



Consolidated Financial Results for the 1st Quarter of FYE 2019

SUBARU CORPORATION

Toshiaki Okada
Corporate Executive Vice President & CFO
August 6th, 2018

Summary

Consolidated Financial Results for the 1st Quarter (3 months) of FYE 2019

- Net sales declined due to decreased unit sales and other factors.
- While retail sales in North America, Subaru's largest market, kept strong momentum, operating income declined due to factors such as decreased deliveries of the Forester before the launch of its fully-redesigned version and increased SG&A expenses.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Actual results (YoY)	¥709.2bil. (-¥104.8bil.)	¥57.6bil. (-¥61.8bil.)	¥60.1bil. (-¥59.2bil.)	¥45.5bil. (-¥36.9bil.)	237.9kunits (-33.4k units)

Forecasts for FYE 2019

- The full-year forecasts remain unchanged from the previous forecasts announced on May 11, 2018.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Plan (YoY)	¥3,250.0bil. (+¥17.3bil.)	¥300.0bil. (-¥79.4bil.)	¥305.0bil. (-¥74.9bil.)	¥220.0bil. (-¥0.4bil.)	1,100.4k units (+33.5k units)

* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales).
The comparative year has been also recalculated under the same conditions.



Consolidated Financial Results for the 1st Quarter (3 months) of FYE 2019

1Q (3 months) :

Consolidated Unit Sales

(Thousand Units)

	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance
Passenger car	33.3	22.9	-10.4
Minicar	7.2	6.0	-1.2
Domestic total	40.5	28.9	-11.6
US	174.0	149.8	-24.1
Canada	15.5	15.7	+0.3
Russia	1.8	2.5	+0.7
Europe	8.3	15.3	+7.0
Australia	14.1	10.9	-3.2
China	8.0	3.4	-4.6
Others	9.2	11.4	+2.2
Overseas total	230.9	209.0	-21.9
Total	271.3	237.9	-33.4

1Q (3 months) :

Consolidated Income Statements

(100 Million Yen)

	Actual Results 1Q (3 months) FYE 2018		Actual Results 1Q (3 months) FYE 2019	Variance
Net sales	(8,548)	8,140	7,092	-1,048
Domestic	(1,605)	1,603	1,302	-301
Overseas	(6,943)	6,537	5,790	-746
Operating income		1,193	576	-618
Total non-operating income & expenses		-1	+25	+26
Ordinary income		1,193	601	-592
Total extraordinary income & loss		-11	+15	+25
Income before taxes and minority interests		1,182	616	-567
Net income attributable to owners of parent		823	455	-369
SUBARU exchange rate		¥112/US\$	¥108/US\$	-¥4/US\$

