



Presentation of business results  
for the term ended March 2012  
Fuji Heavy Industries Ltd.

May 8, 2012

<http://www.fhi.co.jp/english/ir/index.html>



## A Summary of Business Results



## Full Year : Consolidated Automobile Sales

(Thousand Units)

	Actual Results FYE March 2011	Actual Results FYE March 2012	Increase /Decrease
Passenger Car	68.1	80.2	+12.0
Minicar	90.0	92.2	+2.2
<b>Domestic Total</b>	<b>158.1</b>	<b>172.3</b>	<b>+14.2</b>
U.S.	279.0	280.4	+1.4
Canada	28.1	28.2	+0.2
Russia	11.3	15.9	+4.5
Europe	48.2	39.1	-9.2
Australia	41.2	36.9	-4.2
China	62.4	48.3	-14.1
Others	28.7	18.7	-10.0
<b>Overseas Total</b>	<b>498.9</b>	<b>467.5</b>	<b>-31.3</b>
<b>Total</b>	<b>657.0</b>	<b>639.9</b>	<b>-17.1</b>

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Canada figures were consolidated on the calendar year basis from Jan. to Dec.

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Consolidated automobile sales for the fiscal year ended March 2012 totaled 639.9 thousand units.

Although we achieved record high sales totaling 374 thousand units in the second half, they did not offset the first half's decline in production and sales in the wake of the March 11 earthquake, resulting in a year-on-year drop of 17.1 thousand units.

Domestic sales for passenger cars totaled 80.2 thousand units with a year-on-year jump of 12 thousand units as sales climbed for all models, including the Impreza which underwent a major facelift at the end of last year.

Domestic minicar sales rose by 14.2 thousand units to reach 172.3 thousand units as consumers scrambled to get their hands on the last of the soon-to-be-discontinued Sambar model.

In overseas markets, sales fell off by 31.3 thousand units to total 467.5 thousand units due to an interruption of shipments following on the heels of the March 11 earthquake although sales increased in the U.S., our key market.



## Full Year : Consolidated Statements of Income

	<u>Actual Results</u> FYE March 2011	<u>Actual Results</u> FYE March 2012	(100 million yen) Increase /Decrease
<b>Net Sales</b>	<b>15,806</b>	<b>15,171</b>	<b>-635</b>
Domestic	4,673	4,985	+311
Overseas	11,132	10,186	-946
<b>Operating Income</b>	<b>841</b>	<b>440</b>	<b>-402</b>
<b>Ordinary Income</b>	<b>822</b>	<b>373</b>	<b>-449</b>
Income Before Income Taxes and Minority Interests	<b>632</b>	<b>529</b>	<b>-103</b>
<b>Net Income/Loss</b>	<b>503</b>	<b>385</b>	<b>-119</b>
FHI Exchange Rate	¥86/US\$	¥79/US\$	-¥7/US\$

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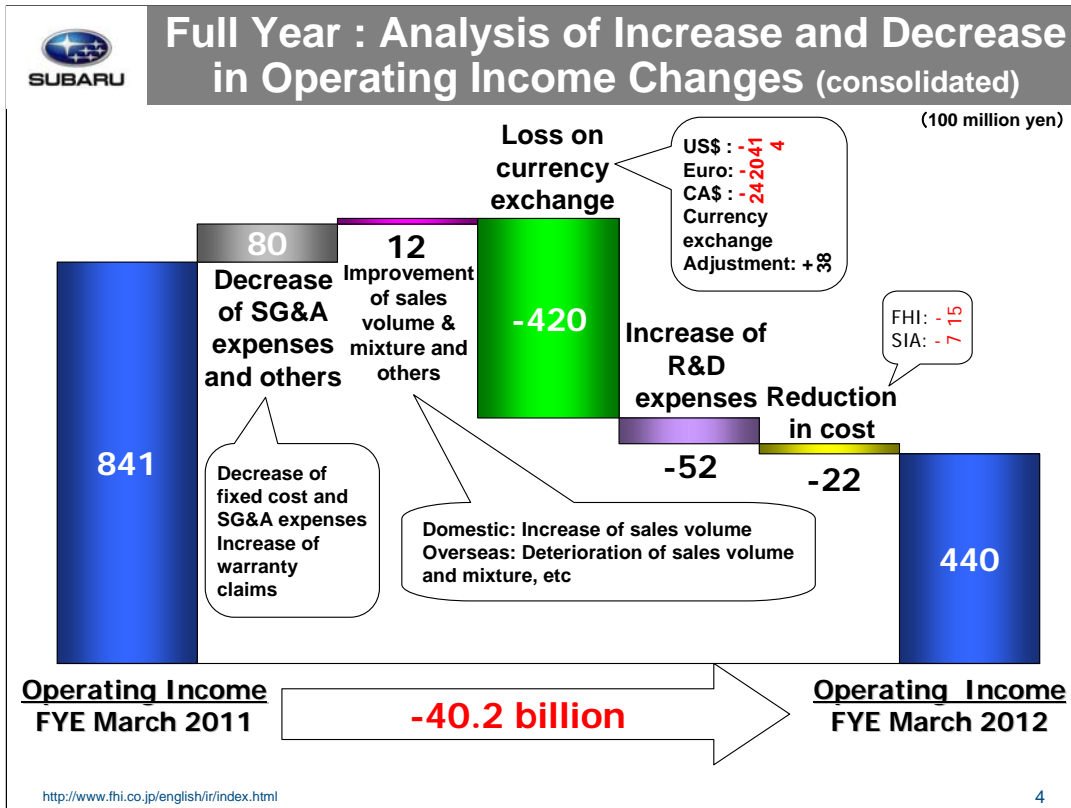
Looking at our consolidated results, we see that net sales declined 63.5 billion yen year on year to total 1,517.1 billion yen. Major factors for this decrease include a foreign exchange loss of 71.5 billion yen due to the strong yen despite a gain of 2.8 billion yen from increased domestic sales volumes that improved the sales mix variance as well as revenue increases at three internal companies totaling 5.2 billion yen.

Operating income, totaling 44.0 billion yen, dropped 40.2 billion yen year on year. Despite a boost from lower SG&A expenses and a better sales mix variance, operating income fell due to foreign exchange losses, increased R&D expenses, and soaring material prices. These factors will be looked at in greater detail later on.

Ordinary income declined 44.9 billion yen to 37.3 billion yen due to a loss on forward exchange contracts and a lower gain on equity method investments.

Income before income taxes and minority interests dropped 10.3 billion yen to total 52.9 billion yen. This was due to a decrease in ordinary income, an extraordinary loss due to the multiple disasters of March 11 as well as a loss associated with the transfer of some of Eco Technologies' operations despite an extraordinary gain from the sale of the Subaru Building, which was posted during the first quarter.

This drop in income before income taxes and minority interests brought net income down 11.9 billion yen to 38.5 billion yen.



Let's look at the reasons behind the year-on-year decrease of 40.2 billion yen in operating income that went from 84.1 billion yen to 44.0 billion yen.

The primary reason for the increase in operating income was a gain of 8.0 billion yen from reductions in SG&A expenses. This gain can be broken down into the following three areas.

First, we see that a reduction in fixed manufacturing costs generated a gain of 5.1 billion yen, with a gain of 3.5 billion yen coming from FHI and another gain of 1.6 billion yen at SIA. FHI yielded a gain of 7.0 billion yen due to cost cuts for suppliers' dies and a loss of 3.5 billion yen due to lower fixed processing costs. SIA lost 0.1 billion yen due to increased costs for suppliers' dies and gained 1.7 billion yen due to a reduction in fixed processing costs.

