

Consolidated Financial Results for the 3rd Quarter of FYE 2018



SUBARU CORPORATION



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Summary



Consolidated Financial Results for the 3rd Quarter of FYE 2018

- Consolidated net sales and global unit sales posted record highs for the April-December period.*1
- Operating income decreased year on year, as factors such as unit sales growth and foreign exchange gains were offset by an increase in R&D expenses, a rise in SG&A that mainly consisted of sales expenses associated with higher interest rates in the U.S., and other factors.
- Net income attributable to owners of parent decreased year on year, reflecting an extraordinary loss of 81.3 billion yen to account for airbag-related losses.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Actual results (YoY)	¥2,564.6bil. (+136.7bil.)	¥306.3bil. (-0.5bil.)	¥303.1bil. (+5.9bil.)	¥152.8bil. (-54.7bil.)	801.9k units (+16.1k units)

*1: Since FYE 2004 - the year SUBARU started quarterly consolidated financial reporting

Forecasts for FYE 2018

- Forecasts for FYE2018 are revised from those previously announced on November 6, 2017, reflecting a change in currency rate assumptions, an expected increase in SG&A due to quality-related expenses, and other factors.
- Consolidated net sales and global unit sales will mark record highs for the 6th consecutive year.*2

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Forecasts (YoY) (vs previous plan)	¥3,410.0bil. (+84.0bil.) (+30.0bil.)	¥380.0bil. (-30.8bil.) (±0.0bil.)	¥375.0bil. (-19.3bil.) (-7.0bil.)	¥207.0bil. (-75.4bil.) (±0.0bil.)	1,067.1k units (+2.5k units) (-0.9k units)

*2: Since FYE 1986 - the year SUBARU started full-year consolidated financial reporting

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First let's take a look at the highlights of our consolidated financial results for the 3rd quarter of the fiscal year ending March 2018.


Operating income for the first nine-month period was down 0.5 billion yen, hovering around what it was last year.

Net income attributable to owners of parent declined 54.7 billion yen year on year due to an extraordinary loss of 81.3 billion yen posted as an allowance for airbag-related losses.

We made no revisions to the full-year consolidated forecast figures for operating income and net income attributable to owners of parent that were announced on November 6, 2017.



Consolidated Financial Results for the 3rd Quarter of FYE 2018

3 rd Quarter : Consolidated Unit Sales			
	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Passenger car	83.1	97.7	+14.6
Minicar	22.4	21.1	-1.2
Domestic total	105.5	118.8	+13.3
US	501.3	509.1	+7.8
Canada	40.5	44.5	+4.0
Russia	4.1	5.7	+1.6
Europe	29.8	28.5	-1.3
Australia	37.9	42.0	+4.1
China	32.0	21.5	-10.5
Others	34.7	31.8	-3.0
Overseas total	680.3	683.1	+2.8
Total	785.8	801.9	+16.1

(Thousand Units)

https://www.subaru.co.jp/en/ir/ <China> FYE2017 : Figures are consolidated on the calendar year basis from Jan. to Sep.
FYE2018 : Figures are consolidated on the fiscal year basis from Apr. to Dec. **3**

Here are the financial results for the first nine months of the fiscal year ending March 2018.

Consolidated automobile sales were up 16.1 thousand units year on year, totaling 801.9 thousand units. This was the highest sales figure ever recorded in a nine-month period.

Overall domestic sales were up 13.3 thousand units year on year to hit 118.8 thousand units.

Passenger vehicle sales rose 14.6 thousand units year on year to reach 97.7 thousand units. This increase came thanks to strong sales of the Impreza and the SUBARU XV despite the drop in minicar sales, which slipped 1.2 thousand units year on year to total 21.1 thousand units.

Sales in overseas markets rose 2.8 thousand units year on year to reach 683.1 thousand units as a result of robust sales of the Crosstrek and the Impreza primarily in North America, which is our key market.

3rd Quarter:
Consolidated Income Statements



(100 Million Yen)

	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Net sales	24,279	25,646	+1,367
Domestic	4,449	4,845	+396
Overseas	19,830	20,801	+971
Operating income	3,068	3,063	-5
Total non-operating income & expenses	-96	-32	+64
Ordinary income	2,972	3,031	+59
Total extraordinary income & loss	16	-855	-871
Income before taxes and minority interests	2,988	2,176	-812
Net income attributable to owners of parent	2,075	1,528	-547
SUBARU exchange rate	¥106/US\$	¥112/US\$	+¥5/US\$

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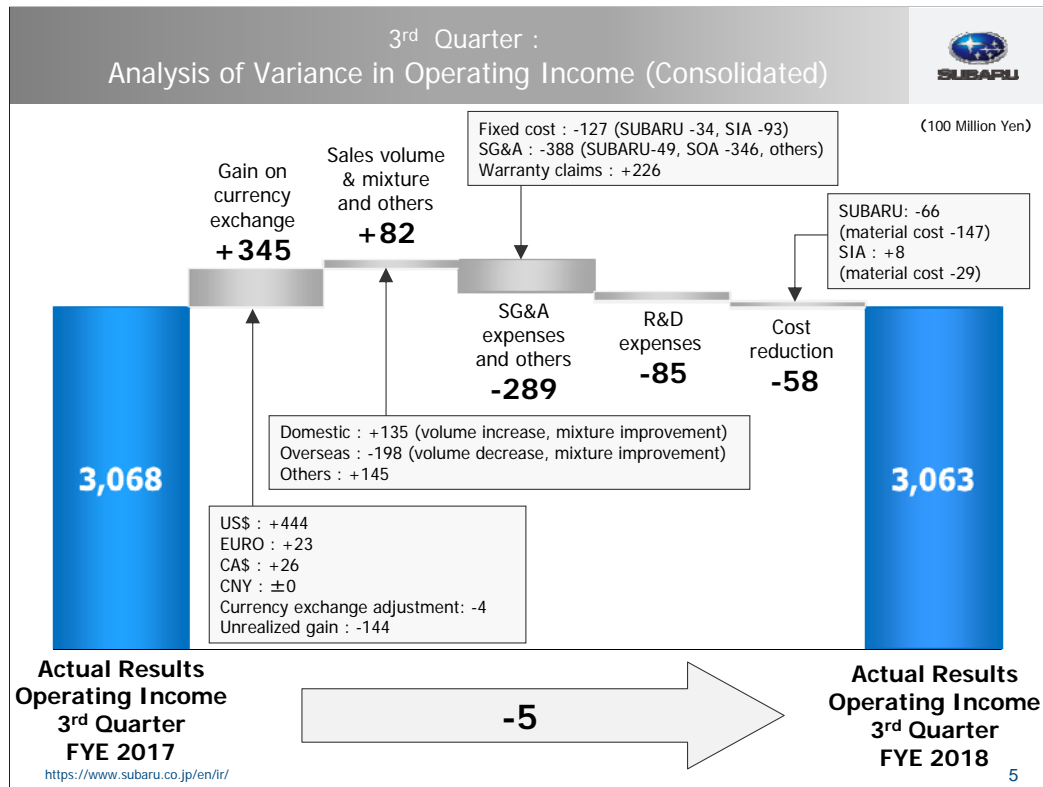
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Moving on to consolidated earnings performance,

we see that net sales rose 136.7 billion yen year on year to total 2,564.6 billion yen. The main factors behind this increase included a foreign exchange gain of 87.6 billion yen, a gain of 44.6 billion yen due to better sales mix variances, and a gain of 4.5 billion yen posted at the Aerospace Company, etc.