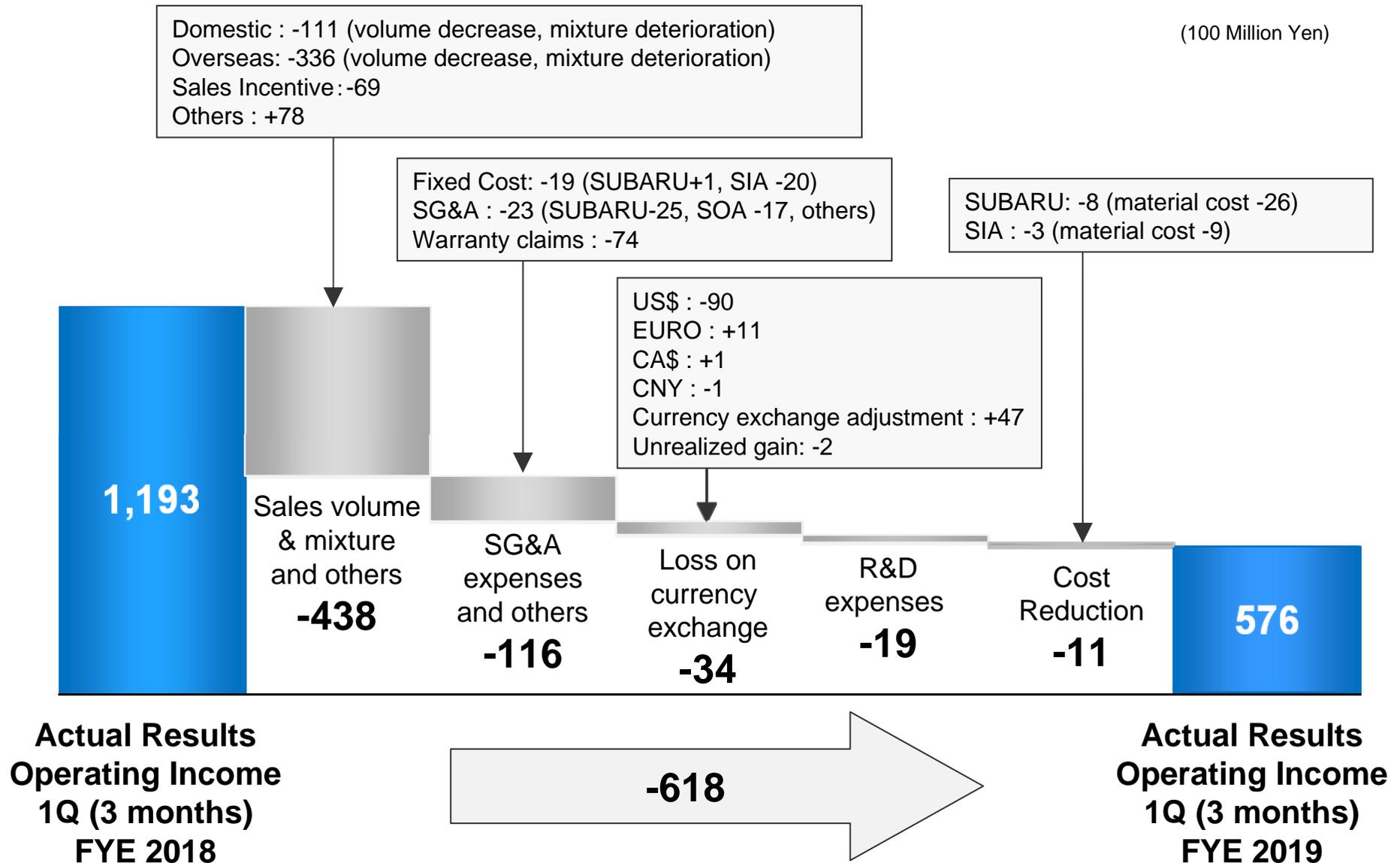
* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

* Figure in () : Net sales before deducting sales incentives

1Q (3 months) :

Analysis of Variance in Operating Income (Consolidated)

(100 Million Yen)



Consolidated Balance Sheets

(100 Million Yen)

	As of March 2018	As of June 2018	Variance
Total assets	28,665	28,606	-58
Current assets	17,704	17,296	-409
Noncurrent assets	10,960	11,311	+350
Total liabilities	13,055	12,960	-95
Interest bearing debts	862	567	-295
Net assets	15,610	15,646	+36
Retained earnings	12,835	12,738	-98
Shareholders' equity	15,528	15,573	+44
Ratio of shareholders' equity to total assets	54.2%	54.4%	-
D/E ratio	0.06	0.04	-

* Due to partial amendments to Accounting Standard for Tax Effect Accounting, calculation method has been changed from FYE 2019. The comparative year has been also recalculated under the same conditions.

1Q (3 months) :

Consolidated Statement of Cash Flows

(100 Million Yen)

	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance
Net cash provided by (used in) operating activities	1,411	260	-1,150
Net cash provided by (used in) investing activities	-384	-300	+83
Free cash flows	1,027	-40	-1,067
Net cash provided by (used in) financing activities	-884	-837	+47
Effect of exchange rate change on cash and cash equivalents	6	166	+160
Net increase (decrease) in cash and cash equivalents	149	-712	-861
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	7,467	6,944	-523

1Q (3 months) :

Operating Results of Subsidiaries in U.S.

