



Asia/Oceania

Following Up on Promising Beginnings

GOM's performance was relatively good in fiscal 2005, with total sales of over 800,000 units. While the oil price hike and a lack of new Nissan products caused some regions to lag, we're expecting very rapid growth during fiscal 2006 in countries like China and Pakistan. In fact, we should pass 900,000 units overall.

We have been conducting feasibility studies on expanding further in Pakistan and India. Total demand in Pakistan, starting from almost nothing, reached about 160,000 or 170,000 units last year. The India study is nearly finished, and we will announce our plans for that market soon.

In Australia, total industry volume stayed solid at close to a million units. Nissan is strong as an import carmaker in Australia, and we recently introduced a series of new products—the Pathfinder, Murano and Tiida—which will surely sustain our sales momentum in the Australian market.

Right now there are a lot of “multi-franchise” dealers in Australia selling several brands out of the same showroom. One of our initiatives is to establish more exclusive Nissan dealers. We're linking this effort with our new visual identity program of dealer facility, and encouraging dealers by partially subsidizing the showroom renewals.

Last July we introduced the Infiniti in Korea, the first time we've marketed the brand outside of North America. There was no Nissan network in Korea, and the network and sales company were brand new. Although the volume is still low and we have just three dealerships, we were in the black and sales are steadily going up.

We also managed a win-win with Renault in Korea. Early this year we started exporting a Renault Samsung model called the SM3, with a Nissan badge on it, to the Gulf countries, Latin America and Africa. Renault secured production volume, and we

got a model that will allow us to compete in this cost-conscious market segment.

We have several initiatives to generate momentum in GOM territories. One is private financing, which is an area of hot competition among market entrants. We just established a new retail finance company in Thailand, and Renault's finance company in Korea, Renault Credit International, offers service for Infiniti customers. I think financing will strengthen our car business.

We are also transferring some marketing and sales functions from Tokyo to the regions. Last year, we established a regional headquarters for Asia in Singapore. They have a better sense of their territory and can react faster to market changes, and we save G&A expenses because expenses are relatively low.

We will have five new products in fiscal 2006, including the first global model to be released in China before other markets. This is a strategic car because it is both cost-competitive and will meet a wide array of customer needs. We realized that need in the 1990s but couldn't afford to address it then. Now that our GOM sales are nearly double what they were in 2000, and volume is rising steadily, we're ready to invest. We are certain we will recoup our outlay through revenue from GOM.



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