

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

Consolidated Financial Results for the 3rd Quarter of FYE 2018

3rd Quarter : Consolidated Unit Sales



(Thousand Units)

	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

3rd Quarter: Consolidated Income Statements



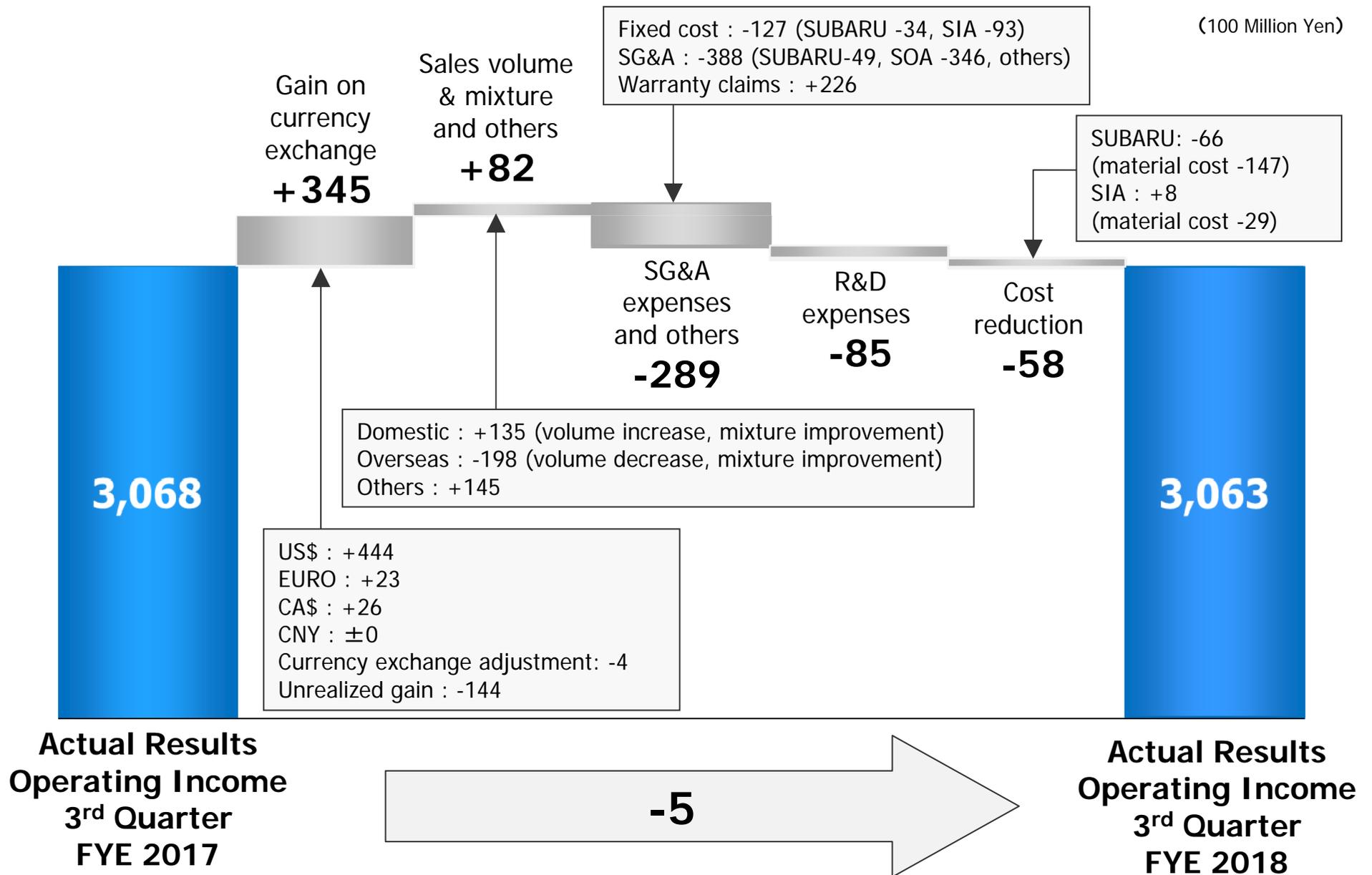
(100 Million Yen)

	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\$

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



(100 Million Yen)



