

Business Results of the FYE 2017



SUBARU ASCENT SUV CONCEPT



President & CEO, Yasuyuki Yoshinaga
SUBARU CORPORATION

May 9, 2017

Business Results of the FYE 2017



	FYE 2016	FYE 2017		YoY (c) / (a)	Vs. plan (c) / (b)
	Results (a)	Plan (b)	Results (c)		
Consolidated sales volume	957,900 units	1,067,500 units	1,064,500 units	+11.1%	-0.3%
Net sales (100 million yen)	32,323	33,100	33,260	+2.9%	+0.5%
Operating income (100 million yen)	5,656	4,100	4,108	-27.4%	+0.2%
OPM	17.5%	12.4%	12.4%	-5.1pt	0pt
Ordinary income (100 million yen)	5,770	4,120	3,943	-31.7%	-4.3%
Net income attributable to owners of parent (100 million yen)	4,367	2,900	2,824	-35.3%	-2.6%
SUBARU exchange rate	¥121/US\$	¥108/US\$	¥108/US\$	-¥12/US\$	¥0/US\$

Business Plan for the FYE 2018

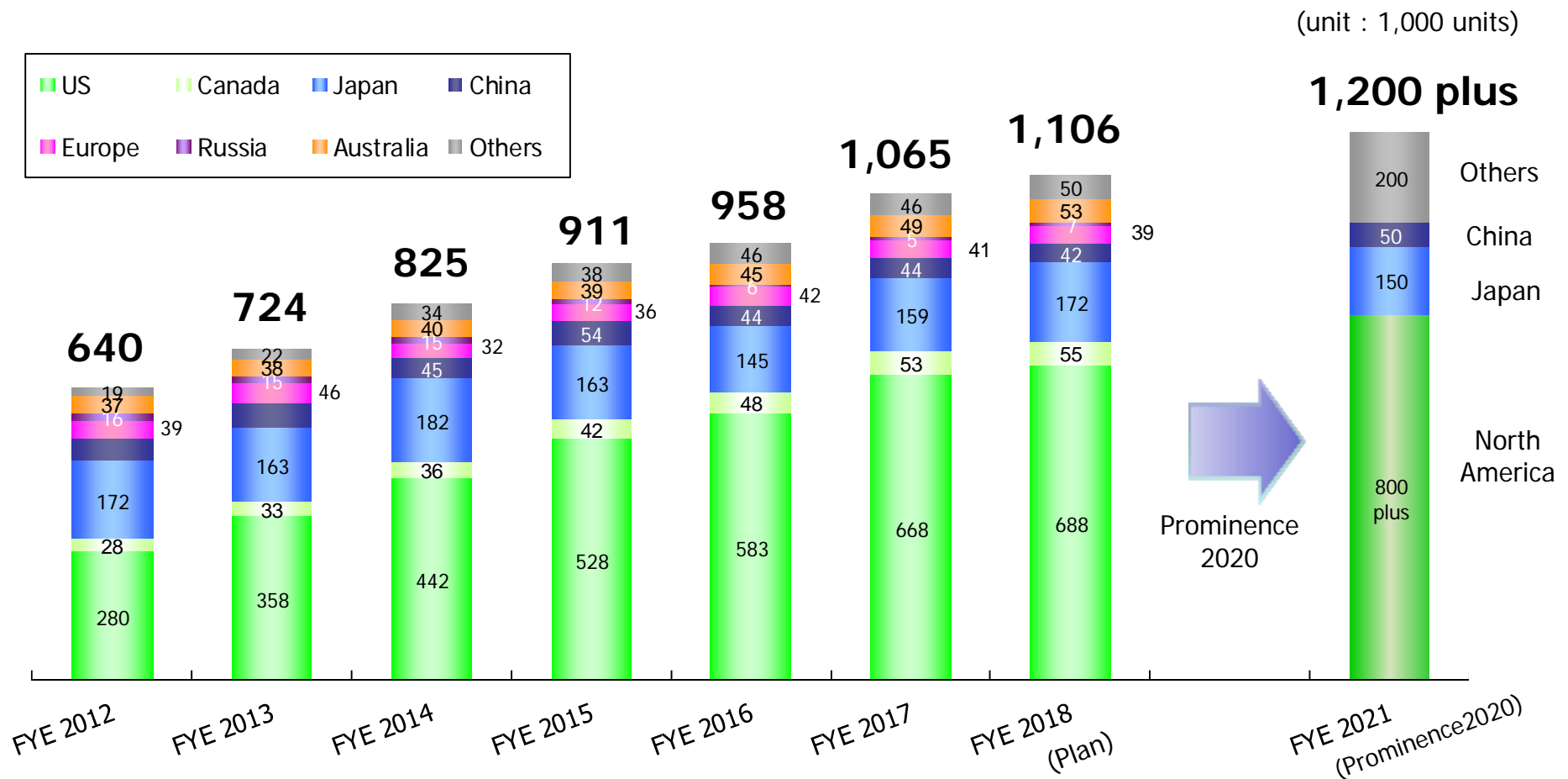


	FYE 2017	FYE 2018	YoY	
	Results (a)	Plan (b)	(b) – (a)	(b) / (a)
Consolidated sales volume	1,064,500 units	1,105,500 units	+41,000 units	+3.8%
Net sales (100 million yen)	33,260	34,200	+940	+2.8%
Operating income (100 million yen)	4,108	4,100	-8	-0.2%
OPM	12.4%	12.0%	-0.4pt	
Ordinary income (100 million yen)	3,943	4,100	+157	+4.0%
Net income attributable to owners of parent (100 million yen)	2,824	2,850	+26	+0.9%
SUBARU exchange rate	¥108/US\$	¥110/US\$	+¥2/US\$	

Consolidated Automobile Sales



- FYE 2017 Result : 1,064,500 units (YoY +11%, record sales for the 5th consecutive year)
- FYE 2018 Plan : 1,105,500 units (YoY +4%)



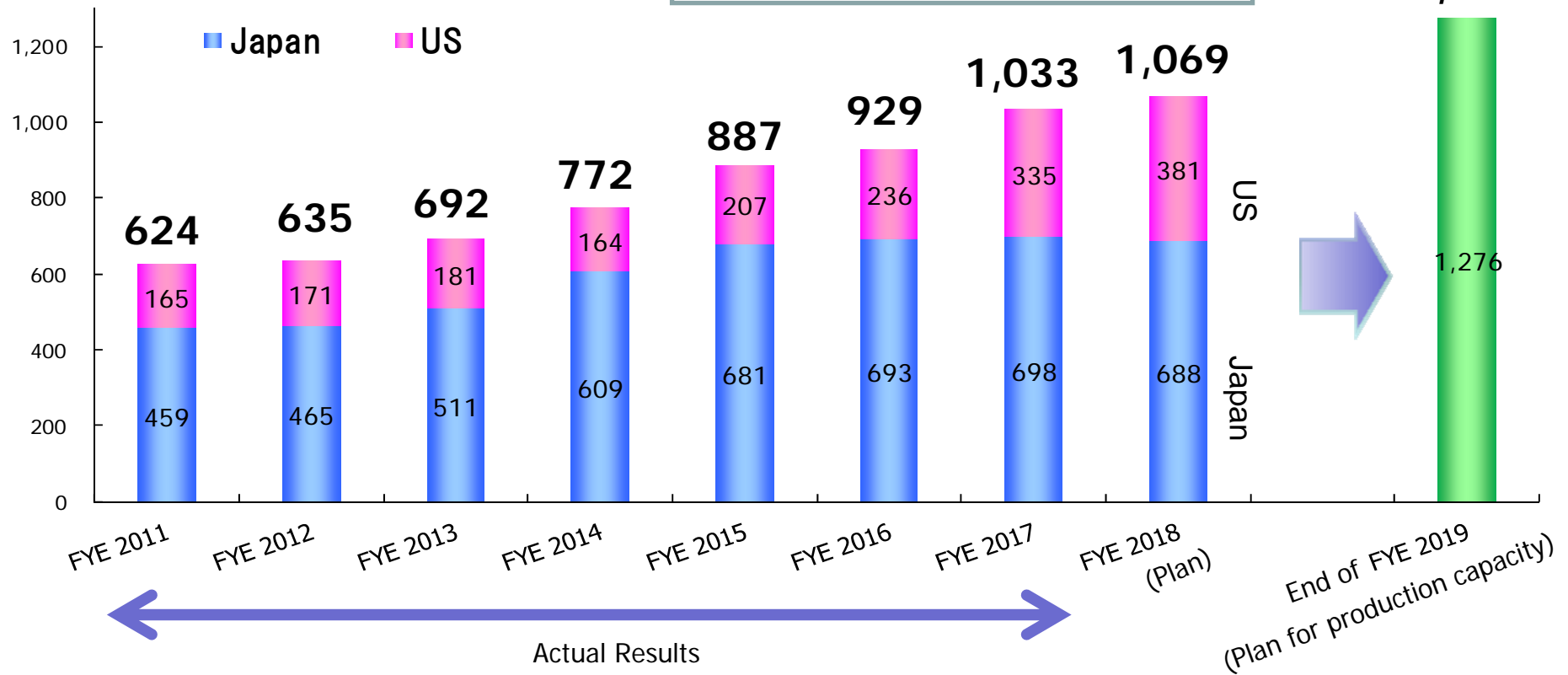
Global Production Volume



Production capacity at maximum operation
(standard operation capacity: 1,132,000 units)

