

SUZUKI NEXT 100

~ Strengthening of management base toward the 100th anniversary of foundation and the next 100 years ~



SUZUKI MOTOR CORPORATION

2015.6.30

New Mid-Term Management Plan

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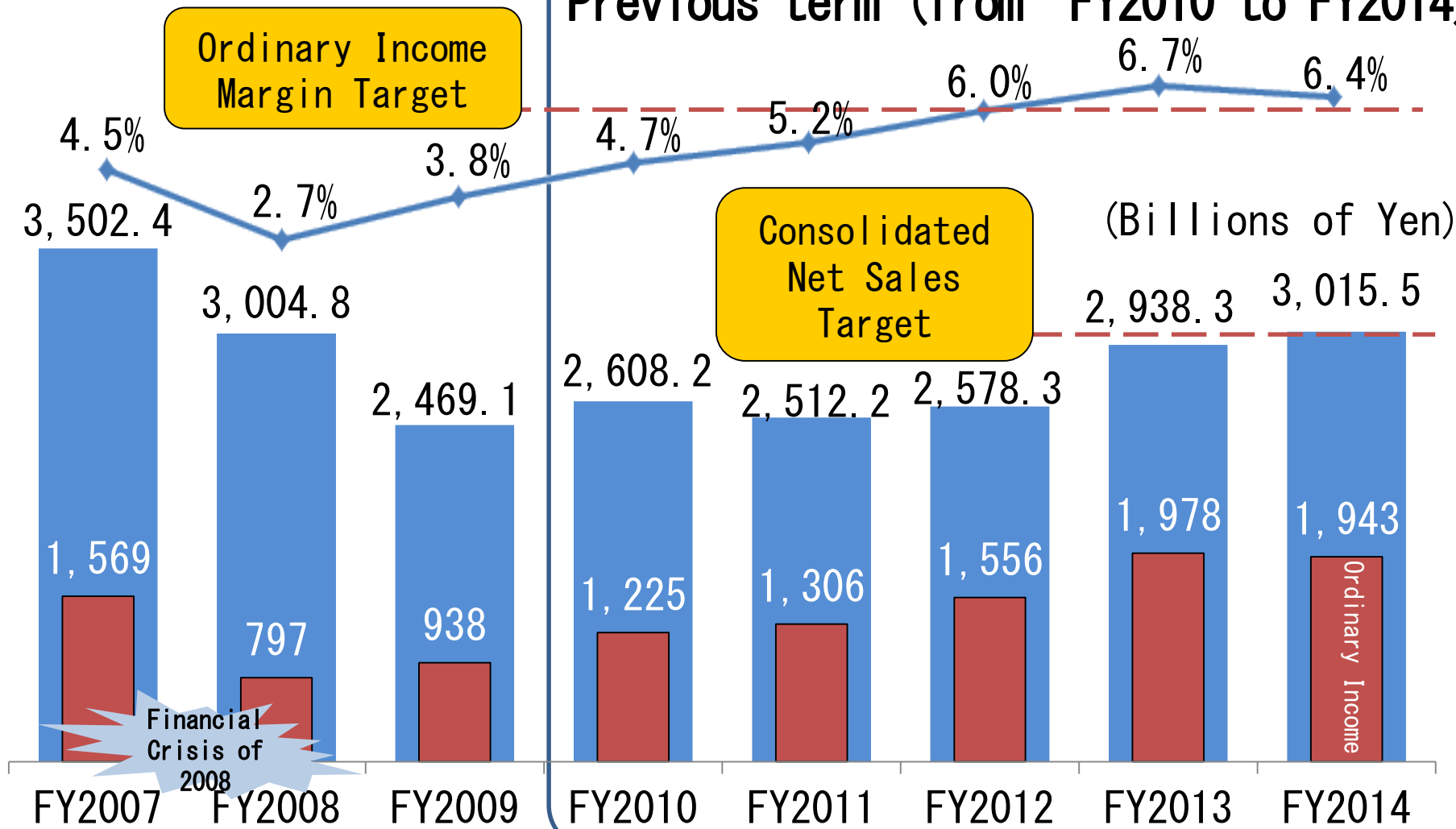
Contents

