

NISSAN MOTOR CORPORATION



## **Nissan unveils transformation plan to prioritize sustainable growth and profitability**

**YOKOHAMA, Japan** – (May 28, 2020) Nissan Motor Co., Ltd. today unveiled a four-year plan to achieve sustainable growth, financial stability and profitability by the end of fiscal-year 2023. The scalable plan, involving cost-rationalization and business optimization, will shift the company's strategy from its past focus on inflated expansion.

As part of the four-year plan, Nissan will take decisive action to transform its business by streamlining unprofitable operations and surplus facilities, alongside structural reforms. The company will also reduce fixed costs by rationalizing its production capacity, global product range and expenses. Through disciplined management, the company will prioritize and invest in business areas expected to deliver a solid recovery and sustainable growth.

By implementing the plan, Nissan aims to achieve a 5% operating profit margin and a sustainable global market share of 6% by the end of fiscal year 2023, including proportionate contributions from its 50% equity joint venture in China.

Makoto Uchida, Nissan chief executive officer, said: "Our transformation plan aims to ensure steady growth instead of excessive sales expansion. We will now concentrate on our core competencies and enhancing the quality of our business, while maintaining financial discipline and focusing on net revenue per unit to achieve profitability. This coincides with the restoration of a culture defined by "Nissan-ness" for a new era."

The four-year plan is focused on two strategic areas, building on Nissan's reputation for innovation, craftsmanship, customer-focus and quality, alongside an ongoing cultural transformation:

### **1) Rationalization: robust actions to restructure, reduce costs and improve efficiency**

#### **Actions:**

- Right-sizing Nissan's production capacity by 20% to 5.4 million units a year under the assumption of a standard shift operation
- Achieving plant utilization rate above 80%, making operations more profitable
- Rationalizing the global product line-up by 20% (from 69 to fewer than 55 models)
- Reducing fixed costs by approximately 300 billion yen
- Intend to close Barcelona plant in Western Europe
- Consolidating North American production around core models
- Closure of manufacturing facility in Indonesia and concentrating on Thailand plant as single production base in ASEAN

- Alliance partners to share resources, including production, models, and technologies

## **2) Prioritizing core markets and core products**

### **Actions:**

- Focusing Nissan's core operations in the markets of Japan, China and North America
- Leveraging the Alliance assets to maintain Nissan's business at appropriate operational level in South America, ASEAN and Europe
- Exiting South Korea, the Datsun business in Russia and streamlining operations in some markets in ASEAN
- Focusing on global core model segments including enhanced C and D segment vehicles, electric vehicles, sport cars
- Introduce 12 models in the next 18 months
  - Expanding presence in EVs and electric-motor-driven cars, including e-POWER, with more than 1 million electrified sales units expected a year by end of FY23,
  - In Japan, launching two more electric vehicles and four more e-POWER vehicles, increasing electrification ratio to 60% of sales
  - Introducing ProPILOT advanced driver assistance system in more than 20 models in 20 markets, targeting more than 1.5 million units to be equipped with this system per year by the end of FY23.

Uchida concluded: "Nissan must deliver value for customers around the world. To do this, we must make breakthroughs in the products, technologies and markets where we are competitive. This is Nissan's DNA. In this new era, Nissan remains people-focused, to deliver technologies for all people and to continue addressing challenges as only Nissan can."

For more information about our products, services and commitment to sustainable mobility, visit [nissan-global.com](https://nissan-global.com). You can also follow us on [Facebook](#), [Instagram](#), [Twitter](#) and [LinkedIn](#) and see all our latest videos on [YouTube](#).