Operating income totaled 306.3 billion yen. This figure represents a 0.5-billion-yen year-on-year drop due primarily to rising interest rates in the U.S. that kept selling and other expenses as well as R&D expenses up despite favorable currency rates and the better sales mix. Ordinary income rose 5.9 billion yen to hit 303.1 billion yen.

Net income attributable to owners of parent declined 54.7 billion yen year on year to hit 152.8 billion yen due to an extraordinary loss of 81.3 billion yen posted as an allowance for airbag-related losses.



Now let's look at the reasons behind the change in operating income for the first nine-month period.

The primary factor that brought operating income up was a foreign exchange gain of 34.5 billion yen.

This includes a gain of 44.4 billion yen due to an approximate 5-yen depreciation against the U.S. dollar, a gain of 2.3 billion yen due to an approximate 10-yen depreciation against the euro, and a gain of 2.6 billion yen due to an approximate 5-yen depreciation against the Canadian dollar. On top of that we lost 0.4 billion yen due to foreign exchange adjustments on transactions between SUBARU and its overseas subsidiaries and 14.4 billion yen from unrealized inventory.

Another contributing factor that brought operating income up was a gain of 8.2 billion yen due to better sales mix variances. This can be broken down into the following three areas:

- a gain of 13.5 billion yen in domestic new car sales,
- a loss of 19.8 billion yen in overseas new car sales,
- and a gain of 14.5 billion yen due to inventory adjustments and other factors.

The main factor bringing operating income down was a loss of 28.9 billion yen due to increases in SG&A and other expenses. This can be broken down into the following three areas:

First, we saw a loss of 12.7 billion yen due to an increase in fixed manufacturing costs. SUBARU lost 3.2 billion yen due to higher costs for supplier dies and 0.2 billion yen due to higher fixed processing costs, for a total loss of 3.4 billion yen. SIA lost 9.3 billion yen in total, including a loss of 4.7 billion yen due to higher costs for supplier dies and a loss of 4.6 billion yen due to an increase in fixed processing costs.

Secondly we experienced a loss of 38.8 billion yen due to an increase in SG&A expenses.

SUBARU lost 4.9 billion yen overall as domestic dealers lost 2.0 billion yen, SOA 34.6 billion yen, and our Canadian subsidiary 0.2 billion yen, despite a gain of 2.9 billion yen from other operations.

SOA posted a loss of 3.8 billion yen from mounting advertising expenses, etc.

It also experienced a loss of 30.8 billion yen associated with sales incentives since the per-unit incentive amount was upped 550 dollars year on year, taking it from 1,350 dollars to 1,900 dollars, coupled with increasing sales volumes.

Thirdly there was a decrease in costs associated with warranty claims that led to a gain of 22.6 billion yen.

Another factor bringing operating income down was an increase in R&D expenses, which resulted in a loss of 8.5 billion yen.

The last factor behind the drop in operating income was a loss of 5.8 billion yen associated with cost cuts. SUBARU generated a gain of 8.1 billion yen through cost reductions but lost 14.7 billion yen due to higher material costs, adverse market conditions, etc., which all added up to a loss of 6.6 billion yen.

SIA yielded a gain of 3.7 billion yen through cost reductions but lost 2.9 billion yen due to higher material prices, etc., resulting in a gain of 0.8 billion yen.

These factors combined brought consolidated operating income for the first nine-month period of the fiscal year ending March 2018 down 0.5 billion yen year on year to total 306.3 billion yen.

Consolidated Balance Sheets



(100 Million Yen)

	As of March 2017	As of December 2017	Variance
Total assets	27,623	27,932	+309
Current assets	18,453	18,344	-108
Noncurrent assets	9,171	9,588	+417
Total liabilities	12,974	12,724	-250
Interest bearing debts	1,483	919	-564
Net assets	14,649	15,207	+559
Retained earnings	11,733	12,161	+429
Shareholders' equity	14,587	15,131	+545
Ratio of shareholders' equity to total assets	52.8%	54.2%	-
D/E ratio	0.10	0.06	-

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The balance sheet shows total assets were up 30.9 billion yen from what they were at the end of March 2017 to total 2,793.2 billion yen.

This uptick was due mainly to a 18.6 billion yen increase in investment securities, a 15.0 billion yen increase in property, plant and equipment, a 10.5 billion yen jump in merchandise and finished goods, and a 15.9 billion yen decrease in combined funds on hand comprised of cash and deposits.


Liabilities fell 25.0 billion yen from what they were at the end of March 2017 to total 1,272.4 billion yen.

The main reasons behind this drop include a 66.9 billion yen decrease in trade accounts payable comprised of notes and accounts payable-trade and electronically recorded obligations-operating, a 40.1 billion yen decrease in long-term loans (including those payable within a year), and a 68.6 billion yen increase in an allowance for airbag-related losses.

Net assets rose 55.9 billion yen from what they were at the end of March 2017 to total 1,520.7 billion yen.

Main factors included a 42.9 billion yen increase in retained earnings.

The ratio of shareholders' equity to total assets was 54.2%.

3 rd Quarter :			
Consolidated Statement of Cash Flows			(100 Million Yen)
	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Net cash provided by (used in) operating activities	2,164	2,546	+382
Net cash provided by (used in) investing activities	-1,665	-1,320	+345
Free cash flows	499	1,226	+727
Net cash provided by (used in) financing activities	-1,884	-1,650	+234
Effect of exchange rate change on cash and cash equivalents	60	34	-27
Net increase (decrease) in cash and cash equivalents	-1,325	-390	+935
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	-5	-5
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	-	37	+37
Cash and cash equivalents at end of period	6,970	6,928	-42

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Moving on to the consolidated statement of cash flows, we see a net cash inflow from operating activities totaling 254.6 billion yen.

