



Consolidated Financial Results for the 1st Half of FYE 2019

SUBARU CORPORATION

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Corporate Executive Vice President & CFO
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Summary

Consolidated Financial Results for the 1st Half of FYE 2019

- Net sales declined due to decreased unit sales and other factors.
- While Subaru's retail vehicle sales in its largest North American market kept strong momentum, all profit levels declined due to factors such as an increase in quality-related expenses associated with a large-scale recall and decreased deliveries of the Forester before the launch of its fully-redesigned version.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Actual results (YoY)	¥1,486.8bil. (-121.2bil.)	¥55.0bil. (-157.1bil.)	¥60.0bil. (-152.7bil.)	¥44.3bil. (-40.7bil.)	482.1k units (-49.2k units)

Forecast for FYE 2019

- Forecasts for FYE2019 are revised from the previous announcement made on August 6th, 2018, to reflect factors including a decrease in consolidated units sales and an increase in quality-related expenses

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Forecasts (YoY)	¥3,210.0bil. (-22.7bil.)	¥220.0bil. (-159.4bil.)	¥229.0bil. (-150.9bil.)	¥167.0bil. (-53.4bil.)	1,041.1k units (-25.8k units)
(vs Previous Plan as of Aug. 6 th)	(-40.0bil.)	(-80.0bil.)	(-76.0bil.)	(-53.0bil.)	(-59.3k 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 Half of FYE 2019

1st Half :

Consolidated Unit Sales

(Thousand Units)

	Actual Results 1 st Half FYE 2018 (a)	Plan 1 st Half FYE 2019 (as of Aug. 6 th) (b)	Actual Results 1 st Half FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
Passenger cars	67.3	56.0	52.4	-14.9	-3.6
Minicars	15.1	13.0	12.6	-2.5	-0.4
Domestic total	82.3	68.9	65.0	-17.4	-4.0
US	333.2	313.0	302.2	-31.0	-10.7
Canada	30.7	31.6	31.8	+1.1	+0.3
Russia	3.7	7.0	5.1	+1.4	-1.9
Europe	17.8	20.9	20.6	+2.9	-0.2
Australia	27.7	26.9	23.5	-4.2	-3.4
China	13.8	12.4	9.2	-4.6	-3.2
Others	22.0	25.7	24.6	+2.6	-1.1
Overseas total	448.9	437.4	417.1	-31.8	-20.3
Total	531.3	506.3	482.1	-49.2	-24.2

1st Half :

Consolidated Income Statements

(100 Million Yen)

