

NISSAN SHATAI CO., LTD.

**FY 2017**

# **Financial Results**

(Fiscal year ended March 31, 2018)



May 2018

FY 2017

# Events and Major Achievements in FY2017

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## 【The final vehicle inspection issue】

Following the discovery in September 2017 of the final vehicle inspection issue at Nissan Shatai Group plants, assembly lines were moving at a slower speed than usual in order to improve the final vehicle inspection process and stabilize production operations.

Production lines were reconfigured, isolated final inspection zones were established and other actions were taken to prevent this problem from happening again. Assembly lines have been returned to normal speed.

### [1 ] More competitive vehicles (Producing highly appealing vehicles to increase production and sales )

Launched new models, including minor changes to the NV350 Caravan and the Infiniti QX80 for North America

Started activities in the Middle East, Africa and ASEAN region in order to increase production volume and sales

### [2] More competitive plants (Operating plants with the best quality that can earn the trust of customers )

The Infiniti QX80 placed first in the J.D. Power North America Initial Quality Study for the first time in two years

The NV200 Vanette and NV350 Caravan both placed first in the FY2016 Nissan Group Japanese Market Initial Quality Assessment

### [3] More competitive technologies and skills (Establishing global technology bases for LCV and frame-vehicle manufacturing)

Activities to develop technologies needed for next-generation frame-vehicles in order to become a global technology bases for LCV and frame-vehicle manufacturing

Activities at Nissan Shatai Kyushu to increase frame-vehicle production capacity and improve flexibility

FY 2017

# Earnings Results Highlights

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Vehicle sales volume decreased and sales and earnings were lower because of the September 2017 discovery of the final vehicle inspection issue

## Vehicle sales volume

Decreased 7.9% year-on-year to 212 thousand units as higher demand for the Armada and Infiniti QX80 for North America was offset by the production suspension and reduction in assembly line speed

## Net sales

Decreased 1.3% year-on-year to 558.6 billion yen in part because of a change in the composition of vehicles produced

## Operating income

Decreased 89.1% year-on-year to 1.3 billion yen on reduction in vehicle sales volume

## Loss attributable to owners of parent

A 2.2 billion yen loss mainly because of the big decline in operating income and a 4.3 billion yen special loss for the cost of vehicle recall campaign.

## Capital expenditure

About 14.4 billion yen mainly for investments for new vehicles, minor changes that make vehicles more appealing, and for the rationalization and improvement of manufacturing facilities

FY 2017

# Financial Performance Highlights

	FY2016 (2017/3)	FY2017 (2018/3)	Variance	Change vs. FY16 (%)
Net sales	565.8	558.6	(7.2)	(1.3%)
Operating income	12.1	1.3	(10.8)	(89.1%)
Ordinary income	12.7	1.7	(10.9)	(86.2%)
Profit (Loss) attributable to owners of parent	8.2	(2.2)	(10.5)	-

(Billion yen)

