



# Consolidated Financial Results for the 1<sup>st</sup> Quarter of FYE 2017

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## Consolidated Financial Results for the 1st Quarter (3 months) of FYE 2017

- Consolidated net sales and unit sales posted record results for a fiscal first quarter.
- Despite unit sales growth and cost reduction progress, operating income decreased for the first time in 5 years due to foreign exchange rate losses and increased R&D and SG&A expenses. The increase in SG&A expenses was due mainly to quality-related costs associated with airbag inflators. Net income attributable to owners of parent decreased for the first time in 4 years.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Actual results (YoY)	¥769.4bil. (+¥4.1bil.)	¥101.5bil. (-¥32.7bil.)	¥118.8bil. (-¥11.3bil.)	¥78.9bil. (-¥5.3bil.)	245.2k units (+20.0k units)

## Forecasts for FYE 2017

- In view of foreign exchange rate fluctuations and quality-related expenses associated with airbag inflators, FHI revised its full-year forecasts for the current fiscal year ending March 2017. (Currency rate assumptions: 106 yen/US\$, 121 yen/euro.)
- Forecasts for consolidated unit sales remains unchanged.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Forecasts (YoY)	¥3,190.0bil. (-¥42.3bil.)	¥400.0bil. (-¥165.6bil.)	¥410.0bil. (-¥167.0bil.)	¥285.0bil. (-¥151.7bil.)	1,049.7k units (+91.8k units)

# Consolidated Financial Results for the 1st Quarter (3 months) of FYE 2017

# 1Q (3 months) : Consolidated Unit Sales



(Thousand Units)

	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
Passenger car	19.9	24.5	+4.6
Minicar	8.1	6.6	-1.5
<b>Domestic total</b>	<b>28.0</b>	<b>31.2</b>	<b>+3.2</b>
US	140.4	155.0	+14.6
Canada	13.9	15.4	+1.5
Russia	1.7	1.9	+0.3
Europe	8.3	8.7	+0.4
Australia	11.3	12.0	+0.7
China	10.1	9.5	-0.6
Others	11.5	11.4	-0.1
<b>Overseas total</b>	<b>197.1</b>	<b>214.0</b>	<b>+16.8</b>
<b>Total</b>	<b>225.1</b>	<b>245.2</b>	<b>+20.0</b>

# 1Q (3 months) : Consolidated Income Statements



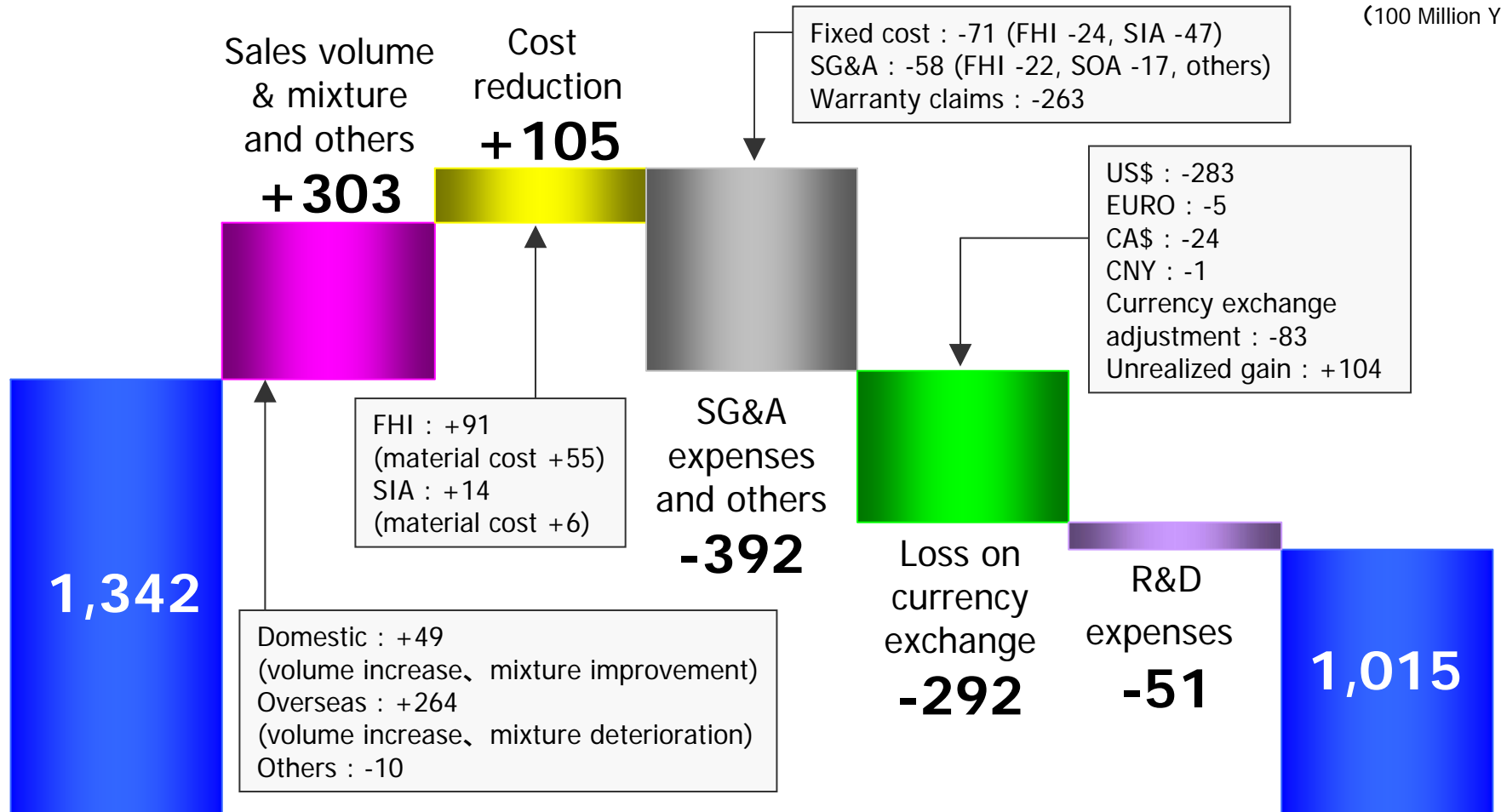
(100 Million Yen)

	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
<b>Net sales</b>	<b>7,653</b>	<b>7,694</b>	<b>+41</b>
Domestic	1,245	1,303	+58
Overseas	6,408	6,391	-17
<b>Operating income</b>	<b>1,342</b>	<b>1,015</b>	<b>-327</b>
Total non-operating income & expenses	-42	+173	+214
<b>Ordinary income</b>	<b>1,301</b>	<b>1,188</b>	<b>-113</b>
Total extraordinary income & loss	-9	-10	-1
<b>Income before taxes and minority interests</b>	<b>1,291</b>	<b>1,178</b>	<b>-113</b>
<b>Net income attributable to owners of parent</b>	<b>842</b>	<b>789</b>	<b>-53</b>
FHI exchange rate	¥120/US\$	¥111/US\$	-¥10/US\$

