

# Briefing for Institutional Investors

June 2019

**NISSAN SHATAI CO., LTD.**

1. Greeting	Now, we will take up the first objective of this meeting and give a report on the Items to be Reported, that is, Item Number 1, the 96th fiscal period (April 1, 2018 – March 31, 2019) Business Report and Consolidated Financial Statements and, immediately following, Item Number 2, the 96th fiscal period (April 1, 2018 – March 31, 2019) Report on Financial Statements.
2.The current status of the Nissan corporate group	<p>First, out of the items pertaining to the current state of the corporate group, I will explain how our business unfolded and how the results turned out.</p> <p>The Japanese economy continued to recover slowly during the fiscal year as corporate earnings remained strong and consumer spending recovered along with improvements in the labor market and personal income. However, the outlook for the global economy remains uncertain because of U.S.-China trade friction, concerns about slowing economic growth in China and other reasons.</p> <p>The business climate for automobile production in Japan continues to be challenging. The primary causes are the long-term contraction of Japan's automobile market, sluggish growth of global demand for automobiles, increasing automobile production outside Japan chiefly in emerging countries, and worries about the potential impact on exports from Japan of the trade policies of other countries.</p>
The volume of orders	Amidst such economic situation, the volume of orders from Nissan Motor Co., Ltd. decreased for Armada for North America but increased for Patrol (Y62) for the Middle East and Infiniti QX80 for North America. As a result, sales volume increased by 8.3% year-on-year to 229,901 units and net sales increased by 7.9% to 602.8 billion yen.
Net sales	Earnings increased despite the negative effect of higher prices of raw materials because prior-year earnings were impacted by the lower production volume and decline in assembly line speed caused by the final vehicle inspection issue. Operating income increased by 485.5% to 7.7 billion yen and ordinary income increased by 365.4% to 8.1 billion yen.
Earnings	Profit attributable to owners of parent was 5.5 billion yen, an improvement of 7.8 billion yen from one year earlier when there was a special loss of 4.3 billion yen for the cost of vehicle recall campaigns.
Regarding financing	Next, no notable funding activities were conducted in fiscal 2018.
Capital investment	<p>Next, I will report on the capital expenditures for fiscal 2018.</p> <p>The total amount of capital expenditures was approximately ¥8.6 billion, which we dedicated to boosting our vehicles' appeal through new vehicles and minor changes and enhancing and reinforcing various corporate equipment and facilities among other things by streamlining production facilities, improving welfare facilities, and improving the environment.</p>

Consolidated financial statements	Next, regarding internal control at our company and corporate group companies,
Consolidated balance sheet	<p>First, I would like to give an overview of the consolidated balance sheet as of March 31, 2019.</p> <p>Our total assets reached 268.5 billion yen.</p> <p>This consisted of 209.4 billion yen in liquid assets and 59.0 billion yen in fixed assets for a 4.5-billion-yen decrease.</p> <p>Meanwhile, our total liabilities reached 102.4 billion yen.</p> <p>This consisted of 89.7 billion yen in liquid liabilities and 12.7 billion yen in fixed liabilities for a year-on-year decrease of 8.9 billion yen.</p> <p>The total amount of net assets reached 166.0 billion yen.</p> <p>This consisted of 167.1 billion yen in shareholders' equity, while other accumulated comprehensive income was minus 1.1 billion yen, a 4.3 billion-yen, year-on-year increase.</p>
Consolidated statement of income	<p>Next, I would like to give an overview of our consolidated statement of income for our 96th fiscal year.</p> <p>As the result of the business activities of our company and consolidated subsidiaries that I already explained, operating income for the fiscal period reached 8.1 billion yen.</p> <p>A 0.2-billion-yen special loss consisting of a loss on retirement of fixed assets among other items was registered, with the result that the profit attributable to the shareholders of the parent company for the fiscal period was 5.5 billion yen.</p>
3. Initiatives to address major challenges	<p>Now, I will report on our initiatives to address challenges.</p> <p>Let me start with a review of fiscal 2018.</p>
Review of FY 2018	<p>First, regarding fiscal 2018 production results, it increased year-on-year in a recovery to the 2016 level of 230 thousand units.</p> <p>In the second half of FY2018, Shonan Plant changed from a two-team, two-shift production system to a single group production system. In June 2019, Nissan Shatai Kyushu also changed from a three-team, three-shift production system to a two-team, two-shift production system.</p> <p>As for progress of recurrence prevention measures for final vehicle inspection, the process is mostly completed, aside from some system measures that take time to install and the revision of our mission statement. As of this moment, 86 items out of the 93 items under 14 categories have been completed. The work on the remaining seven items cases continues in fiscal 2019, and the officers involved including myself will confirm progress on the frontlines. We will make sure that the remaining challenges are met.results.</p>