Next we see that a drop in SG&A expenses produced a gain totaling 4.3 billion yen. This includes a gain of 6.1 billion yen generated at FHI due to reduced SG&A expenses on top of a drop in transportation and packing costs accompanying the decreasing sales volume. Domestic dealers experienced a loss of 0.5 billion yen.

SOA generated a gain of 2.7 billion yen due to a reduction in sales incentives. We also saw a loss of 0.4 billion yen at our Canadian subsidiary while our other subsidiaries saw combined losses of 3.6 billion yen.

The third and last factor includes an increase in costs associated with warranty claims that led to a loss of 1.4 billion yen. This loss was due to an allowance for recalls.

Another factor for the increase in operating income was an improved sales mix variance that led to a gain of 1.2 billion yen. This gain can be broken down into the following three areas.

First, we saw a gain of 5.3 billion yen in domestic new car sales. A full recovery of production and sales in the second half as well as the major facelift for the Impreza drove passenger car sales up.

Our overseas operations, on the other hand, generated a loss of 17.6 billion yen due to falling production and shipments in the first half, following on the heels of the devastating earthquake.

Then finally, we had a gain of 13.5 billion yen due to inventory adjustments.

Major factors that kept profits down included a foreign exchange loss of 42.0 billion yen. This includes a loss of 41.4 billion yen due to an approximate 7 yen appreciation against the U.S. dollar, a loss of 2.0 billion yen due to an approximate 6 yen appreciation against the euro, and a loss of 2.4 billion yen due to an approximate 6 yen appreciation against the Canadian dollar. This figure also includes a gain of 3.8 billion yen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

Increases in R&D expenses resulted in a loss of 5.2 billion yen.

Another factor behind the decrease in operating income was a loss of 2.2 billion yen related to material costs, with a loss of 1.5 billion yen generated by FHI and a loss of 0.7 billion yen coming from SIA.

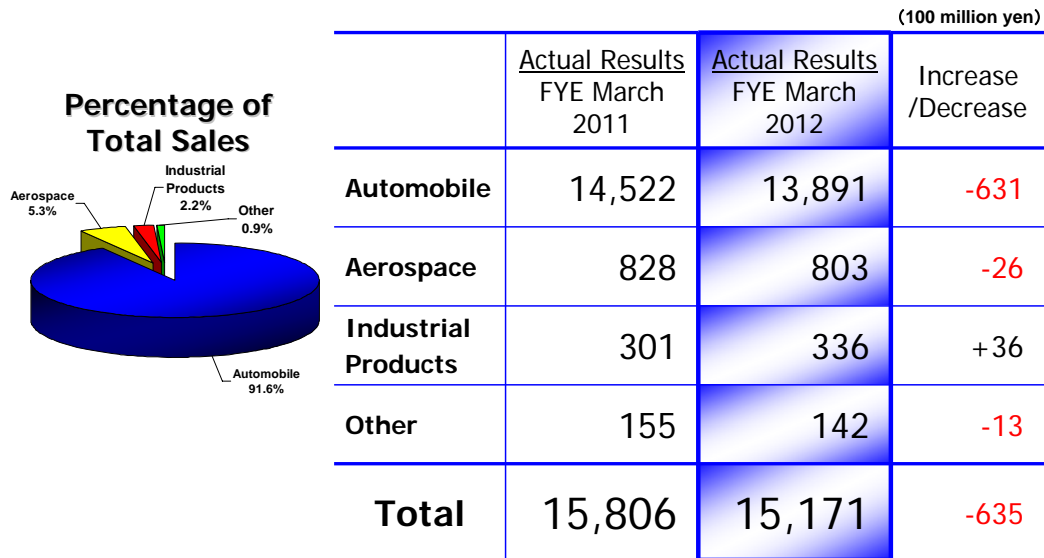
While FHI generated a gain of 3.1 billion yen from reduced material costs, it experienced a loss of 4.6 billion yen due to hikes in material prices and an ailing market.

SIA also yielded a gain of 4.0 billion yen by cutting material costs but lost 4.7 billion yen due to adverse market conditions.

These factors combined brought consolidated operating income for the fiscal year ended March 2012 down 40.2 billion yen to total 44.0 billion yen.



## Full Year : Net Sales by Business Segment (consolidated)



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Looking at net sales by business segment, we saw sales in the automobile business fall by 63.1 billion yen year on year to total 1,389.1 billion yen due to declining overseas sales volumes in the wake of the earthquake as well as foreign exchange losses due to the strong yen despite increased sales volumes in the domestic market.

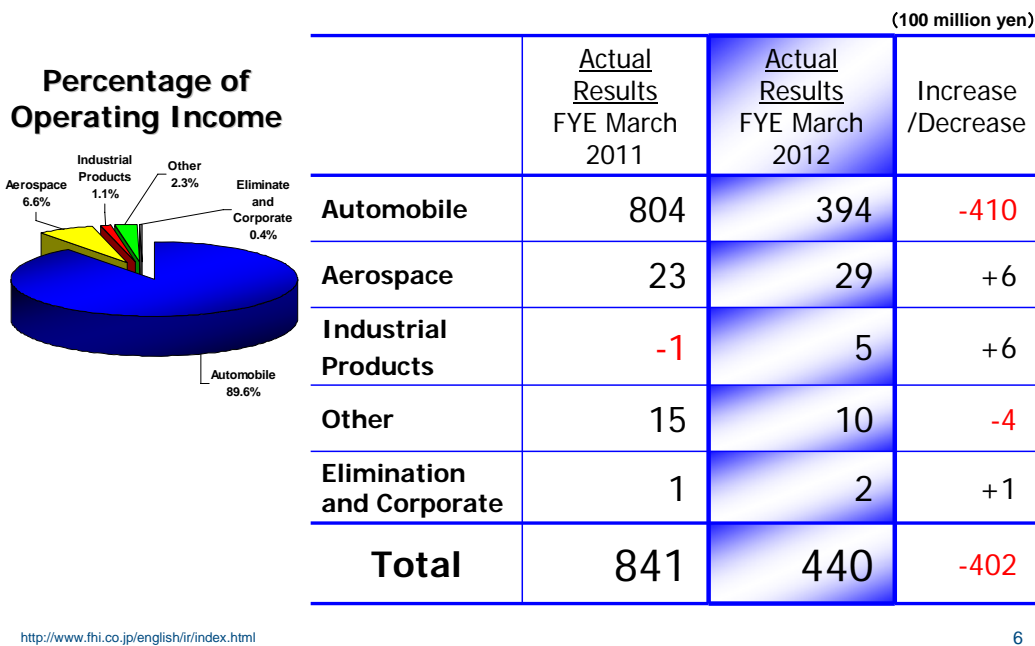
Sales for the Aerospace Division were down 2.6 billion yen to total 80.3 billion yen due to foreign exchange losses despite increased sales in the commercial aircraft sector.

Industrial Products Division sales were up 3.6 billion yen at 33.6 billion yen due to increased sales of power generators used in reconstruction efforts following the March 11 earthquake as well as sales growth in overseas markets, which offset foreign exchange losses.

Other segments saw sales decline by 1.3 billion yen to total out at 14.2 billion yen due to a drop in sales of wind power generators.



