

FY2017 Consolidated Financial Results (Japanese Accounting Standards)



Company name : Nissan Motor Co., Ltd. <Tokyo Stock Exchange in Japan>
 Code no : 7201 (URL <https://www.nissan-global.com/EN/IR/>)
 Representative : Hiroto Saikawa, President
 Contact person : Joji Tagawa, Corporate Vice President, IR Department Tel. (045) 523 - 5523
 Scheduled date of the general meeting of shareholders : To be determined Scheduled date of payment of cash dividends : To be determined
 Scheduled date of filing Yukashoken-Houkokusho : To be determined
 The additional materials of the Financial Results for FY2017 : Yes
 The briefing session of the Financial Results for FY2017 : Yes

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for FY2017 (April 1, 2017 through March 31, 2018)

<1> Consolidated operating results

(Percent indications show percentage of changes from corresponding figures for the previous period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2017	11,951,169	2.0	574,760	(22.6)	750,302	(13.2)	746,892	12.6
FY2016	11,720,041	(3.9)	742,228	(6.4)	864,733	0.3	663,499	26.7

(Note): Comprehensive income : 740,338 million yen for FY2017, 20.2% : 615,950 million yen for FY2016, 720.1%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income as a percentage of total assets	Operating income as a percentage of net sales
	yen	yen	%	%	%
FY2017	190.96	190.96	14.6	4.0	4.8
FY2016	165.94	165.94	13.8	4.8	6.3

(Reference): Equity in earnings (losses) of affiliates : 205,645 million yen for FY2017, 148,178 million yen for FY2016

<2> Consolidated financial position

	Total assets	Net assets	Net assets as a percentage of total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2017	18,746,901	5,688,735	28.7	1,377.05
FY2016	18,421,008	5,167,136	26.4	1,242.90

(Reference): Net assets excluding share subscription rights and non-controlling interests: 5,384,737 million yen as of March 31, 2018, 4,861,847 million yen as of March 31, 2017

<3> Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2017	1,071,250	(1,147,719)	36,810	1,206,000
FY2016	1,335,473	(1,377,626)	320,610	1,241,124

2. Dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2016	—	24.00	—	24.00	48.00	189,146	28.9	3.9
FY2017	—	26.50	—	26.50	53.00	207,285	27.8	4.0
FY2018 forecast	—	—	—	—	57.00		44.6	

Note: For FY2018 forecast, allocation of cash dividends per share between 2nd quarter end and fiscal year end has not yet been determined.

3. Forecast of consolidated operating results for FY2018 (April 1, 2018 through March 31, 2019)

(Percent indications show percentage of changes from corresponding figures for the previous period.)

	Net sales		Operating income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2018	12,000,000	0.4	540,000	(6.0)	500,000	(33.1)	127.87

Note: Forecast of consolidated operating results for FY2018 1st half is not prepared.

【Table of Content of material】

1. BUSINESS PERFORMANCE AND FINANCIAL POSITION	2
(1) Fiscal Year 2017 Business Performance	2
(2) Fiscal Year 2017 Financial Position	3
(3) Fiscal Year 2017 Cash Flows	3
(4) Fiscal Year 2018 Financial Forecast	4
2. BASIC RATIONALE ON SELECTION OF ACCOUNTING STANDARDS	4
3. CONSOLIDATED FINANCIAL STATEMENTS	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
Consolidated Statements of Income	7
Consolidated Statements of Comprehensive Income	9
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
Notes to Events and Conditions which indicate there could be Substantial Doubt about Going Concern Assumption	14
Basis of Consolidated Financial Statements	14
Changes in accounting policies	14
Additional information	14
Segments of an enterprise and related information	15
Amount per share	19
Significant subsequent events	19

1. BUSINESS PERFORMANCE AND FINANCIAL POSITION

(1) Fiscal Year 2017 Business Performance

In fiscal year 2017, the global industry volume increased by 1.9% to 93.52 million units. The Nissan Group (the “Group”)’s global sales amounted to 5,770,000 units, a 2.6% increase from the prior fiscal year.

In Japan, the total industry volume (“TIV”) increased by 2.4% to 5.20 million units. The Group’s sales volume increased by 4.8% to 584,000 units, by the contribution of NOTE e-POWER, SERENA e-POWER, new Nissan LEAF, DAYZ, and DAYZ Roox, despite recall and temporary suspension of production and shipment due to the vehicle inspection issue. The Group’s market share increased by 0.2 points to 11.2% from the prior fiscal year.