(unit : 1,000 units)

1,276



YoY	+2%	+9%	+12%	+15%	+5%	+11%	+3%
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Shareholder Returns



【Dividend Per Share】

	FYE 2016 Result	FYE 2017 Plan	FYE 2018 Forecast
End of 2 nd quarter	¥72	¥72	¥72
End of 4 th quarter	¥72	¥72	¥72
Year total	¥144	¥144	¥144
Dividend payout ratio	25.7%	39.4%	38.7%

Revised dividend payout ratio for FYE 2018 : **30-50%** (originally 20-40%)

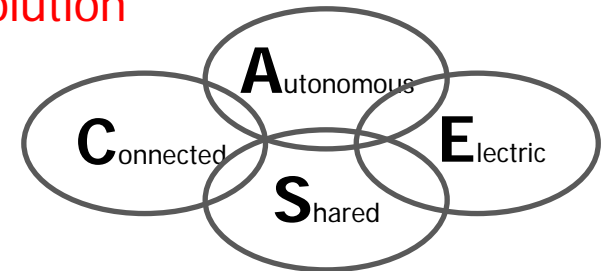
- Profits are returned to shareholders basically in the form of dividends with business results for each term, investment plans, and the business environment taken into account.
- Basic policy is to provide continuous dividend payments which are linked to business performance of the company.
- Dividend payments for each fiscal year are determined in view of circumstances predicted based on consolidated dividend payout ratio of 30-50%.

Changes in Business Environment



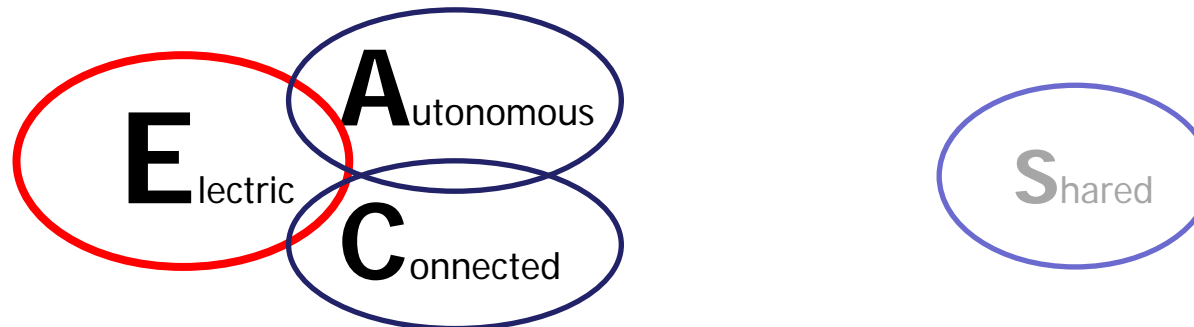
<Changes in Business Environment>

- Auto industry **entering a new era of technology evolution**
- Rapid growth of SUBARU in recent years
- Intensifying competition in US auto market



<Future Direction>

- **Basic strategies remain unchanged:**
Selection & concentration, differentiation & added-value strategy
- **Further enhancement of SUBARU brand**
⇒ **Reconsideration of priorities in new business environment**
Ex) - Total commitment to quality
- Selection of technology/product/market



Enhancement of Corporate Governance



1. New Structure of Board Directors

(*to be proposed at the General Meeting of Shareholders planned to be held in June)

- To strengthen supervision functions by separating management from the execution of operations
- To speed up the execution of operations

Director, Chairman	Jun Kondo
Representative Director, President & CEO	Yasuyuki Yoshinaga
Representative Director, Corporate Executive Vice President	Takeshi Tachimori
Director, Corporate Executive Vice President	Masahiro Kasai
Director, Corporate Executive Vice President	Toshiaki Okada ◎
Director, Corporate Senior Vice President	Yoichi Kato ◎
Outside Director	Yoshinori Komamura
Outside Director	Shigehiro Aoyama

◎: Newly appointed

2. Revision of the executive compensation plan

(*to be proposed at the General Meeting of Shareholders planned to be held in June)

- Introduction of Restricted Stock Compensation Plan


3. Enhancement of Corporate Administration Management & Business Monitoring Functions

- Establishment of Corporate Administration Division
- New Appointment of COO (Quality), CTO (Technology), CIO (Information)

1. Establishment of Dedicated Department: CSR & Environment Department
(April 1, 2017)
2. Revision of Environmental Policies (April 1, 2017)

“The earth, the sky and nature” are SUBARU’s fields of business

Preservation of the ecosystem of our planet, the earth, the sky and nature, is of utmost importance to ensure the future sustainability of both society and our organization. We align our business strategy to enhance these global goals in all of our operations.

- 
- 1) We develop and deliver products to meet societal needs and contribute to the environment through advanced technologies
 - 2) Focusing on efforts aimed at coexistence with nature
 - 3) Taking on challenges as one through an all-SUBARU approach



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

Consolidated Financial Results for FYE 2017



SUBARU CORPORATION

Toshiaki Okada

Corporate Executive Vice President & CFO

May 9, 2017

Summary



Consolidated Financial Results for FYE 2017

- Consolidated net sales and global unit sales posted all-time records for the 5th consecutive year.
- While posting unit sales growth and cost reduction progress, all profits fell due to increases in SG&A and R&D expenses as well as foreign exchange losses.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Actual results (YoY)	¥3,326.0bil. (+¥93.7bil.)	¥410.8bil. (-¥154.8bil.)	¥394.3bil. (-¥182.6bil.)	¥282.4bil. (-¥154.3bil.)	1,064.5k units (+106.7k units)

Forecasts for FYE 2018

- Consolidated net sales and global unit sales are projected to post all-time records.
- With increases in SG&A and R&D expenses and higher raw material costs offsetting unit sales growth and a weaker yen, operating income will decline.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Forecasts (YoY)	¥3,420.0bil. (+¥94.0bil.)	¥410.0bil. (-¥0.8bil.)	¥410.0bil. (+¥15.7bil.)	¥285.0bil. (+¥2.6bil.)	1,105.5k units (+41.0k units)



Consolidated financial results for FYE 2017

FYE 2017 : Consolidated Unit Sales



(Thousand units)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Passenger car	111.6	126.4	+14.8
Minicar	33.7	32.5	-1.2
Domestic total	145.3	158.9	+13.6
US	582.7	667.6	+84.9
Canada	47.6	53.1	+5.5
Russia	5.7	5.3	-0.4
Europe	41.8	40.9	-0.9
Australia	44.6	49.1	+4.5
China	44.4	44.0	-0.4
Others	45.8	45.6	-0.3
Overseas total	812.6	905.6	+93.0
Total	957.9	1,064.5	+106.7

* Figures of China are consolidated results on the calendar year basis from Jan. to Dec.

