

ANNUAL REPORT

1998



WAGON R



BALENO



GSX-R750



Outboard Motors

SUZUKI MOTOR CORPORATION

PROFILE



Suzuki Motor Corporation designs and manufactures passenger cars, trucks, motorcycles, outboard motors, generators, general purpose engines and other products. The company is energetically promoting international economic and technical cooperation through numerous joint ventures overseas, and our production facilities are located in 26 countries around the world. This network enables Suzuki to operate as a global organization serving more than 188 countries.

Suzuki is committed to use our amassed technological expertise and human resources to help elevate society's living conditions by promoting corporate growth and producing goods that meet social demands.

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Headquarters, Engineering center and Motorcycle engines assembling plant

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A MESSAGE FROM THE PRESIDENT

During the fiscal year ended 31st March, 1998, in the overall Japanese markets, sales of both motorcycles and automobiles decreased from the previous year -- a serious and severe situation which resulted from an economic downturn brought on by factors such as reduced demand in personal consumption. As for exports, both motorcycles and automobiles markedly increased from the previous year while sales of components for overseas production decreased due to the Southeast Asian currency crisis.

In these severe circumstances, in the domestic market, Suzuki and its subsidiaries have made great efforts to increase sales by introducing new models including motorcycles such as the Sky Wave and automobiles such as the Jimny Wide, but sales did not exceed last year's figure. On the other hand, in the overseas market, introduction of new models in Europe such as the VL1500 motorcycle and the Wagon R+ (Wagon R Wide) automobile, and efforts at expanding sales in Central and South America, resulted in sales exceeding the previous year for both motorcycles and automobiles.

As a result, our net sales in this fiscal year stood at ¥1,488,785 million (US\$ 11,270 million), 99.1% of the previous year.

Our operating income was decreased to ¥56,608 million (US\$428 million), 83.1% from a year ago and our net income to ¥30,156 million (US\$228 million), 89.8% due to gloomy factor such as increase of sales costs.

The circumstances surrounding our company are becoming unprecedentedly challenging with the economic downturn in Japan and a drop in demand in the Southeast Asian markets. Nevertheless, we at Suzuki intend to make the best possible use of our corporate resources to bolster our corporate strength and develop our



business, by clearly and thoroughly defining the individual responsibilities of each product line and each sales region; by fortifying our sales function through expansion of our sales network in Japan; and by making efforts to open up new markets and strengthen competitiveness of the existing bases around the world; and furthermore by enhancing product safety, by strengthening our research for the development of environmentally friendly know-how, and by reducing production costs.

We are sincerely looking forward to your continued support and encouragement to our business.

June 1998

Osamu Suzuki
President & CEO

FINANCIAL HIGHLIGHTS

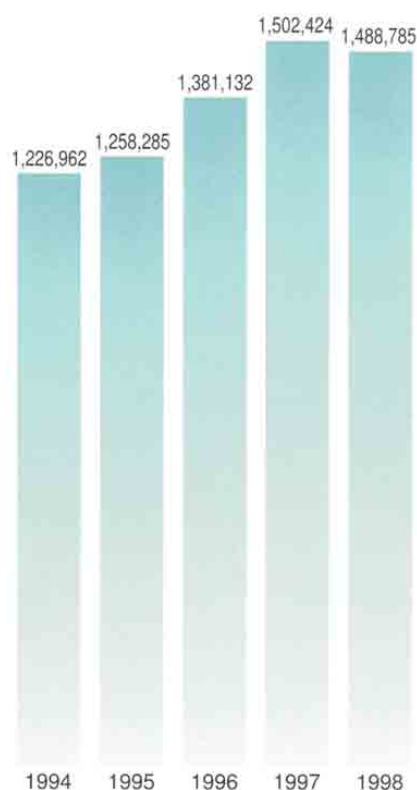
SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen (Note A) (except per share amounts)		Thousands of U.S. dollars (Note B) (except per share amounts)
	1998	1997	1998
Years ended 31st March, 1998 and 1997			
Net sales	¥1,488,785	¥1,502,424	\$11,270,139
Net income	30,156	33,586	228,287
Net income per share:			
Primary	67.17	74.84	0.508
Fully diluted	66.71	74.29	0.504
Cash dividends per share	7.50	8.50	0.056
Shareholders' equity	374,566	348,313	2,835,477
Total current assets	581,328	603,581	4,400,670
Total assets	1,037,280	1,009,631	7,852,239
Depreciation and amortization	67,263	60,225	509,183

Notes A: All yen figures have been rounded down to millions of yen.