In China, TIV increased by 1.8% to 27.35 million units. The Group’s sales volume resulted in 1,520,000 units, by the contribution of X-Trail and Sylphy, and the Group’s market share increased by 0.6 points to 5.6% from the prior fiscal year.

In North America, including Mexico and Canada, TIV decreased by 1.2% to 20.85 million units. The Group’s sales volume in North America decreased by 1.8% to 2,091,000 units from the prior fiscal year.

In the United States of America, TIV decreased by 1.0% to 17.31 million units. The Group’s sales volume increased by 0.7% to 1,593,000 units, by the contribution of Rogue and Rogue Sport, and the Group’s market share increased by 0.2 points to 9.2% from the prior fiscal year.

In Europe, TIV increased by 2.7% to 19.98 million units. The Group’s sales volume in the Europe, excluding Russia, decreased by 4.6% to 652,000 units in despite the contribution of Qashqai and Micra. Meanwhile, sales volume in Russia increased by 12.0% to 105,000 units from the prior fiscal year.

In other markets, The Group’s sales volume increased by 1.3% to 819,000 units. Sales volume in Latin America and Africa increased by 14.3% to 208,000 units and 8.8% to 96,000 units, respectively. Meanwhile, sales volume in Asia and Oceania and Middle East decreased by 2.8% to 331,000 units, 7.1% to 184,000 units, respectively from the prior fiscal year.

Net sales in the fiscal year 2017 increased by ¥231.2 billion (2.0%) to ¥11,951.2 billion from the prior fiscal year. Operating income totaled ¥574.8 billion, yielding a 4.8% operating margin, which decreased by ¥167.4 billion (22.6%) from the prior fiscal year. Major profit-decreasing factors were an additional losses related to the vehicle inspection issue at plants in Japan, an increase in sales and marketing expenses including the dealer inventory adjustment in the United States of America, and an increase in raw material cost despite the cost reduction efforts.

Net non-operating income of ¥175.5 billion was recorded, increased by ¥53.0 billion from the prior fiscal year. This result was primarily attributable to the increase in equity in earnings of affiliates. As a result, ordinary income reached to ¥750.3 billion, decreased by ¥114.4 billion (13.2%) from the prior fiscal year. Net special losses of ¥39.6 billion were recorded, deteriorating by ¥140.1 billion from the prior fiscal year. Income before income taxes of ¥710.7 billion was recorded, a profit decrease of ¥254.5 billion (26.4%) from the prior fiscal year. Net income attributable to owners of parent of ¥746.9 billion was recorded, a profit increase of ¥83.4 billion (12.6%) attributable to a decrease in income tax expenses from the Tax Cuts and Jobs Act enacted in the U.S. from the prior fiscal year.

For fiscal year 2017, automotive free cash flow reached ¥407.0 billion positive. As a result, the Group’s net automotive debt continued to be in a net cash position, ending the year with ¥1,769.1 billion.

(2) Fiscal Year 2017 Financial Position

■ Assets

Current assets have increased by 1.9% to ¥11,682.8 billion compared to March 31, 2017. This was mainly attributable to an increase in sales finance receivables by ¥294.1 billion.

Fixed assets have increased by 1.5% to ¥7,064.1 billion compared to March 31, 2017. This was mainly attributable to an increase in investment securities by ¥105.9 billion.

As a result, total assets have increased by 1.8% to ¥18,746.9 billion compared to March 31, 2017.

■ Liabilities

Current liabilities have decreased by 4.4% to ¥6,744.4 billion compared to March 31, 2017. This was mainly attributable to decreases in current portion of long-term borrowings by ¥187.3 billion and short-term borrowings by ¥177.7 billion.

Long-term liabilities have increased by 1.8% to ¥6,313.8 billion compared to March 31, 2017. This was mainly due to an increase in bonds by ¥394.2 billion despite a decrease in deferred tax liabilities by ¥206.4 billion.

As a result, total liabilities have decreased by 1.5% to ¥13,058.2 billion compared to March 31, 2017.

■ Net Assets

Net assets have increased by 10.1% to ¥5,688.7 billion compared to ¥5,167.1 billion as of March 31, 2017. This was mainly attributable to an increase in retained earnings by ¥559.6 billion.

(3) Fiscal Year 2017 Cash Flows

Cash and cash equivalents at the end of fiscal year 2017 decreased by ¥35.1 billion or 2.8% to ¥1,206.0 billion, due to decreases in inflows from operating activities and financing activities despite of a decrease of cash outflows of investing activities.

