

NISSAN SHATAI CO., LTD.

# FY 2018 Financial Results

(Fiscal year ended March 31, 2019)



May 2019

**FY 2018**

# Events and Major Achievements in FY2018

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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 in FY2018.

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

- The first paramedic ambulance full model change in 20 years, including a change in the base vehicle from the Elgrand (E50) to the NV350 Vanette (E26). This new ambulance features ease of use in the event of an emergency, improved driving performance and other improvements.
- Production volume and sales are increasing due mainly to sales activities in the Middle East as well as to activities in Africa and the ASEAN region.

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

- Consumer Reports, a U.S. magazine highly respected for its automobile ratings, gives high marks to the Armada and makes it a recommended vehicle.
- In the Nissan Group Japanese Market Initial Quality Assessments, the NV150AD was first, the NV200 Vanette was second and the F24 Atlas was third.

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

- Performing studies concerning stamping technologies and technologies for optimizing the development of a next-generation frame vehicle using welding simulations
- Examining control techniques for developing ways to use new ITS technologies for light commercial vehicles

FY 2018

# Earnings Results Highlights

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Higher sales and earnings in part because of the declines in production volume and productivity caused by the final vehicle inspection issue in FY2017

## Vehicle sales volume

Increased 8.3% year-on-year to 230 thousand units, because a decline in the Armada for North America was offset by increases in the Patrol (Y62) for the Middle East and Infiniti QX80 for North America.

## Net sales

Increased 7.9% year-on-year to 602.8 billion yen due to higher vehicle sales volume

## Operating income

Although prices of raw materials increased, operating income increased 485.5% year-on-year to 7.7 billion yen.

## Loss attributable to owners of parent

Improved by 7.8 billion yen to 5.5 billion yen due to significant increase of operating income and decrease of the recall campaign cost of 4.3 billion yen.

