



NISSAN MOTOR CORPORATION



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This annual report presents the results of Nissan Motor Corporation's business activities for fiscal 2019.

### Viewing this Report



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#### ■ Financial Data

To obtain more detailed financial information, please visit our IR website.

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- This annual report contains forward-looking statements on Nissan's plans and targets, and related operating investment, product planning and production targets. Please note that there can be no assurance that these targets and plans will actually be achieved. Achieving them will depend on many factors, including Nissan's activities and development as well as the dynamics of the automobile industry worldwide and the global economy.

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Cover photo: The new Altima

# VISION

Enriching People's Lives

# MISSION

Nissan provides unique and innovative automotive products and services that deliver superior measurable values to all stakeholders\* in alliance with Renault.

\* Our stakeholders include customers, shareholders, employees, dealers and suppliers, as well as the communities where we work and operate.



# SUSTAINABILITY

For information on Nissan's sustainability activities, please visit our website:  
<https://www.nissan-global.com/EN/SUSTAINABILITY/>

## FINANCIAL HIGHLIGHTS

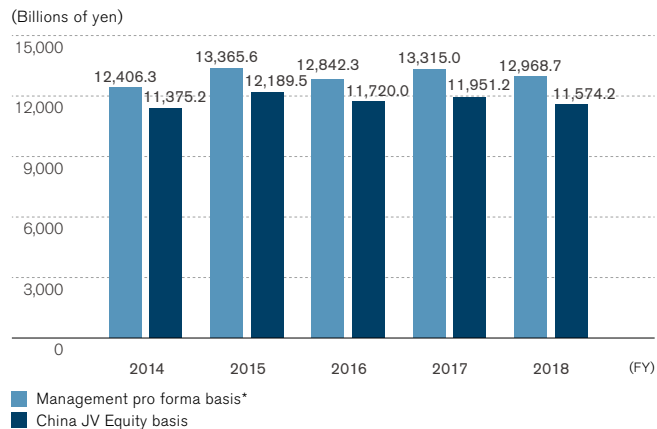
	For the years ended	2018	2017	2016	2015	2014
		Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2015
Net sales	Millions of yen	<b>11,574,247</b>	11,951,169	11,720,041	12,189,519	11,375,207
Ordinary income	Millions of yen	<b>546,498</b>	750,302	864,733	862,272	694,232
Net income attributable to owners of parent	Millions of yen	<b>319,138</b>	746,892	663,499	523,841	457,574
Comprehensive income	Millions of yen	<b>195,999</b>	740,338	615,950	75,107	719,903
Net assets	Millions of yen	<b>5,623,510</b>	5,701,710	5,167,136	5,140,745	5,247,262
Total assets	Millions of yen	<b>18,952,345</b>	18,739,935	18,421,008	17,373,643	17,045,659
Net assets per share	Yen	<b>1,355.18</b>	1,380.36	1,242.90	1,132.61	1,152.83
Basic earnings per share	Yen	<b>81.59</b>	190.96	165.94	125.00	109.15
Diluted earnings per share	Yen	<b>81.59</b>	190.96	165.94	124.99	109.14
Net assets as a percentage of total assets	%	<b>28.0</b>	28.8	26.4	27.2	28.4
Rate of return on equity	%	<b>6.0</b>	14.6	13.8	11.0	10.0
Price earnings ratio	Times	<b>11.13</b>	5.78	6.47	8.33	11.21
Cash flows from operating activities	Millions of yen	<b>1,450,888</b>	1,071,250	1,335,473	927,013	692,747
Cash flows from investing activities	Millions of yen	<b>(1,133,547)</b>	(1,147,719)	(1,377,626)	(1,229,280)	(1,022,025)
Cash flows from financing activities	Millions of yen	<b>(127,140)</b>	36,810	320,610	530,606	245,896
Cash and cash equivalents at end of the period	Millions of yen	<b>1,359,058</b>	1,206,000	1,241,124	992,095	802,612
Employees	Number	<b>138,893</b>	138,910	137,250	152,421	149,388
		<b>(19,240)</b>	(19,924)	(19,366)	(19,007)	(20,381)
( ) represents the average number of part-time employees not included in the above numbers		<b>140,564</b>	140,603	138,917	154,700	151,710
		<b>(19,619)</b>	(20,290)	(19,716)	(19,343)	(20,748)

Notes:  
Net sales are presented exclusive of consumption tax.  
Staff numbers, which are presented as the lower numbers in the "Employees" line, include those of unconsolidated subsidiaries accounted for by the equity method as reference data.  
"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other standards have been applied from the beginning of the fiscal year ended March 31, 2019. Key financial data, etc., concerning the previous fiscal year is presented as figures after the retrospective adoption of these accounting standards, etc.

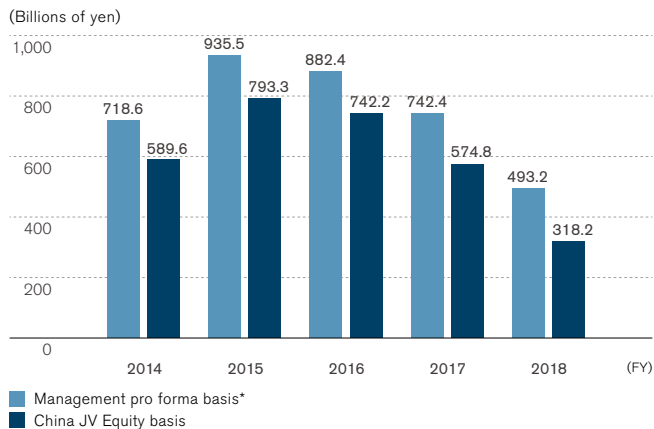
**Key figures for fiscal 2018**  
(China JV Equity Basis)

Net sales in fiscal year 2018 decreased by 377.0 billion yen to 11.57 trillion yen. Operating profit was 318.2 billion yen, for a profit margin of 2.7%.

