

Consolidated Financial Results

For the First Quarter of the Fiscal Year Ending March 31, 2014 (Japan GAAP)



July 31, 2013

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
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 Scheduled date of submitting Quarterly Report : August 9, 2013
 Scheduled date for dividend payment : -
 Quarterly earnings supplementary explanatory documents : Yes
 Holding of quarterly financial results meeting : Yes(for investment analysts and institutional investors)

(All amounts have been rounded off to the nearest million yen, unless otherwise specified)

1. Consolidated Results for the First Quarter of Fiscal Year 2014(April 1, 2013 to June 30, 2013)

(1)Consolidated Results of Operations(for three month period)

(In Japanese yen rounded to million, except for per share figures, percentage figures indicate a change from the previous fiscal year / period)

	Net sales		Operating income		Ordinary income		Net income	
1st Quarter of FY2014	546,932	27.5%	69,635	301.8%	64,504	237.2%	48,467	196.4%
1st Quarter of FY2013	428,895	42.8%	17,332	62.5%	19,128	63.6%	16,354	(42.5%)

Note: Comprehensive income 1st Quarter of FY2014: 60,458 million yen (558.4%) 1st Quarter of FY2013: 9,183 million yen ((67.8%))

	Net income per share, basic (Yen)	Net income per share, diluted (Yen)
1st Quarter of FY2014	62.10	—
1st Quarter of FY2013	20.95	—

(2) Consolidated Financial Position

(Unit: Millions of yen, except for per share figures)

	Total assets	Net assets	Shareholders' equity to total assets (%)
1st Quarter of FY2014	1,625,819	649,505	39.9%
FY2013	1,577,454	596,813	37.7%

Reference: Shareholders' equity As of June 30, 2013: 647,954 million yen As of March 31, 2013: 595,365 million yen

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FY 2013	—	5.00	—	10.00	15.00
FY 2014	—	—	—	—	—
FY 2014 (Forecast)	—	10.00	—	10.00	20.00

Note: Revision of the forecasts in the first quarter of the fiscal year ending March 31, 2014: No

3. Projection of Consolidated Results for Fiscal Year 2014 (April 1, 2013 to March 31, 2014)

(In Japanese yen rounded to million, except for per share figures, percentage figures indicate a change from the previous fiscal year / period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share, basic(Yen)
1st half	1,060,000	18.0%	113,000	161.2%	110,500	144.0%	68,000	68.2%	87.13
Full year	2,080,000	8.7%	198,000	64.4%	193,000	91.8%	121,000	1.2%	155.04

Note: Revision of the forecasts at the timing of announcement of the results of first quarter of the fiscal year ending March 31, 2014: Yes

4. Others

- (1) Changes of significant subsidiaries in the first quarter of fiscal year 2014 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : Yes
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements
- [1] Changes due to revisions of accounting standards : No
- [2] Changes due to other reasons : No
- [3] Changes of estimation due to accounting issues : No
- [4] Restatements : No
- (4) Number of outstanding shares (Common Stock)
- | | | | | |
|---|------------------------|--------------------|------------------------|--------------------|
| [1] Number of outstanding shares (including treasury stock) | As of June 30,2013: | 782,865,873 shares | As of March 31,2013: | 782,865,873 shares |
| [2] Number of treasury stock | As of June 30,2013: | 2,451,539 shares | As of March 31,2013: | 2,435,448 shares |
| [3] Average number of shares (for three month period) | 1st Quarter of FY2014: | 780,422,165 shares | 1st Quarter of FY2013: | 780,459,549 shares |

*The status of the implementation of the first quarterly review

The first quarterly review is now conducted on the basis of the Financial Instruments and Exchange Act on the date for the release of this quarterly report.

*Proper use of projection of operating results, and other information

The above performance projections were made based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

For assumptions and other information on which the performance projections were based, please refer to "(3) Explanation about Future Forecasts such as Projections for the Current Fiscal Year" on page 4.

