

Consolidated Financial Results for the 1st Half of FYE 2018



SUBARU CORPORATION

Yasuyuki Yoshinaga, President & CEO

November 6, 2017

FYE 2018 1st Half Financial Results



- Consolidated unit sales posted 1st half record for the 6th consecutive year.
- Net income attributable to owners of parent decreased from the same period of the previous fiscal year, mainly due to the posting of an extraordinary loss as provision for loss related to airbags.

(100 Million Yen)

	FYE 2017 1 st half	FYE 2018 1 st half		YoY (c)–(a)	vs. Plan (c)–(b)
	Actual Results (a)	Plan (b) (announced on Aug.25)	Actual Results (c)		
Consolidated sales volume	512.0 K units	542.3 K units	531.3 K units	+19.3 K units	-11.0 K units
Net sales	15,777	16,890	16,863	+1,087	-27
Operating income	2,085	2,100	2,121	+36	+21
Ordinary income	2,278	2,100	2,127	-150	+27
Net income attributable to owners of parent	1,638	885	850	-788	-35
SUBARU exchange rate	¥ 107/US\$	¥ 110/US\$	¥ 111/US\$	+ ¥ 4/US\$	+ ¥ 1/US\$

FYE 2018 Full Year Forecast



- Full year consolidated financial projections revised downward in consideration of factors such as an expected decrease in automobile unit sales, despite the effects of foreign exchange rate and other factors.

(100 Million Yen)

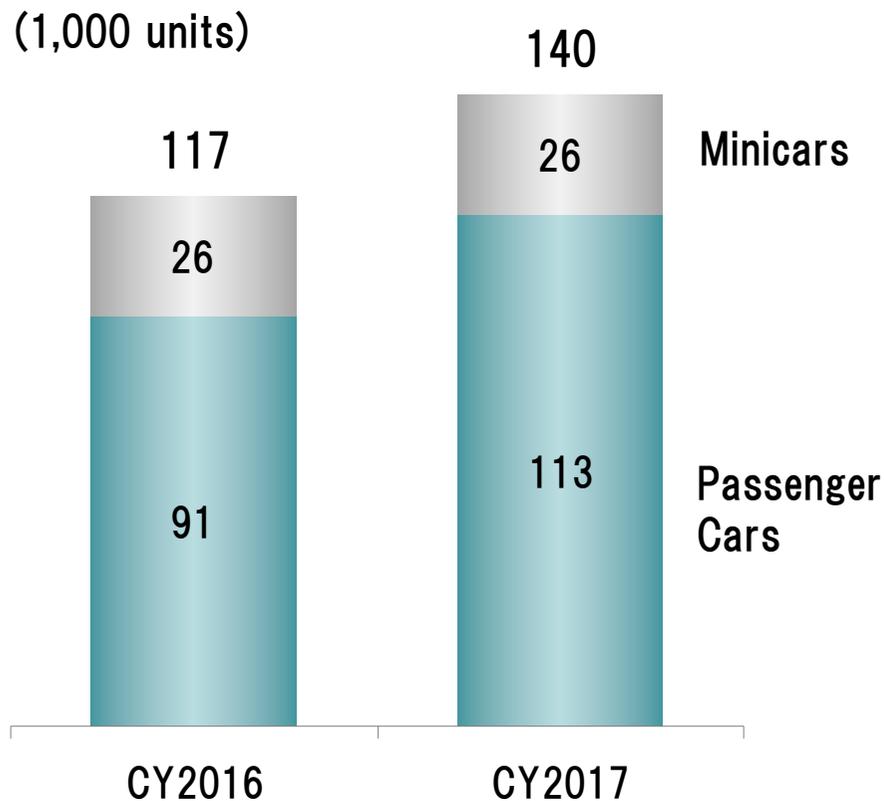
	FYE 2017	FYE 2018		YoY (c)–(a)	vs. Previous Plan (c)–(b)
	Actual Results (a)	Previous Plan (b) (announced on Aug.25)	Revised Plan (c)		
Consolidated sales volume	1,064.5 K units	1,105.5 K units	1,067.9 K units	+3.4 K units	-37.6 K units
Net sales	33,260	34,200	33,800	+540	-400
Operating income	4,108	4,100	3,800	-308	-300
Ordinary income	3,943	4,100	3,820	-123	-280
Net income attributable to owners of parent	2,824	2,285	2,070	-754	-215
SUBARU exchange rate	¥108/US\$	¥110/US\$	¥111/US\$	+¥2/US\$	+¥1/US\$

CY2017 Jan.-Sep. Retail Sales Results (Japan)



- Industry Total (Jan.-Sep.) : YoY +8%
- SUBARU Retail Sales (Jan.-Sep.) : 140K units, **YoY +19%** (Passenger cars : **+25%**)

Jan.-Sep. Retail Sales Results



*CY2017 Sales Plan (original) : 168K units, YoY +8%

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

New SUBARU XV

- Launched in May
- Jul.-Sep. sales results : **YoY +192%**



Levorg / WRX

- Touring Assist models launched in Aug.
- Aug.-Sep. sales results : **YoY Levorg +41%, WRX +87%**



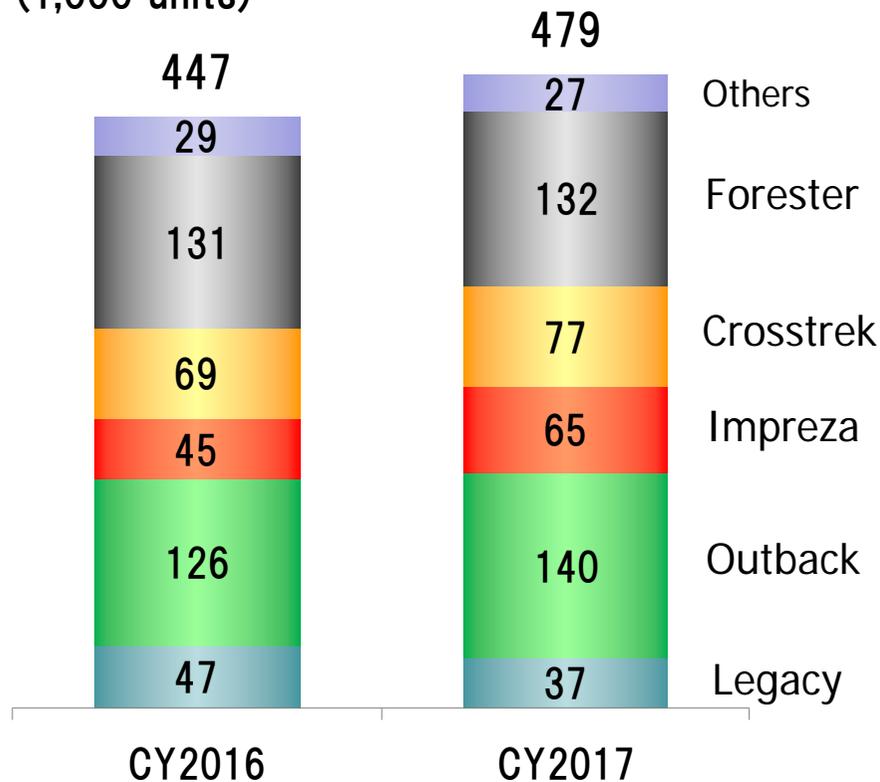
CY2017 Jan.-Sep. Retail Sales Results (U.S.)



- Industry Total (Jan.-Sep.) : YoY -2% (Cars: -10%, Light Trucks: +4%)
- SUBARU Retail Sales (Jan.-Sep.) : 479K units, **YoY +7%**

Jan.-Sep. Retail Sales Results

(1,000 units)



New Crosstrek

- Launched in August
- Aug.-Sep. sales results : **YoY +48%**
(Jan.-Sep. sales results: YoY +12%)

Impreza

- Strong sales continuing
- Jan.-Sep. sales results : **YoY +43%**

Legacy

- Struggling due to segment demand shrinking as well as fiercer competition
- Jan.-Sep. sales results : **YoY -21%**

*CY2017 Sales Plan (original) : 670K units, YoY +9%

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

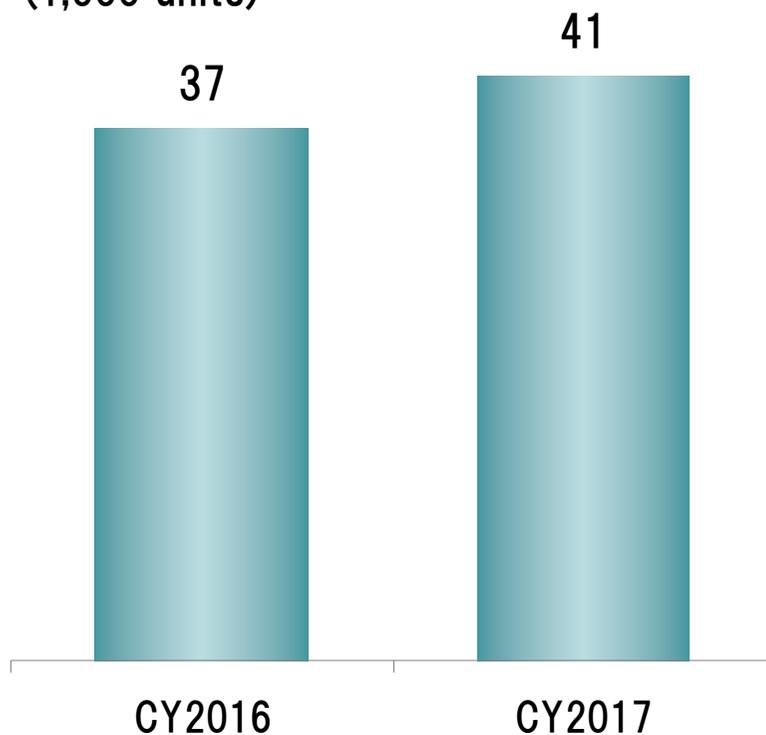
CY2017 Jan.-Sep. Retail Sales Results (Canada)