FYE 2017 : Consolidated Income Statements



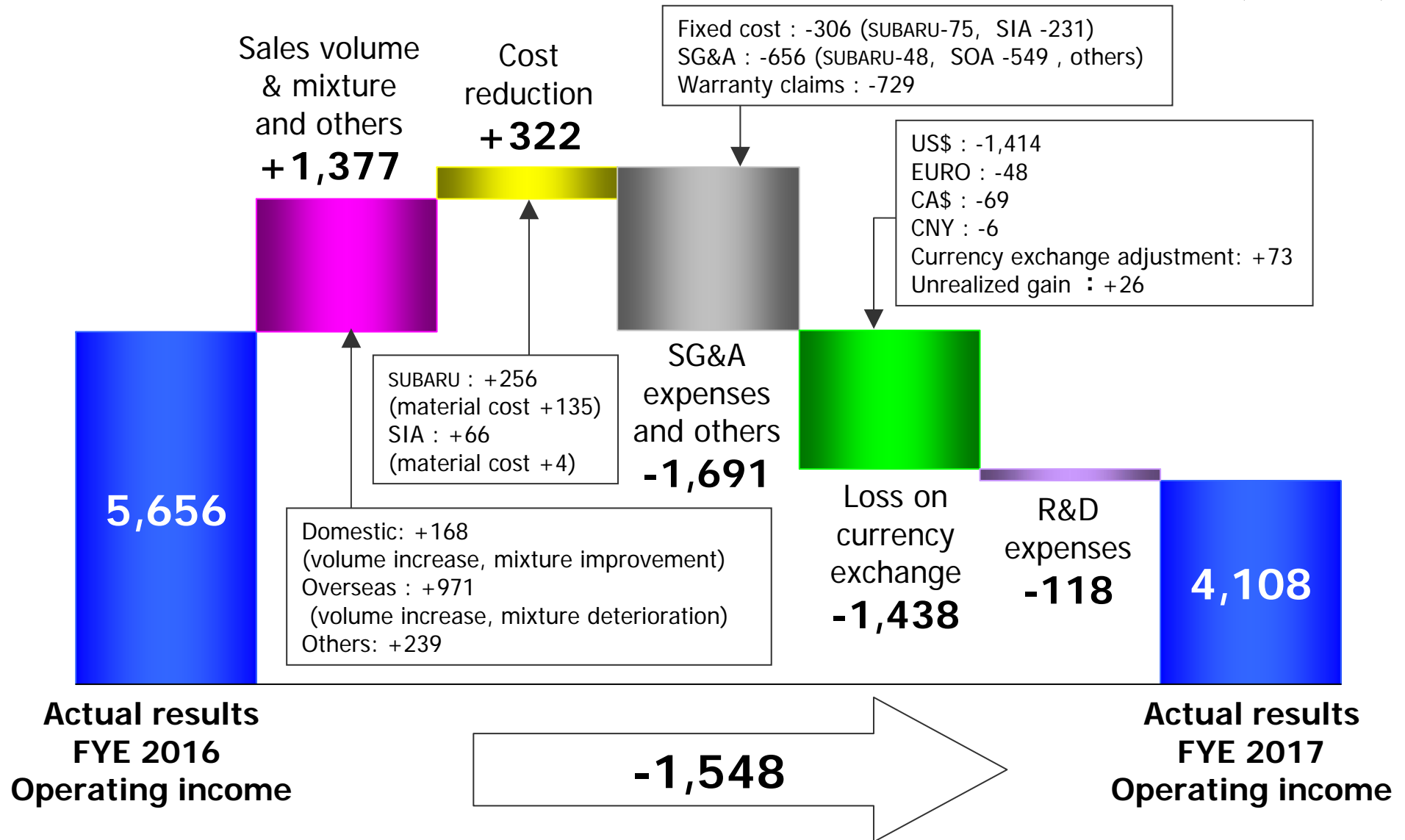
(100 Million Yen)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Net sales	32,323	33,260	+937
Domestic	6,054	6,503	+449
Overseas	26,269	26,756	+488
Operating income	5,656	4,108	-1,548
Total non-operating income & expenses	+114	-165	-279
Ordinary income	5,770	3,943	-1,826
Total extraordinary income & loss	420	4	-417
Income before taxes and minority interests	6,190	3,947	-2,243
Net income attributable to owners of parent	4,367	2,824	-1,543
SUBARU exchange rate	¥121/US\$	¥108/US\$	-¥12/US\$

FYE 2017 : Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



Consolidated Balance Sheets



(100 Million Yen)

	As of March 31 2016	As of March 31 2017	Variance
Total assets	25,924	27,623	+1,699
Current assets	17,841	18,453	+612
Noncurrent assets	8,083	9,171	+1,088
Interest bearing debts	1,700	1,483	-217
Net assets	13,494	14,649	+1,155
Retained earnings	10,490	11,733	+1,243
Shareholders' equity	13,437	14,587	+1,150
Ratio of shareholders' equity to total assets	51.8%	52.8%	+1.0pt
D/E ratio	0.13	0.10	-0.02

FYE 2017: Consolidated Statement of Cash Flows



(100 Million Yen)

	Actual results FYE 2016	Actual results FYE 2017	Variance
Net cash provided by (used in) operating activities	6,143	3,454	-2,688
Net cash provided by (used in) investing activities	-2,557	-2,543	+14
Free cash flows	3,586	912	-2,674
Net cash provided by (used in) financing activities	-1,262	-1,890	-629
Effect of exchange rate change on cash and cash equivalents	-149	-30	+119
Net increase (decrease) in cash and cash equivalents	2,175	-1,008	-3,183
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-1	-	+1
Cash and cash equivalents at end of period	8,295	7,286	-1,008

FYE 2017 : Operating Results of Subsidiaries in U.S.



(Million US\$)

SOA	Actual results FYE 2016	Actual results FYE 2017	Variance
Net sales	15,203	17,947	+2,744
Operating income	770	671	-99
Net income	480	421	-59
Retail sales (Thousand units)	581.4	625.0	+43.6

SIA	Actual results FYE 2016	Actual results FYE 2017	Variance
Net sales	5,468	7,525	+2,057
Operating income	209	236	+27
Net income	134	148	+14
Subaru production (Thousand units)	236.0	335.2	+99.2



Forecasts for FYE 2018

FYE 2018 : Consolidated Unit Sales Plan



(Thousand units)

	Actual results FYE 2017	Plan FYE 2018	Variance
Passenger car	126.4	134.2	+7.8
Minicar	32.5	37.8	+5.3
Domestic total	158.9	172.1	+13.1
US	667.6	687.7	+20.1
Canada	53.1	54.6	+1.5
Russia	5.3	6.6	+1.3
Europe	40.9	39.2	-1.7
Australia	49.1	52.6	+3.5
China	44.0	42.3	-1.7
Others	45.6	50.5	+4.9
Overseas total	905.6	933.4	+27.8
Total	1,064.5	1,105.5	+41.0

