



Consolidated Financial Results for the 3rd Quarter of FYE 2019

SUBARU CORPORATION

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Summary

Consolidated Financial Results for the 3rd Quarter (9 months) of FYE 2019

- Net sales declined due to decreased unit sales, foreign exchange losses and other factors.
- Consolidated unit sales decreased as deliveries of the Forester declined before the launch of its fully-redesigned version and deliveries were adjusted to optimize local inventory levels mainly in the U.S. market, despite a contribution from new ASCENT.
- All profit levels declined for factors such as an increase in quality-related expenses due to recall campaigns and a decrease in consolidated unit sales.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Actual results (YoY)	¥2,377.4bil. (-60.3bil.)	¥153.7bil. (-152.6bil.)	¥157.0bil. (-146.1bil.)	¥118.2bil. (-34.6bil.)	762.1k units (-39.8k units)

Forecast for FYE 2019

- Forecasts are revised from the previous announcement made on November 5, 2018, reflecting factors such as higher raw material costs and decreases in production output and unit sales volume as a result of production halt at the Gunma manufacturing plant in January, 2019.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Forecasts (YoY)	¥3,120.0bil. (-112.7bil.)	¥185.0bil. (-194.4bil.)	¥193.0bil. (-186.9bil.)	¥140.0bil. (-80.4bil.)	996.4k units (-70.5k units)
(vs Previous Plan as of Nov.5 th)	(-90.0bil.)	(-35.0bil.)	(-36.0bil.)	(-27.0bil.)	(-44.7k 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 3rd Quarter (9 months) of FYE 2019

3rd Quarter (9 months) :

Consolidated Unit Sales

(Thousand Units)

	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance
Passenger cars	97.7	79.9	-17.8
Minicars	21.1	18.6	-2.5
Domestic total	118.8	98.5	-20.3
US	509.1	495.9	-13.2
Canada	44.5	47.3	+2.8
Russia	5.7	6.5	+0.9
Europe	28.5	25.9	-2.6
Australia	42.0	35.7	-6.3
China	21.5	16.6	-4.9
Others	31.8	35.7	+3.9
Overseas total	683.1	663.6	-19.4
Total	801.9	762.1	-39.8

3rd Quarter (9 months) :

Consolidated Income Statements

(100 Million Yen)

	Actual Results 3 rd Quarter FYE 2018		Actual Results 3 rd Quarter FYE 2019	Variance
Net sales	(25,646)	24,377	23,774	-603
Domestic	(4,845)	4,842	4,358	-484
Overseas	(20,801)	19,536	19,417	-119
Operating income		3,063	1,537	-1,526
Ordinary income		3,031	1,570	-1,461
Income before income taxes		2,176	1,580	-596
Net income attributable to owners of parent		1,528	1,182	-346
SUBARU exchange rate		¥112/US\$	¥111/US\$	-¥1/US\$