1. Previous Mid-Term Management Target
2. Basic Policy
3. Business Strategy
4. Mid-Term Management Target

Overview of the Previous Mid-Term Management Target (from FY2010 to FY2014)

**Achieved both consolidated net sales
3 trillion yen and ordinary income margin 6%**

Previous term (from FY2010 to FY2014)



New Mid-Term Management Plan

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Challenges

- Establishment of quality management structure for the safety and reliability of customers
- Departure from chronic deficits of the Motorcycle Business
- Building pillar that follows Japan and India
- Strengthening sales and service
- Correspondence to new technologies including environment, safety, communication, and electrification
- Enhancement of the Suzuki Brand
- Development of the Group's human resources that support global management etc.

Return to the origin of “Develop products of superior value by focusing on the customer” and establish foundation toward the next 100 years

Mission Statement

1. Develop products of superior value by focusing on the customer
2. Establish a refreshing and innovative company through teamwork
3. Strive for individual excellence through continuous improvement

社は是
一、消費者の立場になって
価値ある製品を作ろう
二、協力一致で新しい会社を
建設しよう
三、自己の向上にとともに常に
意欲的に前進しよう

Establishing foundation toward the next 100 years

Team Suzuki

Reformation of Business Culture
Development of Human Resources

- Customer-first
- Proposal-based challenging management
- Development of human resources who can take action by thinking smarter
- Arrangement of environment for motivating employees

Globalization

- Establishment of new management structure
- Strengthening of global management

Stable Management Base

- Diversification of Source of Profit
- Enhancement of Corporate Value
- Strengthening of Risk Management

Customer-focused

- Take action with Customer-focused mind in all aspects in line with the spirit of the mission statement

Strengthening of Manufacturing

Top Priority on Quality

- Safety and reliance of customers is the top priority
- Swiftly correspond to customer's voice
- Making of reliable brand

Creative Products

- Creation of value that exceed customer's expectation
- Offer driving pleasure, fun to use, and pride of ownership

Engineering, Production and Purchasing

- Driving Performance and Fuel Efficiency
- Safety and Reliability
- Evolution of manufacturing engineering
- Construction of global optimum production structure
- Promotion of optimum procurement and internal production

Suzuki Group would tackle as the Team Suzuki,
and reform the business culture and develop human resources

Engineering

Production

Marketing

Reformation of Business Culture

- Customer-first
- Proposal-based challenging management
- Top priority on quality
- Fostering global culture

Purchasing

Development of Human Resources

- Structuring information network within and outside the Group
- Develop human resources who can take action by thinking smarter
- Arrangement of environment to motivate employees

Quality

Finance

Administration

Service

Establishment of New Management Structure

- Carry forward aggressive and defensive governance through the new management structure
 - Management centered on the Board of Directors and the Management Strategy Convention
 - Utilize the “Corporate Governance Code”
 - Strengthen compliance and risk management of the Group companies
 - Contribute to the environment and society through business

Strengthening of Global Management

- Strengthen development of global human resources, and recruit foreign executives
- Carry forward globalization in India and apply globally
- Globally strengthen administration structure of human resources, legal, intellectual property, audit, finance, IT, etc.

Diversification of Source of Profit

- Carry forward the ALL GRIP structure reformation which can certainly make profit, by not relying on the two pillars (Japanese minicar and Indian automobile), through making profit in all business segments and reducing total cost

Enhancement of Corporate Value

- Sustainable growth and stable improvement of operating income margin
- Adequacy of equity capital for sustainable growth
- Aim for dividend payout ratio of more than 15%, based on stable dividend

Strengthening of Risk Management

- Prevention measures and minimization of bad influence toward such risks as quality problem, disaster, riot/terrorism, compliance, management of confidential information, and rapid fluctuation of foreign currencies

Suzuki Quality Policy

- Safety and reliance of customers is the top priority
- Swiftly correspond to customer's voice

Development Quality

- Advanced function verification
- Utilize quality engineering
- Strengthen evaluation technology

Manufacturing Quality

- Strengthen inspection technology
- Quality improvement of overseas suppliers

Market Quality

- Focus on customer information
- Swift correspondence
- Correspondence to market change

- Develop human resources that make up quality
- Strengthen internal audit function that check operation