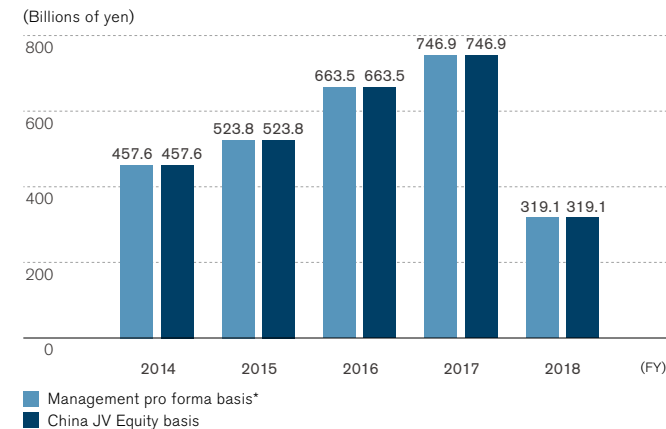
**Net Sales**



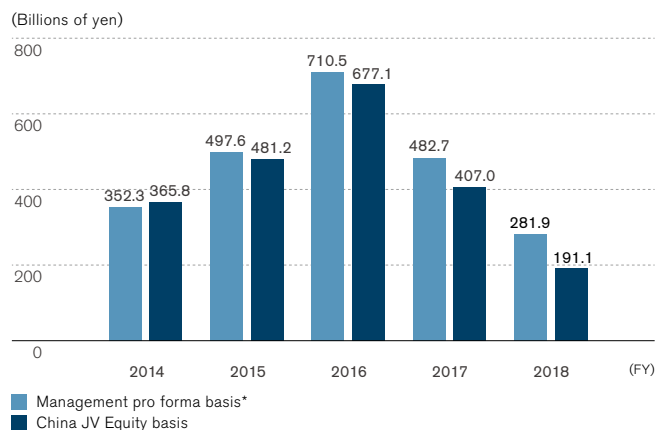
**Operating Profit**



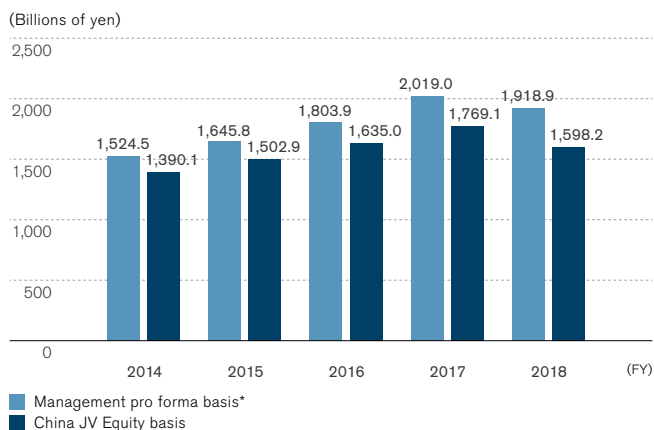
**Net income attributable to owners of parent**



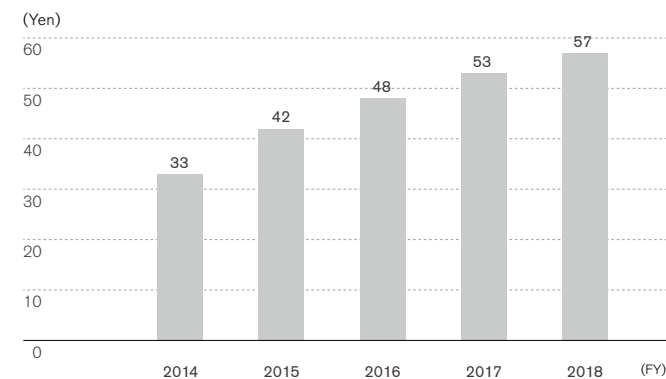
**Free Cash Flow (Auto Business)**



**Net Cash (Auto Business)**



**Dividend per Share**



\* Based on continuation of proportionate consolidation of China JV

Notes:  
Net sales are presented exclusive of consumption tax.  
"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other standards have been applied from the beginning of the fiscal year ended March 31, 2019. Key financial data, etc. concerning the previous fiscal year is presented as figures after the retrospective adoption of these accounting standards, etc.

## MESSAGE FROM DIRECTORS

**Yasushi Kimura, chair of the Board of Directors**



At the annual general meeting of shareholders in June 2019, I was selected to be a board member and appointed as the Chair of the Board of Directors.

The auto industry is facing a volatile business environment in a rapidly changing competitive landscape. Nissan is undergoing a significant transformation with its performance recovery and new corporate governance structure. In this context, the Board of Directors has an important responsibility. Its mission is to enhance management transparency and corporate value in order to optimally serve all shareholders' interests, while considering the rights and interests of minority shareholders.

Nissan faces two challenges. The first is to establish and operate a healthy corporate governance structure. The company transitioned to a three-statutory-committee system at the annual general meeting of shareholders in June 2019. It's essential to implement this system successfully in order to regain the trust of our stakeholders, including shareholders. I intend to lead the board with transparency and a spirit of impartiality and selflessness.

The second challenge is speedy adaptation to structural changes in the auto industry, as well as the company's immediate performance recovery. As the Chair of the Board, I will utilize my management experience to ensure that the board holds active discussions and provides effective advice and supervision to the executive officers. The outside independent directors have various backgrounds. I'm confident that their diversity, in terms of experience and perspectives, will make a significant contribution.

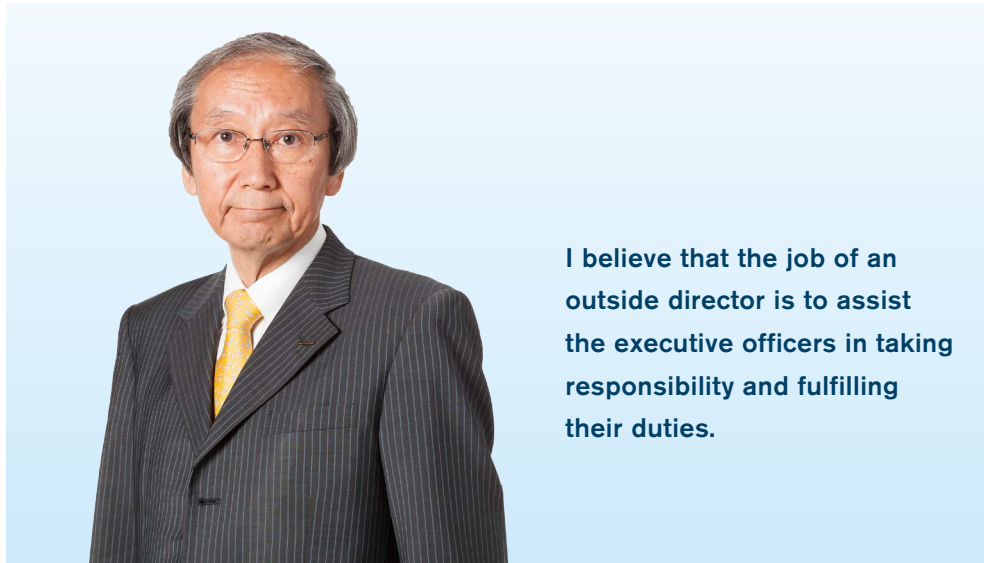
I will lead board discussions to help Nissan strengthen corporate governance and drive the company's performance recovery. Furthermore, I will ensure that Nissan creates greater sustainable value as the auto industry faces major changes in terms of electrification, vehicle intelligence and new mobility services.

I appreciate your kind understanding and continued support.



Yasushi Kimura  
Chair of the Board of Directors

## Masakazu Toyoda, lead independent outside director



**I believe that the job of an outside director is to assist the executive officers in taking responsibility and fulfilling their duties.**

I was appointed outside director in June 2018. Within less than six months, in November 2018, a series of executive misconduct led by former Chairman was revealed. The issue exposed flaws in Nissan's corporate governance. As a result, the company lost the confidence of its stakeholders, including shareholders. I reconfirmed the importance of effective corporate governance to ensure the company's sustainable growth and create value for stakeholders.

The Special Committee for Improving Governance was formed with independent third-party experts and Nissan outside directors, including myself. Nissan accepted the committee's recommendations regarding improvements in its governance. The company arranged to shift to a three-statutory-committee system in a short period and implemented the new structure following the annual general meeting of shareholders in June 2019. While this is a significant

change for Nissan, it's only an initial step toward the recovery of stakeholders' trust. It's important to ensure that the new system works effectively and contributes to enhancing Nissan's corporate value.

As lead independent outside director, I'm responsible for coordinating the outside directors meeting, a regular meeting consisting solely of outside directors. I believe that the job of an outside director is to assist the executive officers in taking responsibility and fulfilling their duties. It's also our duty to supervise and advise the executive officers in order to enable them to take appropriate risks and execute with confidence. As a result, the executive officers will deliver strong performance and benefit stakeholders, including shareholders. The new system has just been implemented. I'm committed to carrying out my duties with all the outside directors, who also share this view. We look forward to your continued support and guidance.