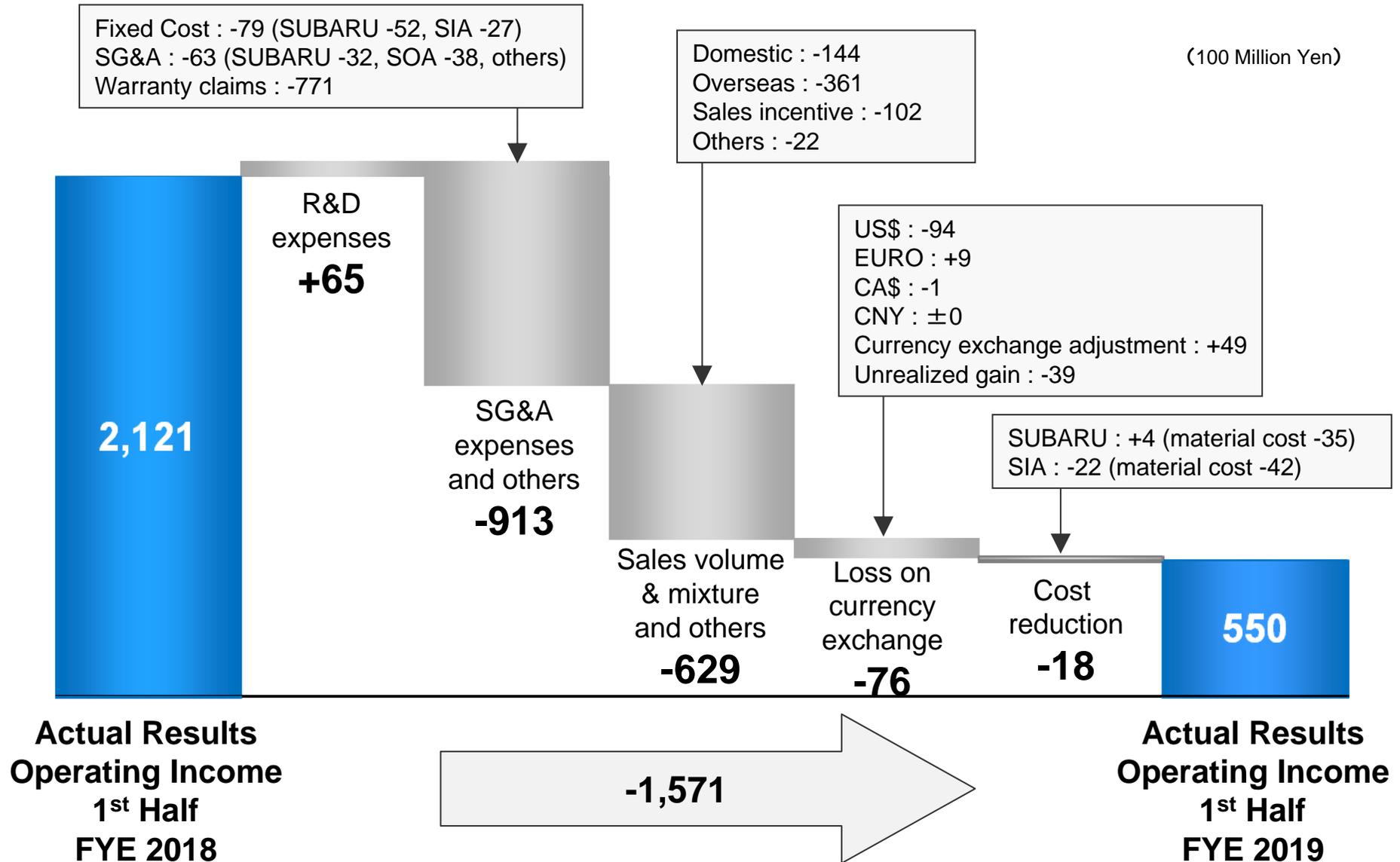
	Actual Results 1 st Half FYE 2018 (a)		Plan 1 st Half FYE 2019 (as of Aug. 6 th) (b)	Actual Results 1 st Half FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
Net sales	<i>(16,863)</i>	16,080	14,630	14,868	-1,212	+238
Domestic	<i>(3,286)</i>	3,283	2,670	2,874	-408	+205
Overseas	<i>(13,577)</i>	12,797	11,961	11,994	-804	+33
Operating income		2,121	1,100	550	-1,571	-550
