

Nissan Motor (NSANY US)

FUNDAMENTAL VIEW ¹

As of 26 Mar 2025

- Nissan's core business remains weak but is showing some initial green shoots of improvement. While automotive profitability is expected to remain negative through the end of FY24 in March 2025, it posted 10% retail sales growth in the US in F3Q24 and targets further 16% YoY growth in F4Q24. Management expects the improved sales velocity, driven by the launch of refreshed 2025 model year vehicles, to help reduce dealer inventories by 20% in the current quarter and set the stage for lower incentive spending and improved profitability in FY25. While profit improvement in the US would be a positive development in FY25, the turnaround in its second-largest market, China, will likely take longer as it strives to develop and launch new energy vehicles for that market.

RISKS & CATALYSTS

As of 26 Mar 2025

- Management reiterated its FY24 targets for production volumes and retail sales, both of which it lowered with the release of last quarter results. It targets 3.2 mn units of production and 3.4 mn units of retail sales, down 7% and 2%, respectively, as it strives to reduce dealer inventories of old model year vehicles to make way for new model year vehicle launches. The retail sales decline is broad-based across most regions, with the steepest decline of 12% in China. However, management targets a 6% retail sales increase in North America, its largest region by volume that is projected to account for 39% of the company's unit volume in FY24.
- Despite the unchanged production and retail sales volume expectations, management lowered its revenue by 2% based on slightly lower wholesale volumes and higher variable marketing expenses. It also lowered its consolidated operating profit outlook by 20% as the benefits of currency and lower raw materials is expected to be offset by high sales incentives, lower volume/mix, and higher manufacturing and other costs. The revised FY24 guidance implies a consolidated operating margin of 1.0%.

CREDIT QUALITY SCORE (CQS) ²

As of 07 May 2025

CURRENT CQS

46

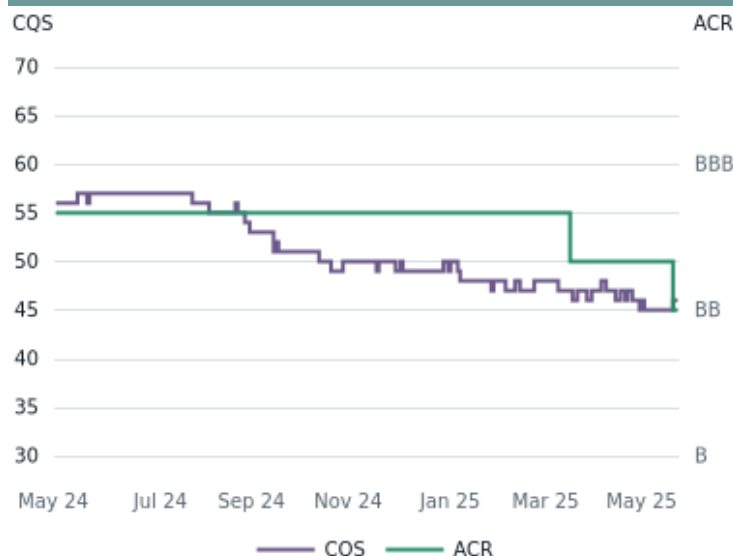
CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 26 Mar 2025

¥ BN	FY20	FY21	FY22	FY23	LTM F3Q24
Revenue	6,843	7,393	9,573	11,524	11,411
EBIT	(471)	(42)	242	409	57
EBIT Margin	(7%)	(1%)	3%	4%	(1%)
EBITDA	(201)	247	559	760	419
EBITDA Margin	(2.9%)	3.3%	5.8%	6.6%	2.5%
Total Liquidity	4,096	3,601	3,658	4,196	3,790
Net Debt	(636)	(728)	(1,213)	(1,546)	(1,546)
Total Debt	1,260	973	687	468	468
Gross Leverage	n/m	3.9x	1.2x	0.6x	1.1x
Net Leverage	3.2x	-2.9x	-2.2x	-2.0x	-3.7x

BUSINESS DESCRIPTION

As of 26 Mar 2025

- Nissan, with headquarters in Yokohama, Japan, is a leading global automotive manufacturer with a market presence in many countries around the globe. The company's growth investments are focused primarily on Japan, North America, and China, core markets with large profit pools in which Nissan has a meaningful market share. The company's business in China is conducted through a joint venture with Dongfeng Motor Corporation.
- Nissan's Sales Financing segment supports the sale of its vehicles by providing financing solutions to its customers and dealers. To enhance their creditworthiness, Nissan maintains keepwell (support) agreements with its wholly owned financial subsidiaries including Nissan Motor Acceptance Corporation (NMAC) in the United States and Nissan Financial Services (NFS) in Japan.
- The Renault-Nissan-Mitsubishi Alliance was established in 1999 to enhance member company scale in product development and raw material purchasing. The alliance includes equity participation, which led to Nissan holding ownership stakes in Renault (15% non-voting) and Mitsubishi (34%) and Renault holding an ownership stake in Nissan (43%). The Alliance's automobile production volume is the third largest globally behind Toyota and Volkswagen.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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