## Full Year : Operating Income by Business Segment (consolidated)



Looking at operating income by business segment, we see that the operating income for the automobile business totaled 39.4 billion yen, down 41.0 billion yen year on year. This decline was due mainly to an unfavorable sales mix variance as a result of the decline in production and sales volume following on the heels of the earthquake as well as foreign exchange losses caused by the appreciation of the Japanese yen despite increased domestic sales volumes and reductions in SG&A expenses at SOA and SIA, our U.S. subsidiaries.

Operating income for the Aerospace Division rose 0.6 billion yen to reach 2.9 billion yen thanks to an improved sales mix variance that offset foreign exchange losses.

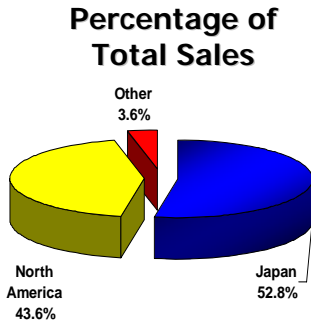
The Industrial Products Division also saw a 0.6 billion yen increase in operating income that brought the operating income total to 0.5 billion yen. This increase was largely due to increased sales around the world, which offset foreign exchange losses.

Operating income for other business segments decreased 0.4 billion yen to total 1.0 billion yen.



## Full Year : Net Sales by Geographic Area (consolidated) <Appendix>

(100 million yen)



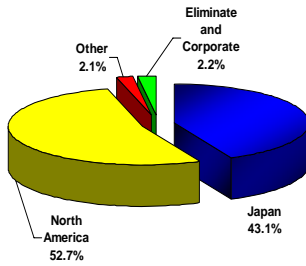
	Actual Results FYE March 2011	Actual Results FYE March 2012	Increase /Decrease
Japan	8,426	8,006	-421
North America	6,803	6,613	-190
Other	577	553	-24
<b>Total</b>	<b>15,806</b>	<b>15,171</b>	<b>-635</b>





## Full Year : Operating Income by Geographic Area (consolidated) <Appendix>

### Percentage of Operating Income



(100 million yen)

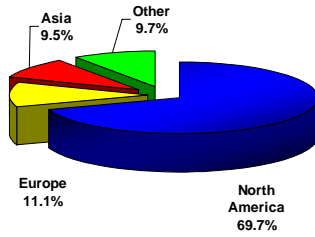
	Actual Results FYE March 2011	Actual Results FYE March 2012	Increase /Decrease
Japan	654	189	-465
North America	231	231	+1
Other	5	9	+4
Elimination and Corporate	-49	10	+58
<b>Total</b>	<b>841</b>	<b>440</b>	<b>-402</b>



## Full Year : Overseas Net Sales <Appendix>

(100 million yen)

**Percentage of Total Sales**



	<u>Actual Results</u> FYE March 2011	<u>Actual Results</u> FYE March 2012	Increase /Decrease
North America	7,258	7,104	-153
Europe	1,263	1,128	-135
Asia	1,389	967	-421
Other	1,223	986	-236
<b>Total</b>	<b>11,132</b>	<b>10,186</b>	<b>-946</b>

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## Operating Results of Subsidiaries in U.S.

(million US\$)

<b>SOA</b>	<u>Actual Results</u> FYE March 2011	<u>Actual Results</u> FYE March 2012	Increase /Decrease
Net Sales	6,758	6,923	165
Operating Income	116	105	-11
Net Income	83	74	-9
Retail Sales (Thousand units)	272.5	279.2	6.7
<b>SIA</b>	<u>Actual Results</u> FYE March 2011	<u>Actual Results</u> FYE March 2012	Increase /Decrease
Net Sales	3,748	3,845	+97
Operating Income	94	82	-12
Net Income	57	51	-6
Subaru Production (Thousand units)	164.8	170.6	+5.8

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## Non-Operating Income and Expenses

	(100 million yen)		
	Actual Results FYE March 2011	Actual Results FYE March 2012	Increase /Decrease
<b>Non-Operating Income</b>	<b>74</b>	<b>69</b>	<b>-5</b>
Interest and dividends income	19	21	+1
Equity in earnings of affiliates	26	8	-18
<b>Non-Operating Expenses</b>	<b>93</b>	<b>136</b>	<b>+43</b>
Interest expenses	45	38	-7
<b>Net</b>	<b>-19</b>	<b>-67</b>	<b>-48</b>
<b>Financial Revenue and Expenditure</b>	<b>-26</b>	<b>-17</b>	<b>+9</b>
<b>FOREX Effects</b>	<b>-4</b>	<b>-28</b>	<b>-24</b>
Net of gain and loss on valuation of derivatives	6	-51	-57
Net of FOREX gains and losses	-10	23	+33

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Net non-operating income and expenses fell 4.8 billion yen on a year-on-year basis while financial revenue and expenditures rose 0.9 billion yen.

Foreign exchange fluctuations had a significant impact on non-operating income and expenses mainly in the following two areas: (1) gains and losses on revaluation of derivatives, and (2) foreign exchange gains and losses.

Net gains and losses on valuation of derivatives were down 5.7 billion yen year on year, falling from 0.6 billion yen to negative 5.1 billion yen.

Looking at foreign exchange gains and losses, we saw a gain of 7.1 billion yen due to the difference between market and hedge rates despite a 3.9 billion yen year-on-year increase in foreign exchange losses posted at overseas subsidiaries. These factors combined generated a gain of 3.3 billion yen, resulting in a net foreign exchange gain of 2.3 billion yen.



## Extraordinary Income and Loss

(100 million yen)

	Actual Results FYE March 2011	Actual Results FYE March 2012	Increase /Decrease
<b>Extraordinary Income</b>	<b>28</b>	<b>330</b>	<b>+302</b>
Gain on sales noncurrent assets	9	287	+278
Other	20	44	+24
<b>Extraordinary Loss</b>	<b>219</b>	<b>174</b>	<b>-44</b>
Loss on sales and retirement of noncurrent assets	15	18	+3
Impairment loss	15	1	-14
Loss on disaster	74	73	-1
Loss on sales of investment securities	2	2	+0
Loss on valuation of investment securities	4	4	-0
Loss on prior periods adjustment	61	-	-61
Provision for loss on transfer of business	-	42	+42
Other	48	35	-13
<b>Net</b>	<b>-190</b>	<b>156</b>	<b>+346</b>

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Looking at net extraordinary income and loss, we see that net extraordinary income totaled 15.6 billion yen, with a year-on-year increase of 34.6 billion yen.

An extraordinary income of 26.1 billion yen from the sale of the Subaru Building posted during the first quarter brought the extraordinary income total up 30.2 billion yen year on year to total 33.0 billion yen.

Extraordinary losses totaled 17.4 billion yen, down 4.4 billion yen year on year.

Major losses include a disaster loss of 7.3 billion yen due mainly to fixed expenses related to declined operations in the wake of the earthquake as well as an allowance for loss on the transfer of the refuse collector and wind power generator businesses, totaling 4.2 billion yen.