FY 2017

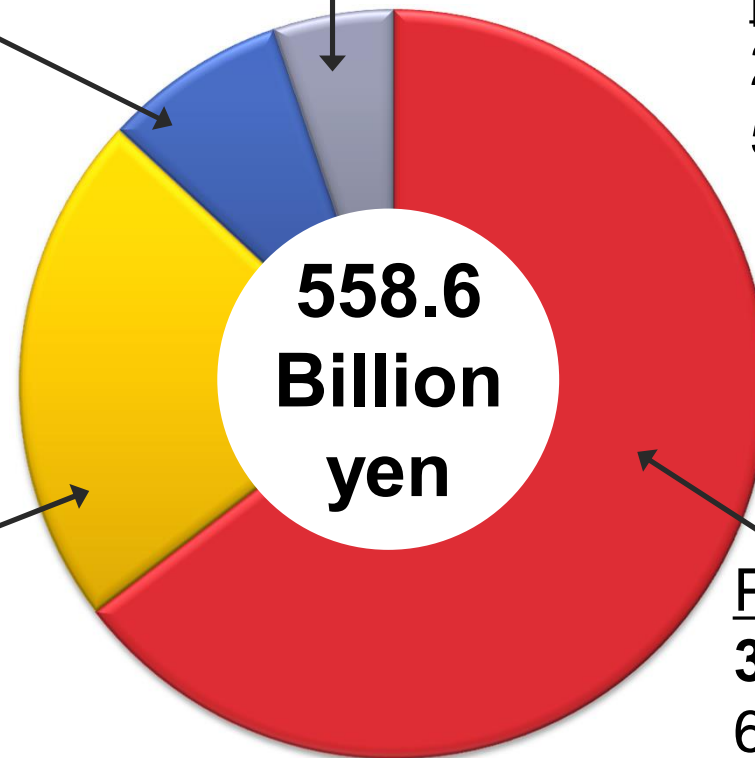
## Sales Breakdown by Product Area

Microbuses  
**38.9billion yen**  
7.0%

Vehicle parts and other products  
**28.5billion yen**  
5.1%

Light commercial vehicles  
**110.5billion yen**  
19.8%

Passenger vehicles  
**380.4billion yen**  
68.1%

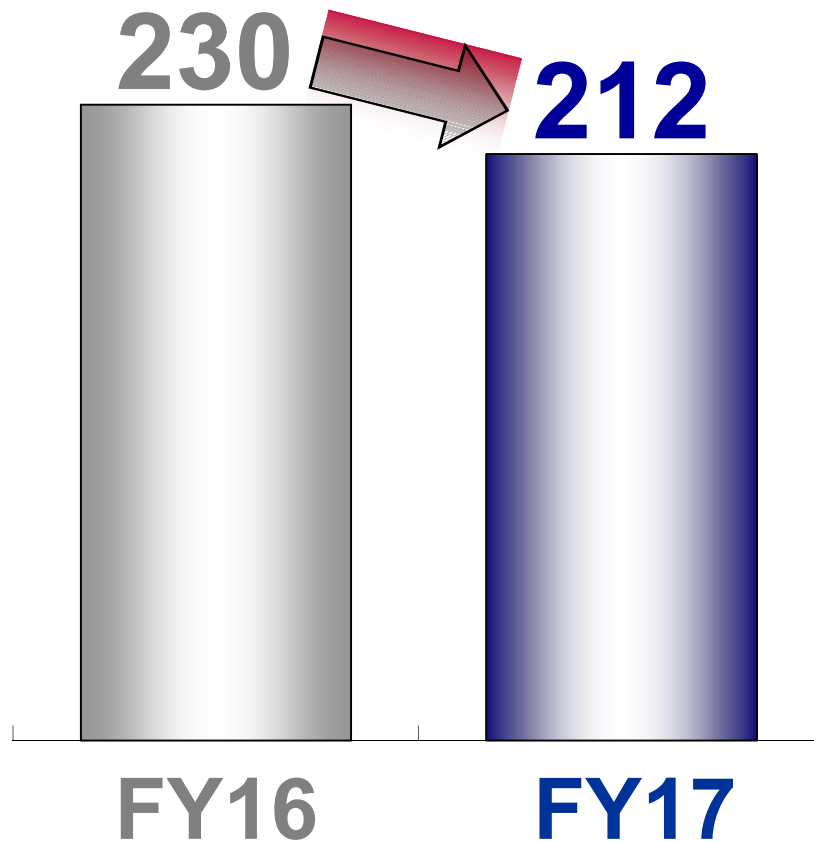


FY 2017

# Vehicle Sales Volume

Vehicle sales volume down 7.9% year-on-year to 212 thousand

(Thousand units)