■ Operating Activities

Cash and cash equivalents provided by operating activities amounted to ¥1,071.3 billion in fiscal year 2017, a decrease of ¥264.2 billion from ¥1,335.5 billion provided in the prior fiscal year. This was mainly due to a decrease in income before income taxes and a reduced range of increase in trade notes and accounts payable despite a reduced range of increase in sales finance receivables.

■ Investing Activities

Cash and cash equivalents used in investing activities amounted to ¥1,147.7 billion in fiscal year 2017, a decrease of ¥229.9 billion from ¥1,377.6 billion used in the prior fiscal year. This was mainly attributable to a decrease in payments for purchase of investment securities.

■ Financing Activities

Cash and cash equivalents provided by financing activities amounted to ¥36.8 billion in fiscal year 2017, a decrease of ¥283.8 billion from the inflows of ¥320.6 billion in the prior fiscal year. This was mainly due to a decrease in proceeds from long-term borrowings.

(4) Fiscal Year 2018 Financial Forecast

For fiscal year 2018, Nissan anticipates total industry volume will rise by 2.0% to 95.40 million units. In that period, we expect Nissan to improve with retail volume by 2.7% to 5.93 million units.

Under the foreign exchange rate assumption of ¥105 to the dollar and ¥130 to the euro, we anticipate net revenues increasing by 0.4% to ¥12.0 trillion for the year ending March 31, 2019. Operating income is forecast to reach ¥540.0 billion – representing a margin of 4.5% and a decrease of 6.0% compared with fiscal year 2017. Net income attributable to owners of parent is expected to reach ¥500.0 billion, a decrease of 33.1% compared with fiscal year 2017.

Looking at the year-over-year change in consolidated operating income, we anticipate:

- An increase of ¥100.0 billion attributable to the absence of one-time impacts including the vehicle inspection issue;
- A positive impact from revenue and costs performance of ¥144.0 billion;
- A decrease of ¥44.0 billion due to the increase in strategic research and development investment;
- A decrease of ¥80.0 billion due to the increase in raw material cost;
- A negative foreign exchange movement of ¥135.0 billion;
- A decrease of ¥20.0 billion from other factors.

Based on our outlook and our expectations for continued solid automotive free cash flow generation for fiscal year 2018, we are forecasting a 7.5% increase in the dividend to ¥57 per share.

2. BASIC RATIONALE ON SELECTION OF ACCOUNTING STANDARDS

We are currently in the process of studying the adoption of International Financial Reporting Standards (IFRS) for the purpose of disclosure of financial information.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	(in millions of yen)	
	FY2016	FY2017
	(As of March 31, 2017)	(As of March 31, 2018)
Assets		
Current assets		
Cash on hand and in banks	1,122,484	1,134,838
Trade notes and accounts receivable	808,981	739,851
Sales finance receivables	7,340,636	7,634,756
Securities	121,524	71,200
Merchandise and finished goods	911,553	880,518
Work in process	73,409	91,813
Raw materials and supplies	288,199	318,218
Deferred tax assets	156,457	152,452
Other	746,650	775,771
Allowance for doubtful accounts	(107,344)	(116,572)
Total current assets	11,462,549	11,682,845
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	609,769	600,675
Machinery, equipment and vehicles, net	3,342,305	3,392,134
Land	599,626	598,780
Construction in progress	177,394	209,237
Other, net	546,127	464,808
Total property, plant and equipment	5,275,221	5,265,634
Intangible fixed assets	127,807	128,782
Investments and other assets		
Investment securities	1,158,676	1,264,532
Long-term loans receivable	16,036	12,654
Net defined benefit assets	8,456	10,552
Deferred tax assets	176,354	175,940
Other	197,757	207,764
Allowance for doubtful accounts	(1,848)	(1,802)
Total investments and other assets	1,555,431	1,669,640
Total fixed assets	6,958,459	7,064,056
Total assets	18,421,008	18,746,901