The main factors here include income before taxes and minority interests totaling 217.6 billion yen and an allowance of 68.6 billion yen for airbag-related losses.

The net cash outflow from investing activities totaled 132.0 billion yen.

Those investments primarily entailed expenditures totaling 98.4 billion yen for the purchase of noncurrent assets and a 36.5-billion-yen increase in time deposits.

As a result, free cash flows totaled 122.6 billion yen.

The net cash outflow from financing activities totaled 165.0 billion yen.

This included mainly dividend payments totaling 110.1 billion yen and an outflow of 40.1 billion yen for the repayment of long-term loans payable.

Cash and cash equivalents totaled 692.8 billion yen.

3rd Quarter :
Operating Results of Subsidiaries in U.S.



(Million US\$)

SOA	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Net sales	13,454	13,901	+447
Operating income	609	336	-273
Net income	376	218	-158
Retail sales (Thousand units)	481.6	501.2	+19.5

SIA	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Net sales	5,293	5,706	+413
Operating income	132	116	-16
Net income	80	65	-15
Production (Thousand units)	232.2	260.4	+28.2

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Now let's look at the performance of our U.S. subsidiaries.

SOA's retail sales climbed 19.5 thousand units year on year to reach a total of 501.2 thousand units as sales of the Impreza and the Crosstrek remained upbeat.

Net sales were up 447 million dollars year on year to total 13,901 million dollars while operating income fell 273 million dollars year on year to hit 336 million dollars. This drop comes from a loss of 324 million dollars due to higher SG&A expenses despite a gain of 51 million dollars from the favorable sales volumes and mix variances.

SIA saw net sales rise 413 million dollars year on year to hit 5,706 million dollars. Operating income, on the other hand, dropped 16 million dollars year on year to total 116 million dollars. The factors behind the decrease include a loss of 87 million dollars due to an increase in fixed costs despite a gain of 63 million dollars due to sales price and volume variances and a gain of 8 million dollars brought about by cost reduction efforts.

3rd Quarter :
Capex / Depreciation / R&D / Interest bearing debt



(100 Million Yen)

	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Capex	1,076	780	-295
Depreciation	541	653	+112
R&D	805	889	+85
Interest bearing debt	1,455	919	-536

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Capital expenditures for the first nine-month period totaled 78.0 billion yen, amounting to a year-on-year decrease of 29.5 billion yen,

while depreciation costs rose 11.2 billion yen year on year to hit 65.3 billion yen.

R&D expenses increased 8.5 billion yen year on year to total 88.9 billion yen.



Forecasts for FYE 2018

Revised Plan FYE 2018 :
Consolidated Unit Sales



(Thousand Units)

	Actual Results FYE 2017 (a)	Previous Plan FYE 2018 (b)	Revised Plan FYE 2018 (c)	Variance (c)-(a)	Variance (c)-(b)
Passenger cars	126.4	135.0	134.5	+8.2	-0.4
Minicars	32.5	31.6	30.6	-1.9	-1.0
Domestic total	158.9	166.5	165.2	+6.2	-1.4
US	667.6	668.0	671.3	+3.7	+3.3
Canada	53.1	55.6	57.0	+3.9	+1.4
Russia	5.3	7.3	7.7	+2.3	+0.4
Europe	40.9	39.5	39.1	-1.8	-0.4
Australia	49.1	55.9	55.9	+6.8	-0.1
China	44.0	29.8	26.3	-17.7	-3.5
Others	45.6	45.2	44.7	-0.9	-0.6
Overseas total	905.6	901.4	901.9	-3.7	+0.5
Total	1,064.5	1,067.9	1,067.1	+2.5	-0.9

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<China> FYE2017 : Figures are consolidated on the calendar year basis from Jan. to Dec.
FYE2018 : Figures are consolidated on the fiscal year basis from Apr. to Mar.

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Now let's look at our full-year forecasts for the fiscal year ending March 2018.


Consolidated automobile sales are expected to total 1,067.1 thousand units.

While this figure represents a projected year-on-year increase of 2.5 thousand units, it's 0.9 thousand units below the previous forecast.

By market, domestic sales will increase 6.2 thousand units year on year to total 165.2 thousand units, which is 1.4 thousand units less than the previous forecast figure.

Overseas sales are projected to fall 3.7 thousand units year on year to total 901.9 thousand units due to a significant decrease in the sales volume in China despite growing sales volumes in North America and Australia.

This figure is 0.5 thousand units higher than the previous forecast figure.

Revised Plan FYE 2018 :					
Consolidated Income Statements					
(100 Million Yen)					
	Actual Results FYE 2017 (a)	Previous Plan FYE 2018 (b)	Revised Plan FYE 2018 (c)	Variance (c)-(a)	Variance (c)-(b)
Net sales	33,260	33,800	34,100	+840	+300
Domestic	6,503	6,717	6,703	+200	-13
Overseas	26,756	27,083	27,397	+640	+313
Operating income	4,108	3,800	3,800	-308	±0
Ordinary income	3,943	3,820	3,750	-193	-70
Income before taxes and minority interests	3,947	2,950	2,880	-1,067	-70
Net income attributable to owners of parent	2,824	2,070	2,070	-754	±0
SUBARU exchange rate	¥108/US\$	¥111/US\$	¥112/US\$	+¥3/US\$	+¥1/US\$
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Let's look at our consolidated operating plan.