- Industry Total (Jan.-Sep.) : YoY +6%
- SUBARU Retail Sales (Jan.-Sep.) : 41K units, YoY +10%

Jan.-Sep. Retail Sales Results

(1,000 units)



*CY2017 Sales Plan (original) : 53K units, YoY +5%

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

New Crosstrek

- Launched in August
- Aug.-Sep. sales results : YoY +59%
(Jan.-Sep. sales results: YoY +6%)



Impreza

- Strong sales continuing
- Jan.-Sep. sales results : YoY +43%



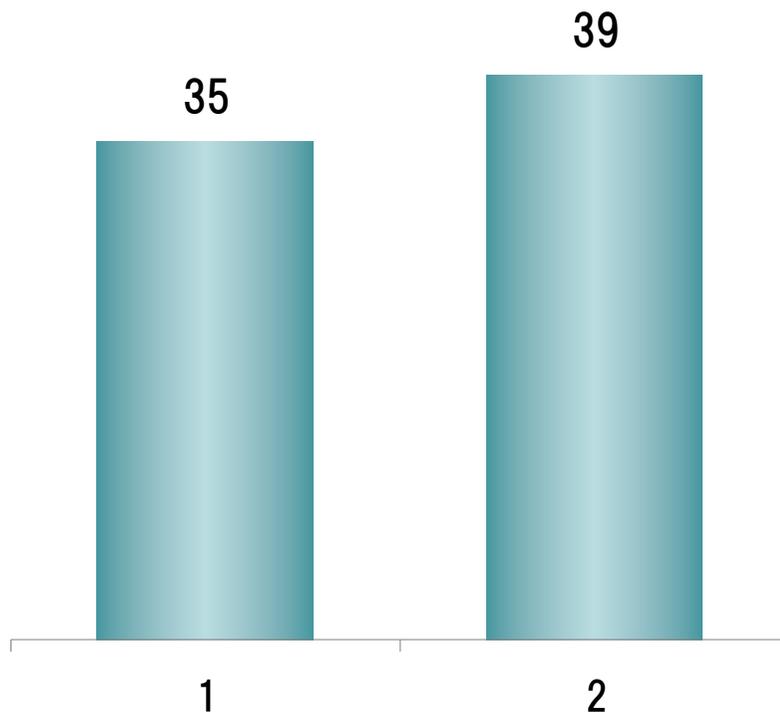
CY2017 Jan.-Sep. Retail Sales Results (Australia)



- Industry Total (Jan.-Sep.) : YoY +0.2%
- SUBARU Retail Sales (Jan.-Sep.) : 39K units, YoY +13%

Jan.-Sep. Retail Sales Results

(1,000 units)



*CY2017 Sales Plan (original) : 51K units, YoY +8%

New SUBARU XV

- Jan.-Sep. sales results : YoY +13%
- Jun.-Sep. sales results after launching new model : YoY +66%



Impreza

- Strong sales continuing
- Jan.-Sep. sales results : YoY +144%

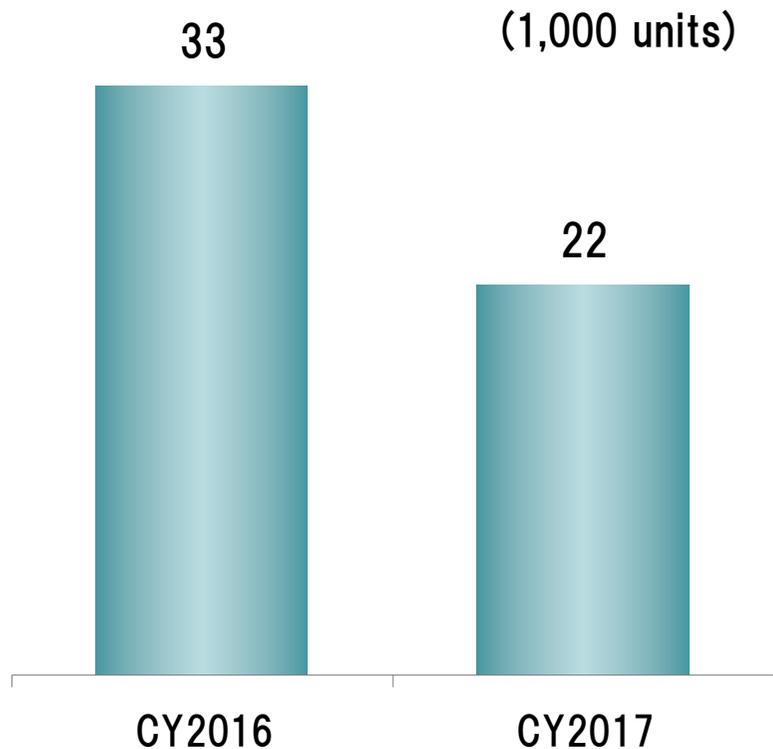


CY2017 Jan.-Sep. Retail Sales Results (China)



- Industry Total (Jan.-Sep.) : YoY -1%
- SUBARU Retail Sales (Jan.-Sep.) : 22K units, **YoY -34%**

Jan.-Sep. Retail Sales Results



- Struggling due to tough market conditions with continuing fierce pricing/discounting competitions as well as introduction of new models from competitors
- Will promote new Subaru XV by appealing product values through test drive etc.



New SUBARU XV
test drive event



Utilizing SNS

*CY2017 Sales Plan (original) : 43K units, YoY -7%

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

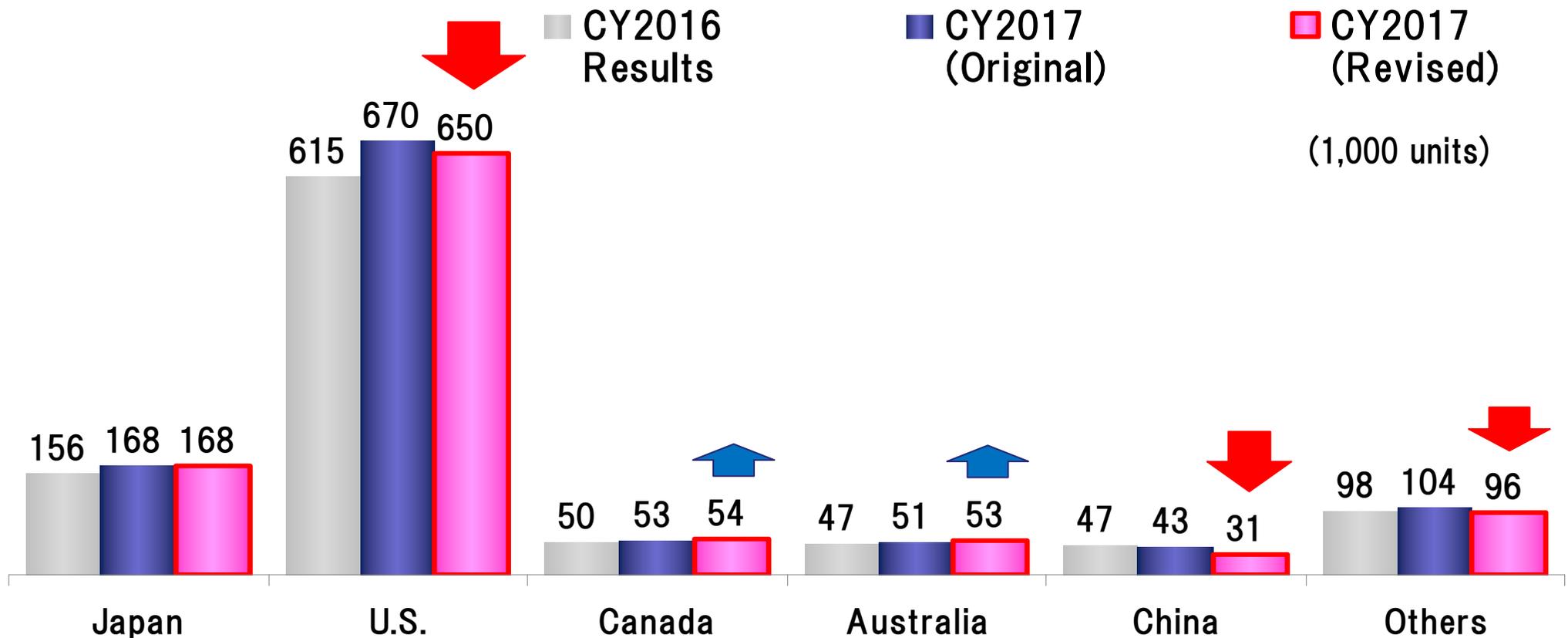
CY2017 Global Retail Sales Plan



Global Retail Sales Plan

Original **1,090K** units (YoY +8%)