	(in millions of yen)	
	FY2016	FY2017
	(As of March 31, 2017)	(As of March 31, 2018)
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,578,594	1,646,638
Short-term borrowings	980,654	802,952
Current portion of long-term borrowings	1,339,982	1,152,719
Commercial papers	430,019	402,918
Current portion of bonds	368,101	396,637
Lease obligations	31,565	25,766
Accrued expenses	1,112,591	1,114,053
Deferred tax liabilities	2	2
Accrued warranty costs	110,086	115,568
Other	1,102,626	1,087,133
Total current liabilities	7,054,220	6,744,386
Long-term liabilities		
Bonds	1,493,159	1,887,404
Long-term borrowings	3,103,803	3,053,712
Lease obligations	20,398	16,248
Deferred tax liabilities	601,398	395,026
Accrued warranty costs	128,394	120,210
Net defined benefit liability	369,346	352,861
Other	483,154	488,319
Total long-term liabilities	6,199,652	6,313,780
Total liabilities	13,253,872	13,058,166
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	817,464	815,913
Retained earnings	4,349,136	4,908,747
Treasury stock	(140,697)	(139,970)
Total shareholders' equity	5,631,717	6,190,504
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	57,778	68,179
Unrealized gain and loss from hedging instruments	7,154	9,537
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(13,945)
Translation adjustments	(687,841)	(733,571)
Remeasurements of defined benefit plans	(133,016)	(135,967)
Total accumulated other comprehensive income	(769,870)	(805,767)
Share subscription rights	391	84
Non-controlling interests	304,898	303,914
Total net assets	5,167,136	5,688,735
Total liabilities and net assets	18,421,008	18,746,901

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated statements of income

	(in millions of yen)	
	FY2016	FY2017
	(From April 1, 2016 To March 31, 2017)	(From April 1, 2017 To March 31, 2018)
Net sales	11,720,041	11,951,169
Cost of sales	9,422,551	9,814,001
Gross profit	2,297,490	2,137,168
Selling, general and administrative expenses		
Advertising expenses	313,406	304,328
Service costs	79,125	74,569
Provision for warranty costs	131,059	122,135
Other selling expenses	251,378	251,593
Salaries and wages	402,202	410,156
Retirement benefit expenses	20,809	17,883
Supplies	4,083	4,413
Depreciation and amortization	50,773	53,928
Provision for doubtful accounts	88,550	90,461
Amortization of goodwill	1,818	1,057
Other	212,059	231,885
Total selling, general and administrative expenses	1,555,262	1,562,408
Operating income	742,228	574,760
Non-operating income		
Interest income	15,868	21,092
Dividends income	9,416	6,663
Equity in earnings of affiliates	148,178	205,645
Derivative gain	33,419	—
Miscellaneous income	20,914	15,938
Total non-operating income	227,795	249,338
Non-operating expenses		
Interest expense	14,128	12,670
Derivative loss	—	5,001
Exchange loss	65,289	26,772
Credit liquidation costs	10,906	13,854
Miscellaneous expenses	14,967	15,499
Total non-operating expenses	105,290	73,796
Ordinary income	864,733	750,302

	(in millions of yen)	
	FY2016	FY2017
	(From April 1, 2016 To March 31, 2017)	(From April 1, 2017 To March 31, 2018)
Special gains		
Gain on sales of fixed assets	7,114	10,408
Gain on sales of shares of subsidiaries and affiliates	111,502	—
Gain on transfer of business	9,788	—
Other	8,663	2,184
Total special gains	137,067	12,592
Special losses		
Loss on sales of fixed assets	9,256	4,149
Loss on disposal of fixed assets	11,253	10,644
Loss on sales of investment securities	3,865	259
Impairment loss	5,532	16,166
Compensation for supplier investment	—	13,612
Other	6,737	7,321
Total special losses	36,643	52,151
Income before income taxes	965,157	710,743
Income taxes-current	275,818	140,571
Income taxes-deferred	(11,179)	(193,485)
Total income taxes	264,639	(52,914)
Net income	700,518	763,657
Net income attributable to non-controlling interests	37,019	16,765
Net income attributable to owners of parent	663,499	746,892

Consolidated statements of comprehensive income

	(in millions of yen)	
	FY2016	FY2017
	(From April 1, 2016 To March 31, 2017)	(From April 1, 2017 To March 31, 2018)
Net income	700,518	763,657
Other comprehensive income		
Unrealized holding gain and loss on securities	(4,172)	8,359
Unrealized gain and loss from hedging instruments	11,532	2,563
Translation adjustments	(98,614)	(77,501)
Remeasurements of defined benefit plans	31,740	3,933
The amount for equity method company portion	(25,054)	39,327
Total other comprehensive income	(84,568)	(23,319)
Comprehensive income	615,950	740,338
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	585,880	721,255
Comprehensive income attributable to non-controlling interests	30,070	19,083