Masakazu Toyoda

Lead independent outside director

## CORPORATE GOVERNANCE

### Basic concept of Nissan's corporate governance

1. In order to create unique and innovative automotive products and services, and deliver superior measurable value to all stakeholders, Nissan will pursue the vision of "Enriching people's lives" as a company that is trusted by society; and we will address improvement of corporate governance as one of our most prioritized managerial tasks.
2. We will conduct our business while considering society's expectations and our social responsibilities and devote ourselves to the development of a sustainable society by aiming for sustainable growth of our business.
3. We will select, as our corporation form, a company with three statutory committees, which can clearly separate management functions and supervisory, oversight and auditing functions. As such, we will improve the transparency of the decision-making process and also conduct speedy and flexible business execution.
4. Through the supervision, oversight, and auditing by the Board of Directors and other corporate bodies, we will ensure the effectiveness of our structure related to internal controls, compliance, and risk management. Officers and employees, including executive officers, will sincerely respond to the supervision, oversight, and auditing contemplated hereby.

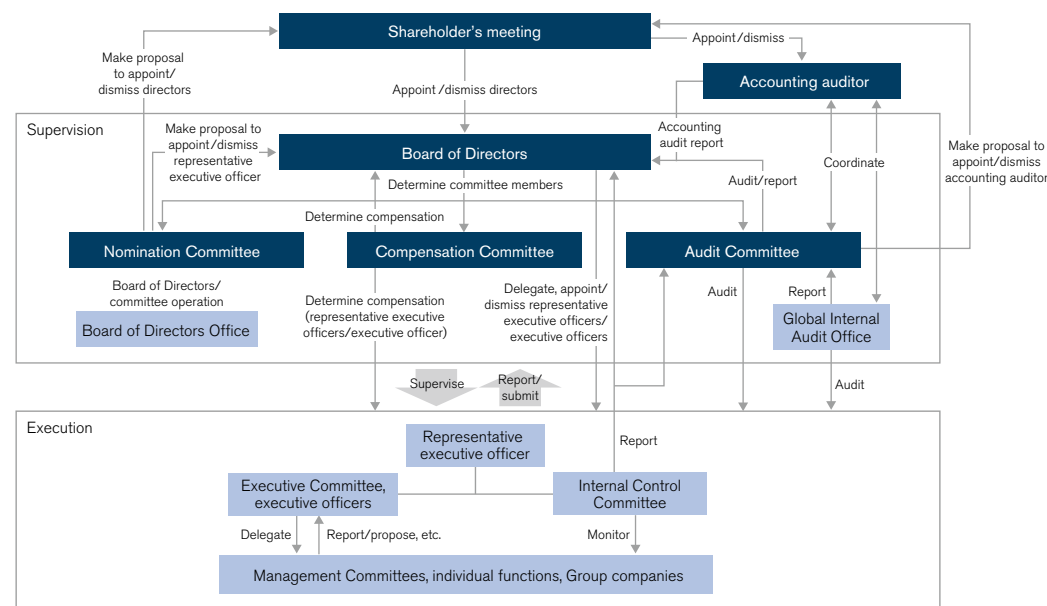
### Corporate Governance System

Nissan is developing new structures to strengthen our corporate governance system. On June 25, 2019, a new corporate structure was selected for Nissan, consisting of a company with three statutory committees, clearly separating management functions and supervisory, oversight and auditing functions. In the past, directors supervised the execution of important business operations as well as the duties of individual directors, but the change in structure to a company with three statutory committees has separated execution from supervision. Those with the newly established executive officer role are responsible for the execution of business operations, while members of the Board of Directors focus on supervision of their assigned duties. This has improved the transparency of the decision-making process and also made business execution speedier and more flexible.

Furthermore, by increasing the number of outside directors to a majority of the board, we are working to reflect a diversity of viewpoints into our management and strengthen our supervision function still further. The Board of Directors has established three committees: the Nomination Committee, which decides on candidates for director positions; the Compensation Committee, which sets compensation for directors and executive officers; and the Audit Committee, which audits the business execution of directors, executive officers, and those with similar responsibilities. Outside directors make up more than half of each committee, and play a leading role in each committee. This ensures healthy governance, with supervision, oversight and auditing by the Board of Directors and other corporate bodies heightening the effectiveness of our structures in terms of internal controls, compliance and risk management. Officers and employees of Nissan, including executive officers, will sincerely respond to this supervision, oversight and auditing.

### Nissan's Corporate Governance System

As of June 25 2019



### Board of Directors System

Our Board of Directors, led by independent outside directors, decides the basic direction of management by taking a variety of perspectives into account and plays the role of supervising the executive directors. The number of directors on the board is sufficient to facilitate lively discussions and swift decision-making. In order to create an environment where discussions in board meetings are led by independent outside directors, these directors constitute a majority of the board, with one of them serving as board chair.

The Board of Directors decides on basic management policies and important matters set forth under the law, articles of incorporation and regulations of the Board of Directors itself. In order to carry out effective and flexible management, as a general rule, the Board of Directors delegates much of its power to decide on business activities to executive officers. As of June 25, 2019, the Board of Directors consists of eleven directors, seven of whom are outside directors.



### Nomination Committee

The Nomination Committee has the authority to determine the content of the general shareholder's meeting agenda concerning the appointment and dismissal of directors. It also has the authority to decide on the content of the Board of Directors meeting agenda concerning the appointment and dismissal of representative executive officers and to formulate an appropriate succession plan regarding the President and Chief Executive Officer and review it at least once a year.

The Board of Directors appoints a majority of the members of the Nomination Committee from among the independent outside directors. The committee chair is also an independent outside director. As of June 25, 2019, the Nomination Committee consists of six directors, five of whom are independent outside directors.

### Compensation Committee

The Compensation Committee has the authority to set policy regarding decisions on the content of the compensation received by individual directors and executive officers as well as the actual content of the compensation received by individual directors and executive officers. In addition, the Compensation Committee has the authority to determine the specific amount, or, in the case of noncash compensation, the specific content, of the compensation received by each individual director and Representative Executive Officer.

The Board of Directors appoints exclusively independent outside directors to the Compensation Committee, including its chair. As of June 25, 2019, the Compensation Committee consists of four directors, all of whom are independent outside directors.

### Audit Committee

The Audit Committee consists of directors who are sufficiently qualified and capable to audit the business execution of executive officers. In addition, the Audit Committee appropriately audits effectiveness with regard to the monitoring function of the Board of Directors on an ongoing basis. The Audit Committee is also the final entity to receive any whistleblower's report regarding any allegation that involves any member of management, including any executive officer.

The Board of Directors appoints at least a majority of the members of the Audit Committee from among the independent outside directors. The committee chair is also an independent outside director. As of June 25, 2019, the Audit Committee consists of five directors, four of whom are independent outside directors.

In order to allow the Audit Committee to perform its audits effectively and efficiently, the necessary staff are provided to the Audit Committee secretariat, and those staff members carry out their duties under the direction of Audit Committee members. Furthermore, evaluation of the Audit Committee secretariat's staff is carried out in conference between committee members, and transfers and reprimands require approval from the Audit Committee.

### Executive Officer System

Executive officers decide on business activities which are delegated in accordance with the resolutions of the Board of Directors, and execute the business of the Nissan Group.

Several conference bodies have been established to deliberate on and discuss important corporate matters and the execution of daily business affairs. Furthermore, in the pursuit of more efficient and flexible management, the authority for business execution is clearly delegated as much as possible to corporate officers and employees.

As of June 25, 2019, nine executive officers, two of whom are representative executive officers, are appointed.

### Basic Principles of the Internal Control System

We aim to provide superior value to all stakeholders as a world-leading, trusted company well into the future. We consider healthy governance the foundation for this, and are engaged in a range of activities to achieve it. In line with this principle, and in accordance with Japan's Companies Act and its related regulations, the Board of Directors has decided on internal control systems to pursue these goals and its own basic policy. The board continually monitors the status of implementation regarding these systems and the policy, making adjustments and improvements if necessary. One executive officer is assigned to oversee the internal control systems as a whole.