(Million US\$)

SOA	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance
Net sales	4,726	4,205	-521
Operating income	139	-7	-146
Net income	88	3	-85
Retail sales (Thousand units)	160.0	172.6	12.6

SIA	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance
Net sales	2,163	1,980	-183
Operating income	77	7	-70
Net income	50	7	-43
Production (Thousand units)	99.3	86.7	-12.6

| **Forecasts for FYE 2019**

FYE2019:

Consolidated Unit Sales Plan

(Thousand Units)

	Actual results FYE 2018	Plan FYE 2019	Variance
Passenger Cars	132.6	122.7	-9.9
Minicars	30.9	28.1	-2.8
Domestic Total	163.4	150.8	-12.7
US	670.9	707.0	+36.0
Canada	56.8	61.4	+4.6
Russia	7.7	11.5	+3.8
Europe	40.2	32.5	-7.7
Australia	55.7	55.5	-0.2
China	26.9	29.9	+3.0
Others	45.2	51.9	+6.6
Overseas Total	903.5	949.7	+46.2
Total	1,066.9	1,100.4	+33.5

FYE2019:

Consolidated Income Plan

(100 Million Yen)

	Actual results FYE 2018		Plan FYE 2019	Variance
Net Sales	(34,052)	32,327	32,500	+173
Domestic	(6,686)	6,680	6,086	-594
Overseas	(27,367)	25,647	26,415	+767
Operating Income		3,794	3,000	-794
Ordinary Income		3,799	3,050	-749
Income before Taxes and Minority Interests		2,973	2,987	+14
Net Income Attributable to Owners of Parent		2,204	2,200	-4
SUBARU Exchange Rate		¥111/US\$	¥105/US\$	-¥6/US\$

* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

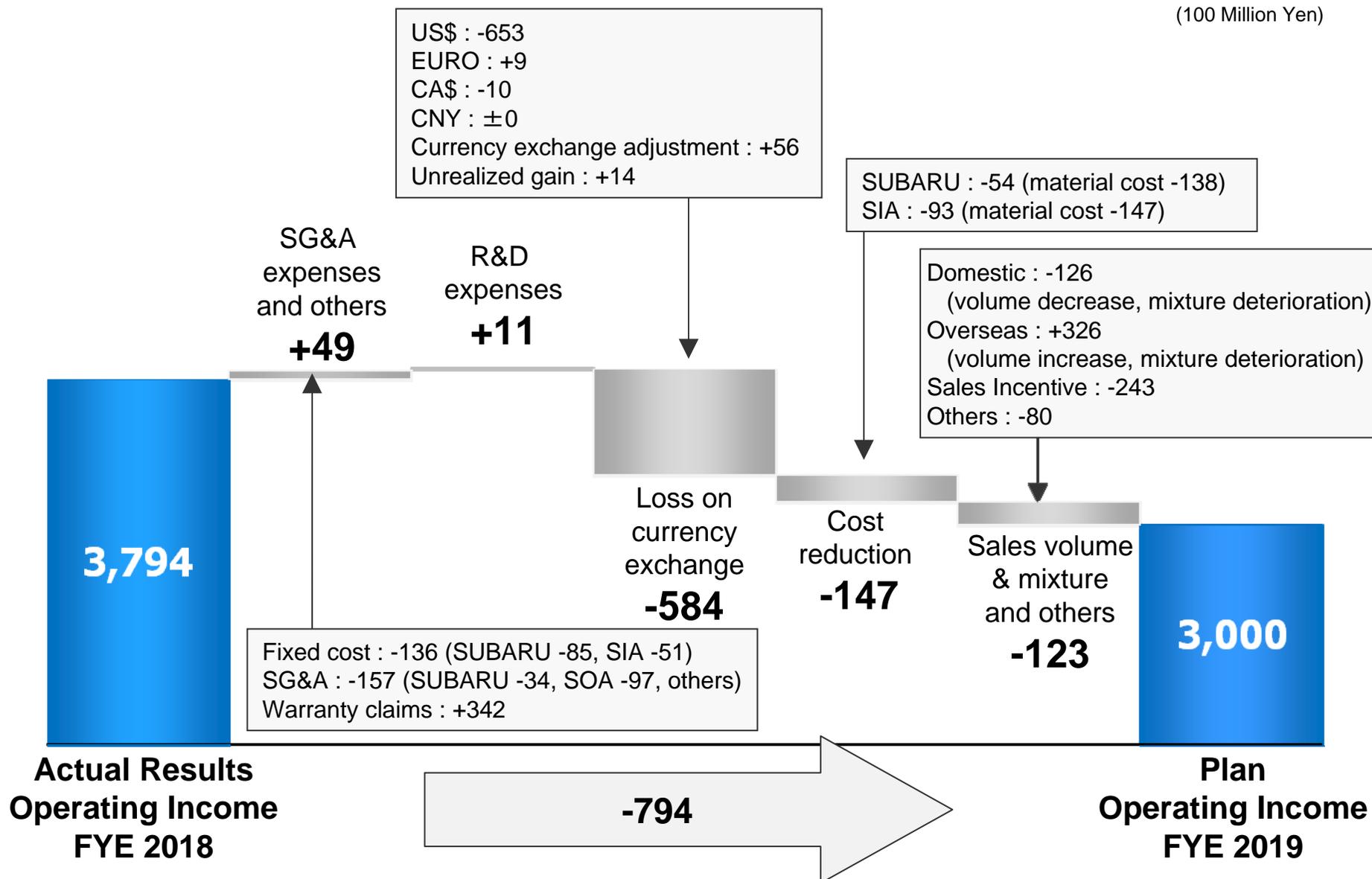
* Figure in () : Net sales before deducting sales incentives

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

FYE2019 :

Analysis of Variance in Operating Income (Consolidated)

(100 Million Yen)



FYE2019:

Operating Plan of Subsidiaries in U.S.

(Million US\$)

SOA	Actual results FYE 2018	Plan FYE 2019	Variance
Net sales	18,402	19,678	+1,276
Operating income	356	273	-83
Net income	235	227	-8
Retail sales (Thousand units)	651.9	700.0	+48.1

SIA	Actual results FYE 2018	Plan FYE 2019	Variance
Net sales	7,673	9,157	+1,484
Operating income	176	128	-48
Net income	134	103	-31
Production (Thousand units)	348.6	384.0	+35.4

Capex / Depreciation / R&D / Interest bearing debt

(100 Million Yen)

	Actual Results 1Q (3 months) FYE2018	Actual Results FYE 2018 (a)	Actual Results 1Q (3 months) FYE2019	Plan FYE 2019 (b)	Variance (b)-(a)
Capex	220	1,414	283	1,300	-114
Depreciation	202	898	213	930	+32
R&D	262	1,211	281	1,200	-11
Interest Bearing Debt	1,107	862	567	800	-62

* Changed accounting policies from FYE 2019.

The Company and its major domestic consolidated subsidiaries changed depreciation method of certain tangible fixed assets from the declining-balance method to the straight-line method.