(3) Consolidated Statements of Changes in Net Assets

FY 2016 (From April 1, 2016 To March 31, 2017)

(in millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments
Balance at the beginning of current period	605,814	805,646	4,150,740	(148,684)	5,413,516	64,030	(4,486)
Changes of items during the period							
Cash dividends paid			(182,803)		(182,803)		
Net income attributable to owners of parent			663,499		663,499		
Purchase of treasury stock				(277,859)	(277,859)		
Disposal of treasury stock		11,835		7,284	19,119		
Retirement of treasury stock		(17)	(278,545)	278,562	—		
Changes in the scope of consolidation			40		40		
Changes in the scope of equity method			(3,795)		(3,795)		
Net changes of items other than those in shareholders' equity						(6,252)	11,640
Total changes of items during the period		11,818	198,396	7,987	218,201	(6,252)	11,640
Balance at the end of current period	605,814	817,464	4,349,136	(140,697)	5,631,717	57,778	7,154

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	(13,945)	(582,363)	(155,487)	(692,251)	502	418,978	5,140,745
Changes of items during the period							
Cash dividends paid							(182,803)
Net income attributable to owners of parent							663,499
Purchase of treasury stock							(277,859)
Disposal of treasury stock							19,119
Retirement of treasury stock							—
Changes in the scope of consolidation							40
Changes in the scope of equity method							(3,795)
Net changes of items other than those in shareholders' equity		(105,478)	22,471	(77,619)	(111)	(114,080)	(191,810)
Total changes of items during the period		(105,478)	22,471	(77,619)	(111)	(114,080)	26,391
Balance at the end of current period	(13,945)	(687,841)	(133,016)	(769,870)	391	304,898	5,167,136

FY 2017 (From April 1, 2017 To March 31, 2018)

(in millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments
Balance at the beginning of current period	605,814	817,464	4,349,136	(140,697)	5,631,717	57,778	7,154
Changes of items during the period							
Cash dividends paid			(197,541)		(197,541)		
Net income attributable to owners of parent			746,892		746,892		
Purchase of treasury stock				(730)	(730)		
Disposal of treasury stock		232		1,457	1,689		
Change in subsidiaries' interests by purchase of its treasury stock		1,040			1,040		
Change in an affiliated company's interests in its subsidiary		(2,823)			(2,823)		
Change in US GAAP (ASU2018-02) in relation to the Tax Cuts and Jobs Act			10,260		10,260		
Net changes of items other than those in shareholders' equity						10,401	2,383
Total changes of items during the period		(1,551)	559,611	727	558,787	10,401	2,383
Balance at the end of current period	605,814	815,913	4,908,747	(139,970)	6,190,504	68,179	9,537

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	(13,945)	(687,841)	(133,016)	(769,870)	391	304,898	5,167,136
Changes of items during the period							
Cash dividends paid							(197,541)
Net income attributable to owners of parent							746,892
Purchase of treasury stock							(730)
Disposal of treasury stock							1,689
Change in subsidiaries' interests by purchase of its treasury stock							1,040
Change in an affiliated company's interests in its subsidiary							(2,823)
Change in US GAAP (ASU2018-02) in relation to the Tax Cuts and Jobs Act			(10,260)	(10,260)			—
Net changes of items other than those in shareholders' equity		(45,730)	7,309	(25,637)	(307)	(984)	(26,928)
Total changes of items during the period		(45,730)	(2,951)	(35,897)	(307)	(984)	521,599
Balance at the end of current period	(13,945)	(733,571)	(135,967)	(805,767)	84	303,914	5,688,735