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# FY19 FINANCIAL RESULTS & FY20-23 TRANSFORMATION PLAN

NISSAN MOTOR CORPORATION



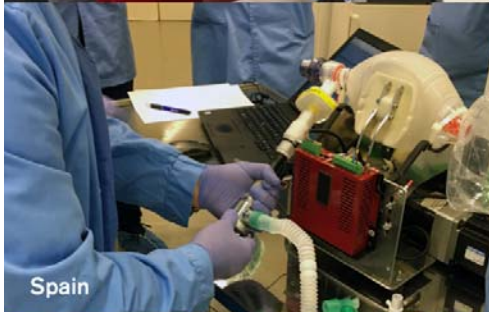
US



Thailand



South Africa



Spain



UK



Japan



China



Chile



Japan



**FY2019  
FINANCIAL  
RESULTS**

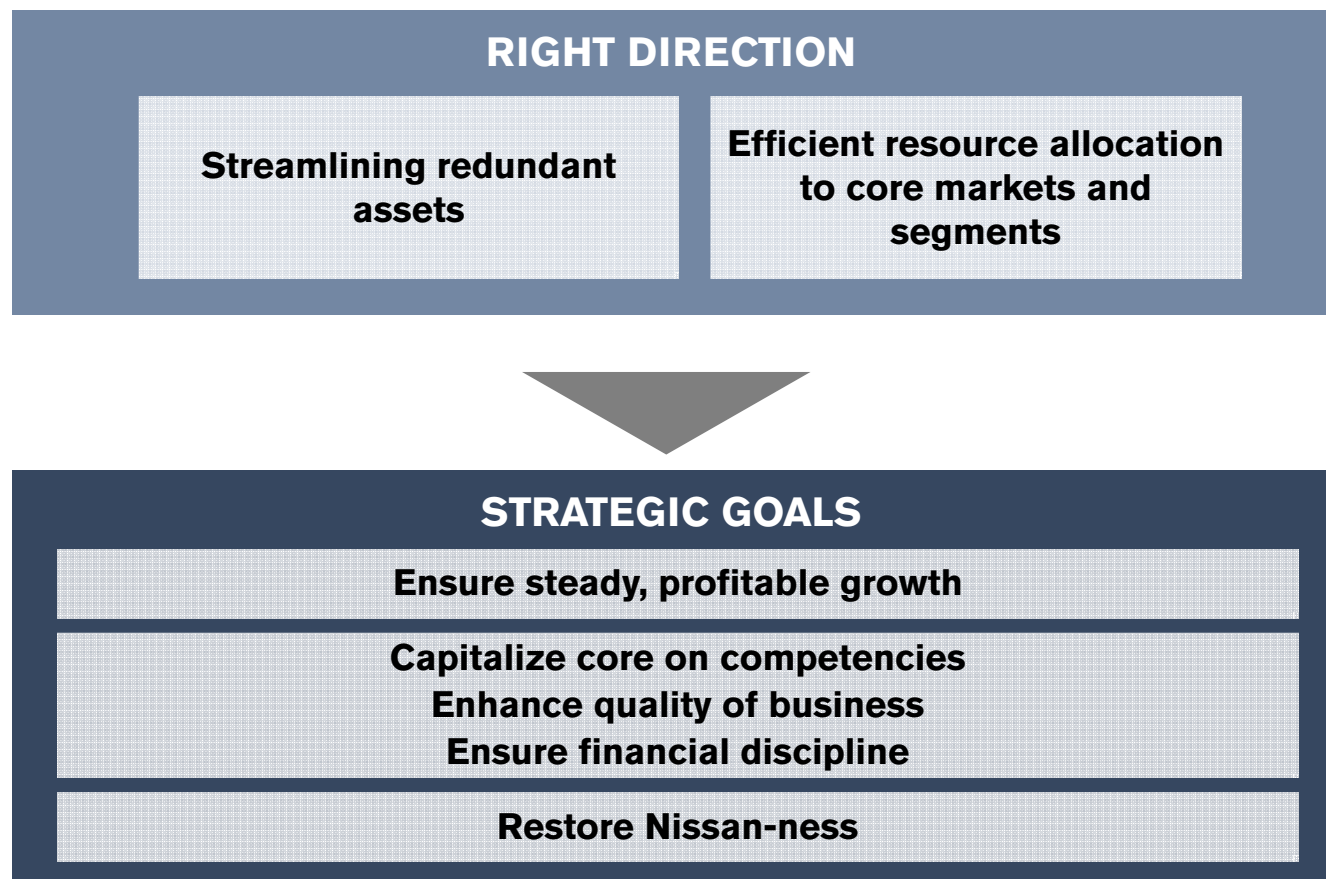


**FY20-23 TRANSFORMATION PLAN  
NISSAN NEXT**

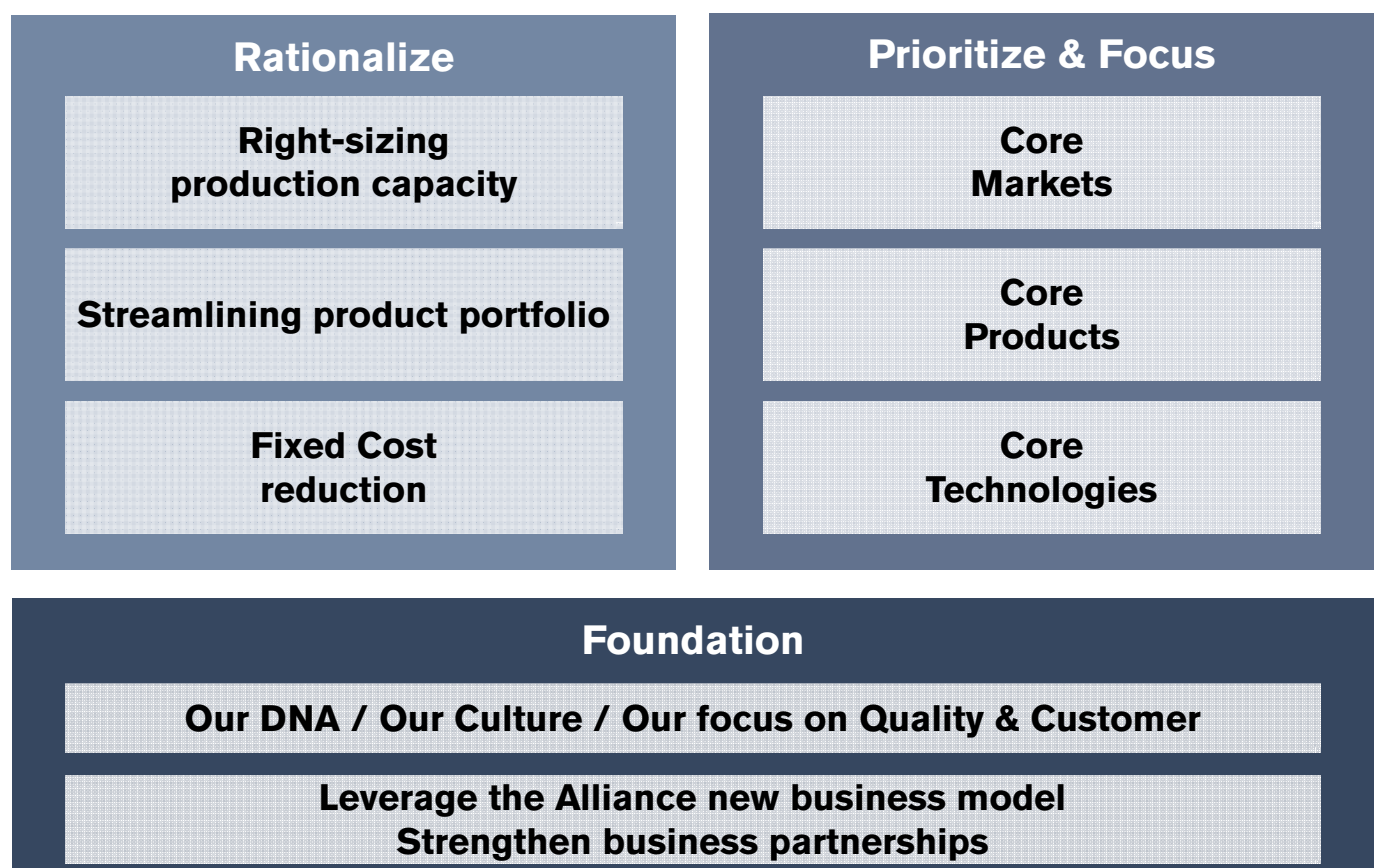
Passionate | Innovative | Challenger