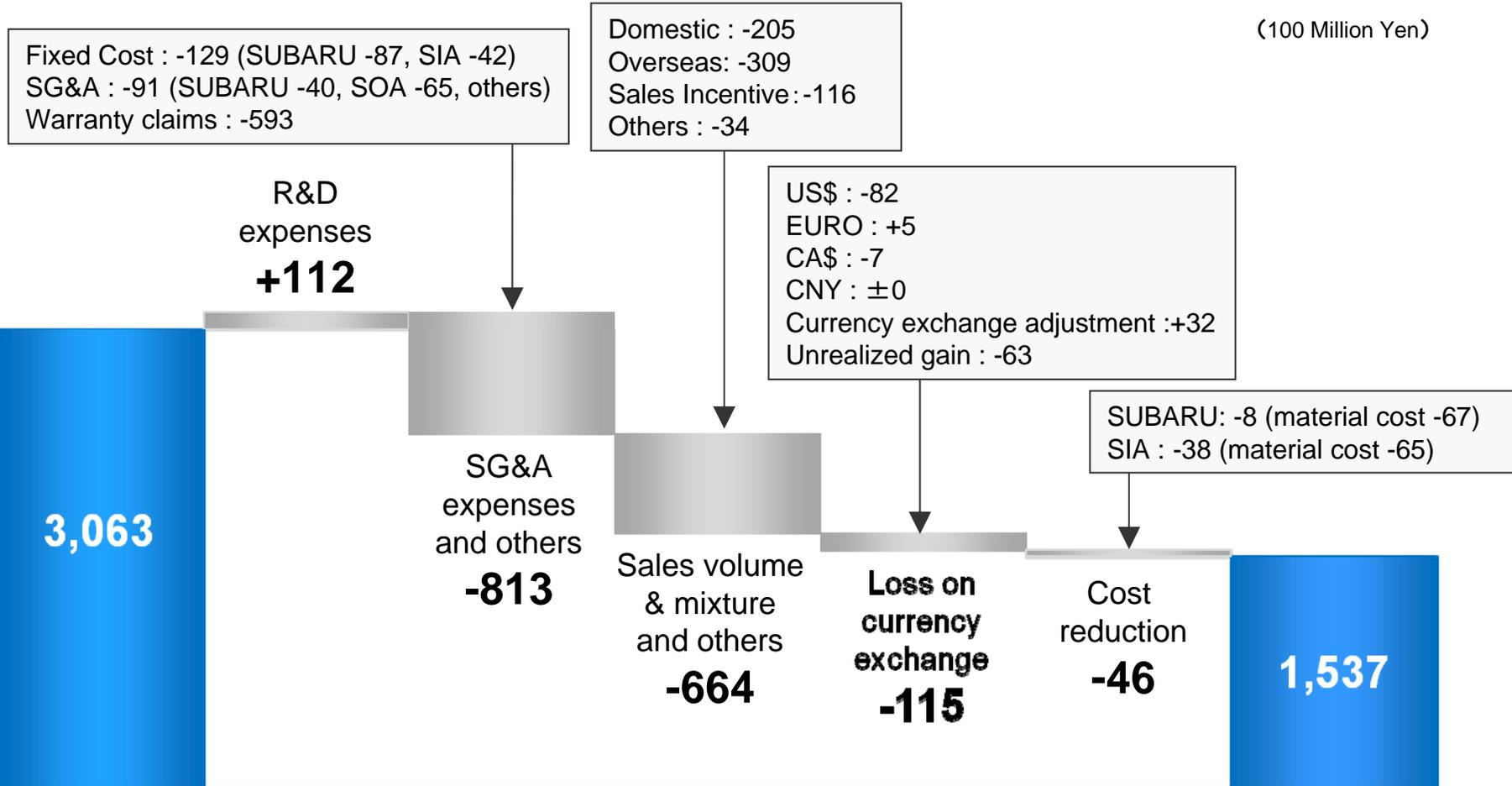
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* Figure in () : Net sales before deducting sales incentives

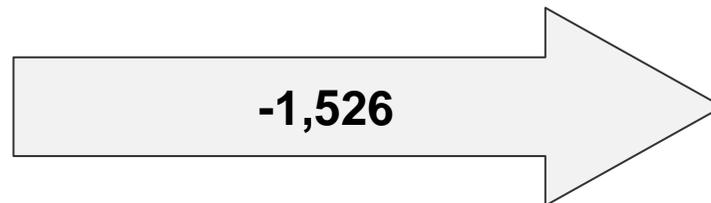
3rd Quarter (9 months) :

Analysis of Variance in Operating Income (Consolidated)

(100 Million Yen)



**Actual Results
Operating Income
3rd Quarter
FYE 2018**



**Actual Results
Operating Income
3rd Quarter
FYE 2019**

Consolidated Balance Sheets

(100 Million Yen)

	As of March 2018	As of December 2018	Variance
Total assets	28,665	28,701	+36
Current assets	17,704	17,379	-326
Noncurrent assets	10,960	11,322	+361
Total liabilities	13,055	12,900	-154
Interest bearing debts	862	520	-342
Net assets	15,610	15,800	+190
Retained earnings	12,835	12,913	+78
Shareholders' equity	15,528	15,732	+203
Ratio of shareholders' equity to total assets	54.2%	54.8%	-
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.

3rd Quarter (9 months) :

Consolidated Statements of Cash Flows

(100 Million Yen)

	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance
Net cash provided by (used in) operating activities	2,546	1,123	-1,423
Net cash provided by (used in) investing activities	-1,320	-1,129	+191
Free cash flows	1,226	-6	-1,232
Net cash provided by (used in) financing activities	-1,650	-1,454	+196
Effect of exchange rate change on cash and cash equivalents	34	168	+135
Net increase (decrease) in cash and cash equivalents	-390	-1,292	-901
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	6,928	6,364	-563

3rd Quarter (9 months) :

Operating Results of Subsidiaries in U.S.