Making of Reliable Brand

Create value that exceed customer' s
expectation



**Driving
Pleasure**

Fun to Use

**Pride of
Ownership**



Segment-leading “Driving Performance and Fuel Efficiency”

Powertrain

- Class-leading fuel efficiency in gasoline vehicles of Mini, A, and B segments
- Challenge for average thermal efficiency of 40% for gasoline engines
(Higher compression ratio, direct-injection turbo, lean burn, cooled EGR, lower friction)
- Evolution of Auto Gear Shift (AGS)
- Expansion of ISG (SHVS) to overseas markets

Vehicle Body

- Class-leading weight reduction in Mini, A, and B segments
- 10 to 15% weight reduction by the adoption of new platform which has increased rigidity by 30%
- Challenge switching from “use up the steel” to the use of multi-material

Pursuing “Safety and Reliability” of Small Cars

Active Safety Driving Support

- Enhancing performance of brake support system
- Fulfilling daily driving support function such as automatic parking
- Accumulation of technologies for advanced driving support through detection, automatic braking and steering, and two-way communication

Information Communication

- Global expansion of smartphone linkage navigation and utilization of vehicle information service
- Promotion of development of information communication technology in India

Enhancing Competitiveness in Global Production

Utilize Digital Data

- Shorten development period by checking functions and quality of products before making prototypes through digital manufacturing

Correspondence to Advanced Vehicle Functions

- Participation into development of vehicles with highly-functional powertrain, active safety, and information communication

Effort on New Production Technologies

- Develop and expand new production technologies of high-efficiency engine and lightweight platform by placing Japan as the mother plant and utilizing IT

Network through utilizing IT

- Enhance cost-competitiveness from mutual complementation of production capacity between production bases, and efficient parts procurement through the Japan-Asia region network which utilizes IT

Enhancing Productivity Globally

Auto- mobile	▪ Global Optimum Production	Make Japan, India, Indonesia, Thailand, and Hungary as global production base
	▪ India	Aim to make new plant in Gujarat as the most evolved plant of Suzuki
	▪ Japan	Renew the Kosai Plant and aim to reduce CO ₂ emission volume by half (current comparison)
Motor- cycle	<ul style="list-style-type: none"> ▪ Consolidate production of frame and engine in the ASEAN region ▪ Consolidate into Hamamatsu Plant for Japan: Productivity up by 30% from restructuring process 	
Outboard Motor	<ul style="list-style-type: none"> ▪ Relocate from Toyokawa to Kosai Plant: Productivity up by 20% ▪ Enhance productivity of plant in Thailand by reviewing logistics 	

Promotion of Optimum Procurement and Internal Production

- Construct parts supply structure between global production bases
- Strengthen risk management by promotion of stable procurement and internal production

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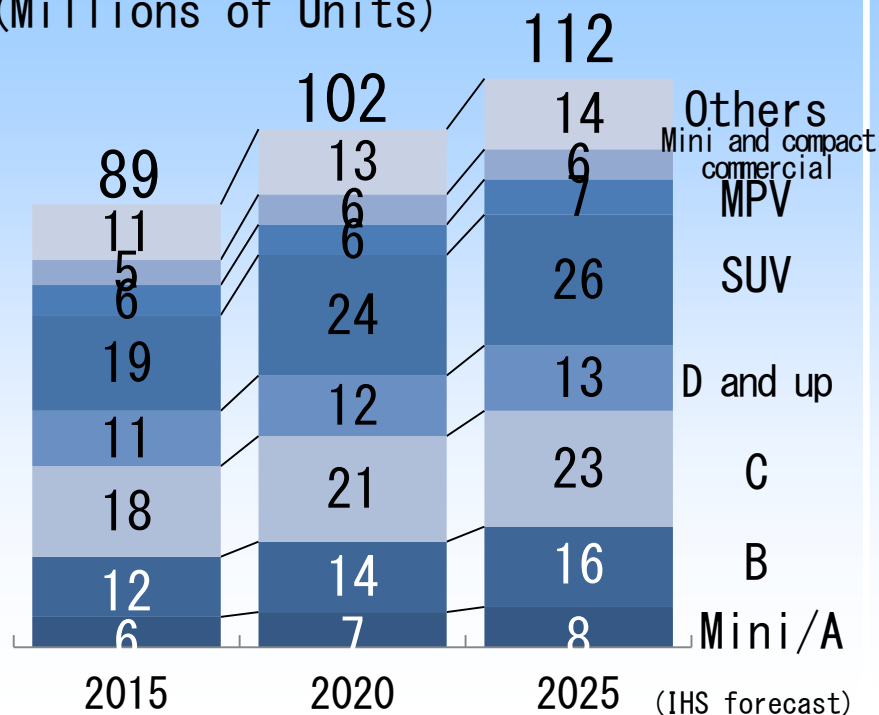
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Promising Market of Compact Cars and Asia

