

# Financial results 3Q FY2025

## Questions and answers in the briefing session for analysts

February 5, 2026  
Suzuki Motor Corporation

### (Consolidated financial results and forecast)

#### **Q1: How do you evaluate operating profit for the third quarter (October–December), and were there any one-off expenses?**

A. Although there were one-off expenses in India due to the implementation of new labour codes in October–December, factors such as the tailwind from GST revisions, improved standalone profitability (growth in sub-compact and standard-sized vehicles in Japan), and the contribution of a weaker yen compared to the same period last year led to results exceeding the initial plan. Operating profit for October–December reached a record high.

The new labour codes were enacted by the Indian government to stabilize and expand income and enhance social security. While the total amount paid to employees remains unchanged, the standard for basic salary was raised, so past retirement benefit obligations and paid leave reserves were retroactively adjusted in a lump sum. Aside from this one-off expense of approximately 10 billion yen, the results can be considered largely as actual performance.

#### **Q2: What are the updates and background for raw material and fixed costs in the full-year forecast revision, and what are the implications for next fiscal year?**

A. The impact of raw materials worsened from an initial forecast of -35 billion yen to -55 billion yen (a 20 billion yen deterioration from the initial forecast). The main reasons are revised procurement prices for Maruti, and the inclusion of price increases for precious metals, iron, aluminum, etc. Japan is roughly as expected. We cannot provide specific outlooks for next fiscal year at this time.

Fixed costs improved from an initial forecast of -100 billion yen to -70 billion yen (a 30 billion yen improvement from the initial forecast). The main reasons are reductions in India-related business costs (factory maintenance, consumables, consulting fees for indirect departments), more efficient global advertising and sales policy expenses (+10 billion yen improvement), and quality-related costs (+10 billion yen improvement). The policy to advance human investment in the medium term remains unchanged.

#### **Q3: What is the breakdown of changes in mix/price etc. (-20 billion yen) in the full-year forecast revision, and how were elements previously classified as "business risk" reallocated?**

A. "Changes in mix/price, etc." includes not only changes in sales composition itself, but also elements previously shown as "business risk" in the previous forecast. The main breakdown of business risk is tariff impact and unrealized profit. Tariff impact improved from -20 billion yen in the previous forecast to -10 billion yen this time (+10 billion yen improvement). On the other

hand, the negative impact of unrealized profit, previously included in the -20 billion yen other business risks, was increased by -30 billion yen based on cumulative results up to the third quarter, resulting in a total revision of -20 billion yen.

Regarding the step change in unrealized profit for next fiscal year, the actual cumulative amount for the third quarter was -24.8 billion yen. It is expected to converge to about -10 billion yen for the full year, which is anticipated to be a positive factor for next fiscal year.

**Q4: The outlook for the fourth quarter (January–March) is for lower profit compared to the third quarter. What are the risk factors?**

- A. We recognize risks such as the possibility of one-off expenses due to accounting treatments unique to the fiscal year-end and recent foreign exchange fluctuations. At present, no specific one-off factors are incorporated.

**(India Automobile business)**

**Q5: What is the current status of inventory and backorders in India, and when will the new plants begin to contribute next fiscal year?**

- A. In the third quarter (October–December), production was about 490,000 units (production for India domestic market only, excludes exports and OEM supply), wholesales were 540,000 units, and retail sales were 680,000 units, leaving factory inventory almost zero and retail inventory depleted to about three days' worth of monthly sales. In January, the situation continues that almost all production units being dispatched immediately.

Backorders were about 190,000 units at the end of January. Next fiscal year, we expect capacity additions of 250,000 units/year each at the new plants (Kharkhoda Plant 2 / Hansalpur Plant 4), but since ramp-up production is necessary, contributions will be phased. Kharkhoda is expected to contribute from the first quarter of next fiscal year, Hansalpur from the second quarter.

**Q6: Will the profitability of the India business deteriorate with the launch of new plants? What is your view on sustainable earnings?**

- A. Fixed costs will increase due to investment in production expansion, but we believe this will be offset by volume effects. On the other hand, other one-off expenses and rising raw material prices are challenges for profitability. Therefore, we will strengthen activities to improve profitability across the value chain. Specifically, in India, we will propose advantageous trade-in programs to customers driving Maruti Suzuki vehicles, combining high pre-owned car prices and financial products, which are competitive compared to other companies.

**Q7: What are the new financial measures (leasing/balloon loan, etc.) to stimulate demand, and strategies to reduce monthly installments?**

- A. New financial products (lease, residual value credit such as balloon loan) face resistance from both supply and demand sides, so careful explanation and fostering understanding are necessary.

Additionally, leveraging the characteristic of high pre-owned car residual values, we believe it is important to promote trade-ins by applying the value of owned vehicles as down payments to reduce monthly payments.