(Million US\$)

SOA	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance
Net sales	13,901	14,240	+339
Operating income	336	256	-80
Net income	218	216	-2
Retail sales (Thousand units)	501.2	526.1	+24.9

SIA	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance
Net sales	5,706	6,404	+698
Operating income	116	100	-16
Net income	65	81	+16
Production (Thousand units)	260.4	271.2	+10.8

| **Forecasts for FYE 2019**

Revised Plan FYE 2019 :

Production Plan / Consolidated Unit Sales Plan

(Thousand Units)

	Actual Results FYE 2018 (a)	Previous Plan FYE 2019 as of Nov. 5 th (b)	Revised Plan FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
Production in U.S.	348.6	379.7	377.2	+28.6	-2.6
Production in Japan	701.2	656.1	615.8	-85.3	-40.3
Total	1,049.7	1,035.8	993.0	-56.8	-42.9

* Domestic production figures include Toyota 86.

(Thousand Units)

	Actual Results FYE 2018 (a)	Previous Plan FYE 2019 as of Nov. 5 th (b)	Revised Plan FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
Consolidated Unit Sales Total	1,066.9	1,041.1	996.4	-70.5	-44.7

Revised Plan FYE 2019 :

Consolidated Income Plan

(100 Million Yen)

	Actual Results FYE 2018 (a)		Previous Plan FYE 2019 as of Nov. 5 th (b)	Revised Plan FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
Net sales	(34,052)	32,327	32,100	31,200	-1,127	-900
Domestic	(6,686)	6,680	6,173	5,698	-982	-475
Overseas	(27,367)	25,647	25,927	25,502	-145	-425
Operating income		3,794	2,200	1,850	-1,944	-350
Ordinary income		3,799	2,290	1,930	-1,869	-360
Income before income taxes		2,973	2,290	1,920	-1,053	-370
Net income attributable to owners of parent		2,204	1,670	1,400	-804	-270
SUBARU exchange rate		¥111/US\$	¥110/US\$	¥110/US\$	-¥1/US\$	+¥1/US\$

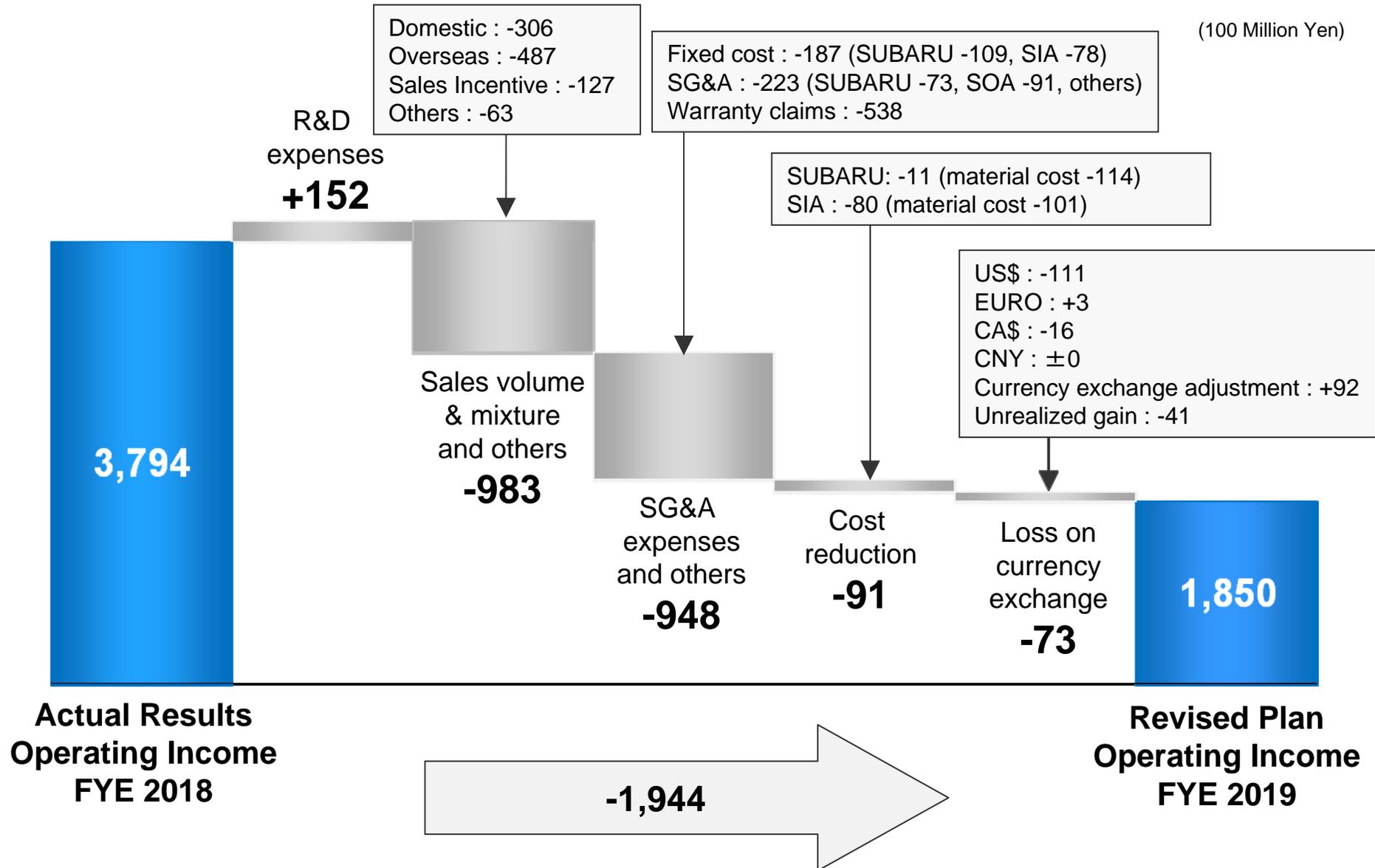
* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