## Consolidated Balance Sheets

	As of March 31, 2011	As of March 31, 2012	(100 million yen) Increase /Decrease
<b>Total Assets</b>	<b>11,883</b>	<b>13,525</b>	<b>+1,642</b>
Current Assets	6,103	7,625	+1,522
Noncurrent Assets	5,780	5,900	+120
<b>Interest Bearing Debts</b>	<b>3,306</b>	<b>3,410</b>	<b>+104</b>
<b>Net Assets</b>	<b>4,140</b>	<b>4,516</b>	<b>+376</b>
Retained Earnings	1,569	1,885	+316
Shareholder's Equity	4,127	4,503	+376
<b>Shareholders' Equity to Total Assets</b>	<b>34.7%</b>	<b>33.3%</b>	<b>-1.4%</b>
<b>D/E ratio</b>	<b>0.80</b>	<b>0.76</b>	<b>-0.04</b>

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The balance sheet shows total assets as of the end of March 2012 increasing by 164.2 billion yen year on year to total 1,352.5 billion yen.

This jump was due to an increase in cash and cash equivalents acquired for the purpose of providing post-quake support to our subsidiaries as well as a gain on the sale of the Subaru Building on top of an increase in inventory assets due to rebounding production in the third quarter despite a foreign exchange loss of 4.8 billion yen due to the strong yen.

Interest-bearing debts rose 10.4 billion yen to reach 341.0 billion yen. This surge is due to an increase in loans payable despite the redemption of corporate bonds amounting to 20.0 billion yen this past April.

We plan to bring debt down to 330.0 billion yen by the end of the fiscal year ending March 2013.

Net assets totaled 451.6 billion yen, up 37.6 billion yen, due primarily to a 31.6 billion yen increase in retained earnings.

The shareholders' equity to total assets ratio dropped 1.4 percentage points from the end of the previous fiscal year to reach 33.3% while the debt-to-equity ratio was up 0.04 points to reach 0.76, due primarily to an increase in accumulated earnings.



## Full Year : Consolidated Statements of Cash Flows

(100 million yen)

	Actual Results FYE March 2011	Actual Results FYE March 2012	Increase /Decrease
<b>Net Cash Provided by (used in) Operating Activities</b>	1,382	549	-833
<b>Net Cash Provided by (used in ) Investing Activities</b>	-511	-266	+245
<b>Free Cash Flows</b>	871	283	-588
<b>Net Cash Provided by (used in) Financing Activities</b>	-394	26	+420
Effect of exchange rate change on cash and cash equivalents	-115	-3	+111
Net increase (decrease) in cash and cash equivalents	362	305	-57
<b>Cash and Cash Equivalents at End of Period</b>	<b>2,277</b>	<b>2,581</b>	<b>+304</b>

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Moving on to cash flows, we see that net cash provided by operating activities declined 83.3 billion yen year on year to total 54.9 billion yen. This drop is due to increases in trade receivables and inventory assets resulting from the post-quake recovery in production on top of a decline in overall profitability.

Net cash used in investment activities rose 24.5 billion yen year on year to a negative 26.6 billion yen due to a gain on the sale of the Subaru Building.

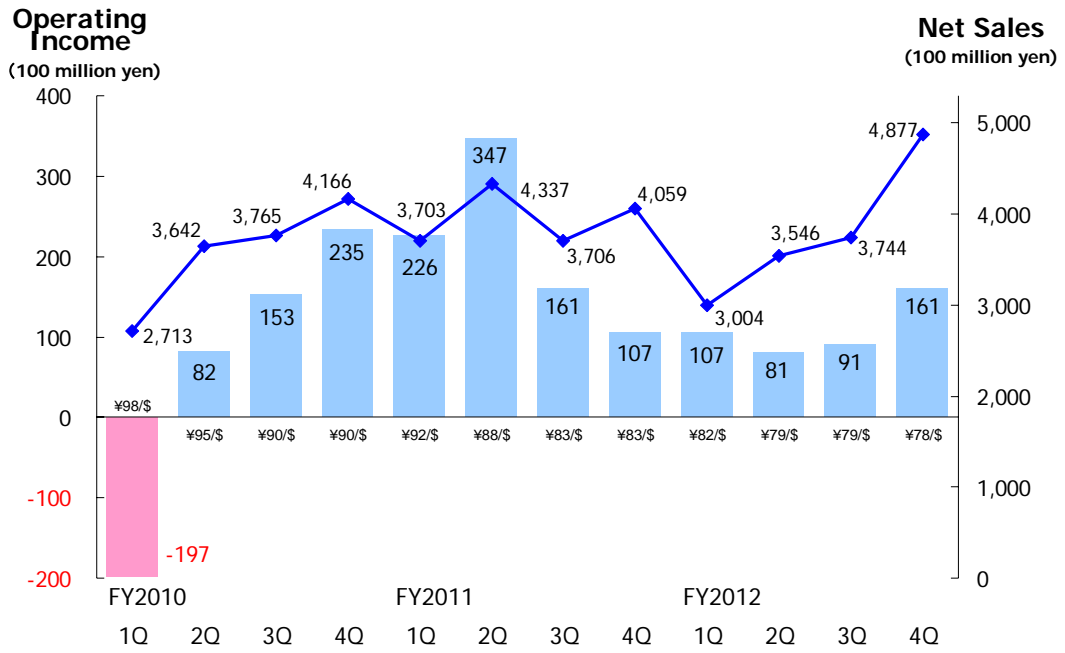
Free cash flows decreased by 58.8 billion to reach 28.3 billion yen.

Net cash used in financing activities increased 42.0 billion yen to total 2.6 billion yen as a result of an increase in loans payable.

Cash and cash equivalents increased 30.4 billion yen to total 258.1 billion yen.



## Net Sales and Operating Income <Appendix>



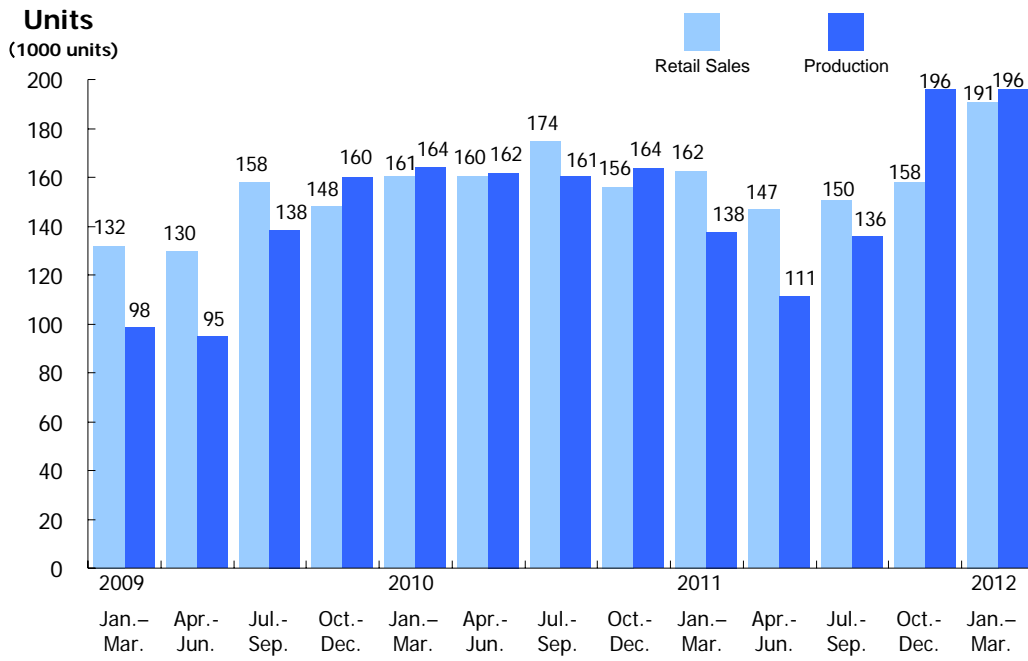
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## Retail Sales & Complete Cars Production <Appendix>