Index of the attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation about Operating Performance	2
(2) Explanation about Financial Position	3
(3) Explanation about Future Forecasts such as Projections for the Current Fiscal Year	4
2. Notes on Summary Information(Others)	4
Application of specific accounting for preparing the quarterly consolidated financial statements ...	4
3. Quarterly Consolidated Financial Statements	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of (Comprehensive) Income	7
Quarterly Consolidated Statements of Income	7
Quarterly Consolidated Statements of Comprehensive Income	8
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Note to Quarterly Consolidated Financial Statements	11
(Notes on Premise of Going Concern)	11
(Notes on Significant Changes in the Amount of Shareholders' Equity)	11
(Segment Information).....	11
(Significant Subsequent Event)	11

1. Qualitative Information on Quarterly Financial Results

(1) Explanation about Operating Performance

Consolidated net sales for the first quarter of the current fiscal year rose ¥118.0 billion (27.5%) from the same period of the previous fiscal year to ¥546.9 billion mainly due to higher automobile unit sales and aided by correction of the strong yen.

Regarding the profit, operating income increased ¥52.3 billion (301.8%) from the same period of the previous fiscal year to ¥69.6 billion and ordinary income increased ¥45.4 billion (237.2%) from the same period of the previous fiscal year to ¥64.5 billion, reflecting the higher sales. Net income for the quarter rose ¥32.1 billion (196.4%) from the same period of the previous fiscal year to ¥48.5 billion.

[Results by Business Segment]

Results for the current consolidated first quarter period by business segment are as described below.

[1] Automobile Division

Unit sales of Subaru passenger cars in Japan increased 11 thousand (62.4%) units compared with the same period of the previous fiscal year to 29 thousand units. This gain was due to continued robust sales of the Impreza, as well as significant contributions from the Subaru XV newly launched in October 2012 and the all-new Forester which underwent a full model change in November 2012.

On the other hand, minicars saw unit sales fall 1 thousand (9.0%) units compared with the same period of the previous fiscal year to 12 thousand units as weak sales of commercial-use minicars outpaced the steady sales of mini-passenger cars.

As a result, total unit sales in Japan increased 10 thousand (31.9%) units compared with the same period of the previous fiscal year to 41 thousand units.

Overseas total unit sales increased 15 thousand (11.4%) units compared with the same period of the previous fiscal year to 150 thousand units thanks to strong sales in North America—main markets of FHI—driven by the Subaru XV newly launched in the second half of last year and the all-new Forester brought to market this March.

By region, sales in North America increased 27 thousand (29.9%) units from the same period of the previous fiscal year to 116 thousand units, sales in Europe including Russia decreased 9 thousand (46.7%) units from the same period of the previous fiscal year to 10 thousand units, sales in Australia decreased 0.2 thousand (1.4%) units from the same period of the previous fiscal year to 12 thousand units, sales in China decreased 5 thousand (46.9%) units from the same period of the previous fiscal year to 6 thousand units, and sales in other regions increased 2 thousand (48.8%) units from the same period of the previous fiscal year to 8 thousand units.

As a result, combined unit sales in Japan and overseas markets amounted to 191 thousand units, an increase of 25 thousand (15.3%) units from the same period of previous fiscal year.

Aided also by the correction of the strong yen, overall net sales increased ¥116.9 billion (29.5%) from the same period of the previous fiscal year to ¥513.3 billion, and segment income increased ¥49.3 billion (315.9%) from the same period of the previous fiscal year to ¥64.9 billion.

[2] Aerospace Division

Deliveries to the Japan Ministry of Defense saw higher sales compared with the same period of the previous fiscal year owing to the mass production of transport aircraft C-2.

Sales to the commercial sector rose compared with the same period of the previous fiscal year due to higher sales of Boeing 777 and Boeing 787 aircraft and aided by the correction of the strong yen.

As a result, overall net sales increased ¥5.9 billion (32.3%) compared with the same period of the previous fiscal year to ¥24.3 billion. Segment income increased ¥3.7 billion compared with the same period of the previous fiscal year to ¥3.9 billion.

[3] Industrial Products Division

Net sales declined ¥0.6 billion (7.5%) compared with the same period of the previous fiscal year to ¥7.7 billion. Although sales of pump engines in Japan increased along with higher sales to customers in North America and Asia, sales of electric power generators in Japan saw earthquake reconstruction demand subside while sales to Europe and Russia declined under the impact of the protracted European debt crisis. Segment income decreased ¥0.2 billion (51.5%) compared with the same period of the previous fiscal year to ¥0.2 billion.