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

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Analysis of Variance in Operating Income (Consolidated)

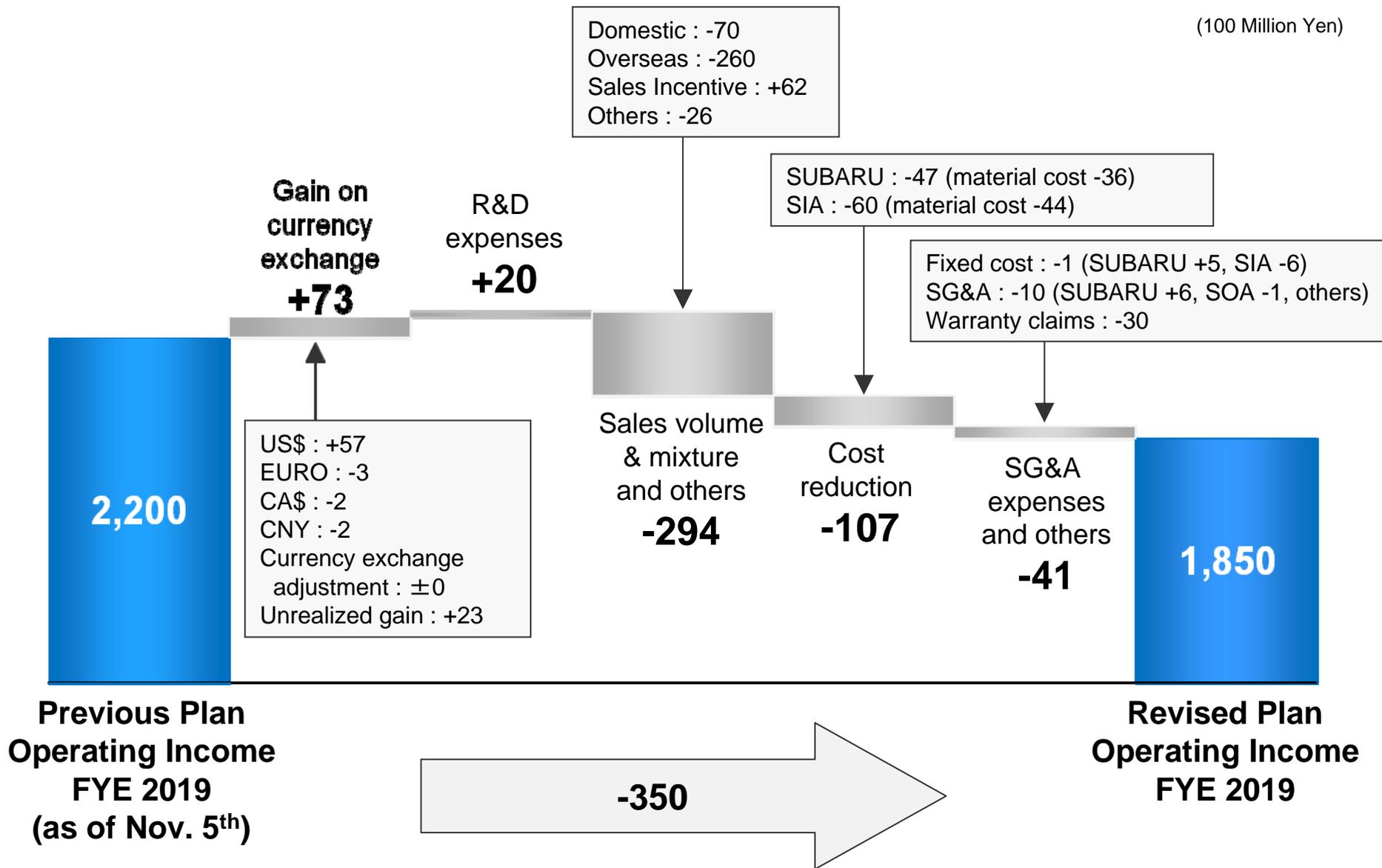
(100 Million Yen)