\*Production figures Includes Toyota 86

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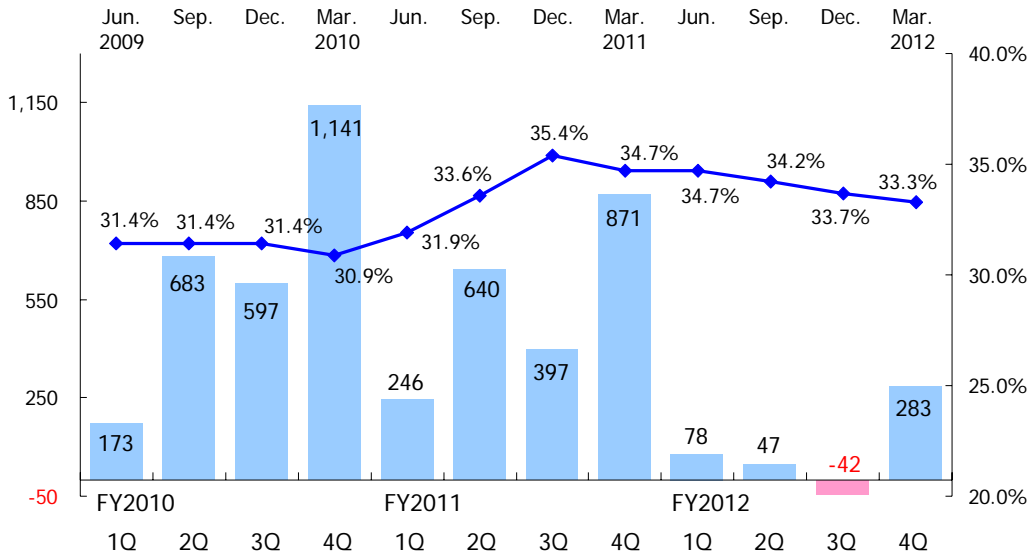
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## Free Cash Flows & Shareholders' Equity to Total Assets <Appendix>

**FCF in bar graph**  
(100 million yen)

**Shareholders' Equity to Total Assets in line graph**

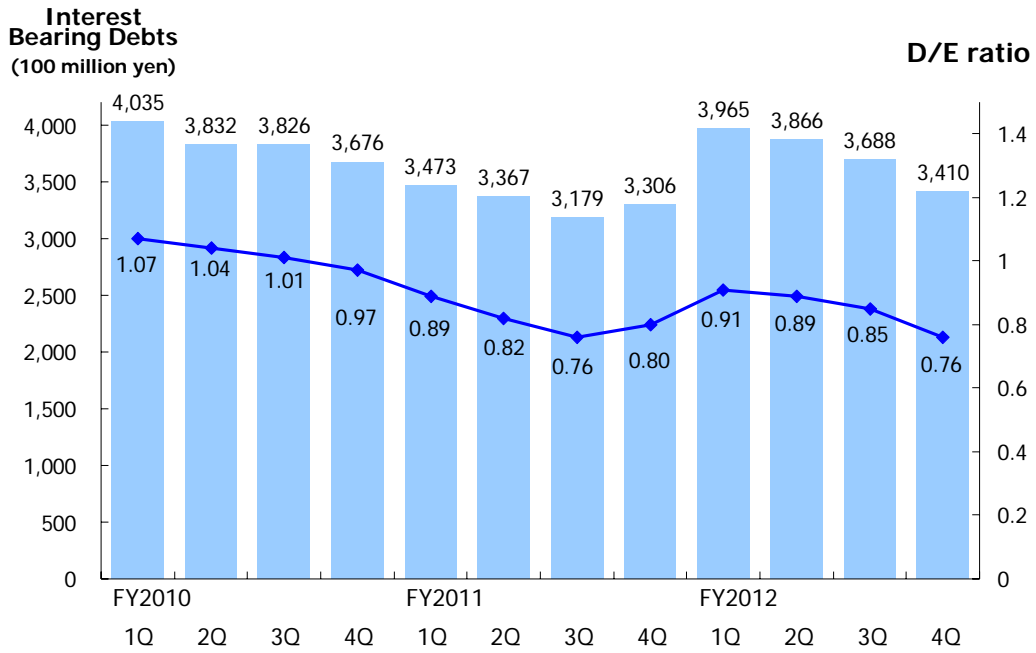


<http://www.fhi.co.jp/english/ir/index.html>

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## Interest Bearing Debts & D/E Ratio <Appendix>



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## Full Year : Non-Consolidated Automobile Sales <Appendix>

(Thousand Units)

	<u>Actual Results</u> FYE March 2011	<u>Actual Results</u> FYE March 2012	Increase /Decrease
<b>Domestic Production</b>	<b>458.8</b>	<b>468.0</b>	<b>+9.2</b>
<b>Domestic Sales</b>	<b>163.4</b>	<b>180.0</b>	<b>+16.6</b>
Passenger Car	70.7	83.6	+12.9
Minicar	92.8	96.5	+3.7
<b>Number of Vehicles exported</b>	<b>330.7</b>	<b>315.0</b>	<b>-15.7</b>
<b>Components for Overseas Production</b>	<b>163.5</b>	<b>175.3</b>	<b>+11.8</b>
<b>Total</b>	<b>657.6</b>	<b>670.3</b>	<b>+12.7</b>

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\*Production figures Includes Toyota 86

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## 4Q : Consolidated Automobile Sales <Appendix>

(Thousand Units)

	<u>Actual Results</u> 4Q FYE March 2011	<u>Actual Results</u> 4Q FYE March 2012	Increase /Decrease
Passenger Car	18.4	28.3	+9.9
Minicar	21.5	30.3	+8.7
<b>Domestic Total</b>	<b>39.9</b>	<b>58.6</b>	<b>+18.6</b>
U.S.	75.1	91.7	+16.7
Canada	5.1	9.5	+4.3
Russia	4.0	4.8	+0.8
Europe	12.3	14.8	+2.5
Australia	8.4	12.8	+4.4
China	17.2	10.7	-6.5
Others	6.9	5.1	-1.9
<b>Overseas Total</b>	<b>129.0</b>	<b>149.4</b>	<b>+20.4</b>
<b>Total</b>	<b>169.0</b>	<b>208.0</b>	<b>+39.0</b>

<http://www.fhi.co.jp/english/ir/index.html>

Canada figures were consolidated on the calendar year basis from Oct. to Dec.

