

Consolidated Financial Results

For the Second Quarter of the Fiscal Year Ending March 31, 2020 (IFRS basis)



November 6, 2019

Company Name : **SUBARU CORPORATION.** (Tokyo Stock Exchange First Section, Code No.7270)
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Scheduled date of submitting Quarterly Report : November 12, 2019
 Scheduled date for dividend payment : December 3, 2019
 Quarterly earnings supplementary explanatory documents : Yes
 Holding of quarterly financial results meeting : Yes(for investment analysts and institutional investors)

(All amounts have been rounded off to the nearest million yen, unless otherwise specified)

1. Consolidated Results for the 2nd Quarter of FYE 2020 (April 1, 2019 to September 30, 2019)

(1) Consolidated Financial Results (for six-month period)

(In Japanese yen rounded to million, except for per share figures, percentage figures indicate a change from the previous fiscal year / period)

	Revenue	Operating Profit	Profit before tax	Profit for the period	Profit for the period attributable to owners of parent	Total comprehensive income
2nd Quarter of FYE 2020	1,605,673 7.7%	94,847 68.1%	93,104 54.0%	68,129 60.5%	68,285 58.4%	54,869(23.1)%
2nd Quarter of FYE 2019	1,491,437 -%	56,425 -%	60,460 -%	42,445 -%	43,096 -%	71,340 -%

	Profit for the period per share, basic(Yen)	Profit for the period per share, diluted(Yen)
2nd Quarter of FYE 2020	89.05	-
2nd Quarter of FYE 2019	56.21	-

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
2nd Quarter of FYE 2020	3,136,408	1,689,679	1,682,650	53.6%
FYE 2019	3,180,597	1,689,899	1,682,248	52.9%

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FYE 2019	-	72.00	-	72.00	144.00
FYE 2020	-	72.00	-	-	-
FYE 2020 (Forecast)	-	-	-	72.00	144.00

Note: Revision of the forecasts in the fiscal year ended March 31, 2019: No

3. Projection of Consolidated Results for FYE 2020 (April 1, 2019 to March 31, 2020)

(In Japanese yen rounded to million, except for per share figures, percentage figures indicate a change from the previous fiscal year / period)

	Revenue	Operating profit	Profit before tax	Profit for the period attributable to Owners of parent	Profit for the period per share, basic(Yen)
Full Year	3,310,000 4.9%	220,000 21.1%	220,000 18.3%	163,000 15.3%	212.57

Note: Revision of the forecasts at the timing of announcement of the results of the first quarter of the fiscal year ending March 31, 2020: Yes

4. Others

(1) Changes of significant subsidiaries in the 2nd quarter of FYE 2020 : No

(2) Changes in accounting policy and changes in accounting estimates

1) Changes in accounting policy required by IFRS : No

2) Changes other than the above 1) : No

3) Changes in accounting estimates : No

(3) Number of issued shares (common stock)

1) Number of outstanding shares (including treasury stock)	As of September 30, 2019:	769,175,873shares	As of March 31, 2019:	769,175,873shares
2) Number of treasury stock	As of September 30, 2019:	2,359,217shares	As of March 31, 2019:	2,414,841shares
3) Average number of shares (for three-month period)	2nd Quarter of FYE 2020:	766,784,802shares	2nd Quarter of FYE 2019:	766,737,828shares

*The status of the implementation of the quarterly review

This quarterly earnings report is not subject to quarterly review based upon the Financial Instruments and Exchange Act.

*Proper use of projection of operating results, and other information

1. The Group has voluntarily adopted the IFRS from the first quarter of the fiscal year ending March 2020, and the figures for the 2nd quarter of FYE 2019 and the FYE 2019 have also been reclassified to the IFRS basis and presented.

2. The performance projections were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

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1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Unit: Millions of yen)

	Transition date (as of April 1, 2018)	FYE 2019 (as of March 31, 2019)	2nd Quarter of FYE 2020 (as of September 30, 2019)
Assets			
Current assets			
Cash and cash equivalents	765,591	702,328	741,971
Trade and other receivables	343,463	344,237	347,020
Inventories	328,941	403,473	407,851
Income taxes receivable	4,316	9,704	5,266
Other financial assets	372,531	394,406	257,970
Other current assets	54,126	59,582	63,105
Subtotal	1,868,968	1,913,730	1,823,183
Assets held for sale	761	4	270
Total current assets	1,869,729	1,913,734	1,823,453
Non-current assets			
Property, plant and equipment	770,698	808,710	841,097
Intangible assets and goodwill	153,175	155,510	171,453
Investment property	27,278	25,414	23,811
Investments accounted for using equity method	7,502	8,821	9,273
Other financial assets	41,654	40,121	40,653
Other non-current assets	85,876	100,764	105,695
Deferred tax assets	114,625	127,523	120,973
Total non-current assets	1,200,808	1,266,863	1,312,955
Total assets	3,070,537	3,180,597	3,136,408

