

May 31, 2023

## R&I Affirms A/a-1, Changes Outlook to Stable: Nissan Motor Co., Ltd.

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** Nissan Motor Co., Ltd.  
**Issuer Rating:** A, Affirmed  
**Rating Outlook:** Stable, Changed from Negative  
  
**Commercial Paper:** a-1, Affirmed

### RATIONALE:

Nissan Motor Co., Ltd. (Nissan) is a global automaker. Nissan has restored the stability of earnings base thanks to the progress in structural reforms. The earning capacity, which is an issue the company has been tackling, is recovering even amid the lingering impact of supply-chain disruptions. In FY2022 (the year ended March 2023), the company's automotive business realized a profit as well as a positive free cash flow. Nissan will likely be able to maintain its robust financial base as a whole, backed by certain profits and cash flows that its automotive business generates continuously despite the concern about a slowdown of the world economy. Reflecting said factors, R&I has affirmed the Issuer Rating at A but changed the Rating Outlook to Stable from Negative.

Based on its global operation, Nissan has a relatively strong market position in North America and Japan. In China, Nissan sees a large sales volume, although attention should be paid to the intensifying competition there. It also has a capability of technological development to respond to the trend of vehicle electrification. Having marked a departure from the past strategy in pursuit of business expansion, Nissan is working on the structural reforms aimed at rebuilding the earnings base and restoring the earning capacity. As for the relationship with Renault SA, a French alliance partner, the two parties announced the plan to rebalance the ratio of voting shares held in cross ownership. The framework of three-party alliance including Mitsubishi Motors Corp. in addition to Nissan and Renault, is expected to give Nissan greater flexibility in setting out its own strategy, while collaboration projects are underway among alliance members according to business areas.

For Nissan, FY2022 marked another year of profit growth, with the operating profit reaching 377.1 billion yen. Although the production volume and the unit sales decreased due to the semiconductor shortage and the impact of the COVID-19 pandemic on China, the market launch of new models and the improved sales quality led to improvement in revenue per unit and a decrease in sales incentives. The company's performance is also attributable to the lower break-even point achieved by cutting its production capacity. Despite the negative impact of soaring raw-material prices, the weak yen added to the company's profits. The sales financing business has been contributing to profits continuously.

The consolidated equity capital is ample and the automotive segment is in a net cash position of approximately 1.2 trillion yen. Although Nissan is expected to increase investments toward vehicle electrification, it plans to navigate the overall level of investment within a certain range in terms of investment-to-sales ratio, especially through higher investment efficiency associated with internal combustion engine and common areas. Even if Nissan partially purchases its own shares held by Renault, there is a small likelihood of the buyback undermining the company's financial base, owing to the improvement in earning and cash flow generating capacities, among other factors.

As the profitability of the automotive business still stands at a low level, there is room for improvement. In FY2023, the operating profit will likely continue to improve reflecting the recovery in production and sales volume resulting from the improvement in semiconductor shortage. Attention should be paid to the slowdown of world economy as well as the risk related to supply chain and, therefore, eyes are on whether Nissan is able to enhance its earning capacity by securing the sales quality and increasing the unit sales simultaneously. On a long-term basis, it is important for Nissan to gain a competitive advantage

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in the areas of vehicle electrification and software in order to sustain its creditworthiness.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings" and "Passenger Vehicles". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

[https://www.r-i.co.jp/en/rating/about/rating\\_method.html](https://www.r-i.co.jp/en/rating/about/rating_method.html)

## R&I RATINGS:

**ISSUER:** Nissan Motor Co., Ltd. (Sec. Code: 7201)

**Issuer Rating**

**RATING:** A, Affirmed

**RATING OUTLOOK:** Stable, Changed from Negative

## Shelf Registration (Bonds)

**ISSUE AMOUNT (mn):** JPY 500,000

**ISSUE PERIOD:** From May 23, 2022 to May 22, 2024

**RATING:** A, Affirmed (Preliminary)

Unsec. Str. Bonds No.58	Issue Date	Maturity Date	Issue Amount (mn)
	Apr 25, 2014	Mar 19, 2024	JPY 20,000
<b>RATING:</b>	<b>A, Affirmed</b>		

Unsec. Str. Bonds No.61	Issue Date	Maturity Date	Issue Amount (mn)
	Apr 15, 2016	Mar 19, 2026	JPY 20,000
<b>RATING:</b>	<b>A, Affirmed</b>		

Unsec. Str. Bonds No.64	Issue Date	Maturity Date	Issue Amount (mn)
	Jul 22, 2020	Jun 20, 2023	JPY 30,000
<b>RATING:</b>	<b>A, Affirmed</b>		

Unsec. Str. Bonds No.65	Issue Date	Maturity Date	Issue Amount (mn)
	Jul 22, 2020	Jun 20, 2025	JPY 11,000
<b>RATING:</b>	<b>A, Affirmed</b>		

Unsec. Str. Bonds No.67	Issue Date	Maturity Date	Issue Amount (mn)
	Jan 27, 2023	Jan 20, 2026	JPY 50,000
<b>RATING:</b>	<b>A, Affirmed</b>		

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<b>Unsec. Str. Bonds No.68</b>	<b>Issue Date</b> Jan 27, 2023	<b>Maturity Date</b> Jan 20, 2028	<b>Issue Amount (mn)</b> JPY 10,000
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**RATING:** **A, Affirmed**

<b>Unsec. Str. Bonds No.66</b>	<b>Issue Date</b> Feb 06, 2023	<b>Maturity Date</b> Jan 20, 2026	<b>Issue Amount (mn)</b> JPY 140,000
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**RATING:** **A, Affirmed**

<b>ISSUE LIMIT (mn):</b>	<b>Commercial Paper</b> JPY 700,000
<b>SUPPORT:</b>	Unsecured
<b>RATING:</b>	<b>a-1, Affirmed</b>

A preliminary rating is assigned when a provisional credit rating is needed for an individual obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.

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