

24 February 2021

Suzuki announces Mid-Term Management Plan (April 2021 to March 2026) ~ “Sho-Sho-Kei-Tan-Bi” ~

Suzuki formulated "Mid-Term Management Plan (April 2021 to March 2026) ~ "Sho-Sho-Kei-Tan-Bi" ~ for the 5-year beginning April 2021.

Suzuki celebrated its 100th anniversary in March 2020. Over the past 100 years, we have taken on many challenges, including looms, motorcycles, automobiles, and outboard motors. Suzuki will continue to take on the challenge to realize carbon neutral and in such a course, the philosophy of "Sho-Sho-Kei-Tan-Bi" which represents the basis of Suzuki's manufacturing since its foundation, is truly worthy of this challenge.

Based on the unwavering commitment to "Focusing on the customer" inherited from our founder, and we will make even greater efforts to provide customers with the value of "Sho-Sho-Kei-Tan-Bi".

*"Sho-Sho-Kei-Tan-Bi" is an abbreviation for Japanese meaning “smaller” “fewer” “lighter” “shorter” and “neater“.

The Mid-Term Management Plan is outlined below.

I. Basic Philosophy

Suzuki's commitments are "Assure people's means of mobility" and "Emerging economies will continue to be a pillar of growth". Suzuki will stay focused upon customer throughout the next 100 years, and with our “Sho-Sho-Kei-Tan-Bi” concept, we strive to create value-packed products and services. We would like to convey our thought together with the slogan of "Small cars for a big future."

II. Review of the previous mid-term management plan

In the previous mid-term management plan, we achieved net sales target in FY2017 and FY2018, operating profit ratio target in FY2016 to FY2018,

ahead of scheduled plan. However, target was not achieved in its final year of FY2020 due to the slowdown of the Indian market, final inspection issue, and the COVID-19 pandemic.

During the previous mid-term management plan period, there were cases of loss of customer trust, including quality problems, frequent recalls, and fraud in fuel efficiency tests and final inspection. Moreover, many issues remain, including delays in responding to CASE.

Once again, we will return to the basics of our mission statement and take on the words of our founder, "If the customer needs something we must do whatever we can to respond. Hard work guarantees success." as our determination for the next 5 years.

III. New Mid-Term Management Plan Initiatives

Amid the global trend toward carbon neutrality, it is necessary to clarify Suzuki's efforts, and to place even greater emphasis on quality as shift to electrification and software development are to take place. Therefore, we will give priority to three issues: CO₂ emissions in use, CO₂ emissions from production, and quality assurance.

With regard to CO₂ emissions in use, we will develop electrification technologies by 2025, fully implement these technologies in products from 2025, and make full-scale quantitative increase from 2030.

We will proactively promote development of various technologies toward carbon neutrality.

In terms of CO₂ emissions from production, we will take on the challenge toward "zero" CO₂ emissions from production in 2050.

In terms of quality, we will work, focused on customer, to create products of high quality, value-packed products at affordable price. In addition, we will strive to prevent the occurrence, early detection, and outflow of quality problems by promptly investigating the causes and taking countermeasures, producing products with reduced variants, and expanded traceability management.

In the automobile business, target for Japan is to maintain 30% or more share in the mini-car market, as well as 50% increase in the compact car sales (vs FY2020). In India, Suzuki will take the initiative in promoting electrification required by society in response to environmental issues in India, and maintain market share of more than 50% in passenger car segment.

As for the alliance with Toyota, we will deepen our alliance by cooperating in electrified vehicles, African market, and supplementing product and components.

In the motorcycle business, we will build an attractive and diverse lineup using common platform to secure sales of 2 million units and an operating margin of 5% or more.

In the marine business, we will strive to achieve the net sales target of ¥100 billion.

In terms of SDGs, we will contribute to solving social issues while generating profits through our business activities.

IV. Management performance targets

As for management performance targets, we expect a recovery from the COVID-19 pandemic and growth in the Indian market, and we aim for a record consolidated net sales of ¥4.8 trillion.

The operating income target is set at 5.5%, below the previous target of 7%, due to aggressive investment in research and development, such as electrification, which amounts to ¥1 trillion over 5 years.

The dividend payout ratio is targeted at 30%.

We will make steady efforts to increase corporate value while balancing investment for growth and strengthening our management base.

		FY2019 Result	FY2020 Forecast	FY2025 Target
Performance	Net Sales	3.4884 trillion yen	3 trillion yen	4.8 trillion yen
	Operating income margin	6.2%	5.3%	5.5%
Shareholder return	ROE	9.3%	-	8%
	Payout ratio	29.7%	TBD	30%
Investment	R&D	148.1 billion yen	150.0 billion yen	1.0 trillion yen/5 years (200.0 billion/year)
	Capital Investment	236.4 billion yen	220.0 billion yen	1.2 trillion yen/5 years (240.0 billion/year)
Global sales	Automobiles	2.85 million units	2.38 million units	3.7 million units
	Motorcycles	1.71 million units	1.48 million units	2.0 million units

Note. Exchange rate assumptions ... US \$1 = 104 yen, 1 Euro = 124 yen, 1 INR = 1.42 yen

*Forecasts for the consolidated operating results are based on currently available information and assumptions, contain risks and uncertainty and do not constitute guarantees of future achievement. Please note that the actual results may greatly vary by the changes of various factors. Those factors, which may influence the future results, include economic conditions and the trend of demand in major markets and the fluctuations of foreign exchange rates (mainly U.S. dollar/Yen rate, Euro/Yen rate, Indian Rupee/Yen rate).