(Unit: Millions of yen)

	Transition date (as of April 1, 2018)	FYE 2019 (as of March 31, 2019)	2nd Quarter of FYE 2020 (as of September 30, 2019)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	435,929	404,395	322,121
Financing liabilities	69,315	15,274	32,670
Other financial liabilities	40,077	51,621	54,426
Income taxes payable	42,408	4,331	4,890
Provisions	241,773	289,912	279,920
Other current liabilities	278,766	297,917	309,032
Total current liabilities	1,108,268	1,063,450	1,003,059
Non-current liabilities			
Financing liabilities	21,138	88,452	100,634
Other financial liabilities	67,803	73,856	72,041
Employee benefits	47,320	52,618	55,856
Provisions	37,379	45,537	43,806
Other non-current liabilities	143,131	162,197	164,683
Deferred tax liabilities	2,727	4,588	6,650
Total non-current liabilities	319,498	427,248	443,670
Total Liabilities	1,427,766	1,490,698	1,446,729
Equity			
Equity attributable to owners of parent			
Capital stock	153,795	153,795	153,795
Capital surplus	160,197	160,192	160,178
Treasury shares	(7,054)	(6,910)	(6,719)
Retained earnings	1,317,639	1,350,639	1,363,742
Other components of equity	9,742	24,532	11,654
Total equity attributable to owners of parent	1,634,319	1,682,248	1,682,650
Non-controlling interests	8,452	7,651	7,029
Total equity	1,642,771	1,689,899	1,689,679
Total liabilities and equity	3,070,537	3,180,597	3,136,408

(2) Condensed Quarterly Consolidated Statements of Income and Condensed Quarterly Consolidated Statements of Comprehensive Income
Condensed Quarterly Consolidated Statements of Income (for six-month period)

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to September 30, 2018)	FYE 2020 (April 1, 2019 to September 30, 2019)
Revenue	1,491,437	1,605,673
Cost of sales	(1,229,319)	(1,318,121)
Gross profit	262,118	287,552
Selling, general and administrative expenses	(147,101)	(146,348)
Research and development expenses	(58,622)	(42,819)
Other income	5,238	1,867
Other expenses	(5,030)	(5,423)
Share of profit (loss) of investments accounted for using equity method	(178)	18
Operating profit	56,425	94,847
Finance income	16,244	7,288
Finance costs	(12,209)	(9,031)
Profit before tax	60,460	93,104
Income tax expense	(18,015)	(24,975)
Profit for the period	42,445	68,129
Profit for the period attributable to		
Owners of parent	43,096	68,285
Non-controlling interests	(651)	(156)
Profit for the period	42,445	68,129
Profit for the period per share attributable to owners of parent		
Basic (Yen)	56.21	89.05

Condensed Quarterly Consolidated Statements of Comprehensive Income (for six-month period)

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to September 30, 2018)	FYE 2020 (April 1, 2019 to September 30, 2019)
Profit for the period	42,445	68,129
Other comprehensive income (after deduction of tax)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-	-
Net changes in revaluation of capital financial assets measured at fair value through other comprehensive income	2,012	468
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	27,480	(14,925)
Share of other comprehensive income of investments accounted for using equity method	(140)	(34)
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	(457)	1,231
Other comprehensive income (after deduction of tax) total	28,895	(13,260)
Comprehensive income	71,340	54,869
Comprehensive income attributable to		
Owners of parent	72,146	55,491
Non-controlling interests	(806)	(622)
Comprehensive income	71,340	54,869

(3) Condensed Quarterly Consolidated Statement of changes in equity
FYE 2019 (April 1, 2018 to September 30, 2018)