FYE 2018 : Consolidated Operating Plan



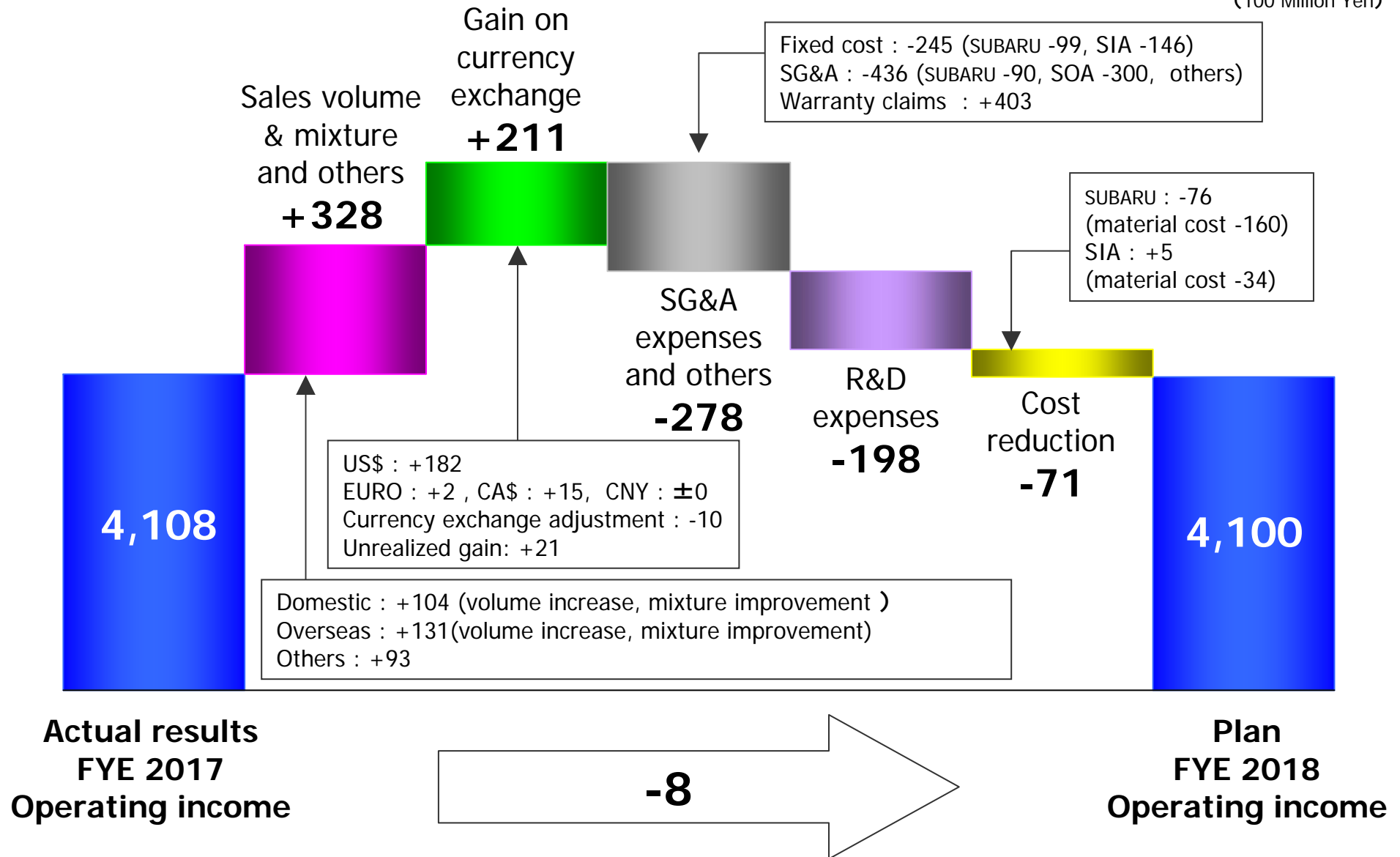
(100 Million Yen)

	Actual results FYE 2017	Plan FYE 2018	Variance
Net sales	33,260	34,200	+940
Domestic	6,503	6,680	+176
Overseas	26,756	27,520	+764
Operating income	4,108	4,100	-8
Ordinary income	3,943	4,100	+157
Income before taxes and minority interests	3,947	4,030	+83
Net income attributable to owners of parent	2,824	2,850	+26
SUBARU exchange rate	¥108/US\$	¥110/US\$	+¥2/US\$

FYE 2018 : Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



FYE 2018 : Operating Plan of Subsidiaries in U.S.



(Million US\$)

SOA	Actual results FYE 2017	Plan FYE 2018	Variance
Net sales	17,947	18,485	+538
Operating income	671	538	-133
Net income	421	338	-83
Retail sales (Thousand units)	625.0	670.0	+45.0

SIA	Actual results FYE 2017	Plan FYE 2018	Variance
Net sales	7,525	8,376	+851
Operating income	236	215	-21
Net income	148	128	-20
Subaru production (Thousand units)	335.2	381.1	+45.9

Capex / Depreciation / R&D / Interest bearing debt



(100 Million Yen)

	Actual Results FYE 2016	Actual Results FYE 2017 (a)	Plan FYE 2018 (b)	Variance (b) - (a)
Capex	1,357	1,585	1,500	-85
Depreciation	650	770	920	+150
R&D	1,024	1,142	1,340	+198
Interest bearing debt	1,700	1,483	1,000	-483

Appendix (1)

- Non-operating income & expenses and extraordinary income & loss
- Segment information by Business & Geographic
- Overseas net sales
- Non-consolidated unit sales
- Consolidated income statements in 4th quarter (3 months)
- FYE 2017 plan vs. Actual results
- Consolidated income statements in 1st half of FYE 2018

FYE 2017 : Non-operating Income & Expenses and Extraordinary Income & Loss (Consolidated)



(100 Million Yen)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Financial revenue and expenditure	27	28	+1
FOREX effects	78	-90	-169
Others	9	-102	-111
Total non-operating income& expenses	114	-165	-279
Gain on sales of noncurrent assets	3	9	+6
Gain on sales of investment securities	27	101	+74
Reversal of allowance for doubtful accounts	302	-	-302
Loss on sales and retirement of noncurrent assets	-48	-42	+6
Loss on business liquidation	-	-51	-51
Impairment loss	-0	-12	-12
Others	137	-2	-139
Total extraordinary income & loss	420	4	-417

FYE 2017 : Net Sales and Operating Income by Business Segment (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results FYE 2016	Actual Results FYE 2017	Variance	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Automobile	30,394	31,520	+1,125	5,436	3,977	-1,460
Aerospace	1,528	1,388	-140	182	91	-91
Other*	400	353	-48	30	35	+5
Elimination & Corporate	/	/	/	8	5	-3
Total	32,323	33,260	+937	5,656	4,108	-1,548

*The "Industrial Products" segment has been included in "Other" since the 3rd quarter of FYE 2017 reporting.

FYE 2017 : Net Sales and Operating Income by Geographic Area (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results FYE 2016	Actual Results FYE 2017	Variance	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Japan	9,621	9,705	+84	4,457	2,945	-1,511
North America	19,878	20,947	+1,069	1,155	1,059	-96
Other	2,824	2,608	-216	28	87	+60
Elimination & Corporate	/	/	/	17	16	-0
Total	32,323	33,260	+937	5,656	4,108	-1,548

FYE 2017 : Overseas Net Sales (Consolidated)



(100 Million Yen)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
North America	21,045	21,923	+878
Europe	1,262	1,126	-136
Asia	2,373	2,113	-260
Other	1,589	1,595	+6
Total	26,269	26,756	+488

FYE 2017 : Non-consolidated Unit Sales



(Thousand units)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Domestic production	714.9	720.5	+5.6
Domestic sales	150.0	163.7	+13.7
Passenger cars	114.4	129.6	+15.2
Minicars	35.6	34.1	-1.5
Number of exported vehicles	576.5	570.7	-5.7
Components for overseas production	242.4	353.8	+111.3
Total	968.9	1,088.2	+119.3

* Domestic production figures include Toyota 86.

4th Quarter (3 months) : Consolidated Unit Sales



(Thousand units)

	Actual results 4Q FYE 2016	Actual results 4Q FYE 2017	Variance
Passenger cars	35.7	43.3	+7.6
Minicars	9.7	10.2	+0.4
Domestic total	45.4	53.4	+8.0
U.S.	136.4	166.3	+29.9
Canada	10.9	12.6	+1.7
Russia	1.0	1.3	+0.3
Europe	13.2	11.2	-2.0
Australia	11.7	11.2	-0.5
China	14.3	12.0	-2.3
Others	12.9	10.8	-2.1
Overseas total	200.3	225.3	+25.0
Total	245.7	278.7	+33.1