# 1Q (3 months) : Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



Actual Results  
Operating Income  
1Q (3 months)  
FYE 2016



Actual Results  
Operating Income  
1Q (3 months)  
FYE 2017

# Consolidated Balance Sheets



(100 Million Yen)

	As of March 2016	As of June 2016	Variance
<b>Total assets</b>	<b>25,924</b>	<b>25,244</b>	<b>-680</b>
Current assets	17,841	17,064	-777
Noncurrent assets	8,083	8,180	+97
<b>Total liabilities</b>	<b>12,430</b>	<b>11,852</b>	<b>-578</b>
Interest bearing debts	1,700	1,654	-45
<b>Net assets</b>	<b>13,494</b>	<b>13,392</b>	<b>-102</b>
Retained earnings	10,490	10,717	+227
Shareholders' equity	13,437	13,338	-99
Ratio of shareholders' equity to total assets	51.8%	52.8%	+1.0
D/E ratio	0.13	0.12	-0.01

# 1Q (3 months) : Consolidated Statement of Cash Flows



(100 Million Yen)

	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
<b>Net cash provided by (used in) operating activities</b>	<b>1,097</b>	<b>621</b>	<b>-477</b>
<b>Net cash provided by (used in) investing activities</b>	<b>-328</b>	<b>-647</b>	<b>-319</b>
Free cash flows	<b>769</b>	<b>-26</b>	<b>-795</b>
<b>Net cash provided by (used in) financing activities</b>	<b>-385</b>	<b>-610</b>	<b>-224</b>
Effect of exchange rate change on cash and cash equivalents	37	-198	-236
Net increase (decrease) in cash and cash equivalents	421	-834	-1,255
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-1	-	+1
<b>Cash and cash equivalents at end of period</b>	<b>6,541</b>	<b>7,460</b>	<b>-</b>



# 1Q (3 months) : Operating Results of Subsidiaries in U.S.



(Million US\$)

<b>SOA</b>	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
Net sales	3,613	4,079	+466
Operating income	168	219	+51
Net income	99	135	+36
Retail sales (Thousand units)	140.8	146.7	+5.9

<b>SIA</b>	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
Net sales	1,326	1,496	+170
Operating income	33	28	-5
Net income	21	18	-3
Subaru production (Thousand units)	57.8	65.1	+7.3

# Forecasts for FYE 2017

# FYE 2017 : Consolidated Operating Plan



(100 Million Yen)

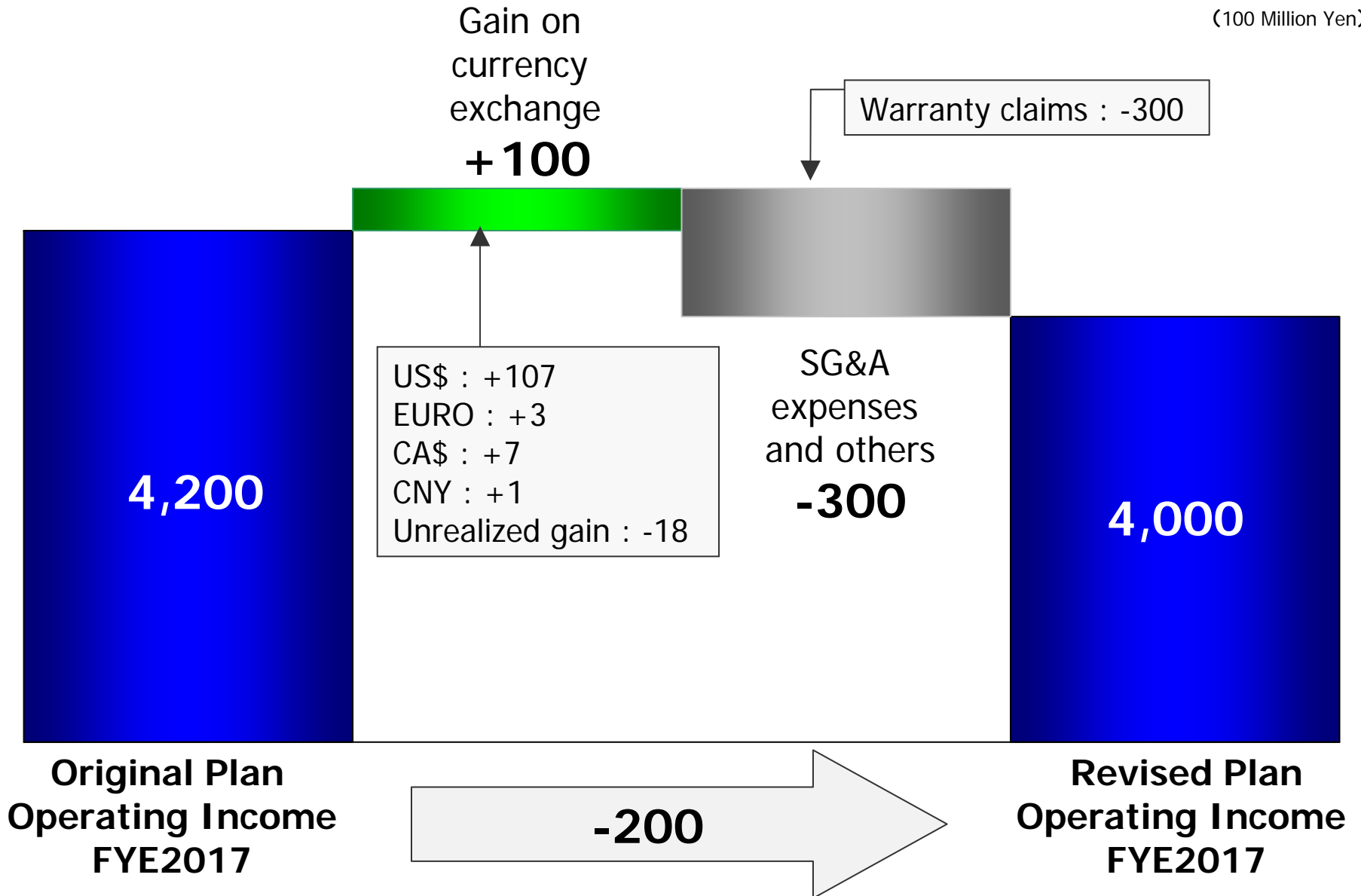
	Actual results FYE 2016 (a)	Plan FYE 2017		Variance (b) - (a)
		Original	Revised (b)	
<b>Net sales</b>	<b>32,323</b>	<b>31,700</b>	<b>31,900</b>	<b>-423</b>
Domestic	6,054	6,103	6,103	+49
Overseas	26,269	25,597	25,797	-472
<b>Operating income</b>	<b>5,656</b>	<b>4,200</b>	<b>4,000</b>	<b>-1,656</b>
<b>Ordinary income</b>	<b>5,770</b>	<b>4,200</b>	<b>4,100</b>	<b>-1,670</b>
<b>Net income attributable to owners of parent</b>	<b>4,367</b>	<b>2,930</b>	<b>2,850</b>	<b>-1,517</b>
FHI exchange rate	¥121/US\$	¥105/US\$	¥106/US\$	-¥15/US\$
<b>Consolidated Automobile Unit Sales</b>	<b>957.9k units</b>	<b>1,049.7k units</b>	<b>1,049.7k units</b>	<b>+91.8k units</b>