(4) Consolidated Statements of Cash Flows

	(in millions of yen)	
	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)
Cash flows from operating activities		
Income before income taxes	965,157	710,743
Depreciation and amortization (for fixed assets excluding leased vehicles)	391,798	388,427
Depreciation and amortization (for long term prepaid expenses)	22,910	31,264
Depreciation and amortization (for leased vehicles)	426,349	469,540
Impairment loss	5,532	16,166
Increase (decrease) in allowance for doubtful receivables	22,959	12,558
Provision for residual value risk of leased vehicles (net changes)	63,049	40,716
Interest and dividends income	(25,284)	(27,755)
Interest expense	119,310	168,206
Equity in losses (earnings) of affiliates	(148,178)	(205,645)
Loss (gain) on sales of fixed assets	2,142	(6,259)
Loss on disposal of fixed assets	11,253	10,644
Loss (gain) on sales of investment securities	3,865	(53)
Loss (gain) on sales of shares of subsidiaries and affiliates	(111,502)	—
Loss (gain) on transfer of business	(9,788)	—
Decrease (increase) in trade notes and accounts receivable	(42,584)	73,149
Decrease (increase) in sales finance receivables	(765,894)	(530,842)
Decrease (increase) in inventories	(32,660)	9,612
Increase (decrease) in trade notes and accounts payable	296,060	108,330
Other	192,688	63,237
Subtotal	1,387,182	1,332,038
Interest and dividends received	24,467	28,203
Proceeds from dividends income from affiliates accounted for by equity method	127,772	134,300
Interest paid	(117,213)	(159,578)
Income taxes paid	(86,735)	(263,713)
Net cash provided by operating activities	1,335,473	1,071,250
Cash flows from investing activities		
Net decrease (increase) in short-term investments	(2,119)	3,868
Purchase of fixed assets	(503,745)	(398,797)
Proceeds from sales of fixed assets	72,814	39,742
Purchase of leased vehicles	(1,293,840)	(1,430,561)
Proceeds from sales of leased vehicles	512,375	645,167
Payments of long-term loans receivable	(1,581)	(555)
Collection of long-term loans receivable	2,096	732
Purchase of investment securities	(270,228)	(26,207)
Proceeds from sales of investment securities	—	10,168
Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation	97,055	—
Net decrease (increase) in restricted cash	4,779	9,124
Proceeds from transfer of business	9,582	—
Other	(4,814)	(400)
Net cash used in investing activities	(1,377,626)	(1,147,719)

(in millions of yen)

	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	16,119	(147,508)
Proceeds from long-term borrowings	1,724,688	1,413,908
Proceeds from issuance of bonds	878,641	858,002
Repayments of long-term borrowings	(1,369,795)	(1,463,828)
Redemption of bonds	(344,009)	(362,911)
Proceeds from non-controlling shareholders	1,275	—
Purchase of treasury stock	(277,419)	(6)
Proceeds from sales of treasury stock	128	1,357
Repayments of lease obligations	(26,265)	(34,633)
Cash dividends paid	(182,803)	(197,541)
Cash dividends paid to non-controlling interests	(99,950)	(15,757)
Purchase of treasury stock of subsidiaries	—	(14,273)
Net cash provided by financing activities	320,610	36,810
Effects of exchange rate changes on cash and cash equivalents	(34,875)	4,535
Increase (decrease) in cash and cash equivalents	243,582	(35,124)
Cash and cash equivalents at beginning of the period	992,095	1,241,124
Increase due to inclusion in consolidation	5,447	—
Cash and cash equivalents at end of the period	1,241,124	1,206,000

(5) Notes to Consolidated Financial Statements

(Notes to Events and Conditions which indicate there could be Substantial Doubt about Going Concern Assumption)

Not applicable.

(Basis of Consolidated Financial Statements)

Number of Consolidated Subsidiaries and Companies Accounted for by the Equity Method

(1) Consolidated subsidiaries: 193 companies (Domestic 71, Overseas 122)

(2) Companies Accounted for by the Equity Method

Unconsolidated subsidiaries: 17 companies (Domestic 12, Overseas 5)

Affiliates: 30 companies (Domestic 20, Overseas 10)

(3) Change in the Scope of Consolidation and Equity Method

Number of companies newly included in the scope of consolidation; 1 company

Number of companies excluded from the scope of consolidation; 1 company

NRFM Holdings LLC, a newly established company, has been included in the scope of consolidation and Nissan Motor Light Truck Co., Ltd. has been excluded from the scope of consolidation due to merger in the current fiscal year.

(Changes in accounting policies)

The “*Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*” (Accounting Standards Update No. 2018-02 issued by Financial Accounting Standards Board (FASB) on February 14, 2018) has been optionally applied from the fiscal year ended March 31, 2018, at overseas consolidated subsidiaries that apply US GAAP prior to the mandatory effective date. Consequently, the stranded tax effects resulting from application of the new federal corporate income tax rate by the Tax Cuts and Jobs Act reclassified from accumulated other comprehensive income to retained earnings.

As a result, as of the end of the fiscal year ended March 31, 2018, accumulated other comprehensive income decreased by ¥10,260 million and retained earnings increased by the same amount.

There is no impact on the consolidated statement of income and per share information for the fiscal year ended March 31, 2018.