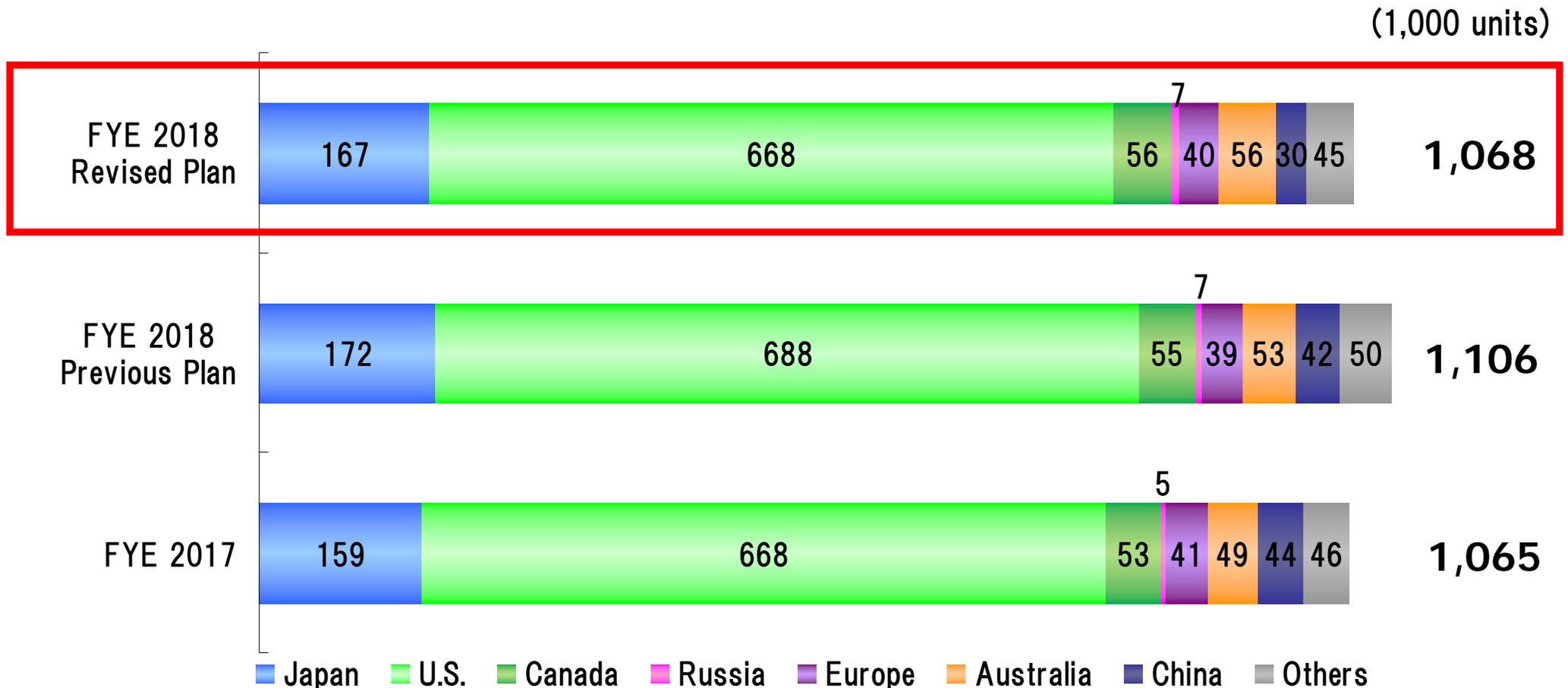
Revised **1,051K** units (YoY +4%)



Consolidated Global Unit Sales



- FYE2018 plan revised downward considering the actual sales situation in major markets
- Revised Plan : 1,068K units (YoY +0.3%, vs. previous plan -3.4%)



Shareholder Returns



- Dividend plan remains unchanged
- Payout ratio expected to be 53.3%

【Dividend Per Share】

	FYE 2017	FYE 2018	
	Actual Results	Previous Plan	Revised Plan
End of 1 st half	¥72	¥72	¥72
End of fiscal year	¥72	¥72	¥72
Annual total	¥144	¥144	¥144

- 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%.



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 the 1st Half of FYE 2018



SUBARU CORPORATION

Toshiaki Okada
Corporate Executive Vice President & CFO
November 6, 2017



Summary



Consolidated Financial Results for the 1st Half of FYE 2018

- Consolidated global unit sales, overseas unit sales and North American unit sales posted 1st half record.*¹
- Consolidated net sales increased year on year mainly due to foreign exchange rate fluctuations and higher automobile unit sales.
- Operating income increased year on year, as the effect primarily of foreign exchange rate fluctuations and improvement in the automobile sales, despite higher SG&A and other expenses and higher R&D expenses. Net income attributable to owners of parent decreased year on year, mainly due to the posting of an extraordinary loss as provision for loss related to airbags.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Actual results (YoY)	¥1,686.3bil. (+108.7bil.)	¥212.1bil. (+3.6bil.)	¥212.7bil. (-15.0bil.)	¥85.0bil. (-78.8bil.)	531.3k units (+19.3k units)

*1: Since FYE 2001 - the year SUBARU started half-year consolidated financial reporting

Forecasts for FYE 2018

- Plans for the FYE 2018 was revised downward from the previous plans (announced on August 25, 2017), in consideration of factors such as an expected decrease in automobile unit sales, despite the effects of foreign exchange rate and other factors.
- Consolidated unit sales in North America are projected to reach a record high for the 9th consecutive year.*²
Consolidated global unit sales are projected to post record high for the 6th consecutive year.*²

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Forecasts (YoY)	¥3,380.0bil. (+54.0bil.)	¥380.0bil. (-30.8bil.)	¥382.0bil. (-12.3bil.)	¥207.0bil. (-75.4bil.)	1,067.9k units (+3.4k units)

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

Consolidated Financial Results for the 1st Half of FYE 2018

1st Half : Consolidated Unit Sales



(Thousand Units)

	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Passenger cars	52.5	67.3	+14.8
Minicars	15.6	15.1	-0.5
Domestic total	68.0	82.3	+14.3
US	326.9	333.2	+6.3
Canada	28.4	30.7	+2.3
Russia	3.7	3.7	-0.1
Europe	18.4	17.8	-0.7
Australia	22.4	27.7	+5.3
China	21.8	13.8	-7.9
Others	22.3	22.0	-0.2
Overseas total	443.9	448.9	+5.0
Total	512.0	531.3	+19.3

1st Half : Consolidated Income Statements



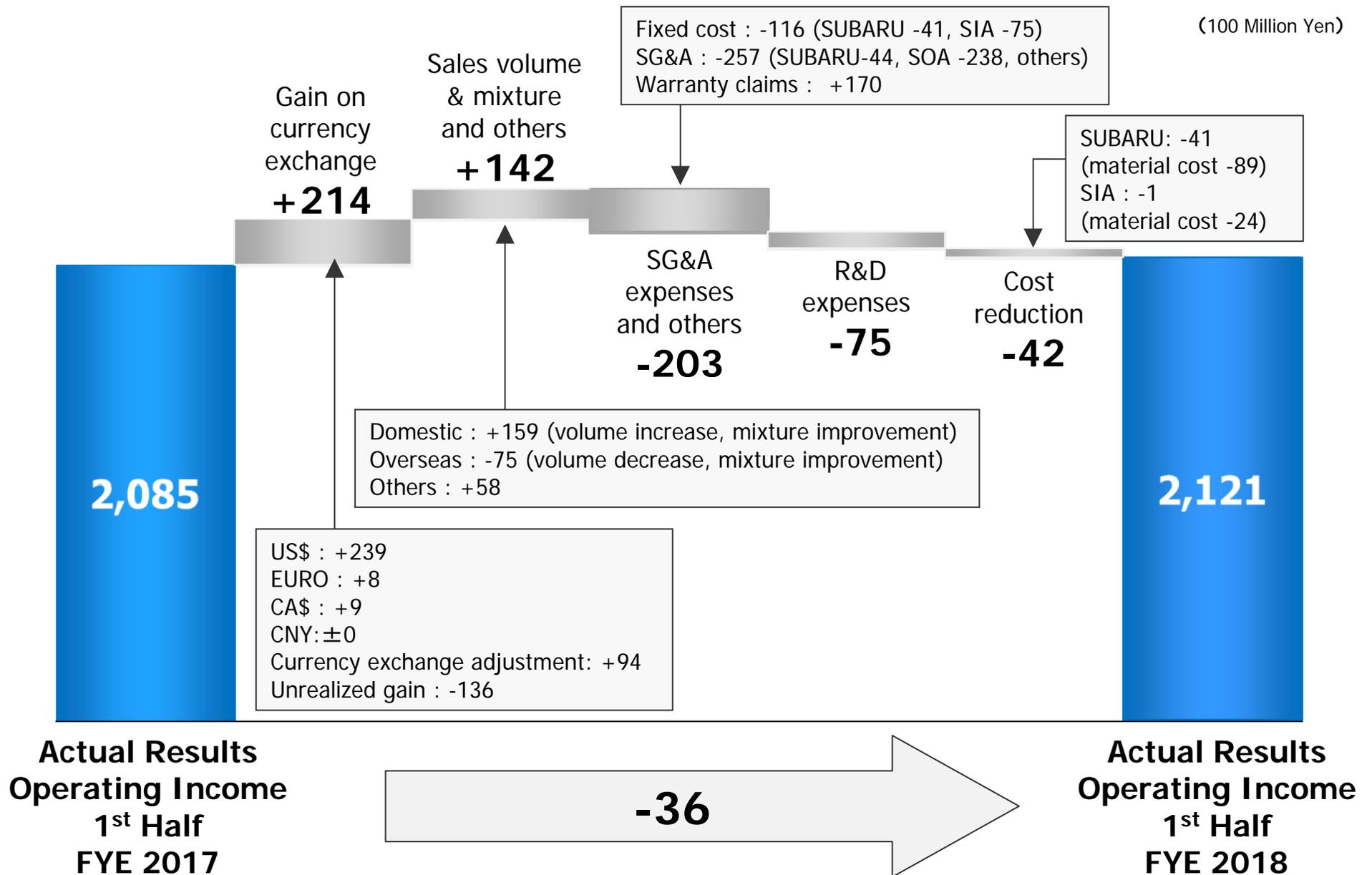
(100 Million Yen)