B: Yen amounts have been translated into U.S. dollars, for convenience only, at ¥132.10= US\$1, the prevailing exchange rate on 31st March, 1998.

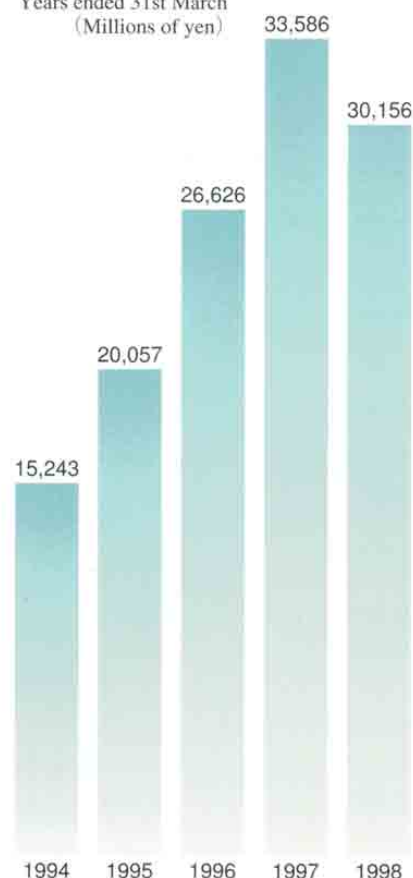
Net Sales

Years ended 31st March
(Millions of yen)



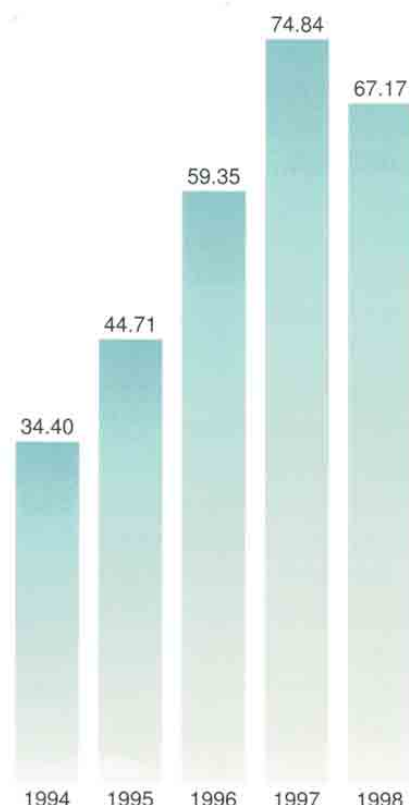
Net Income

Years ended 31st March
(Millions of yen)



Net Income Per Share

Years ended 31st March
(Yen)



YEAR IN REVIEW

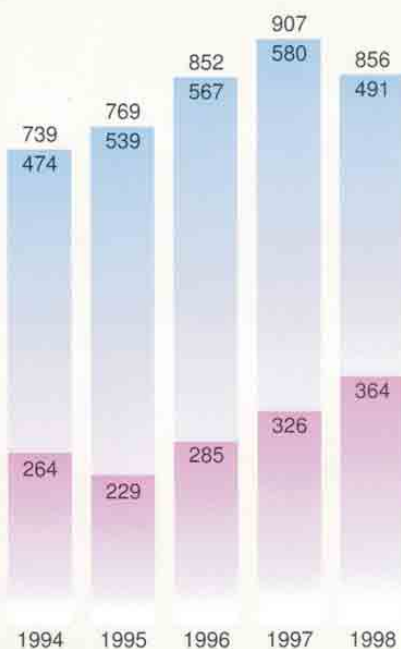
Sales Analysis

All figures based on consolidated subsidiaries.