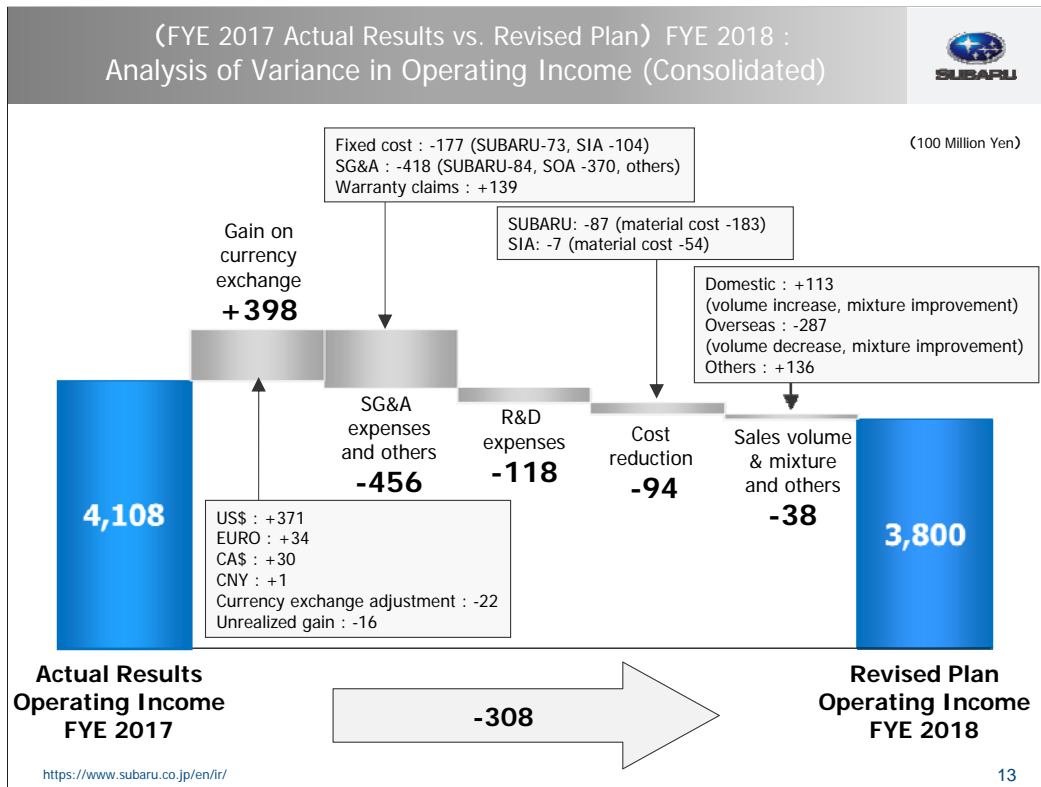
We have made partial revisions to our previous forecast in light of currency fluctuations, increases in quality-related expenses and other expenses, as well as better sales mix variances, etc.

We revised our projected net sales figure by 30 billion yen to make it 3,410.0 billion yen. That's a year-on-year increase of 84.0 billion yen, which is expected to be brought about by a foreign exchange gain of 79.1 billion yen and a gain of 9.2 billion yen as a result of the favorable sales mix variances despite a loss of 4.3 billion yen at the companies, etc.

We still expect operating income to fall 30.8 billion yen year on year and total out at 380.0 billion yen, as previously forecasted.

Our forecast for ordinary income was revised downward by 7.0 billion yen to 375.0 billion yen, which is down 19.3 billion yen year on year.

No revision has been made to the projected figure for net income attributable to owners of parent, which is expected to drop 75.4 billion yen year on year to reach 207.0 billion yen.



Now let's look at the factors behind the projected year-on-year change in the operating income forecast.

The primary factor that will bring operating income up will be a foreign exchange gain of 39.8 billion yen.

This will include a gain of 37.1 billion yen due to an approximate 3-yen depreciation against the U.S. dollar, a gain of 3.4 billion yen due to an approximate 11-yen depreciation against the euro, and a gain of 3.0 billion yen due to an approximate 4-yen depreciation against the Canadian dollar. This will be accompanied by a gain of 0.1 billion yen resulting from currency translations between the yen and the Chinese yuan, a loss of 2.2 billion yen due to foreign exchange adjustments for transactions between SUBARU and its overseas subsidiaries, as well as a loss of 1.6 billion yen from unrealized inventory.

The main factor that will bring operating income down will be a loss of 45.6 billion yen due to increases in SG&A and other expenses. This can be broken down into the following three areas.

First, we will see a loss of 17.7 billion yen due to an increase in fixed manufacturing costs. SUBARU will suffer a loss of 4.4 billion yen due to higher costs for supplier dies and a loss of 2.9 billion yen due to higher fixed processing costs, for a total loss of 7.3 billion yen.

SIA is expected to see a loss of 10.4 billion yen, which will include a loss of 5.1 billion yen due to higher costs for supplier dies and a loss of 5.3 billion yen due to an increase in fixed processing costs.

The second factor will be a loss of 41.8 billion yen due to an increase in SG&A expenses.

This will include a loss of 8.4 billion yen at SUBARU, a loss of 2.3 billion yen at domestic dealers, a loss of 37.0 billion yen at SOA, a loss of 0.6 billion yen at our Canadian subsidiary, and a gain of 6.6 billion yen from other operations.

SOA will see a gain of 1.3 billion yen from lower advertising expenses, etc. It will also post a loss of 38.3 billion yen due to an expected 550-dollar increase in the per-unit incentive amount (bringing last year's incentive of 1,450 dollars up to 2,000 dollars).

The third factor will be a decrease in costs associated with warranty claims that will lead to a gain of 13.9 billion yen.

An increase in R&D expenses will result in a loss of 11.8 billion yen.

We will also see a loss of 9.4 billion yen associated with cost cuts. SUBARU will generate a gain of 9.6 billion yen through cost reductions but lose 18.3 billion yen due to higher material costs, negative market conditions, etc., which will all come to a total loss of 8.7 billion yen.

SIA will yield a gain of 4.7 billion yen through cost reductions but lose 5.4 billion yen due to higher materials prices, etc., resulting in a total loss of 0.7 billion yen.

Another contributing factor that will bring operating income down will be an unfavorable sales mix variance that will lead to a loss of 3.8 billion yen.

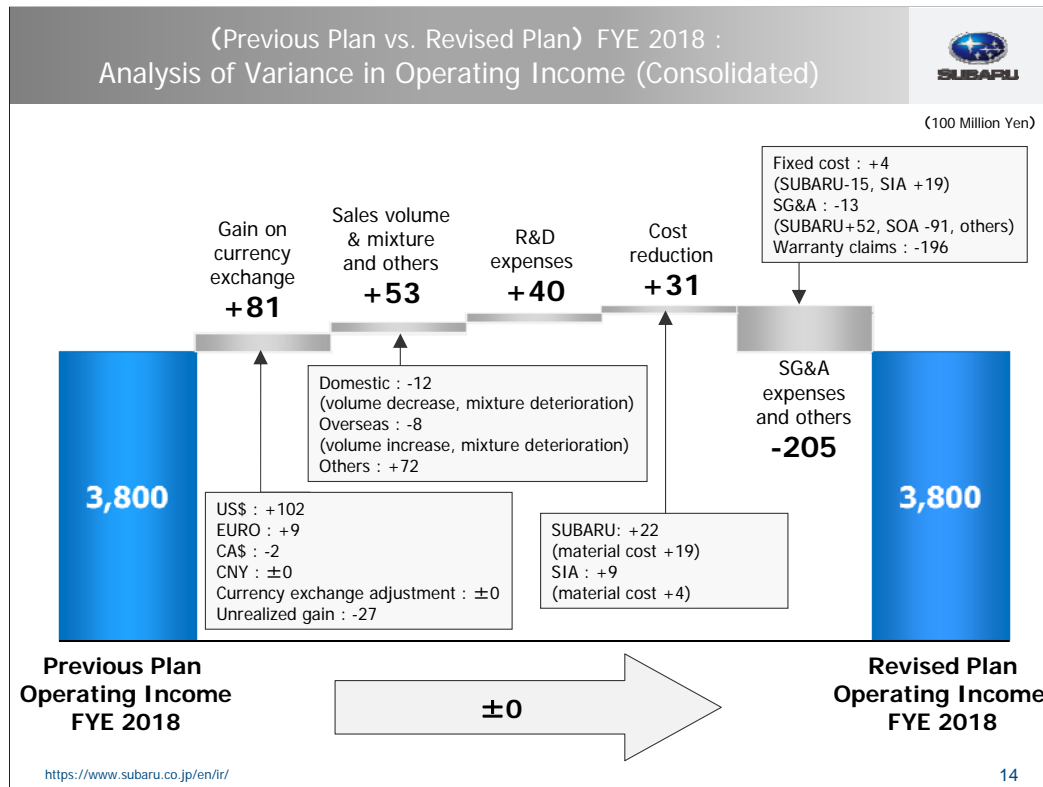
This can be broken down into the following three areas:

a gain of 11.3 billion yen in domestic new car sales,

a loss of 28.7 billion yen in overseas new car sales,

and a gain of 13.6 billion yen due to inventory adjustments and other factors.

All these factors combined will bring operating income for the fiscal year ending March 2018 down 30.8 billion yen from the previous year's total of 410.8 billion yen to 380.0 billion yen.



Let's move on to the factors behind the change in the projected operating income figure from the previous forecast.

The primary factor that will bring operating income up will be a foreign exchange gain of 8.1 billion yen.

This will include a gain of 10.2 billion yen due to an approximate 1-yen depreciation against the U.S. dollar, a gain of 0.9 billion yen due to an approximate 2-yen depreciation against the euro, and a loss of 0.2 billion yen due to an approximate 1-yen appreciation against the Canadian dollar.

This will be accompanied by a loss of 2.7 billion yen from unrealized inventory.

Another contributing factor bringing operating income up will be a favorable sales mix variance that will lead to a gain of 5.3 billion yen. This can be broken down into the following three areas:

- a loss of 1.2 billion yen in domestic new car sales,
- a loss of 0.8 billion yen in overseas new car sales,
- and a gain of 7.2 billion yen due to inventory adjustments and other factors.

A decrease in R&D expenses will result in a gain of 4.0 billion yen.

We will also see a gain of 3.1 billion yen associated with cost cuts. SUBARU will generate a gain of 2.2 billion yen, which will include a gain of 0.3 billion yen through cost reductions and a gain of 1.9 billion yen in association with material costs, market conditions, etc.

SIA will yield a gain of 0.9 billion yen, which will include a gain of 0.5 billion yen through cost reductions and a gain of 0.4 billion yen due to materials prices, etc.

The main factor that will bring operating income down will be a loss of 20.5 billion yen due to increases in SG&A and other expenses. This can be broken down into the following three areas.

First, we will see a gain of 0.4 billion yen due to a decrease in fixed manufacturing costs. SUBARU will see a loss of 1.5 billion yen due to mounting fixed processing costs.

SIA is expected to see a gain of 1.9 billion yen, which will include a gain of 1.2 billion yen due to lower costs for supplier dies and a gain of 0.7 billion yen due to a decrease in fixed processing costs.

The second factor will be a loss of 1.3 billion yen due to an increase in SG&A expenses.

This will include a gain of 5.2 billion yen at SUBARU, a gain of 0.4 billion yen at domestic dealers, a loss of 9.1 billion yen at SOA, a gain of 0.6 billion yen at our Canadian subsidiary, and a gain of 1.6 billion yen from other operations.

SOA will see a gain of 0.5 billion yen from lower advertising expenses, etc. It will also post a loss of 9.6 billion yen due to an expected 150-dollar increase in the per-unit incentive amount (bringing last year's incentive of 1,850 dollars up to 2,000 dollars).

The third and last factor will be an increase in costs associated with warranty claims that will lead to a loss of 19.6 billion yen.

In light of all these factors, we decided not to revise the projected operating income figure for the fiscal year ending March 2018, which stands at 380.0 billion yen.

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



(Million US\$)

SOA	Actual Results FYE 2017	Revised Plan FYE 2018	Variance
Net sales	17,947	18,393	+446
Operating income	671	359	-312
Net income	421	239	-182
Retail sales (Thousand units)	625.0	652.8	+27.8

SIA	Actual Results FYE 2017	Revised Plan FYE 2018	Variance
Net sales	7,525	7,662	+137
Operating income	236	171	-65
Net income	148	107	-41
Production (Thousand units)	335.2	349.0	+13.8

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Let's look at the performance forecast for our U.S. subsidiaries.


Retail sales at SOA for this fiscal year are expected to jump 27.8 thousand units year on year for a total of 652.8 thousand units thanks to healthy sales of the Impreza and Crosstrek.

Net sales will increase 446 million dollars year on year to reach 18,393 million dollars.

Operating income will fall 312 million dollars year on year to total 359 million dollars. This drop will come from a loss of 345 million dollars due to higher SG&A expenses despite a gain of 33 million dollars resulting from favorable volume and mix variances.

SIA's net sales are expected to increase 137 million dollars year on year to reach 7,662 million dollars.

Operating income will drop 65 million dollars year on year to reach 171 million dollars. Factors behind the decrease will include a loss of 6 million dollars related to cost reductions and market conditions and a loss of 96 million dollars due to an increase in fixed costs despite a gain of 37 million dollars resulting from sales price and volume variances.

Revised Plan FYE 2018 : Capex / Depreciation / R&D / Interest bearing debt						
(100 Million Yen)						
	Actual Results FYE 2017 (a)	Previous Plan FYE 2018 (b)	Revised Plan FYE 2018 (c)	Variance (c) - (a)	Variance (c) - (b)	
Capex	1,585	1,500	1,500	-85	±0	
Depreciation	770	920	920	+150	±0	
R&D	1,142	1,300	1,260	+118	-40	
Interest bearing debt	1,483	1,000	950	-533	-50	

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Now let's look at our full-year forecast for capital expenditures, depreciation costs, R&D expenses, and interest bearing debt.

Capital expenditures and depreciation costs are expected to total 150.0 billion yen and 92.0 billion yen respectively, just as projected in the previous forecast.

R&D expenses are projected to total 126.0 billion yen, which is a 4.0-billion-yen drop from the previous forecast.

Finally, I would like to give you some additional information about the recall related to nonconforming final vehicle inspections.