# Setting the context



## A new roadmap for sustainable growth

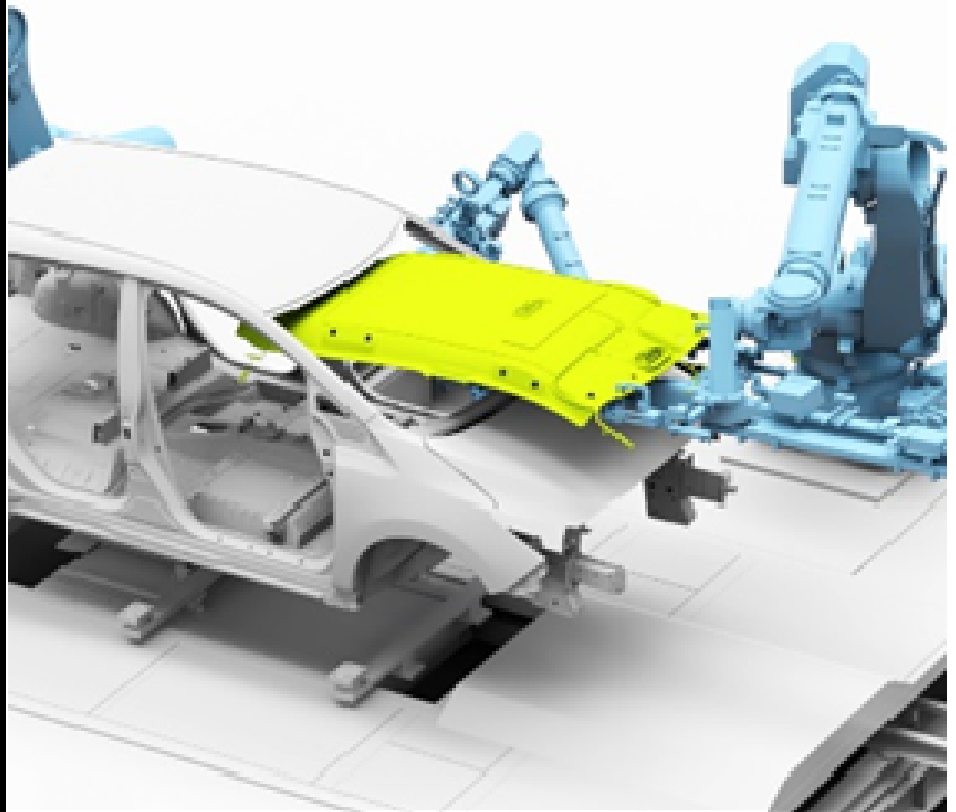


# RATIONALIZE

Reducing  
production capacity

Streamlining product  
portfolio

Improving  
cost base



## Reducing production capacity

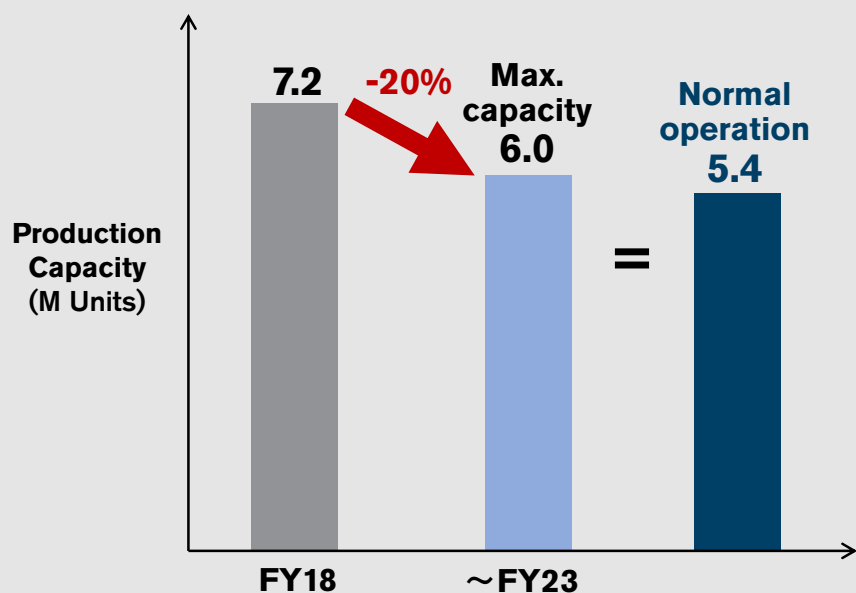
- 20% capacity reduction to 5.4 million units under normal operation
- Production line reductions and select facility closures
- Production utilization ratio above 80%