# Original Plan vs. Revised Plan: FYE 2017

## Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



# Capex / Depreciation / R&D / Interest bearing debt



(100 Million Yen)

	Actual Results 1Q (3 months) FYE2016	Actual Results FYE2016 (a)	Actual Results 1Q (3 months) FYE 2017	Plan FYE2017 (b)	Variance (b) - (a)
Capex	171	1,357	368	1,600	+243
Depreciation	154	650	159	800	+150
R&D	185	1,024	236	1,200	+176
Interest bearing debt	2,011	1,700	1,654	1,650	-50

## Appendix(1)

- Non-operating income&expenses and extraordinary income&loss (1Q)
- Segment information by business & geographic (1Q)
- Overseas net sales (1Q)
- Non-consolidated unit sales (1Q)
- Revised plan for FYE 2017
- Revised plan for 1st half of FYE 2017

# 1Q (3 months) : Non-operating Income & Expenses and Extraordinary Income & Loss (Consolidated)



(100 Million Yen)

	Actual Results 1Q (3 months) FYE2016	Actual Results 1Q (3 months) FYE 2017	Variance
Financial revenue and expenditure	6	6	+0
FOREX effects	-46	+171	+218
Other	-1	-5	-4
<b>Total non-operating income &amp; expenses</b>	<b>-42</b>	<b>+173</b>	<b>+214</b>
Gain on sales of noncurrent assets	0	0	-0
Gain on sales of investment securities	1	1	+0
Loss on sales and retirement of noncurrent assets	-12	-10	-1
Other	1	-0	-2
<b>Total extraordinary income &amp; loss</b>	<b>-9</b>	<b>-9</b>	<b>-1</b>

# 1Q (3 months) : Net Sales and Operating Income by Business Segment (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
<b>Automobile</b>	7,188	7,245	+56	1,288	993	-295
<b>Aerospace</b>	358	352	-6	44	17	-27
<b>Industrial products</b>	90	80	-10	2	-3	-5
<b>Others</b>	17	17	+0	7	6	-0
<b>Elimination &amp; Corporate</b>				2	2	+0
<b>Total</b>	<b>7,653</b>	<b>7,694</b>	<b>+41</b>	<b>1,342</b>	<b>1,015</b>	<b>-327</b>



# 1Q (3 months) : Net Sales and Operating Income by Geographic Area (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
<b>Japan</b>	2,140	2,217	+76	1,009	667	-342
<b>North America</b>	4,872	4,871	-1	266	240	-26
<b>Others</b>	640	606	-34	27	16	-12
<b>Elimination&amp; Corporate</b>				39	93	+53
<b>Total</b>	7,653	7,694	+41	1,342	1,015	-327

# 1Q (3 months) : Overseas Net Sales (Consolidated)



(100 Million Yen)

	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
<b>North America</b>	5,183	5,177	-6
<b>Europe</b>	272	269	-2
<b>Asia</b>	551	531	-20
<b>Other</b>	403	413	+10
<b>Total</b>	6,408	6,391	-17

# 1Q (3 months) : Non-consolidated Unit Sales



(Thousand Units)

	Actual Results 1Q (3 months) FYE 2016	Actual Results 1Q (3 months) FYE 2017	Variance
<b>Domestic production</b>	<b>171.0</b>	<b>179.4</b>	<b>+8.4</b>
<b>Domestic sales</b>	<b>31.3</b>	<b>32.8</b>	<b>+1.5</b>
Passenger cars	21.7	26.0	+4.3
Minicars	9.6	6.8	-2.8
<b>Number of exported vehicles</b>	<b>137.2</b>	<b>148.2</b>	<b>+11.0</b>
<b>Components for overseas production</b>	<b>54.5</b>	<b>75.2</b>	<b>+20.8</b>
<b>Total</b>	<b>223.0</b>	<b>256.3</b>	<b>+33.3</b>

\* Domestic production figures include Toyota 86.

# Plan for FYE 2017 : Consolidated Unit Sales



(Thousand Units)

	Actual Results FYE2016	Plan FYE2017	Variance
Passenger car	111.6	119.0	+7.5
Minicar	33.7	37.3	+3.6
<b>Domestic total</b>	<b>145.3</b>	<b>156.3</b>	<b>+11.0</b>
US	582.7	643.1	+60.4
Canada	47.6	52.6	+5.0
Russia	5.7	9.6	+3.9
Europe	41.8	40.1	-1.7
Australia	44.6	48.2	+3.6
China	44.4	48.5	+4.1
Others	45.8	51.2	+5.4
<b>Overseas total</b>	<b>812.6</b>	<b>893.4</b>	<b>+80.8</b>
<b>Total</b>	<b>957.9</b>	<b>1,049.7</b>	<b>+91.8</b>