When we announced our financial results for the second quarter, we estimated that the number of vehicles affected would be about 250 thousand units and that related expenses would total about 10 billion yen. However, the total recall count came to about 420 thousand units, including an additional 27 thousand vehicles for which we issued a recall today, and the total cost is about 25 billion yen. These figures have been factored into the third quarter financial results.

This concludes the briefing on our financial results for the third quarter of the fiscal year ending March 2018. Thank you very much.

Appendix(1)

- Non-operating income & expenses and extraordinary income & loss
- Segment information by business & geographic
- Overseas net sales
- Non-consolidated unit sales

3rd Quarter : Non-operating Income & Expenses and
Extraordinary Income & Loss (Consolidated)



(100 Million Yen)

	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Financial revenue and expenditure	20	42	+23
FOREX effects	-91	-26	+65
Loss on taxation of overseas subsidiary	-	-37	-37
Others	-24	-11	+13
Total non-operating income & expenses	-96	-32	+64
Gain on sales of noncurrent assets	3	3	-0
Gain on sales of investment securities	101	7	-94
Loss on sales and retirement of noncurrent assets	-32	-42	-10
Loss related to airbags	-	-813	-813
Loss on business liquidation	-50	-	+50
Others	-6	-11	-5
Total extraordinary income & loss	16	-855	-871

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3rd Quarter : Net Sales and Operating Income
by Business Segment (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Automobile	23,053	24,339	+1,286	2,987	2,903	-84
Aerospace	964	1,067	+103	50	116	+66
Others*	262	240	-22	24	40	+15
Elimination & Corporate	/	/	/	7	5	-2
Total	24,279	25,646	+1,367	3,068	3,063	-5

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

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3rd Quarter : Net Sales and Operating Income
by Geographic Area (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Japan	6,885	7,422	+537	1,940	2,419	+479
North America	15,480	16,720	+1,240	883	582	-302
Others	1,914	1,504	-410	66	36	-30
Elimination & Corporate	/	/	/	178	26	-152
Total	24,279	25,646	+1,367	3,068	3,063	-5

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3rd Quarter :
Overseas Net Sales (Consolidated)



(100 Million Yen)

	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
North America	16,180	17,610	+1,430
Europe	827	851	+24
Asia	1,581	1,074	-507
Others	1,242	1,267	+24
Total	19,830	20,801	+971

3rd Quarter :
Non-consolidated Unit Sales



(Thousand Units)

	Actual Results 3 rd Quarter FYE 2017	Actual Results 3 rd Quarter FYE 2018	Variance
Domestic production	543.1	532.2	-10.9
Domestic sales	113.8	125.9	+12.1
Passenger cars	89.5	103.4	+13.9
Minicars	24.3	22.5	-1.9
Number of exported vehicles	441.5	419.6	-21.9
Components for overseas production	259.0	266.0	+7.0
Total	814.3	811.4	-2.8

* Domestic production figures include Toyota 86.

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Appendix (2)

- 3rd quarter (3months) consolidated income statements
- 4th quarter (3months) consolidated income statements

3rd Quarter (3 months) :
Consolidated Unit Sales



(Thousand Units)

	Actual Results 3 rd Quarter (3 months) FYE 2017	Actual Results 3 rd Quarter (3 months) FYE 2018	Variance
Passenger car	30.7	30.4	-0.2
Minicar	6.8	6.1	-0.8
Domestic total	37.5	36.5	-1.0
US	174.4	175.8	+1.5
Canada	12.0	13.7	+1.7
Russia	0.3	2.0	+1.7
Europe	11.3	10.7	-0.6
Australia	15.5	14.3	-1.2
China	10.2	7.7	-2.5
Others	12.5	9.8	-2.7
Overseas total	236.3	234.1	-2.2
Total	273.8	270.6	-3.2

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<China> FYE2017 : Figures are consolidated on the calendar year basis from Jul. to Sep.
FYE2018 : Figures are consolidated on the fiscal year basis from Oct. to Dec.

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3rd Quarter (3 months) :
Consolidated Income Statements



(100 Million Yen)

	Actual Results 3 rd Quarter (3 months) FYE 2017	Actual Results 3 rd Quarter (3 months) FYE 2018	Variance
Net sales	8,502	8,783	+281
Domestic	1,589	1,559	-30
Overseas	6,913	7,224	+311
Operating income	982	942	-41
Ordinary income	694	904	+210
Income before taxes and minority interests	633	892	+259
Net income attributable to owners of parent	437	678	+242
SUBARU exchange rate	¥105/US\$	¥112/US\$	+¥8/US\$

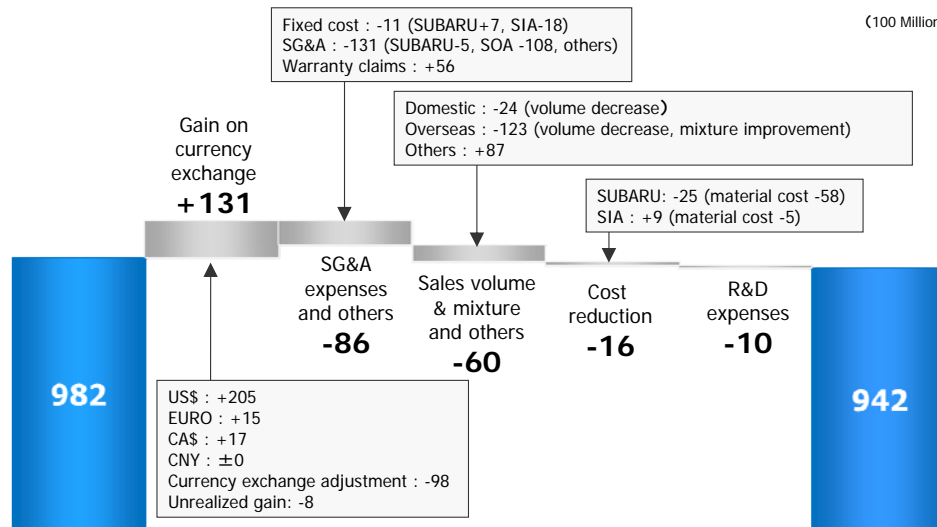
<https://www.subaru.co.jp/en/ir/>

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



(100 Million Yen)



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

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Actual Results
Operating Income
3Q (3 months)
FYE 2018

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4th Quarter (3 months) :
Consolidated Unit Sales



(Thousand Units)

	Actual Results 4 th Quarter (3 months) FYE 2017	Plan 4 th Quarter (3 months) FYE 2018	Variance
Passenger car	43.3	36.9	-6.4
Minicar	10.2	9.5	-0.7
Domestic total	53.4	46.3	-7.1
US	166.3	162.2	-4.1
Canada	12.6	12.5	-0.1
Russia	1.3	2.0	+0.7
Europe	11.2	10.6	-0.5
Australia	11.2	13.8	+2.7
China	12.0	4.8	-7.2
Others	10.8	12.9	+2.0
Overseas total	225.3	218.8	-6.5
Total	278.7	265.2	-13.6

<China> FYE2017 :Figures are consolidated on the calendar year basis from Oct. to Dec.
FYE2018 :Figures are consolidated on the fiscal year basis from Jan. to Mar.