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## 4Q : Consolidated Statements of Income <Appendix>

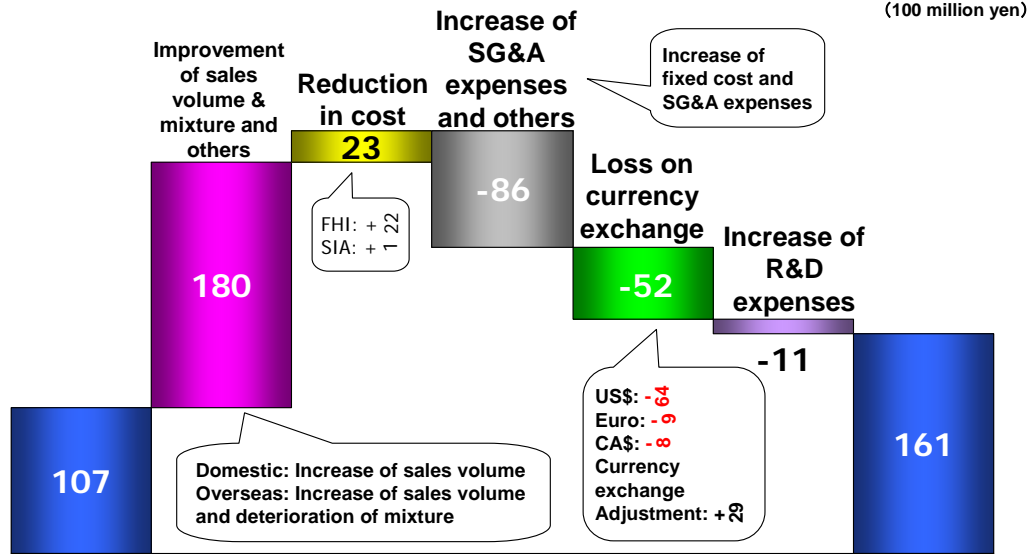
(100 million yen)

	<u>Actual Results</u> 4Q FYE March 2011	<u>Actual Results</u> 4Q FYE March 2012	Increase /Decrease
<b>Net Sales</b>	<b>4,059</b>	<b>4,877</b>	<b>+818</b>
Domestic	1,175	1,610	+435
Overseas	2,884	3,267	+383
<b>Operating Income</b>	<b>107</b>	<b>161</b>	<b>+55</b>
<b>Ordinary Income</b>	<b>74</b>	<b>86</b>	<b>+11</b>
Income/Loss Before Income Taxes and Minority Interests	<b>-91</b>	<b>58</b>	<b>+149</b>
<b>Net Income/Loss</b>	<b>-81</b>	<b>17</b>	<b>+98</b>
FHI Exchange Rate	¥83/US\$	¥78/US\$	-¥5/US\$



## 4Q : Analysis of Increase and Decrease in Operating Income Changes <Appendix>

(100 million yen)



**Operating Income**  
4Q  
FYE March 2011

**+5.4 billion**

**Operating Income**  
4Q  
FYE March 2012

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## Outlook for the term Ending March 2013





## Full Year : Consolidated Automobile Sales Plan

(Thousand Units)

	Actual Results FYE March 2012	Plan FYE March 2013	Increase /Decrease
Passenger Car	80.2	94.9	+14.7
Minicar	92.2	50.5	-41.6
<b>Domestic Total</b>	<b>172.3</b>	<b>145.4</b>	<b>-26.9</b>
U.S.	280.4	324.0	+43.7
Canada	28.2	31.7	+3.5
Russia	15.9	23.3	+7.5
Europe	39.1	59.2	+20.1
Australia	36.9	43.9	+7.0
China	48.3	62.0	+13.7
Others	18.7	31.2	+12.5
<b>Overseas Total</b>	<b>467.5</b>	<b>575.4</b>	<b>+107.9</b>
<b>Total</b>	<b>639.9</b>	<b>720.8</b>	<b>+81.0</b>

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Canada figures of FYE2012 were consolidated on the calendar year basis from Jan. to Dec. 24

Now let's look at our plans for the fiscal year ending March 2013.

Consolidated automobile sales for the fiscal year ending March 2013 are projected to reach an all-time high of 720.8 thousand units.

The new Impreza and BRZ that were launched in the second half of last year will drive domestic passenger car sales up 14.7 thousand units to total 94.9 thousand units. Sales for minicars are expected to fall year on year after last year's sales bump due to the discontinuation of one of our minicar models. Overall, domestic sales are anticipated to drop 26.9 thousand units to total 145.4 thousand units.

Sales in overseas markets are expected to increase across the board on top of growing sales of the new Impreza with shipments shifting into high gear following the recovery of production. Sales are projected to total 575.4 thousand units, with a year-on-year increase of 107.9 thousand units.



## Full Year : Consolidated Operating Plan

(100 million yen)

	Actual Results FYE March 2012	Plan FYE March 2013	Increase /Decrease
<b>Net Sales</b>	<b>15,171</b>	<b>18,600</b>	<b>+3,429</b>
Domestic	4,985	6,278	+1,293
Overseas	10,186	12,322	+2,136
<b>Operating Income</b>	<b>440</b>	<b>670</b>	<b>+230</b>
<b>Ordinary Income</b>	<b>373</b>	<b>630</b>	<b>+257</b>
<b>Income Before Income Taxes and Minority Interests</b>	<b>529</b>	<b>600</b>	<b>+71</b>
<b>Net Income</b>	<b>385</b>	<b>480</b>	<b>+95</b>
<b>FHI Exchange Rate</b>	¥79/US\$	¥80/US\$	+¥1/US\$

<http://www.fhi.co.jp/english/ir/index.html>

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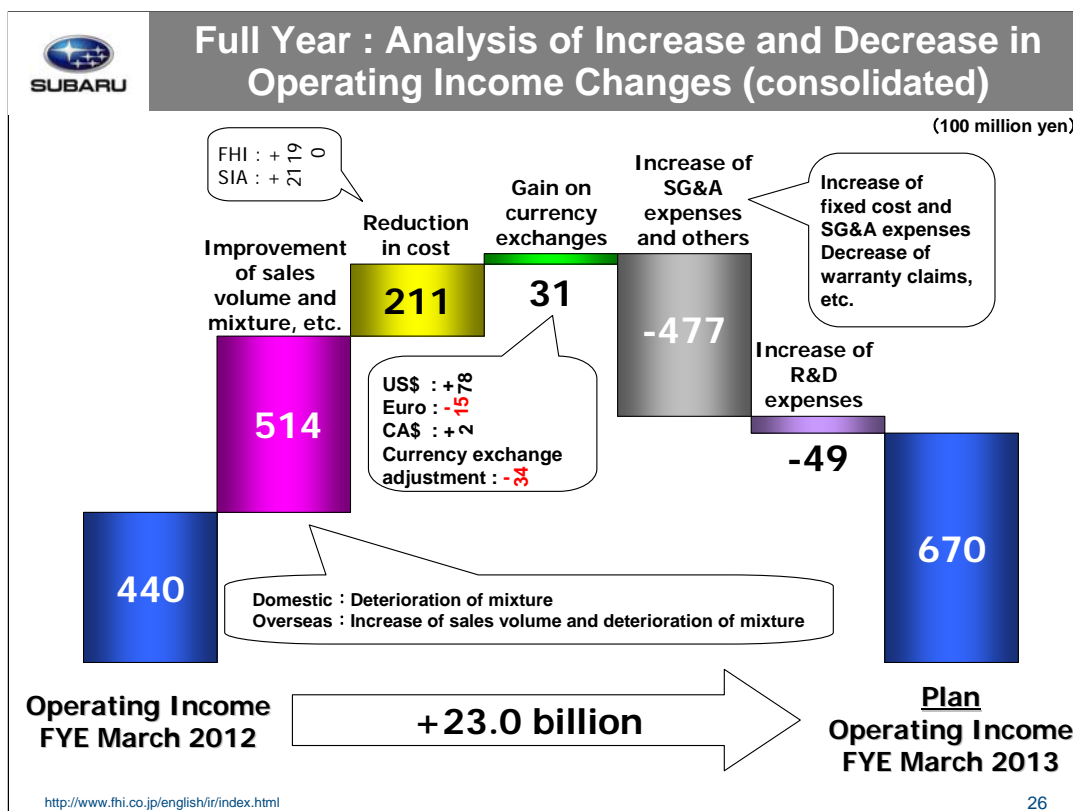
We expect that both sales and income will increase under our consolidated operating plan for the fiscal year ending March 2013.