### Audit System

We have adopted a system under which the outside directors, Auditing Committee, department for internal audit and outside accounting auditors coordinate to improve the effectiveness of our internal control systems.

Independent outside directors lead our Board of Directors, deciding the basic direction of management and supervising the execution of duties by directors, executive directors, and others with similar responsibilities. The Audit Committee takes charge of the department for internal audit and instructs it with regard to auditing, and the department for internal audit shall report to the Audit Committee the status of the performance of duties and any findings therefrom on an ongoing basis. The Audit Committee also receives similar reports from the accounting auditors, as well as detailed explanations on the status of the quality control of internal audits, to confirm whether their oversight is at a suitable level.

### Independent Internal Audits

We have established a global internal audit unit, an independent department to handle internal auditing tasks. Under the control of the head of internal audit, audit teams set up in each region carry out efficient, effective auditing of our activities on a group-wide and global basis.

In order to facilitate the new system, detailed rules and policies were agreed on for the new system of governance, including corporate governance guidelines, standards of director independence, board and committee regulations, and general internal control policies.

**Corporate Governance Guidelines**

[https://www.nissan-global.com/EN/COMPANY/PROFILE/CORPORATEGOVERNANCE/pdf/Guidelines\\_EN.pdf](https://www.nissan-global.com/EN/COMPANY/PROFILE/CORPORATEGOVERNANCE/pdf/Guidelines_EN.pdf)

**Directors Independence Standards**

[https://www.nissan-global.com/EN/COMPANY/PROFILE/CORPORATEGOVERNANCE/pdf/Standards\\_EN.pdf](https://www.nissan-global.com/EN/COMPANY/PROFILE/CORPORATEGOVERNANCE/pdf/Standards_EN.pdf)

### Avoidance of Conflict of Interest

In case of any transaction that involves any conflict of interest between the company and a director or executive officer, the Board Regulations provide that board approval, as well as a post-facto report to the board of important facts associated with the transaction, are required. Given the possibility of conflict of interest, the representative executive officer of the company must not concurrently serve as a director, executive officer, or any other officer or employee of a major shareholder; Mitsubishi Motors Corporation, which is one of the other parties of the Alliance; or any subsidiaries or affiliates of the above. If an executive officer serves in such position at the time of assuming the office of representative executive officer of Nissan, that officer and Nissan shall promptly take the necessary measures for the officer to leave the other company.

Regarding the designation of Audit Committee members, the company's Corporate Governance Guidelines provide that, given the potential conflict of interest with minority shareholders, it is not desirable that the Audit Committee should include any person who has experience serving as a director, executive officer or other officer or employee at a major Nissan shareholder or subsidiaries or affiliate of same (except for a person seconded from Nissan).

In addition, the company has established a Director Conflict of Interest Resolution Policy which defines conflicts of interest between a director and the company, requires directors to report any actual, potential or perceived conflicts and also establishes procedures to resolve such conflicts.

Please refer to Corporate Governance Report for the latest information on our corporate governance system:

<https://www.nissan-global.com/EN/IR/LIBRARY/GOVERNANCE/>

### Outside Directors

Seven outside directors, as well as committee chairs, and committee members were approved at the Annual General Shareholders Meeting and the board of directors meeting held in June of 2019. Outside directors meet the requirements of Independent Director of the Tokyo Stock Exchange, as well as "Director Independence Standards" of the Company.

Name	Reasons of Appointment
Keiko Ihara	She has participated in various international races as a driver, and contributed to the development of the auto industry by supporting various global automakers with efforts including technology development and branding, infrastructure development for electric vehicles in Japan and MaaS (mobility as a service) research at Keio University's graduate school. She also advises international organizations and publicly-listed Japanese companies in the areas of governance, safety, environment and education. She has played a key role in addressing improvements in the Company's governance and led the Provisional Nomination and Compensation Committee during her previous term.
Masakazu Toyoda	He has held prominent positions, including Vice-Minister for International Affairs of METI, and Special Advisor to the Cabinet Secretariat. He has extensive experience in economics, international trade and energy. He has been instrumental in leading governance improvements within the Company during his previous term and led the Independent Director Committee. The Company appointed him as Outside Director on the basis that he is qualified to fulfill the duties of Outside Director for the Company for the reasons stated above, although he has not been involved in corporate management, other than as an Outside Director or Outside Statutory Auditor.
Bernard Delmas	He has extensive international experience in the automotive industry with a focus on Asian markets and Japan. He is skilled in R&D, business planning, and cross-functional team leadership. His experience in European-owned companies will bring a diverse perspective to the Company.
Andrew House	He has international business management experience, as well as understanding of customer needs in consumer products and emerging technologies through key roles in global companies. Having worked both inside and outside of Japan, he has an excellent cross-cultural perspective. He will bring a diverse perspective that he has gained from his industry background.
Yasushi Kimura	He has experience serving in top management roles in a key industry in Japan. He also has deep insight and a wealth of experience in corporate management, as well as leadership experience from his tenure at the Japan Business Federation (Keidanren) and in the capacity as Chairman of the Petroleum Association of Japan (PAJ).
Motoo Nagai	He has strong experience and insight on risk management gained through executive leadership positions that he held at institutions including Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) and Mizuho Trust & Banking Co., Ltd. Considering his service as full-time Statutory Auditor since 2014 and his wealth of management experience in the Company, the Company believes that his experience and expert knowledge will enhance its compliance and governance.
Jenifer Rogers	She has ample legal, compliance and risk management expertise. She comes with solid board experience at globally-operating Japanese corporations, and experience as an in-house lawyer and head of a range of legal functions at international financial institutions. Her board presence brings important diversity to the Company's Board of Directors in terms of gender, business experience and nationality.

Click here for more details on outside directors:  
<https://global.nissannews.com/en/corporate-officers>

### Composition of each committee (As of June 25 2019)

	Nomination Committee	Compensation Committee	Audit Committee
Keiko Ihara	○	○ (Chair)	
Masakazu Toyoda	○ (Chair)		○
Bernard Delmas		○	
Andrew House	○		
Yasushi Kimura	○		○
Motoo Nagai	○	○	○ (Chair)
Jenifer Rogers		○	○
Jean-Dominique Senard	○		
Thierry Bollore			○

## EXECUTIVES

### BOARD OF DIRECTORS (As of June 2019)



**Yasushi Kimura**  
Independent outside director  
Chair of the board of directors



**Jean-Dominique Senard**  
Director  
Vice-chair of the board of directors



**Masakazu Toyoda**  
Independent outside director  
Lead independent outside director  
Chair of Nomination Committee



**Keiko Ihara**  
Independent outside director  
Chair of Compensation Committee



**Motoo Nagai**  
Independent outside director  
Chair of Audit Committee



**Bernard Delmas**  
Independent outside director



**Andrew House**  
Independent outside director



**Jenifer Rogers**  
Independent outside director



**Thierry Bollere**  
Director



**Hiroto Saikawa**  
Director



**Yasuhiro Yamauchi**  
Director

### MEMBERS OF EXECUTIVE COMMITTEE (As of September 2019)



**Yasuhiro Yamauchi**  
Representative executive officer,  
Acting president and  
Chief executive officer,  
Chief operating officer



**Christian Vandenhende**  
Executive officer,  
Vice-chief operating officer/  
Chief quality officer



**Philippe Klein**  
Executive officer,  
Chief planning officer



**Hiroshi Karube**  
Executive officer,  
Chief financial officer



**Hideyuki Sakamoto**  
Executive officer,  
Executive vice president



**Asako Hoshino**  
Executive officer,  
Executive vice president



**Hitoshi Kawaguchi**  
Executive officer,  
Executive vice president



**Kunio Nakaguro**  
Executive officer,  
Executive vice president



**Jun Seki**  
Senior vice president



**José Luis Valls**  
Senior vice president



**Makoto Uchida**  
Senior vice president

Makoto Uchida was appointed representative executive officer, chief executive officer of Nissan. Current Mitsubishi Motors Corporation chief operating officer Ashwani Gupta was appointed representative executive officer and chief operating officer of Nissan. Also, Nissan senior vice president Jun Seki has been appointed to the position of vice-chief operating officer. The appointments will be effective no later than January 1, 2020.