Actual Results
Operating Income
3rd Quarter
FYE 2017

Actual Results
Operating Income
3rd Quarter
FYE 2018

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	-

3rd 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

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

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

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

Revised Plan FYE 2018 : Consolidated Income Statements



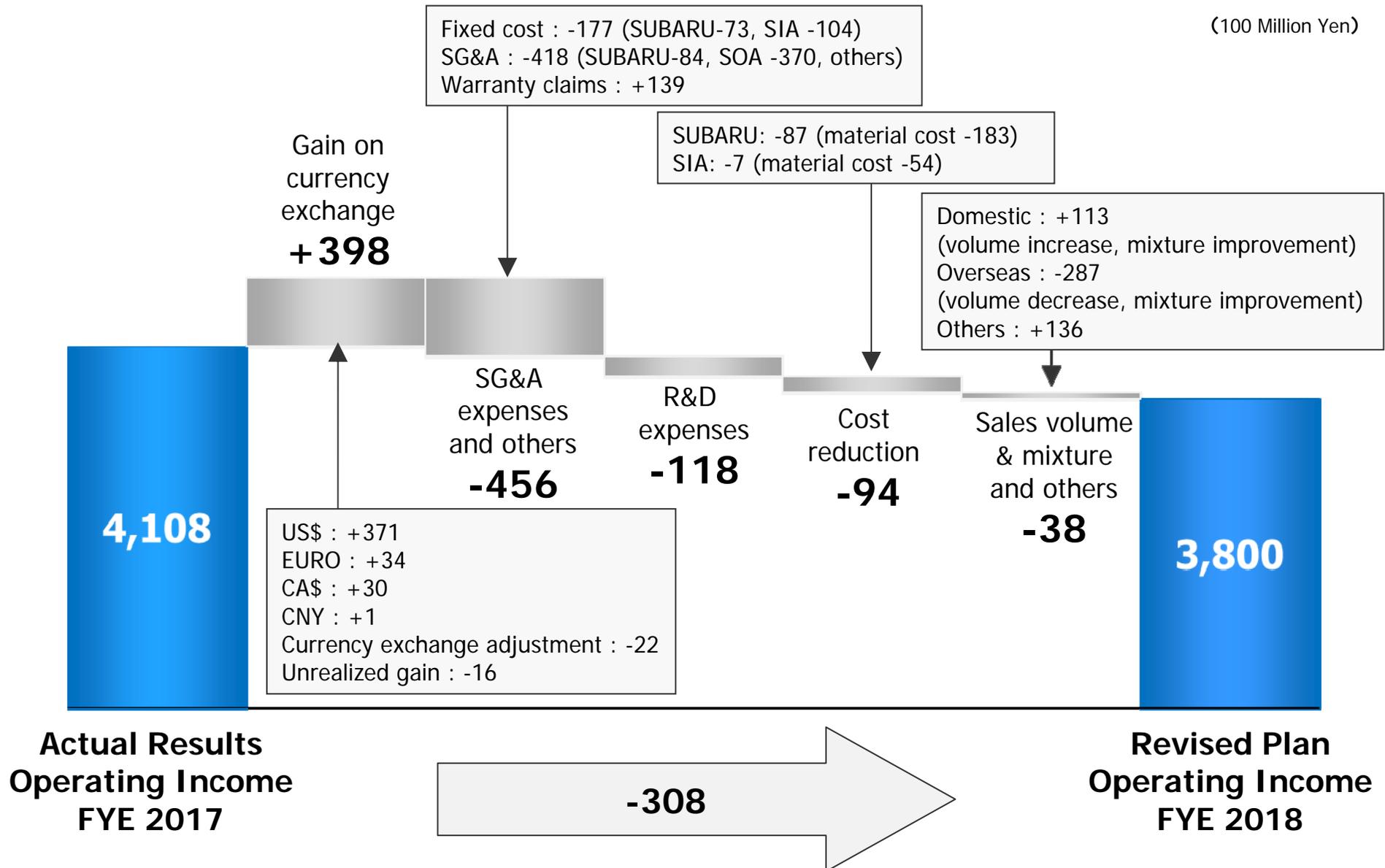
(100 Million Yen)

	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\$

(FYE 2017 Actual Results vs. Revised Plan) FYE 2018 :
Analysis of Variance in Operating Income (Consolidated)



