think of any other words or phrases you can add to the list?

## Task 5

## The name of a company can be highlighted by putting it in the subject position: “Peugeot increased its revenue by 1.9%.”, or the financial category can be highlighted: “Revenue climbed by 1.9%.”

Which verbs or verb phrases from task 4 can be used in the example sentences below?

|  |  |  |
| --- | --- | --- |
| 1. Profits |  | by \_\_\_\_\_\_% to \_\_\_\_\_\_. |
| 1. Microsoft |  | profits by \_\_\_\_\_\_% to \_\_\_\_\_\_. |
| 1. Daimler |  | a loss of \_\_\_\_\_% for the first quarter.  a gain |

## Task 6

Using the tables you completed in tasks 2 or 3, report on the financial performance of one or more of the companies.

## Task 7

Prepare a report on the financial performance of your own company, or on other performance variables which you are familiar with in your department or project.

### Trainer Notes

Reading and understanding

**Task 1** is a warm up and can be done individually or in pairs. Follow up with a whole-class discussion and comparison of results.

**Task 2** is more difficult. Pairs are nice, if possible, as they can discuss their interpretations and learn from one another. Afterward, again, follow up with the whole class; there are likely to be some differences and questions here.

**Task 3** provides more reading comprehension practice and exposure to key vocabulary. It can be done as a jigsaw reading activity where each participant (or pair) reads about one of the remaining companies and fills out a corresponding information table. Then, using these tables, they report the results to the rest of the class. (**Watch out for prepositions here!!**) Based on these oral reports, other participants record the information in their own charts (encourage clarification questioning!). Afterward, everyone checks what they have in their charts by reading the original news clips.

For higher level groups, you can introduce a problem for them to solve based on all the information they collect, e.g. “In what part of the world was performance best?” (Parts of Asia and perhaps N. America) Or, “Which company reported the strongest gains?” (Delphi – or Honda if you include it.) This question is a bit tricky because different kinds of gains are measured – be prepared for discussion!)

Lexis

**Task 4:** Participants should go through all 6 passages for this. They will probably transfer the tenses used in the text to the task-4 grid. You might use this to discuss where present tense is used (in the general, summary headings) and where the past simple is used (for the details). See if participants can add more expressions (especially in the “losses” column, which is a bit sparse).

Verb patterns (intransitive vs. transitive)

**Task 5:** Write the two example sentences in the intro to task 5 on the board and show how either the company or the financial category can occupy the subject position. Now turn to the Honda passage and (get them to) find examples of both those kinds of sentences, one kind using transitive verbs and the other using intransitive ones. Write these sentences on the board. Find some more examples in some of the other news clips if it is helpful. As a group, transfer the verbs from Task 4 into the correct sentences in Task 5 (intransitive verbs in sentence 1, transitive verbs in 2 and 3). When they are ready, they can continue on their own, with the trainer circulating to help. Note the verb pattern in sentence three (verb + noun + of) only appears in passages 4 and 5. The ppts may need help with these.

If extra words were added to the list in Task 4, have them work out which patterns they think they would work with.

Make sure they know that some of the verbs from task 4 may be used in only one of the verb pattern boxes, others may fit in two (actually, only “increase” here).

Review all the results together.

Depending on the group, you can talk about intransitive and transitive verbs and how they are marked in dictionaries.

You can discuss why (or where in a report) one may want to highlight the *company* and why one may want to focus just on the *economic indicator*. You can examine some of the news clips to confirm ideas on this: in general, companies are highlighted at the beginning, economic indicators later on. However, so it won’t seem too repetitive, companies sometimes take the subject role later in text. Notice though, that again for variety, the company is indirectly referred to, e.g. “Honda” 🡺 “The Japanese automaker”. Or “Sogefi” 🡺 “The Italian automotive supplier”. There are examples of this in almost all the reports. (You may want to hold off on this observation until you assign a written report later on as part of Task 6.)

Production

**Task 6:** For lower groups this can be informal **discussions** – perhaps one or two people describing the performance of each company to the group, experimenting with sentence patterns and variations. For higher groups you could assign formal **presentations** and/or **written reports** – or a combination going from easiest to most challenging.

If you have not done so already, explore how the *reasons for economic changes* are introduced in the reports – the “why” portion of the charts (*thanks to, on, due to,* etc.)

If you do short presentations, consider having them create graphs or charts showing the basic information. They can then use these visuals to refer to as they present the report. If they work together to decide on what kind of chart or graph will work best and then create it, this itself will be a good language activity.

***Note that some math might be required!!!*** For example, bar graphs showing last year’s earnings next to this year’s would be nice, but the initial value is not stated in the news clips. Instead, a percentage change and the final figure is reported. To make a graph, you need the initial value. You can calculate the initial value using this formula:

Initial value = Final value divided by (1.00 + %change)

(%change should be expressed in decimal form, i.e 50% = 0.50)

For example, Honda’s operating profit increased by 37.7% to €5.31m.

So: Initial value = 5.31m divided by 1.337 (This comes out to 3.86m)

Thus: Bosch increased operating profit by 37.7% **from €3.86m** to €5.31m.

**Task 7:** Optional extension. Make sure you work with your group to develop a context – who’s reporting to whom and why.