Previous Plan FYE 2019 (as of November 5th) 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 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Actual Results FYE 2018 (a)	Previous Plan FYE 2019 (as of Nov. 5 th) (b)	Revised Plan FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
Capex	780	852	1,414	1,300	1,300	-114	±0
Depreciation	653	674	898	930	930	+32	±0
R&D	889	780	1,211	1,080	1,060	-151	-20
Interest bearing debt	919	520	862	500	1,000	+138	+500

* 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】

(Yen)

	FYE 2018 Results	FYE 2019	
		Results	Forecast
2 nd Quarter	72	72	-
Year-end	72	-	72
Annual	144	-	144

| Appendix

- Non-operating Income
& Expenses and Extraordinary Income & Losses
- Segment information by Business & Geographic
- Overseas Net Sales
- Non-consolidated Unit Sales
- 3rd Quarter (3 months) Consolidated Unit Sales and Income Statements
- 4th Quarter (3 months) Consolidated Income Statements
- Complete Cars Production / Retail Sales Units

3rd Quarter (9 months) :

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

(100 Million Yen)

	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance
Financial revenue and expenditure	42	91	+48
FOREX effects	-26	-58	-32
Loss on taxation of overseas subsidiary	-37	-	+37
Others	-11	1	+12
Total non-operating income & expenses	-32	34	+66
Gain on sales of noncurrent assets	3	12	+8
Gain on sales of investment securities	7	36	+29
Loss on sales and retirement of noncurrent assets	-42	-41	+2
Loss related to airbags	-813	-	+813
Others	-11	+3	+13
Total extraordinary income & losses	-855	+10	+864

3rd Quarter (9 months) :

Net Sales and Operating Income by Business Segment (Consolidated)

(100 Million Yen)

	Net Sales				Operating Income		
	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance	
Automobile	(24,339)	23,070	22,719	-351	2,903	1,454	-1,449
Aerospace	(1,067)	1,067	943	-123	116	49	-67
Others	(240)	240	111	-129	40	29	-11
Elimination & Corporate					5	5	+0
Total	(25,646)	24,377	23,774	-603	3,063	1,537	-1,526

* 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

3rd Quarter (9 months) :

Net Sales and Operating Income by Geographic Area (Consolidated)

(100 Million Yen)

	Net Sales				Operating Income		
	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance	Actual Results 3 rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance	
Japan	(7,422)	7,417	6,764	-653	2,419	1,031	-1,388
North America	(16,720)	15,506	15,810	+304	582	504	-78
Others	(1,504)	1,454	1,200	-254	36	8	-29
Elimination & Corporate					26	-6	-32
Total	(25,646)	24,377	23,774	-603	3,063	1,537	-1,526

* 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

3rd Quarter (9 months) :

Overseas Net Sales (Consolidated)

(100 Million Yen)

	Actual Results 3 rd Quarter FYE 2018		Actual Results 3 rd Quarter FYE 2019	Variance
North America	(17,610)	16,395	16,512	+117
Europe	(851)	844	808	-36
Asia	(1,074)	1,031	877	-153
Others	(1,267)	1,265	1,219	-46
Total	(20,801)	19,536	19,417	-119

* 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

3rd Quarter (9 months) :

Non-consolidated Unit Sales

(Thousand Units)

	Actual Results 3rd Quarter FYE 2018	Actual Results 3 rd Quarter FYE 2019	Variance
Domestic production	532.2	491.1	-41.2
Domestic sales	125.9	104.2	-21.6
Passenger cars	103.4	84.9	-18.5
Minicars	22.5	19.4	-3.1
Number of exported vehicles	419.6	396.2	-23.5
Components for overseas production	266.0	298.6	+32.7
Total	811.4	799.0	-12.4

* Domestic production figures include Toyota 86.

