

# Briefing for Institutional Investors

June 2017

**NISSAN SHATAI CO., LTD.**

1. Greeting	The first two items on the agenda of this meeting are presenting the business report and consolidated financial statements for the 94 <sup>th</sup> fiscal period from April 1, 2016 to March 31, 2017, and also reporting on the other financial statements for this period.
2.The current status of the Nissan corporate group	<p>First, within the current status of the Nissan corporate group, I will outline Nissan Shatai's business activities and results for this period.</p> <p>In the fiscal year under review, the Japanese economy maintained its gradual recovery due to the continuous effects of economic policies and monetary easing. However, the outlook remained uncertain for several reasons including fluctuations in foreign exchange rates and stock prices, as well as concerns over the effects of an economic downturn in China and other emerging countries in Asia.</p>
The volume of orders ① Passenger vehicles	In such an economic climate, the volume of orders of passenger vehicles from Nissan Motor Co., Ltd. decreased for the Quest for North America, and for the Patrol (Y61) and other vehicles for export. Despite this, orders increased for the Armada for North America, which started production in June 2016. As a result of these and other factors, the sales volume increased by 17.2% year-on-year to 120,272 units, and net sales increased by 23.3% to 365.5 billion yen.
② Light commercial vehicles	For light commercial vehicles, a fall in production of the Patrol Pickup for export and other factors resulted in the sales volume remaining largely flat from the previous fiscal year at 86,729 units, while net sales decreased by 3.2% to 125.9 billion yen.
③ Microbus	In the microbus category, a decline in production of the Civilian and other factors resulted in a 6.3% year-on-year fall in the sales volume to 23,330 units, and also a decrease in net sales by 11.2% to 44.7 billion yen.
④ Net sales	Overall, compared with the previous fiscal year, the vehicle sales volume increased year-on-year by 7.8% to 230,331 units. Meanwhile, consolidated net sales (including vehicle parts and other products) increased by 11.1% to 565.8 billion yen.
⑤ Product category	Breaking down the sales volume by product category shows passenger vehicles account for 64.6% of sales, followed by light commercial vehicles at 22.3%, then microbuses at 7.9%, and finally vehicle parts and other products at 5.2%.

Earnings	<p>As for earnings, the increase in sales volume and other factors resulted in a 6.2% year-on-year rise in operating income to 12.1 billion yen, and a 6.2% increase in ordinary income to 12.7 billion yen.</p> <p>Furthermore, profit attributable to owners of parent increased by 3.6% year-on-year to 8.2 billion yen. This was mainly attributable to amendments to Japan's Corporate Income Tax Act in 2016, and a 1.0 billion yen extraordinary loss resulting from the special extra retirement payments.</p>
Regarding financing	There are no particular noteworthy matters to report on regarding financing for this period.
Capital investment	<p>Next, I will report on capital investment for this period.</p> <p>Total capital investment was approximately 9.7 billion yen, which was mainly invested in new products and making minor change to boost the appeal of existing products. As a part of our efforts to enhance various corporate equipment and facilities, we also streamlined our production equipment, and made improvements to welfare facilities and the work environment.</p>
Consolidated financial statements	Next I will report on the other consolidated financial statements.
① Consolidated balance sheet	<p>First, I will outline the consolidated balance sheet as of March 31, 2017.</p> <p>Total assets for the period were 294.4 billion yen.</p> <p>This comprises an increase of 31.9 billion yen, resulting in current assets of 236.9 billion yen and fixed assets of 57.4 billion yen.</p> <p>Meanwhile, total liabilities for the period were 115.0 billion yen.</p> <p>This comprises a year-on-year increase of 22.5 billion yen, resulting in current liabilities of 100.5 billion yen and fixed liabilities of 14.5 billion yen.</p> <p>Total net assets for the period were 179.3 billion yen.</p> <p>This comprises a year-on-year increase of 9.4 billion yen, resulting in shareholder's equity of 181.8 billion yen and accumulated other comprehensive income of minus (2.4) billion yen.</p>
② Consolidated statement of income	<p>Next, I will present an overview of the consolidated statement of income for the 94<sup>th</sup> period.</p> <p>As I mentioned previously, the business activities of Nissan Shatai and its consolidated subsidiaries' for this period resulted in ordinary income of 12.7 billion yen.</p> <p>Also, as a result of special losses totalling 1.3 billion yen, including extraordinary loss resulting from the special extra retirement payments, the profit attributable to owners of parent was 8.2 billion yen, after deducting corporate tax and other items.</p>