Ordinary income		2,127	1,117	600	-1,527	-517
Income before taxes and minority interests		1,285	1,082	630	-655	-452
Net income attributable to owners of parent		850	791	443	-407	-348
SUBARU exchange rate		¥111/US\$	¥105/US\$	¥109/US\$	-¥2/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

1st Half :

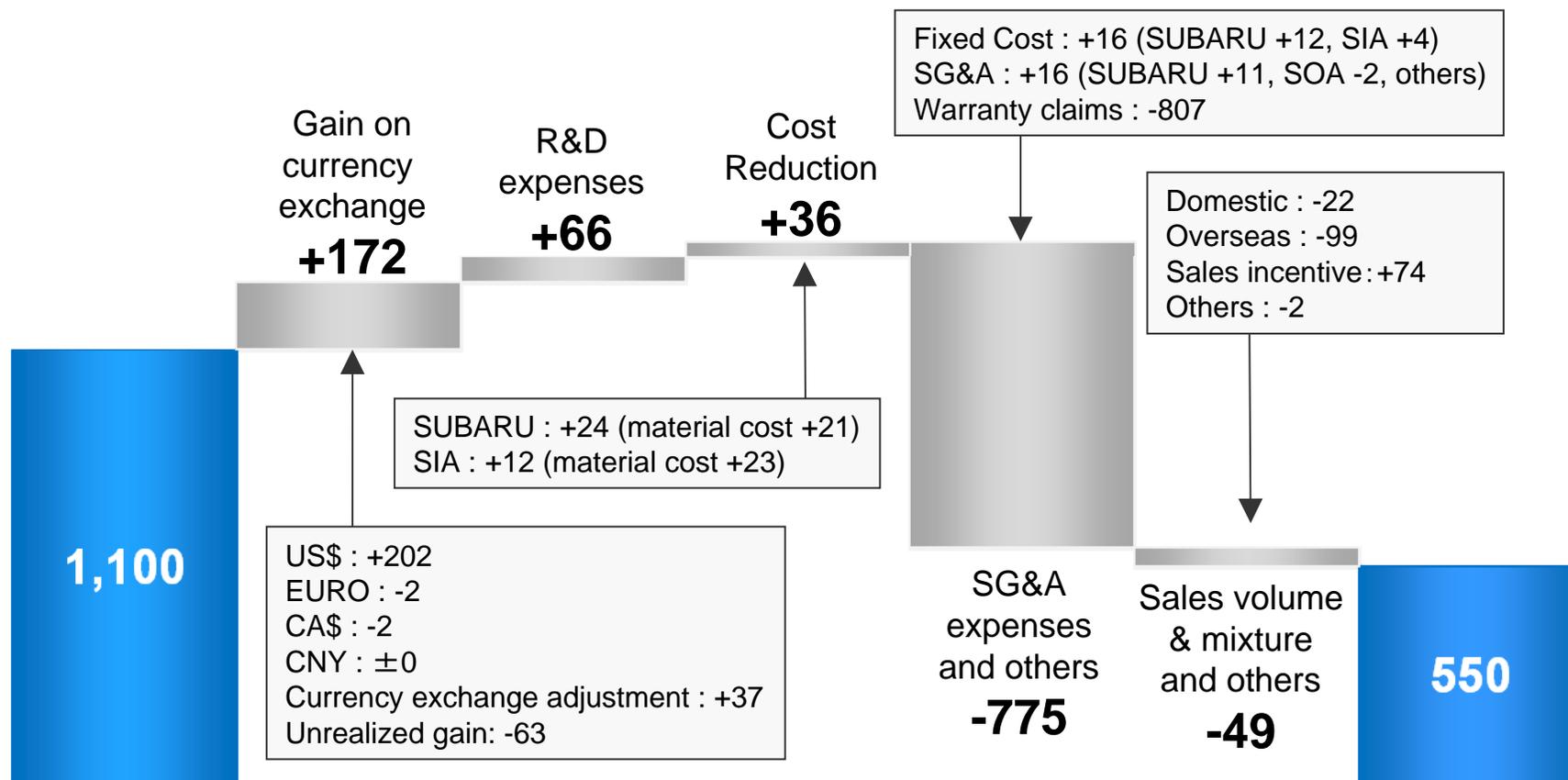
Analysis of Variance in Operating Income (Consolidated)