Parts for KD manufacturing are included in the total monetary value of exports, but not in vehicle counts.

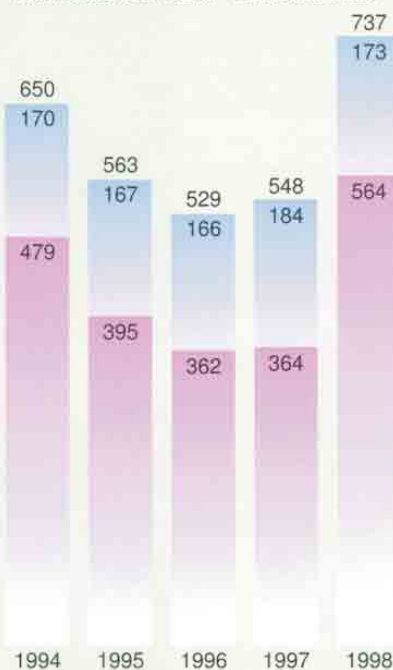
Automobiles Unit Sales

Years ended 31st March (Thousand units)



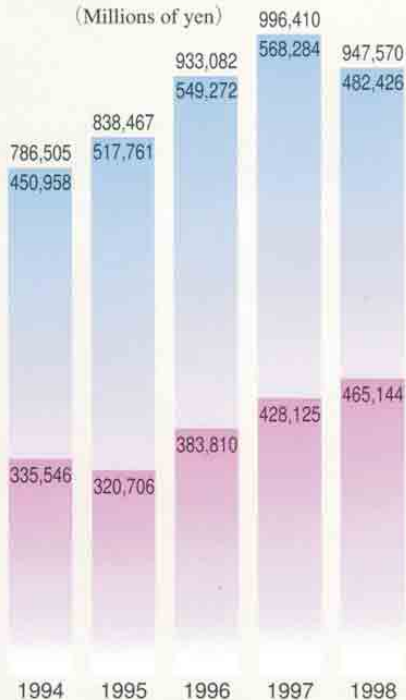
Motorcycles Unit Sales

Years ended 31st March (Thousand units)



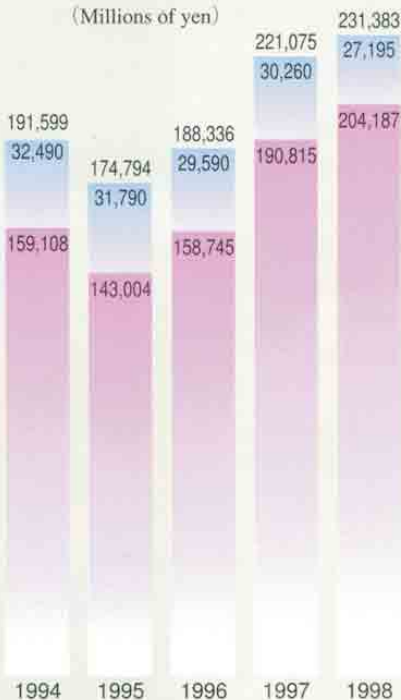
Automobiles Sales

Years ended 31st March
(Millions of yen)



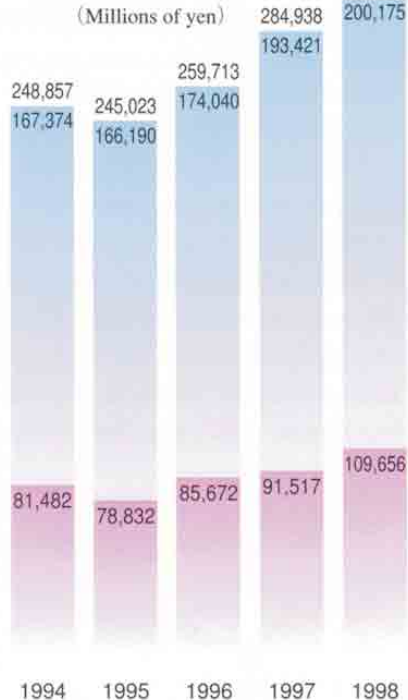
Motorcycles Sales

Years ended 31st March
(Millions of yen)



Other Sales

Years ended 31st March
(Millions of yen)



Japanese Market

Domestic automobile demand, having surpassed annual volumes every year since 1994, decreased for fiscal 1997 ending March 31, 1997 under the influence of economic downturn. Total sales of automobiles in this fiscal year amounted to 6,280,000 units, a 14% decrease from the previous year.

