

Nissan Motor (NSANY US)

FUNDAMENTAL VIEW ¹

As of 27 May 2025

- Nissan unveiled their second strategic plan in as many years, with the Re: Nissan Recovery Plan under new CEO Ivan Espinosa focused on sweeping changes to the company's manufacturing footprint and cost structure. We believe the plan comes with a high degree of execution risk considering execution has been a major organizational weakness in recent years. Lacking in the recovery plan, in our view, was updated details of its hybrid vehicle development and introduction targets, which would address a hole in its product lineup in a fast-growing global segment. While we are hopeful the Re: Nissan Recovery Plan succeeds, and we will be rooting for management to flawlessly execute the plan, we view currently view the plan as a "show me" story until we gain confidence in their ability to execute.

RISKS & CATALYSTS

As of 27 May 2025

- Management provided FY25 guidance for production volumes, retail sales, and consolidated operating profit, noting the guidance excludes tariff impacts. However, it noted its guidance for operating profit, net income, and automotive free cash flow is preliminary owing to uncertainty related to the potential impact of tariffs and additional restructuring costs that are currently being assessed. More broadly, the company is viewing FY25 as a year of transition that will set the stage for achieving positive automotive operating profit and free cash flow by FY26.
- The company expects to produce and sell 3% fewer vehicles in FY25 than it did in FY24. The retail sales decline expectation is driven by lower projected sales in China, which management expects to decline by about 18%. Global production volume is expected to decline to 3.0 mn units to manage dealer inventories based on the company's lower retail sales outlook. The company expects revenue to decrease 1% in FY25 as lower volumes are partially offset by improved sales incentive management and favorable pricing related to new model launches in 2H25.

CREDIT QUALITY SCORE (CQS) ²

As of 08 Aug 2025

CURRENT CQS

45

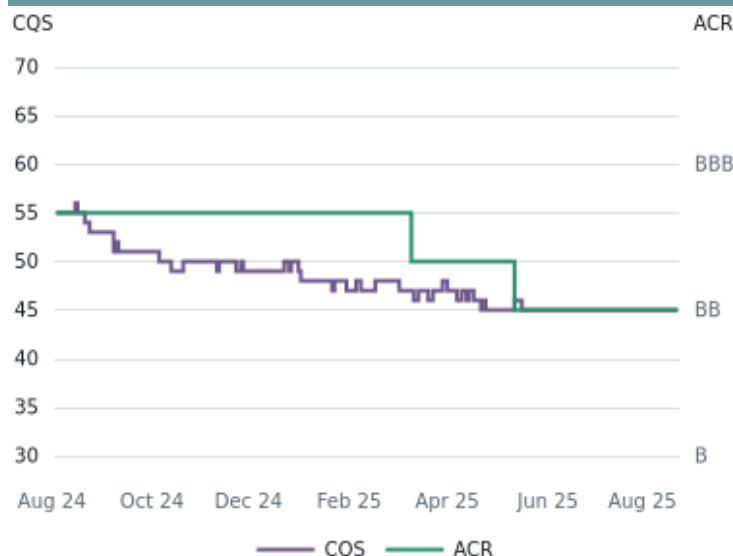
CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

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



KEY METRICS

As of 27 May 2025

JPY BN	FY20	FY21	FY22	FY23	FY24
Revenue	6,843	7,393	9,573	11,524	11,371
EBIT	(471)	(42)	242	409	(54)
EBIT Margin	(7%)	(1%)	3%	4%	(0%)
EBITDA	(201)	247	559	760	309
EBITDA Margin	(2.9%)	3.3%	5.8%	6.6%	2.7%
Total Liquidity	4,096	3,601	3,658	4,196	4,272
Net Debt	(636)	(728)	(1,213)	(1,546)	(1,499)
Total Debt	1,260	973	687	468	661
Gross Leverage	n/m	3.9x	1.2x	0.6x	2.1x
Net Leverage	3.2x	-2.9x	-2.2x	-2.0x	-4.8x

BUSINESS DESCRIPTION

As of 27 May 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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