3. Initiatives to address major challenges	To continue, I would now like to report on the status of our initiatives to address our major necessity.
2011 to 2016 Medium-term Management Plan	<p>To begin, I would like to look back and report on the initiatives we have undertaken for 6 years under our 2011 to 2016 Medium-term Management Plan.</p> <p>Based on the fundamental direction of our 2011-2016 Medium-term Management Plan to “develop a global customer base,” we have boosted our competitiveness by strengthening our new facilities and reorganizing the Shonan Plant, expanded our overseas operations, increased our production volume, and sought a major transformation shifting from a passive to proactive mode of expansion.</p>
Nissan Shatai Kyushu(1/2)	Looking back at each of these four pillars, we can see that by starting operations at a new facility and producing new models one after another, Nissan Shatai Kyushu tackled several major issues for which we had no prior experience, such as moving to a three team and three shift production framework in the second half of last year.
Nissan Shatai Kyushu(2/2)	<p>Even under those circumstances, Nissan Shatai Kyushu has received high valuations for quality, such as being certified as an assembly plant for the Infiniti, Nissan’s luxury vehicle brand, and achieving the top-class rank in the J.D. Power North America Initial Quality Study.</p> <p>Furthermore, we were able to establish a firm presence as a global production center by ensuring cost competitiveness even among foreign currency fluctuations, and realizing steady three team and three shift production operations.</p>
Shonan Plant(1/2)	We also worked to enhance profitability at the Shonan Plant based on the pillar of plant reorganization amid the growing trend of production localization.
Shonan Plant(2/2)	As a result, in addition to achieving our goal of production cost reduction, which is a condition of maintaining the Shonan Plant, and realizing the next generation of the NV150 AD, a core Nissan model, we solidified our top-class global ranking in Nissan Group Initial Quality, and twice won Plant of the Year. We were additionally able to increase the Shonan Plant’s presence through company-wide manufacturing by actions such as establishing a flexible production process that allows us to meet the diversifying needs for LCVs, otherwise known as light commercial vehicles, starting with mixing frame vehicles and special-equipped vehicles.
Overseas expansion activities(1/2)	We also proactively expanded our development of overseas projects and production preparation operations to respond to the globalization of manufacturing as we strengthen the foundation of our overseas expansion activities.

Overseas expansion activities(2/2)	<p>We additionally devoted ourselves to enhancing our overseas response capabilities from the aspects of education and practice focusing on the certifications necessary for overseas activities, establishing a system that allows us to reliably carry out overseas projects, and gained trust from overseas bases through various activities such as establishing the LCV Global Technical Information Center and supporting the improvement of quality and input costs at overseas bases.</p> <p>Currently 19 people are working with members at local bases at global Nissan bases.</p>
Proactive expansion of production volume and sales(1/2)	<p>In our proactive expansion of production volume and sales, we progressed our independent activities to meet the diversifying needs for LCVs through timely product planning, rapid commercialization and proactive sales support founded on direct interaction with our customers and market surveys.</p>
Proactive expansion of production volume and sales(2/2)	<p>As a result, we achieved a number of concrete results, such as quadrupling conversion sales, which were previously on the order of 5 billion yen, through initiatives to strengthen product capabilities of patrol pickups.</p> <p>In response to these unique initiatives, expectations are increasing from Nissan's planning department, as well as from the Middle East and domestic sales divisions.</p>
2011 to 2016 Medium-term Management Plan	<p>This concludes my report on the goals we have achieved up through 2016 in successfully completing the Fiscal Year 2011 Medium-term Management Plan.</p>
The environment and necessity surrounding of our company	<p>Next, I will provide an explanation on the environment and necessity surrounding of our company.</p>
①Demand trends for automobiles	<p>First, regarding the global demand trends for automobiles, in developed countries such as Japan, the U.S. and Europe demand is holding steady or showing gradual improvement.</p> <p>Further growth is expected in the overall global market driven by emerging economies centered around China.</p>
②Production volume shift	<p>This shows the result of our company's production volume in the last 9 years and our future prospects. While there was a continuous decline in production volume after the Lehman Shock in 2008, as a result of achievements such as "activities to proactively raise production volume," we were able to transition to a production increase in 2012.</p> <p>In fiscal year 2017, we are also planning for increased production versus last year. We expect to see continued strong growth in the demand for frame vehicles such as luxury SUVs and large pickups.</p>