(Additional information)

The Tax Cuts and Jobs Act was enacted in the U.S. on December 22, 2017. Due to the Act, the federal corporate income tax rate applicable to the Company’s U.S. consolidated subsidiaries was reduced from 35% to 21%.

The Company has recognized the impact of the enactment of the Tax Cuts and Jobs Act as a ¥231,841 million decrease in income taxes including a remeasurement of deferred tax assets and liabilities of its U.S. consolidated subsidiaries for the fiscal year ended March 31, 2018. As a result, net income has increased by the same amount.

(Segments of an enterprise and related information)

【Segment information】

1. General information about reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decision about resource allocation and to assess their performance.

Businesses of the Group are segmented into Automobile and Sales Financing based on feature of products and services. The Automobile business includes manufacturing and sales of vehicles and parts. The Sales Financing business provides sales finance service and leasing to support sales activities of the above business.

2. Calculation method of net sales and profits or losses by reportable segments

The accounting method for the reportable segments is the same as basis of preparation for the consolidated financial statements.

The segment profits are based on operating income. Inter-segment sales are based on the price in arms-lengths transaction.

3. Net sales and profits or losses by reportable segments

The Year Ended March 31, 2017 (From April 1, 2016 To March 31, 2017)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2017
	Automobile	Sales Financing	Total		
Net sales					
Sales to third parties	10,770,598	949,443	11,720,041	—	11,720,041
Inter-segment sales or transfers	134,639	33,788	168,427	(168,427)	—
Total	10,905,237	983,231	11,888,468	(168,427)	11,720,041
Segment profits	534,749	183,883	718,632	23,596	742,228

The Year Ended March 31, 2018 (From April 1, 2017 To March 31, 2018)

(in millions of yen)

	Reportable segments			Elimination of inter-segment transactions	The year ended March 31, 2018
	Automobile	Sales Financing	Total		
Net sales					
Sales to third parties	10,851,955	1,099,214	11,951,169	—	11,951,169
Inter-segment sales or transfers	175,908	50,103	226,011	(226,011)	—
Total	11,027,863	1,149,317	12,177,180	(226,011)	11,951,169
Segment profits	335,574	215,338	550,912	23,848	574,760

[Consolidated Financial Statements by Business Segments]

*Regarding summarized consolidated statements of income and summarized consolidated statements of cash flows for the prior fiscal year, the Sales Financing segment consists of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (U.S.A.), NR Finance Mexico S.A. de C.V. SOFOM ER (Mexico), other 8 companies and the sales finance operations of Nissan Canada Inc. (Canada).

*Regarding summarized consolidated statements of income and summarized consolidated statements of cash flows for the current fiscal year, the Sales Financing segment consists of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (U.S.A.), NR Finance Mexico S.A. de C.V. SOFOM ER (Mexico), other 10 companies and the sales finance operations of Nissan Canada Inc. (Canada).

*The financial data on the Automobile & Eliminations represent the differences between the consolidated figures and those for the Sales Financing segment.

1) Summarized consolidated statements of income by business segments

(in millions of yen)

	Automobile & Eliminations		Sales Financing		Consolidated total	
	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)
Net sales	10,736,810	10,801,852	983,231	1,149,317	11,720,041	11,951,169
Cost of sales	8,769,239	9,037,294	653,312	776,707	9,422,551	9,814,001
Gross profit	1,967,571	1,764,558	329,919	372,610	2,297,490	2,137,168
Operating income as a percentage of net sales	5.2%	3.3%	18.7%	18.7%	6.3%	4.8%
Operating income	558,345	359,422	183,883	215,338	742,228	574,760
Financial income / expenses, net	11,075	14,969	81	116	11,156	15,085
Other non-operating income and expenses, net	110,149	158,294	1,200	2,163	111,349	160,457
Ordinary income	679,569	532,685	185,164	217,617	864,733	750,302
Income before income taxes	788,925	483,900	176,232	226,843	965,157	710,743
Net income attributable to owners of parent	570,500	320,789	92,999	426,103	663,499	746,892

2) Summarized consolidated statements of cash flows by business segments

(in millions of yen)