**Q8: What is the basis for calling India "strong sales"? Isn't the January backorder of 190,000 units low?**

A. Currently, production is being wholesaled as is, and retail inventory at the end of January is about 10 days, much lower than the standard level (about 30 days is desirable). Considering transport times, dealer inventory is even thinner. There is a risk that customers who cannot wait for delivery may switch to other companies, so it is desirable to secure inventory close to the standard level, but the situation remains tight, and we see strong supply-demand.

**Q9: In India, which regions are seeing growth—urban or rural?**

A. Due to lower vehicle prices from GST revisions, the rural ratio is rising. We feel demand is expanding for trade-ins from motorcycles and first-time buyers. For example, in Jharkhand state in the east, where average income is less than half the national average (\$2,700–\$2,800), we hear that many customers bring helmets to showrooms as they switch from motorcycles. Customers say, "For about two years, I wanted to buy a car but couldn't afford it, but with the GST cut, I could get a loan and am happy to switch."

**Q10: Considering January sales and inventory, will you increase allocation to domestic sales? What is the balance between exports and domestic sales?**

A. Currently, we produce 220,000–230,000 units/month, with 170,000–180,000 units/month for India domestic, and about 50,000 units/month for exports, etc. Exports are in demand in Africa, the Middle East, etc., and with expanded production capacity next fiscal year (two new plants), about 20,000 units/month will be added, which we look forward to.

**Q11: How do you see wage increases and policy changes (disposable income, living costs, etc.) affecting demand?**

A. With India's economic development, wage increases of several percent to 10% are progressing, raising salaries, but living cost increases and government policy trends (tax, interest rates, etc.) affect demand. The current boom is recognized as being supported by policy measures such as raising minimum taxable income, lowering policy interest rates, and GST revisions, which have contributed to higher disposable income. We will continue to monitor the balance of income, living costs, and policy.

**Q12: What is the medium-term impact of the India-EU FTA (tariff reduction)? Is there a risk that imported cars from Europe will affect your volume zone?**

A. Tariffs on imported vehicles from the EU, etc., are currently between 60%–110%, but will be reduced to 10% over about seven years, within a quota (current market: 4.5 million units/year, quota: 250,000 units/year). Tariffs on exports from India to the EU are also expected to gradually

decrease from the current 10%.

However, we intend to use this opportunity to strengthen India's competitiveness by expanding sales networks and improving quality. Also, the price range for imported vehicles applicable for this scheme is high (shipment price from Europe is €15,000 or more), and assuming the domestic sales price in India is about twice the shipment price, we recognize that there is a certain distance from Maruti Suzuki's main price range.

**Q13: What is the future direction of your pricing strategy? Will you not raise prices despite strong demand?**

A. We lowered prices for some small cars at the time of the GST revision. Currently, thanks to the GST revision, we have been able to reduce sales promotion expenses more than the price reduction, and except for rising raw material costs, this has had a positive impact on profit and loss.

On the other hand, regarding rising raw material prices, we would like to consider price revisions within the range that does not increase sales promotion expenses.

**(Japan Automobile business)**

**Q14: Is there still room for growth in domestic sales profitability? What is your approach to securing medium-term earnings?**

A. Profitability is improving due to increased sub-compact and standard-sized vehicles, but it is important to secure earnings across the entire value chain, not relying solely on new car sales. With an eye on future domestic demand contraction, we will strengthen relationships with customers and firmly secure earnings with the "By Your Side" spirit.

Also, a sales structure enabled by improved negotiation skills that secures earnings without falling into price competition, are gradually spreading throughout the sales network. We will introduce EVs (such as e VITARA) in Japan, but do not see EVs as unprofitable; rather, Suzuki considers it important to launch such vehicles in the Japan segment. We will develop this approach, including brand value, environmental response costs, and image, as part of our overall earnings concept.

**(Motorcycle business)**

**Q15: While motorcycle sales are growing, profits seem sluggish. What are the factors and outlook for improvement?**

A. For April–December, increased unit sales were the main reason for higher profits, but there was deterioration in sales composition, including about -3.4 billion yen of negative impact from tariffs. Global sales were 1.69 million units (+140,000 units year-on-year), with increases of +110,000 units in India and +30,000 units in Colombia.

The challenge is increased dependence on India, and shrinking sales in regions like Indonesia where we previously had high volumes. In accordance with the mid-term plan, we started from streamlining by narrowing down models to consider strategies such as "where to launch which products," aiming to enhance the presence of our motorcycle business.

**(Mid-Term Management Plan)**

**Q16: It has been about a year since the announcement of the mid-term management plan. What is the progress, challenges, and outlook for achieving a 10% operating profit margin in FY2030?**

A. We are advancing initiatives in all divisions and regions that lead to improved individual capabilities and overall company performance. We are visualizing and verifying the actual effects of measures such as curbing advertising expenses and reducing external outsourcing costs (consulting, etc.), and incorporating them into the second-year plan. Please understand that we are currently in the process of such updates.

End