[4] Other Businesses

Net sales decreased ¥4.2 billion (72.5%) compared with the same period of the previous fiscal year to ¥1.6 billion, mainly due to the discontinuation of Eco Technology Company business, previously included in "Other Businesses," effective March 31, 2013. Segment income decreased ¥0.5 billion (45.6%) compared with the same period of the previous fiscal year to ¥0.6 billion.

(2) Explanation about Financial Position

[1] Assets, Liabilities, and Net Assets

Total assets at the end of the first quarter of the current fiscal year were ¥1,625.8 billion, reflecting an increase of ¥48.4 billion from the end of the previous fiscal year. This was mainly due to a ¥38.3 billion increase in combined funds on hand comprised of cash, deposits, and short-term investment securities for short-term fund management.

Total liabilities decreased ¥4.3 billion compared with the end of the previous fiscal year to ¥976.3 billion. This was mainly due to a ¥15.4 billion combined decline in notes and accounts payable-trade and electronically recorded obligations, in spite of a ¥12.2 billion increase in income taxes payable.

Net assets increased ¥52.7 billion compared with the end of the previous fiscal year to ¥649.5 billion. This was mainly due to a ¥40.7 billion increase in retained earning as the same amount of net income for the period was posted.

[2] Cash Flows

Cash and cash equivalents at the end of the first quarter of the current fiscal year (hereinafter "Cash") totaled ¥367.9 billion.

(Net cash provided by operating activities)

Net cash provided by operating activities was ¥71.2 billion (compared with ¥39.3 billion provided by operating activities in the same consolidated cumulative period of the previous fiscal year). Main factors were ¥64.1 billion in income before income taxes and minority interests, a ¥17.2 billion decrease in inventories, and a ¥13.4 billion decrease in notes and accounts receivable-trade.

(Net cash used in investment activities)

Net cash used in investing activities was ¥19.6 billion (compared with ¥17.2 billion used in investing activities in the same consolidated cumulative period of the previous fiscal year). Main factors included ¥18.1 billion in expenditures for the purchase of property, plant and equipment (net basis against proceeds from sales of property, plant and equipment).

(Net cash used in financing activities)

Net cash used in financing activities was ¥18.6 billion (compared with ¥24.3 billion used in financing activities in the same consolidated cumulative period of the previous fiscal year). Main factors included ¥9.3 billion decrease in short-term loans payable, ¥1.5 billion in repayment of long-term loans payable (net basis against proceeds from long-term loans payable), and ¥7.4 billion in expenditures for cash dividends paid.

(3) Explanation about Future Forecasts such as Projections for the Current Fiscal Year

Taking into account the results for the first quarter of the current fiscal year, as described below, FHI has revised the consolidated basis performance projection for the fiscal 2014 which was released at the timing of consolidated financial results announcement on May 8, 2013.

The projections for the second and following quarters of the current fiscal year are based on assumed foreign exchange rates of ¥90/US\$ (previously ¥90/US\$) and ¥120/EUR (previously ¥120/EUR). As a result, the projections for the full fiscal year are based on assumed foreign exchange rates of ¥92/US\$ (previously ¥90/US\$) and ¥122/EUR (previously ¥120/EUR).

Consolidated Results Forecast for the Fiscal Year Ending March 2014 (April 1, 2013 to March 31, 2014)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous projection (A)	¥ million 2,050,000	¥ million 180,000	¥ million 175,000	¥ million 110,000	Yen 140.94
Revised projection (B)	2,080,000	198,000	193,000	121,000	155.04
Change in amount (B-A)	30,000	18,000	18,000	11,000	
Percentage change (%)	1.5	10.0	10.3	10.0	
(Supplemental information) Actual results of the previous fiscal year (April 1, 2012 to March 31, 2013)	1,912,968	120,411	100,609	119,588	153.23

2. Notes on Summary Information(Others)

Application of specific accounting for preparing the quarterly consolidated financial statements

(Income taxes)

Income tax expense was calculated as multiplying income before income taxes and minority interests by reasonably estimated annual effective tax rate. This annual tax rate was reasonably estimated after applying the deferred tax accounting to the annual income before income taxes and minority interests.