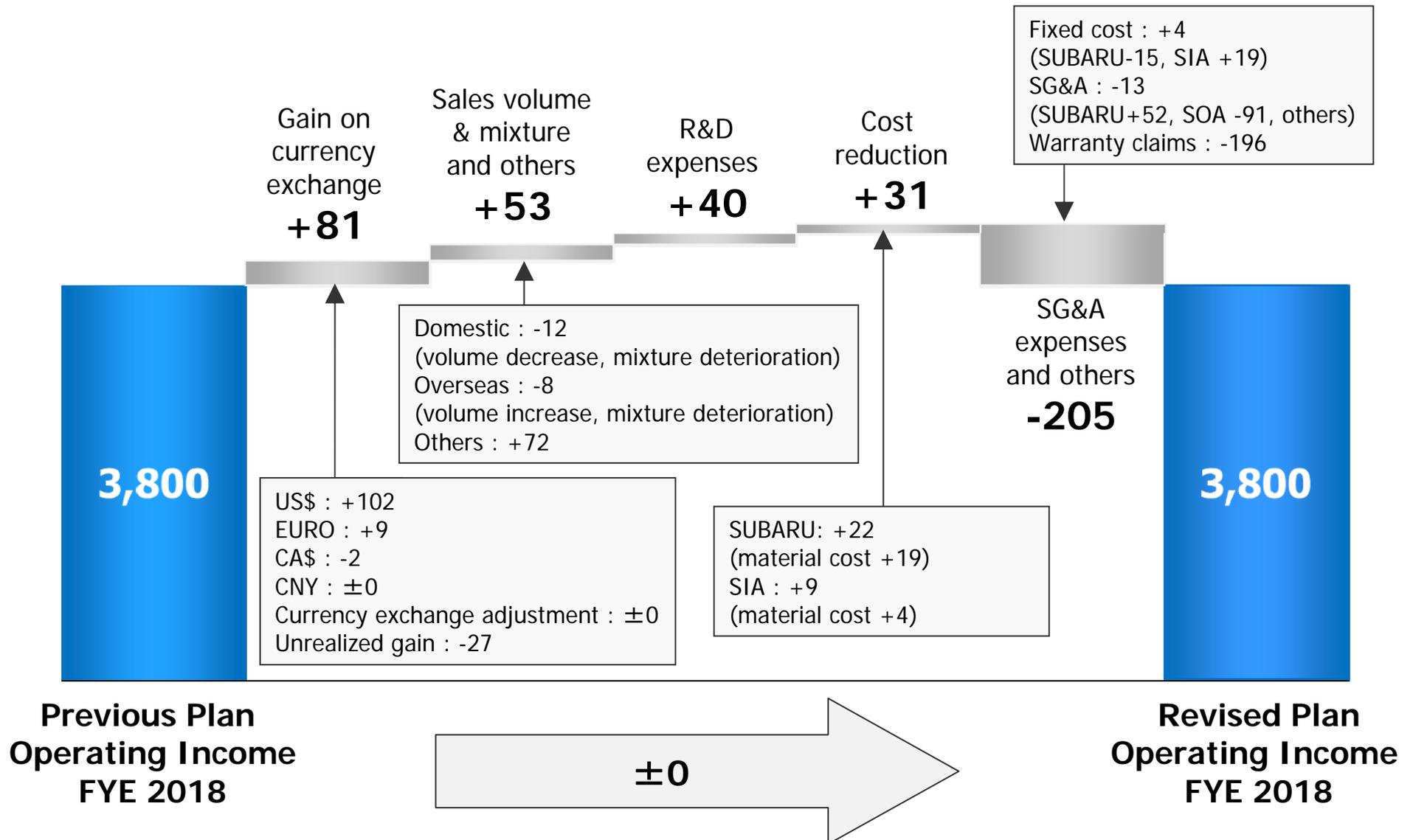
(100 Million Yen)



(Previous Plan vs. 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	18,393	+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

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

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

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.

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

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.

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

3rd Quarter (3 months) : Consolidated Income Statements



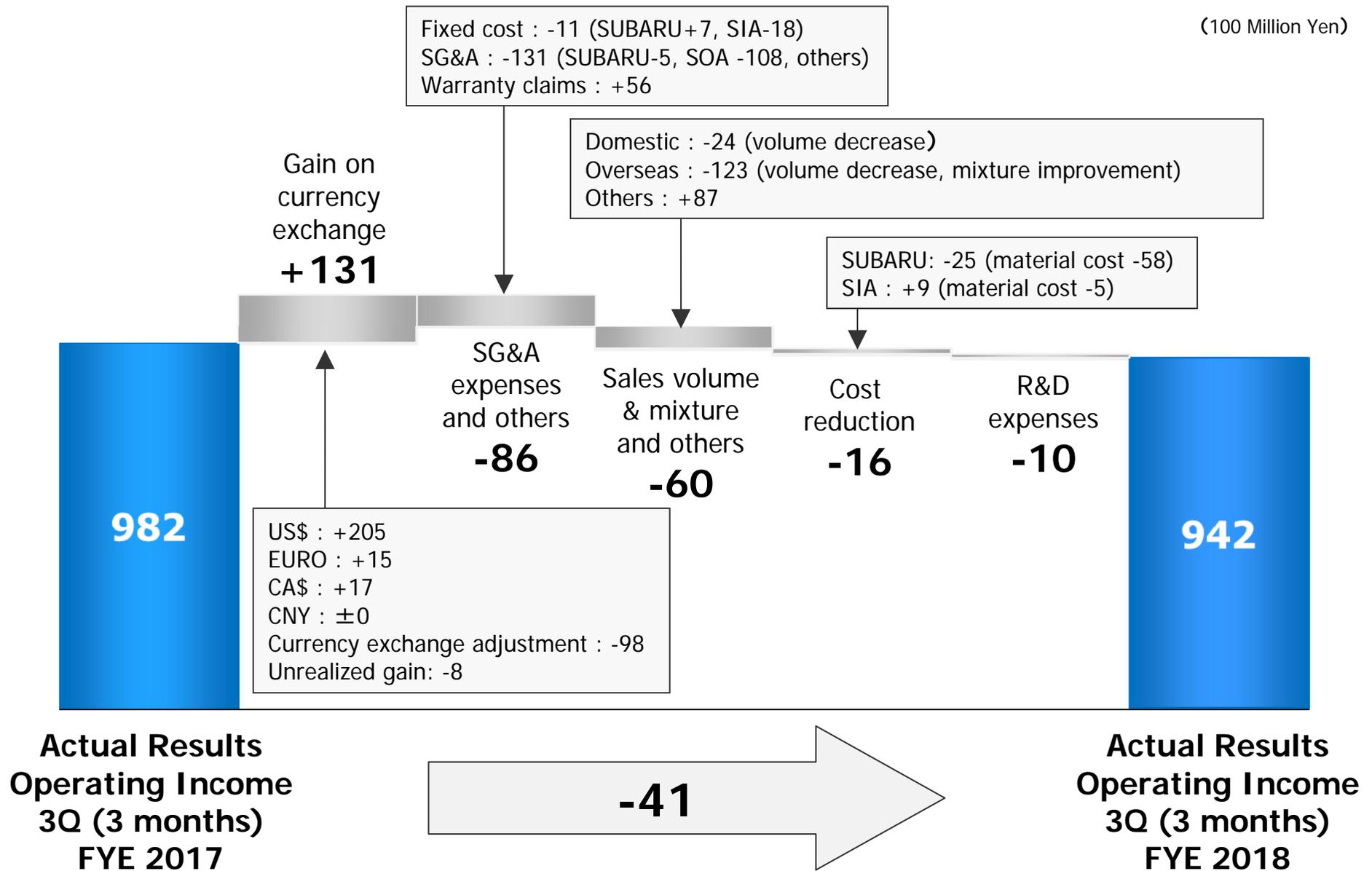
(100 Million Yen)