	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Net sales	15,777	16,863	+1,087
Domestic	2,860	3,286	+426
Overseas	12,916	13,577	+661
Operating income	2,085	2,121	+36
Total non-operating income & expenses	+192	+6	-186
Ordinary income	2,278	2,127	-150
Total extraordinary income & loss	+78	-842	-920
Income before taxes and minority interests	2,356	1,285	-1,071
Net income attributable to owners of parent	1,638	850	-788
SUBARU exchange rate	¥107/US\$	¥111/US\$	+¥4/US\$

1st Half : Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



Actual Results
Operating Income
1st Half
FYE 2017

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

Actual Results
Operating Income
1st Half
FYE 2018

Consolidated Balance Sheets



(100 Million Yen)

	As of March 2017	As of September 2017	Variance
Total assets	27,623	28,207	+584
Current assets	18,453	18,617	+165
Noncurrent assets	9,171	9,590	+419
Total liabilities	12,974	13,155	+180
Interest bearing debts	1,483	976	-507
Net assets	14,649	15,053	+404
Retained earnings	11,733	12,035	+302
Shareholders' equity	14,587	14,980	+394
Ratio of shareholders' equity to total assets	52.8%	53.1%	+0.3
D/E ratio	0.10	0.07	-0.04

1st Half : Consolidated Statement of Cash Flows



(100 Million Yen)

	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Net cash provided by (used in) operating activities	1,984	2,078	+94
Net cash provided by (used in) investing activities	-1,090	-1,014	+75
Free cash flows	894	1,064	+170
Net cash provided by (used in) financing activities	-1,167	-1,033	+133
Effect of exchange rate change on cash and cash equivalents	-255	27	+282
Net increase (decrease) in cash and cash equivalents	-528	58	+585
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	7,767	7,375	-391

1st Half : Operating Results of Subsidiaries in U.S.



(Million US\$)

SOA	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Net sales	8,733	9,115	+382
Operating income	441	278	-163
Net income	272	177	-95
Retail sales (Thousand units)	315.3	334.7	+19.4

SIA	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Net sales	3,392	3,901	+509
Operating income	83	84	+1
Net income	52	54	+2
Production (Thousand units)	147.7	178.9	+31.3

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	134.2	135.0	+8.6	+0.7
Minicars	32.5	37.8	31.6	-1.0	-6.3
Domestic total	158.9	172.1	166.5	+7.6	-5.5
US	667.6	687.7	668.0	+0.4	-19.7
Canada	53.1	54.6	55.6	+2.5	+1.0
Russia	5.3	6.6	7.3	+2.0	+0.7
Europe	40.9	39.2	39.5	-1.4	+0.4
Australia	49.1	52.6	55.9	+6.8	+3.4
China	44.0	42.3	29.8	-14.2	-12.4
Others	45.6	50.5	45.2	-0.4	-5.2
Overseas total	905.6	933.4	901.4	-4.2	-32.1
Total	1,064.5	1,105.5	1,067.9	+3.4	-37.6

Revised Plan FYE 2018 : Consolidated Income Statements



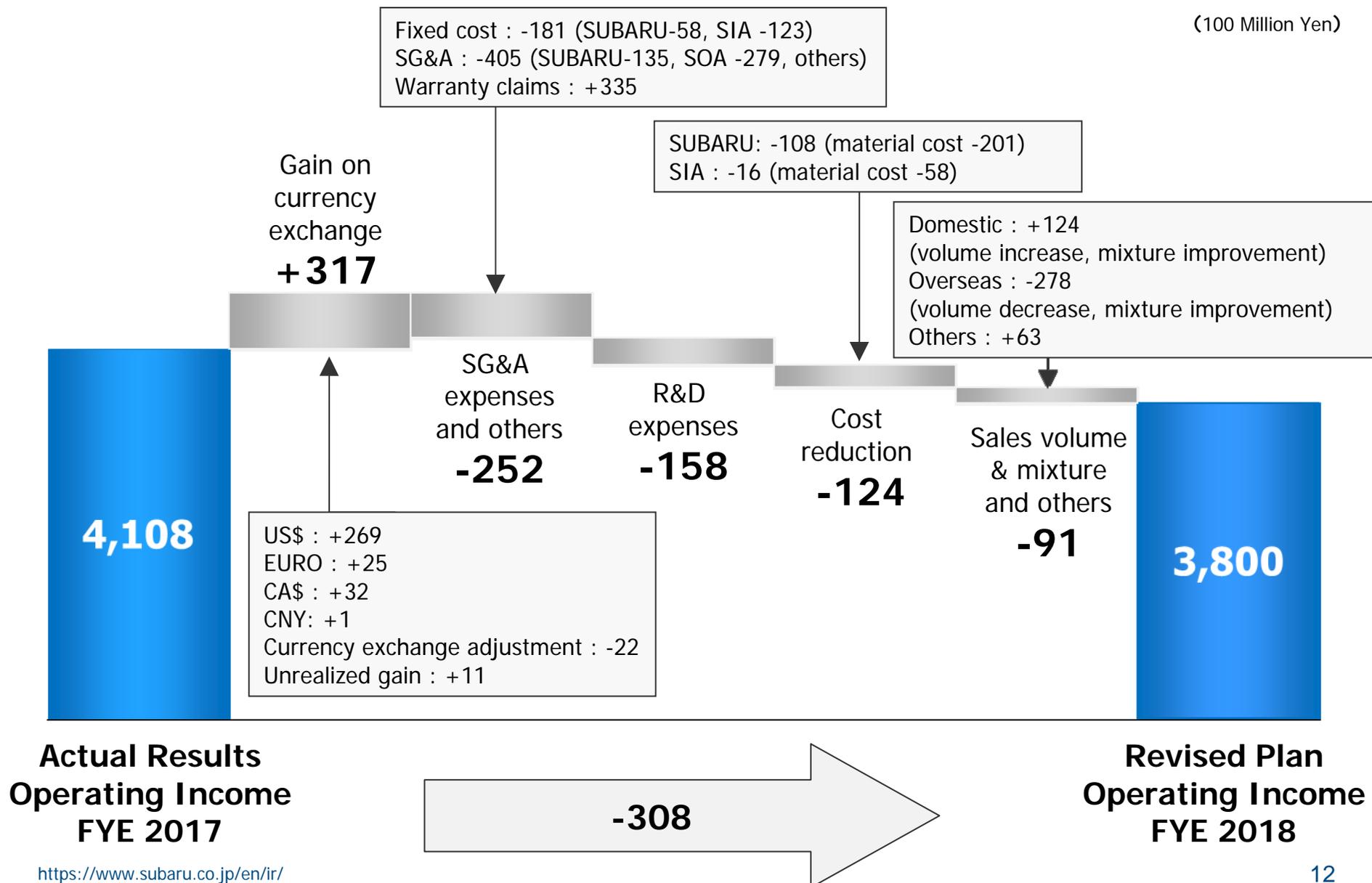
(100 Million Yen)

	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	34,200	33,800	+540	-400
Domestic	6,503	6,680	6,717	+213	+37
Overseas	26,756	27,520	27,083	+327	-437
Operating income	4,108	4,100	3,800	-308	-300
Ordinary income	3,943	4,100	3,820	-123	-280
Income before taxes and minority interests	3,947	3,217	2,950	-997	-267
Net income attributable to owners of parent	2,824	2,285	2,070	-754	-215
SUBARU exchange rate	¥108/US\$	¥110/US\$	¥111/US\$	+¥2/US\$	+¥1/US\$

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



(100 Million 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	18,271	+324
Operating income	671	462	-209
Net income	421	298	-123
Retail sales (Thousand units)	625.0	657.1	+32.1

SIA	Actual Results FYE 2017	Revised Plan FYE 2018	Variance
Net sales	7,525	7,654	+129
Operating income	236	134	-102
Net income	148	85	-63
Production (Thousand units)	335.2	350.9	+15.7

Capex / Depreciation / R&D / Interest bearing debt



(100 Million Yen)

	Actual Results 1 st Half FYE 2017	Actual Results FYE 2017 (a)	Actual Results 1 st Half FYE 2018	Revised Plan FYE 2018 (b)	Variance (b) - (a)
Capex	637	1,585	545	1,500	-85
Depreciation	335	770	421	920	+150
R&D	534	1,142	609	1,300	+158
Interest bearing debt	1,614	1,483	976	1,000	-483

Appendix(1)

- Non-operating income & expenses and extraordinary income & loss (1H)
- Segment information by business & geographic (1H)
- Overseas net sales (1H)
- Non-consolidated unit sales (1H)