# Revised Plan for FYE 2017 : Consolidated Income Statements



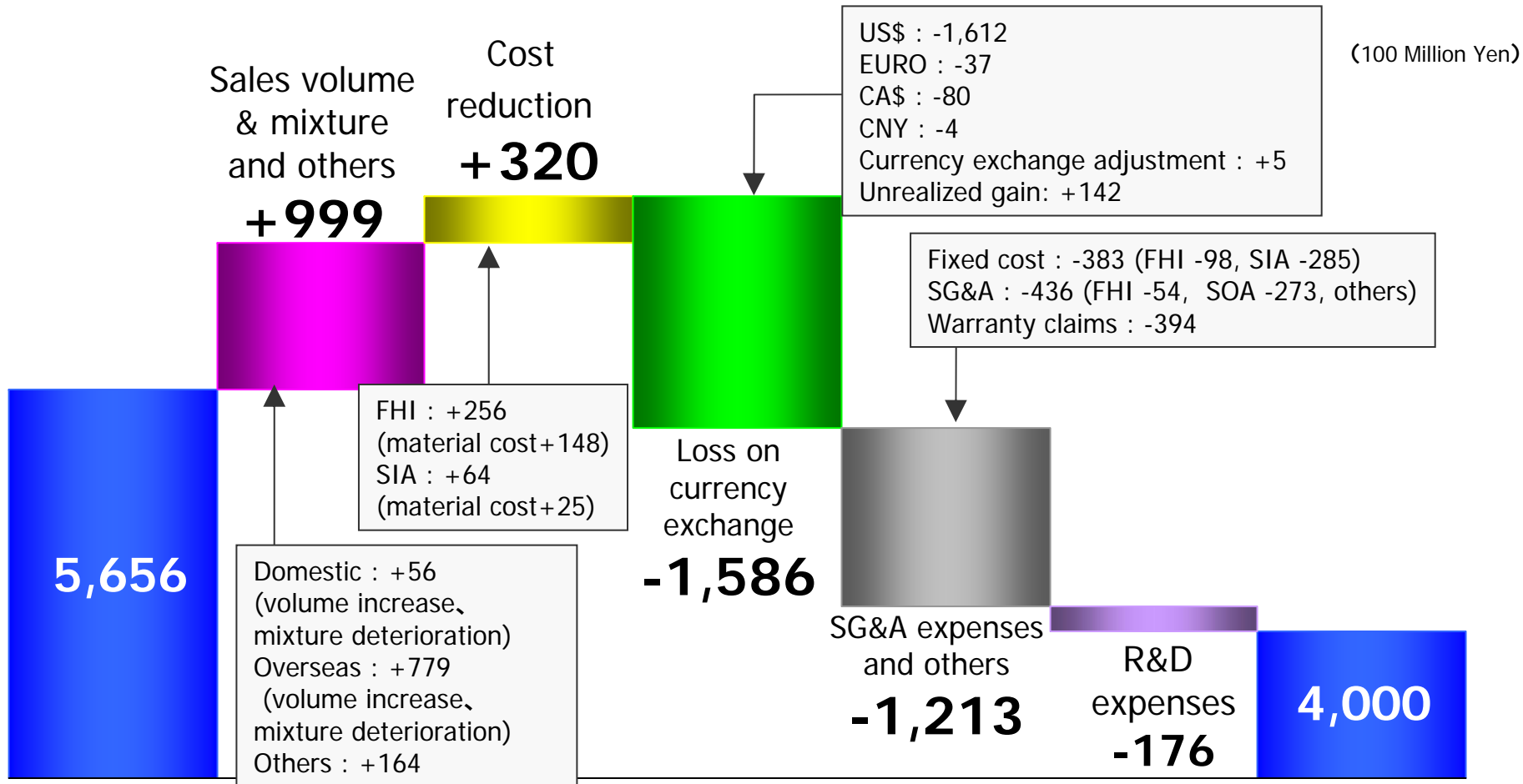
(100 Million Yen)

	Actual Results FYE2016	Revised Plan FYE2017	Variance
<b>Net sales</b>	<b>32,323</b>	<b>31,900</b>	<b>-423</b>
Domestic	6,054	6,103	+49
Overseas	26,269	25,797	-472
<b>Operating income</b>	<b>5,656</b>	<b>4,000</b>	<b>-1,656</b>
<b>Ordinary income</b>	<b>5,770</b>	<b>4,100</b>	<b>-1,670</b>
<b>Income before taxes and minority interests</b>	<b>6,190</b>	<b>4,030</b>	<b>-2,160</b>
<b>Net income attributable to owners of parent</b>	<b>4,367</b>	<b>2,850</b>	<b>-1,517</b>
FHI exchange rate	¥121/US\$	¥106/US\$	-¥15/US\$

# Revised Plan FYE 2017:

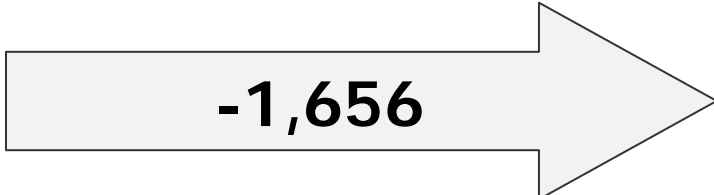


## Analysis of Variance in Operating Income (Consolidated)



**Actual Results  
Operating Income  
FYE 2016**

**Revised Plan  
Operating Income  
FYE 2017**



# Revised Plan for 1<sup>st</sup> Half of FYE 2017: Consolidated Unit Sales Plan



(Thousand Units)

	1 <sup>st</sup> Half Actual Results FYE 2016	1 <sup>st</sup> Half Plan FYE 2017	Variance
Passenger car	49.8	50.5	+0.7
Minicar	16.7	14.6	-2.1
<b>Domestic total</b>	<b>66.5</b>	<b>65.1</b>	<b>-1.4</b>
US	290.6	315.1	+24.5
Canada	26.1	28.2	+2.1
Russia	3.5	5.3	+1.9
Europe	19.6	19.3	-0.3
Australia	23.0	22.3	-0.7
China	20.5	24.0	+3.5
Others	22.5	22.5	+0.0
<b>Overseas total</b>	<b>405.7</b>	<b>436.7</b>	<b>+31.0</b>
<b>Total</b>	<b>472.2</b>	<b>501.8</b>	<b>+29.6</b>

# Revised Plan for 1<sup>st</sup> Half of FYE 2017 : Consolidated Income Statements



(100 Million Yen)