③Technological innovation	<p>Next, from the technology aspect, we will further accelerate our technological innovation in safety, the environment and convenience.</p> <p>Regarding these next-generation technologies, we must ensure that vehicle production is not delayed, and that we carry out a timely response.</p>
④Life-cycle	<p>Furthermore, during the period of the next Medium-term Management Plan, many of the vehicles we produce will enter a model change period within their long life-cycle, making our response to the next generation of power trains and other next generation technologies an urgent issue.</p>
⑤Expand the synergies in our alliance	<p>While considerations are already being made how to expand the synergies in our alliance which now includes Mitsubishi Motors, for us to continue fulfilling our role within the Nissan Group, it is essential that we continue to refine our company's strength of integrated manufacturing, and establish clear core technologies in demand globally.</p>
New Medium-term Management Plan	<p>I will now explain our new Medium-term Management Plan which will respond to the issues I've introduced thus far.</p>
Fundamental direction and goals	<p>This is the fundamental direction and goals for our company within the new Medium-term Management Plan.</p> <p>Looking at the next 6 years through our Medium-term Management Plan, we will seek to build a powerful and long-lasting foundation for success through the three pillars of more competitive vehicles, more competitive plants, and more competitive technology and skills.</p>
Fundamental direction	<p>This is our fundamental direction:</p> <p>“Build a powerful and long-lasting foundation for success by focusing on LCV and frame-vehicle technological expertise as well as supplying vehicles with outstanding quality and appeal to customers.”</p> <p>Our initiatives over the next 6 years will be centered around this fundamental direction.</p> <p>Next, I will explain the three pillars that will help us realize this goal.</p>
More competitive vehicles	<p>The first pillar is “more competitive vehicles”, to “use highly appealing vehicles to increase production and sales.”</p> <p>Our target state is continuous full production at Nissan Shatai Kyushu and an expansion of vehicle production at the Shonan Plant.</p>

① Increase production	<p>We will reliably sustain our current momentum to increase production and further expand our specialty equipped vehicle business.</p> <p>By directly communicating with our customers, we will accurately grasp the market needs, and while continuing to provide vehicles that appeal to our customers, we will seek to create further appeal in the Armada and Infiniti QX80, which are performing strongly in North America, and by further improving the quality suitable for such luxury vehicles, increase vehicle production in fiscal year 2017.</p>
② NV350 Caravan minor changes	<p>Now, I will introduce the minor change to the caravan scheduled to be released this summer.</p> <p>In this minor change, we will adopt a number of items that will improve the convenience and safety of LCVs such as introducing the next generation V motion grill.</p>
More competitive plants	<p>Next, I will explain the second pillar to increase our competitiveness.</p> <p>Our second pillar is to “Operate plants with the best quality that can earn the trust of customers.”</p> <p>In our previous Medium-term Management Plans, Nissan Shatai Kyushu and the Shonan Plant have carried out initiatives in response to each of their surrounding environments, but in the next stage, by unifying Kyushu and Shonan, we will share our individual strengths and best practices and work to establish our unique Nissan Shatai strengths.</p>
① Best Quality	<p>“Best Quality” is positioned as a common goal.</p> <p>Quality is the root the source that connects everything – cost, delivery, and trust from our customers.</p> <p>We aim to achieve unchallenged global competitiveness by raising the trust of all our customers as well as those who buy them.</p>
② Initial Quality	<p>In fiscal year 2016, our NV200 Vannete and NV350 caravan gained the top ranking with the same score in the Domestic Nissan Group Initial Quality.</p> <p>We view this achievement as the result of the quality improvement initiatives Nissan Motor Group has undertaken, including with our business partners.</p>
③ New model Armada	<p>Next, regarding the new Armada, we painstakingly evaluated the market needs to produce a vehicle that fully satisfies our customers and meets their expectations.</p> <p>Furthermore, during the production preparation period we carried out thorough quality assurance in an integrated quality assurance system that combines development, technology, production, and quality assurance, and then delivered to the North American market. As a result, we were able to greatly exceed the existing record of quality for new models for Nissan local vehicles.</p> <p>Thanks to everyone’s efforts, the Armada has been highly praised by our customers since its launch in North America, and we have received requests for increased</p>

