Surmounting the Crisis

In the wake of the financial crisis that began in late 2008 and the widespread economic recession that followed, Nissan reacted quickly, developing a recovery plan and rising to the challenge. Every Nissan employee understood the state of the company and what needed to be done, and contributed to the execution of our plan. Our consolidated operating profit of 311.6 billion yen represents the fruit of all their hard work.

In fiscal year 2009, we revisited all our expenses and investments while carrying out initiatives to boost market share and sales volume in declining markets, with the aim of generating positive free cash flow and consolidated operating profit. For example, we raised production to adapt to rising demand while keeping tight control on inventory when governments introduced scrap incentives and economic stimulus packages in the U.S., Europe and Japan. As a result, Nissan minimized lost opportunities and increased its sales in face of a volatile market.

One of our strengths—compact, fuel-efficient cars—drove sales increases in China, the U.S. and Japan. We reacted with particular swiftness in Japan by providing the Nissan Eco series, a diverse product lineup that benefits from tax credits and subsidies for eco-friendly cars. In China, we offered abundant product choices that catered to local needs and met tax reduction requirements for 1.6-liter models and under.

It is too early to say whether global TIV will recover fully in fiscal year 2010. We expect demand to fall in Japan and Europe when governmental support ends. The U.S. market is gradually recovering, although it is still falling short of its peak. We also see signs of recovery in Russia and the Middle East, but they are not yet robust. Raw material prices are rising as well, representing a major risk factor along with the continued risk of foreign exchange volatility. An exchange rate of 90 yen to the U.S. dollar poses challenges in terms of profit and revenue.

We assume that the climate will remain tough, but we still expect our global sales to reach 3.8 million—a record level for Nissan, and an increase of 8.1 percent over the 3.5 million units we sold in fiscal year 2009.
The total industry volume in Japan is expected to drop from October 2010 onward when government incentives are removed. We intend to mitigate the effect by launching several eco-friendly cars. These models include the new fuel-efficient March, an automatic transmission version of the X-TRAIL clean diesel, the Fuga hybrid electric vehicle, and a zero-emission electric vehicle, Nissan LEAF. All are examples of how we are adapting our offer to customer needs.

Our sales in the U.S. are projected to be 945,000 units, a 7.9 percent market share based on a projected TIV of 12 million units. We expect our product offer—including the compact Versa, the Rogue SUV, and the new NV lineup of light commercial vehicles—to drive our sales up in this highly competitive market.

Despite the Greek financial issue and other uncertainties, sales of the Qashqai continue to grow in Europe. We will also be launching the new Micra and Juke in the region this year. These models will contribute to a gradual increase of our market share there.

Our sales forecast in China is very positive, with a projected rise to 860,000 units. We will work on customer satisfaction and brand value, selling each vehicle with care in this rapidly expanding market. Supply shortages remain a challenge, but we are moving quickly to increase the capacity in Zhengzhou and Huadu to enable the production of one million units for all of China by 2012.

We also foresee major sales growth in Thailand, where our first global compact car, the new March, has made a fine start following its launch in March this year. We began local production of the new Micra in India in May and already have it on the market. This is our first localized product for India, which local dealers were looking forward to, and we plan to capitalize on the opportunity and significantly raise our market presence.

We followed design-to-cost principles to ensure that the March is competitive, offers uncompromising quality, and still generates a profit. The result is a car with strong driving performance, sufficient roominess, and “green” characteristics, including excellent fuel economy and low CO2 emissions. We will export this global model from Thailand to Japan, and from India to many regions around the world, including Europe. Nissan is dedicated to maintaining the kind of exhaustive quality assurance that guarantees we are delivering products that customers everywhere can trust.

The Renault-Nissan Alliance is committed to zero-emission leadership. Fiscal year 2010 will be a critical period in our drive to make this commitment a reality. Nissan will launch Nissan LEAF in Japan, the U.S., and Europe, and we are working to scale back costs by the launch of global mass marketing in 2012. We plan to penetrate the market by offering our EV at an affordable price and use it to create new customer values, communicate our environmental efforts and technological abilities, and build our brand.

Our aim is to deliver the right products to the right markets in a timely manner. We will refine our sales capabilities, responding to customers with greater care and enhancing their level of satisfaction. The auto industry is standing at a crucial crossroad, and we will respond by rising decisively to meet our self-imposed challenges, including the spread of eco-friendly technologies, further ventures into emerging markets, and the introduction of our global compact cars. Nissan will grow stronger and more competitive through these demanding endeavors.

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