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4th Quarter (3 months) :
Consolidated Income Statements



(100 Million Yen)

	Actual Results 4 th Quarter (3 months) FYE 2017	Plan 4 th Quarter (3 months) FYE 2018	Variance
Net sales	8,981	8,454	-527
Domestic	2,054	1,858	-196
Overseas	6,927	6,595	-331
Operating income	1,041	737	-304
Ordinary income	971	719	-253
Income before taxes and minority interests	959	704	-255
Net income attributable to owners of parent	748	542	-207
SUBARU exchange rate	¥114/US\$	¥112/US\$	-¥3/US\$

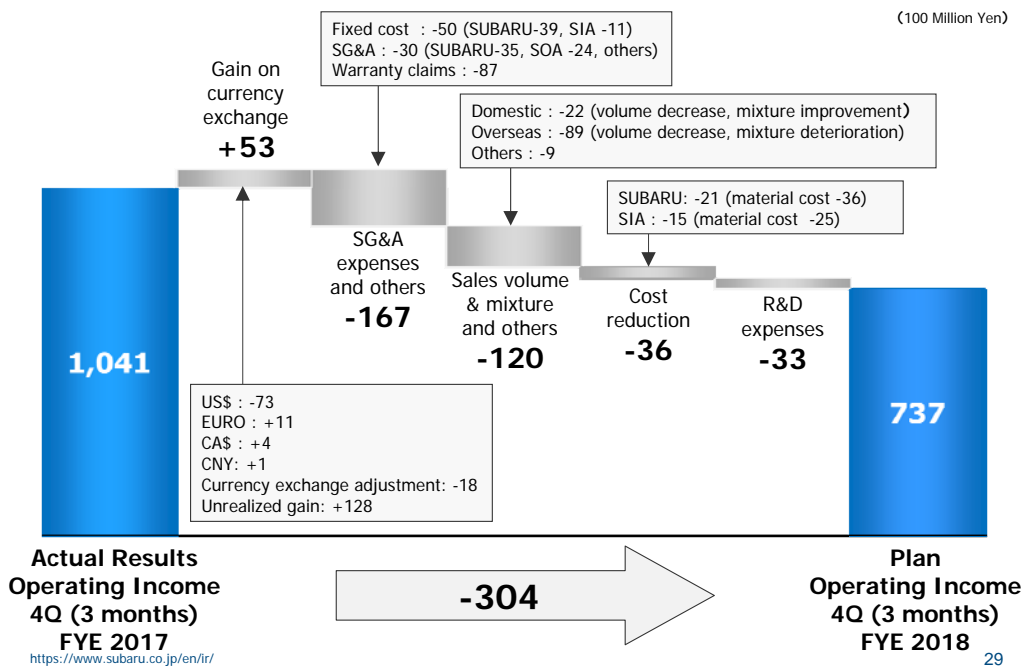
<https://www.subaru.co.jp/en/ir/>

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



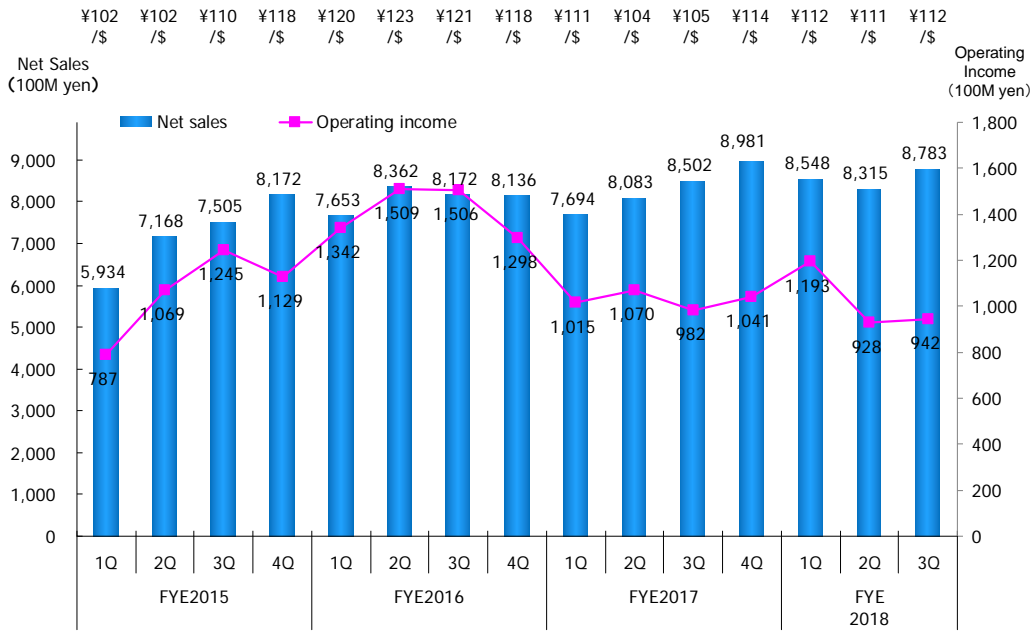
(100 Million Yen)



Appendix (3)

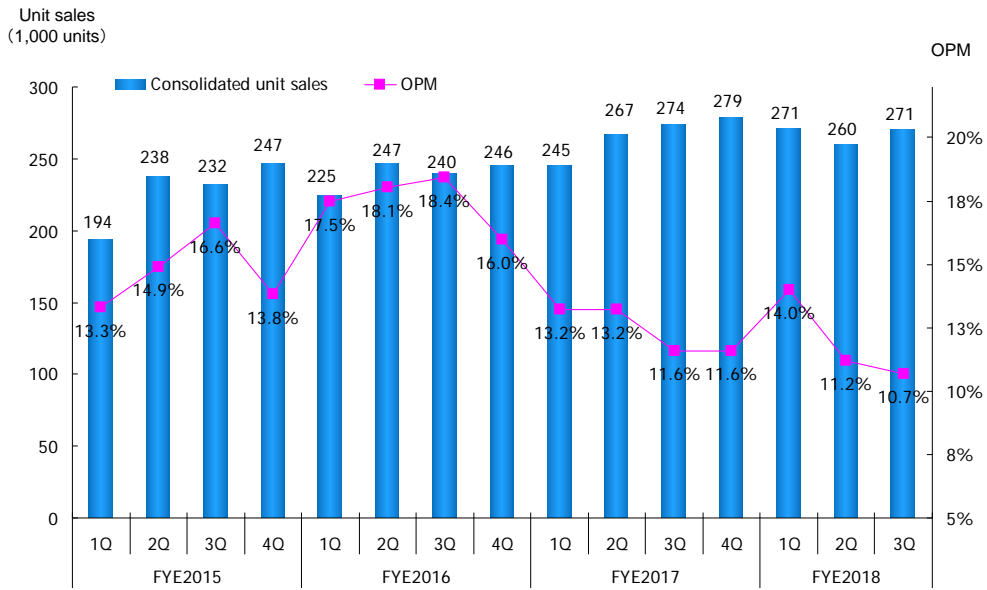
- Net sales / Operating income
- Consolidated unit sales / OPM
- Complete cars production / Retail sales units
- FCF / Shareholders' equity to total assets
- Interest-bearing debt / D/E ratio