(Unit: Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance at the beginning of the year	153,795	160,197	(7,054)	1,317,639	9,742	1,634,319	8,452	1,642,771
Comprehensive income								
Profit for the period	-	-	-	43,096	-	43,096	(651)	42,445
Other comprehensive income (after deduction of tax)	-	-	-	-	29,050	29,050	(155)	28,895
Comprehensive income total	-	-	-	43,096	29,050	72,146	(806)	71,340
Transfer to retained earnings	-	-	-	2,502	(2,502)	-	-	-
Transactions with owners								
Dividends paid	-	-	-	(55,233)	-	(55,233)	-	(55,233)
Purchase of treasury shares	-	-	(2)	-	-	(2)	-	(2)
Disposal of treasury shares	-	(5)	148	-	-	143	-	143
Transfer from retained earnings to capital surplus	-	-	-	-	-	-	-	-
Total transactions with owners	-	(5)	146	(55,233)	-	(55,092)	-	(55,092)
Balance at the end of the year	153,795	160,192	(6,908)	1,308,004	36,290	1,651,373	7,646	1,659,019

FYE 2020 (April 1, 2019 to September 30, 2019)

(Unit: Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance at the beginning of the year	153,795	160,192	(6,910)	1,350,639	24,532	1,682,248	7,651	1,689,899
Comprehensive income								
Profit for the period	-	-	-	68,285	-	68,285	(156)	68,129
Other comprehensive income (after deduction of tax)	-	-	-	-	(12,794)	(12,794)	(466)	(13,260)
Comprehensive income total	-	-	-	68,285	(12,794)	55,491	(622)	54,869
Transfer to retained earnings	-	-	-	84	(84)	-	-	-
Transactions with owners								
Dividends paid	-	-	-	(55,236)	-	(55,236)	-	(55,236)
Purchase of treasury shares	-	-	(3)	-	-	(3)	-	(3)
Disposal of treasury shares	-	(44)	194	-	-	150	-	150
Transfer from retained earnings to capital surplus	-	30	-	(30)	-	-	-	-
Total transactions with owners	-	(14)	191	(55,266)	-	(55,089)	-	(55,089)
Balance at the end of the year	153,795	160,178	(6,719)	1,363,742	11,654	1,682,650	7,029	1,689,679

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to September 30, 2018)	FYE 2020 (April 1, 2019 to September 30, 2019)
Net cash provided by (used in) operating activities		
Profit before tax	60,460	93,104
Depreciation and amortization	90,487	94,475
Share of loss (profit) of investments accounted for using equity method	178	(18)
Finance income	(16,244)	(7,288)
Finance costs	12,209	9,031
Decrease (increase) in trade and other receivables	1,812	(4,534)
Decrease (increase) in inventories	(55,478)	(15,408)
Increase (decrease) in trade and other payables	9,531	(79,386)
Increase (decrease) in provisions and employee benefits	61,458	(7,936)
Others	(15,435)	3,061
Subtotal	148,978	85,101
Interest received	5,305	6,609
Dividends received	887	398
Interest paid	(1,033)	(1,069)
Income taxes paid	(50,295)	(11,877)
Net cash provided by (used in) operating activities	103,842	79,162
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	4,094	94,990
Purchase of property, plant and equipment	(80,213)	(70,035)
Proceeds from sale of property, plant and equipment	3,362	1,550
Purchase of intangible assets and expenditure on internally generated intangible assets	(16,192)	(39,588)
Purchase of other financial assets	(145,362)	(132,401)
Proceeds from sale and collection of other financial assets	138,056	170,181
Others	(601)	(2,091)
Net cash provided by (used in) investing activities	(96,856)	22,606
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(16,913)	(1,041)
Net increase (decrease) in commercial papers	-	20,000
Repayments of long-term borrowings	(29,758)	(2,003)
Proceeds from long-term borrowings	10,400	12,900
Repayments of lease liabilities	(23,299)	(21,684)
Dividends paid to owners of parent	(55,189)	(55,172)
Others	141	(26)
Net cash provided by (used in) financing activities	(114,618)	(47,026)
Effect of exchange rate changes on cash and cash equivalents	28,252	(15,099)
Net increase (decrease) in cash and cash equivalents	(79,380)	39,643
Cash and cash equivalents at beginning of period	765,591	702,328
Cash and cash equivalents at end of period	686,211	741,971

(5) Note to Condensed Quarterly Consolidated Financial Statements

(Note on Premise of Going Concern)

Not Applicable

(Segment information)

Information on revenue, profit or loss, and other significant items by segment

Segment information by business type of the Company and its consolidated subsidiaries during the second quarter of FYE 2019 and the second quarter of FYE 2020 is as follows.