Information on all executives and bios are available here:  
<https://global.nissannews.com/en/corporate-officers>

## MESSAGE FROM THE CFO



**Hiroshi Karube**  
Chief Financial Officer

### Improving governance

Please allow me to express my sincere regret for any concerns that our governance issues may have caused you. Nissan has started anew under an enhanced corporate governance structure, following the adoption of a three-statutory-committee system and the appointment of a new board, of which the majority are independent outside directors from diverse backgrounds. To restore our shareholders' confidence, we must revive our business and increase corporate value through sustainable profitable growth.

As CFO, I'm committed to contributing to Nissan's revival by increasing its corporate value through robust internal controls, compliance with financial reporting standards and appropriate timely disclosures, while sharing your feedback with the Board of Directors and executive officers.

### Fiscal year 2018 review

Fiscal year 2018 was challenging for Nissan. The consolidated operating profit of 318.2 billion yen was negatively impacted by declining sales and other external factors, including foreign exchange volatility, rising commodity prices and higher regulatory costs. Our sales increased mainly in Japan and China but decreased in the U.S. and Europe, due to an aging portfolio, efforts to normalize sales, and increasingly stringent environmental regulations. As a result, total sales fell 4.4% to 5.52 million vehicles.

### Challenges and next steps

Nissan faces several challenges:

- The company took the first step to improve its corporate governance by adopting a three-statutory-committee system. We must ensure the new governance structure functions and develops into a more effective system.
- We must stem the decline in profitability and transform the company into an organization that's able to generate sufficient profit and free cash flow on a sustainable basis.
- We must ensure stable performance and solid shareholder returns.

Nissan is undertaking the New Nissan Transformation program, consisting of three pillars: governance transformation, organizational transformation and business transformation. As for business transformation, the company is focused on improving its operating profit margin to 6%-plus by fiscal year 2022, through the recovery of U.S. operations, operational and investment efficiency improvement, and steady growth through new models, new technologies and Nissan Intelligent Mobility.

Nissan is strictly managing costs, such as fixed costs and incentives. At the same time, we're increasing investment in R&D to hone our strength in technological excellence, including electrification and autonomous driving technologies, so that we can develop attractive products and adapt to the changing automotive landscape. The finance team is committed to supporting the organization's sustainable growth.

#### Financial strategy and shareholder return

Nissan's objective is to finance sufficiently our R&D efforts, capital investments and sales finance operations while maintaining optimal liquidity and a healthy balance sheet. We ended the year with a solid automotive net cash position of 1.6 trillion yen. Although free cash flow decreased due to lower profit and increased investment, we expect free cash flow to increase as profit improves.

Nissan intends to maintain a stable dividend, while considering various factors including the level of cash on hand, actual results, projected profits and free cash flow, and necessary investments for the future. For fiscal year 2019, we forecast a full-year dividend of 40 yen per share. Nissan is implementing the business transformation plan to revive its business as soon as possible, so that the company can deliver an attractive shareholder return.

#### ESG initiatives

Recently, Nissan's ESG (environmental, social, governance) initiatives are attracting attention. The company developed the Nissan Sustainability 2022 strategy in fiscal year 2018. Our chief sustainability officer is driving the implementation of this strategy.

In June 2019, Nissan expressed its support for the Task Force on Climate-Related Financial Disclosures. There are many challenges in disclosing our financial impact from climate change.

However, we aim to promote disclosures after internal analysis and discussions. In addition to traditional financial information, Nissan is taking on the new challenge of communicating nonfinancial information to our investors. We strive to promote a deeper understanding of the company's mid- and long-term efforts to increase corporate value.

We are implementing the new corporate governance structure and focusing on the recovery of our business in order to increase corporate value through sustainable profitable growth. Thank you for your ongoing support and patronage.

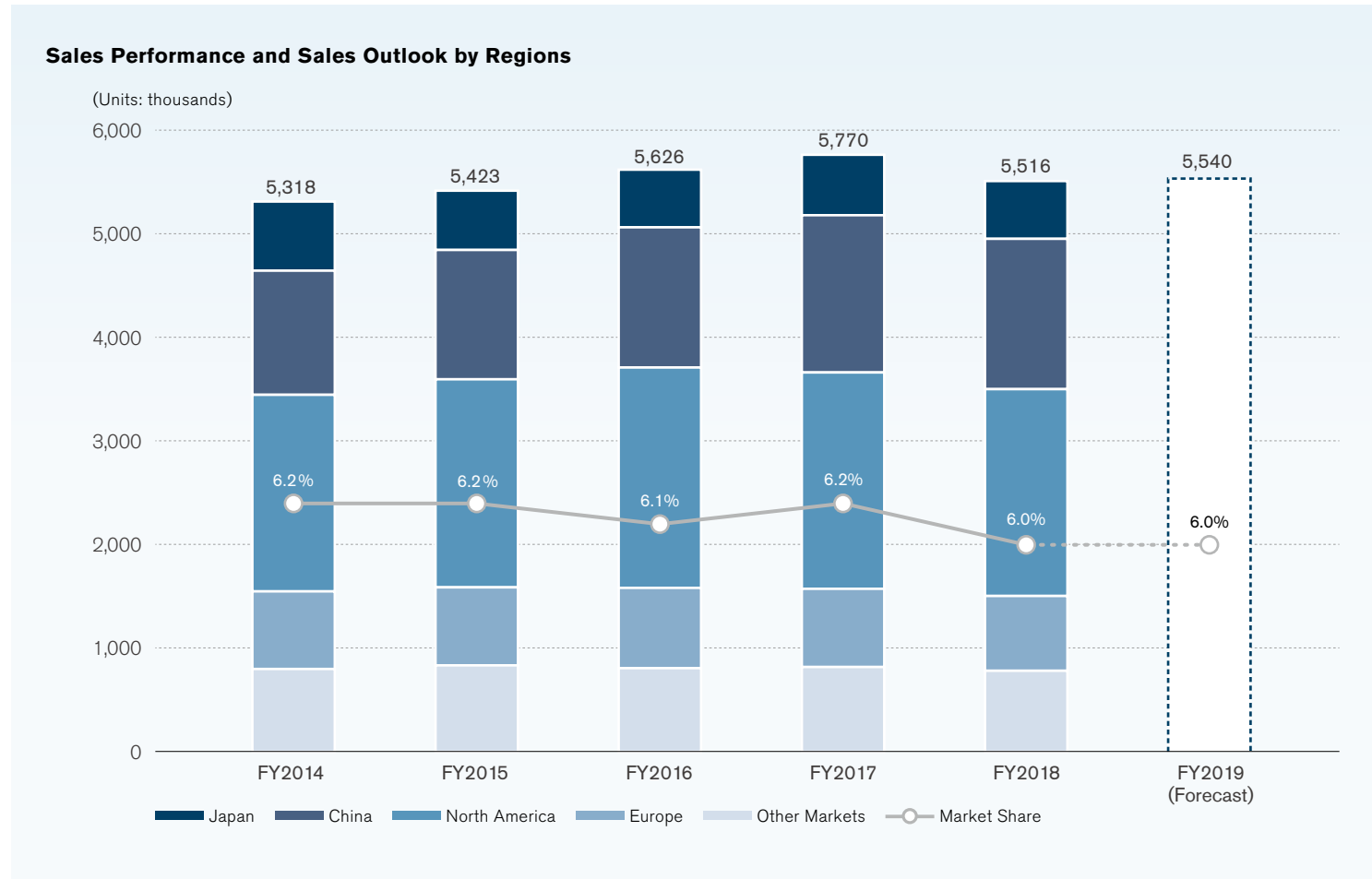


Hiroshi Karube  
Chief Financial Officer

## FISCAL YEAR 2018 SALES PERFORMANCE AND FISCAL YEAR 2019 SALES OUTLOOK

Global demand in fiscal 2018 was 92.09 million vehicles, down 1.5% from fiscal 2017. Nissan's global sales volume declined by 4.4% to 5.52 million vehicles and global market share was 6.0%.