"Income taxes-deferred" was included in "Total income taxes".

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	FY2013 (as of March 31, 2013)	1st Quarter of FY2014 (as of June 30, 2013)
ASSETS		
I Current assets		
Cash and deposits	285,152	207,650
Notes and accounts receivable-trade	124,234	112,575
Lease investment assets	22,145	21,957
Short-term investment securities	66,370	182,156
Merchandise and finished goods	163,852	148,980
Work in process	50,498	55,042
Raw materials and supplies	35,217	34,071
Deferred tax assets	52,947	60,848
Short-term loans receivable	96,990	102,603
Other	47,579	47,024
Allowance for doubtful accounts	(951)	(1,012)
Total current assets	944,033	971,894
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	113,186	113,005
Machinery, equipment and vehicles, net	116,864	116,415
Land	173,012	174,217
Vehicles and equipment on operating leases, net	13,062	22,121
Construction in progress	14,232	15,921
Other, net	14,599	14,232
Total property, plant and equipment	444,955	455,911
2. Intangible assets		
Other	12,751	13,150
Total intangible assets	12,751	13,150
3. Investments and other assets		
Investment securities	93,054	99,235
Deferred tax assets	6,227	7,305
Other	80,425	82,313
Allowance for doubtful accounts	(3,991)	(3,989)
Total investments and other assets	175,715	184,864
Total noncurrent assets	633,421	653,925
Total assets	1,577,454	1,625,819

(Unit: Millions of yen)

	FY2013 (as of March 31, 2013)	1st Quarter of FY2014 (as of June 30, 2013)
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	242,743	223,069
Electronically recorded obligations-operating	61,595	65,897
Short-term loans payable	60,867	51,836
Current portion of long-term loans payable	45,197	44,204
Current portion of bonds	10	10
Income taxes payable	7,828	20,013
Accrued expenses	83,032	78,566
Provision for bonuses	17,865	27,085
Provision for product warranties	34,740	36,638
Provision for loss on construction contracts	918	183
Provision for loss on transfer of business	2,550	2,040
Provision for loss on litigation	369	369
Other	99,317	97,449
Total current liabilities	657,031	647,359
II Noncurrent liabilities		
Bonds payable	14,060	14,060
Long-term loans payable	187,023	186,639
Deferred tax liabilities	19,139	21,021
Provision for retirement benefits	34,917	35,857
Provision for directors' retirement benefits	457	412
Other	68,014	70,966
Total noncurrent liabilities	323,610	328,955
Total liabilities	980,641	976,314
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	301,357	342,016
Treasury stock	(1,292)	(1,325)
Total shareholders' equity	613,931	654,557
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,882	30,493
Foreign currency translation adjustment	(46,448)	(37,096)
Total accumulated other comprehensive income	(18,566)	(6,603)
Minority interests	1,448	1,551
Total net assets	596,813	649,505
Total liabilities and net assets	1,577,454	1,625,819

(2) Quarterly Consolidated Statements of (Comprehensive) Income**Quarterly Consolidated Statements of Income(for three month period)**

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to June 30, 2012)	FY2014 (April 1, 2013 to June 30, 2013)
I Net sales	428,895	546,932
II Cost of sales	343,407	396,974
Gross profit	85,488	149,958
III Selling, general and administrative expenses	68,156	80,323
Operating income	17,332	69,635
IV Non-operating income		
Interest income	319	372
Dividends income	282	389
Equity in earnings of affiliates	72	52
Real estate rent	153	135
Gain on valuation of derivatives	8,872	7,857
Other	186	393
Total non-operating income	9,884	9,198
V Non-operating expenses		
Interest expenses	911	695
Foreign exchange losses	6,580	13,057
Other	597	577
Total non-operating expenses	8,088	14,329
Ordinary income	19,128	64,504
VI Extraordinary income		
Gain on sales of noncurrent assets	58	41
Gain on sales of investment securities	326	80
Other	4	40
Total extraordinary income	388	161
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	412	445
Other	111	111
Total extraordinary losses	523	556
Income before income taxes and minority interests	18,993	64,109
Total Income taxes	2,623	15,614
Income before minority interest	16,370	48,495
Minority interests in income	16	28
Net income	16,354	48,467