3rd Quarter (3 months) :

Consolidated Unit Sales

(Thousand Units)

	Actual Results 3 rd Quarter (3 months) FYE 2018	Actual Results 3 rd Quarter (3 months) FYE 2019	Variance
Passenger car	30.4	27.5	-2.9
Minicar	6.1	6.0	-0.1
Domestic total	36.5	33.5	-3.0
US	175.8	193.7	+17.8
Canada	13.7	15.4	+1.7
Russia	2.0	1.4	-0.6
Europe	10.7	5.3	-5.5
Australia	14.3	12.2	-2.1
China	7.7	7.5	-0.2
Others	9.8	11.0	+1.3
Overseas total	234.1	246.5	+12.4
Total	270.6	280.0	+9.4

3rd Quarter (3 months) :

Consolidated Income Statements

(100 Million Yen)

	Actual Results 3Q (3 months) FYE 2018		Actual Results 3Q (3 months) FYE 2019	Variance
Net sales	(8,783)	8,297	8,906	+609
Domestic	(1,559)	1,559	1,483	-76
Overseas	(7,224)	6,738	7,423	+684
Operating income		942	986	+44
Ordinary income		904	970	+66
Income before income taxes		892	950	+59
Net income attributable to owners of parent		678	739	+61
SUBARU exchange rate		¥112/US\$	¥113/US\$	+¥0/US\$

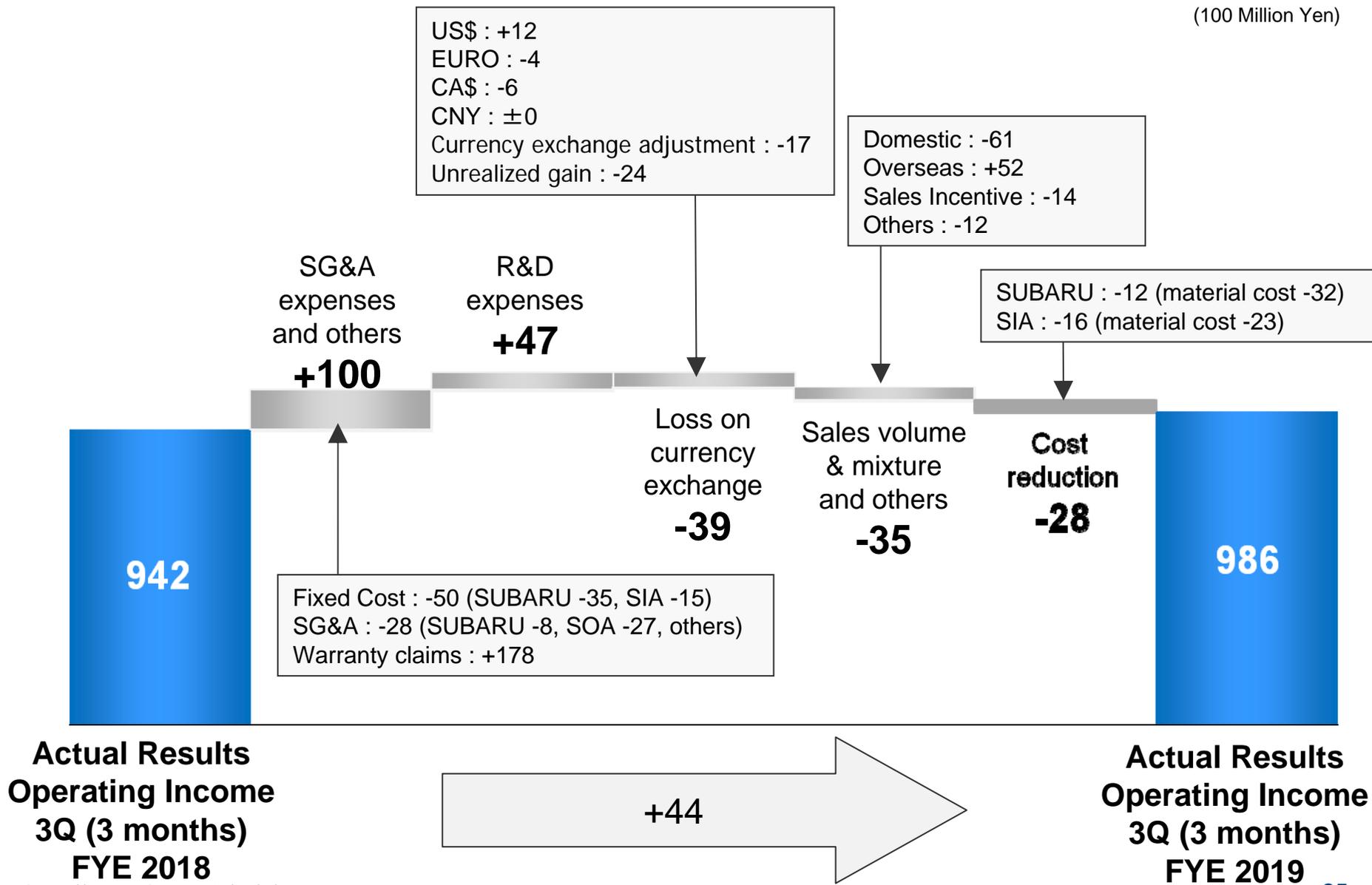
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3rd Quarter (3 months) :