- Compact car market (mini to C segment, SUV) is forecasted to expand
- Indian market will grow as the world's third largest market

«Market Size by Segment»

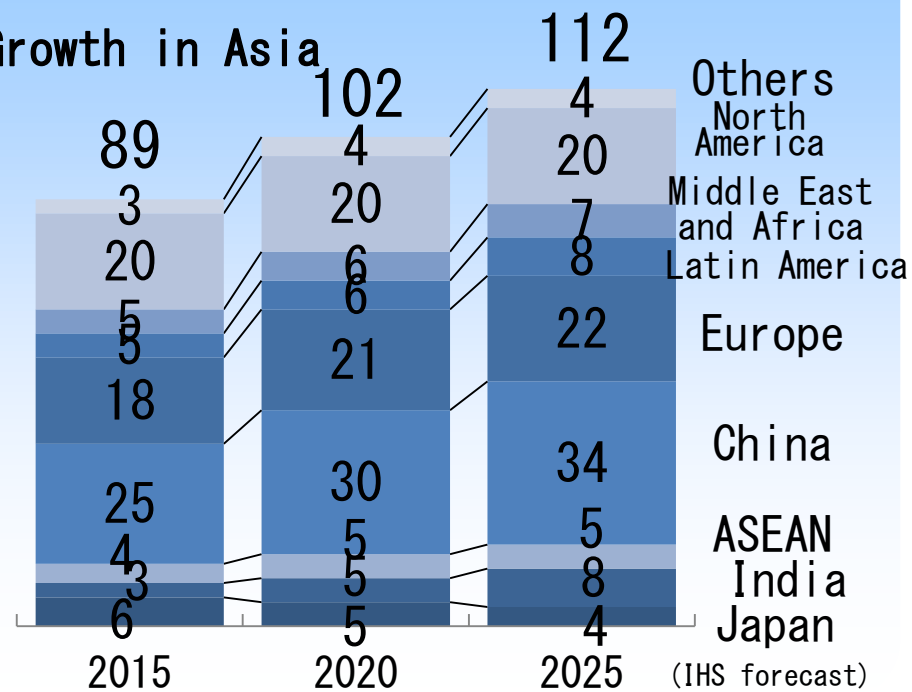
(Millions of Units)



«Market Size by Region»

• Flat in developed countries (Millions of Units)

• Growth in Asia



Efficient Development

Consolidation of Passenger Platform

- New development will be consolidated into three new lightweight platform of Mini, A, and B
- Inter-segment use of common functional parts through modularization

Concentration of Development of Gasoline Engine

- Efficiently develop basic and new technologies by concentrating on 660 to 1,400cc

Development with Global Sight

- Other than gasoline engine technologies, put efforts into technologies which also consider the needs of emerging countries such as AGS, ISG, and infotainment
- Development of human resources and making of long-term base by co-developing with Indian engineers

Model Introduction Plan

- Introduce 20 new models globally in five years

Minicar



Constantly introduce one model every year
(five models in five years)

A Segment



Expand sales by introducing six models in five years

B Segment C Segment SUV



Introduce three models in each segment, a total of nine models in five years

Centered in Japan and India, Asia is the main region

Japan

- Maintain market and employment by placing as the base of development and production
- Constantly introduce mini and compact models every year
- Minicar share of more than 30%, compact car sales of more than 100,000 units
- Strengthen direct sales and expansion of distributor base

India

- While still centering on the expanding new buyers, fulfill products, sales network, and productivity to meet increasing substitute demands
- Passenger share of more than 45%

ASEAN

- Develop Indonesia and Thailand as pillars that follow Japan and India, to place them as the production base for inside and outside ASEAN