(Plan as of Aug. 6th vs. Actual Results) 1st Half :

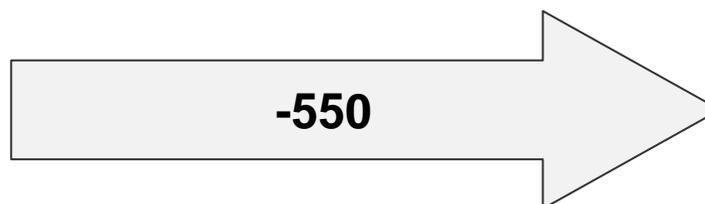
Analysis of Variance in Operating Income (Consolidated)

(100 Million Yen)



Plan
Operating Income
1st Half
FYE 2019
(as of Aug. 6th)

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



Actual Results
Operating Income
1st Half
FYE 2019

(Plan as of Oct. 23rd vs. Actual Results) 1st Half :

Consolidated Income Statements

(100 Million Yen)

	Revised Plan 1st Half FYE 2019 as of Oct. 23 rd (a)	Actual Results 1 st Half FYE 2019 (b)	Variance (b)-(a)
Net sales	14,860	14,868	+8
Operating income	610	550	-60
Ordinary income	660	600	-60
Net income attributable to owners of parent	490	443	-47
SUBARU exchange rate	¥109/US\$	¥109/US\$	±¥0/US\$

Consolidated Balance Sheets

(100 Million Yen)

	As of March 2018	As of September 2018	Variance
Total assets	28,665	29,351	+686
Current assets	17,704	17,810	+106
Noncurrent assets	10,960	11,541	+580
Total liabilities	13,055	13,581	+526
Interest bearing debts	862	498	-364
Net assets	15,610	15,770	+160
Retained earnings	12,835	12,726	-109
Shareholders' equity	15,528	15,695	+167
Ratio of shareholders' equity to total assets	54.2%	53.5%	-
D/E ratio	0.06	0.03	-

* 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.

1st Half :

Consolidated Statement of Cash Flows

(100 Million Yen)

	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance
Net cash provided by (used in) operating activities	2,078	647	-1,431
Net cash provided by (used in) investing activities	-1,014	-800	+214
Free cash flows	1,064	-153	-1,217
Net cash provided by (used in) financing activities	-1,033	-923	+110
Effect of exchange rate change on cash and cash equivalents	27	283	+255
Net increase (decrease) in cash and cash equivalents	58	-794	-852
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	7,375	6,862	-513

1st Half :

Operating Results of Subsidiaries in U.S.

(Million US\$)

SOA	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance
Net sales	9,115	8,643	-472
Operating income	278	104	-174
Net income	177	94	-83
Retail sales (Thousand units)	334.7	350.1	15.4

SIA	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance
Net sales	3,901	4,044	+143
Operating income	84	33	-51
Net income	54	28	-26
Production (Thousand units)	178.9	172.6	-6.4

| **Forecasts for FYE 2019**

Revised plan FYE 2019 :

Production plan / Consolidated Unit Sales Plan

(Thousand Units)

	Actual Results FYE 2018 (a)	Previous Plan as of Aug. 6 th (b)	Revised Plan (c)	Variance (c)-(a)	Variance (c)-(b)
Production in U.S.	348.6	384	379.7	+31.1	-4.3
Production in Japan	701.2	672	656.1	-45.0	-15.9
Total	1,049.7	1,056	1,035.8	-13.9	-20.2

* Domestic production figures include Toyota 86/FR-S.