Under such circumstances, Suzuki's sales totalled 569,000 units, 90% of the previous year. Suzuki recorded a market share of 9.1%, increased by 0.4% and was in the fifth position among the eleven domestic automobile manufacturers in sales volume.

Looking back at this fiscal year for Suzuki, in the mini-car segment, 1) Suzuki's total mini-car sales was 495,000 units, 88% of the previous year's total; 2) Suzuki retained the first-place position among domestic manufacturers in the number of mini-cars sold for the 25th consecutive year; 3) the Carry Truck once again became the top-selling truck in the all-truck division, which includes compact and standard trucks, making it the top seller for the 27th consecutive year; and 4) the Wagon R, first introduced in September 1993, became the top seller among all mini-cars for the 3rd consecutive year since 1995.

In the subcompact segment, 1) Suzuki's sales continued its steady growth ever since our entry into this market and stood at 74,000 units (110% of the previous year); and 2) sales of the Wagon R Wide, added to the lineup in February 1997, showed favorable results. The product range was also enhanced with the introduction of two all-new-design products: the Escudo, in November 1997, and the Jimny 1300, in January 1998.



GRAND VITARA



Kosai automobile plant



Iwata automobile plant



BALENO WAGON



SWIFT built at Magyar Suzuki Corporation, Hungary



ALTO built at Maruti Udyog Limited, India

Overseas Markets

Total automobile sales for this fiscal year reached 1.22 million units, a 5% increase over last year, making this the third consecutive year of overseas sales exceeding one million units. Major contributing factors included the continuing expansion of overseas production, and a large, 19% increase in vehicle exports.

As for products, the strong sales growth of the Baleno series is continuing for the third consecutive year. The Wagon R⁺ (Plus), introduced at the end of the last fiscal year and whose sales began this year, continues to show strong sales. The Grand Vitara, a new SUZUKI lifestyle 4X4 vehicle, was introduced at the Geneva Motor Show; it has received high praises from many circles, and is showing strong sales.

As for overseas operations, Suzuki is making its utmost efforts to strengthen and enhance its sales network in mega-competition where every company must struggle for its survival. At the same time, at the overseas production bases, cost reduction, and quality-and-performance improvements were implemented to make our products more competitive. As a result, overseas production reached 1.05 million units, an increase of 3% over last year.

Looking at each region, automobile exports to Southeast Asia was severely affected by the currency crisis starting with the sharp devaluation of the Thai baht in July 1997 and later spreading to various countries in the region including South Korea. The drop in Southeast Asia, however, was offset by strong markets outside of the region. Vehicle exports to North America, Central America, South America and Europe greatly increased, while local production at Magyar Suzuki Corporation in Hungary, Maruti Udyog Limited in India, and China each surpassed all previous records. As a result, there was increased sales in the overseas markets in total.

Motorcycles

Japanese Market

The number of motorcycles shipped to the domestic market by the four Japanese manufacturers in this fiscal year from April 1997 through March 1998 was 1,158,000 units, 94% of the previous year, decreasing from the preceding year for the first time in three years.

Revision of the motorcycle-driving licensing system in 1997 led to a threefold increase in the number of newly licensed riders of large-size (over 401cc) motorcycles, to a total of 97,169. As a result, the number of newly registered over-401cc class motorcycles jumped, to 188% of the previous year; on the other hand, the number of newly registered 251-to-400cc class motorcycles plummeted, to 73% of the previous year. Sales for over-251cc class motorcycles in total dropped to 91% of the previous year.