Net Sales / Operating Income



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Consolidated Unit Sales / Operating Income Margin



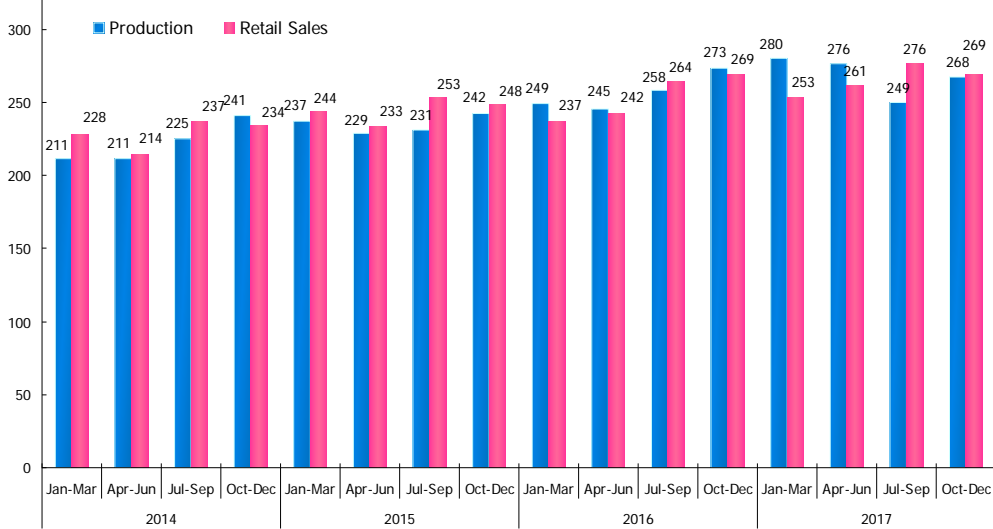
<https://www.subaru.co.jp/en/ir/>

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Complete Cars Production / Retail Sales Units



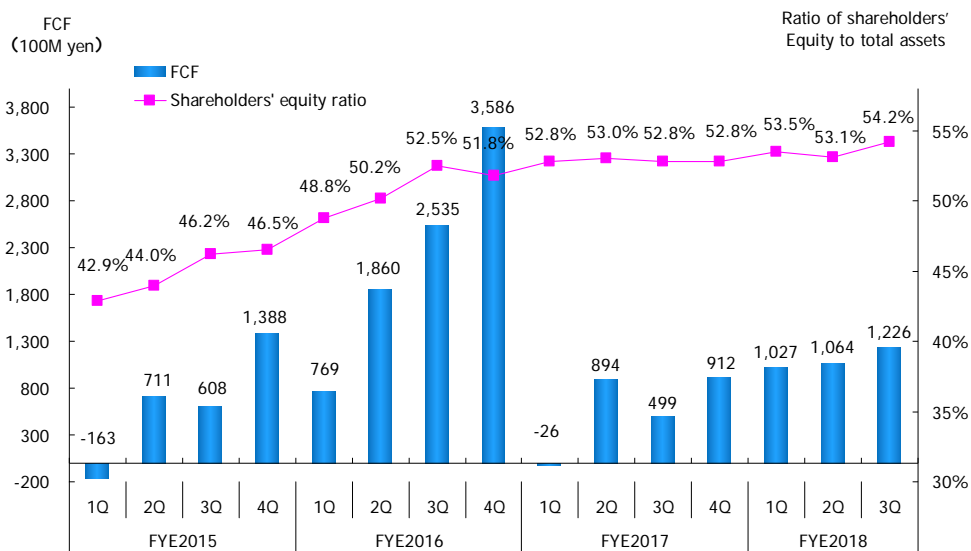
(1,000 units)



※ Production figures include Toyota 86

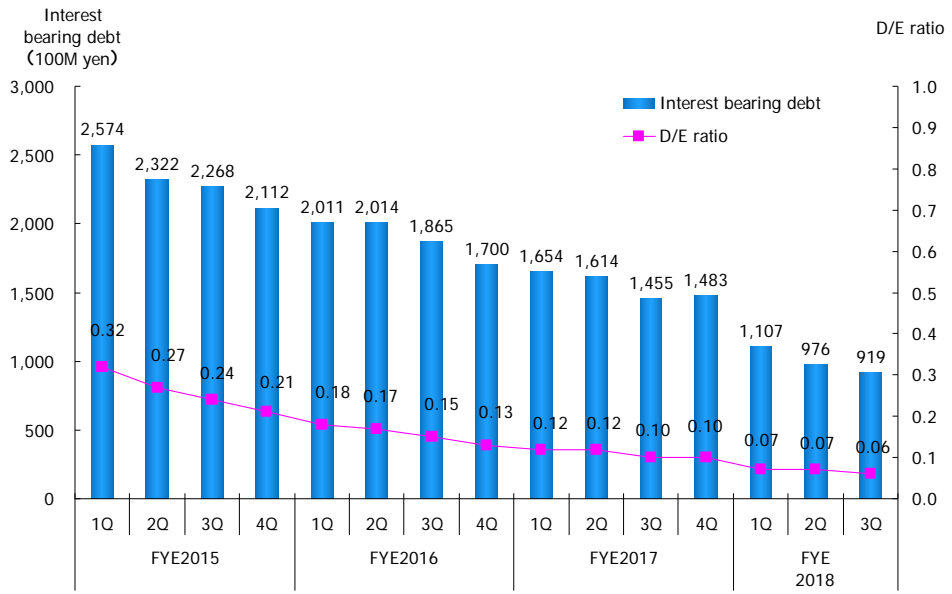
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Free Cash Flows / Ratio of Shareholders' Equity to Total Assets



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Interest Bearing Debt / D/E Ratio



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