(Thousand Units)

	Actual Results FYE 2018 (a)	Previous Plan as of Aug. 6 th (b)	Revised Plan (c)	Variance (c)-(a)	Variance (c)-(b)
Consolidated Unit Sales Total	1,066.9	1,100.4	1,041.1	-25.8	-59.3

Revised plan FYE 2019 :

Consolidated Income Plan

(100 Million Yen)

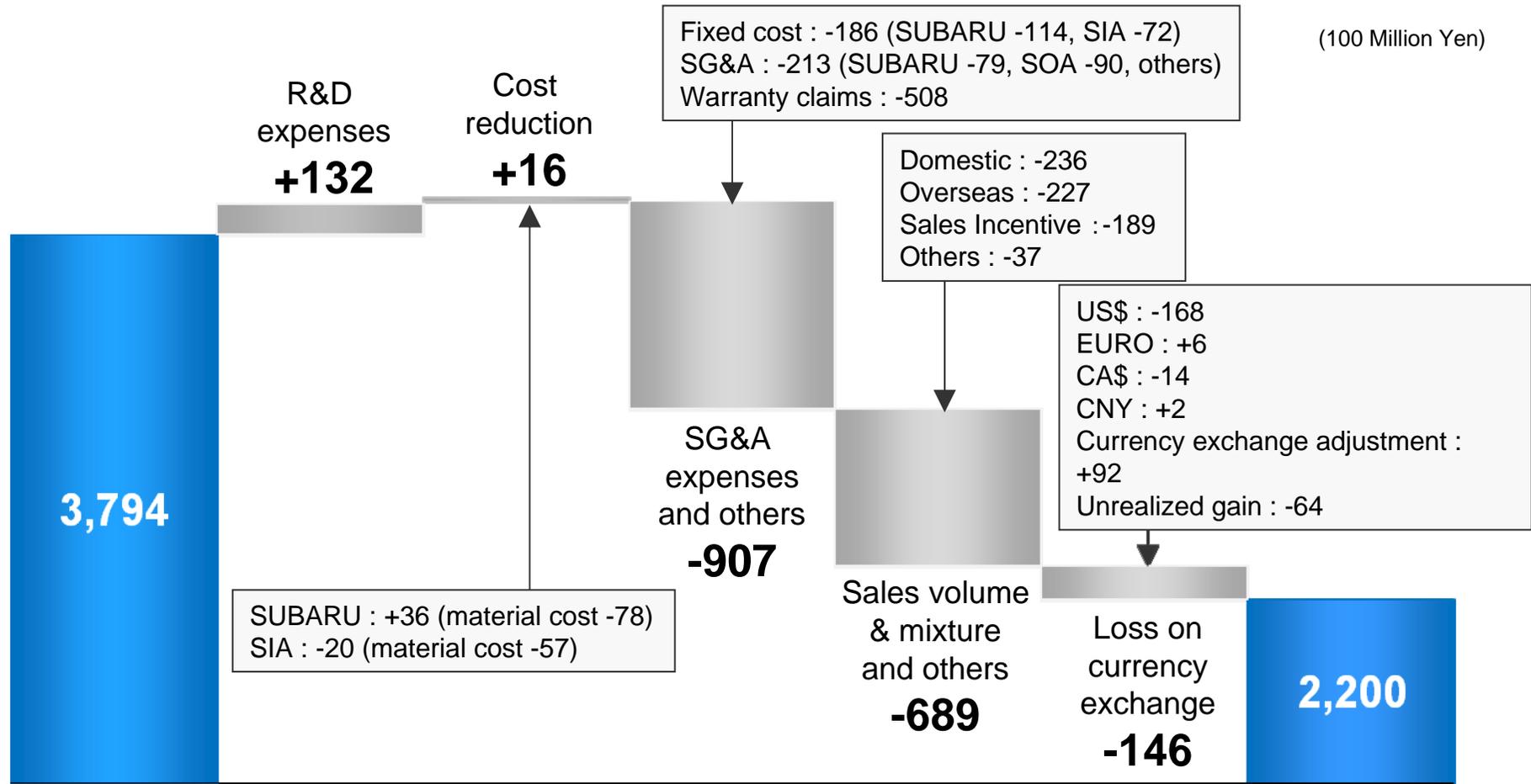
	Actual Results FYE 2018 (a)		Previous Plan as of Aug. 6 th (b)	Revised Plan (c)	Variance (c)-(a)	Variance (c)-(b)
Net Sales	(34,052)	32,327	32,500	32,100	-227	-400
Domestic	(6,686)	6,680	6,086	6,173	-507	+87
Overseas	(27,367)	25,647	26,415	25,927	+280	-487
Operating Income		3,794	3,000	2,200	-1,594	-800
Ordinary Income		3,799	3,050	2,290	-1,509	-760
Income before Taxes and Minority Interests		2,973	2,987	2,290	-683	-697
Net Income Attributable to Owners of Parent		2,204	2,200	1,670	-534	-530
SUBARU Exchange Rate		¥111/US\$	¥105/US\$	¥110/US\$	-¥2/US\$	+¥5/US\$