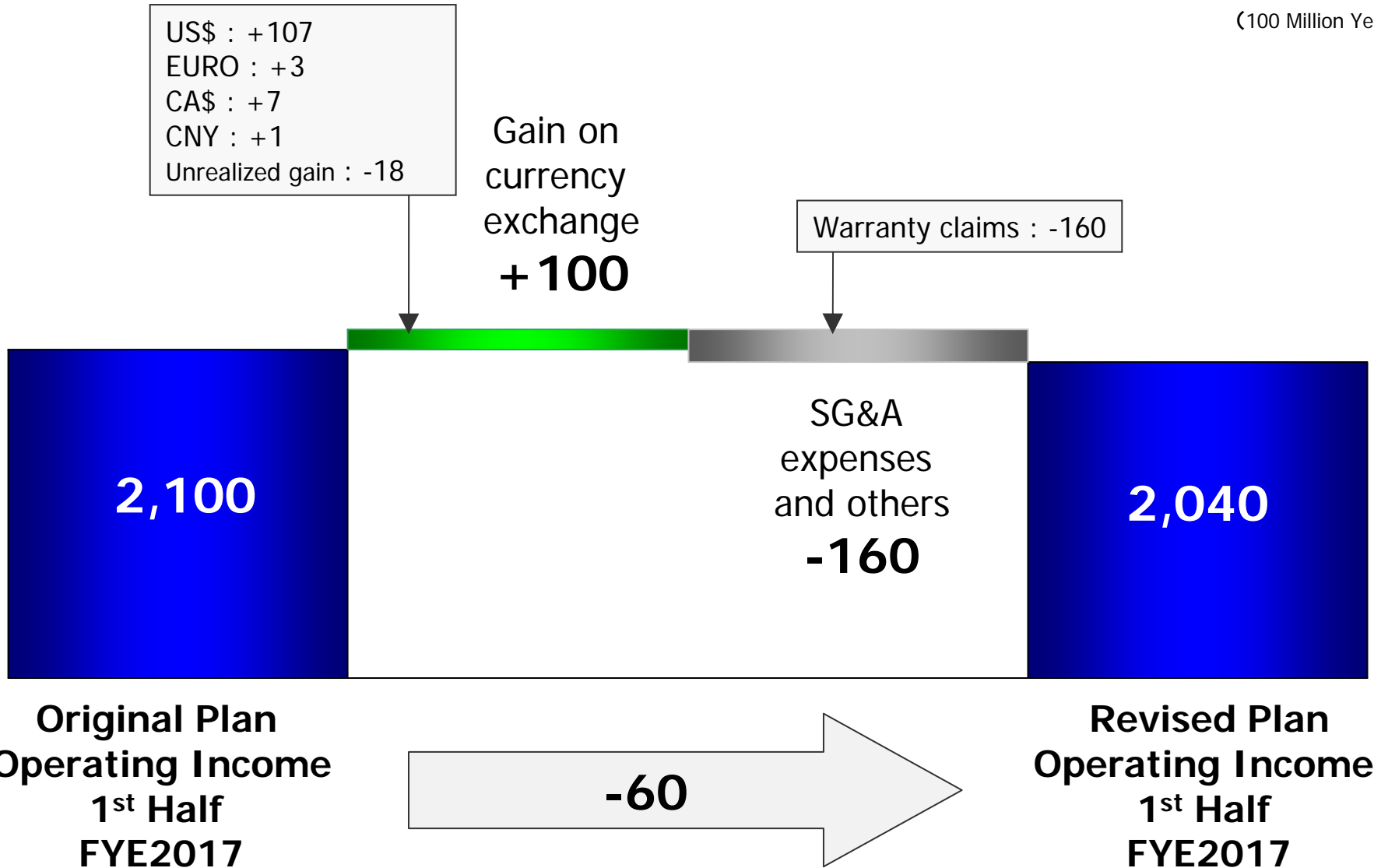
	1 <sup>st</sup> Half Actual Results FYE 2016(a)	1 <sup>st</sup> Half Plan FYE 2017		Variance (b) - (a)
		Original	Revised (b)	
<b>Net sales</b>	<b>16,015</b>	<b>15,335</b>	<b>15,535</b>	<b>-480</b>
Domestic	2,852	2,796	2,796	-56
Overseas	13,163	12,539	12,739	-424
<b>Operating income</b>	<b>2,851</b>	<b>2,100</b>	<b>2,040</b>	<b>-811</b>
<b>Ordinary income</b>	<b>2,850</b>	<b>2,140</b>	<b>2,140</b>	<b>-710</b>
<b>Income before taxes and minority interests</b>	<b>2,831</b>	<b>2,120</b>	<b>2,120</b>	<b>-711</b>
<b>Net income attributable to owners of parent</b>	<b>1,932</b>	<b>1,480</b>	<b>1,480</b>	<b>-452</b>
FHI exchange rate	¥122/US\$	¥105US\$	¥107US\$	-¥15/US\$



# Original Plan vs. Revised Plan: 1<sup>st</sup> Half of FYE 2017 Analysis of Variance in Operating Income (Consolidated)



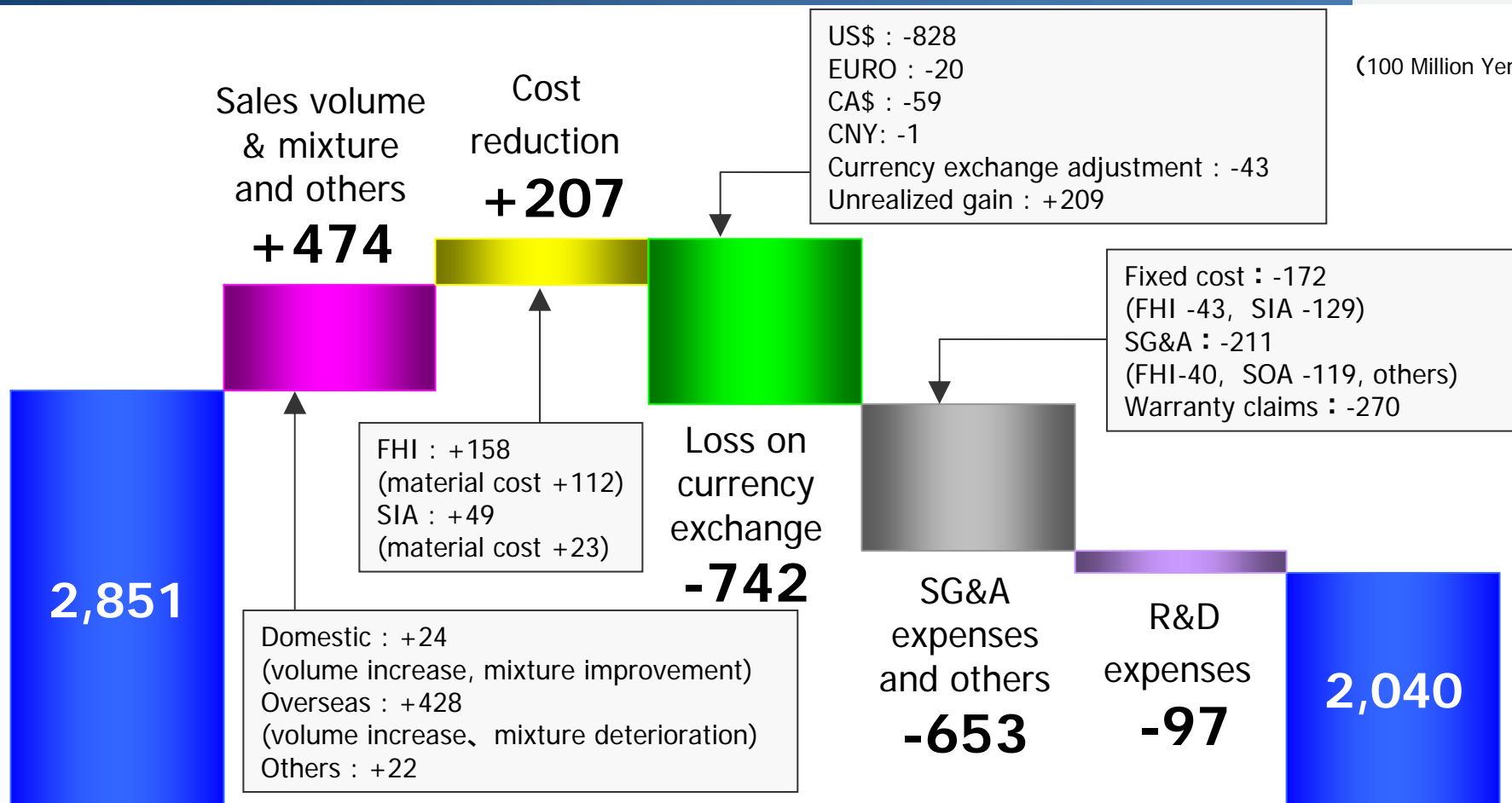
(100 Million Yen)