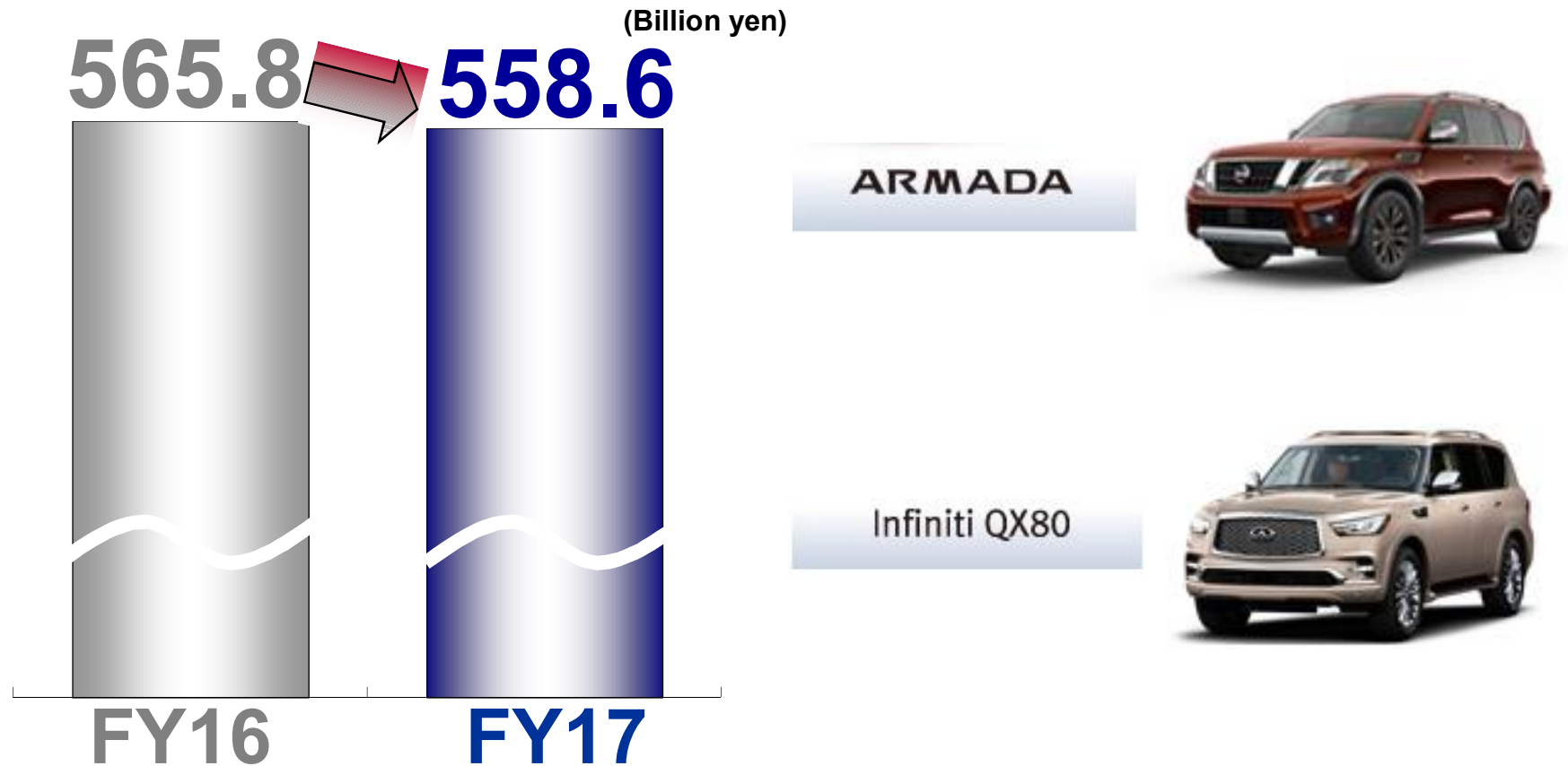
(Unit: thousand units)

	FY2016	FY2017	Variance
Passenger vehicles	120	120	(0.5%)
Light commercial vehicles	87	73	(15.8%)
Microbuses	23	19	(16.6%)
<b>Total</b>	<b>230</b>	<b>212</b>	<b>(7.9%)</b>