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

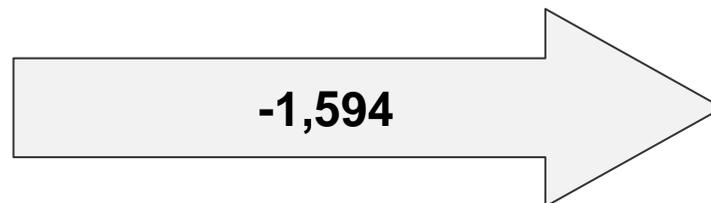
* Figure in () : Net sales before deducting sales incentives

Analysis of Variance in Operating Income (Consolidated)

(100 Million Yen)



**Actual Results
Operating Income
FYE 2018**

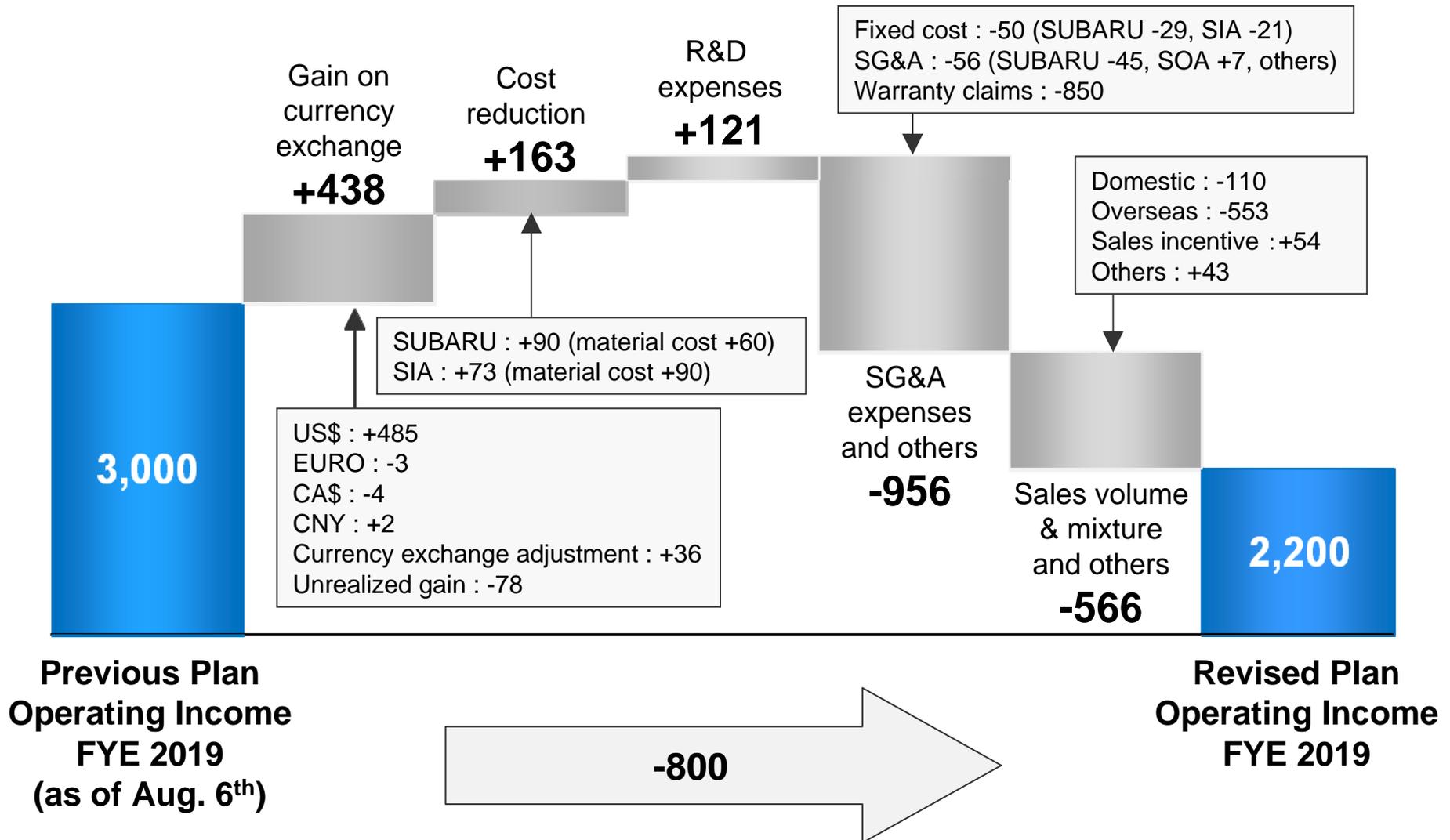


**Revised Plan
Operating Income
FYE 2019**

Previous Plan FYE 2019 (as of August 6th) vs. Revised Plan :

Analysis of Variance in Operating Income (Consolidated)

(100 Million Yen)



Capex / Depreciation / R&D / Interest bearing debt

(100 Million Yen)

	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Actual Results FYE 2018 (a)	Previous Plan FYE 2019 (as of August 6 th) (b)	Revised Plan FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
Capex	545	591	1,414	1,300	1,300	-114	±0
Depreciation	421	473	898	930	930	+32	±0
R&D	609	545	1,211	1,200	1,080	-131	-120
Interest Bearing Debt	976	498	862	800	500	-362	-300

* 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.

Shareholder Returns

【Dividend per share】

(Japanese Yen)

	FYE2018	FYE2019	
		Previous projection	Revised projection
2 nd Quarter	72	72	72
Year-end	72	72	72
Annual (Forecast)	144	144	144

| Appendix

- Non-operating income
& expenses and extraordinary income & loss (1H)
- Segment information by business & geographic (1H)
- Overseas net sales (1H)
- Non-consolidated unit sales (1H)
- Consolidated income statements (2Q)
- Complete cars production / Retail sales units

1st Half :

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

(100 Million Yen)

	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance
Financial revenue and expenditure	24	56	+32
FOREX effects	-20	-8	+12
Other	2	2	-0
Total non-operating income & expenses	6	50	+44
Gain on sales of noncurrent assets	2	10	+9
Gain on sales of investment securities	6	36	+29
Loss on sales and retirement of noncurrent assets	-29	-25	+4
Loss related to airbags	-813	-	+813
Others	-9	+8	+17
Total extraordinary income & loss	-842	+30	+872

1st Half :

Net Sales and Operating Income by Business Segment (Consolidated)

(100 Million Yen)

	Net Sales				Operating Income		
	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance	
Automobile	(16,000)	15,217	14,164	-1,053	2,053	500	-1,553
Aerospace	(680)	680	630	-50	42	30	-12
Others	(183)	183	74	-109	24	18	-6
Elimination & Corporate					3	3	+0
Total	(16,863)	16,080	14,868	-1,212	2,121	550	-1,571

* 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

1st Half :

Net Sales and Operating Income by Geographic Area (Consolidated)

(100 Million Yen)

	Net Sales				Operating Income		
	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance	
Japan	(4,979)	4,975	4,496	-479	1,586	266	-1,321
North America	(10,927)	10,176	9,553	-623	439	239	-200
Others	(957)	929	820	-110	24	13	-11
Elimination & Corporate					72	32	-40
Total	(16,863)	16,080	14,868	-1,212	2,121	550	-1,571

* 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

1st Half :

Overseas Net Sales (Consolidated)

(100 Million Yen)

	Actual Results 1 st Half FYE 2018		Actual Results 1 st Half FYE 2019	Variance
North America	(11,492)	10,741	10,016	-725
Europe	(541)	538	629	+91
Asia	(698)	673	538	-136
Other	(846)	844	811	-33
Total	(13,577)	12,797	11,994	-804

* 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

1st Half :

Non-consolidated Unit Sales

(Thousand Units)

	Actual Results 1 st Half FYE 2018	Actual Results 1 st Half FYE 2019	Variance
Domestic production	346.2	318.9	-27.2
Domestic sales	85.6	68.9	-16.7
Passenger cars	70.0	56.0	-14.0
Minicars	15.7	12.9	-2.7
Number of exported vehicles	271.3	254.4	-16.9
Components for overseas production	178.4	190.6	+12.2
Total	535.3	513.8	-21.5

* Domestic production figures include Toyota 86/FR-S.