For fiscal 2019, we anticipate that total industry volume will increase by 0.8% to 92.85 million units. Our global retail volumes are expected to rise by 0.4% to 5.54 million units. This would equate to a global market share of 6.0%.



### Fiscal 2018 Sales Volume by Regions

#### Japan



Serena e-POWER  
Note e-POWER

Total Sales Volume: **596** thousand units

#### China



X-TRAIL  
Sylphy Zero Emission

Total Sales Volume: **1,564** thousand units

#### North America



Rogue  
New Altima

Total Sales Volume: **1,897** thousand units

#### Europe



Qashqai  
Nissan LEAF

Total Sales Volume: **643** thousand units

#### Other Markets



KICKS  
Terra

Total Sales Volume: **815** thousand units

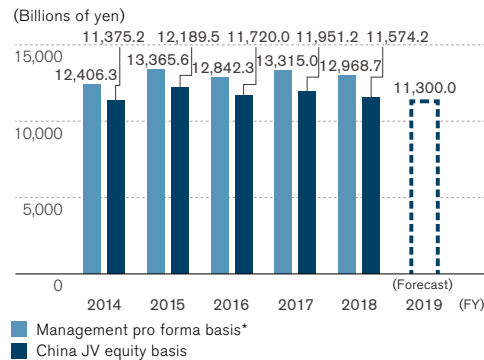
## FISCAL YEAR 2018 FINANCIAL REVIEW AND FISCAL YEAR 2019 OUTLOOK

### Fiscal Year 2018 Financial Performance (China JV Equity Basis)

#### Net revenue

For the year ended March 31, 2019, consolidated net revenues declined 3.2% to 11.57 trillion yen.

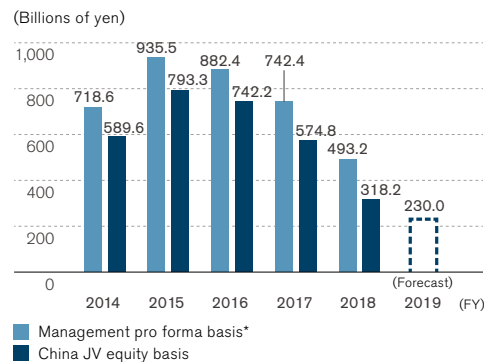
#### Net Sales



#### Operating profit

Consolidated operating profit totaled 318.2 billion yen, resulting in an operating profit margin of 2.7%.

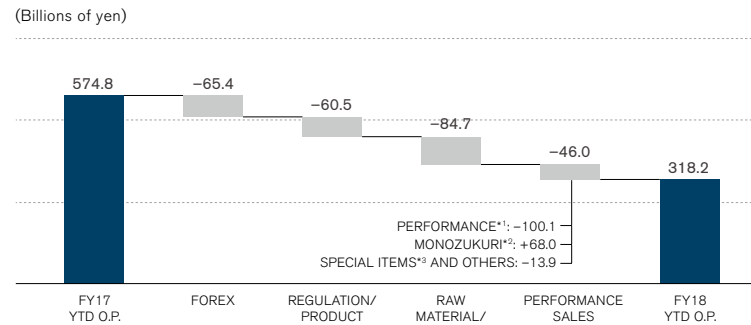
#### Operating Profit



In comparison to the previous fiscal year's consolidated operating profit, the variance was due to the following factors:

- Foreign exchange rates had a negative impact of 65.4 billion yen.
- The increase in costs associated with regulation requirements and product enrichment had a negative impact of 60.5 billion yen.
- Higher raw material costs and impact from tariffs had a negative impact of 84.7 billion yen.
- Sales performance items, which include volume/mix and selling expenses, resulted in a negative impact of 100.1 billion yen.
- Monozukuri, which includes items such as purchasing cost reduction, R&D and manufacturing expense, had a positive impact of 68 billion yen.
- Special items (inspection impact, class action settlement, catch-up adjustment and warranty extension) and others resulted in a negative impact of 13.9 billion yen.

#### Impact on Operating Profit



\*1 Includes volume/mix and selling expense

\*2 Includes purchasing cost reduction, R&D and manufacturing expense

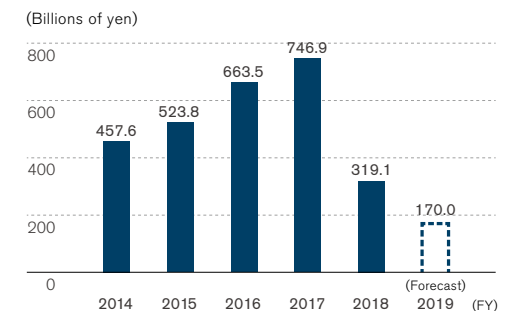
\*3 Includes inspection impact, class action settlement, catch up adjustment and warranty extension

#### Net income\*

Consolidated net income was 319.1 billion yen. The significant decline in net income was due to the positive impact from the tax reform in the U.S. in the previous year.

\* Net income attributable to owners of the parent

#### Net Income\*





**Financial Position (China JV Equity Basis)**

**Balance sheet**

Current assets increased 0.7% to 11,613.1 billion yen compared to March 31, 2018. This was mainly attributable to increases in cash on hand and in banks by 84.8 billion yen, securities by 68.3 billion yen, and restricted cash included in other by 142.7 billion yen despite a decrease in trade notes and accounts receivable by 227.7 billion yen.

Fixed assets increased 1.8% to 7,339.2 billion yen compared to March 31, 2018. This was mainly attributable to an increase in investment securities by 74.3 billion yen.

As a result, total assets increased 1.1% to 18,952.3 billion yen compared to March 31, 2018.

Current liabilities increased 14.6% to 7,730.5 billion yen compared to March 31, 2018. This was mainly due to increases in current portion of long-term borrowings by 478.1 billion yen, commercial paper by 294.6 billion yen, and current portion of bonds by 186.8 billion yen.

Long-term liabilities decreased 11.1% to 5,598.3 billion yen compared to March 31, 2018. This was mainly attributable to decreases in long-term borrowings by 514.5 billion yen and bonds by 195.6 billion yen.

As a result, total liabilities increased 2.2% to 13,328.8 billion yen compared to March 31, 2018.

Net assets decreased 1.4% to 5,623.5 billion yen compared to 5,701.7 billion yen as of March 31, 2018. This was mainly due to the decrease in accumulated other comprehensive income by 134.6 billion yen despite an increase in retained earnings by 40.3 billion yen.