Quarterly Consolidated Statements of Comprehensive Income(for three month period)

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to June 30, 2012)	FY2014 (April 1,2013 to June 30, 2013)
Income before minority interest	16,370	48,495
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,136)	2,611
Foreign currency translation adjustment	(4,133)	9,280
Share of other comprehensive income of associates accounted for using equity method	82	72
Total other comprehensive income	(7,187)	11,963
Comprehensive income	9,183	60,458
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,167	60,430
Comprehensive income attributable to minority interests	16	28

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to June 30, 2012)	FY2014 (April 1, 2013 to June 30, 2013)
I Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	18,993	64,109
Depreciation and amortization	13,327	15,023
Increase (decrease) in provision for bonuses	8,374	9,042
Increase (decrease) in provision for product warranties	173	988
Increase (decrease) in provision for loss on construction contracts	486	(735)
Increase (decrease) in provision for retirement benefits	486	673
Interest and dividends income	(601)	(761)
Interest expenses	911	695
Loss (gain) on valuation of derivatives	(8,872)	(7,857)
Equity in (earnings) losses of affiliates	(72)	(52)
Loss (gain) on sales and retirement of noncurrent assets	354	404
Decrease (increase) in notes and accounts receivable-trade	16,624	13,363
Decrease (increase) in inventories	7,307	17,196
Increase (decrease) in notes and accounts payable-trade	(11,627)	(15,778)
Decrease (increase) in lease investment assets	312	188
Decrease (increase) in operating loans receivable	(3,526)	(5,111)
Decrease (increase) in vehicles and equipment on operating leases	(9,206)	(11,552)
Increase (decrease) in deposits received	8,489	11,993
Other, net	4,263	(9,671)
Subtotal	46,195	82,157
Interest and dividends income received	626	763
Interest expenses paid	(941)	(611)
Income taxes (paid) refund	(6,538)	(11,113)
Net cash provided by (used in) operating activities	39,342	71,196

	FY2013 (April 1, 2012 to June 30, 2012)	FY2014 (April 1, 2013 to June 30, 2013)
II Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(2,035)	(4,972)
Proceeds from sales of short-term investment securities	1,037	8,849
Purchase of property, plant and equipment	(12,435)	(18,357)
Proceeds from sales of property, plant and equipment	483	256
Purchase of intangible assets	(908)	(1,131)
Purchase of investment securities	(2,313)	(7,848)
Proceeds from sales of investment securities	3,157	4,923
Payments of loans receivable	(24,619)	(26,722)
Collection of loans receivable	23,588	26,653
Other, net	(3,192)	(1,274)
Net cash provided by (used in) investing activities	(17,237)	(19,623)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(9,215)	(9,265)
Proceeds from long-term loans payable	—	1,172
Repayments of long-term loans payable	(1,588)	(2,721)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	(20,000)	—
Cash dividends paid	(3,306)	(7,449)
Other, net	(207)	(297)
Net cash provided by (used in) financing activities	(24,316)	(18,560)
IV Effect of exchange rate change on cash and cash equivalents	(2,672)	5,842
V Net increase (decrease) in cash and cash equivalents	(4,883)	38,855
VI Cash and cash equivalents at beginning of period	258,084	328,947
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	21,320	122
VIII Cash and cash equivalents at end of period	274,521	367,924

(4) Note to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

FY2014 (April 1, 2013 to June 30, 2013)

Not Applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

FY2014 (April 1, 2013 to June 30, 2013)

Not Applicable

(Segment Information)

Information on sales and income(loss) by business segment reported

1st Quarter of FY 2013 (April 1, 2012 to June 30, 2012)

(Unit: Millions of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub- Total				
Net sales								
(1) Outside customers	396,310	18,386	8,377	423,073	5,822	428,895	—	428,895
(2) Inter-segment	848	—	16	864	3,512	4,376	(4,376)	—
Total sales	397,158	18,386	8,393	423,937	9,334	433,271	(4,376)	428,895
Operating income(loss)	15,606	228	309	16,143	1,076	17,219	113	17,332

Note: *1. Other means the category which is not included into any business segment reported. It consists of garbage collection vehicles, specialized vehicles, real estate lease, etc.