Consolidated Income Statements

(100 Million Yen)



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

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

4th Quarter (3 months) :

Consolidated Income Statements

(100 Million Yen)

	Actual Results 4 th Quarter (3 months) FYE 2018		Plan 4 th Quarter (3 months) FYE 2019	Variance
Net sales	(8,406)	7,949	7,426	-524
Domestic	(1,840)	1,838	1,340	-498
Overseas	(6,565)	6,111	6,086	-26
Operating income		731	313	-418
Ordinary income		768	360	-409
Income before income taxes		797	340	-457
Net income attributable to owners of parent		675	218	-457
SUBARU exchange rate		¥110/US\$	¥109/US\$	-¥1/US\$

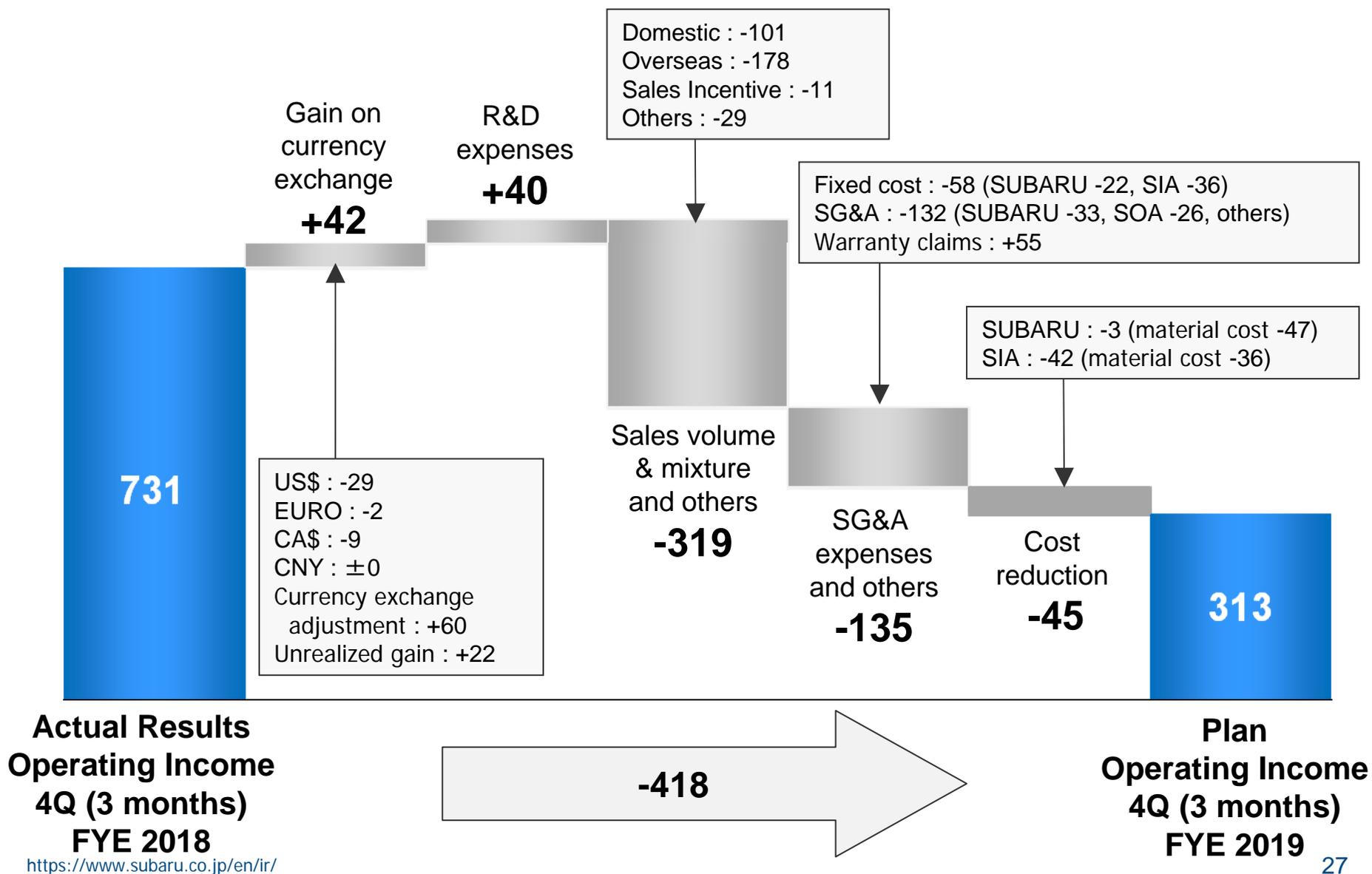
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4th Quarter (3 months) :