FYE 2019 (April 1, 2018 to September 30, 2018)

	(Unit: Millions of yen)					
	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	1,419,563	64,516	1,484,079	7,358	-	1,491,437
(2) Inter-segment	1,504	798	2,302	11,633	(13,935)	-
Total revenue	1,421,067	65,314	1,486,381	18,991	(13,935)	1,491,437
Share of profit (loss) of investments accounted for using equity method	(127)	-	(127)	(51)	-	(178)
Operating profit	50,687	3,211	53,898	2,350	177	56,425
Finance income						16,244
Finance costs						(12,209)
Profit before tax						60,460

FYE 2020 (April 1, 2019 to September 30, 2019)

	(Unit: Millions of yen)					
	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	1,530,324	70,955	1,601,279	4,394	-	1,605,673
(2) Inter-segment	1,433	-	1,433	13,268	(14,701)	-
Total revenue	1,531,757	70,955	1,602,712	17,662	(14,701)	1,605,673
Share of profit (loss) of investments accounted for using equity method	136	-	136	(118)	-	18
Operating profit	87,360	5,061	92,421	2,404	22	94,847
Finance income						7,288
Finance costs						(9,031)
Profit before tax						93,104

Note: The method of calculating operating profit for each segment is consistent with the method of calculating operating profit in the condensed quarterly consolidated statements of income, and does not include financial income, financial costs, and income tax expense. In addition, operating expenses that can not be charged directly to each segment are allocated to each segment based on the most reasonable allocation criteria.

(Significant Subsequent Event)

The Impact of Typhoon 19 (Hagibis)

Typhoon 19 (Hagibis) landed on October 12, 2019. There have been some cases of damage including inundation at some of our suppliers (both direct and indirect) and some impairment of their supply of automotive components and parts to Subaru occurred which caused suspension of operations at our Gunma Plant (specifically, the Main, Yajima, and Oizumi plants) from October 16 to October 24.

Impact on Subaru's consolidated financial performance is under study.

(First-time adoption)

The Group discloses consolidated financial statements in accordance with IFRS in the quarterly reports from the first quarter of the fiscal year ending March 2020. The transition date to IFRS is April 1, 2018. The reconciliations required for first-time adoption of IFRS are as follows.

1. Adjustment to Capital on the transition date (April 1, 2018)

(Unit: Millions of yen)

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Cash and deposits	765,397	194	-	765,591		Cash and cash equivalents
Notes and accounts receivable-trade	154,907	212,590	(24,034)	343,463	2	Trade and other receivables
Short-term loans receivable	185,364	(185,364)	-			
Lease investment assets	17,120	(17,120)	-			
Merchandise and finished goods	202,435	94,755	31,751	328,941	2	Inventories
Work in process	52,307	(52,307)	-			
Raw materials and supplies	42,448	(42,448)	-			
Short-term investment securities	242,573	129,796	162	372,531		Other financial assets
Others	107,893	(47,662)	(6,105)	54,126		Other current assets
		4,316	-	4,316		Income taxes receivable
		761	-	761		Assets held for sale
Total current assets	1,770,444	97,511	1,774	1,869,729		Total current assets
Property, plant and equipment	703,108	(28,176)	95,766	770,698	3,4	Property, plant and equipment
		27,278	-	27,278		Investment property
Intangible assets	28,293	137	124,745	153,175	3	Intangible assets and goodwill
Investment securities	113,465	(75,702)	3,891	41,654		Other financial assets
		7,502	-	7,502		Investments accounted for using equity method
Deferred tax assets	139,171	(41,601)	17,055	114,625		Deferred tax assets
Others	115,355	(31,912)	2,433	85,876		Other non-current assets
Allowance for doubtful accounts	△3,362	3,362	-			
Total non-current assets	1,096,030	(139,112)	243,890	1,200,808		Total non-current assets
Total assets	2,866,474	(41,601)	245,664	3,070,537		Total assets