New models of vehicles	<p>Next, I would like to introduce the new models that were commercially launched last fiscal year.</p> <p>First, for the NV200 Vanette, the Quick Comfort Seat Heater was added for comfortable winter driving as a factory option in this minor change. The heater makes it possible to quickly give warmth to the driver and passengers without having to wait for the engine to heat up.</p> <p>The minor change for Elgrand was the upgrading of advanced safety devices for all grades. We added to the standard equipment collision avoidance assistance for accelerator-brake errors and the Intelligent Emergency Brake, which assists emergency braking, as well as a lane departure warning system.</p> <p>Next is the Paramedic, which received a full model change for the first time in 20 years.</p> <p>The ease of use during emergency activities and drivability were improved dramatically by such means as changing the standard vehicle.</p> <p>With that, we conclude our review of fiscal 2018.</p>
Efforts for FY2019	<p>Next, we will explain our main efforts for fiscal 2019 according to the main pillars of the new medium-term management plan, which started in 2017.</p>
More competitive vehicles	<p>First, I would like to explain our more competitive vehicles.</p> <p>Let's begin with the new models for fiscal 2019.</p> <p>Large-scale minor changes for the Middle East is scheduled on our Y62 Patrol. Our aim is to make a comeback in the Middle East, where sales volume is stagnating.</p> <p>Next are our initiatives to increase sales and production volume.</p> <p>In addition to the Middle East, which is an area of focus, we will further expand the activities that we began last year in Southeast Asia and Oceania. Initiatives to increase sales and production volume will also be continued in other areas worldwide.</p> <p>Regarding the expansion of conversion vehicle sales, we are considering the addition of more specifications, such as dedicated colors and two-tone coloring, for which demand has been growing of late. We will discuss measures to respond to market demands with our manufacturing plants during the fiscal year.</p>
More competitive plants	<p>Next, I would like to explain our more competitive plants.</p> <p>Last fiscal year, our Armada was honored with a "recommended" from <i>Consumer Report</i>, the influential North American magazine.</p> <p>This fiscal year, we will further enhance our direct communication with the market and continue our activities aimed at being the best in quality.</p> <p>In addition, we will work with our Shonan Plant and Nissan Shatai Kyushu to continue efforts to enhance overall equipment efficiency with the aim of enhancing the competitiveness of our plants in terms of quality, cost, and speed.</p>

	<p>We will accelerate our <i>kaizen</i> activities and respond flexibly to the demands of the global market.</p> <p>I'll now introduce the results of the FY 2017 Domestic Nissan Group Initial Quality Evaluations.</p> <p>The NV150AD had achieved 1st place for the first time in 2 years, with the NV200 Vanette achieving 2nd place after having 1st place last year.</p> <p>Additionally, the F24 Atlas was in 3rd place, meaning that our vehicles dominated all top 3 places.</p>
More Competitive Technologies and Skills	<p>Next, our more competitive technologies and skills.</p> <p>Here are the efforts relating to the main technological challenges in this fiscal year and the registration of the technological issues that our company will undertake this fiscal year on our own as proprietary technology. Adding to this the technological development of more advanced safety devices, we will steadily accumulate technology one by one towards the development of future new models.</p>
Foundation to support all of our initiatives	<p>Next, I would like to explain the foundation to support all of our activities.</p> <p>Our company maintains activities in order to achieve an appropriate work-life balance and enable everyone who works to fully exert their capabilities.</p> <p>In this regard, we are happy to report that the daycare center for kids under our management that we had been laying the groundworks for since last year opened successfully on April 1.</p> <p>While there continues to be progress in the expansion of a variety of measures such as the opening of the corporate daycare center for kids and the broadening of the scope of telecommuting, a questionnaire survey showed that there was reticence at using the services. This year, we will undertake the establishment of an environment that facilitates the use of the various systems.</p> <p>That is our explanation in accordance with our medium-term management plan.</p> <p>And that concludes the explanation of our initiatives to address challenges.</p> <p>So far, I have reported on the content of the business report and the content of the consolidated financial statements.</p>
4.BusinessOutlook for fiscal 2019	<p>Now, I would like to explain our business outlook for fiscal 2019.</p> <p>First, our outlook for sales is 501.6 billion yen.</p> <p>Our outlook for operating income and ordinary income is 7.0 billion yen and 7.4 billion yen respectively. The outlook for the net profit, which is attributable to the shareholders of the parent company, is 4.6 billion yen.</p> <p>And that is our business outlook for fiscal 2019.</p>
5.Dividends	<p>As for dividends, according to our policy of maintaining a stable dividend, the annual dividend for the business year will be 13 yen.</p> <p>We also intend to maintain the annual 13-yen dividend for fiscal 2019 as well.</p>
6.Closing Speech	<p>We ask you, to give us even more support and advice going forward.</p>