2Q (3 months) :

Consolidated Unit Sales

(Thousand Units)

	Actual Results 2Q (3 months) FYE 2018	Actual Results 2Q (3 months) FYE 2019	Variance
Passenger car	34.0	29.5	-4.5
Minicar	7.9	6.6	-1.3
Domestic total	41.9	36.0	-5.8
US	159.3	152.4	-6.9
Canada	15.3	16.1	+0.8
Russia	1.8	2.6	+0.8
Europe	9.4	5.3	-4.1
Australia	13.6	12.6	-1.0
China	5.8	5.8	-0.0
Others	12.8	13.3	+0.4
Overseas total	218.1	208.1	-9.9
Total	259.9	244.2	-15.7

2Q (3 months) :

Consolidated Income Statements

(100 Million Yen)

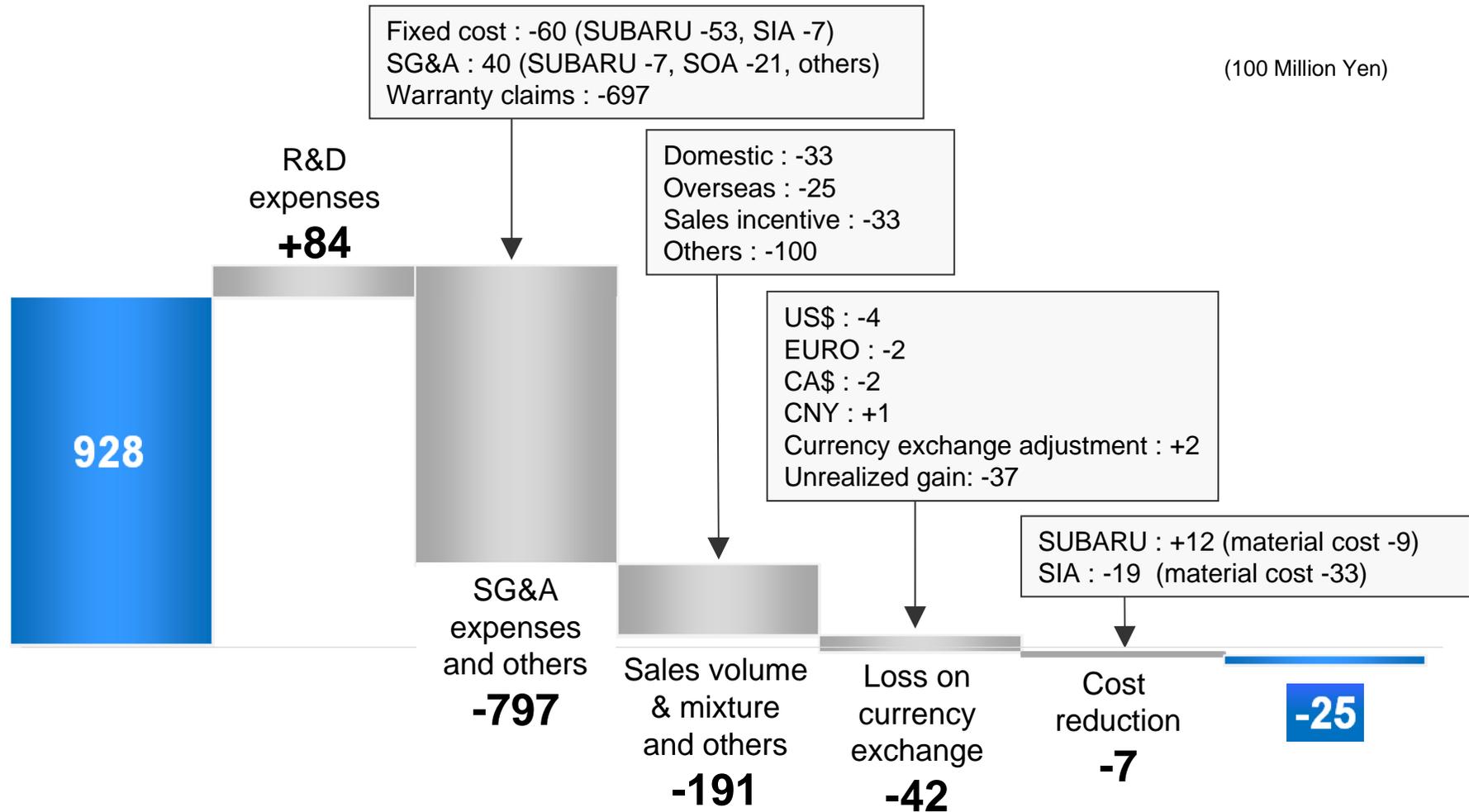
	Actual Results 2Q (3 months) FYE 2018		Actual Results 2Q (3 months) FYE 2019	Variance
Net sales	(8,315)	7,940	7,776	-164
Domestic	(1,681)	1,679	1,572	-107
Overseas	(6,634)	6,261	6,204	-57
Operating income		928	-25	-953
Ordinary income		935	-1	-935
Income before taxes and minority interests		103	14	-88
Net income attributable to owners of parent		27	-12	-38
SUBARU exchange rate		¥111/US\$	¥111/US\$	-¥0/US\$