## Capital expenditure

About 8.6 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 2018

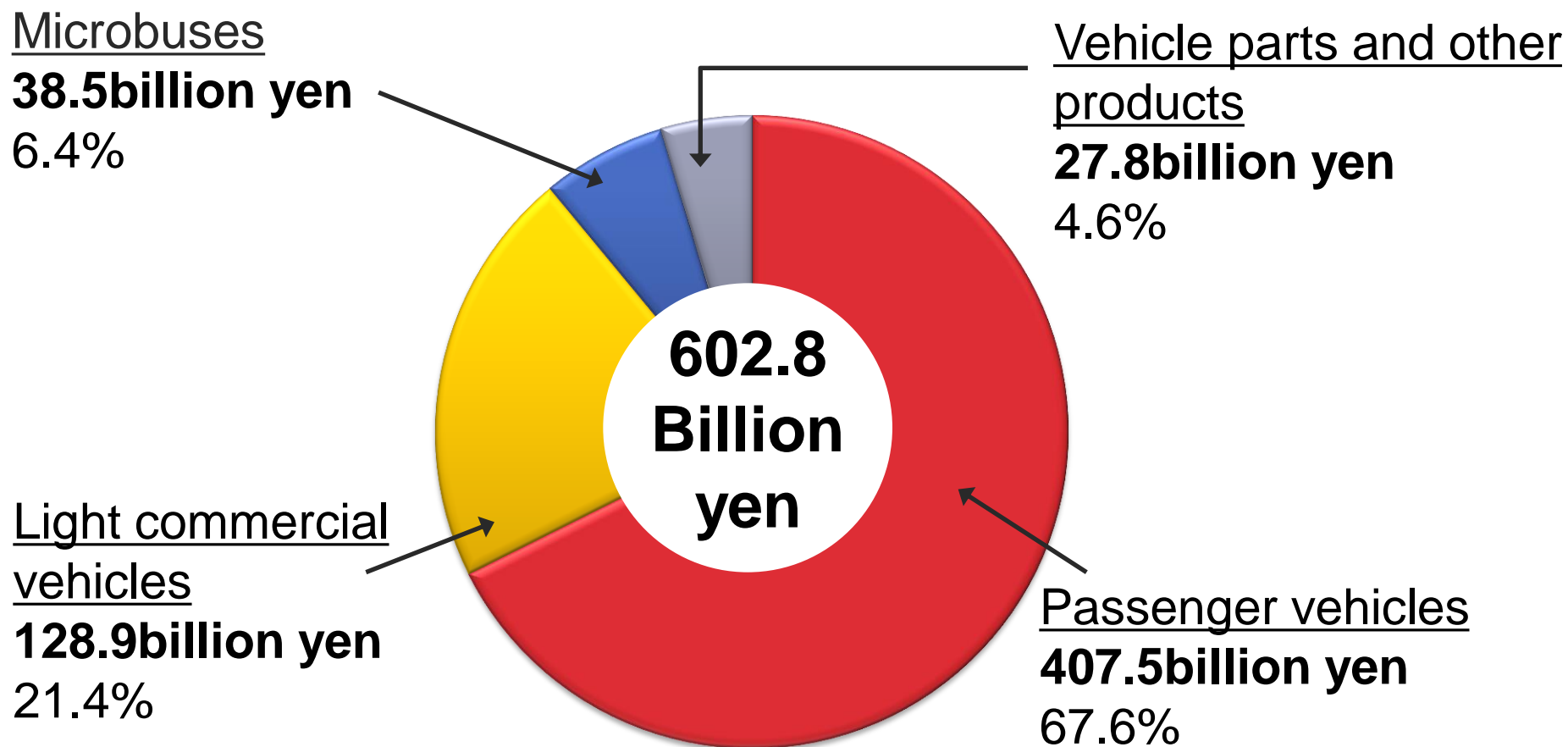
# Financial Performance Highlights

	FY2017 (2018/3)	FY2018 (2019/3)	Variance	Change vs. FY17 (%)
Net sales	558.6	602.8	44.2	7.9%
Operating income	1.3	7.7	6.4	485.5%
Ordinary income	1.7	8.1	6.4	365.4%
Profit(Loss) attributable to owners of parent	(2.2)	5.5	7.8	-

(Billion yen)

FY 2018

# Sales Breakdown by Product Area

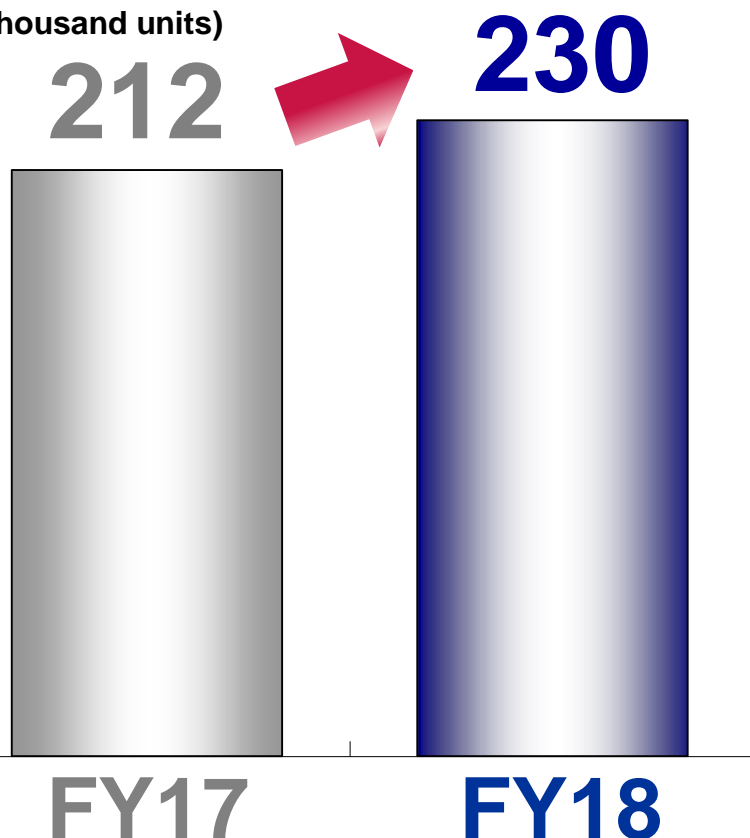


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# Vehicle Sales Volume

Sales volume increased 8.3% to 230 thousand units mainly because of higher demand for the Patrol (Y62) for the Middle East and Infiniti QX80 for North America.