1st Half : Non-operating Income & Expenses and Extraordinary Income & Loss (Consolidated)



(100 Million Yen)

	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Financial revenue and expenditure	10	24	+15
FOREX effects	205	-20	-225
Other	-22	2	+23
Total non-operating income & expenses	192	6	-186
Gain on sales of noncurrent assets	3	2	-1
Gain on sales of investment securities	99	6	-93
Loss on sales and retirement of noncurrent assets	-21	-29	-8
Loss related to airbags	-	-813	-813
Others	-3	-9	-5
Total extraordinary income & loss	78	-842	-920

1st Half : Net Sales and Operating Income by Business Segment (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Automobile	14,924	16,000	+1,076	2,033	2,053	+20
Aerospace	668	680	+12	36	42	+6
Others	185	183	-2	12	24	+12
Elimination & Corporate				4	3	-1
Total	15,777	16,863	+1,087	2,085	2,121	+36

1st Half : Net Sales and Operating Income by Geographic Area (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Japan	4,481	4,979	+498	1,327	1,586	+259
North America	9,998	10,927	+928	506	439	-67
Others	1,297	957	-340	39	24	-16
Elimination & Corporate	/	/	/	213	72	-141
Total	15,777	16,863	+1,087	2,085	2,121	+36

1st Half : Overseas Net Sales (Consolidated)



(100 Million Yen)

	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
North America	10,489	11,492	+1,003
Europe	549	541	-7
Asia	1,098	698	-400
Others	781	846	+65
Total	12,916	13,577	+661

1st Half : Non-consolidated Unit Sales



(Thousand Units)

	Actual Results 1 st Half FYE 2017	Actual Results 1 st Half FYE 2018	Variance
Domestic production	354.6	346.2	-8.5
Domestic sales	69.9	85.6	+15.8
Passenger cars	53.5	70.0	+16.4
Minicars	16.3	15.7	-0.7
Number of exported vehicles	287.7	271.3	-16.4
Components for overseas production	163.3	178.4	+15.1
Total	520.9	535.3	+14.4

* Domestic production figures include Toyota 86.

Appendix (2)

- 2nd quarter (3months) consolidated income statements
- 1st half consolidated income statement (Plan vs. Actual results)
- Full year consolidated income statements
(Previous plan vs. Revised plan)

2Q (3 months) : Consolidated Unit Sales



(Thousand Units)

	Actual Results 2Q (3 months) FYE 2017	Actual Results 2Q (3 months) FYE 2018	Variance
Passenger cars	27.9	34.0	+6.1
Minicars	8.9	7.9	-1.1
Domestic total	36.9	41.9	+5.0
US	171.9	159.3	-12.6
Canada	13.0	15.3	+2.3
Russia	1.8	1.8	+0.0
Europe	9.8	9.4	-0.3
Australia	10.4	13.6	+3.2
China	12.2	5.8	-6.4
Others	10.8	12.8	+2.0
Overseas total	230.0	218.1	-11.9
Total	266.8	259.9	-6.9

2Q (3 months) : Consolidated Income Statements



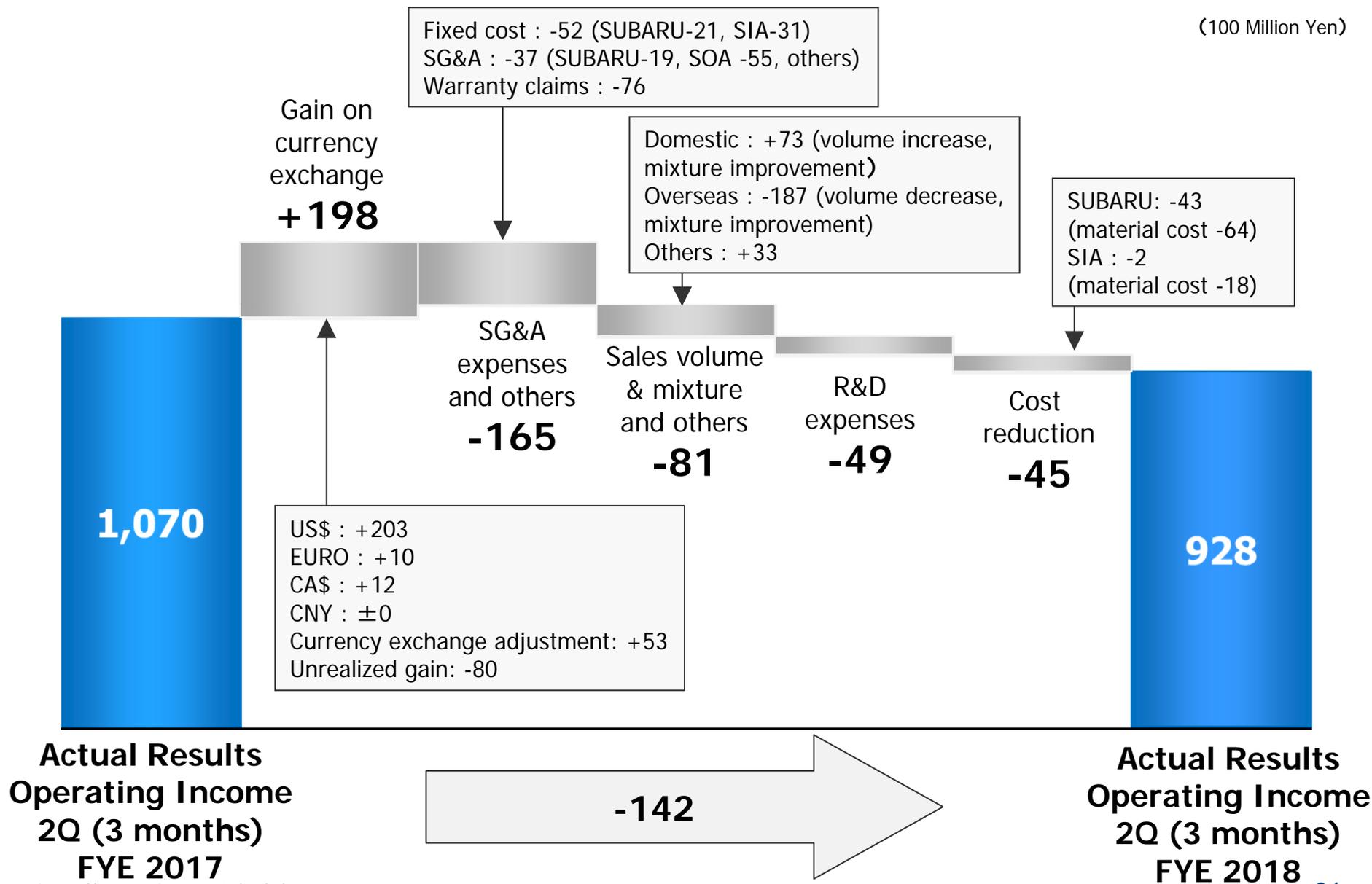
(100 Million Yen)

	Actual Results 2Q (3 months) FYE 2017	Actual Results 2Q (3 months) FYE 2018	Variance
Net sales	8,083	8,315	+233
Domestic	1,557	1,681	+124
Overseas	6,526	6,634	+109
Operating income	1,070	928	-142
Ordinary income	1,090	935	-155
Income before taxes and minority interests	1,178	103	-1,075
Net income attributable to owners of parent	850	27	-823
SUBARU exchange rate	¥104/US\$	¥111/US\$	+¥7/US\$

2Q (3 months) : Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



Actual Results
Operating Income
2Q (3 months)
FYE 2017

Actual Results
Operating Income
2Q (3 months)
FYE 2018

(Plan vs. Actual Results) 1st Half : Consolidated Unit Sales



(Thousand Units)

	Plan 1 st Half FYE 2018	Actual Results 1 st Half FYE 2018	Variance
Passenger cars	65.2	67.3	+2.1
Minicars	17.4	15.1	-2.3
Domestic total	82.6	82.3	-0.2
US	335.0	333.2	-1.7
Canada	30.1	30.7	+0.6
Russia	3.7	3.7	-0.0
Europe	19.6	17.8	-1.8
Australia	27.3	27.7	+0.4
China	21.9	13.8	-8.0
Others	22.2	22.0	-0.1
Overseas total	459.7	448.9	-10.8
Total	542.3	531.3	-11.0