### MEASURES

Close Indonesia plant →  
Thailand to be single  
production base in  
ASEAN





Intend to close  
Barcelona plant  
Maintain Sunderland as  
production base

Optimize North  
American plants →  
production by  
segment / platform



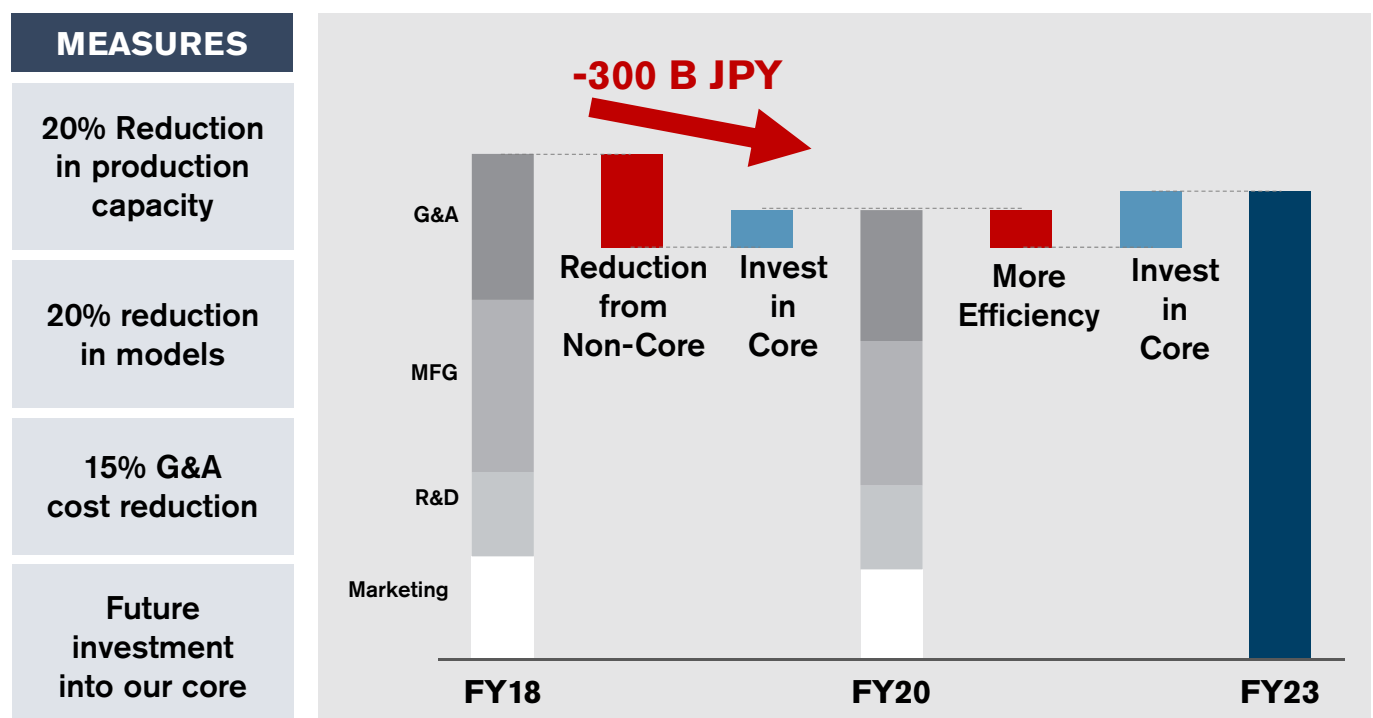
# Streamlining product portfolio

- Reduce number of models by 20% by FY23 from 69 to ~55
- Reallocate resources to globally competitive models
- Shorten product life cycle to manage portfolio age < 4 years old

MEASURES	Focus segments
Optimize line-up Minimize regional models	<div>C-Segment</div> 
Focus on C/D /EV & Sports	<div>D-segment</div> 
Utilize Alliance leader/follower scheme	<div>EV</div> 
	<div>Sports</div> 

## Improving cost base

- Optimize fixed cost levels: -300B JPY vs FY18
- Invest in core with tighter control