	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\$

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



(100 Million Yen)



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.

4th Quarter (3 months) : Consolidated Income Statements



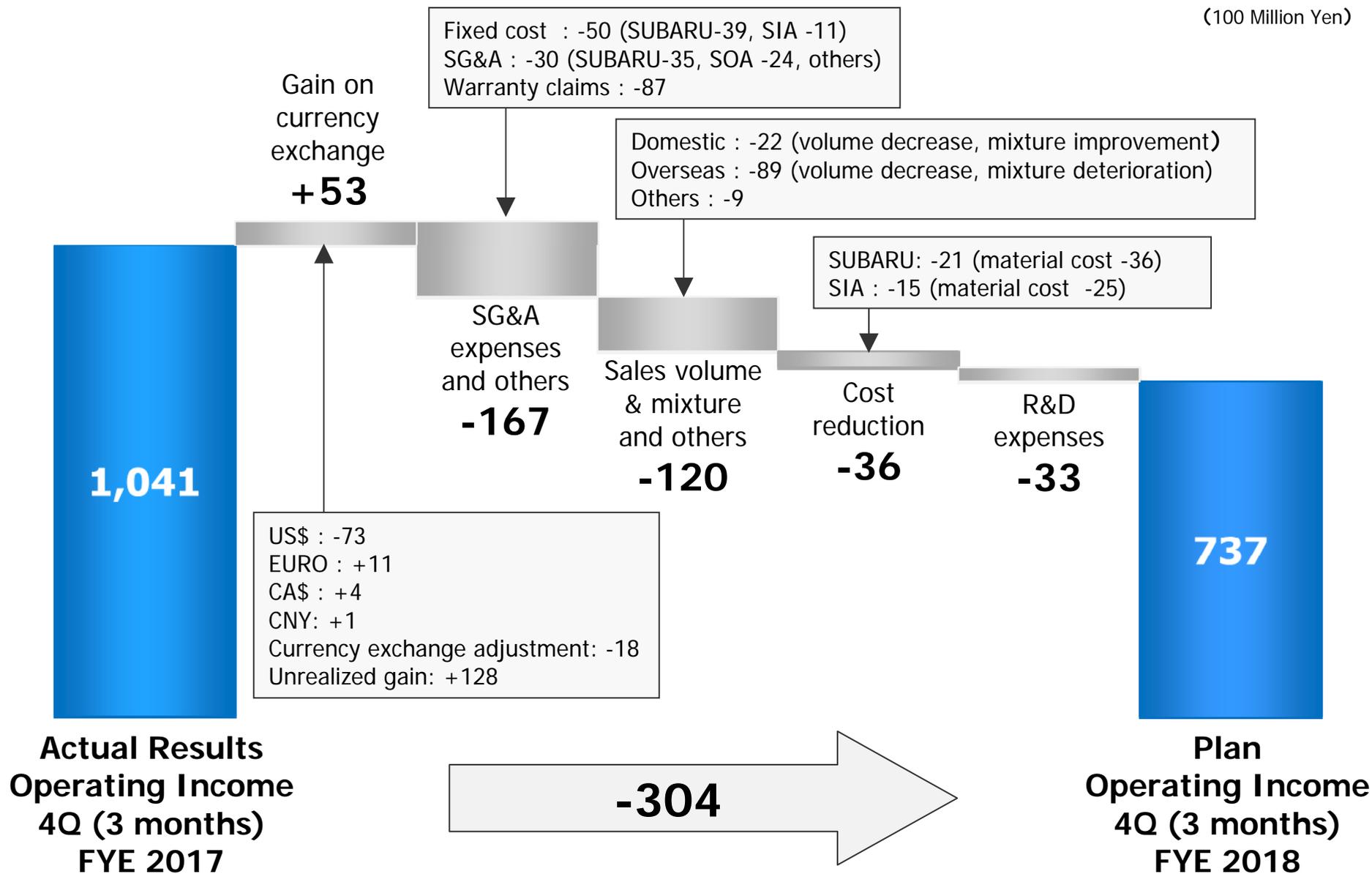
(100 Million Yen)