FY 2017

# Net Sales

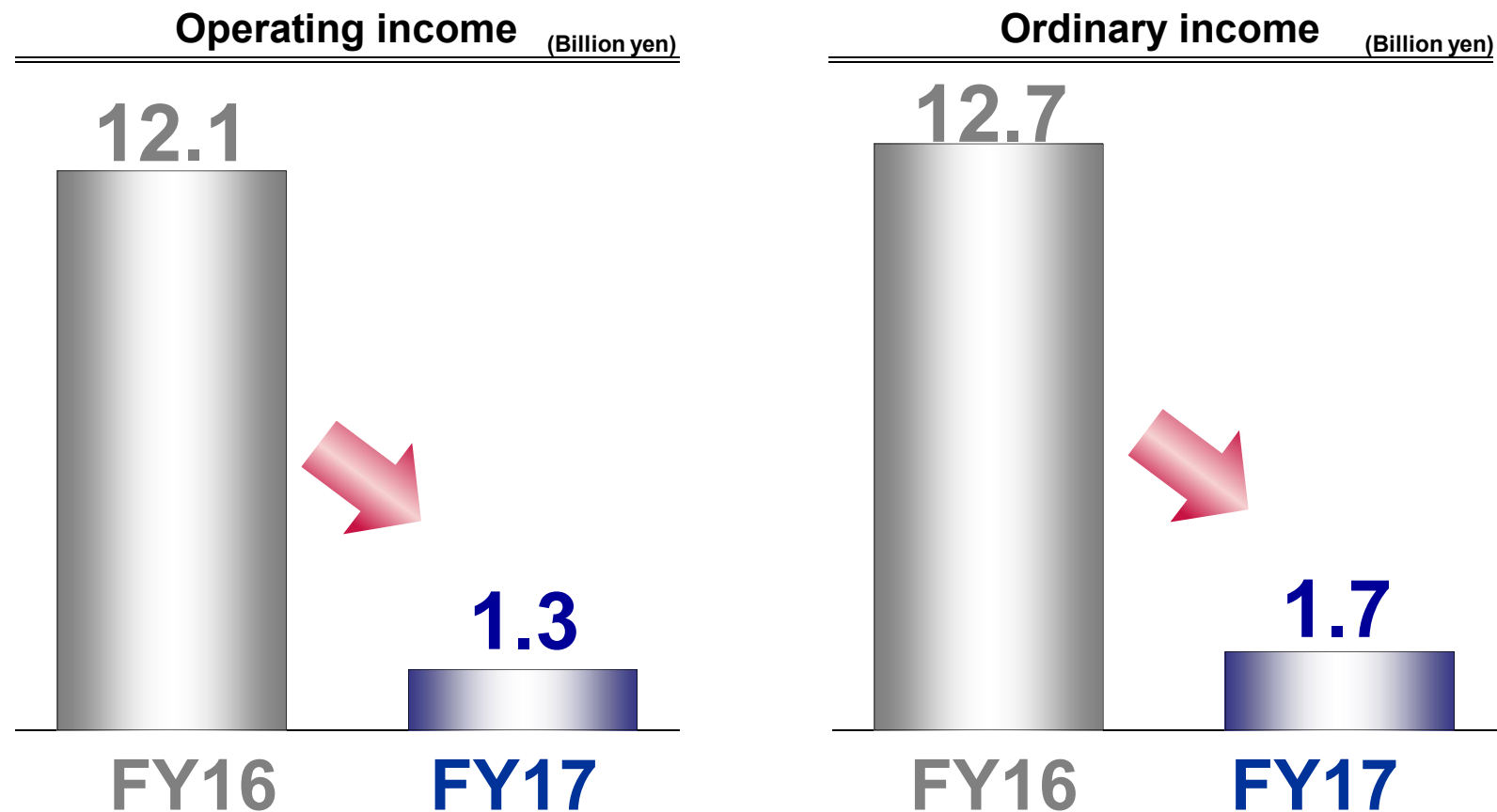
Net sales down 1.3% year-on-year to 558.6 billion yen mainly because of the vehicle production composition associated with higher demand for the Armada and Infiniti QX80 for North America