(Thousand units)



(Unit: thousand units)

	FY2017	FY2018	Variance
Passenger vehicles	120	127	5.8%
Light commercial vehicles	73	84	14.9%
Microbuses	19	19	(0.8%)
<b>Total</b>	<b>212</b>	<b>230</b>	<b>8.3%</b>

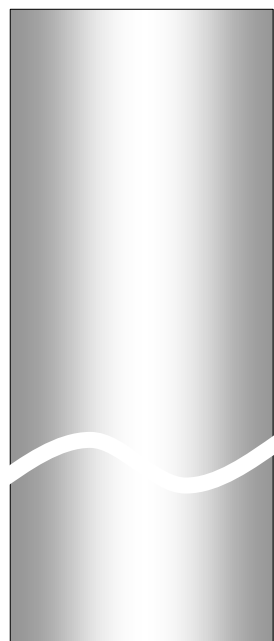
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# Net Sales

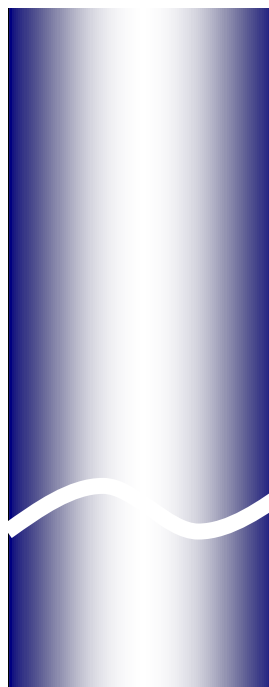
Net sales up 7.9% year-on-year to 602.8 billion yen mainly because of higher vehicle sales volume

(Billion yen)

558.6 → 602.8



FY17



FY18

ARMADA



Infiniti QX80

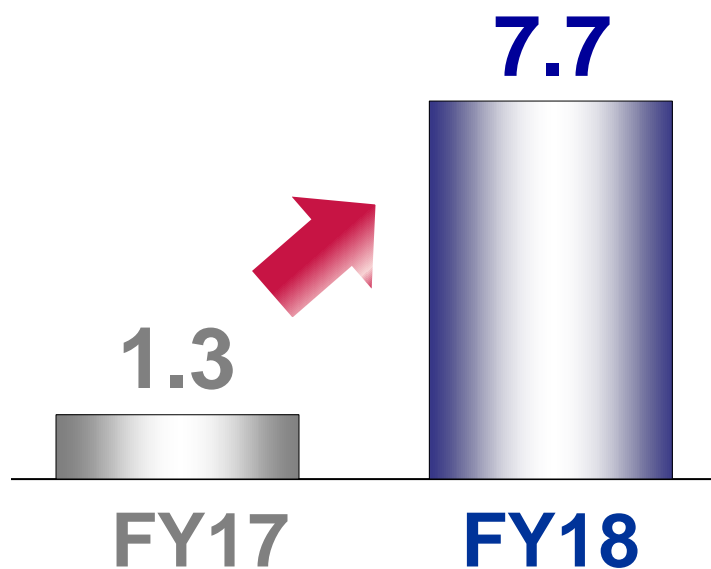


FY 2018

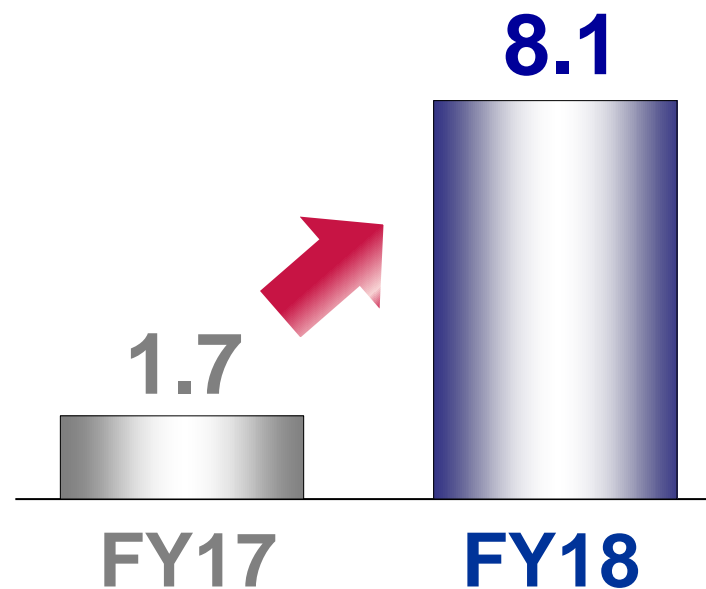
# Operating Income/Ordinary Income

Both operating/ordinary income significantly higher than FY17 due to increase of net sales and improved productivity