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Notes and accounts payable-trade	320,137	121,552	(5,760)	435,929		Trade and other payables
Short-term loans payable	22,082	42,982	4,251	69,315		Financing liabilities
Current portion of long-term loans payable	42,982	(42,982)	-			
Income taxes payable	45,372	(2,964)	-	42,408		Income taxes payable
Provision	233,812	-	7,961	241,773		Provisions
Others	237,676	28,705	12,385	278,766	2	Other current liabilities
Accrued expenses	148,945	(148,945)	-			
		1,157	38,920	40,077	4	Other financial liabilities
Total current liabilities	1,051,006	(495)	57,757	1,108,268		Total current liabilities
Long-term loans payable	21,138	-	-	21,138		Financing liabilities
Net defined benefit liability	19,337	25,053	2,930	47,320		Employee benefits
Provision	36,248	(298)	1,429	37,379		Provisions
Others	175,256	(36,341)	4,216	143,131	2	Other non-current liabilities
		12,081	55,722	67,803	4	Other financial liabilities
Deferred tax liabilities	2,466	(41,601)	41,862	2,727		Deferred tax liabilities
Total non-current liabilities	254,445	(41,106)	106,159	319,498		Total non-current liabilities
Total liabilities	1,305,451	(41,601)	163,916	1,427,766		Total Liabilities
Capital stock	153,795	-	-	153,795		Capital stock
Capital surplus	160,197	-	-	160,197		Capital surplus
Treasury stock	(7,054)	-	-	(7,054)		Treasury shares
Retained earnings	1,283,539	-	34,100	1,317,639	1,2,3,4	Retained earnings
Accumulated other comprehensive income	(37,633)	-	47,375	9,742	1	Other components of equity
Non-controlling interests	8,179	-	273	8,452		Non-controlling interests
Total net assets	1,561,023	-	81,748	1,642,771		Total equity
Total liabilities and net assets	2,866,474	(41,601)	245,664	3,070,537		Total liabilities and equity

2. Adjustment to Capital on March 31, 2019

(Unit: Millions of yen)

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Cash and deposits	831,700	(129,372)	-	702,328		Cash and cash equivalents
Notes and accounts receivable-trade	148,485	219,404	(23,652)	344,237	2	Trade and other receivables
Short-term loans receivable	198,737	(198,737)	-			
Lease investment assets	14,731	(14,731)	-			
Merchandise and finished goods	249,558	141,142	12,773	403,473	2	Inventories
Work in process	74,711	(74,711)	-			
Raw materials and supplies	66,431	(66,431)	-			
Short-term investment securities	119,963	274,197	246	394,406		Other financial assets
Others	121,903	(48,978)	(13,343)	59,582		Other current assets
		9,704	-	9,704		Income taxes receivable
		4	-	4		Assets held for sale
Total current assets	1,826,219	111,491	(23,976)	1,913,734		Total current assets
Property, plant and equipment	717,394	(29,274)	120,590	808,710	3,4	Property, plant and equipment
		25,414	-	25,414		Investment property
Intangible assets	33,754	3,856	117,900	155,510	3	Intangible assets and goodwill
Investment securities	122,453	(86,498)	4,166	40,121		Other financial assets
		8,821	-	8,821		Investments accounted for using equity method
Deferred tax assets	151,019	(47,890)	24,394	127,523		Deferred tax assets
Others	135,132	(37,056)	2,688	100,764		Other non-current assets
Allowance for doubtful accounts	(3,246)	3,246	-			
Total non-current assets	1,156,506	(159,381)	269,738	1,266,863		Total non-current assets
Total assets	2,982,725	(47,890)	245,762	3,180,597		Total assets

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Notes and accounts payable-trade	315,026	97,425	(8,056)	404,395		Trade and other payables
Short-term loans payable	4,352	7,592	3,330	15,274		Financing liabilities
Current portion of long-term loans payable	7,592	(7,592)	-			
Income taxes payable	5,367	(1,036)	-	4,331		Income taxes payable
Provision	281,705	95	8,112	289,912		Provisions
Others	236,468	61,826	(377)	297,917	2	Other current liabilities
Accrued expenses	161,661	(161,661)	-			
		2,792	48,829	51,621	4	Other financial liabilities
Total current liabilities	1,012,171	(559)	51,838	1,063,450		Total current liabilities
Long-term loans payable	88,452	-	-	88,452		Financing liabilities
Net defined benefit liability	22,900	26,623	3,095	52,618		Employee benefits
Provision	44,422	(314)	1,429	45,537		Provisions
Others	196,915	(36,547)	1,829	162,197	2	Other non-current liabilities
		10,797	63,059	73,856	4	Other financial liabilities
Deferred tax liabilities	5,040	(47,890)	47,438	4,588		Deferred tax liabilities
Total non-current liabilities	357,729	(47,331)	116,850	427,248		Total non-current liabilities
Total liabilities	1,369,900	(47,890)	168,688	1,490,698		Total Liabilities
Capital stock	153,795	-	-	153,795		Capital stock
Capital surplus	160,192	-	-	160,192		Capital surplus
Treasury stock	(6,910)	-	-	(6,910)		Treasury shares
Retained earnings	1,320,177	-	30,462	1,350,639	1,2,3,4	Retained earnings
Accumulated other comprehensive income	(21,963)	-	46,495	24,532	1	Other components of equity
Non-controlling interests	7,534	-	117	7,651		Non-controlling interests
Total net assets	1,612,825	-	77,074	1,689,899		Total equity
Total liabilities and net assets	2,982,725	(47,890)	245,762	3,180,597		Total liabilities and equity

