

Finance

NISSAN'S SALES FINANCING COMPANIES IN JAPAN, THE US AND CANADA SIGNIFICANTLY IMPROVED THEIR ACTIVITIES DURING FISCAL YEAR 2001. THEY ARE ON GOOD TRACK TO ACTIVELY SUPPORT AUTOMOTIVE SALES WITH SIGNIFICANT LEVELS OF PROFITABILITY AND RETURN OF ASSETS.

A Strong Financial Standing

Nissan's sales financing companies in Japan, the US and Canada significantly improved their activities during fiscal year 2001. Revenues increased by 19 percent to ¥367 billion. Assets rose by 37 percent. Activity was boosted by strong car sales in North America, especially during the second half, benefiting from the success of Altima. In Japan, business was strengthened by the new organization, which steadily improved in a stable market environment. Overall, the sales financing companies are on good track to actively support automotive sales with significant levels of profitability and return of assets (RoA). The operating

profit was ¥38.1 billion, equal to a 10.4 percent operating margin in fiscal year 2001, and an RoA of 1.3 percent at the end of March, 2002. The aim is to reach the top level of the industry with 1.5 percent of return on asset by the end of NISSAN 180.

Strengthened Japan Organization

In July, 2000, Nissan re-organized its sales financing activities in Japan by merging the three existing companies into Nissan Financial Services (NFS). This integrates all Nissan products and services into one comprehensive approach to meet the needs of customers. With 1,410 employees at the end of March, 2002, NFS provides a wide range of automotive-related services that include credit loans, car leasing, credit cards, car rental, and insurance on an efficient and convenient basis. The company invested in a completely new customer call center that started its operations from May, 2001, creating a powerful and interactive way to communicate and handle customers' inquiries.

With an approximate 18.7 percent penetration level in Japan during the fiscal year 2001, NFS's asset portfolio was led by the traditional retail credit business. However, NFS launched the "Nissan My Lease Plan" in September, 2001, in an effort to attract younger customers to the brand through lower monthly lease payments. This initiative has met with positive feedback.

Increased US Penetration

Nissan Motor Acceptance Corporation (NMAC) experienced an excellent turnaround in its business in the US during fiscal year 2001. From a 46 percent level in fiscal year 2000, the penetration rate on new car sales reached the 52 percent level and has continued to improve. This is the result of the increase of credit penetration from 32.4 percent in fiscal year 2000 to 40 percent in fiscal year 2001, and a slight decrease of leasing assets to 11.7 percent from 12.2 percent. However, this expansion of activities was conducted with stringent risk management, as Nissan remained extremely vigilant about the quality of its asset portfolio. The loss ratio was maintained on average at the one-percent level. After the events of September 11, and as the economic conditions in the US have become more fragile, NMAC has adopted a very conservative approach and increased reserves as a prevention against future delinquencies. Strict measures in terms of credit acceptance have been implemented in order to maintain asset quality at the top level in the automotive industry.



NFS organization chart