Europe

- Brush up advanced technologies and product competitiveness through corresponding to fuel efficiency restriction, safety technologies, and design

Enhancing Earning Strength and Brand Value

- Departure from chronic deficits through selection and concentration
- Product development that clearly defines characteristics of Suzuki

GSX-RR (MotoGP)



GSX-S1000ABS



Main Category and Product Development

▪ Main Category

- 150cc and up
- Backbone
- Sport

(Shift from low-priced to mid- to high-priced products)

- Return to the origin of basic performances of “Running, Cornering, and Braking”
- Pursue fun-to-ride and easy-to-ride
- Feedback of MotoGP technologies



GIXXER

Marketing Strategy

- High quality service ⇒ Improve customer satisfaction

Developed Countries

- Strengthen announcement activities of events, etc.
- Strengthen sales of parts and accessories
⇒ Improve profitability

Emerging Countries

- Consolidate production base in ASEAN
⇒ Strengthen business base
- Develop sales network of large displacement model
⇒ Improve profitability

Product Strategy

- Expand lineup of large four-stroke outboard motors
- Introduce more than six models in five years

Regional Strategy

- Focus on strengthening sales in the US
- Development of Asian market



New Brand Slogan

**THE ULTIMATE
4-STROKE OUTBOARD**

Aim for the world's best
four-stroke outboard motor
brand



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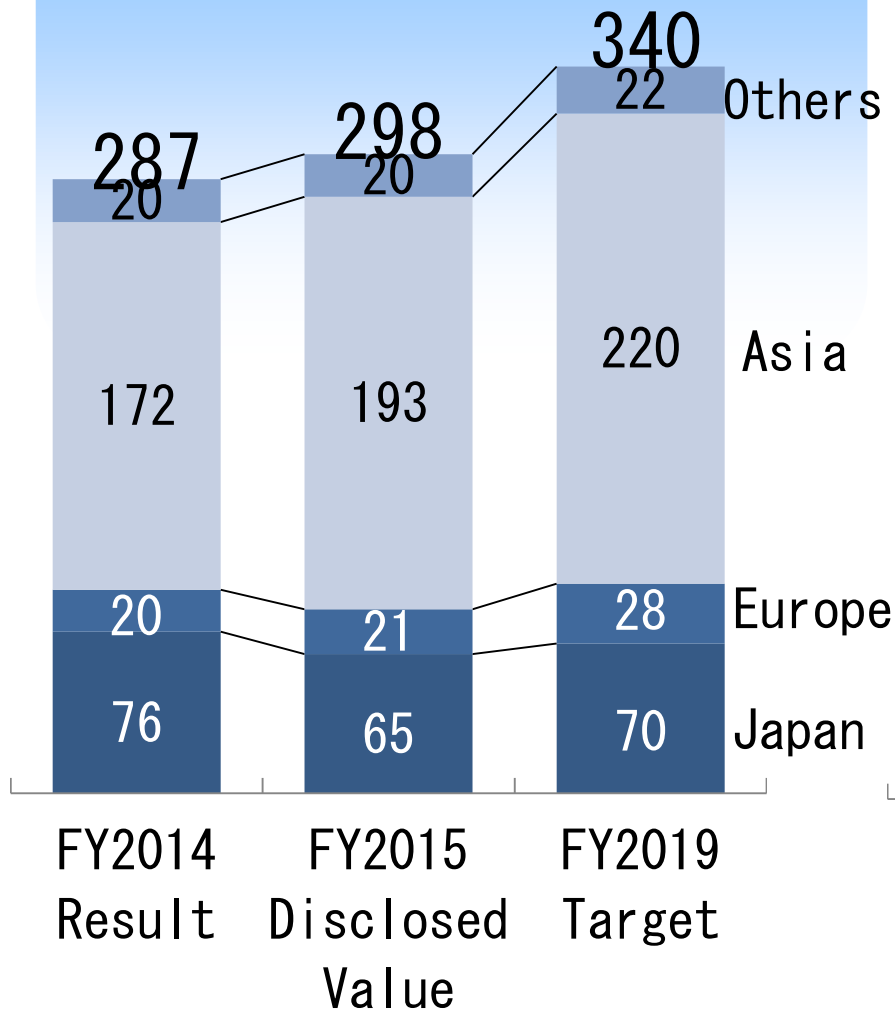
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		FY2014 Result	FY2015 Disclosed Value	FY2019 Target
Consolidated Net Sales		¥3,015.5 billion	¥3,100.0 billion	¥3,700.0 billion
Operating Income Margin		6.0%	6.1%	7.0%
Shareholder Return	R O E	6.9%	—	8~10%
	Dividend payout ratio	15.6%	(¥27.00 per share)	more than 15%
R&D expenses		¥125.9 billion	¥130.0 billion	¥200.0 billion
(Total capital expenditures for five years)				(¥1,000 billion)