	<p>production that exceeds the capacity of Nissan Shatai Kyushu. For the volume that exceeds our capacity even working in 3 teams and 3 shifts, we have decided to produce Armada at the Shonan Plant. Since the start of the second half of 2017, preparations are proceeding at a fevered pitch for new construction and modifications to allow parallel production and at the same time new employment. Furthermore, we will shift our production schedule from being the afternoon shift only to being the afternoon and night shift.</p> <p>Going forward by continuing these initiatives, and achieving recognition of the strengths of Nissan Shatai, seek to become a plant that is trusted by all our customers.</p>
④ J.D. Power North America Initial Quality Study	<p>I would now like to report on the result of the J.D. Power North America Initial Quality Study released last week.</p> <p>The Nissan Infiniti QX80 achieved the number 1 ranking in the Large Premium SUV segment.</p> <p>We have retaken the number 1 spot after previously achieving the number 1 ranking for two years in a row in 2014 and 2015.</p> <p>Going forward by continuing these initiatives, and achieving recognition of the strengths of Nissan Shatai, seek to become a plant that is trusted by all our customers.</p>
More competitiveness technology and skills	<p>“More competitiveness technology and skills” is our third pillar.</p> <p>We will seek to establish the technologies that allow us to reliably respond to the next generation of car production.</p>
LCV and frame vehicle global manufacturing technological base	<p>In addition to the initiatives we have taken thus far under the slogan of “I want to entrust LCVs to Nissan Shatai,” we have added frame vehicle development and production technology, which is positioned to become even more critical going forward. By 2022 we seek to become the “LCV and frame vehicle global manufacturing technological base in Renault and Nissan.”</p> <p>To achieve that goal, we will anticipate the next generation and make the new technologies, manufacturing methods and processes we must concentrate on in each fiscal year clear ahead of time, and enhance our LCV and frame vehicle technologies and skills by integrating our development and production departments.</p>
Foundation to support all of our activities	<p>In closing, I will discuss the “foundation to support all of our activities.”</p>



Promoting diversity	<p>At Nissan Shatai Kyushu, we will work primarily at promoting diversity.</p> <p>This year we have hired 40 new recruits, among which 11 female employees will be active as line workers.</p> <p>Currently, we are carrying out education and support to allow each new employee to develop and be active in their workplace as soon as possible.</p> <p>We will take the opportunity presented by the start of the new Medium-term Management Plan, to further accelerate diversity initiatives and aim to create a workplace where women can be active. Furthermore, we will undertake various issues such as optimizing work-life balance and establishing an environment which allows both childcare and caring, aiming for a workplace that allows all employees to work easily and be active.</p>
New Medium-term Management Plan	This concludes my explanation of the fundamental direction and major necessity of the new Medium-term Management Plan.
Initiatives to address major challenges	While I have concluded my explanation on our initiatives for our major necessity, we will continue to work together as a company to build a powerful and long-lasting foundation for success based on our three pillars of competitiveness, and I ask for everyone's continued support and cooperation.
4.BusinessOutlook for fiscal 2017	<p>Now I will outline the projected results for Nissan Shatai in FY2017.</p> <p>Sales volume in FY2017 is projected to be 670.0 billion yen.</p> <p>Operating income and ordinary income are projected to be 14.0 billion yen and 14.5 billion yen respectively, while profit attributable to owners of parent is forecast to be 9.6 billion yen.</p> <p>This concludes the projected results for FY2017.</p>
5.Dividends	Regarding dividends, based on our policy of continuously providing steady dividends to shareholders,the annual dividend for this fiscal year will increase by 2 yen to 13 yen. We intend to continue with an annual dividend of 13 yen in FY2017 as well.
6.Closing Speech	In closing my presentation for today, I would like ask for the continued support and encouragement of all stakeholders going forward.