Appendix

- Non-operating income & expenses and extraordinary income & loss (1Q)
- Segment information by business & geographic (1Q)
- Overseas net sales (1Q)
- Non-consolidated unit sales (1Q)
- Plan for 1st half of FYE 2019

1Q(3 months) :

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

(100 Million Yen)

	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance
Financial revenue and expenditure	11	24	+12
FOREX effects	-8	-7	+1
Other	-4	+9	+13
Total non-operating income & expenses	-1	25	+26
Gain on sales of noncurrent assets	1	8	+6
Gain on sales of investment securities	1	21	+20
Loss on sales and retirement of noncurrent assets	-12	-13	-1
Other	0	-1	-1
Total extraordinary income & loss	-11	+15	+25

1Q(3 months) :

Net Sales and Operating Income by Business Segment (Consolidated)

(100 Million Yen)

	Net Sales				Operating Income		
	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance
Automobile	(8,122)	7,714	6,729	-985	1,168	552	-616
Aerospace		339	330	-10	18	16	-3
Others		86	33	-53	12	7	-5
Elimination & Corporate					-5	1	+6
Total	(8,548)	8,140	7,092	-1,048	1,193	576	-618

* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

* Figure in (): Net sales before deducting sales incentives

1Q(3 months) :

Net Sales and Operating Income by Geographic Area (Consolidated)

(100 Million Yen)

	Net Sales				Operating Income		
	Actual Results 1Q (3 months) FYE 2018		Actual Results 1Q (3 months) FYE 2019	Variance	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance
Japan	(2,414)	2,412	2,070	-343	934	454	-480
North America	(5,635)	5,244	4,542	-701	233	24	-209
Others	(498)	484	480	-4	9	-2	-10
Elimination & Corporate					18	99	+82
Total	(8,548)	8,140	7,092	-1,048	1,193	576	-618

* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

* Figure in () : Net sales before deducting sales incentives

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

(100 Million Yen)

	Actual Results 1Q (3 months) FYE 2018		Actual Results 1Q (3 months) FYE 2019	Variance
North America	(5,917)	5,525	4,776	-750
Europe	(254)	252	420	+168
Asia	(360)	348	224	-123
Other	(412)	412	371	-41
Total	(6,943)	6,537	5,790	-747

* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

* Figure in (): Net sales before deducting sales incentives

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

(Thousand Units)

	Actual Results 1Q (3 months) FYE 2018	Actual Results 1Q (3 months) FYE 2019	Variance
Domestic production	176.3	154.8	-21.6
Domestic sales	44.5	30.5	-14.0
Passenger cars	36.7	24.6	-12.1
Minicars	7.8	5.9	-1.9
Number of exported vehicles	136.5	122.9	-13.6
Components for overseas production	89.3	90.1	+0.7
Total	270.3	243.4	-26.8

* Domestic production figures include Toyota 86.

Plan for 1st Half of FYE 2019:

Consolidated Unit Sales Plan

(Thousand Units)

	1 st Half Actual Results FYE 2018	1st Half Plan FYE2019	Variance
Passenger car	67.3	56.0	-11.3
Minicar	15.1	13.0	-2.1
Domestic total	82.3	68.9	-13.4
US	333.2	313.0	-20.3
Canada	30.7	31.6	+0.8
Russia	3.7	7.0	+3.3
Europe	17.8	20.9	+3.1
Australia	27.7	26.9	-0.8
China	13.8	12.4	-1.4
Others	22.0	25.7	+3.7
Overseas total	448.9	437.4	-11.5
Total	531.3	506.3	-24.9

Plan for 1st Half of FYE 2019:

Consolidated Income Statements

(100 Million Yen)

	1 st Half Actual Results FYE 2018		1st Half Plan FYE2019	Variance
Net sales	(16,863)	16,080	14,630	-1,450
Domestic	(3,286)	3,283	2,670	-613
Overseas	(13,577)	12,797	11,961	-837
Operating income		2,121	1,100	-1,021
Ordinary income		2,127	1,117	-1,010
Income before taxes and minority interests		1,285	1,082	-203
Net income attributable to owners of parent		850	791	-59
SUBARU exchange rate		¥111/US\$	¥105/US\$	-¥6/US\$

* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

* Figure in () : Net sales before deducting sales incentives

Plan for 1st Half of FYE 2019:

Analysis of Variance in Operating Income (Consolidated)

(100 Million Yen)

