

# Financial results FY2024

## Questions and answers in the briefing session for analysts

May 12, 2025  
Suzuki Motor Corporation

### (Consolidated financial results and forecast)

#### Q1: What are the backgrounds for the next year forecast, especially business risks of -40 billion yen, fixed costs of -100 billion yen, and changes in mix/price of +95.4 billion yen?

A. About half of the -40 billion yen in business risks incorporates the maximum impact of U.S. tariffs on motorcycles, marine products, and their parts. Future responses to tariffs issue will be decided by considering timing, how to pass on costs, inventory management, and market and demand. The remaining half assumes possible risks affecting production and sales, under globally uncertain factors.

The -100 billion yen in fixed costs is positioned as growth investment, including labor cost increase of -40 billion yen as investment in human capital, increase in expenses and factory fixed costs for business expansion in India of -30 billion yen, and increase in promotional expenses of -10 billion yen to achieve increased sales.

Regarding the +95.4 billion yen change in mix/price etc., we are promoting activities within the company to convey the value of our products to customers, gain their understanding, to encourage purchases. We aim to enhance the ability of individuals, organizational strength, and earning power. We are also incorporating the result of pricing update and the impact of new model launches. We also aim to expand profits from the value chain, use funds effectively for growth investments, and maintain a balance by conducting profit improvement activities.

#### Q2: What is the ratio of quality-related costs to sales for FY2024 and the details of unrealized profits?

A. The ratio of quality-related costs for the period is +0.2%, indicating a positive direction. The factors contributing to the increase include the widespread implementation of quality improvement activities and the absence of significant new issues, as well as the reversal of provisions set aside in the past, resulting in a return profit. For the next period, we anticipate the usual negative amount.

The unrealized profit of +101.5 billion yen is simply comparison with the previous year and is only an adjustment for sales outside the group in consolidated accounting. About 40% of the +101.5 billion yen is from changes in inventory volume. In the previous period (FY2023), inventory was increasing due to recovery from semiconductor shortages, coupled with the depreciation of the yen, resulting in a significant unrealized loss of approximately -70 billion yen against the year-end inventory. In contrast, in the current period, inventory decreased toward normal level, while the yen appreciated, leading to the realization of the previous period's loss as profit, amounting to approximately +30 billion yen. This discrepancy accounts for the total of +101.5 billion yen.

**(Japan automobile business)**

**Q3: What is the current domestic economic sentiment and the trends in sales and demand?**

A. We believe that a global economic slowdown, including U.S. tariffs, is possible. In the Japanese market, where competition is intensifying with other companies launching new cars, Suzuki has managed to secure the top spot in mini-vehicle sales for two consecutive years. However, we see this as an opportunity to reconsider whether it's sufficient to manage the business solely based on sales volume and market share. We aim to expand the Profit Square\* while increasing sales volume. This fiscal year, we particularly want to focus on increasing the sales of registered vehicles like Fronx and Jimny Nomade, and maintain the second position in total sales volume of mini and compact/standard vehicles.

**\*Profit Square**

A concept to maximize the "Profit Square" (profit area) by breaking down profit improvement activities into three axes: "increasing customer value," "increasing the number of customers," and "reducing product costs and expenses." Employees are encouraged to be aware of which of the three axes they are contributing to, promoting individual growth and enhancing the company's earning power.

**Q4: With BYD entering the mini-vehicle market, what is your view on the market potential and demand situation for domestic mini EVs?**

A. We are very pleased that BYD has announced its entry into the domestic mini EV market. While the initial introduction of EVs has started with larger vehicles with longer driving ranges, considering the environmental impact, it makes the most sense to promote compact cars like mini vehicles. We understand that this is why the company is considering entering the mini-vehicle market. Globally, the opportunities for mini EVs are likely to increase. We hear that the spread of even smaller EVs has begun in Europe. Considering these factors, we believe we are moving towards an environment where mini vehicles are recognized and demanded worldwide.