# Revised Plan for 1<sup>st</sup> Half of FYE 2017: Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



## Appendix (2)

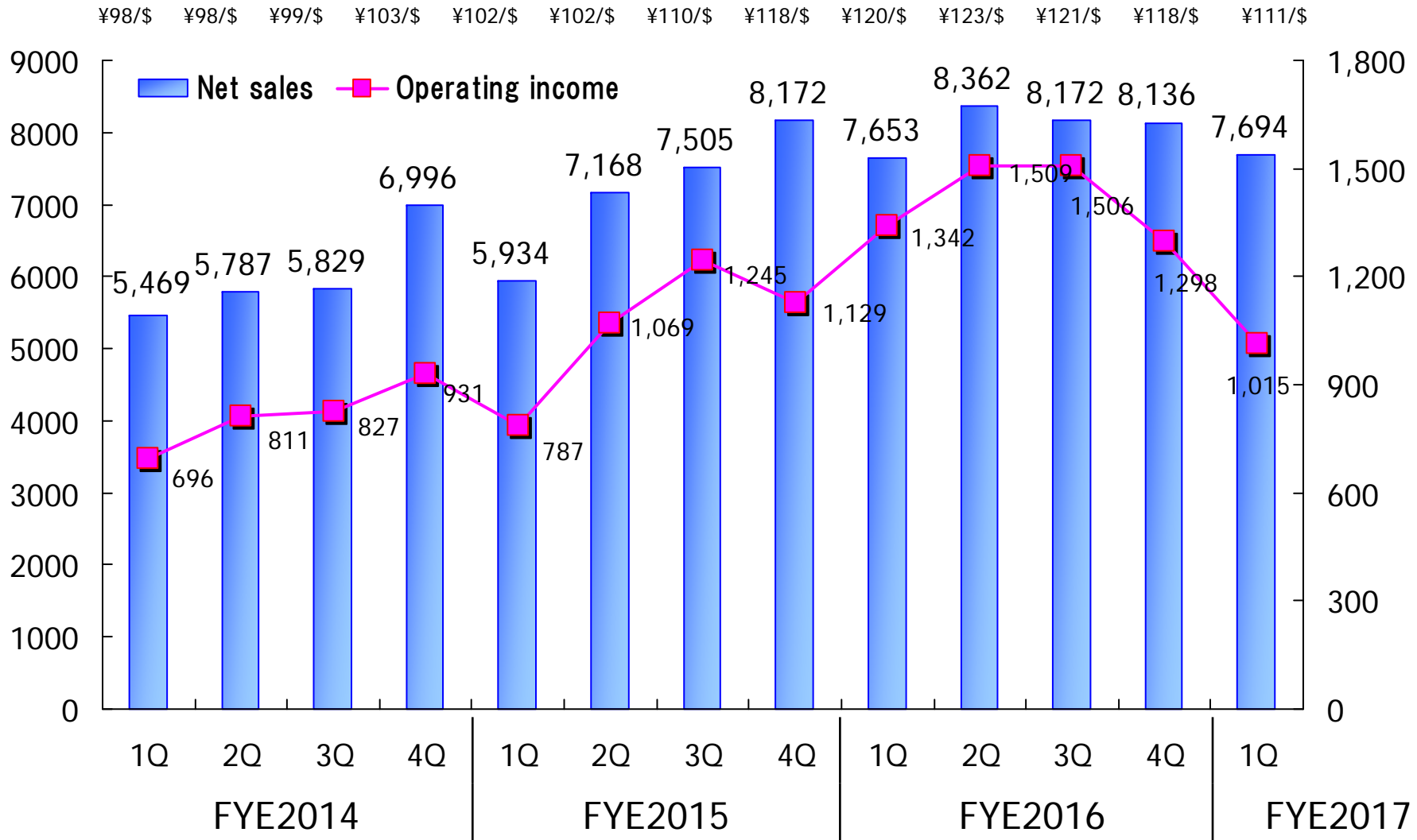
- Net sales / Operating income
- Consolidated unit sales / OPM
- Complete cars production / Retail sales units
- FCF / Shareholder's equity to total assets
- Interest-bearing debt / D/E ratio

# Net Sales / Operating Income



Net Sales  
(100M yen)

Operating  
Income  
(100 million yen)