4th Quarter (3 months) : Consolidated Income Statements



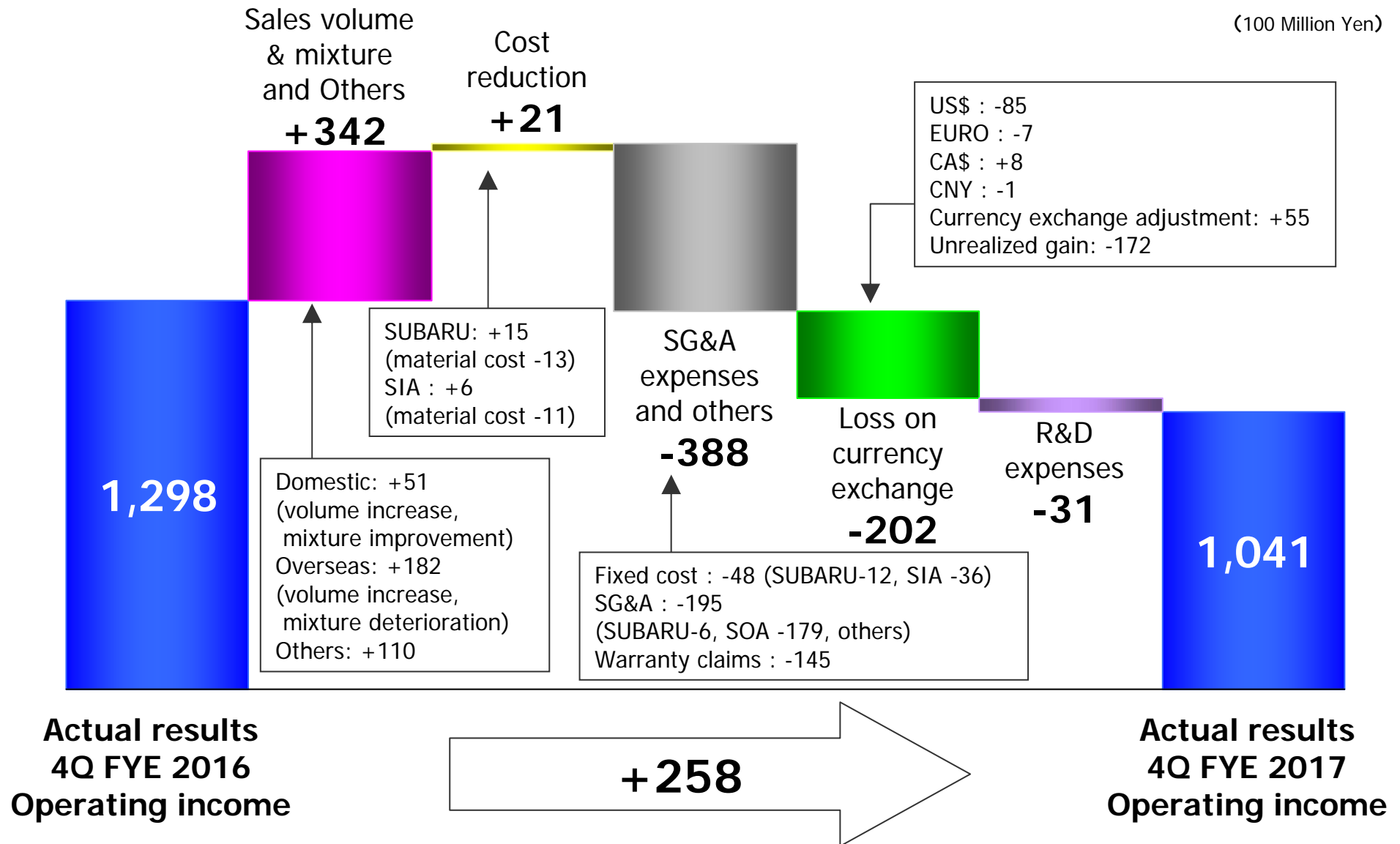
(100 Million Yen)

	Actual results 4Q FYE 2016	Actual results 4Q FYE 2017	Variance
Net sales	8,136	8,981	+845
Domestic	1,772	2,054	+282
Overseas	6,364	6,927	+562
Operating income	1,298	1,041	-258
Ordinary income	1,430	971	-459
Income before taxes and minority interests	1,385	959	-427
Net income attributable to owners of parent	989	748	-240
SUBARU exchange rate	¥118/US\$	¥114/US\$	-¥3/US\$

4th Quarter (3 months) : Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



FYE 2017 Plan vs. Actual Results : Consolidated Unit Sales



(Thousand units)

	Plan FYE 2017	Actual results FYE 2017	Variance
Passenger cars	127.5	126.4	-1.1
Minicars	34.0	32.5	-1.4
Domestic total	161.5	158.9	-2.5
U.S.	667.4	667.6	+0.2
Canada	52.9	53.1	+0.2
Russia	5.6	5.3	-0.3
Europe	41.1	40.9	-0.2
Australia	49.5	49.1	-0.4
China	44.0	44.0	±0
Others	45.6	45.6	-0
Overseas total	906.1	905.6	-0.5
Total	1,067.5	1,064.5	-3.0

FYE 2017 Plan vs. Actual Results : Consolidated Income Statements



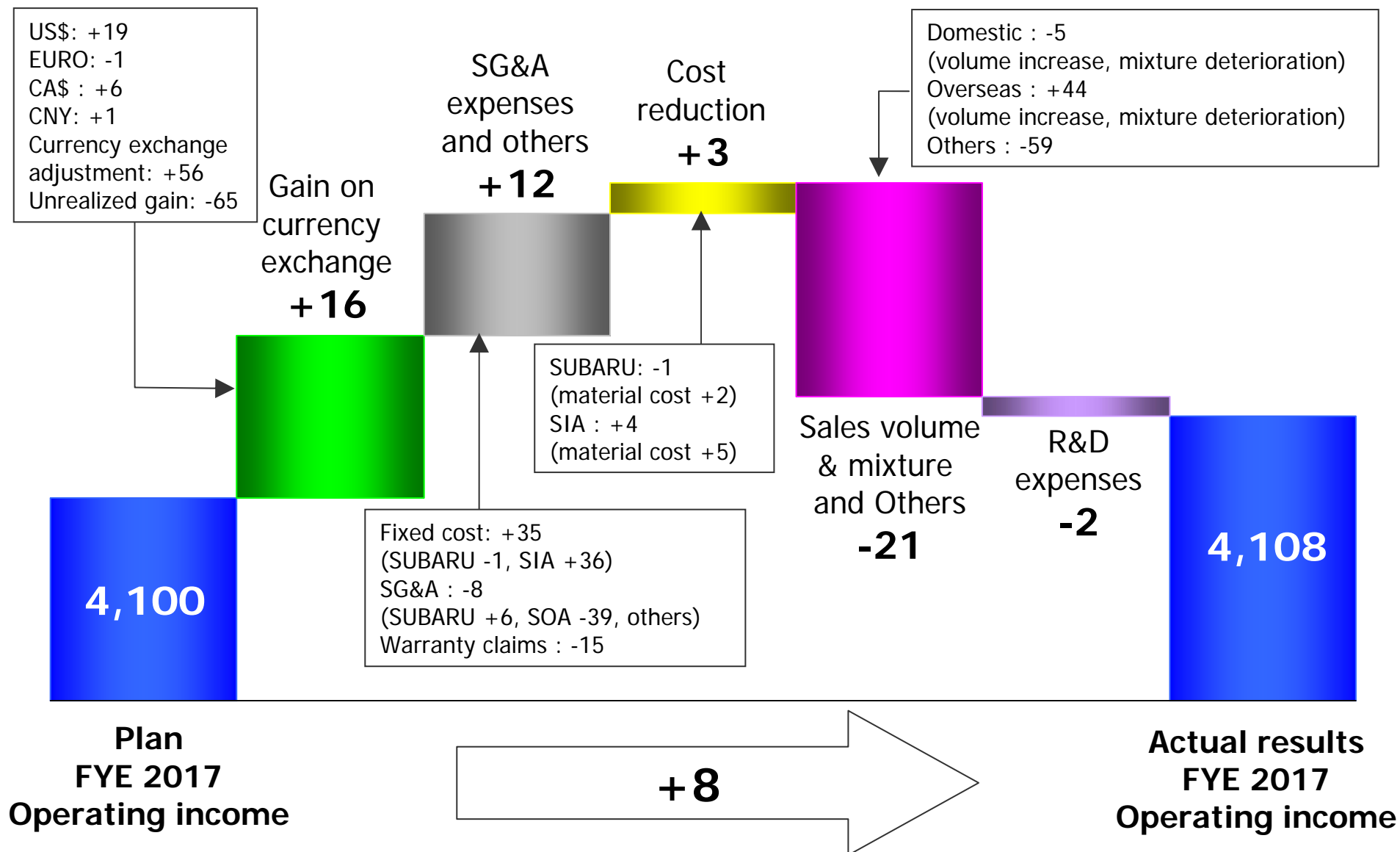
(100 Million Yen)

	Plan FYE 2017	Actual results FYE 2017	Variance
Net sales	33,100	33,260	+160
Domestic	6,511	6,503	-7
Overseas	26,589	26,756	+167
Operating income	4,100	4,108	+8
Ordinary income	4,120	3,943	-177
Income before taxes and minority interests	4,120	3,947	-173
Net income attributable to owners of parent	2,900	2,824	-76
SUBARU exchange rate	¥108/US\$	¥108/US\$	+¥0/US\$

FYE 2017 Plan vs. Actual Results : Analysis of Variance in Operating Income (consolidated)



(100 Million Yen)



Plan for 1st Half of FYE 2018 : Consolidated Unit Sales



(Thousand units)

