Financial results 1Q FY2026
Questions and answers in the briefing session for analysts

August 5, 2026
Suzuki Motor Corporation

(Consolidated financial results and forecast)

Q1: What is your assessment of the 1Q results, and what is behind the revision to the full-year forecast?

A. In 1Q, the business environment remained challenging due to factors such as rising raw material prices resulting from the situation in the Middle East. However, we were able to absorb a portion of these impacts through improved earning power driven by various business process reforms, including initiatives to enhance individual capabilities. We believe that overcoming such challenges is gradually creating a positive cycle that strengthens the Company's competitiveness.

Regarding the full-year outlook, at the beginning of the fiscal year we did not incorporate the potential -100.0 billion yen risk arising from the Middle East situation into our operating profit forecast, while pursuing every possible risk mitigation measure. However, the conflict involving Iran lasted longer than expected, causing raw material price increases to persist beyond our initial assumptions, particularly for resins and aluminum. In addition, the Japanese yen appreciated sharply immediately before the earnings announcement. In light of these developments, we have reflected the currently identifiable risks in our revised forecast. At the same time, because we continue to strengthen our earning power on a daily basis, we have incorporated an additional +70.0 billion yen improvement in earnings from such initiatives to offset part of the negative impact.

Q2: What assumptions have been made regarding raw material price impacts in the full-year forecast, and what measures are being taken to address them?

A. For 1Q, the actual impact of higher raw material prices was reflected directly in our results. From 2Q onward, we expect the impact to increase versus 1Q with a relatively high degree of certainty. While uncertainty remains for the second half, the forecast assumes that raw material price levels at the 2Q stage will continue through the end of the fiscal year, resulting in a projected negative impact of 110.0 billion yen on operating profit. This estimate also includes the effect of the change at Maruti Suzuki, where the cycle for reflecting raw material inflation was shortened from three months to one month. If raw material prices decline due to improvements in the Middle East situation or other factors, this could become an upside factor for earnings.

At the same time, we are pursuing additional profit improvement opportunities to address higher raw material costs. Examples include improving material yield through greater dimensional accuracy in metal processing and reducing material usage. Together with any improvement in the market environment, we will steadily implement these initiatives to further strengthen profitability.

Q3: What is Suzuki's medium- to long-term strategy for dealing with rising raw material prices?

A. Our suppliers have been highly flexible and supportive, and we will continue to work closely with them to identify the best possible solutions. At the same time, over the medium to long term, we will further deepen Suzuki's manufacturing philosophy of "Sho-Sho-Kei-Tan-Bi" (Smaller, Fewer, Lighter, Shorter and Beauty). Specifically, as costs for materials such as aluminum and resins continue to rise, we will increasingly focus on developing vehicles that require less raw material. Our aim is to establish vehicle designs and operations that are structurally resilient to raw material price inflation.

Q4: The full-year forecast includes +20.0 billion yen increase in the "mix/price etc. " category. What are the main factors behind this revision?

A. The revision reflects the impact of price increases implemented in India in June and August, earnings improvements driven by stronger communication of product value in each market, and an improved sales mix of mini vehicles and sub-compact & standard-sized vehicles in Japan. It also includes tariff refunds in the marine business in North America. Overall, the figure represents a combination of multiple profit improvement factors.

(India Automobile business)

Q5: What is behind the upward revision to the sales plan in India?

A. Sales performance in India has been strong, with wholesale sales from April through July reaching 135% of the level recorded in the same period of the previous year. Based on this performance, even if sales from August onward remain at the prior-year level, annual sales growth would exceed our initial target of 10% year-on-year. Accordingly, we have revised the target to "approximately 10% or higher." In addition, the second line of Kharkhoda Plant and the fourth line of Hansalpur Plant have started operation as planned, easing production capacity constraints. We will continue working to capture robust demand steadily.

Q6: What is your pricing strategy in India to address rising raw material costs?

A. A significant increase in raw material prices was a key factor behind lower profits in 1Q, and elevated prices for aluminum and plastics have continued into 2Q. To address this situation, Maruti Suzuki implemented a 0.5% price increase in June and plans an additional price increase in August. However, rather than introducing a large increase all at once, our policy is to proceed gradually while monitoring market conditions and customer reactions. We will carefully assess the impact on demand while striving to balance absorption of higher costs with continued sales growth.

Q7: Why is the ratio of first-time buyers recovering in India?

A. In recent years, vehicle prices have risen due to stricter safety regulations, emissions regulations, and higher raw material costs, resulting in a declining ratio of first-time buyers. However, revisions to the GST reduced tax rates on small cars, improving affordability and competitiveness.

As a result, the ratio of first-time buyers has recovered to approximately 50%, becoming an important driver of market growth.

Q8: How do you view changes in the product mix resulting from the recovery in small-car demand following the GST tax reduction?

A. While the GST reduction has created a market environment in which small cars account for a larger share of demand, our sales mix has not deteriorated significantly. In July, small vehicles represented 76% of sales while non-small vehicles accounted for 24%, compared with 78% and 22%, respectively, in the previous fiscal year. The increase in the share of non-small vehicles was supported by strong sales of the mid-sized SUV "Victoris."