Operating income (Billion yen)



Ordinary income (Billion yen)

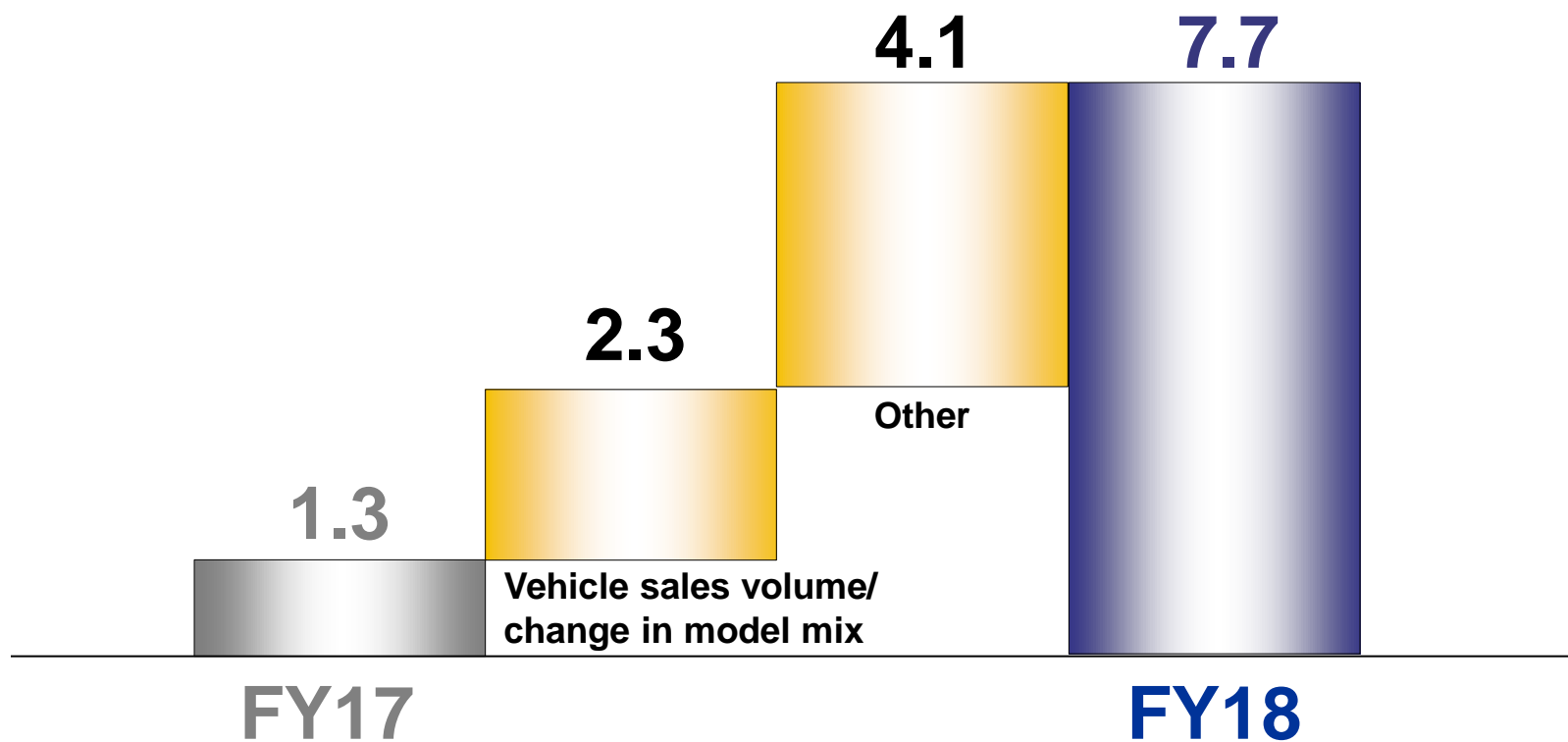




FY 2018

## Factors for Operating Income

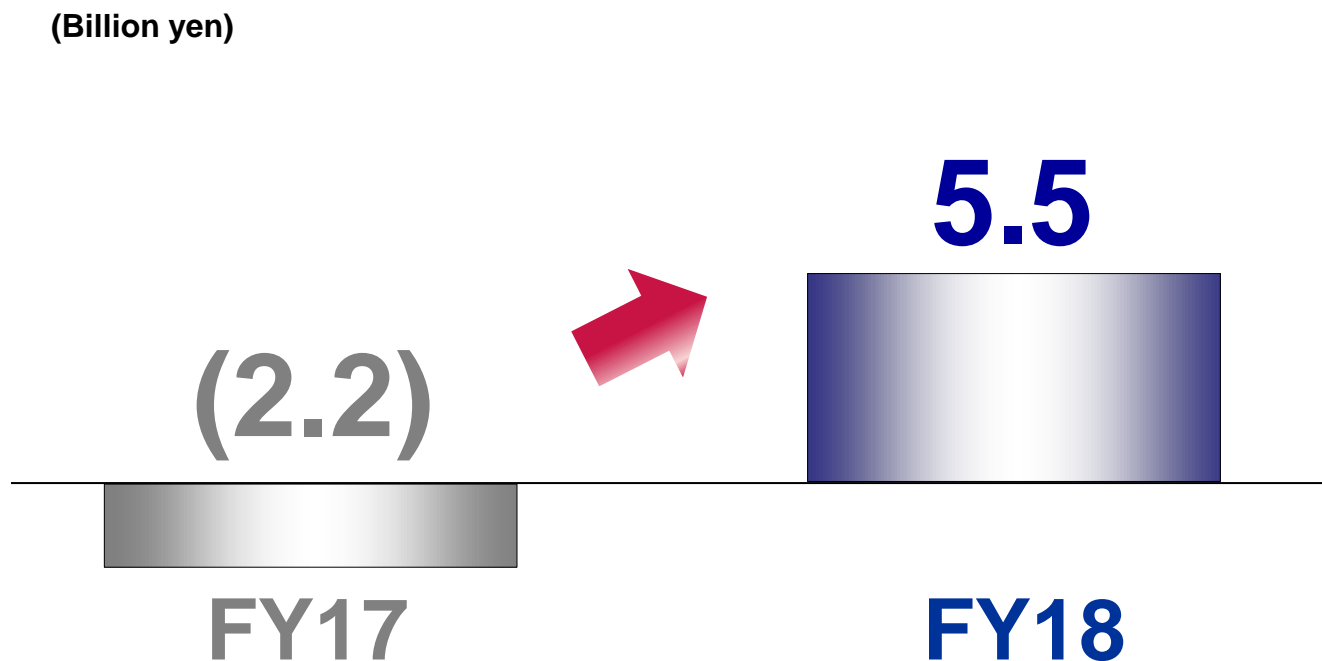
(Billion yen)



FY 2018

# Profit (Loss) Attributable to Owners Parent

Profit attributable to owners of parent improved by 7.8 billion yen to 5.5 billion yen in part because the recall campaign cost of 4.3 billion yen in FY2017.



# **FY2019 Forecast**

## **Consolidated**

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## FY 2019 Forecast

# Major Initiatives in FY2019

### < 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 )

- Plan to start production of the 2020 model of the Y62 Patrol for the Gulf Cooperation Council countries
- Increase production volume by enhancing activities to raise sales in Southeast Asia and Oceania

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

- Cut costs and improve quality by raising the capacity utilization rate

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

- Incorporate advanced ITS technologies in light commercial vehicles
- Maintain people-friendly assembly lines

## FY 2019 Forecast

# Forecast of Operating Results for FY2019

In FY2018, sales and earnings were up significantly because of the decline in the effects of the final vehicle inspection issue. However, we forecast lower sales and earnings in FY2019 because the operating environment is still uncertain.

	FY2018 (Actual)	FY2019 (Forecast)	Variance	Change vs. FY18(%)
Net sales	602.8	501.6	101.2	(16.8%)
Operating income	7.7	7.0	0.7	(10.1%)
Ordinary income	8.1	7.4	0.7	(9.5%)
Profit (Loss) attributable to owners of parent	5.5	4.6	0.9	(17.6%)

(Billion yen)

# **Return to Shareholders**

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# Return to Shareholders

## Dividends

### Steady Dividend with a View to Sustainable Growth

■ Interim dividend ■ Year-end dividend