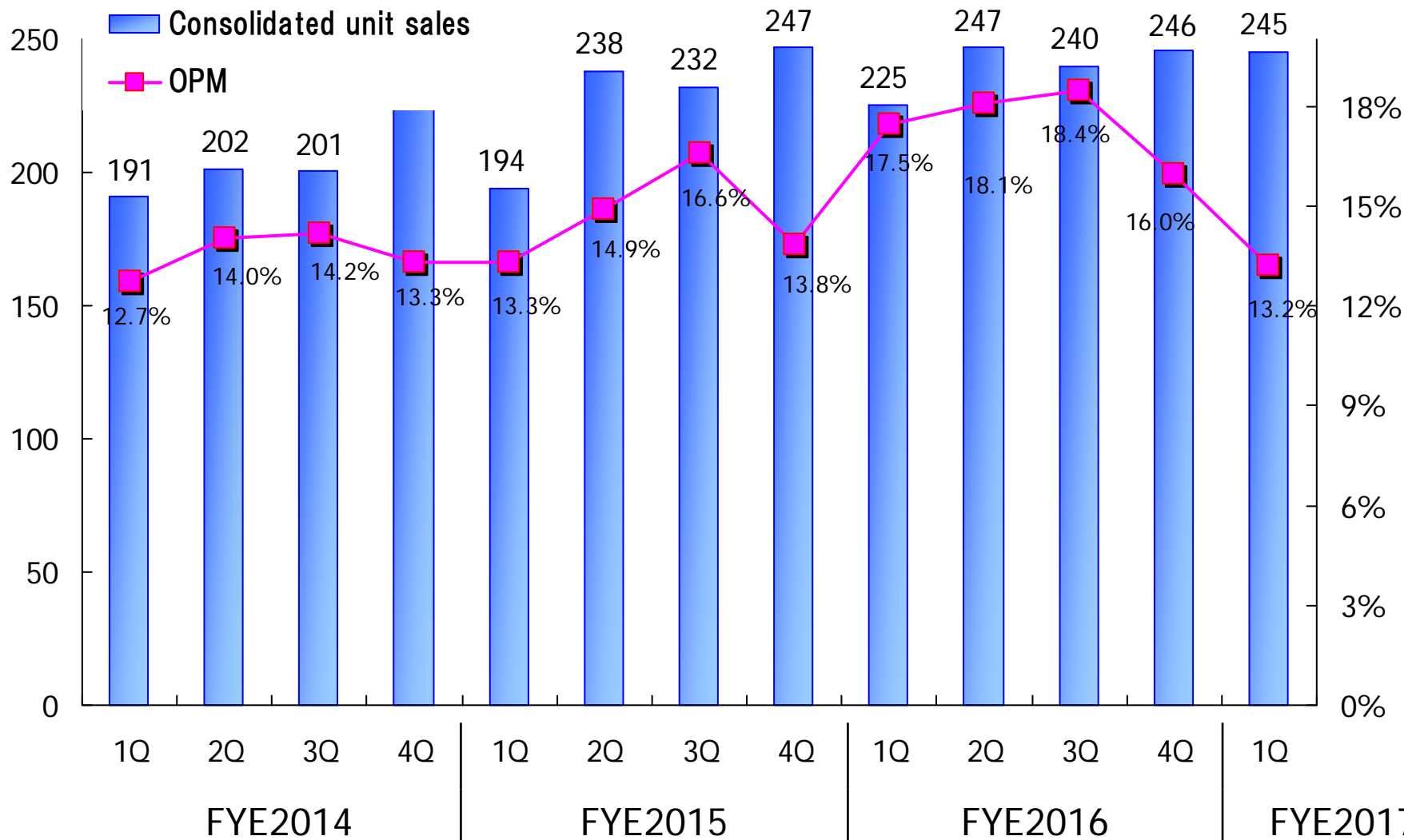


# Consolidate Unit Sales & Operating Income Margin



Unit sales  
(1,000 units)