*2. Adjustment of segment income refers to elimination of intersegment transaction.

*3. Operating income for segment is adjusted on operating income on the quarterly consolidated statements of income.

1st Quarter of FY 2014 (April 1, 2013 to June 30, 2013)

(Unit: Millions of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub- Total				
Net sales								
(1) Outside customers	513,252	24,330	7,747	545,329	1,603	546,932	—	546,932
(2) Inter-segment	784	—	114	898	3,212	4,110	(4,110)	—
Total sales	514,036	24,330	7,861	546,227	4,815	551,042	(4,110)	546,932
Operating income	64,898	3,887	150	68,935	585	69,520	115	69,635

Note: *1. Other means the category which is not included into any business segment reported. It consists of real estate lease, etc.

*2. Adjustment of segment income refers to elimination of intersegment transaction.

*3. Operating income for segment is adjusted on operating income on the quarterly consolidated statements of income.

(Significant Subsequent Event)

Not Applicable

< Reference for the 1st Quarter of FY2014 Consolidated Financial Results >

(Yen in 100 Millions, Units in Thousands)

	RESULTS FY2013 Q1 2012. 4-6	RESULTS FY2014 1st Qtr 2013.4.1—6.30		FORECASTS FY2014 1st Half 2013.4.1—9.30			FORECASTS FY2014 Full Year 2013.4.1—2014.3.31			
		Change	%	Change	%	Change	%			
Net sales	4,289	5,469	1,180	27.5	10,600	1,620	18.0	20,800	1,670	8.7
Japan	1,427	1,577	151	10.6	3,100	3	0.1	6,081	(638)	(9.5)
Overseas	2,862	3,892	1,030	36.0	7,500	1,617	27.5	14,719	2,308	18.6
Operating income	173	696	523	301.8	1,130	697	161.2	1,980	776	64.4
Profit margin (%)	4.0	12.7			10.7			9.5		
Ordinary income	191	645	454	237.2	1,105	652	144.0	1,930	924	91.8
Profit margin (%)	4.5	11.8			10.4			9.3		
Net income	164	485	321	196.4	680	276	68.2	1,210	14	1.2
Profit margin (%)	3.8	8.9			6.4			5.8		
Change Factors in Operating income										
			Gain on currency exchange	401		Gain on currency exchange	627		Gain on currency exchange	819
			Improvements on model mix	138		Improvements on model mix	162		Cost reduction effort	120
			Cost reduction effort	80		Cost reduction effort	90		Improvements on model mix	37
			Decrease in R&D exp	2		Increase in SG&A exp, etc	(143)		Increase in SG&A exp, etc	(101)
			Increase in SG&A exp, etc	(98)		Increase in R&D exp	(39)		Increase in R&D exp	(99)
Exchange rates	81/US\$ 106/EUR	98/US\$ 127/EUR			94/US\$ 124/EUR			92/US\$ 122/EUR		
Capital expenditures	113	124			352			670		
Depreciation and amortization	119	133			259			550		
R&D expenses	130	128			288			590		
Interest bearing debts	3,381	2,967			—			2,800		
Performance description										
			- Net Sales, Operating Income and Ordinary Income increased for 2nd straight yr.			- Net Sales and all profits to increase for 2nd straight yr.			- Net Sales and all profits to increase for 2nd straight yr.	
			- Quarterly record Net Sales, Operating Income and Ordinary Income			- Half-year record Unit Sales, Net Sales, Operating Income and Ordinary Income			- Full-year record Unit Sales, Net Sales and Profits	
			- 1st-qr record Unit Sales and Net Income			- 1st-half record Net Income				
Unit sales (Japan)	31	41	10	31.9	81	9	12.4	156	(8)	(4.7)
Passenger Cars	18	29	11	62.4	55	10	21.3	102	(11)	(9.8)
Minicars	13	12	(1)	(9.0)	26	(1)	(2.8)	54	3	6.9
Unit sales (Overseas)	135	150	15	11.4	303	27	9.6	596	35	6.2
North America	89	116	27	29.9	229	49	26.9	420	30	7.7
Europe	18	10	(9)	(46.7)	21	(15)	(41.5)	54	(7)	(11.0)
China	11	6	(5)	(46.9)	21	(6)	(21.9)	51	1	2.0
Other	17	19	2	13.8	32	(1)	(3.4)	70	10	17.1
Unit sales total	166	191	25	15.3	384	35	10.2	752	27	3.7
Production units total	182	197	16	8.6	384	24	6.6	758	(6)	(0.8)
Japan	137	153	16	12.0	293	21	7.7	594	10	1.8
U.S.	45	44	(1)	(1.9)	90	3	3.2	164	(17)	(9.3)
Net sales by business segment										
Automobile	3,963	5,133	1,169	29.5						
Aerospace	184	243	59	32.3						
Industrial Products	84	77	(6)	(7.5)						
Other	58	16	(42)	(72.5)						
Operating income by business segment										
Automobile	156	649	493	315.9						
Aerospace	2	39	37	1,604.8						
Industrial Products	3	2	(2)	(51.5)						
Other	11	6	(5)	(45.6)						
Elimination & Corporate	1	1	0	1.8						