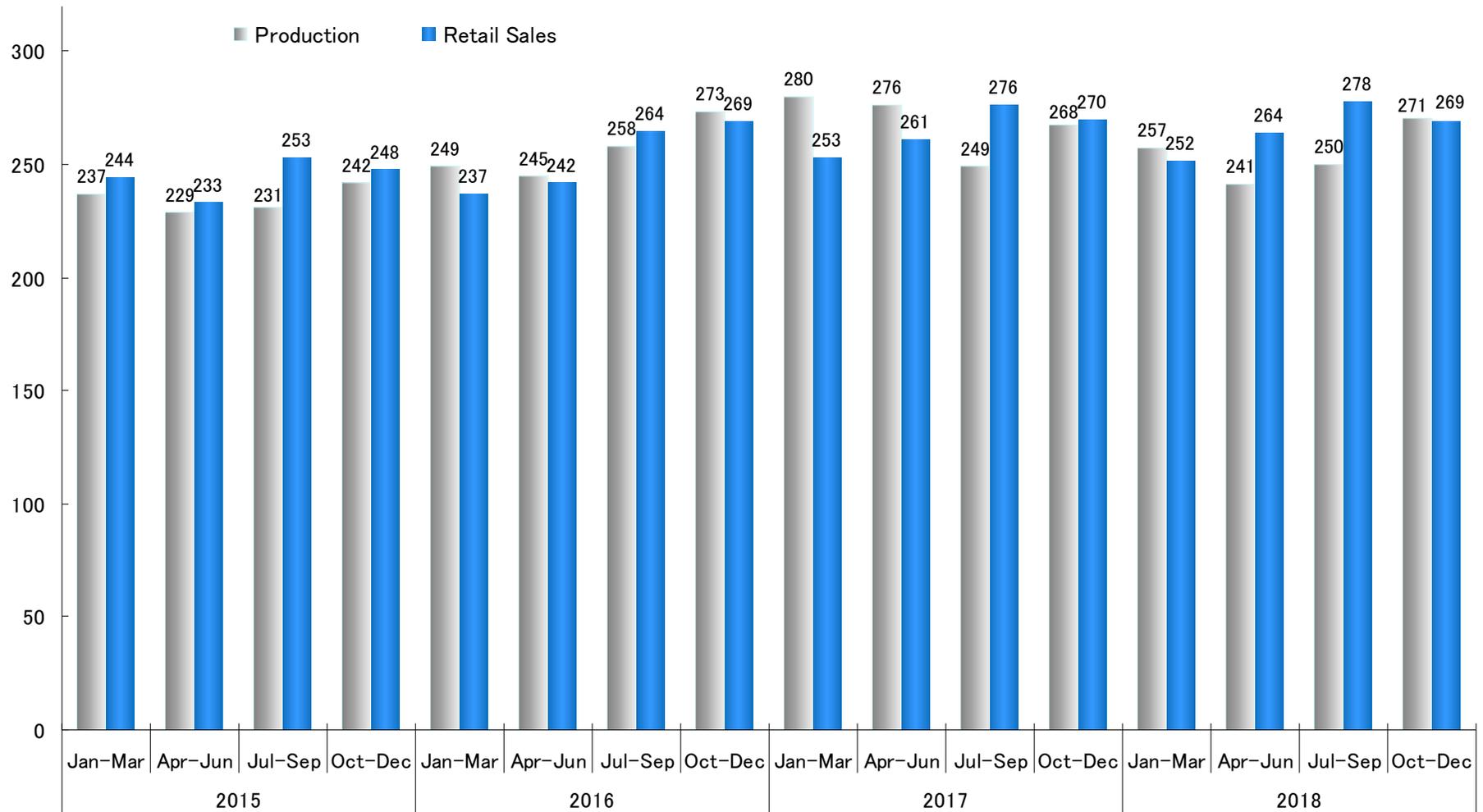
Analysis of Variance in Operating Income(Consolidated)

(100 Million Yen)



Complete Cars Production / Retail Sales Units

(1,000units)



* Production figures include Toyota 86.



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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