FY 2017

# Operating Income/Ordinary Income

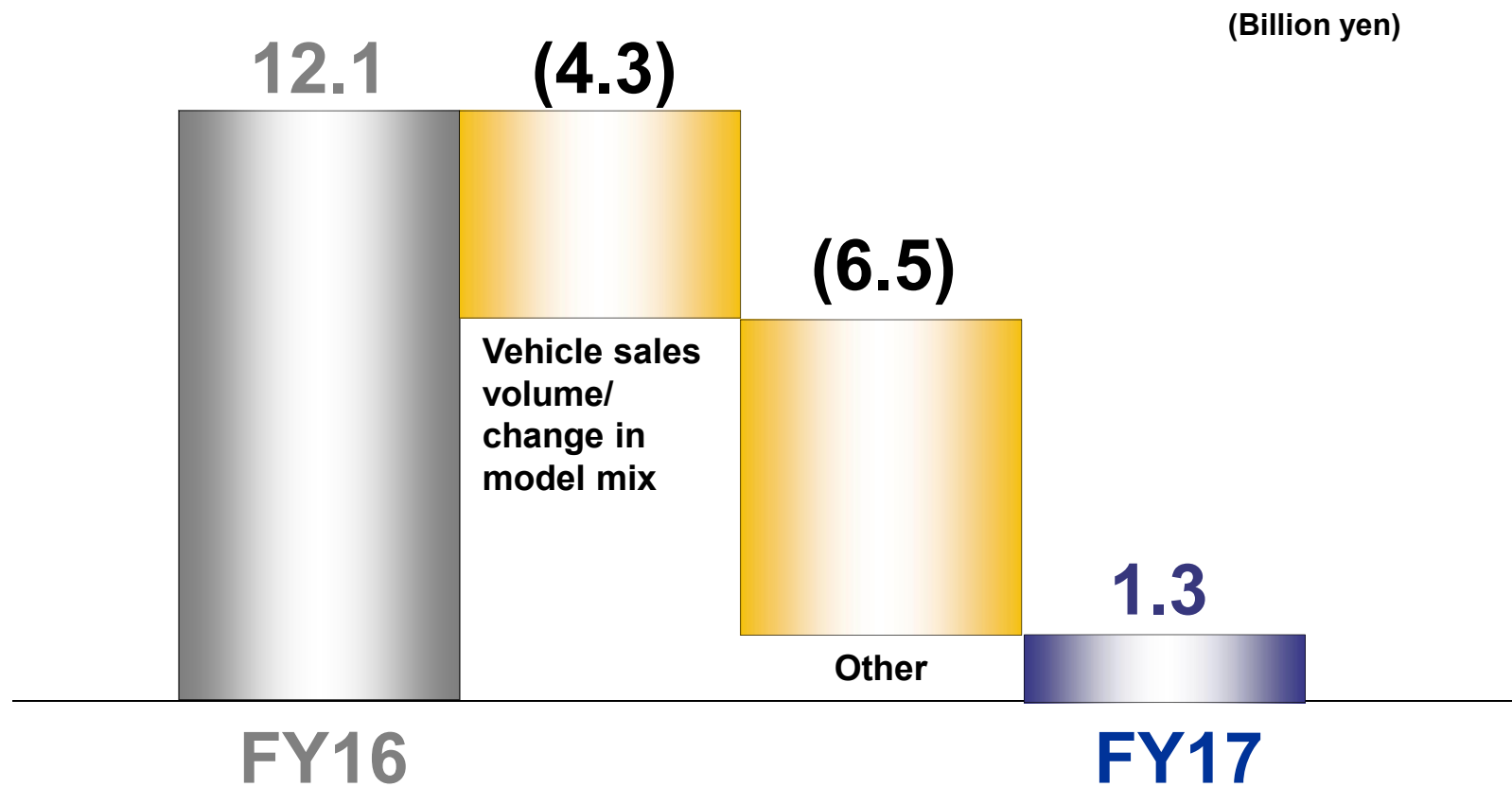
Big year-on-year decreases in both operating income and ordinary income