	Actual results 1st half FYE 2017	Plan 1st half FYE 2018	Variance
Passenger cars	52.5	65.2	+12.7
Minicars	15.6	17.4	+1.8
Domestic total	68.0	82.6	+14.5
U.S.	326.9	335.0	+8.0
Canada	28.4	30.1	+1.7
Russia	3.7	3.7	-0.0
Europe	18.4	19.6	+1.1
Australia	22.4	27.3	+4.9
China	21.8	21.9	+0.1
Others	22.3	22.2	-0.1
Overseas total	443.9	459.7	+15.8
Total	512.0	542.3	+30.3

Plan for 1st Half of FYE 2018 : Consolidated Income Statements



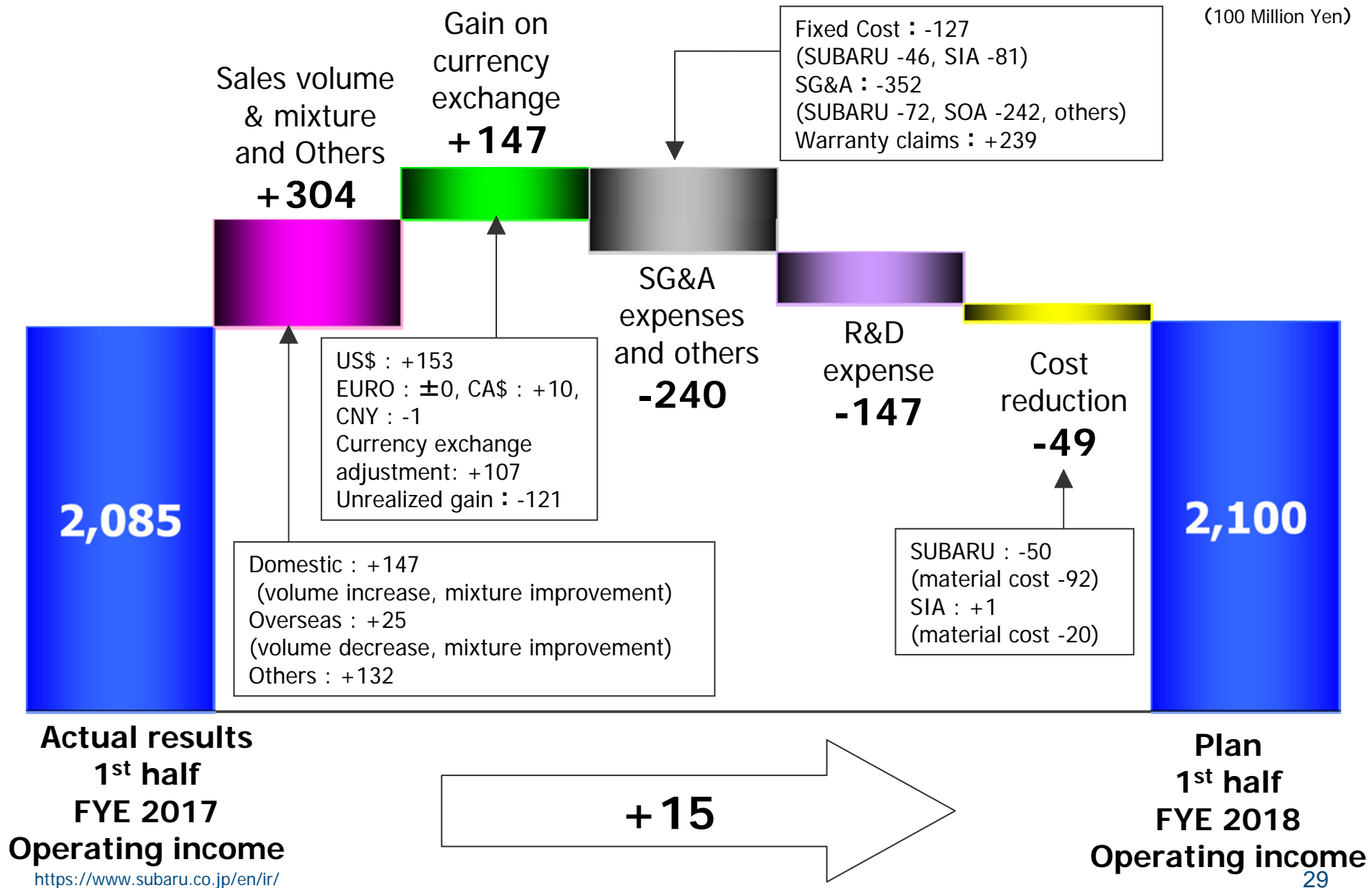
(100 Million Yen)

	Actual results 1st half FYE 2017	Plan 1st half FYE 2018	Variance
Net sales	15,777	16,890	+1,113
Domestic	2,860	3,286	+426
Overseas	12,916	13,604	+688
Operating income	2,085	2,100	+15
Ordinary income	2,278	2,100	-178
Income before taxes and minority interests	2,356	2,070	-286
Net income attributable to owners of parent	1,638	1,450	-188
SUBARU exchange rate	¥107/US\$	¥110/US\$	+¥3/US\$

1st Half of FYE 2017 Results vs. FYE 2018 Plan : Analysis of Variance in Operating Income (consolidated)



(100 Million Yen)