(Plan vs. Actual Results) 1st Half : Consolidated Income Statements



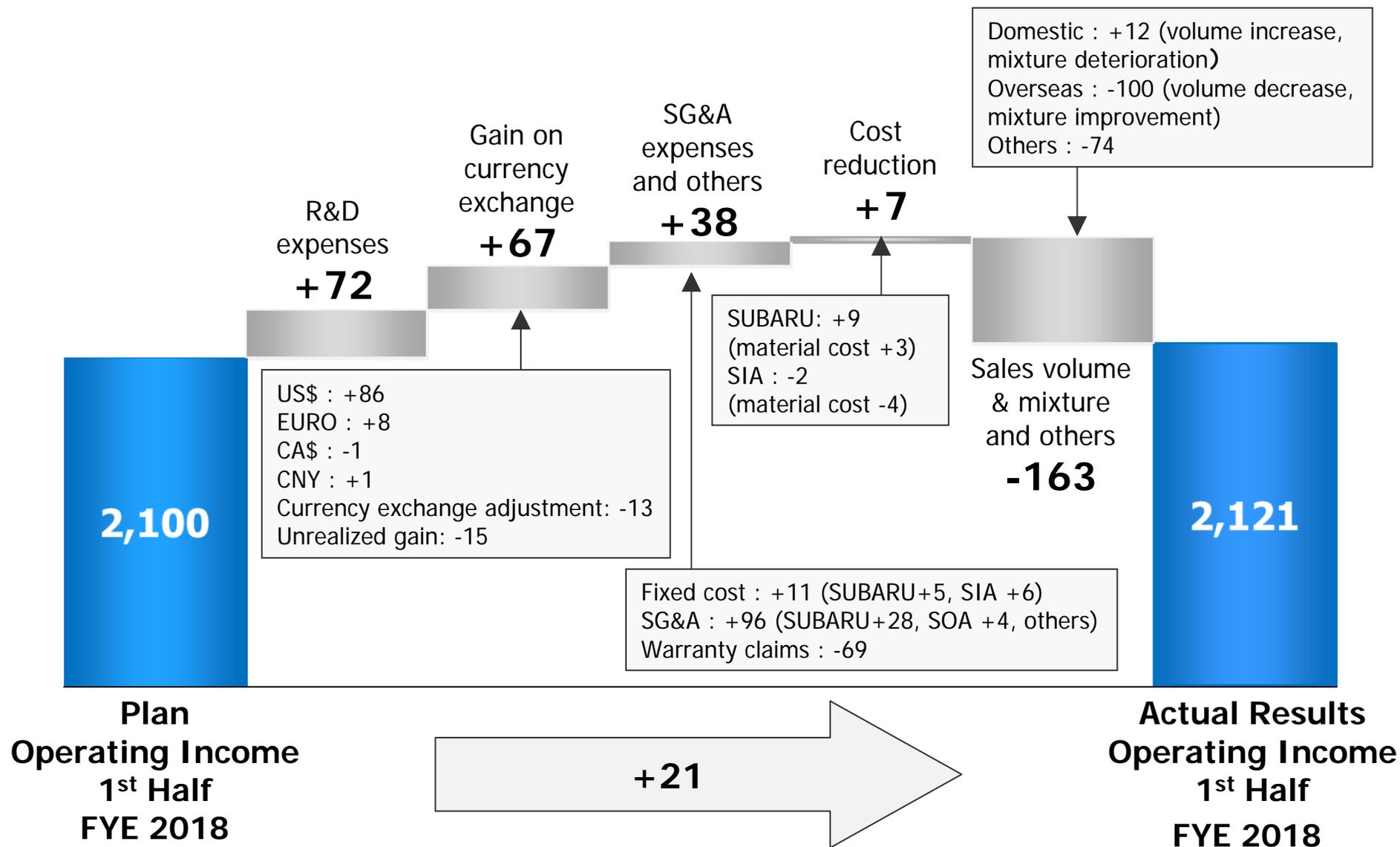
(100 Million Yen)

	Plan 1 st Half FYE 2018	Actual Results 1 st Half FYE 2018	Variance
Net sales	16,890	16,863	-27
Domestic	3,286	3,286	+0
Overseas	13,604	13,577	-27
Operating income	2,100	2,121	+21
Ordinary income	2,100	2,127	+27
Income before taxes and minority interests	1,257	1,285	+28
Net income attributable to owners of parent	885	850	-35
SUBARU exchange rate	¥110/US\$	¥111/US\$	+¥1/US\$

(Plan vs. Actual Results) 1st Half : Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



(Previous Plan vs. Revised Plan) FYE 2018 :
Consolidated Unit Sales



(Thousand Units)

	Previous Plan FYE 2018	Revised Plan FYE 2018	Variance
Passenger cars	134.2	135.0	+0.7
Minicars	37.8	31.6	-6.3
Domestic total	172.1	166.5	-5.5
US	687.7	668.0	-19.7
Canada	54.6	55.6	+1.0
Russia	6.6	7.3	+0.7
Europe	39.2	39.5	+0.4
Australia	52.6	55.9	+3.4
China	42.3	29.8	-12.4
Others	50.5	45.2	-5.2
Overseas total	933.4	901.4	-32.1
Total	1,105.5	1,067.9	-37.6

(Previous Plan vs. Revised Plan) FYE 2018 : Consolidated Income Statements



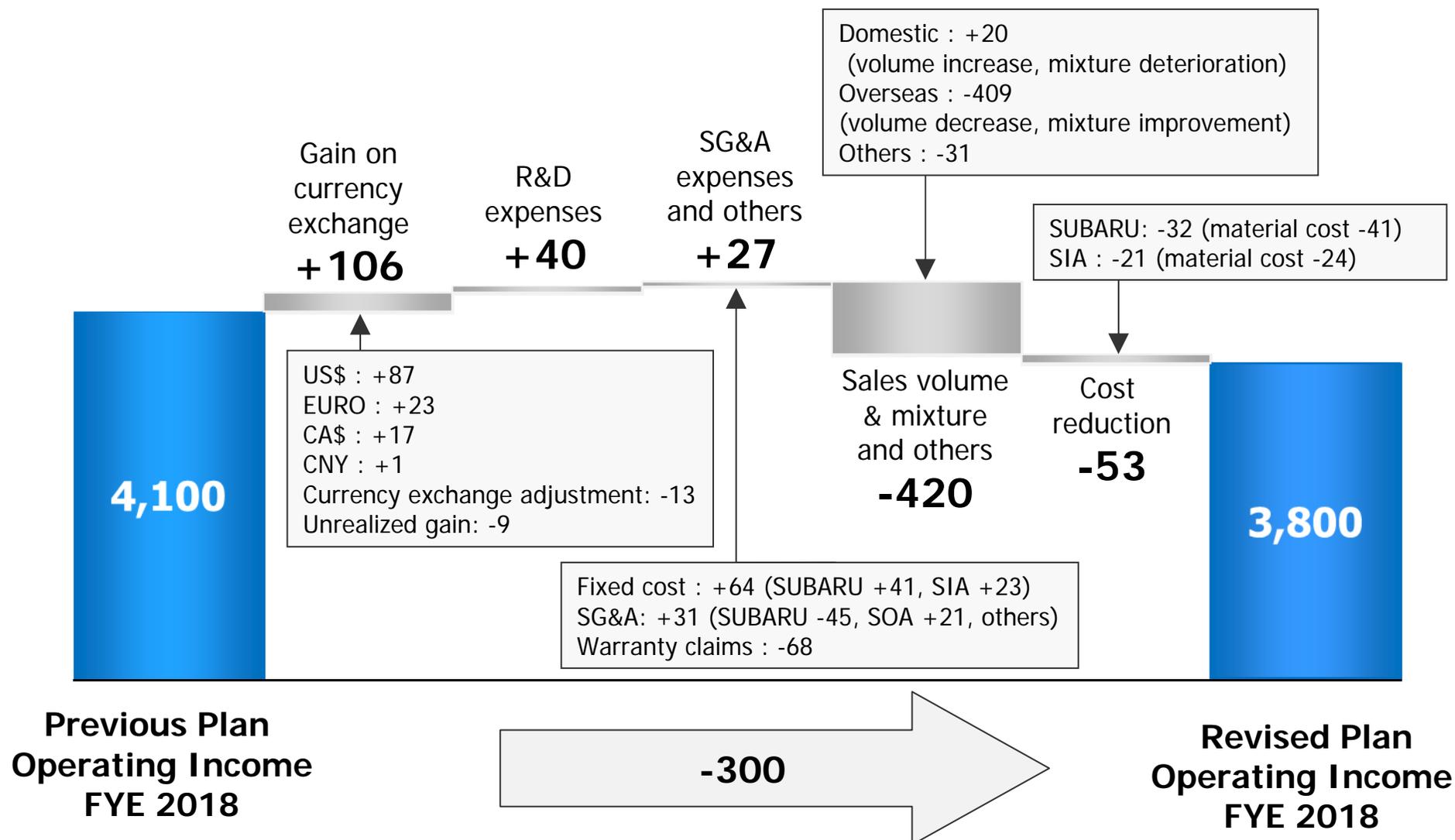
(100 Million Yen)

	Previous Plan FYE 2018	Revised Plan FYE 2018	Variance
Net sales	34,200	33,800	-400
Domestic	6,680	6,717	+37
Overseas	27,520	27,083	-437
Operating income	4,100	3,800	-300
Ordinary income	4,100	3,820	-280
Income before taxes and minority interests	3,217	2,950	-267
Net income attributable to owners of parent	2,285	2,070	-215
SUBARU exchange rate	¥110/US\$	¥111/US\$	+¥1/US\$

(Previous Plan vs. Revised Plan) FYE 2018 : Analysis of Variance in Operating Income (Consolidated)