	Automobile & Eliminations		Sales Financing		Consolidated total	
	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)
Cash flows from operating activities	1,238,029	757,159	97,444	314,091	1,335,473	1,071,250
Cash flows from investing activities	(560,901)	(350,140)	(816,725)	(797,579)	(1,377,626)	(1,147,719)
(Free Cash flow)	677,128	407,019	(719,281)	(483,488)	(42,153)	(76,469)
Cash flows from financing activities	(403,195)	(461,039)	723,805	497,849	320,610	36,810
Effects of exchange rate changes on cash and cash equivalents	(33,617)	4,666	(1,258)	(131)	(34,875)	4,535
Increase (decrease) in cash and cash equivalents	240,316	(49,354)	3,266	14,230	243,582	(35,124)
Cash and cash equivalents at beginning of the period	944,212	1,189,975	47,883	51,149	992,095	1,241,124
Increase due to inclusion in consolidation	5,447	—	—	—	5,447	—
Cash and cash equivalents at end of the period	1,189,975	1,140,621	51,149	65,379	1,241,124	1,206,000

[Net sales and profits or losses by region]

The Year Ended March 31, 2017 (From April 1, 2016 To March 31, 2017)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	2,173,881	5,924,032	1,605,613	1,007,105	1,009,410	11,720,041	—	11,720,041
(2) Inter-segment sales	2,544,563	427,699	315,030	602,477	13,451	3,903,220	(3,903,220)	—
Total	4,718,444	6,351,731	1,920,643	1,609,582	1,022,861	15,623,261	(3,903,220)	11,720,041
Operating income (loss)	410,114	287,712	(25,193)	61,919	(15,822)	718,730	23,498	742,228

Notes: 1. Regions are representing the location of the Company and its group companies.

2. Areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America : The United States of America, Canada, and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia, and other European countries
- (3) Asia : China, Thailand, India, and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, and Central & South America excluding Mexico

The Year Ended March 31, 2018 (From April 1, 2017 To March 31, 2018)

(in millions of yen)

	Japan	North America	Europe	Asia	Other overseas countries	Total	Eliminations	Consolidated
Net sales								
(1) Sales to third parties	2,194,482	5,978,226	1,784,063	1,001,973	992,425	11,951,169	—	11,951,169
(2) Inter-segment sales	2,452,709	443,669	307,889	551,760	13,794	3,769,821	(3,769,821)	—
Total	4,647,191	6,421,895	2,091,952	1,553,733	1,006,219	15,720,990	(3,769,821)	11,951,169
Operating income (loss)	284,198	200,047	14,331	53,572	(13,980)	538,168	36,592	574,760

Notes: 1. Regions are representing the location of the Company and its group companies.

2. Areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America : The United States of America, Canada, and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia, and other European countries
- (3) Asia : China, Thailand, India, and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, and Central & South America excluding Mexico

【Related information】

[Information about net sales by geographical area]

The Year Ended March 31, 2017 (From April 1, 2016 To March 31, 2017)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,827,937	5,807,622	4,812,984	1,670,283	1,260,964	1,153,235	11,720,041

Notes: 1. Regions are representing customers' location.

2. Areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America : The United States of America, Canada, and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia, and other European countries
- (3) Asia : China, Thailand, India, and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, and Central & South America excluding Mexico, etc.

The Year Ended March 31, 2018 (From April 1, 2017 To March 31, 2018)

(in millions of yen)

Japan	North America		Europe	Asia	Other overseas countries	Total
		U.S.A.				
1,841,268	5,839,868	4,726,783	1,845,292	1,279,439	1,145,302	11,951,169

Notes: 1. Regions are representing customers' location.

2. Areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America : The United States of America, Canada, and Mexico
- (2) Europe : France, The United Kingdom, Spain, Russia, and other European countries
- (3) Asia : China, Thailand, India, and other Asian countries
- (4) Other overseas countries : Oceania, Middle East, South Africa, and Central & South America excluding Mexico, etc.

(Amounts per share)

	(Yen)	
	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)
Net assets per share	1,242.90	1,377.05
Basic earnings per share	165.94	190.96
Diluted earnings per share	165.94	190.96

Note: The basis for calculation of the basic earnings per share and the diluted earnings per share is as follows.

	FY2016 (From April 1, 2016 To March 31, 2017)	FY2017 (From April 1, 2017 To March 31, 2018)
Basic earnings per share:		
Net income attributable to owners of parent (Millions of yen)	663,499	746,892
Net income attributable to owners of parent relating to common stock (Millions of yen)	663,499	746,892
Average number of shares of common stock during the fiscal year (Thousands of shares)	3,998,385	3,911,158
Diluted earnings per share:		
Increase in shares of common stock (Thousands of shares)	140	58
(Exercise of share subscription rights (Thousands of shares))	140	58

(Significant subsequent events)

Not applicable.