Suzuki's sales for this fiscal year closely reflected the situation of the market as a whole, and the number of units shipped stood at 186,000 units, 94% of the previous year. Strong efforts were made particularly in the sales of scooters. Two newly introduced scooter models, the "Latin-flavored" Verde in the 50cc class and the thoroughly market-readied AN250 in the 250cc class, are both being well received.



GSF600



AN250W



Toyokawa motorcycle plant



GSX600F



TL1000R



XF650

Overseas Market

Exports of motorcycles and Knock Down Kits amounted to 354,000 units, 106% of the previous year. Total sales including sales of components for overseas production stood at 161,600 million yen, also 106% of the previous year.

In particular, motorcycle export increased by 6% from a year ago and sales revenue by 15% mainly due to an increased volume in the large-size segment and strong demand in Europe.

Also contributing to export growth was the favorable number of orders received for the newly introduced models, the VL1500, TL1000R, GSX600F and the GSX750F.

On the other hand, exports of components for overseas production, due to the economic downturn accompanying the currency crisis in Southeast Asia, decreased to 91% of the previous year in sales volume.



VL1500

Marine and Power Products

Marine Products

Sales of the marine products showed a large growth in overall though it was affected by the currency crises in the Southeast Asian countries in the latter half of this year.

A new 4-stroke motor, DF60/70 was introduced in black metallic color and received worldwide acclaim for its superior state-of-art technology. It already passed the EPA 2006 exhaust emission regulations and received the 1997 Innovation Award at the IMTEC show, Chicago, U.S.A.



Suzuki outboard motors provide power for a wide range of boats

Power Products

A new overhead valve 14 horsepower engine, V420 was added to Suzuki General Purpose Engine lineup and it also enabled us to launch a new generator SV7500 powered by V420 during this fiscal year.

Overall sales of the power products includes the record sales of snowmobile engines, while the sales of watercraft engines were declined due to sluggish market demand.



Outboard motor
DF70



Generator SV7500E



General Purpose Engine V420E

International Activities

Contributing to regional economies and employment by aggressively pursuing overseas production has been a part of Suzuki's corporate policy. Currently, our global manufacturing and assembly network expands in 26 countries around the world.

Through the establishment of this worldwide production network, Suzuki aims to introduce not only various technologies for manufacturing processes to our overseas plants, but also technologies for managing QC (Quality Control) circles. Through these measures we encourage employees at all our overseas plants to become fully involved in efforts to implement improvements in our plants and to heighten awareness and motivation toward achieving higher productivity

and quality.

The Suzuki International QC Circle Convention is held for the purpose of spreading throughout the Suzuki group the insights gained in QC circle activities and the philosophy of production improvements, and to further expand QC circle activities. Last year, 12 QC circles representing our overseas plants and 10 circles representing our domestic plants gave presentations on actual cases of improvements they had implemented. The convention was attended by 850 participants representing 14 countries plus Japan, lending a lively international atmosphere to the event.

As part of our on-going efforts to provide comprehensive technological support to our overseas plants, Suzuki invites trainees to participate in various study programs. Through experiencing Suzuki QC circles and production systems for themselves, such trainees can then play an active role in promoting and developing QC circle programs in their own countries.

Our overseas exchanges are not limited to such technical matters, but also include a wide range of sports, economic, and other fields. This past April, the Suzuki World Cup '98 International Aerobic Championship, of which Suzuki is the chief sponsor, took place at the Tokyo Gymnasium. This event is organized by the International Aerobic Federation and was the ninth such event this year.

With the recent trend toward a healthier lifestyle, more and more people are taking up aerobics. This year's Championship event attracted over 4,300 people who enjoyed the performance of athletes from various nations; this year, 104 national-champion level participants from 22 countries and regions competed in four categories: women's singles, men's singles, pairs, and trios. Each of them, together with the enthusiastic spectators filling the gymnasium, made the event a great success.