3. Adjustment to Comprehensive income for the 2nd quarter of FYE 2019(April 1, 2018 to September 30, 2018)

(Unit: Millions of yen)

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Net sales	1,486,810	-	4,627	1,491,437	2	Revenue
Cost of sales	1,228,118	-	1,201	1,229,319	2	Cost of sales
Gross profit	258,692	-	3,426	262,118		Gross profit
Selling, general and administrative expenses	203,652	(54,078)	(2,473)	147,101	3	Selling, general and administrative expenses
		54,078	4,544	58,622	3	Research and development expenses
		5,303	(65)	5,238		Other income
		5,325	(295)	5,030		Other expenses
		(178)	-	(178)		Share of profit (loss) of investments accounted for using equity method
Operating income	55,040	(200)	1,585	56,425		Operating profit
Non-operating income	18,777	(18,777)				
Non-operating expenses	13,807	(13,807)				
Ordinary income	60,010	(60,010)				
Extraordinary income	6,314	(6,314)				
Extraordinary loss	3,327	(3,327)				
		19,788	(3,544)	16,244		Finance income
		11,631	578	12,209		Finance costs
Income before income taxes	62,997	-	(2,537)	60,460		Profit before tax
Total income taxes	19,220	-	(1,205)	18,015		Income tax expense
Net income	43,777	-	(1,332)	42,445		Profit for the period
Net income attributable to owners of parent	44,312	-	(1,216)	43,096		Profit for the period attributable to owner of parents
Net income (loss) attributable to non-controlling interests	(535)	-	(116)	(651)		Profit (loss) for the period attributable to non-controlling interests

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Net income	43,777	-	(1,332)	42,445		Profit for the period
Other comprehensive income						Other comprehensive income (after deduction of tax) Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans	1,068	-	(1,068)	-		Remeasurements of defined benefit plans
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	114	-	(114)	-		
Valuation difference on available-for-sale securities	(1,137)	-	3,149	2,012		Net changes in revaluation of capital financial assets measured at fair value through other comprehensive income
Foreign currency translation adjustment	27,391	-	89	27,480		Exchange differences on translation of foreign operations
Share of other comprehensive income of associates accounted for using equity method	(140)	-	-	(140)		Share of other comprehensive income of investments accounted for using equity method
			(457)	(457)		Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income
Total other comprehensive income	27,296	-	1,599	28,895		Other comprehensive income (after deduction of tax) total
Comprehensive income	71,073	-	267	71,340		Comprehensive income
Comprehensive income attributable to owners of parent	71,763	-	383	72,146		Comprehensive income attributable to owners of parents
Comprehensive income attributable to non-controlling interests	(690)	-	(116)	(806)		Comprehensive income attributable to non-controlling interests

Primary contents of difference of recognition and measurement are as follows.

1. Transfer of accumulated foreign currency translation adjustment related to overseas operations

For the first-time adoption of IFRS, we selected the exemptions in IFRS 1 and transferred all accumulated foreign currency translation adjustment on the transition date to retained earnings.

2. Revenue recognition

Under Japanese GAAP, sales recognition of new car sales is based on vehicle registration, while under IFRS, the point of sales recognition is the delivery to customer.

In accordance with this, the account receivables related to registered undelivered vehicles are derecognized, and inventory is recognized accordingly.

3. Adjustment of intangible assets

Under Japanese GAAP, all research and development expenses are recorded as expenses, while under IFRS, the R&D expenses that satisfied with certain requirements are recorded as intangible assets.

4. Adjustment of the right-of-use asset

Transactions that include a lease in a contract based on the practical judgment are not capitalized under Japanese GAAP, however, they are recognized as tangible fixed assets under IFRS. In addition, the liabilities for the lease transactions are recorded accordingly under IFRS.

5. Adjustment to Cash-flow

Under Japanese GAAP, R&D expenses are presented as “Cash flows from operating activities”, while under IFRS expenses capitalized related to R&D are presented as “Cash flows from investing activities”. Under Japanese GAAP, expenditures on right-of-use assets are presented as “cash flows from operating activities”, while under IFRS, lease liabilities are recognized and its repayments are presented as “cash flows from financing activities”.



Subaru Corporation Announces Consolidated Financial Results for the First Half of FYE2020

Tokyo, November 6, 2019 – Subaru Corporation today announced its consolidated financial results for the first half of fiscal year ending March 31, 2020.