We project a 323.2 billion yen gain due to a favorable sales mix resulting from a year-on-year sales increase, a 9.3 billion yen gain from our three internal companies, and a 10.4 billion yen foreign exchange gain, which will boost net sales to reach a record high of 1,860.0 billion yen.

Operating income is projected to total 67.0 billion yen, up 23.0 billion yen year on year. This uptick is due to increased sales volumes and reduced material costs that will offset increases in SG&A and R&D expenses. This will be examined in greater detail later on.

Ordinary income is expected to increase 25.7 billion yen to total 63.0 billion yen while income before income taxes and minority interests will total 60.0 billion yen, up 7.1 billion yen year on year due to an extraordinary gain from the sale of the Subaru Building posted last fiscal year.

Net income will amount to 48.0 billion yen, up 9.5 billion yen year on year due to tax expenses related to our overseas subsidiaries, etc.



Now let's look at the factors behind the projected year-on-year 23.0 billion yen increase in operating income that will take us from 44.0 billion yen to 67.0 billion yen.

Among the factors expected to bring profits up is a good sales mix variance, which will lead to a gain of 51.4 billion yen. This gain can be broken down into the following three areas.

First, we will see a loss of 3.3 billion yen in domestic new car sales.

This loss will be due to the decline in minicar sales although the sales volume of passenger cars is expected to increase.

Next, we will see a gain of 20.5 billion yen in overseas automobile sales. The Impreza and Legacy will be the main sales engines.

Finally, we expect a gain of 34.2 billion yen due to inventory adjustments.

Reduced material costs will also have a positive impact on our operating income, generating an overall gain of 21.1 billion yen. This figure includes a gain of 19.0 billion yen coming from FHI and a gain of 2.1 billion yen at SIA.

FHI is expected to generate a gain of 14.6 billion yen through cost reduction efforts and a gain of 4.4 billion yen due to lower material costs and other favorable market factors.

SIA will also generate a gain of 3.2 billion yen but will lose 1.1 billion yen due to hikes in raw material prices.

Another factor that will bring our operating income up will be a likely foreign exchange gain of 3.1 billion yen. This includes a gain of 7.8 billion yen due to an approximate 1 yen depreciation against the U.S. dollar, a loss of 1.5 billion yen due to an approximate 3 yen appreciation against the euro, and a gain of 0.2 billion yen due to an approximate 1 yen depreciation against the Canadian dollar.

The 3.1 billion yen gain also includes a loss of 3.4 billion yen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

The main factor that will lead to a decrease in operating income will be a loss of 47.7 billion yen due to increased SG&A expenses. This loss can be broken down into the following three areas.

First off there will be a loss of 30.5 billion yen in fixed manufacturing costs, including a loss of 28.0 billion yen at FHI and a loss of 2.5 billion yen at SIA.

FHI will see a loss of 17.7 billion yen due to a cost increase for suppliers' dies and a loss of 10.3 billion yen due to higher fixed processing costs, both of which are related to the launching of a series of new models.

SIA will see a loss of 2.4 billion yen due to increased costs for suppliers' dies and a loss of 0.1 billion yen due to increased processing costs.

Secondly we expect to experience a loss of 25.0 billion yen from increases in SG&A expenses. This loss will include a loss of 7.0 billion yen at FHI, a gain of 1.1 billion yen at domestic dealers, a loss of 13.6 billion yen at SOA, a loss of 1.0 billion yen at our Canadian subsidiaries, a loss of 0.1 billion yen at our European subsidiaries, and a loss of 4.4 billion yen at other operations.

The third factor includes a decrease in costs associated with warranty claims that will lead to a gain of 7.8 billion yen.

Another factor that will bring operating income down will be an increase in R&D expenses, which is expected to result in a loss of 4.9 billion yen.

These factors combined will bring operating income for the fiscal year ending March 2013 up 23.0 billion yen to total 67.0 billion yen.



## Operating Plans of Subsidiaries in U.S.

(million US\$)

<b>SOA</b>	<u>Actual Results</u> FYE March 2012	<u>Actual Results</u> FYE March 2013	Increase /Decrease
Net Sales	6,923	7,903	980
Operating Income	105	105	0
Net Income	74	67	-7
Retail Sales (Thousand units)	279.2	320.0	40.8

<b>SIA</b>	<u>Actual Results</u> FYE March 2012	<u>Actual Results</u> FYE March 2013	Increase /Decrease
Net Sales	3,845	4,002	+157
Operating Income	82	83	+1
Net Income	51	49	-2
Subaru Production (Thousand units)	170.6	172.1	+1.5

<http://www.fhi.co.jp/english/ir/index.html>

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## Capex / Depreciation / R&D <Appendix>

(100 million yen)

	<u>Actual Results</u> FYE 2011	<u>Actual Results</u> FYE 2012(a)	<u>Plan</u> FYE 2013 (b)	Increase /Decrease (b)-(a)
Capex	431	543	720	+177
Depreciation	498	537	600	+63
R&D	429	481	530	+49
Interest Bearing Debt	3,306	3,410	3,300	-110



## 1st Half : Consolidated Automobile Sales Plan

(Thousand Units)

	<u>Actual Results</u> 1st Half FYE March 2012	<u>Plan</u> 1st Half FYE March 2013	Increase /Decrease
<b>Passenger Car</b>	35.9	47.4	+11.5
<b>Minicar</b>	36.7	27.8	-8.9
<b>Domestic Total</b>	<b>72.6</b>	<b>75.2</b>	<b>+2.6</b>
<b>U.S.</b>	113.5	164.6	+51.1
<b>Canada</b>	14.7	15.1	+0.4
<b>Russia</b>	5.6	12.5	+7.0
<b>Europe</b>	14.6	27.3	+12.8
<b>Australia</b>	16.4	21.4	+5.0
<b>China</b>	18.9	28.1	+9.2
<b>Others</b>	9.7	11.8	+2.1
<b>Overseas Total</b>	<b>193.3</b>	<b>280.8</b>	<b>+87.4</b>
<b>Total</b>	<b>265.9</b>	<b>355.9</b>	<b>+90.0</b>

<http://www.fhi.co.jp/english/ir/index.html>

Canada figures of FYE2012 were consolidated on the calendar year basis from Jan. to Jun. 29