1997 Suzuki International QC Circle Convention



Contestants at the Suzuki World Cup '98 International Aerobic Championship

Outline of the Suzuki Group

The Suzuki group is composed of the parent company and its 135 subsidiaries, and 21 affiliated companies. Its main business activities are the production and sale of motor vehicles (motorcycles and automobiles), outboard motors, housing, etc., along with distribution and other services, etc., related to the main business activities.

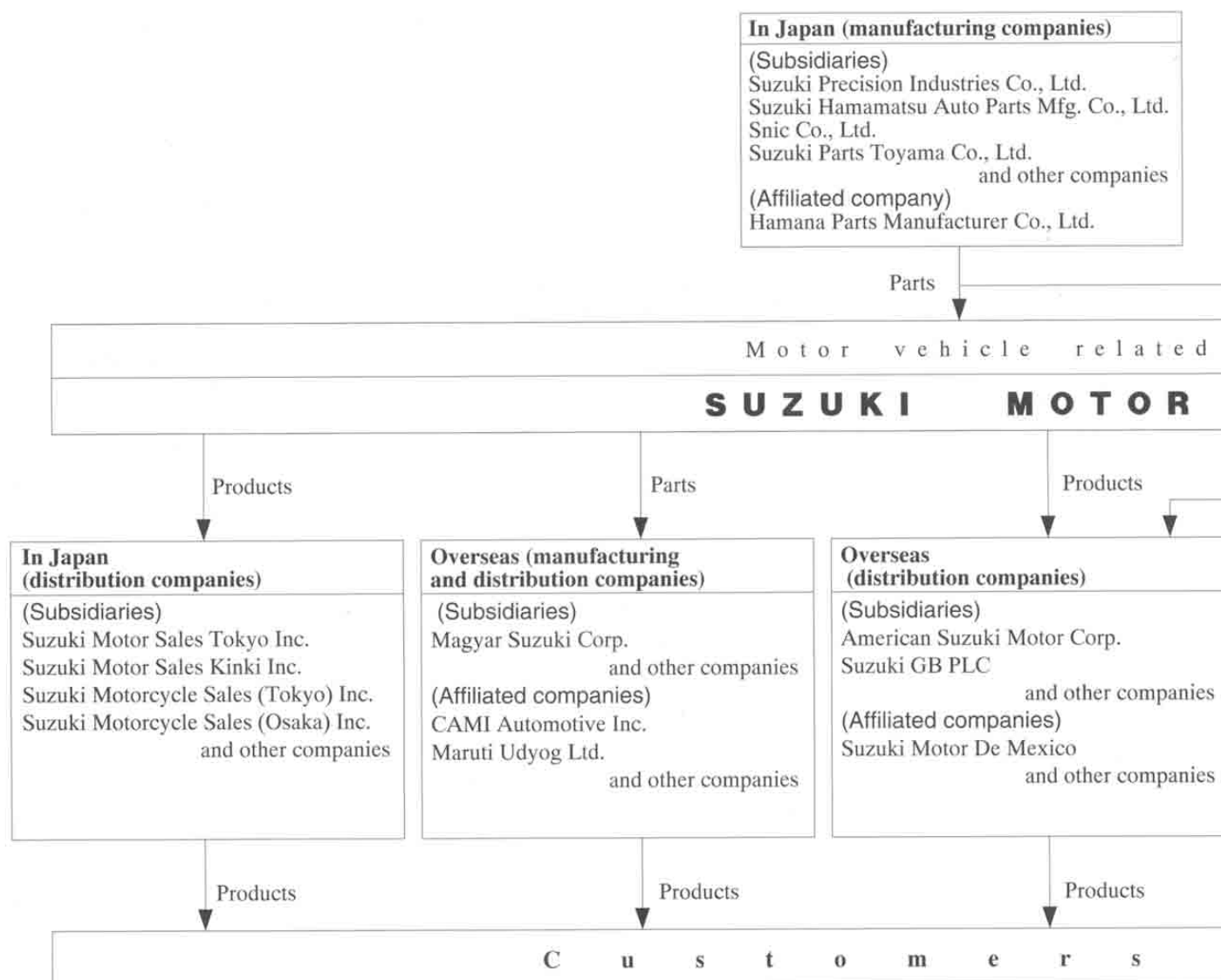
The positioning and division of the types of business within the Suzuki group are as follows:

(Motor vehicle related businesses)

Production of motorcycles and automobiles is carried out by Suzuki Motor Corporation, and, in overseas, by Magyar Suzuki Corporation, a subsidiary company; CAMI Automotive Inc., an affiliated company, and other companies. Some components are also produced by Suzuki Precision Industries, Co., Ltd., and other companies, and purchased by Suzuki Motor Corporation.