< Results for April-September 2019: Consolidated Revenue >

Consolidated global unit sales of Subaru vehicles increased 4.1% to 504,000 units.

Overseas unit sales rose 4.5% to 436,000 units due mainly to growth in the U.S. driven by the Ascent newly introduced in 2018 and the fully-redesigned Forester. Unit sales in Japan grew 1.6% to 68,000 units, led by the fully-redesigned Forester as well as the Subaru XV which newly added “e-Boxer”-equipped models^{*1} to its lineup in October 2018.

Consolidated revenue rose 7.7% to 1,605.7 billion yen due to unit sales growth and other factors.

The Company is voluntarily adopting International Financial Reporting Standards (IFRS) from this fiscal year (FYE2020) in place of the Japanese generally accepted accounting principles (JGAAP) previously adopted. The first-half and full-year result figures of the previous fiscal year (FYE2019) have been recalculated based on IFRS for comparison and analysis purposes.

Global production rose 1.3% to 498,000 units. Production in Japan increased due to strong demand for the Forester. The volume of overseas production^{*2} stood at the same level as the previous year, as production of the Legacy and Outback decreased at the time of their model changes, which offset an increase in production of the Ascent and Impreza.

< Results for April-September 2019: Consolidated Profit and Loss >

Operating profit rose 68.1% to 94.8 billion yen as a result of unit sales growth, sales incentive control, lower SG&A expenses due to a decrease in quality-related expenses, a decline in R&D expenses, and other factors. Profit before tax grew 54.0% to 93.1 billion yen. Profit for the period attributable to owners of parent increased 58.4% to 68.3 billion yen.

< Forecasts for FYE2020 >

Full-year forecasts for FYE2020 have been revised from the previous announcement made on August 5, 2019, to reflect factors including higher SG&A expenses due mainly to an increase in quality-related expenses, changes in currency rate assumptions (reflecting stronger yen), and an impact on production by Typhoon 19 (Hagibis), which offset improvements resulting mainly from sales incentive control.

Revised forecasts: Operating profit of 220 billion yen (up 21.1% from previous year), profit before tax of 220 billion yen (up 18.3%), profit for the period attributable to owners of parent of 163 billion yen (up 15.3%).

Forecasts for consolidated global unit sales and revenue remain unchanged from the previous announcement.

Currency rate assumptions: 107 yen/US\$, 119 yen/euro

Previous forecasts for FYE2020 announced on August 5, 2019 (Originally announced on May 11, 2019):

Consolidated global sales of Subaru vehicles: 1,058,000 units

Revenue: 3,310 billion yen

Operating profit: 260 billion yen

Profit before tax: 270 billion yen

Profit for the period attributable to owners of parent: 210 billion yen

Currency rate assumptions: 110 yen/US\$, 120 yen/euro

*1: “e-Boxer” is Subaru’s newly-developed power unit system combining a horizontally-opposed Boxer engine with an electric motor, which offers enhanced environmental performance as well as Subaru’s distinctive driving enjoyment.

*2: Production in the U.S. at Subaru of Indiana Automotive, Inc.

Note: Vehicle volume figures are rounded off to the nearest thousand.

Forward-looking statements in this document including financial and other forecasts are based on the information available at the time of announcement and are subject to various risks and uncertainties that could cause actual results to vary materially.

< Reference for the First Half of FYE2020 Consolidated Financial Results >

(Yen in 100 Millions, Units in Thousands)