Although demand for small cars is expanding across the market, consumer preference for SUVs remains strong. Models such as Brezza and Fronx continue to perform well, and therefore we do not believe this market trend necessarily leads to a deterioration in our sales mix.

Q9: What is the current status of orders, order backlog, and dealer inventory in India, and what is your sales outlook after October?

A. As of the end of July 2026, our order backlog stood at approximately 160,000 units, an increase of about 30,000 units from the end of June and more than 20,000 units higher than a year earlier. Meanwhile, dealer inventory remained at approximately two weeks' worth of sales, similar to the end of June, and roughly half the level of the previous year. Although order intake remains solid, inventory levels are still low.

From August onward, festival season will begin across India, starting with Onam in Kerala. Given that dealer inventory remains below normal levels, we will align vehicle supply with local festival schedules to minimize lost sales opportunities.

Q10: How do you view the outlook for the Indian automobile market?

A. There are uncertainties, including the impact of higher energy prices and concerns about reduced rainfall caused by El Niño affecting agriculture. Nevertheless, during my visits to India, I have been impressed by the optimism and resilience of the Indian people, their belief that tomorrow will be better and their determination to work toward that future. We believe this remains one of India's greatest strengths.

Although we must monitor carefully the impact of price increases on demand, our view remains unchanged that India offers substantial long-term growth potential.

(Japan Automobile business)

Q11: How do you view BYD's entry into the mini EV market?

A. First and foremost, we would like to evaluate the BYD mini EV itself carefully as a product. We believe our strengths lie in the product development capabilities cultivated through many years in the mini-vehicle business, our deep understanding of customers, and the data accumulated through our nationwide dealer network. We will continue working to enhance our competitiveness going forward.

(Africa and Middle East)

Q12: How do you view the demand environment in the Africa and Middle East markets?

A. In the Middle East, regional conditions have created logistical constraints, some of which are affecting vehicle supply and sales activities. On the other hand, we believe Africa offers significant medium- to long-term growth potential. With populations continuing to increase, vehicles produced in India are highly regarded for their quality, durability, and competitiveness. In certain countries, including Angola and Côte d'Ivoire, we have achieved strong market shares. We will continue expanding our business foundation by leveraging India's strengths while tailoring our approach to the characteristics of each market.

(Motorcycle business)

Q13: What are the demand trends in the Indian motorcycle market, and how is your motorcycle business performing?

A. India is the world's largest motorcycle market. Of its population of 1.4 billion people, for roughly one billion people, motorcycles remain a primary means of transportation. Last year's GST tax reduction accelerated upgrades from motorcycles to automobiles. However, the motorcycle market itself has also benefited positively from the GST revision, and we therefore have high expectations for the market going forward.

Q14: What is your strategy regarding EVs in the Indian motorcycle market?

A. Adoption of electric motorcycles in India is progressing faster than EV adoption in the automobile market, and the segment is expected to grow significantly. Suzuki has already introduced electric motorcycle models. As these are our first EV motorcycle products, our current focus is on strengthening sales activities. Going forward, we will expand the product lineup in line with market developments and ultimately aim to offer a broad range of EV products, similar to our long-term approach in the automobile business.

(Capital Efficiency Improvement and Mid-Term Management Plan)

Q15: What is the concept behind Suzuki-style ROIC management, what benefits do you expect, and how does it differ from previous approaches?

A. Suzuki-style ROIC management is not a traditional financial-driven management approach that focuses only on numerical targets. Rather, it is a way of thinking designed to improve investment efficiency beginning at the product planning and development stage.

We break a vehicle down into three major elements: design, basic performance, and other specifications. We then examine what combination of development expenses, capital investment, tooling costs, and other investments can deliver the best profitability while providing optimal value and affordable pricing for customers.

A key feature of Suzuki-style ROIC management is that sales, development, and production teams engage in intensive discussions from the planning stage and continue to verify and improve performance after market launch by comparing actual results with original objectives.

This represents a major departure from our previous approach.

By applying ROIC-based thinking and the PDCA cycle at the operational level, we aim to enhance product competitiveness and profitability, improve asset turnover, and ultimately raise both capital efficiency and corporate competitiveness.

Q16: What is the progress toward the FY2030 target of a 10% operating profit margin, and what is your approach to updating the Mid-Term Management Plan?

A. We are currently at the midpoint of our Mid-Term Management Plan and are reviewing progress toward FY2030 while considering updates to the plan. This review will incorporate growth prospects for India, our core market, beyond 2030.

Although there is currently a gap between our actual performance and the 10% operating profit margin target, we believe wider adoption of Suzuki-style ROIC management will be essential to achieving that goal. Sales, Development, and Production divisions must understand each other's fundamental principles, make appropriate compromises when necessary, and work together to create products that truly deliver the best value for customers. This is the essence of Team Suzuki, and we believe the ROIC approach is particularly well suited to our corporate culture.

With this in mind, we will continue preparing future products over the remaining three-plus years of the Mid-Term Management Plan. For products already on the market, we will carefully pursue initiatives to improve profitability and asset turnover. In addition to development reforms focused on enhancing product profitability and reducing material usage, we will further strengthen sales and marketing by engaging more closely with customers and making discussions increasingly data-driven. Through the steady and disciplined execution of these operational improvements, we believe that achieving a 10% operating profit margin, while challenging, remains possible.

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