## PRIORITIZE & FOCUS

Core Markets

Core Products

Core Technologies



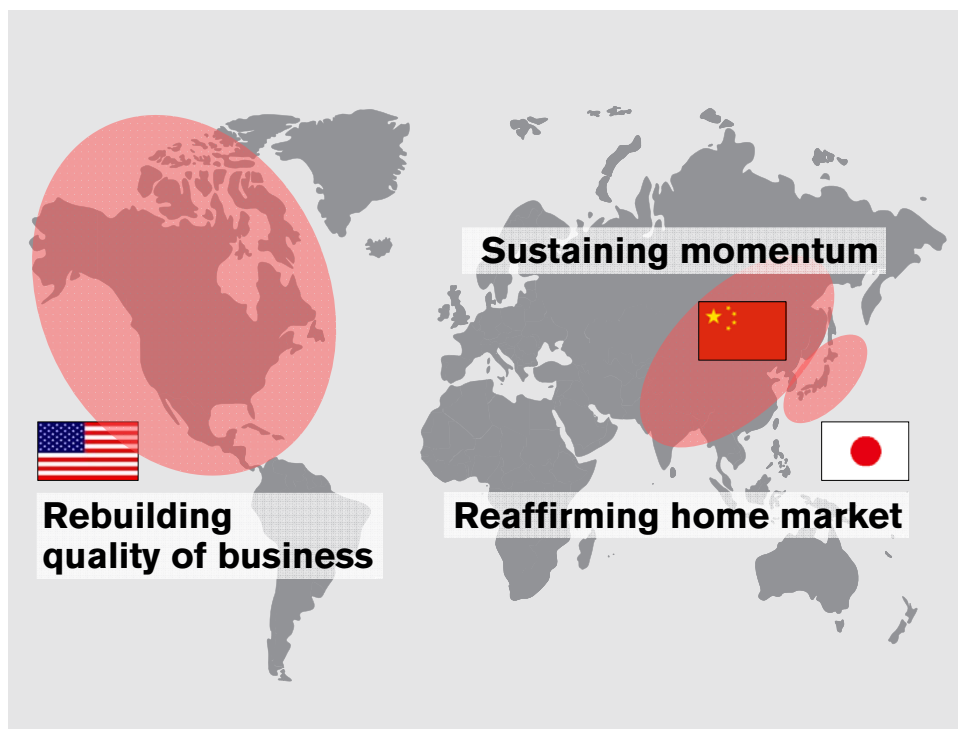
## Prioritizing core markets

- Japan, China and North America as core markets
- Strategy realigned to deliver sustainable growth instead of unit volumes

### MEASURES

Drive core market opportunities – Japan, China, North America

Sustain business in Europe, Latin America, ASEAN, leveraging the Alliance

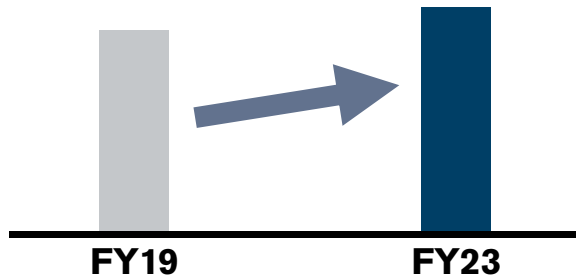




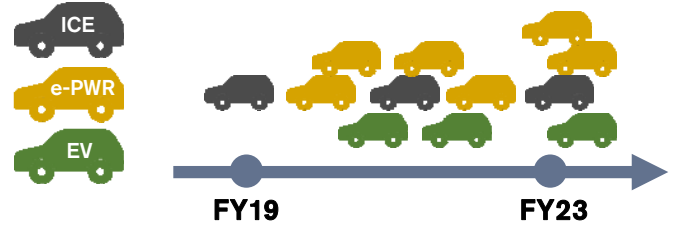
# Reaffirming home market: Japan

- Launch new models every year, with strong electrified pipeline
- Maintain leadership in EV & Autonomous Driving

## Gain market share

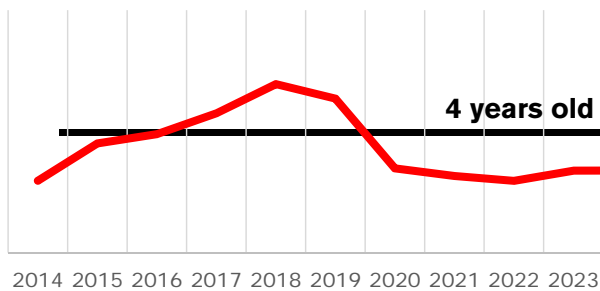


## Continued product offering

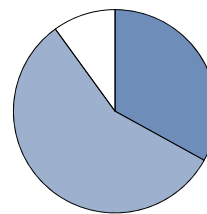


**EV expansion: + SUV / kei**  
**Electrified: 25 → ~60%**

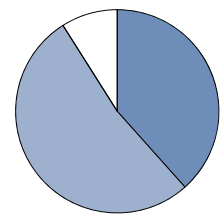
## Younger portfolio age



**e-POWER**  
 ~90% satisfied



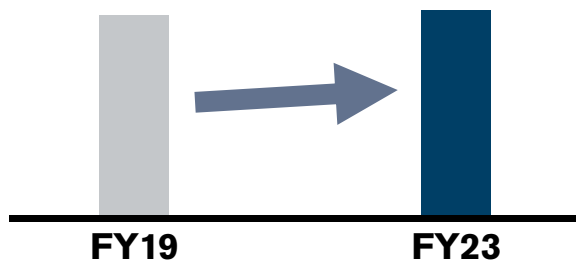
**ProPILOT**  
 ~90% satisfied



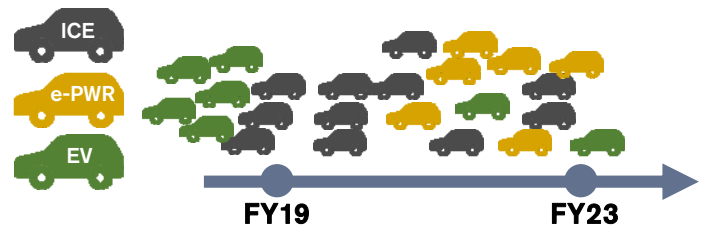
# Sustaining momentum: China

- Continue to strengthen presence with clear focus on Nissan Intelligent Mobility to drive a strong brand