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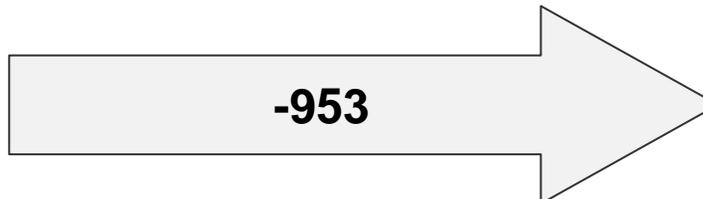
2Q (3 months) :

Analysis of Variance in Operating Income(Consolidated)



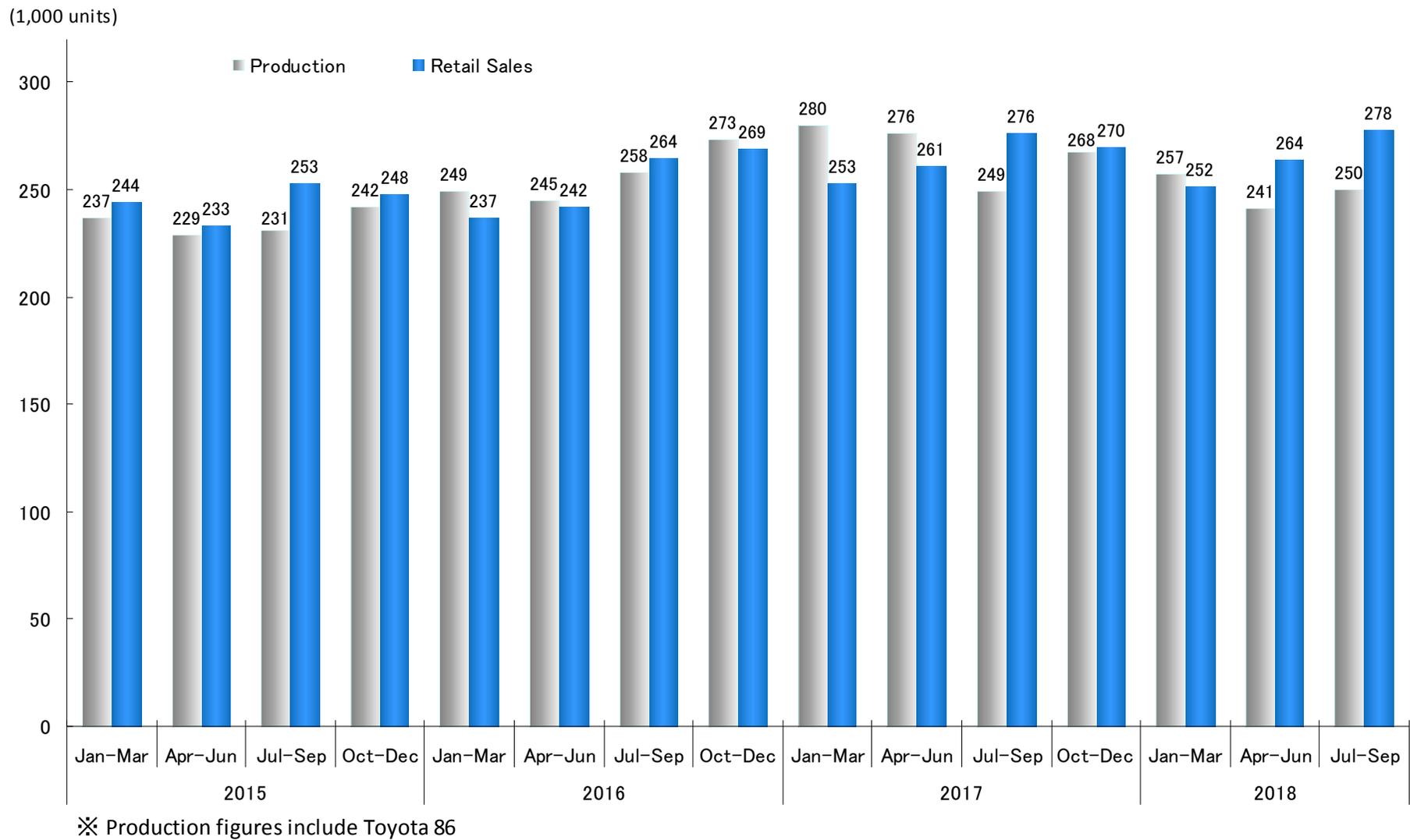
Actual Results
Operating Income
2Q (3 months)
FYE 2018

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



Actual Results
Operating Income
2Q (3 months)
FYE 2019

Complete Cars Production / Retail Sales Units





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/>