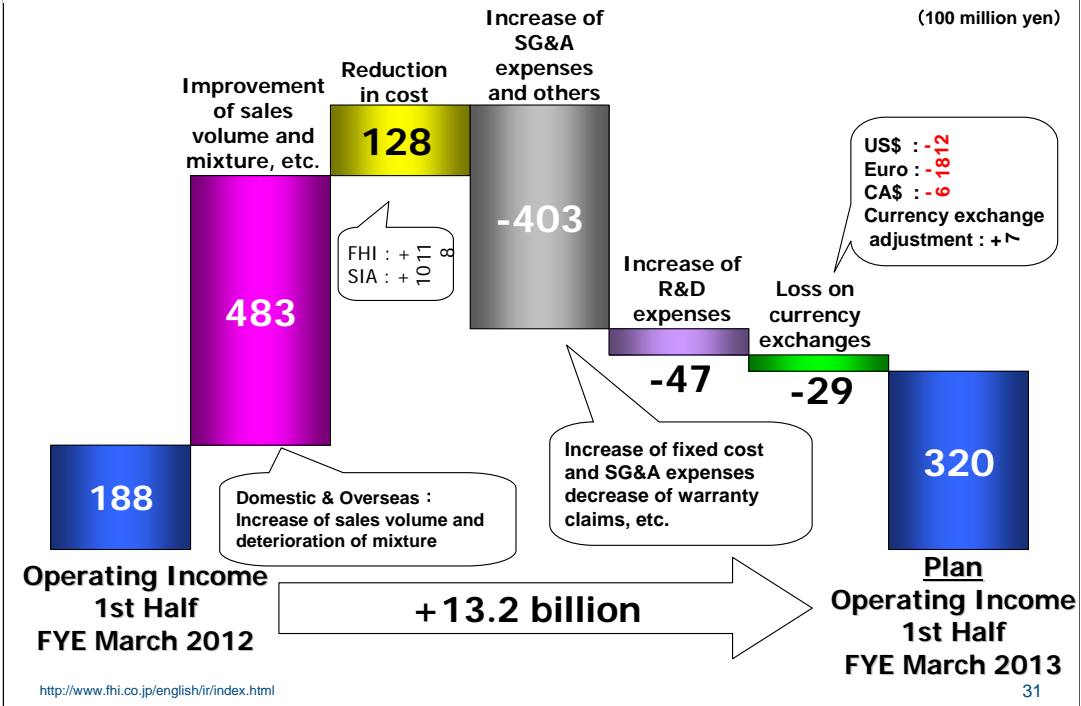
## 1st Half : Consolidated Operating Plan

(100 million yen)

	<u>Actual Results</u> 1st Half FYE March 2012	<u>Plan</u> 1st Half FYE March 2013	Increase /Decrease
<b>Net Sales</b>	<b>6,550</b>	<b>9,100</b>	<b>+2,550</b>
Domestic	2,245	3,129	+884
Overseas	4,305	5,971	+1,666
<b>Operating Income</b>	<b>188</b>	<b>320</b>	<b>+132</b>
<b>Ordinary Income</b>	<b>216</b>	<b>300</b>	<b>+84</b>
<b>Income Before Income Taxes and Minority Interests</b>	<b>402</b>	<b>290</b>	<b>-112</b>
<b>Net Income</b>	<b>328</b>	<b>230</b>	<b>-98</b>
<b>FHI Exchange Rate</b>	¥80/US\$	¥80/US\$	<b>-¥0/US\$</b>



# 1st Half : Analysis of Increase and Decrease in Operating Income Changes (consolidated) <Appendix>







## 2nd Half : Consolidated Automobile Sales Plan

(Thousand Units)

	Actual Results 2nd Half FYE March 2012	Plan 2nd Half FYE March 2013	Increase /Decrease
Passenger Car	44.3	47.5	+3.2
Minicar	55.5	22.7	-32.7
<b>Domestic Total</b>	<b>99.8</b>	<b>70.2</b>	<b>-29.5</b>
U.S.	166.8	159.4	-7.4
Canada	13.6	16.6	+3.1
Russia	10.3	10.8	+0.5
Europe	24.5	31.8	+7.3
Australia	20.6	22.6	+2.0
China	29.4	34.0	+4.6
Others	9.0	19.5	+10.5
<b>Overseas Total</b>	<b>274.2</b>	<b>294.7</b>	<b>+20.5</b>
<b>Total</b>	<b>373.9</b>	<b>364.9</b>	<b>-9.1</b>

<http://www.fhi.co.jp/english/ir/index.html>

Canada figures of FYE2012 were consolidated on the calendar year basis from Jul. to Dec. 32



## 2nd Half : Consolidated Operating Plan

(100 million yen)

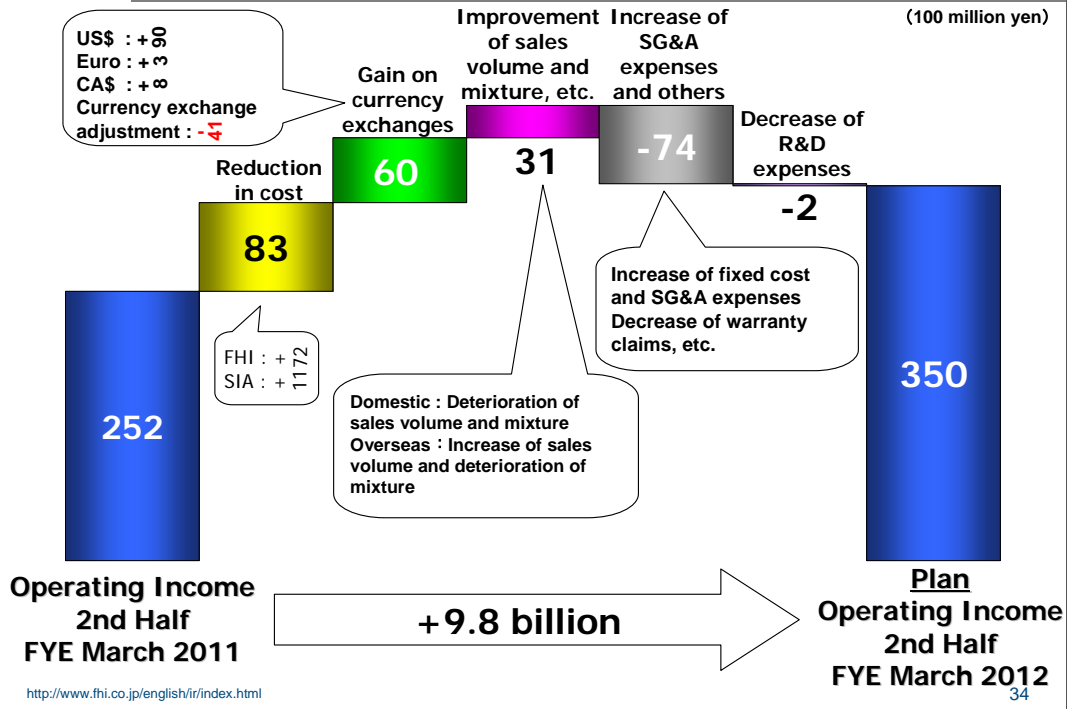
	<u>Actual Results</u> 2nd Half FYE March 2012	<u>Plan</u> 2nd Half FYE March 2013	Increase /Decrease
<b>Net Sales</b>	<b>8,621</b>	<b>9,500</b>	<b>+879</b>
Domestic	2,740	3,149	+409
Overseas	5,881	6,351	+470
<b>Operating Income</b>	<b>252</b>	<b>350</b>	<b>+98</b>
<b>Ordinary Income</b>	<b>157</b>	<b>330</b>	<b>+173</b>
<b>Income Before Income Taxes and Minority Interests</b>	<b>127</b>	<b>310</b>	<b>+183</b>
<b>Net Income</b>	<b>57</b>	<b>250</b>	<b>+193</b>
<b>FHI Exchange Rate</b>	¥77/US\$	¥80/US\$	+¥3/US\$

<http://www.fhi.co.jp/english/ir/index.html>

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## 2nd Half : Analysis of Increase and Decrease in Operating Income Changes (consolidated) <Appendix>





*Thank you !*