FY 2017

## Factors for Operating Income

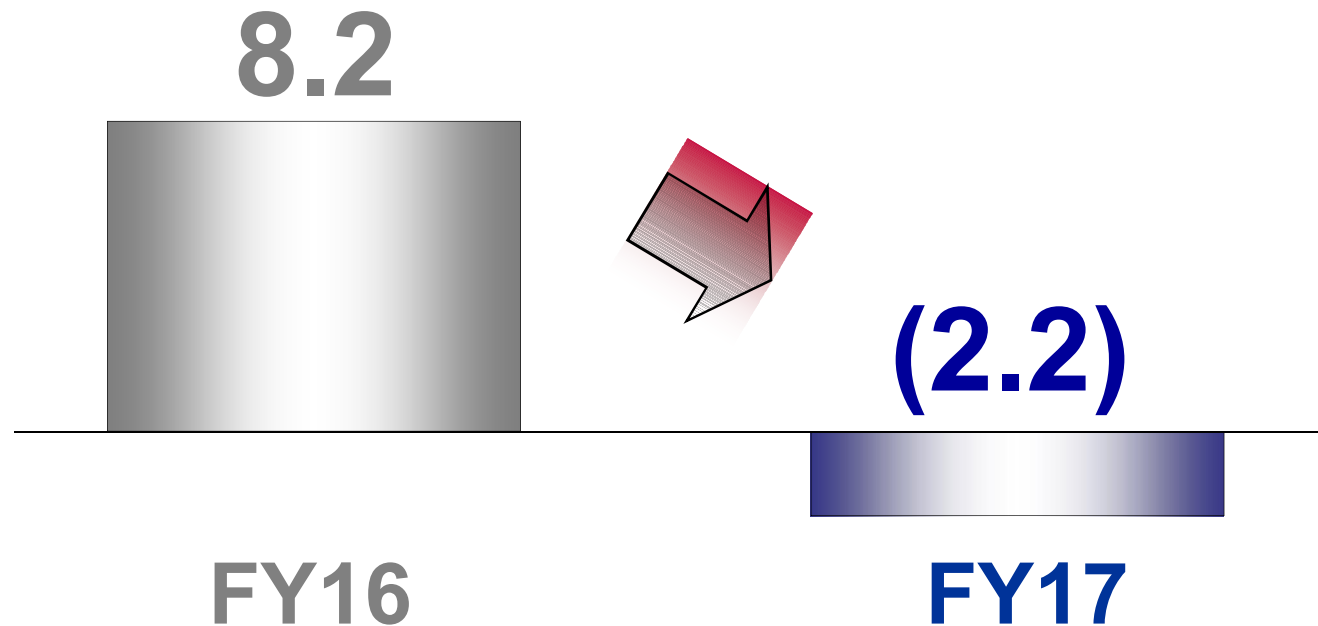


FY 2017

# Profit (Loss) Attributable to Owners Parent

A 2.2 billion yen loss attributable to owners of parent in part because of recall campaign cost of 4.3 billion yen

(Billion yen)



# **FY2018 Forecast**

## **Consolidated**

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## FY 2018 Forecast

# Major Initiatives in FY2018

### < Operating environment for the automotive industry >

- Prolonged economic weakness in the Middle East and lower demand in North America
- Use of advanced Intelligent Transport System (ITS) technology and activities responding to safety and social requirement

### < Major Initiatives >

#### [1] More competitive vehicles (Producing highly appealing vehicles to increase production and sales )

Continue to develop vehicles more competitive by meeting market needs, complying with laws and regulations worldwide and working on the development of new models

Increase production volume by expanding activities in the Middle East as well as Africa and the ASEAN region

Increase conversion sales by introducing a new high-end ambulance model and used by cooperating with affiliated companies to expand overseas sales

#### [2] More competitive plants (Operating plants with the best quality that can earn the trust of customers )

Add more performance indicators and reinforce activities throughout the company for more improvements in manufacturing quality

Configure assembly lines and continue to develop skills of personnel to achieve both flexible production operations and high quality targets

#### [3] More competitive technologies and skills (Establishing global technology bases for LCV and frame-vehicle manufacturing)

Strengthen manufacturing and development technologies, mainly for frame vehicles, started using optimized one box vehicle technologies and advanced ITS technologies, and develop technologies reflecting safety and social requirements

Increase automation for a better working environment on production lines

## FY 2018 Forecast

# Forecast of Operating Results for FY2018

FY2017 sales and earnings were far below the prior year because of the final vehicle inspection issue.

Recurrence prevention measures have been completed and we can produce vehicles at the normal level. As a result, we forecast higher sales and earnings in FY2018 compared to FY2017.

	FY2017 (Actual)	FY2018 (Forecast)	Variance	Change vs. FY17(%)
Net sales	558.6	630.0	71.4	12.8%
Operating income	1.3	12.6	11.3	847.2%
Ordinary income	1.7	13.0	11.2	640.2%
Profit (Loss) attributable to owners of parent	(2.2)	8.7	10.9	—

(Billion yen)