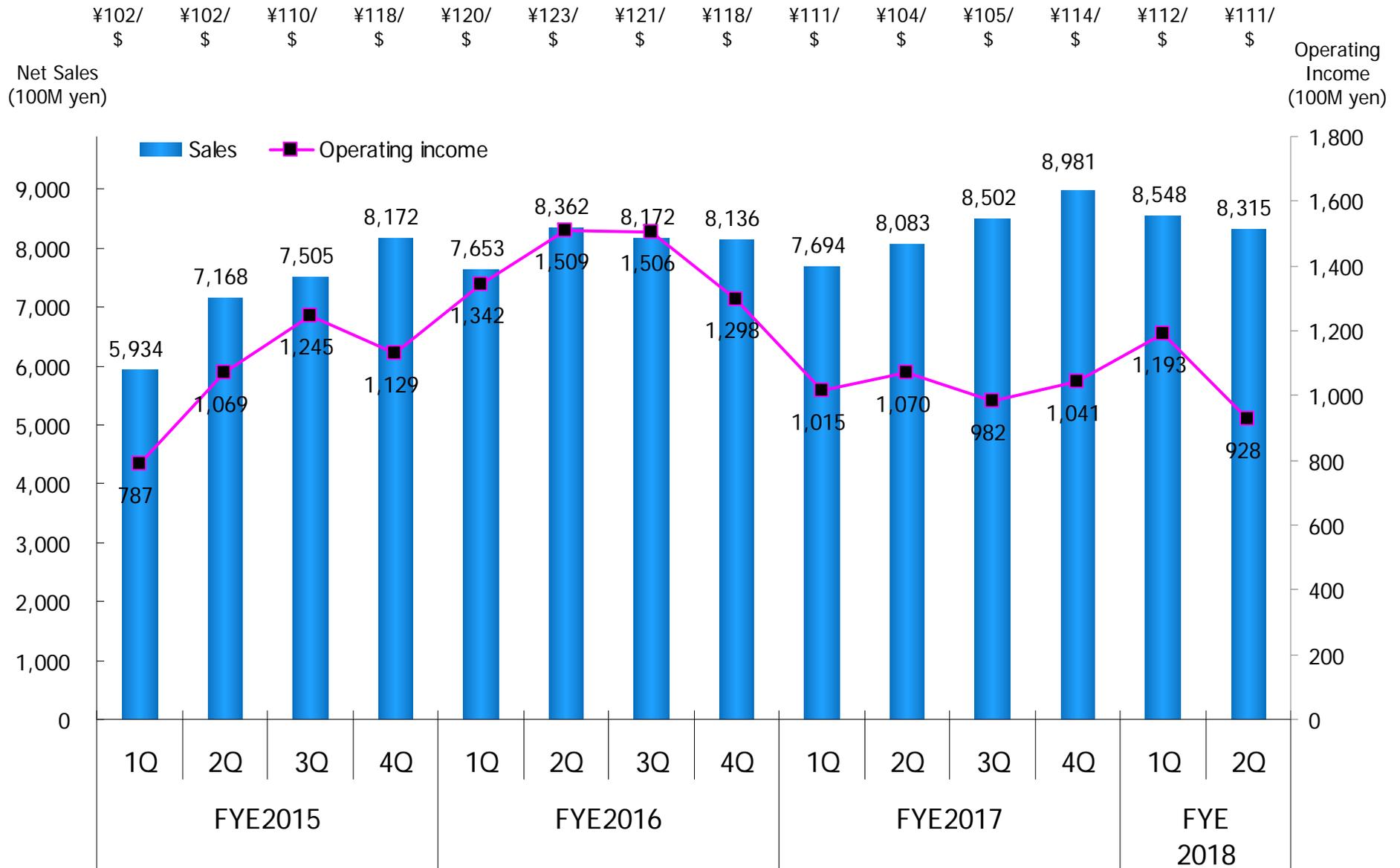
(100 Million Yen)