	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\$

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



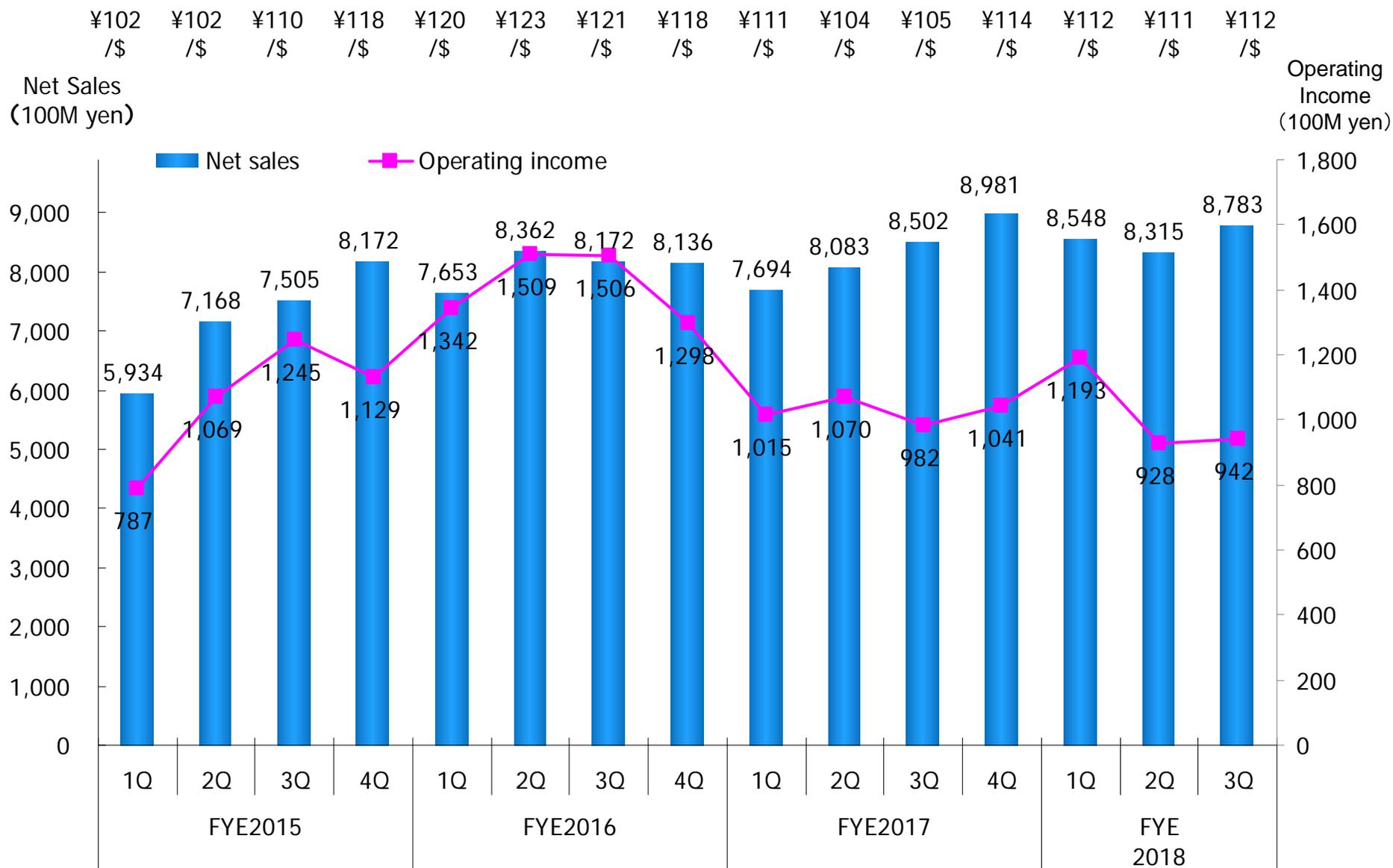
(100 Million Yen)