## Growing market share

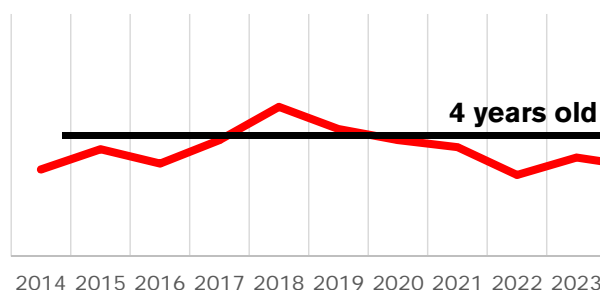


## Product campaign with NIM



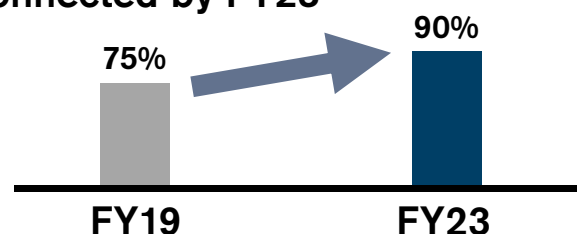
**EV expansion : +5 → 7 models**  
**e-Power campaign**

## Younger portfolio age



## Increased connectivity

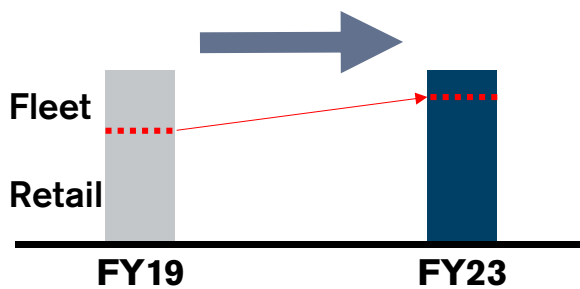
**6 million units in operation to be connected by FY23**



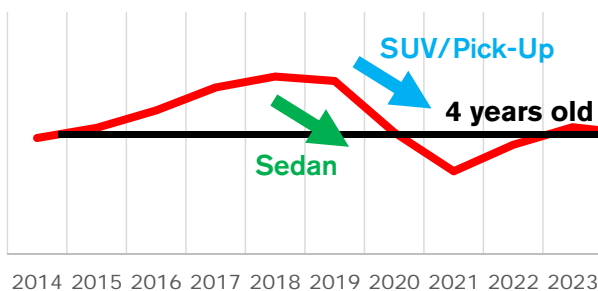
# Rebuilding quality of business: US

- Shift business to more retail sales and less fleet
- Product enhancement in SUV and pickups

## Steady market share, more retail



## Younger portfolio age

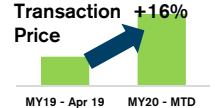


## Enhance SUV & Pick-Up



## Improve quality of business

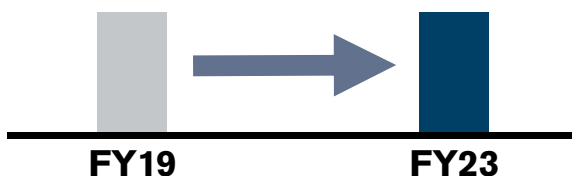
- ✓ FY19 → FY21~ : +10% net revenue by stronger product and less sales incentives (e.g.) *Sentra Success*
- ✓ Improve inventory management FY19 → FY21~ : -20%



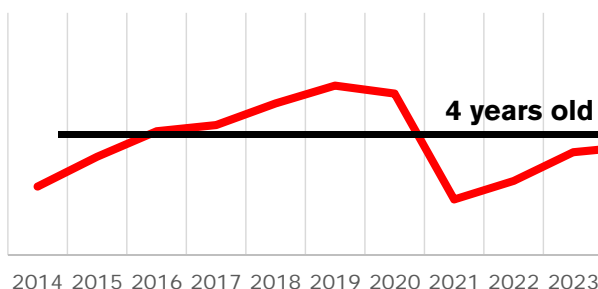
# Leverage the Alliance: Europe

- Sustainable market share with enhancement of electrification
- Nissan focus on Crossover SUVs and leverage the Alliance assets