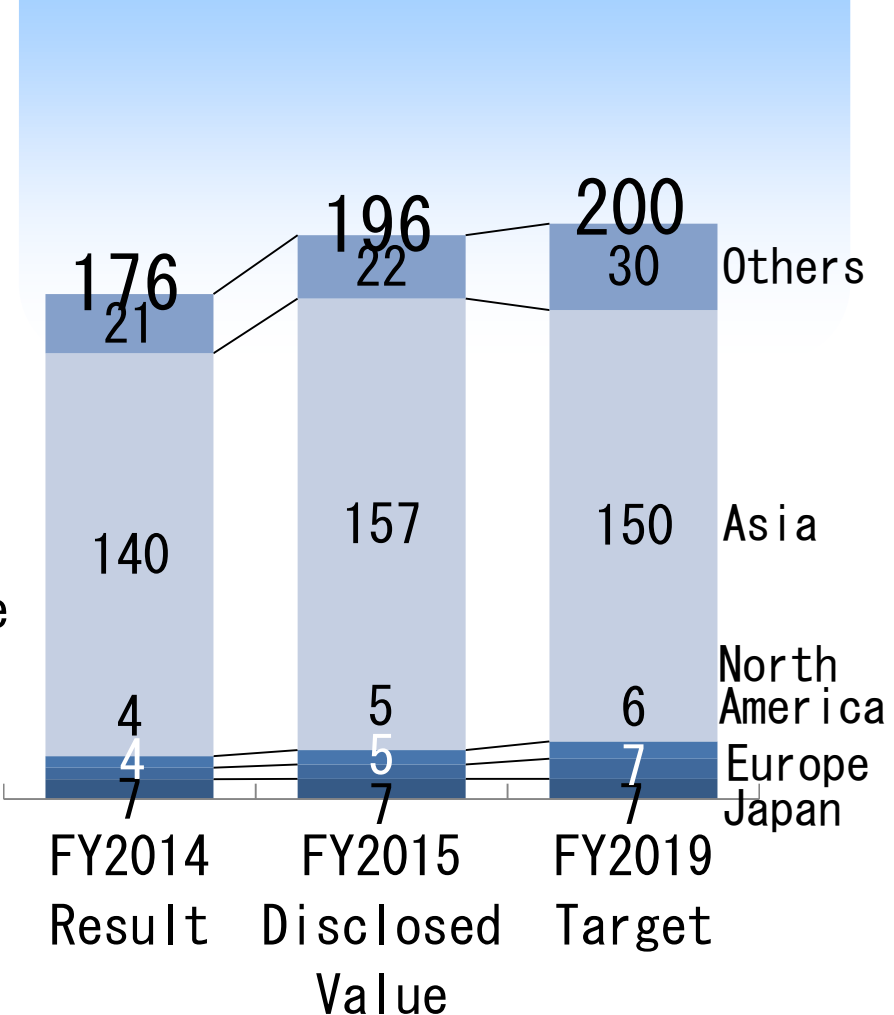
※Foreign exchange rates...¥115/US\$, ¥125/Euro,
¥1.85/Indian Rupee, ¥0.90/100 Indonesian Rupiah,
¥3.50/Thai Baht

(10,000 of units)

《Automobile》



《Motorcycle》



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Maruti Suzuki India Limited Manesar Plant



SUZUKI MOTOR CORPORATION

..... **Caution with respect to Forward-Looking Statements**

- ✂ The forward-looking statements mentioned in this presentation are based on currently available information and assumptions, contain risks and uncertainty and do not constitute guarantees of future achievement.
- ✂ Please note that the future 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).