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

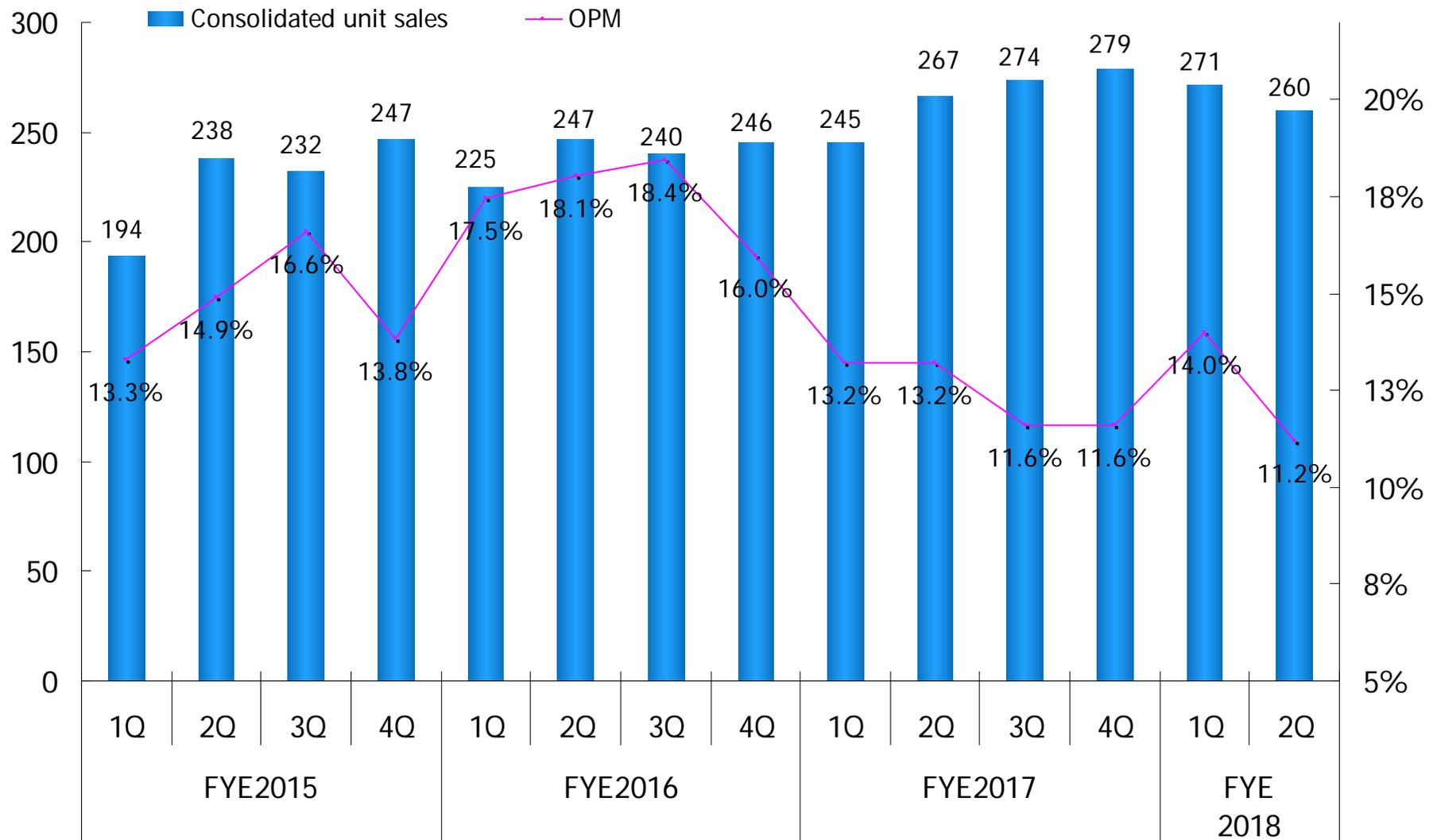


Complete Unit Sales / Operating Income Margin

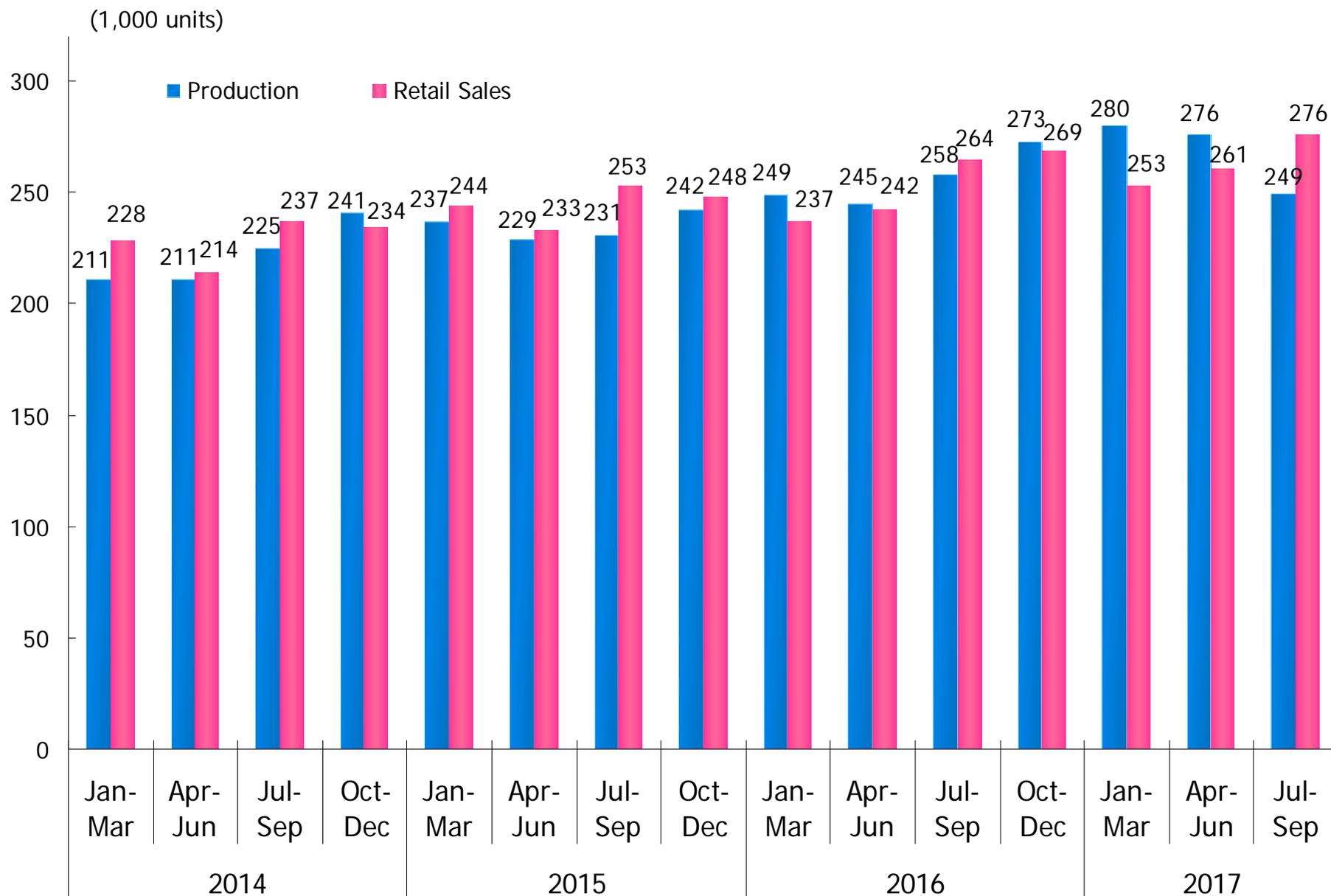


Unit Sales
(1,000 units)

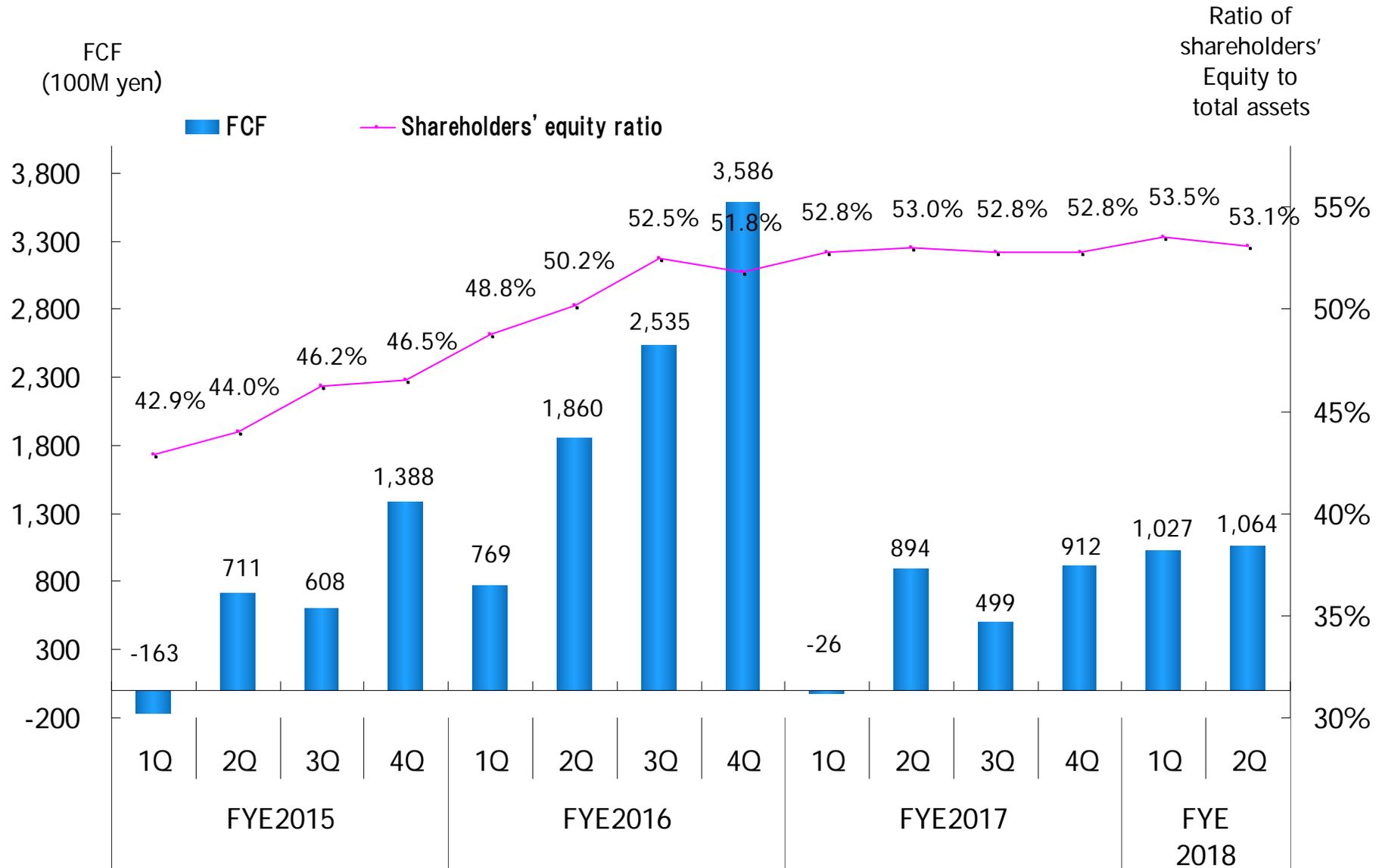
OPM



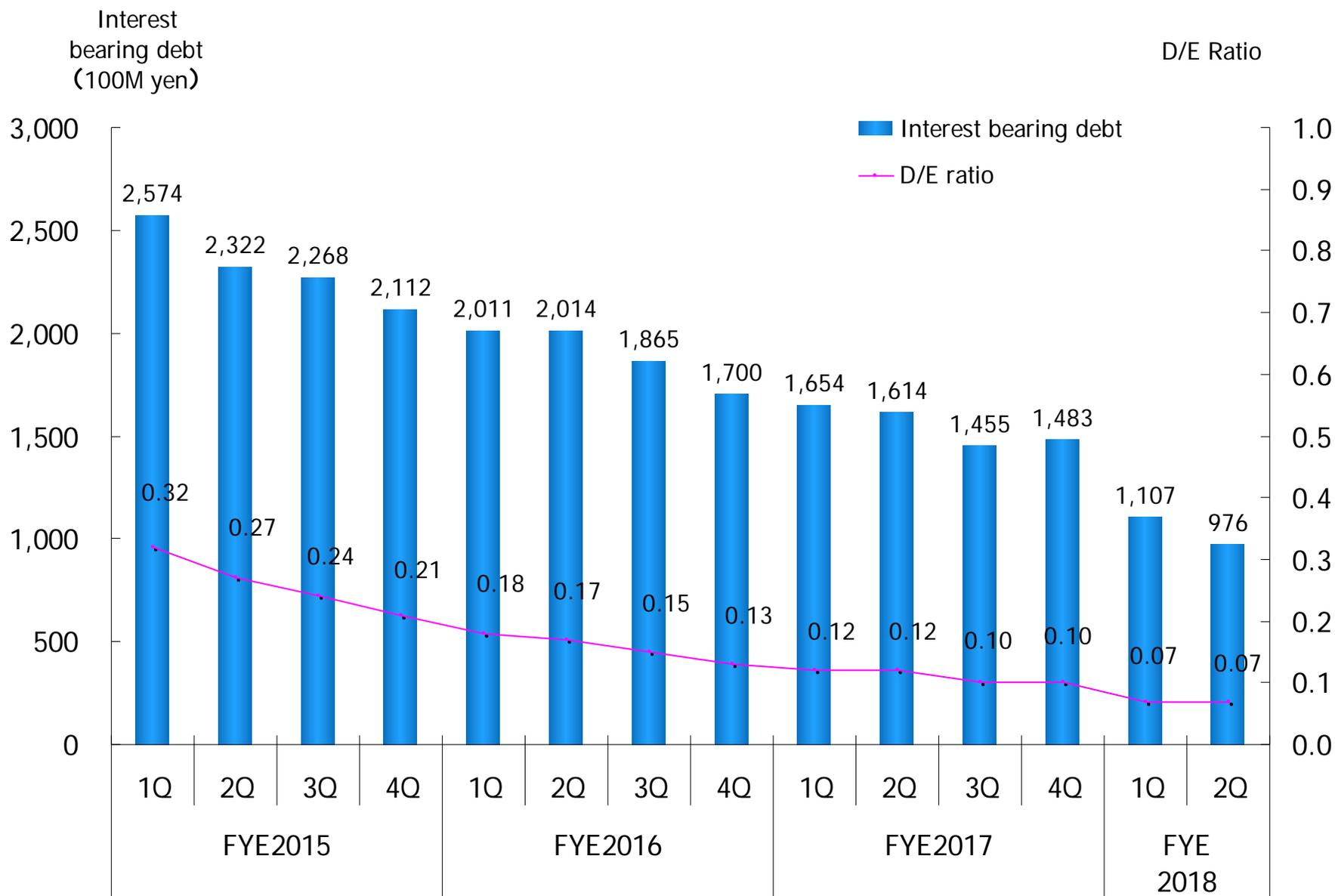
Complete Cars Production / Retail Sales Units



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



Interest Bearing Debt / 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.

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



SUBARU