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

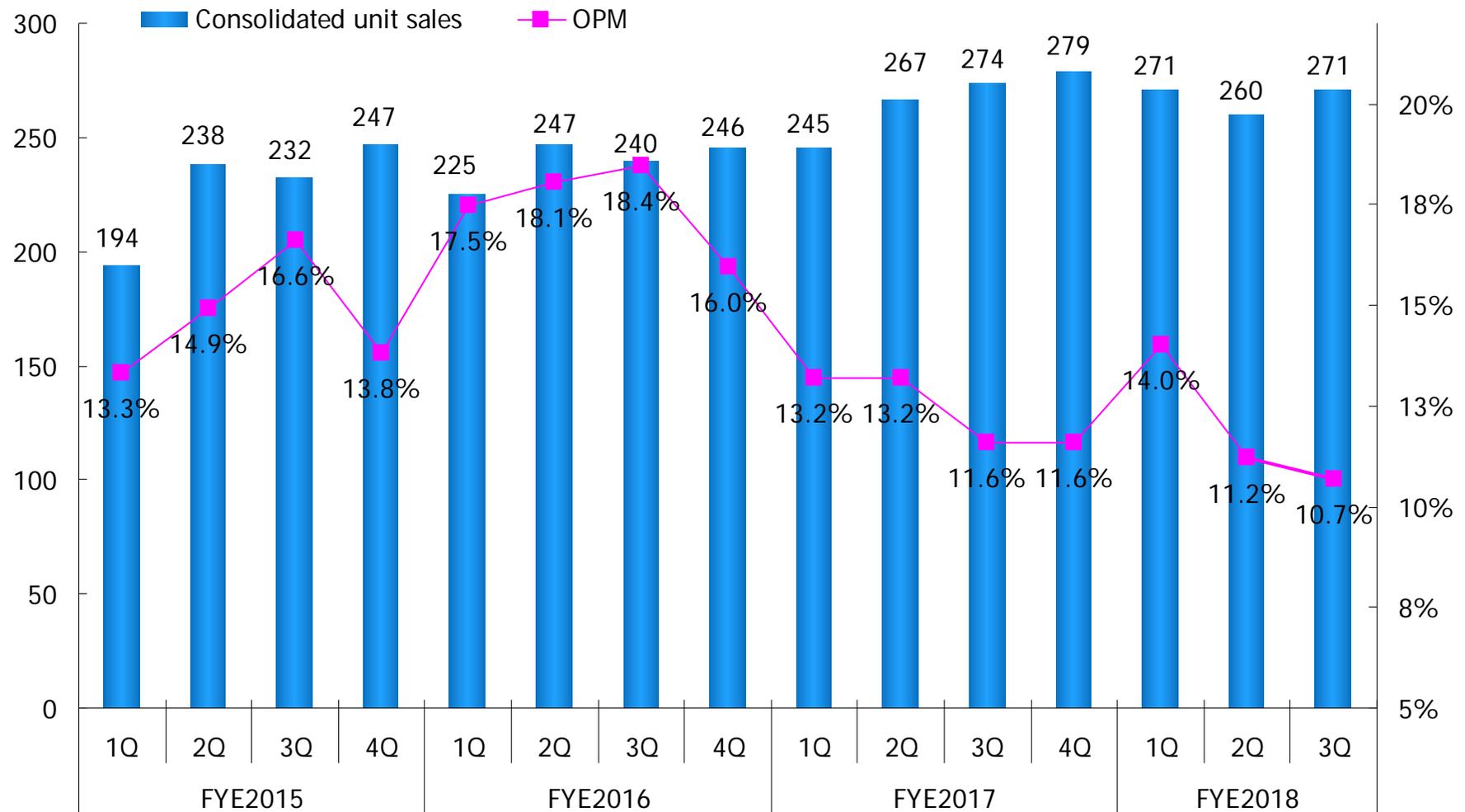


Consolidated Unit Sales / Operating Income Margin



Unit sales
(1,000 units)