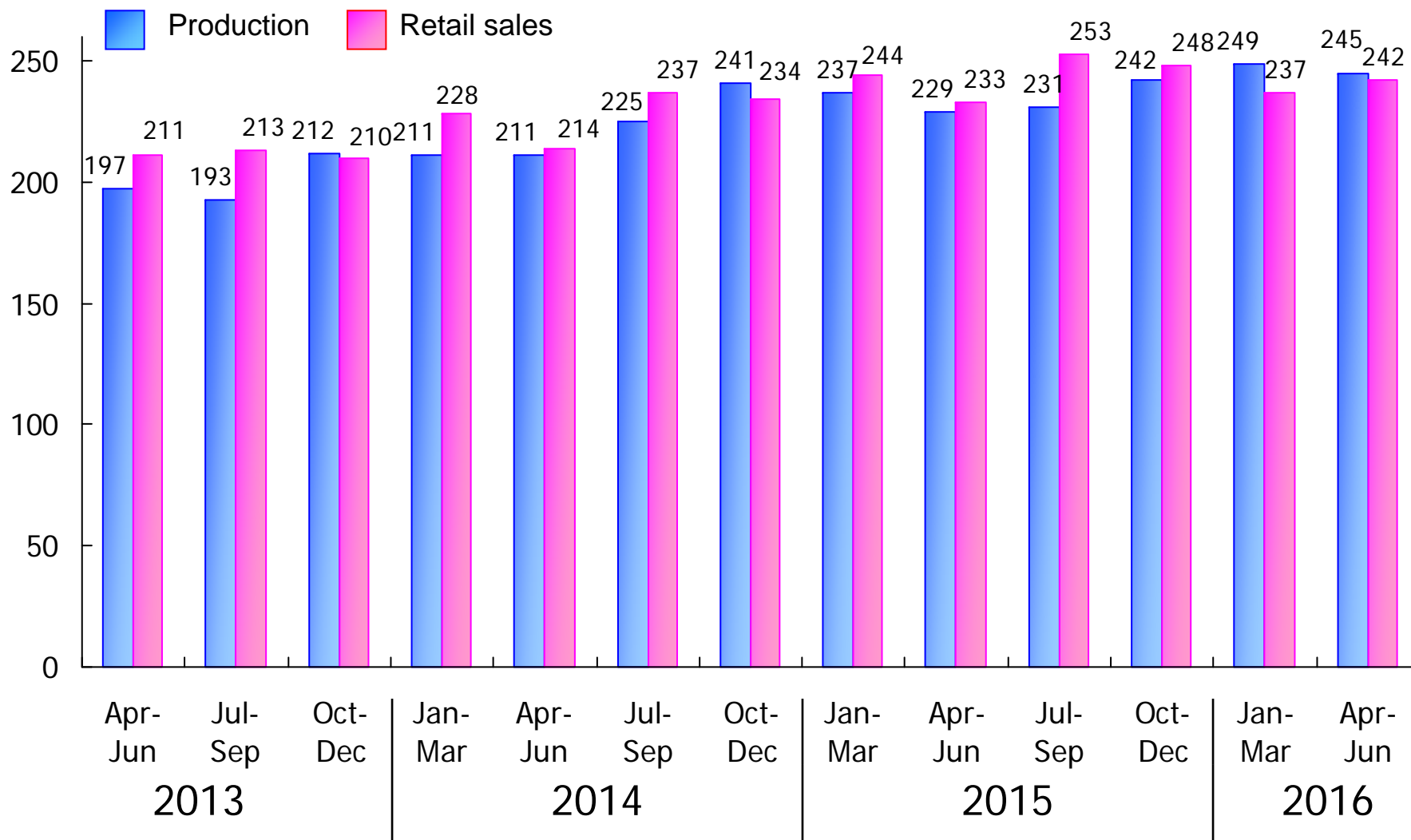
OPM



# Complete Cars Production / Retail Sales Units

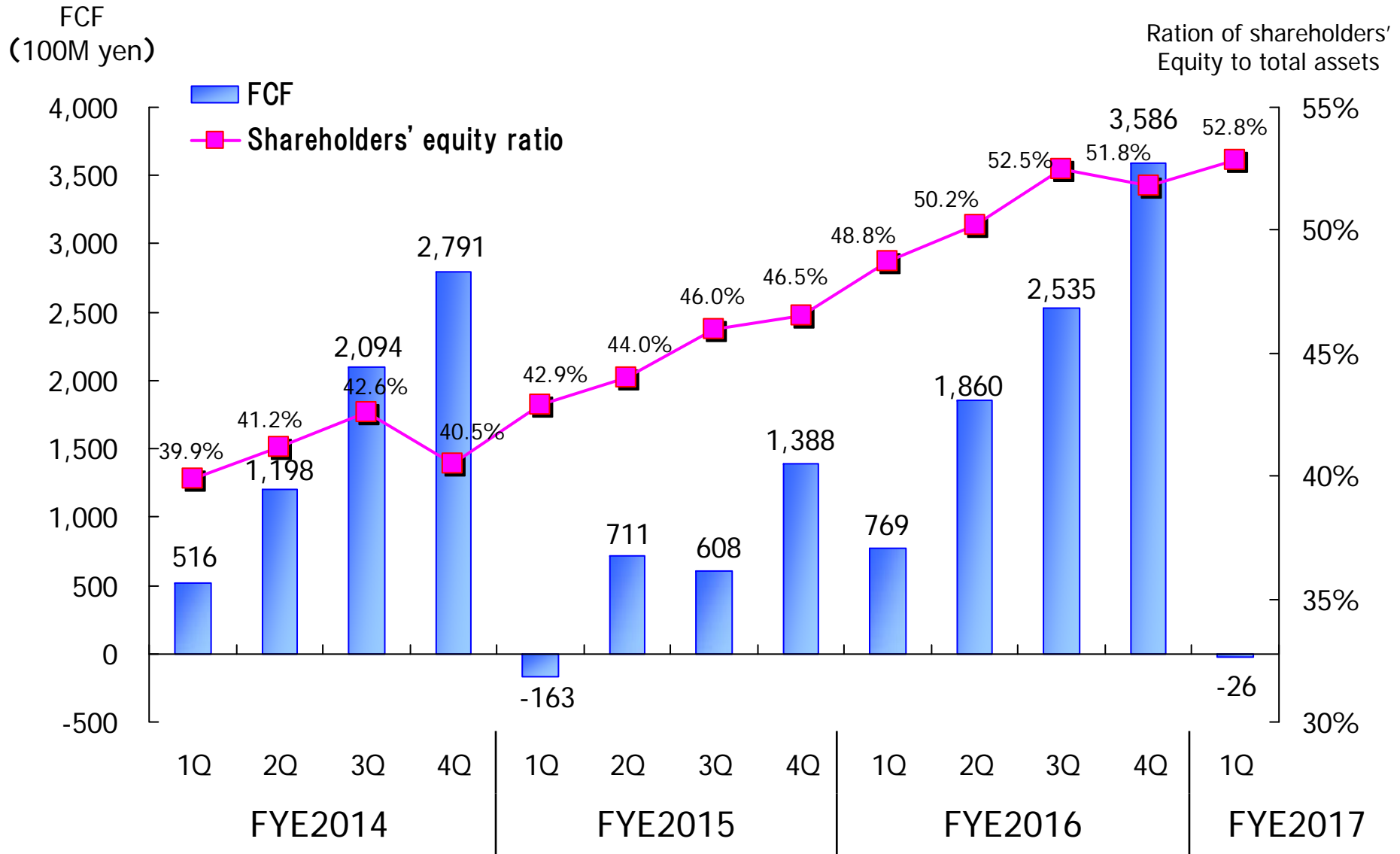


(1,000 units)



※ Production figures include Toyota 86

# Free Cash Flows & Ratio of Shareholders' Equity to Total Assets

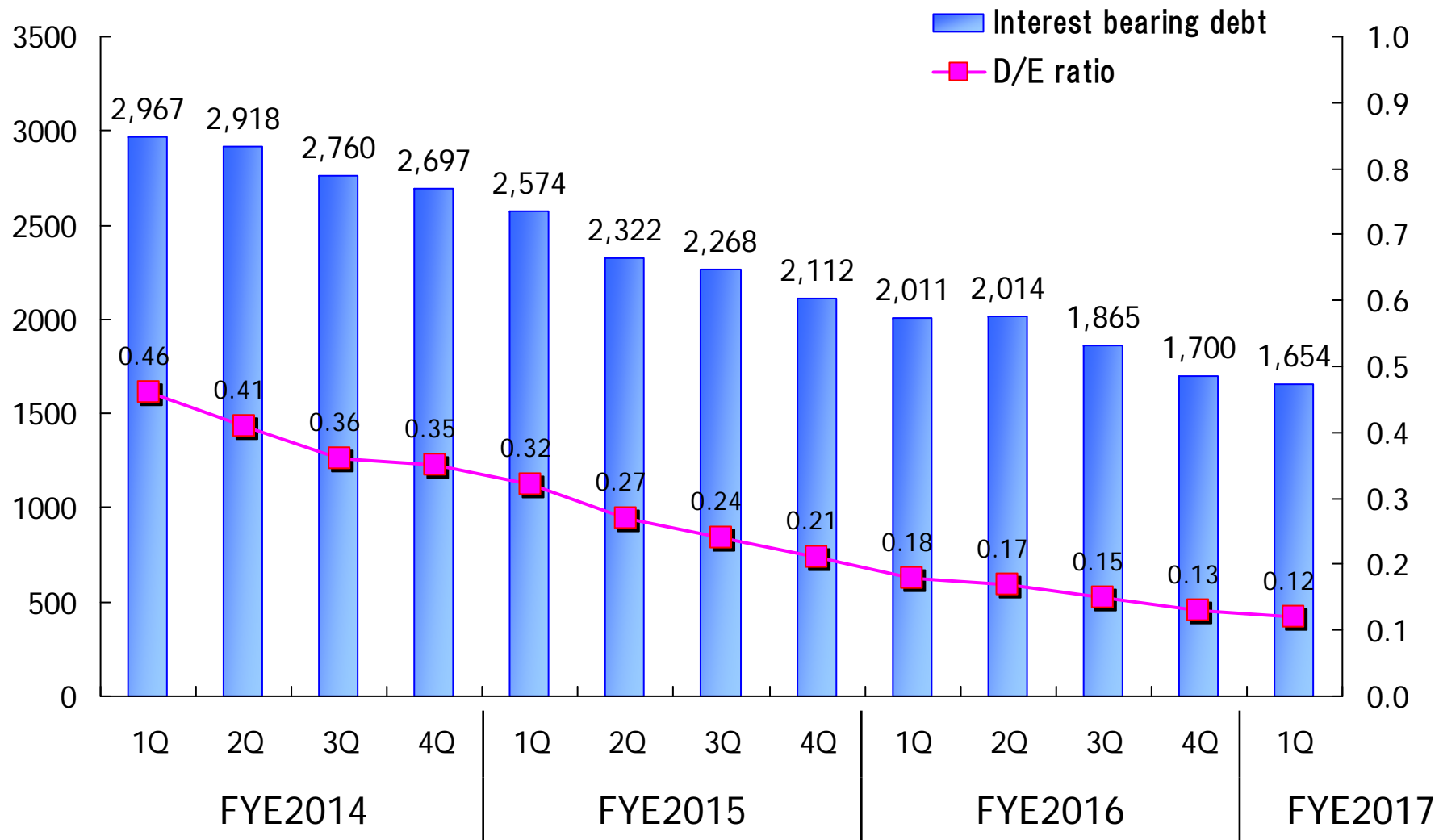


# Interest Bearing Debt & D/E Ratio



Interest bearing debt (100M yen)

D/E ratio







Forward-looking statements including projections and future strategies mentioned in this presentation are based on currently available information and assumptions and are subject to risks and uncertainties. Actual results may vary materially as a result of various factors including, without limitation, economic conditions, market demand and fluctuations in foreign exchange rates. Investors are asked not to rely solely on the information in this presentation when they make their final investment decisions.



**SUBARU**