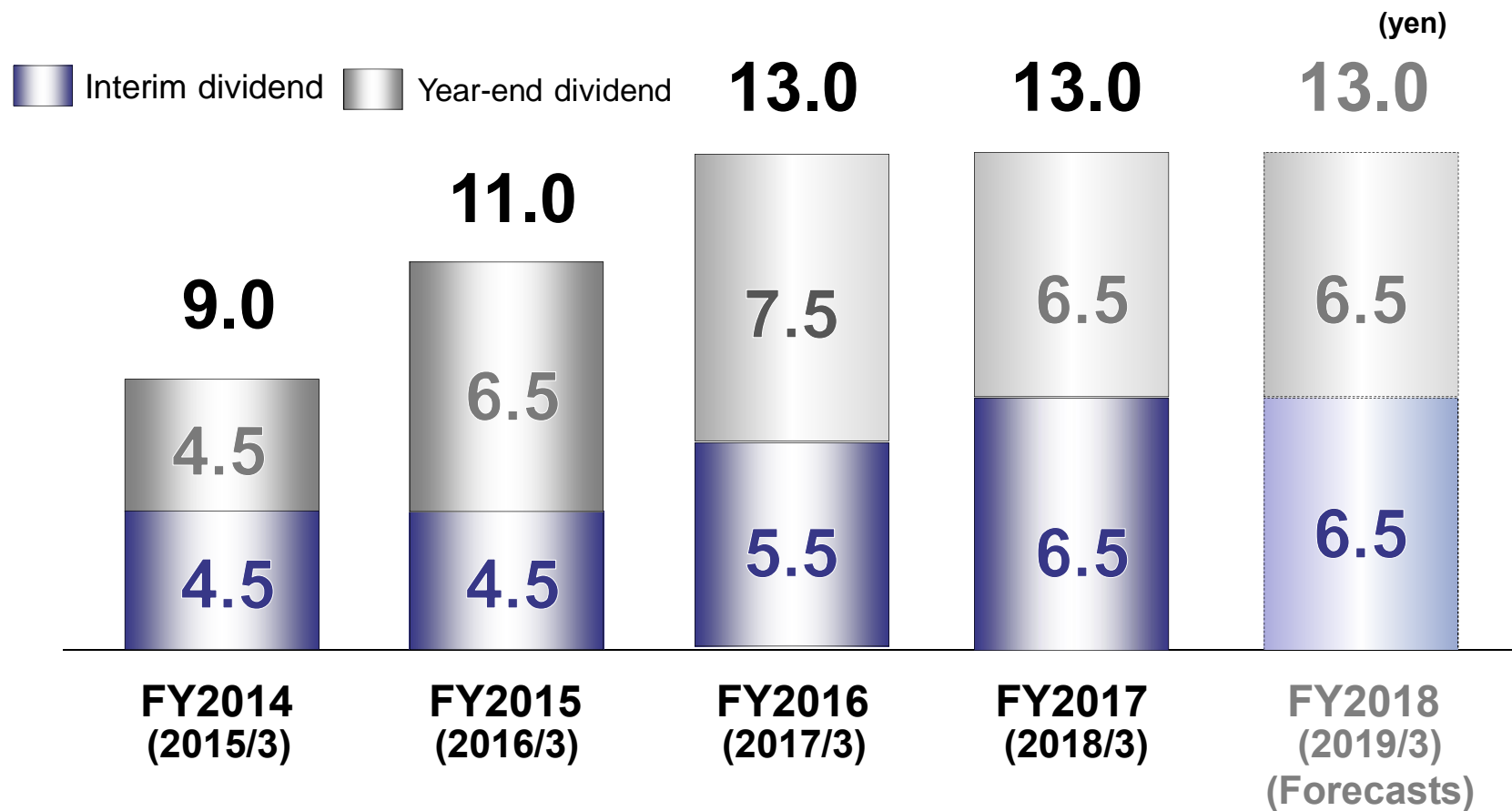
# **Return to Shareholders**

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# Return to Shareholders

## Dividends

Steady Dividend with a View to Sustainable Growth



## Return to Shareholders

# Acquisition of Company's Own Shares (August 1, 2017)

Acquired the company's own shares in order to improve capital efficiency and to implement flexible capital policies in response to changes in the business environment

Method of Acquisition	
■ Type of shares acquired	Common stock in Nissan Shatai
■ Total number of shares acquired	12,476,500 shares (8.43% of total outstanding shares (excluding treasury shares))
■ Total cost of share acquisition	14,273,116,000 yen
■ Date of acquisition	August 1, 2017
■ Method of acquisition	Purchased using the Tokyo Stock Exchange Off Auction Own Share Repurchase Trading System (ToSTNeT-3)
Reference	Treasury shares owned as of March 31, 2018      21, 786 thousand shares (13.9%)