* Exchange Rates are the rates used for FHI's non-consolidated sales recording.

* Unit Sales include retail sales of Japanese consolidated dealers, wholesale sales of overseas consolidated distributors, and deliveries from FHI to non-consolidated distributors/dealers.

* Domestic Production includes production units of the 86/FR-S models for Toyota.

< Forward-looking statements in this document are based on the information available at the time of the announcement and are subject to various risks and uncertainties that could cause actual results to vary materially. >



FHI Announces First Quarter Financial Results for FY2014

Tokyo, July 31, 2013 - Fuji Heavy Industries Ltd. (FHI), the maker of Subaru automobiles, today announced its consolidated financial results for the first quarter of fiscal year ending March 31, 2014.

< 1st Quarter Results: Consolidated Net Sales >

Strong demand for the Forester and the Impreza series pushed Subaru's overseas vehicle sales to rise 11.4% from a year ago to 150,000 units, driven by the U.S. growth of 29.1% to 106,000 units. In Japan, while mini car sales declined, strong momentum of passenger car sales drove the total Japan sales to go up 31.9% to 41,000 units. In total, Subaru's global vehicle sales rose 15.3% from a year earlier to 191,000 units.

Propelled by the unit sales growth and correction of yen appreciation, FHI's consolidated net sales grew 27.5% to 546.9 billion yen. With these results, FHI established all-time quarterly records for net sales and overseas vehicle sales as well as an all-time first quarter record for global vehicle sales.*1

< 1st Quarter Results: Consolidated Profit and Loss >

Operating income surged 301.8% to 69.6 billion yen and ordinary income jumped 237.2% to 64.5 billion yen as a result of the unit sales increase, correction of yen appreciation, cost reduction progress and other factors. Net income was up 196.4% to 48.5 billion yen.

With these results, FHI achieved all-time quarterly records for operating income and ordinary income as well as an all-time first quarter record for net income.*1

< FY2014 Full-Year Forecasts >

To reflect the net sales and profit results for the first quarter that were higher than the previously-announced forecasts, the full-year projections are revised upward with Net sales at 2,080 billion yen, Operating income at 198 billion yen, Ordinary income at 193 billion yen and Net income at 121 billion yen. Net sales and all profit figures are to each hit an all-time high in FHI's history.*2

Currency rate assumptions: 92 yen/US\$, 122 yen/euro

Previous Forecasts for FY2014 (Announced on May 8, 2013)

Net sales: 2,050 billion yen

Operating income: 180 billion yen

Ordinary income: 175 billion yen

Net income: 110 billion yen

Currency rate assumptions: 90 yen/US\$, 120 yen/euro

*1: Since fiscal year ended March 2004 - the year FHI started quarterly consolidated financial reporting.

*2: Since fiscal year ended March 1986 - the year FHI started full-year consolidated financial reporting.

Forward-looking statements in this document including the earnings forecasts are based on the information available at the time of the announcement and are subject to various risks and uncertainties that could cause actual results to vary materially.