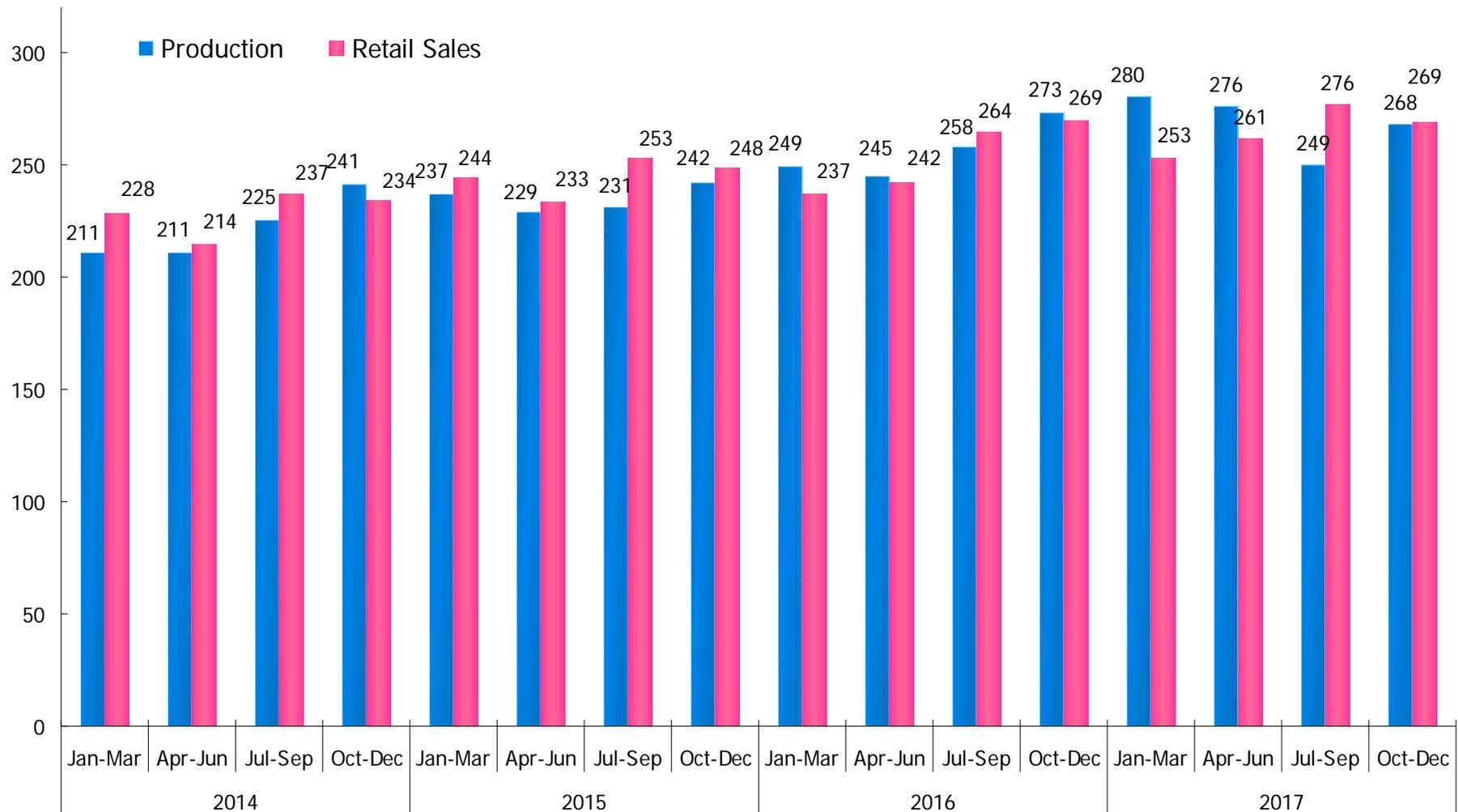
OPM



Complete Cars Production / Retail Sales Units

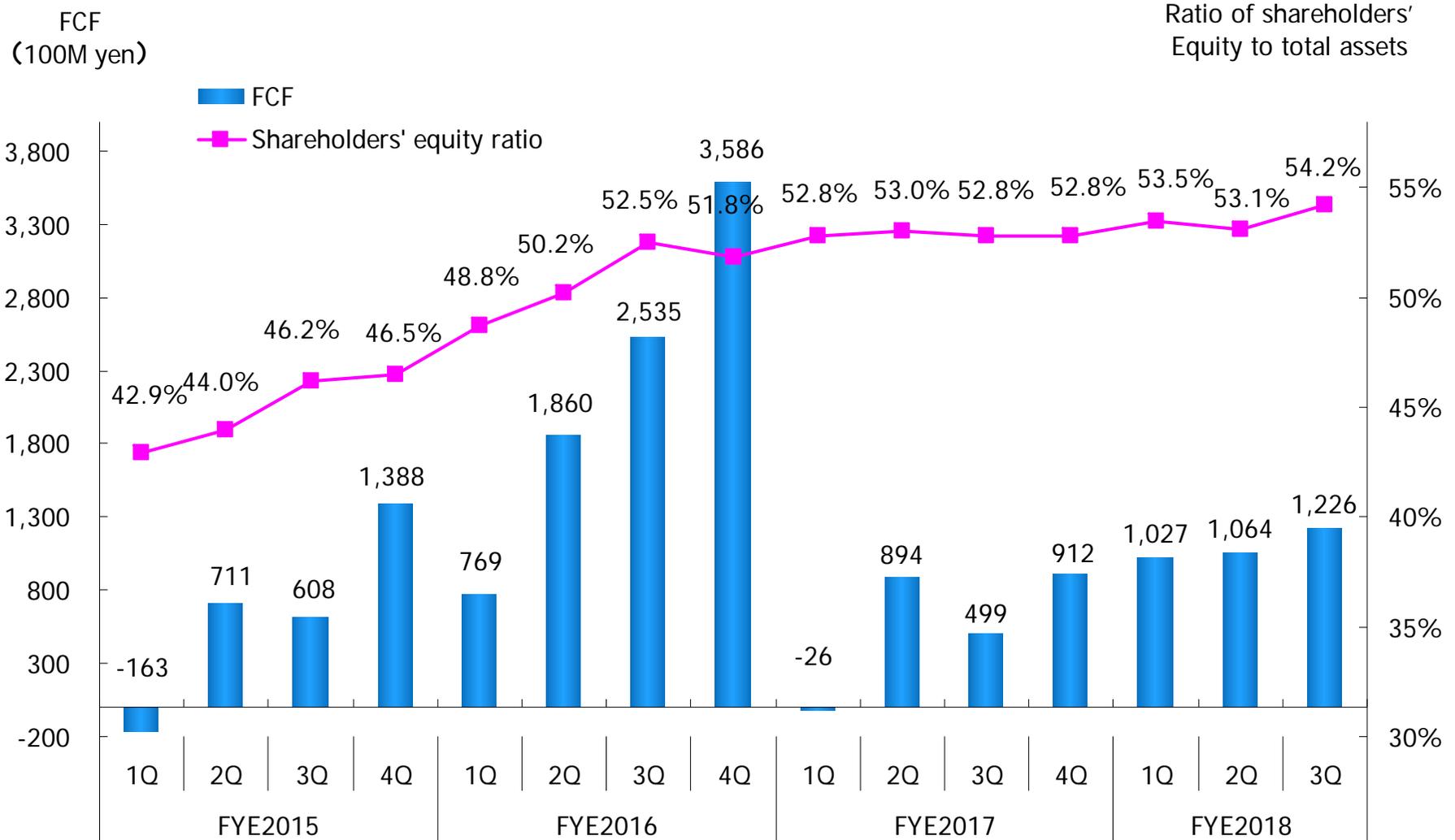


(1,000 units)

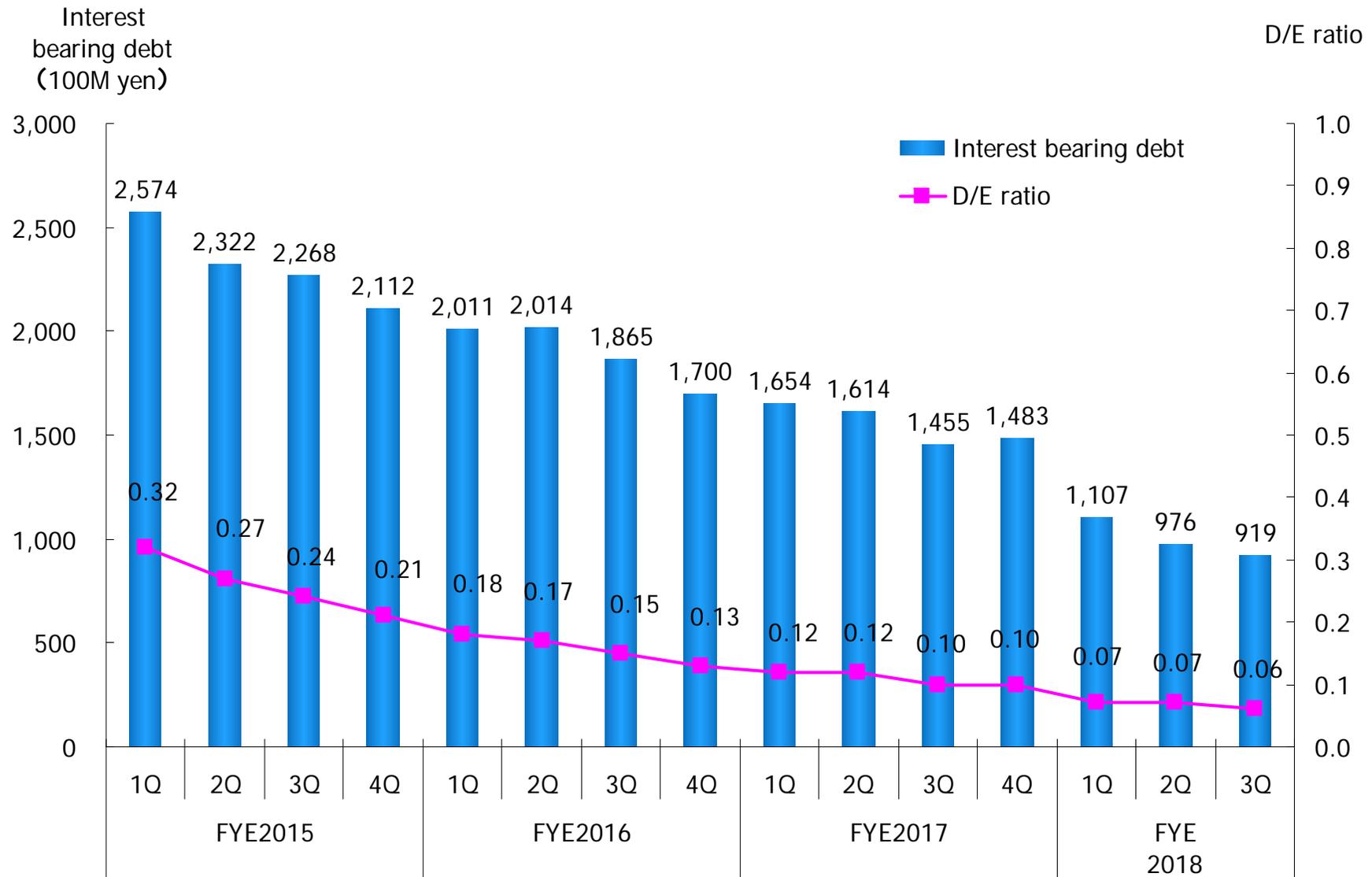


※ Production figures include Toyota 86

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



Interest Bearing Debt / D/E Ratio





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.

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