	FYE2019 1st Half [2018. 4-9]		FYE2020 1st Half [2019. 4-9]			FYE2019 Full Year [2018.4 - 2019.3]		FYE2020 Full Year [2019.4 - 2020.3]			FYE2020 Full Year ['19.4-'20.3]	
	RESULTS		RESULTS			RESULTS		FORECASTS			PREVIOUS FORECASTS	
	IFRS (a)	JGAAP Originally- reported	IFRS (b)	Change (b-a)	%	IFRS (c)	JGAAP Originally- reported	IFRS (d)	Change (d-c)	%	IFRS	
Revenue	14,914	14,868	16,057	1,142	7.7	31,562	31,605	33,100	1,539	4.9	33,100	
Japan	2,924	2,874	2,975	51	1.7	5,941	5,966	5,975	34	0.6	5,841	
Overseas	11,990	11,994	13,082	1,091	9.1	25,620	25,639	27,125	1,505	5.9	27,260	
Operating profit	564	550	948	384	68.1	1,817	1,955	2,200	383	21.1	2,600	
Profit margin (%)	3.8	3.7	5.9			5.8	6.2	6.6			7.9	
Profit before tax	605	630	931	326	54.0	1,860	1,958	2,200	340	18.3	2,700	
Profit margin (%)	4.1	4.0	5.8			5.9	6.2	6.6			8.2	
Profit for the period attributable to owners of parent	431	443	683	252	58.4	1,414	1,478	1,630	216	15.3	2,100	
Profit margin (%)	2.9	3.0	4.3			4.5	4.7	4.9			6.3	
Factors contributing to change in operating profit			Sales volume, mix, etc.	196				Sales volume, mix, etc.	550			
Decrease in SG&A exp., etc.			194		Decrease in SG&A exp., etc.			181				
Decrease in R&D exp.			158		Decrease in R&D exp.			112				
Cost reduction efforts, etc.			(65)		Effects of foreign exchange rates			(412)				
Effects of foreign exchange rates			(63)		Cost reduction efforts, etc.			(95)				
Other			(36)		Other			47				
Exchange rates												
Exchange rates	JPY/US\$ JPY/EUR	109/US\$ 131/EUR	109/US\$ 123/EUR	111/US\$ 129/EUR	107/US\$ 119/EUR	110/US\$ 120/EUR						
Capital expenditures	592	591	732	1,140	1,135	1,400	1,400					
Depreciation	467	473	457	891	888	1,000	1,000					
R&D expenditures *1	545	545 *2	548	1,027	1,027 *2	1,200	1,200					
Interest bearing debts	532	498	1,333	1,037	1,004	2,400	1,450					
Performance description			- First increase in revenue in 2 yrs.			- First increase in revenue in 2 yrs.						
- First increase in operating profit in 2 yrs.			- First increase in all profits in 4 yrs.									
- First increase in profit before tax and net profit in 4 yrs.			- First increase in consolidated unit sales in 2 yrs.									
- First increase in consolidated unit sales in 2 yrs.												
Consolidated unit sales *3	67	65	68	1	1.6	136	135	138	2	1.4	141	
< Japan >												
Passenger Cars	54	52	55	1	2.0	110	110	111	1	1.0	112	
Minicars	13	13	13	0	0.3	26	26	27	1	3.3	28	
Consolidated unit sales	417		436	19	4.5	865		920	56	6.4	918	
< Overseas >												
North America	334		364	30	9.0	717		763	47	6.5	753	
Europe	26		17	(9)	(34.0)	40		47	7	17.0	46	
China	9		11	2	17.2	23		25	2	8.1	25	
Other	48		44	(4)	(8.4)	85		85	0	0.2	93	
Consolidated unit sales total	484	482	504	20	4.1	1,001	1,000	1,058	57	5.7	1,058	
Production units total	492		498	6	1.3	989		1,057	68	6.9	1,056	
Japan	319		326	7	2.2	617		668	51	8.2	668	
U.S.	173		172	(0)	(0.2)	372		390	18	4.7	389	
Revenue by business segment	Automobile	14,196	14,164	15,303	1,108	7.8	30,076	30,145				
Aerospace	645	630	710	64	10.0	1,341	1,317					
Other	74	74	44	(30)	(40.3)	144	144					
Elimination & Corporate	2	3	0	(2)	(87.6)	3	7					
Operating profit by business segment	Automobile	507	500	874	367	72.4	1,721	1,849				
Aerospace	32	30	51	19	57.6	60	60					
Other	24	18	24	1	2.3	33	38					
Elimination & Corporate	2	3	0	(2)	(87.6)	3	7					

The Company is voluntarily adopting International Financial Reporting Standards (IFRS) from this fiscal year in place of the Japanese generally accepted accounting principles (JGAAP) previously adopted. The first-half and full-year result figures of the previous fiscal year (FYE2019) have been recalculated based on IFRS for comparison and analysis purposes.

*1: "R&D expenditures" indicate R&D activity related costs incurred during the reporting period. Under IFRS, a part of these costs that meets capitalization criteria is recognized as an intangible asset and amortized over its estimated useful life; thus, the amount of "R&D expenditures" stated here does not match that of "R&D expenses" stated on the Consolidated Statement of Income.

*2: Stated as "R&D expenses" under JGAAP at the original announcements.

*3: Under IFRS, sales recognition timing for unit sales in Japan is on a delivery-to-customer basis, whereas it is on a vehicle registration basis under JGAAP.

< Forward-looking statements in this document are based on the information available at the time of the announcement and are subject to various risks and uncertainties that could cause actual results to vary materially. >