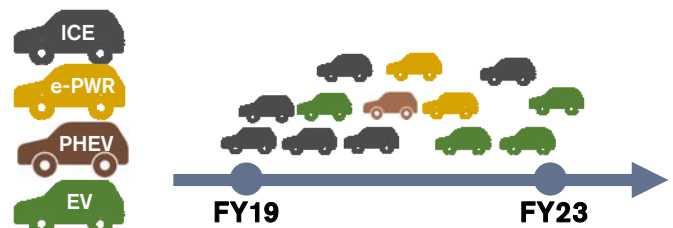
## Sustainable market share



## Younger portfolio age



## Enhance Electrification



**EV expansion : +SUVs**  
**e-Power campaign**

## Leverage the Alliance

Nissan to focus on Crossover SUVs and leverage Alliance assets



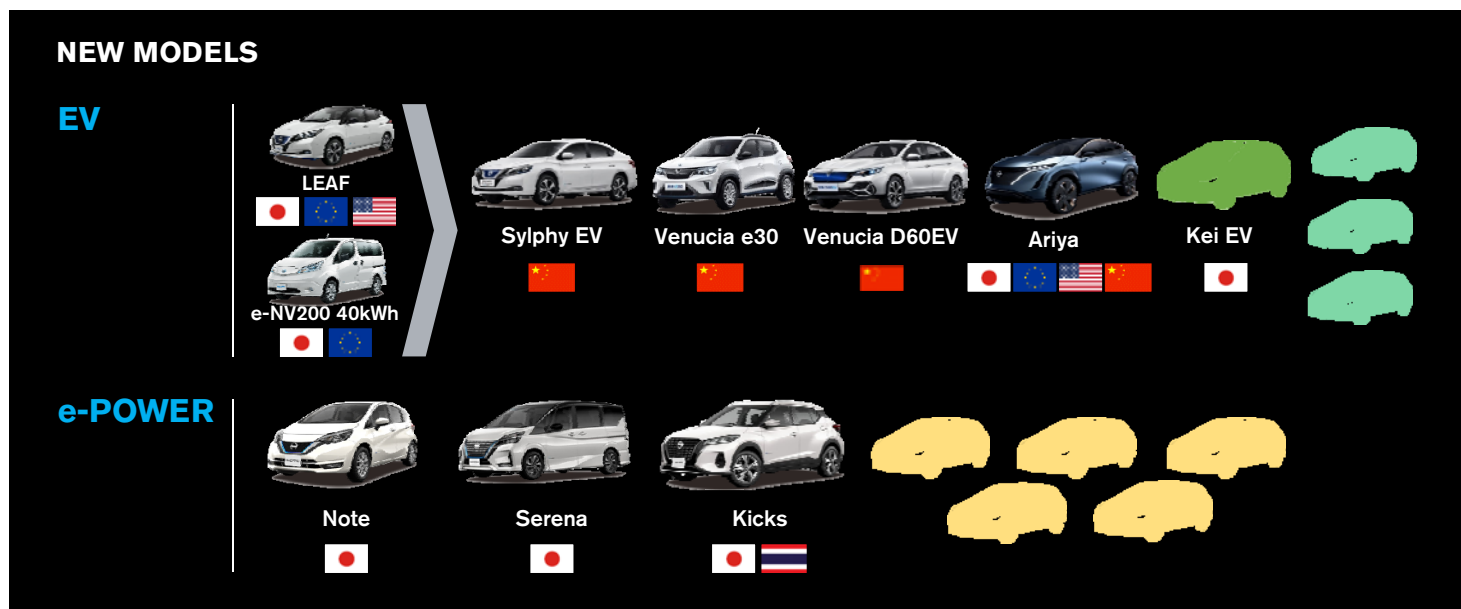
# Maintaining product momentum

- 12 new models in 18 months
- Concentrate on integrating next-generation technologies into strong portfolio
- Refocused execution of Nissan Intelligent Mobility on core segments



# Ramping-up Electrification

- On track to introduce more than 8 pure EVs by 2023
- e-POWER expansion to B- & C-segment and across regions
- Electrification ratio: JPN 60% / China 23% / Europe 50% by FY2023
- Target more than 1 million sales in FY23

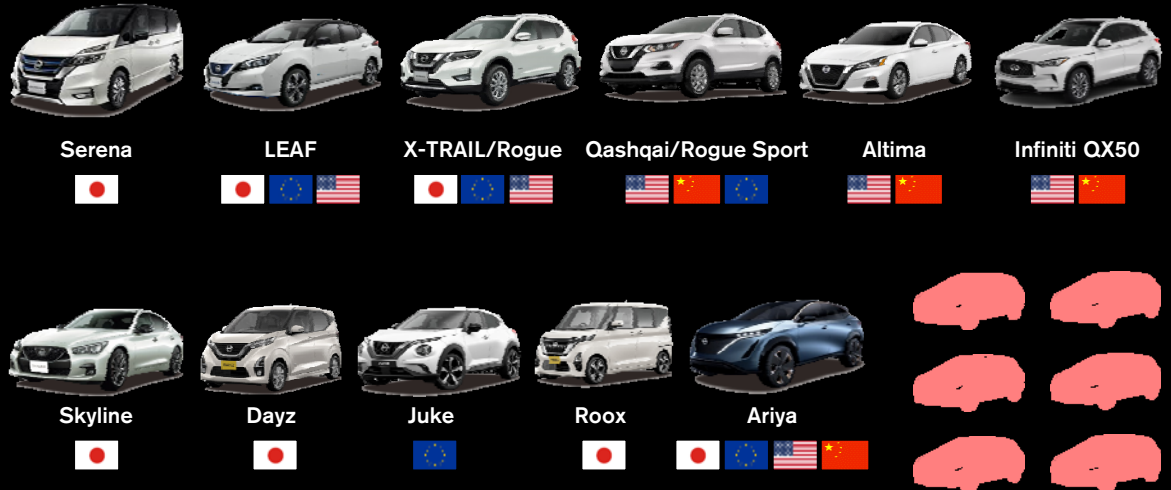


# Expanding Autonomous Drive Vehicle line-up

- On track to introduce more than 20 models in 20 markets
- Target more than 1.5 million sales per year in FY23