Sales inside Japan is carried out through

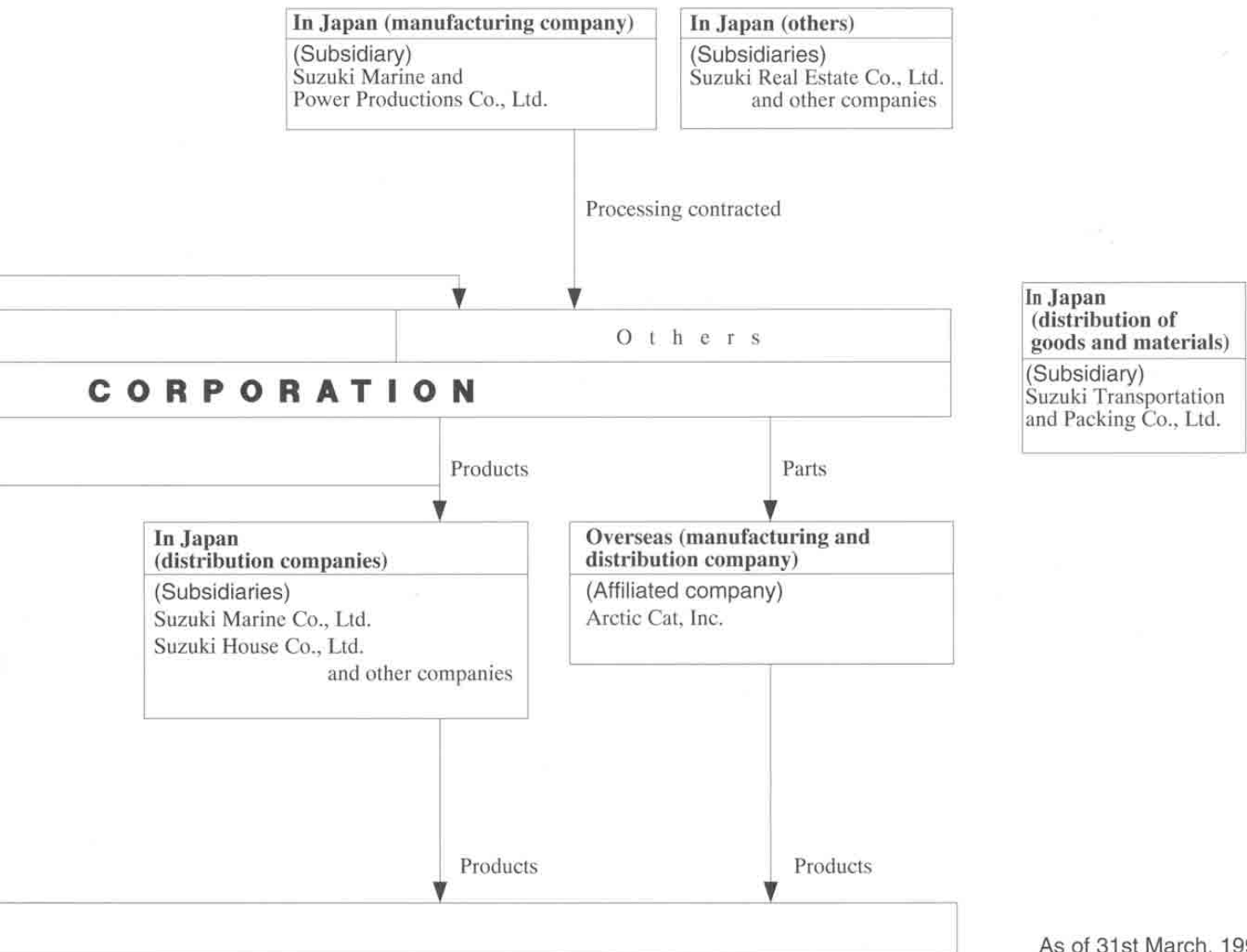
The organization chart of the Suzuki corporate group is as follows:



domestic sales channels including Suzuki Motor Sales Kinki Inc., a subsidiary company. Sales outside Japan is carried out through overseas distributors including American Suzuki Motor Corp. Distribution of goods and materials is carried out by Suzuki Transportation and Packing Co., Ltd.

(Other businesses)
 Production of outboard motors is carried out by Suzuki Motor Corporation, but part of the

production process is contracted to Suzuki Marine and Power Productions Co., Ltd., a subsidiary. Sales of outboard motors is carried out by Suzuki Marine Co., Ltd. and others.
 Sales of housing is carried out by Suzuki House Co., Ltd., a subsidiary. Suzuki Real Estate Co., Ltd., a subsidiary, and other companies carry out real estate and housing brokerage and other services.



As of 31st March, 1998

DIRECTORS AND AUDITORS

Chairman

Yoshio Saito

President & CEO

Osamu Suzuki

Executive Vice President

Masao Toda

Senior Managing Directors

Akira Tsutsui

Shigeo Narita

Akira Shinohara

Sokichi Nakano

Managing Directors

Hideo Takasugi

Taizo Miyake

Keiji Yamauchi

Yuichi Nakamura

Chosuke Sato

Tadao Kinoshita

Chuichi Mizuguchi

Osamu Matsuoka

Katsuhiko Yokota

Directors

Yoshinori Fujii

Kozo Senga

Kouhei Murata

Toshitaka Suzuki

Takahira Kiriya

Hidetoshi Tadokoro

Tsuneo Kobayashi

Hajime Shinkai

Junzo Sugimori

Takehisa Okabe

Ryujiro Nozawa

Kotaro Naito

Takashi Nakayama

Hiroshi Tsuda

Corporate Auditors

Takeshi Nakamura

Yoichiro Hosoe

Masao Tani

Takashi Suzuki

Shin Ishizuka

As of 1st July, 1998

CORPORATE DATA

Corporate Name:

SUZUKI MOTOR CORPORATION

Head Office:

300, Takatsuka, Hamamatsu

Shizuoka 432-8611, Japan

Mailing Address:

Hamamatsu-Nishi, P.O. Box 1

Hamamatsu, Shizuoka 432-8611, Japan

Established: 1920

Employees: 13,820 (As of 31st March, 1998)

MAJOR OVERSEAS SUBSIDIARIES

American Suzuki Motor Corp.

California, U.S.A.

Suzuki Canada Inc.

Ontario, Canada

Suzuki Motor de Colombia S.A.

Pereira, Colombia

Suzuki Australia Pty. Ltd.

Sydney, Australia

Suzuki New Zealand Ltd.

Wanganui, New Zealand

Suzuki Motor GmbH Deutschland

Heppenheim, Germany

Suzuki France S.A.

Trappes, France

Suzuki Italia S.P.A.

Torino, Italy

Suzuki Austria Automobil Handels G.m.b.H.

Salzburg, Austria

Suzuki Motor España, S.A.

Gijón, Spain

Suzuki Philippines Inc.

Manila, Philippines

Suzuki Motorcycles Pakistan Ltd.

Karachi, Pakistan

Suzuki Auto Madrid S.A.

Madrid, Spain

Suzuki GB PLC

West Sussex, United Kingdom

Pak Suzuki Motor Co., Ltd.

Karachi, Pakistan

Magyar Suzuki Corp.

Esztergom, Hungary

Thai Suzuki Motor Co., Ltd.

Thanyaburi, Thailand



SUZUKI MOTOR CORPORATION
300 TAKATSUKA, HAMAMATSU, JAPAN