Actual results
1st half
FYE 2017
Operating income

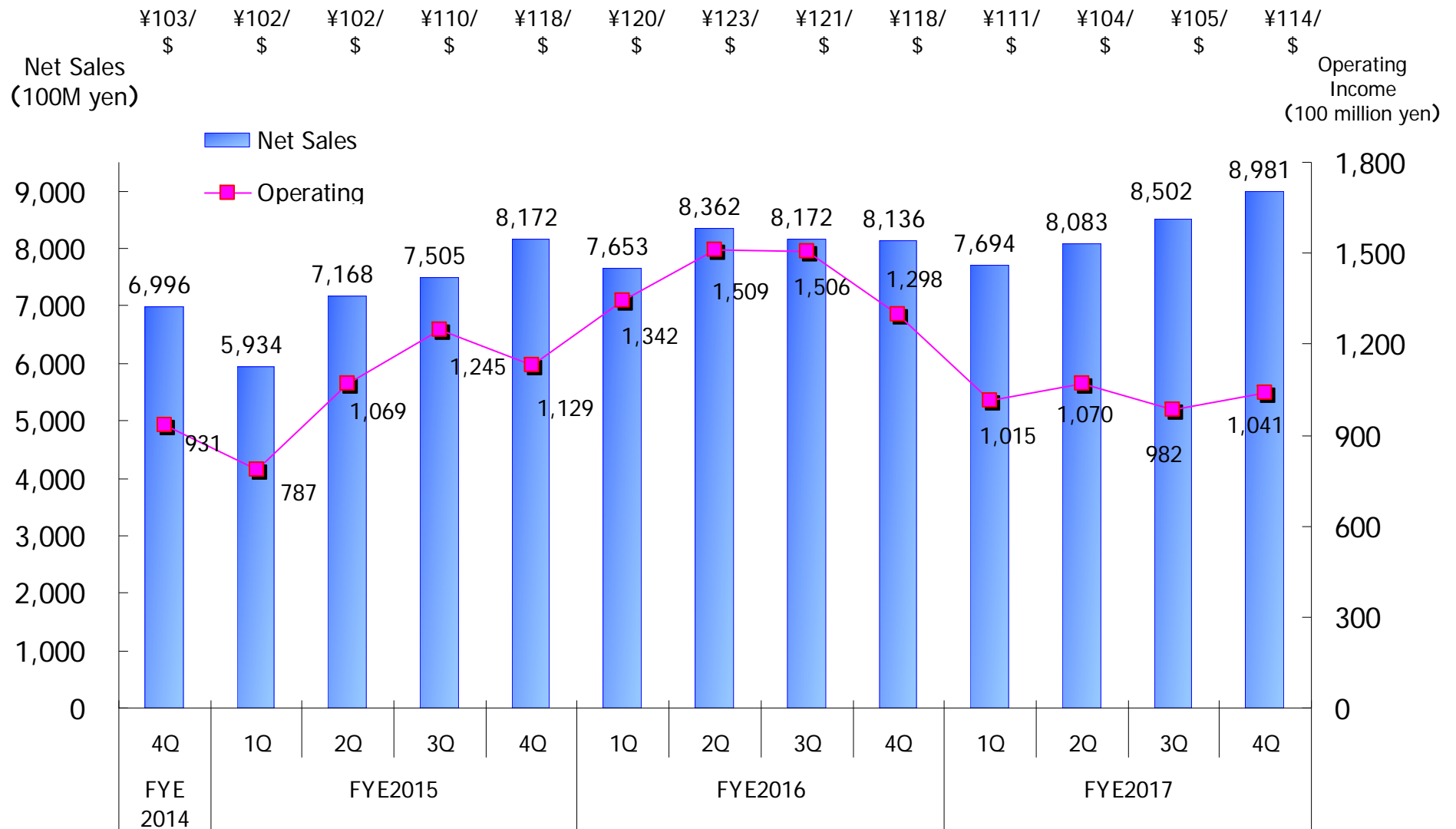
<https://www.subaru.co.jp/en/ir/>

Plan
1st half
FYE 2018
Operating income

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

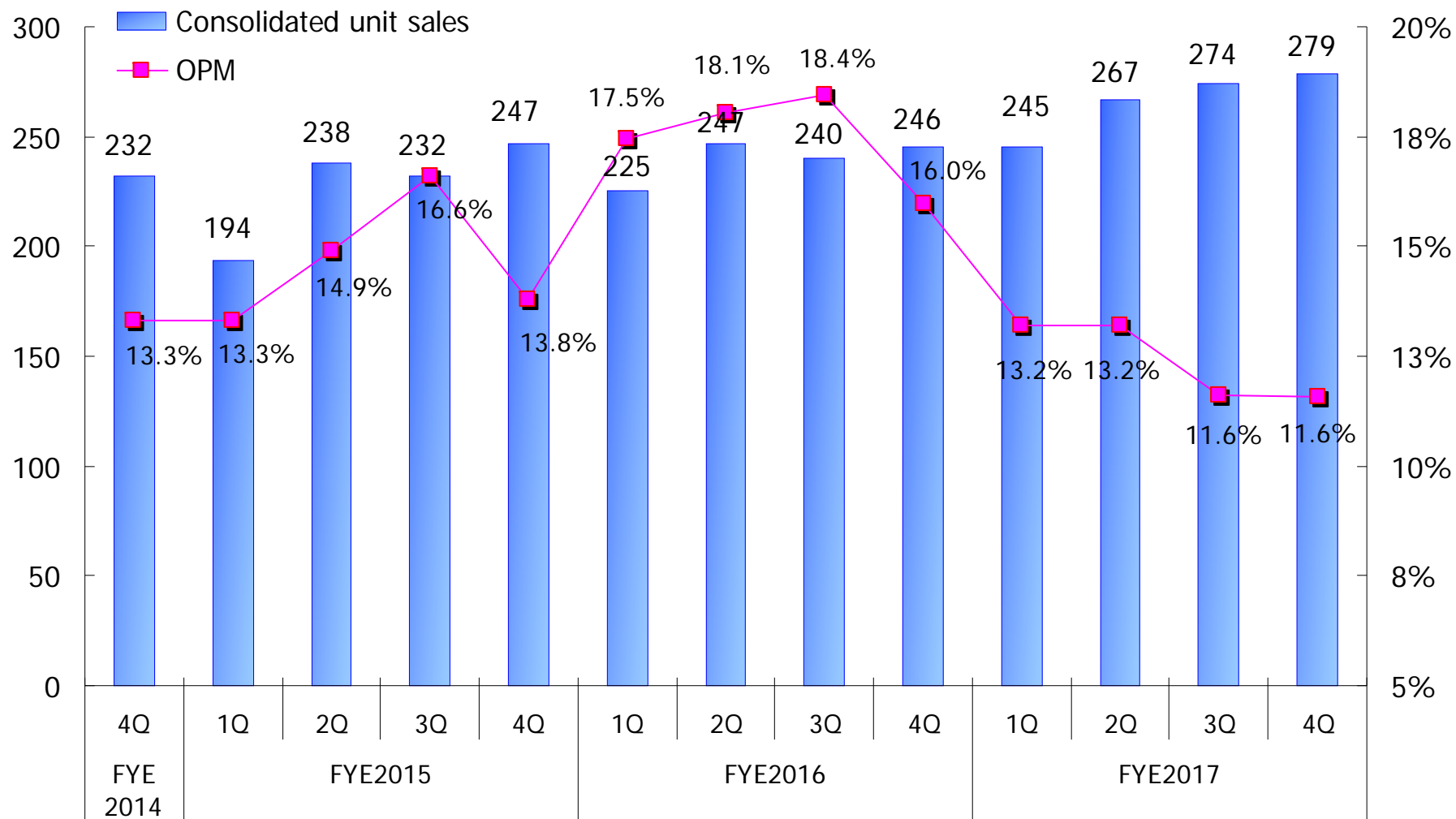


Consolidate Unit Sales & Operating Income Margin



Unit sales
(1,000 units)