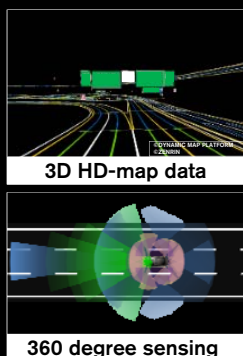
## NEW MODELS

### ProPILOT



## Towards sustainable society

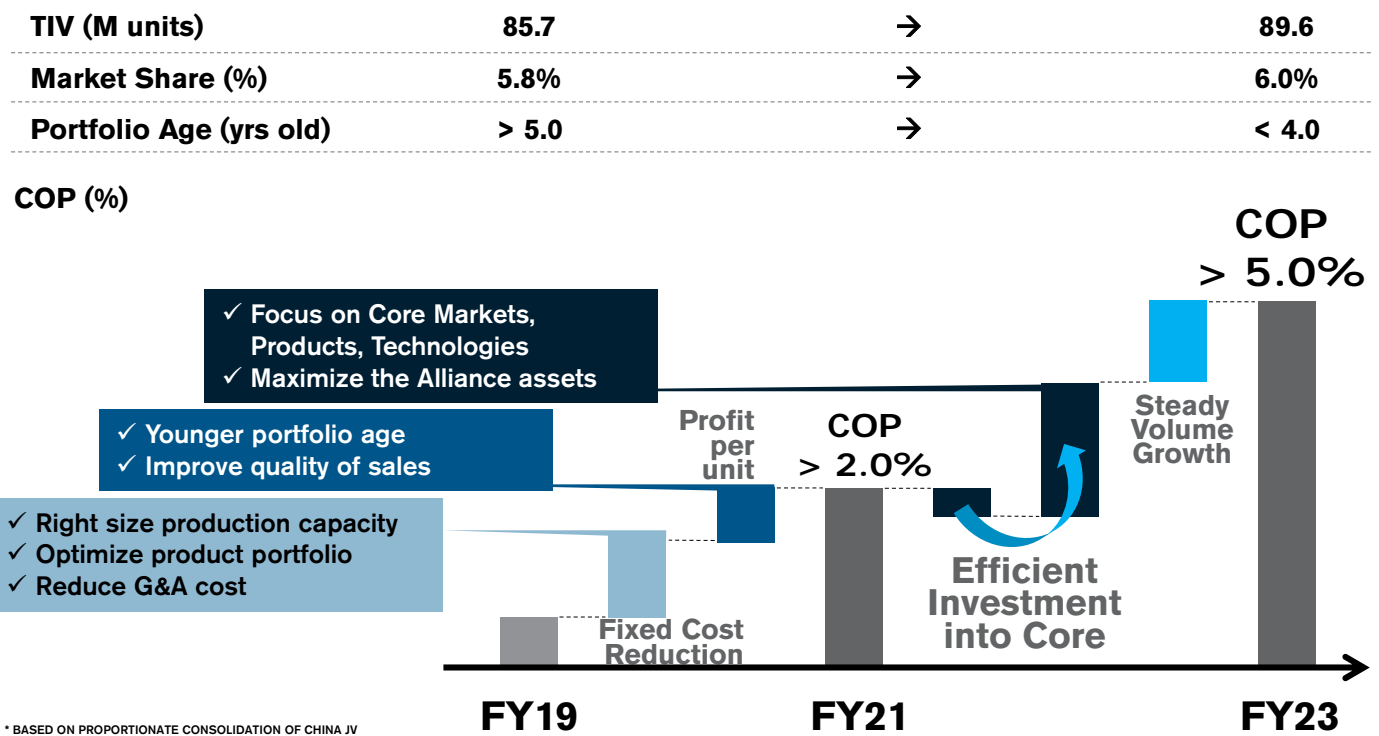
### Offer freedom of mobility with Electrification X Autonomous Drive





# Laying a pathway to sustainable growth

- Market share 6% level in FY23
- COP > 5.0% in FY23 through concrete actions

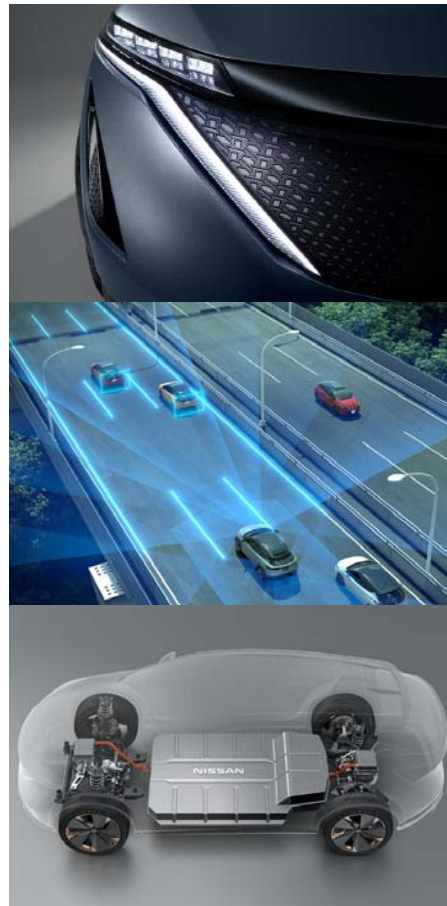


## Building on core strengths – Our DNA

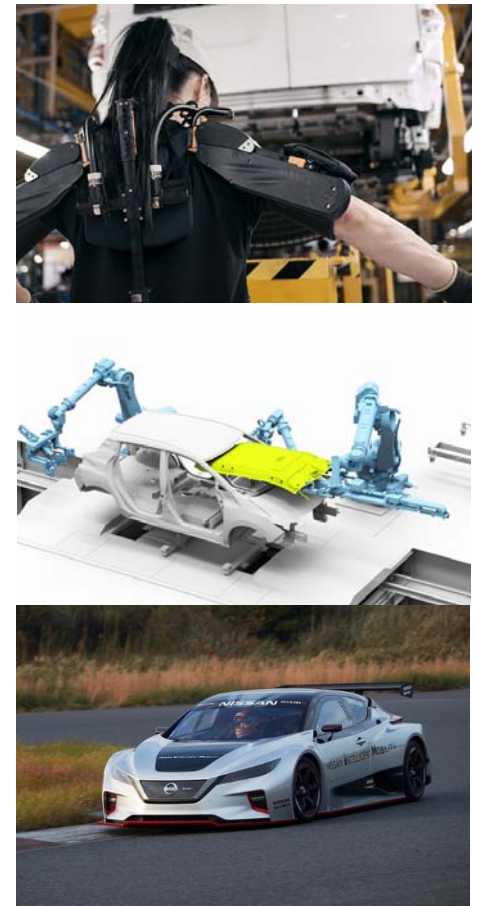
### Passionate



### Innovative



### Challenger



# NISSAN NEXT

Passionate | Innovative | Challenger



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