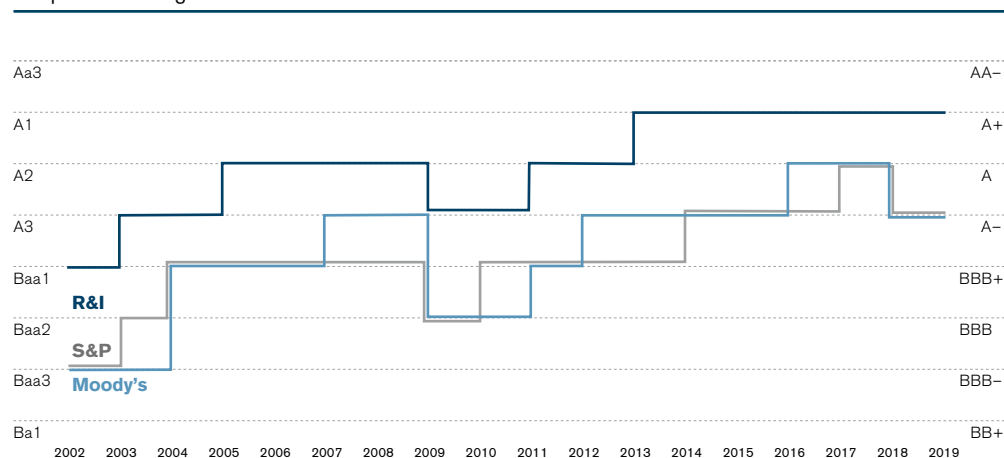
**Free cash flow and net cash (auto business)**

For fiscal year 2018, automotive free cash flow reached 191.1 billion yen positive. As a result, net automotive debt continued to be in a net cash position, ending the year with 1,598.2 billion yen.

**Long-term credit rating**

Nissan's long-term credit rating with Rating & Investment Information, Inc. (R&I) is A+ with a negative outlook. The Standard & Poor's (S&P) long-term credit rating for Nissan is A- with a negative outlook. Nissan's credit rating with Moody's is A3 with a negative outlook.

**Corporate Ratings**



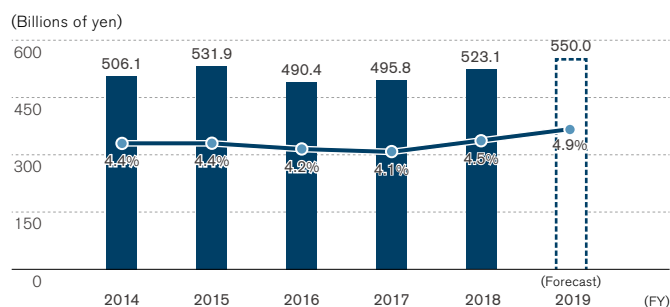
**Sales finance**

Total financial assets for the sales finance segment increased 1.9% to 11.122 trillion yen in fiscal year 2018 from 10.912 trillion yen in fiscal year 2017. The sales finance segment generated 228.0 billion yen in operating profit in fiscal 2018 and 215.3 billion yen in fiscal year 2017.

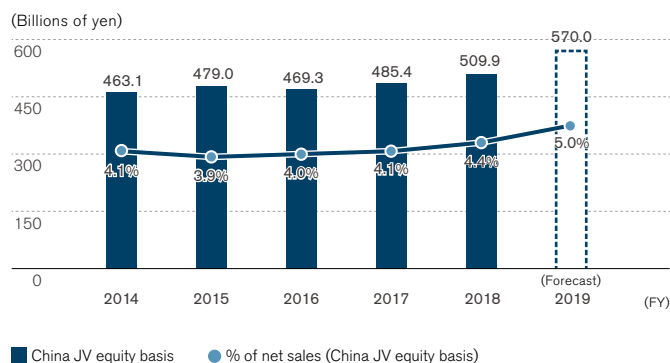
**Investment policy**

Capital expenditures ensure the Company's future competitiveness. In fiscal year 2018, capital expenditures totaled 509.9 billion yen, which was 4.4% of net revenues. R&D expenditures for new technologies and products totaled 523.1 billion yen.

**R&D Expenditures**



**Capital Expenditures**



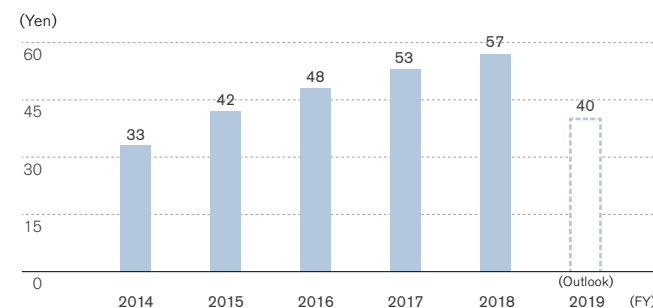
**Dividend**

Maximizing total shareholder returns is one of Nissan's top priorities, which the Company offers mainly through dividends. Nissan seeks to offer a stable dividend by considering the level of cash, profit, and free cash flow, as well as investments needed for future competitiveness.

The total dividend for fiscal year 2018 was 57 yen per share.

The dividend payment plan for fiscal year 2019 is 40 yen per share, given the difficult business outlook and the level of cash while making necessary investments for the year.

**Dividend per share**



**Fiscal Year 2019 Outlook (China JV Equity Basis)**

For fiscal year 2019, Nissan expects its global sales to increase 0.4% from the prior fiscal year to 5.54 million units.

Based on this sales forecast, the Company's financial forecast, using a foreign exchange rate assumption of 110 yen to the dollar, is as follows:

**Nissan's Fiscal 2019 Outlook**

■ Net sales	11.3 trillion yen
■ Operating profit	230.0 billion yen
■ Net income*	170.0 billion yen

\* Net income attributable to owners of the parent

## FINANCIAL STATEMENTS

## Consolidated balance sheets (China JV Equity basis)

	(Millions of yen)	
	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash on hand and in banks	1,134,838	1,219,588
Trade notes and accounts receivable	739,851	512,164
Sales finance receivables	7,634,756	7,665,603
Securities	71,200	139,470
Merchandise and finished goods	880,518	827,289
Work in process	91,813	64,386
Raw materials and supplies	318,218	366,248
Other	775,771	945,449
Allowance for doubtful accounts	(116,572)	(127,092)
<b>Total current assets</b>	<b>11,530,393</b>	<b>11,613,105</b>
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures, net	600,675	590,717
Machinery, equipment and vehicles, net	3,392,134	3,436,437
Land	598,780	595,776
Construction in progress	209,237	233,070
Other, net	464,808	449,698
Total property, plant and equipment	5,265,634	5,305,698
Intangible fixed assets	128,782	134,471
Investments and other assets		
Investment securities	1,264,532	1,338,875
Long-term loans receivable	12,654	13,983
Net defined benefit assets	10,552	8,499
Deferred tax assets	321,426	326,759
Other	207,764	213,313
Allowance for doubtful accounts	(1,802)	(2,358)
Total investments and other assets	1,815,126	1,899,071
<b>Total fixed assets</b>	<b>7,209,542</b>	<b>7,339,240</b>
<b>Total assets</b>	<b>18,739,935</b>	<b>18,952,345</b>