**(India automobile business)**

**Q5: The Society of Indian Automobile Manufacturers forecasts a market outlook of +1-2% for the next year. What is the current demand situation in India and your perspective?**

A. Regarding India's next year outlook, while the direct impact of U.S. tariffs on Maruti Suzuki is minimal, we are concerned that the effects of a global recession may spread. With the prices of new cars rising due to enhanced safety features and stricter regulations, making them less accessible to the general public, the situation may depend on how the Indian government implements tax reduction measures. We will respond while carefully assessing these policies. Among the affluent, there is a trend towards SUVs and larger vehicles, and we aim to meet customer expectations by introducing the e VITARA and other new models this fiscal year, targeting increased sales and market share in SUVs.

**Q6: What is your vision with the introduction of new SUVs? What are your targets in terms of volume and market share?**

A. The SUV segment in the Indian market has reached a composition ratio of about 60%, but Suzuki has only secured a 20% share. We aim to recover using the e VITARA and the following model as footholds. Additionally, we want Maruti Suzuki to also focus on increasing sales volume by effectively communicating the development passion behind each model to customers.

Furthermore, we plan to expand exports from India, which reached a scale of 330,000 units in FY2024. As domestic sales in India are slightly stagnating, exports are beginning to support production and earning power. We aim to double the scale in regions such as Africa and Latin America by FY2030.

**Q7: There is talk of reducing import tariff barriers as a national policy in India. What is your strategy in the competitive environment in India?**

A. With India being in the spotlight, including the U.S. tariff issue, we believe the competitive environment will become increasingly severe. Competition is ongoing, and in such a situation, it is important for Suzuki to strengthen product power, sales power, and service power globally in the course of "By Your Side" to be close to customers. We want to engage in discussions on what we can do as a company and work towards connecting these efforts to sales.

**(Europe Business)**

**Q8: What is the background for the forecasted decline in European sales volume?**

A. The forecasted decline in European sales volume reflects both regulatory compliance and the current macro environment, which are interrelated. In fact, we have already factored in the impact of discontinuing sales of the Ignis and Jimny in Europe. Additionally, there is a challenging environment with fewer models being introduced due to regulatory compliance, and we have to be prepared to the decline in sales volume amid this deceleration trend.

**Q9: Could you explain the significance of your European business once again?**

A. Since we have withdrawn from the automobile businesses in the U.S. and China, we see Europe as a place to stay informed about the latest technological trends and global developments. We believe it is essential to have an environment where we can stay grounded and engage with technological trends. India is influenced by trend in Europe, so we consider it an important position in terms of understanding technological and regulatory trends.

**(Africa, Latin America, and Middle East)**

**Q10: What is your strategy in regions like Africa and the Middle East, which are strategic export destinations from India? Why is your company able to expand volume and share in the Middle East?**

A. For exports from India to Africa, we want to consider expansion across the entire continent, not just focusing on South Africa. The specifications for India are also well-received in Africa, so we aim to develop our share in Africa by utilizing models developed for India.

In the Middle East, there is a significant Indian population, and there is an environment where models developed for India can be used under the Maruti Suzuki brand. We are strategizing to export such models to the Middle East, aiming to expand share and sales volume.

(Others)

**Q11: Excluding Maruti's market capitalization, your company's value remains negative despite certain improvements. What are the management's awareness and challenges, and how do you plan to cope with the issue?**

A. We believe this is an endless discussion, but Suzuki and Maruti must work together closely. It is important to enhance earning power both individually and as a company. We need to focus on technological development for the future, and in doing so, we want to prioritize efforts towards the unification and integration of Suzuki and Maruti while addressing the gaps one by one.

**Q12: Regarding the sensitivity to the Indian rupee, it is expected to be quite negative this term as well. Do you have any plans to suppress the sensitivity itself by increasing exports from India, for example?**

A. We find it quite challenging to deal with the sensitivity to the Indian rupee. For the next year, we have set the exchange rate at 1 rupee/1.68 yen, while the previous year was 1 rupee/1.82 yen, indicating a significant yen appreciation. Although there has been a slight shift towards yen depreciation recently, it is around 1 rupee/1.72-1.74 yen.

As you pointed out, the sensitivity to the Indian rupee remains the largest among all currencies. The significant impact of the Indian rupee is due to our practice of exporting Indian-produced goods through triangular trade via the headquarters. We need to consider the overall business, including profit margins and the impact of royalties. While there are options like changing the base price, we believe it is necessary to comprehensively consider the impact on the non-consolidated basis, the impact in local currency, and the balance between them. We would like to examine various approaches.

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