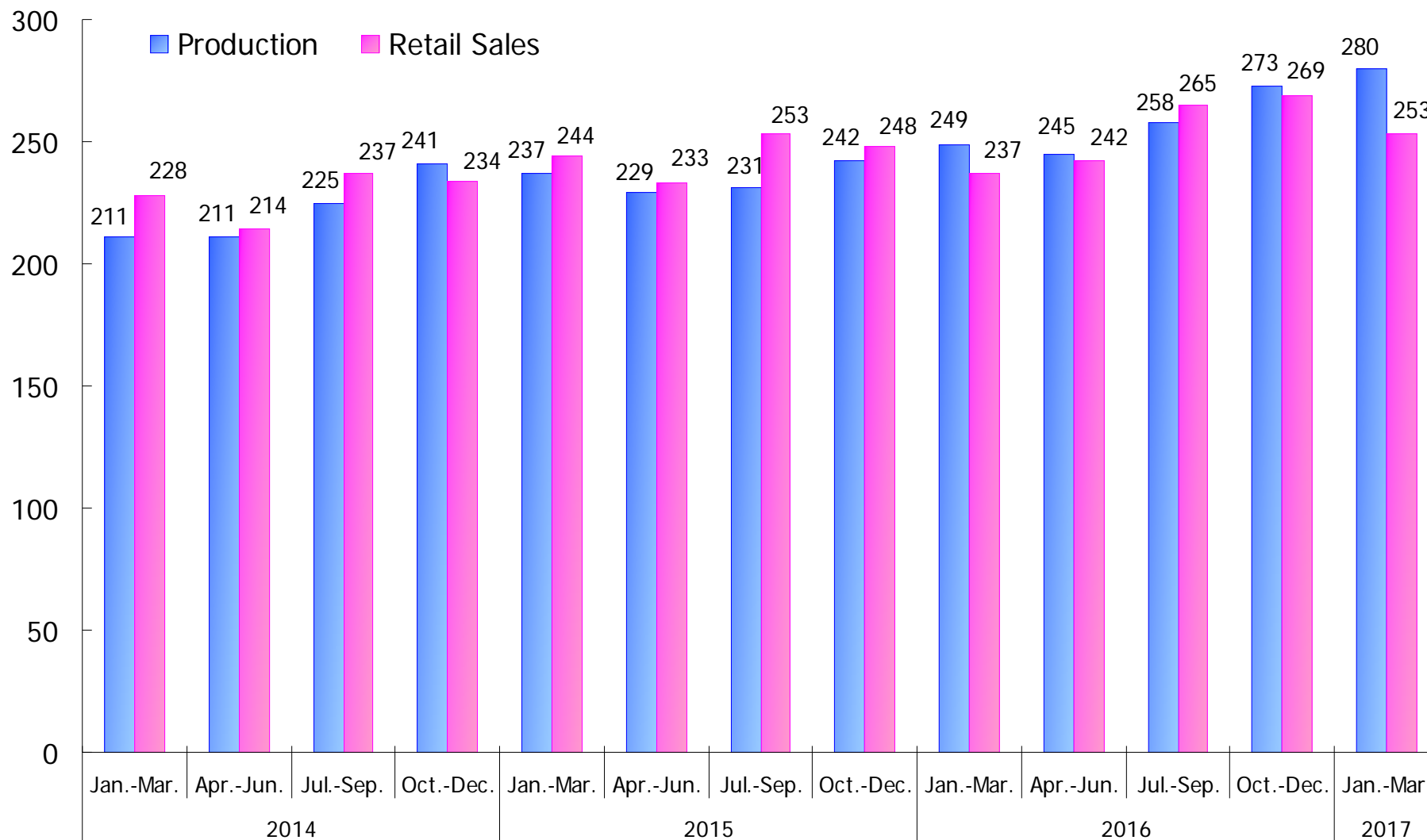
OPM



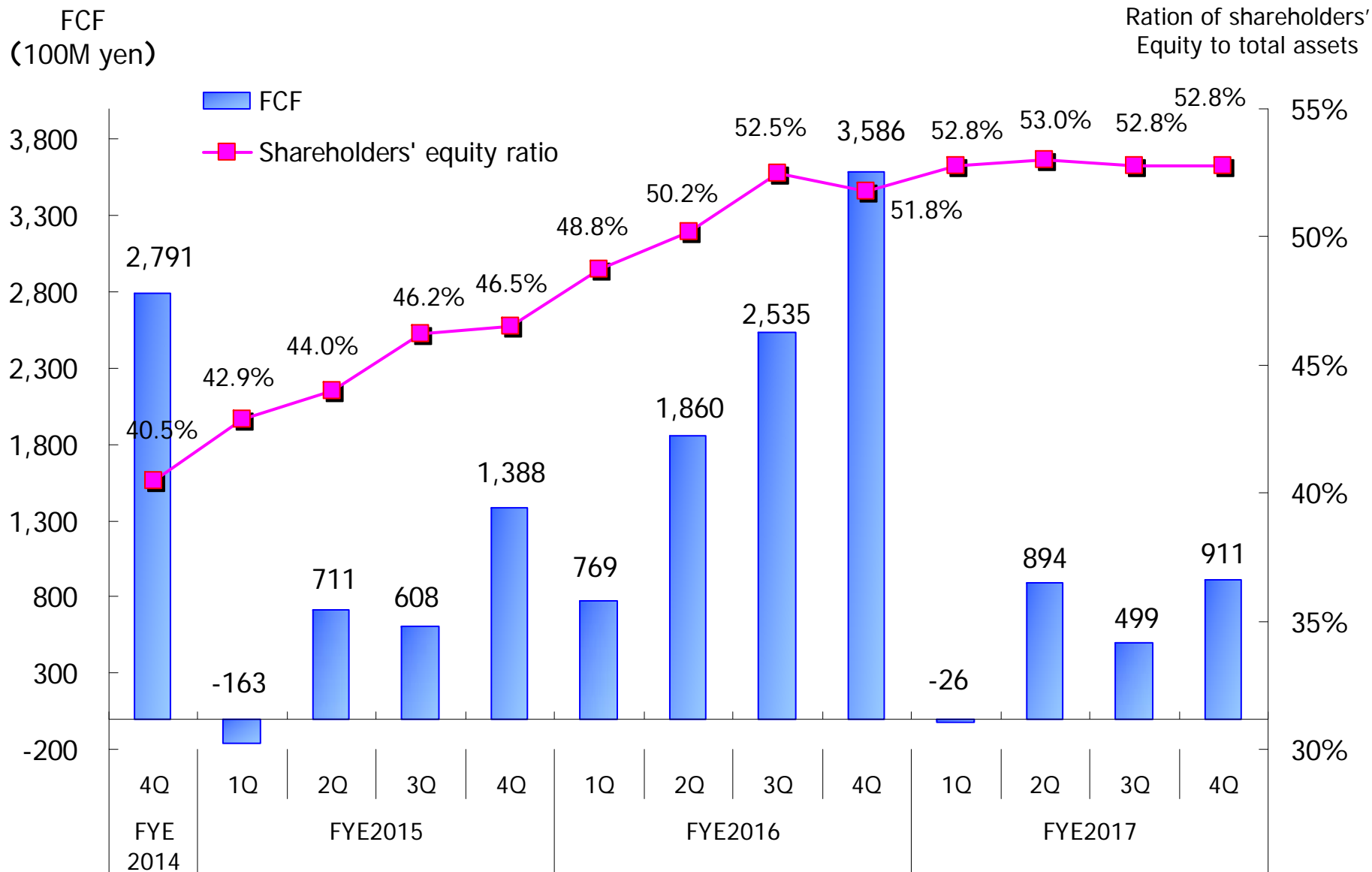
Complete Cars Production / Retail Sales Units



(1,000 units)



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

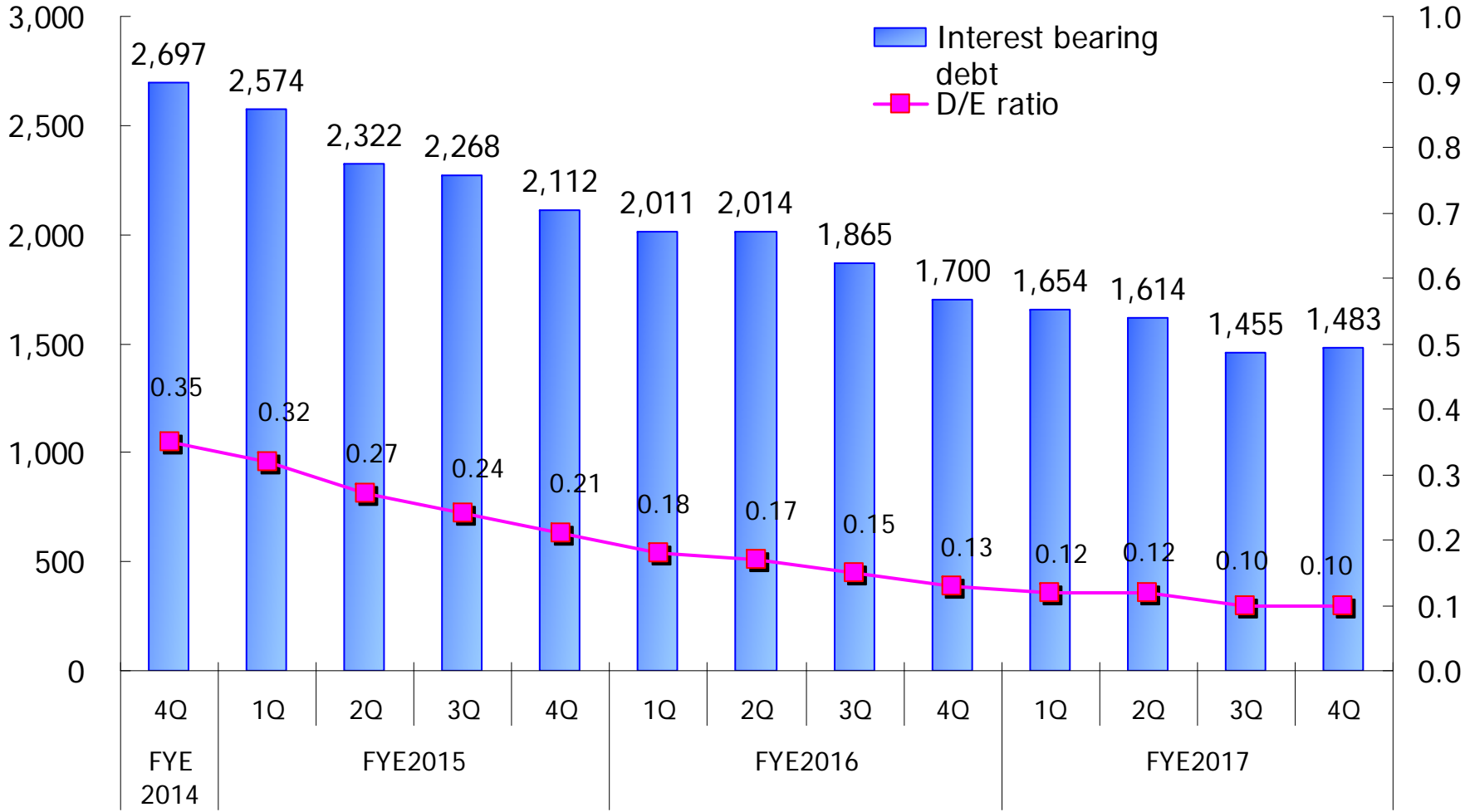


Interest Bearing Debt & D/E Ratio



Interest bearing debt (100M yen)

D/E ratio





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<https://www.subaru.co.jp/en/ir/>



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