	(Millions of yen)	
	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	1,646,638	1,580,452
Short-term borrowings	802,952	850,995
Current portion of long-term borrowings	1,152,719	1,630,771
Commercial paper	402,918	697,549
Current portion of bonds	396,637	583,457
Lease obligations	25,766	19,846
Accrued expenses	1,114,053	1,183,888
Accrued warranty costs	115,568	116,492
Other	1,087,133	1,067,081
<b>Total current liabilities</b>	<b>6,744,384</b>	<b>7,730,531</b>
<b>Long-term liabilities</b>		
Bonds	1,887,404	1,691,844
Long-term borrowings	3,053,712	2,539,186
Lease obligations	16,248	16,038
Deferred tax liabilities	375,087	339,991
Accrued warranty costs	120,210	116,425
Net defined benefit liability	352,861	378,967
Other	488,319	515,853
<b>Total long-term liabilities</b>	<b>6,293,841</b>	<b>5,598,304</b>
<b>Total liabilities</b>	<b>13,038,225</b>	<b>13,328,835</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	605,814	605,814
Capital surplus	815,913	814,682
Retained earnings	4,921,722	4,961,980
Treasury stock	(139,970)	(139,457)
<b>Total shareholders' equity</b>	<b>6,203,479</b>	<b>6,243,019</b>
<b>Accumulated other comprehensive income</b>		
Unrealized holding gain and loss on securities	68,179	30,004
Unrealized gain and loss from hedging instruments	9,537	4,762
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(30,882)
Translation adjustments	(733,571)	(790,131)
Remeasurements of defined benefit plans	(135,967)	(154,097)
<b>Total accumulated other comprehensive income</b>	<b>(805,767)</b>	<b>(940,344)</b>
Share subscription rights	84	—
Non-controlling interests	303,914	320,835
<b>Total net assets</b>	<b>5,701,710</b>	<b>5,623,510</b>
<b>Total liabilities and net assets</b>	<b>18,739,935</b>	<b>18,952,345</b>

## Consolidated statement of income (China JV Equity basis)

	(Millions of yen)	
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
Net sales	11,951,169	11,574,247
Cost of sales	9,814,001	9,670,402
Gross profit	2,137,168	1,903,845
Selling, general and administrative expenses		
Advertising expenses	304,328	302,472
Service costs	74,569	146,851
Provision for warranty costs	122,135	122,818
Other selling expenses	251,593	221,536
Salaries and wages	410,156	409,222
Retirement benefit expenses	17,883	19,105
Supplies	4,413	2,780
Depreciation and amortization	53,928	55,685
Provision for doubtful accounts	90,461	82,356
Amortization of goodwill	1,057	1,118
Other	231,885	221,678
Total selling, general and administrative expenses	<b>1,562,408</b>	<b>1,585,621</b>
Operating income	<b>574,760</b>	<b>318,224</b>
Non-operating income		
Interest income	21,092	30,206
Dividends income	6,663	8,132
Equity in earnings of affiliates	205,645	218,565
Derivative gain	—	24,751
Miscellaneous income	15,938	29,532
Total non-operating income	<b>249,338</b>	<b>311,186</b>
Non-operating expenses		
Interest expense	12,670	13,478
Derivative loss	5,001	—
Exchange loss	26,772	38,293
Credit liquidation costs	13,854	12,888
Miscellaneous expenses	15,499	18,253
Total non-operating expenses	<b>73,796</b>	<b>82,912</b>
Ordinary income	<b>750,302</b>	<b>546,498</b>

	(Millions of yen)	
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
Special gains		
Gain on sales of fixed assets	10,408	17,712
Gain on sales of business	—	7,993
Other	2,184	2,611
Total special gains	<b>12,592</b>	<b>28,316</b>
Special losses		
Loss on sales of fixed assets	4,149	2,960
Loss on disposal of fixed assets	10,644	15,941
Impairment loss	16,166	13,339
Compensation for suppliers and others	13,612	16,998
Special addition to retirement benefits	3,445	39,832
Expense for reorganization of sales business	—	4,027
Other	4,135	4,009
Total special losses	<b>52,151</b>	<b>97,106</b>
Income before income taxes	<b>710,743</b>	<b>477,708</b>
Income taxes-current	140,571	156,115
Income taxes-deferred	(193,485)	(20,322)
Total income taxes	<b>(52,914)</b>	<b>135,793</b>
Net income	<b>763,657</b>	<b>341,915</b>
Net income attributable to non-controlling interests	<b>16,765</b>	<b>22,777</b>
Net income attributable to owners of parent	<b>746,892</b>	<b>319,138</b>

## Consolidated statement of cash flows (China JV Equity basis)

	(Millions of yen)	
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
<b>Cash flows from operating activities</b>		
Income before income taxes	710,743	477,708
Depreciation and amortization (for fixed assets excluding leased vehicles)	388,427	385,737
Depreciation and amortization (for long-term prepaid expenses)	31,264	33,954
Depreciation and amortization (for leased vehicles)	469,540	479,850
Impairment loss	16,166	13,339
Increase (decrease) in allowance for doubtful receivables	12,558	3,028
Provision for residual value risk of leased vehicles (net changes)	40,716	31,828
Interest and dividends income	(27,755)	(38,338)
Interest expense	168,206	208,074
Equity in losses (earnings) of affiliates	(205,645)	(218,565)
Loss (gain) on sales of fixed assets	(6,259)	(14,752)
Loss on disposal of fixed assets	10,644	15,941
Loss (gain) on sales of investment securities	(53)	(1,483)
Decrease (increase) in trade notes and accounts receivable	73,149	228,010
Decrease (increase) in sales finance receivables	(530,842)	87,606
Decrease (increase) in inventories	9,612	13,098
Increase (decrease) in trade notes and accounts payable	108,330	(43,721)
Retirement benefit expenses	11,028	27,545
Payments related to net defined benefit assets and liabilities	(24,025)	(26,644)
Other	76,234	(52,424)
<b>Subtotal</b>	<b>1,332,038</b>	<b>1,609,791</b>
Interest and dividends received	28,203	41,706
Proceeds from dividends income from affiliates accounted for by equity method	134,300	144,376
Interest paid	(159,578)	(202,757)
Income taxes paid	(263,713)	(142,228)
<b>Net cash provided by operating activities</b>	<b>1,071,250</b>	<b>1,450,888</b>

	(Millions of yen)	
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investments	3,868	675
Purchase of fixed assets	(398,797)	(422,569)
Proceeds from sales of fixed assets	39,742	46,433
Purchase of leased vehicles	(1,430,561)	(1,298,702)
Proceeds from sales of leased vehicles	645,167	666,375
Payments of long-term loans receivable	(555)	(372)
Collection of long-term loans receivable	732	3,390
Purchase of investment securities	(26,207)	(31,328)
Proceeds from sales of investment securities	10,168	178
Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation	—	440
Net decrease (increase) in restricted cash	9,124	(134,474)
Proceeds from transfer of business	—	46,176
Other	(400)	(9,769)
<b>Net cash used in investing activities</b>	<b>(1,147,719)</b>	<b>(1,133,547)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(147,508)	213,577
Proceeds from long-term borrowings	1,413,908	1,313,294
Proceeds from issuance of bonds	858,002	363,868
Repayments of long-term borrowings	(1,463,828)	(1,344,303)
Redemption of bonds	(362,911)	(416,059)
Purchase of treasury stock	(6)	(5)
Proceeds from sales of treasury stock	1,357	—
Repayments of lease obligations	(34,633)	(27,044)
Cash dividends paid	(197,541)	(215,101)
Cash dividends paid to non-controlling interests	(15,757)	(15,354)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(13)
Purchase of treasury stock of subsidiaries	(14,273)	—
<b>Net cash provided by financing activities</b>	<b>36,810</b>	<b>(127,140)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>4,535</b>	<b>(38,258)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(35,124)</b>	<b>151,943</b>
Cash and cash equivalents at beginning of the period	1,241,124	1,206,000
Increase due to inclusion in consolidation	—	1,115
<b>Cash and cash equivalents at end of the period</b>	<b>1,206,000</b>	<b>1,359,058</b>