

Consolidated Financial Results

For the Second Quarter of the Fiscal Year Ending March 31, 2016 (Japan GAAP)



November 5, 2015

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
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 Scheduled date of submitting Quarterly Report : November 10, 2015
 Scheduled date for dividend payment : December 4, 2015
 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 Second Quarter of Fiscal Year 2016 (April 1, 2015 to September 30, 2015)

(1) Consolidated Results of Operations (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)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
2nd Quarter of FY2016	1,601,475	22.2%	285,097	53.6%	285,022	62.0%	193,204	70.9%
2nd Quarter of FY2015	1,310,236	16.4%	185,662	23.2%	175,951	20.3%	113,019	13.2%

Note: Comprehensive income 2nd Quarter of FY2016: 190,654 million yen (41.0%) 2nd Quarter of FY2015: 135,256 million yen (12.0%)

	Net income per share, basic (Yen)	Net income per share, diluted (Yen)
2nd Quarter of FY2016	247.58	—
2nd Quarter of FY2015	144.82	—

(2) Consolidated Financial Position (Unit: Millions of yen, except for per share figures)

	Total assets	Net assets	Shareholders' equity to total assets (%)
2nd Quarter of FY2016	2,361,732	1,192,528	50.2%
FY2015	2,199,714	1,030,719	46.5%

Reference: Shareholders' equity As of September 30, 2015: 1,185,340 million yen As of March 31, 2015: 1,022,417 million yen

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FY 2015	—	31.00	—	37.00	68.00
FY 2016	—	72.00	—	—	—
FY 2016 (Forecast)	—	—	—	72.00	144.00

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2016: Yes

3. Projection of Consolidated Results for Fiscal Year 2016 (April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share, basic (Yen)
Full year	3,210,000	11.5%	550,000	30.0%	547,000	39.0%	372,000	42.1%	476.69

Note: Revision of the forecasts at the timing of announcement of the results of second quarter of the fiscal year ending March 31, 2016: Yes

4. Others

- (1) Changes of significant subsidiaries in the second quarter of fiscal year 2016 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : Yes
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements
- [1] Changes due to revisions of accounting standards : Yes
 - [2] Changes due to other reasons : No
 - [3] Changes of estimation due to accounting issues : No
 - [4] Restatements : No
- (4) Number of outstanding shares (Common Stock)
- | | | | | |
|---|--------------------------|--------------------|------------------------|--------------------|
| [1] Number of outstanding shares (including treasury stock) | As of September 30,2015: | 782,865,873 shares | As of March 31,2015: | 782,865,873 shares |
| [2] Number of treasury stock | As of September 30,2015: | 2,485,761 shares | As of March 31,2015: | 2,483,395 shares |
| [3] Average number of shares (for six-month period) | 2nd Quarter of FY2016: | 780,381,283 shares | 2nd Quarter of FY2015: | 780,387,394 shares |

*The status of the implementation of the second quarterly review

The second quarterly review is now conducted on the basis of the Financial Instruments and Exchange Act on the date for the release of this quarterly report.

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

The above performance projections were made 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.

For assumptions and other information on which the performance projections were based, please refer to "(3) Explanation about Future Forecasts such as Projections for the Current Fiscal Year" on page 4.

Index of the attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation about Operating Performance	2
(2) Explanation about Financial Position	3
(3) Explanation about Future Forecasts such as Projections for the Current Fiscal Year	4
2. Notes on Summary Information.....	4
(1) Application of specific accounting for preparing the quarterly consolidated financial statements .	4
(2) Changes in Accounting Policy.....	4
3. Quarterly Consolidated Financial Statements	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of (Comprehensive) Income	7
Quarterly Consolidated Statements of Income(for six-month period).....	7
Quarterly Consolidated Statements of Comprehensive Income(for six-month period)	8
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Note to Quarterly Consolidated Financial Statements	11
(Notes on Premise of Going Concern)	11
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	11
(Segment Information).....	11
(Significant Subsequent Event).....	11

1. Qualitative Information on Quarterly Financial Results

(1) Explanation about Operating Performance

Consolidated net sales for the second quarter of the current fiscal year increased ¥291.2 billion (22.2%) from the same period of the previous fiscal year to ¥1,601.5 billion mainly due to higher automobile unit sales and higher sales revenues owing to foreign exchange rate fluctuations.

Regarding the profit, operating income increased ¥99.4 billion (53.6%) from the same period of the previous fiscal year to ¥285.0 billion and ordinary income increased ¥109.1 billion (62.0%) from the same period of the previous fiscal year to ¥285.0 billion, reflecting the higher sales. Net income attributable to owners of the parent increased ¥80.2 billion (70.9%) from the same period of the previous fiscal year to ¥193.2 billion.

[Results by Business Segment]

Results for the current consolidated second quarter period by business segment are as described below.

[1] Automobile Division

Regarding registered cars in Japan, unit sales decreased 7 thousand units (11.8%) compared with the same period of the previous fiscal year to 50 thousand units. Sales of the Legacy, WRX, and Crossover 7 performed strongly but sales of the Levorg, which was launched one year before, and the Forester, declined. On the other hand, unit sales of minicars increased 2 thousand (10.8%) units compared with the same period of the previous fiscal year to 17 thousand units due to favorable conditions of the Stella and other factors. As a result of these factors, total unit sales in Japan decreased 5 thousand (7.0%) units compared with the same period of the previous fiscal year to 67 thousand units.

Overseas total unit sales increased 46 thousand (12.7%) units compared with the same period of the previous fiscal year to 406 thousand units mainly due to favorable conditions surrounding sales of the Legacy, Outback, Impreza, and WRX primarily in North America, the key market of FHI.

By region, sales in North America increased 45 thousand (16.4%) units from the same period of the previous fiscal year to 317 thousand units, sales in Europe including Russia decreased 1 thousand (4.7%) units from the same period of the previous fiscal year to 23 thousand units, sales in Australia increased 4 thousand (19.2%) units from the same period of the previous fiscal year to 23 thousand units, sales in China decreased 8 thousand (28.6%) units from the same period of the previous fiscal year to 20 thousand units, and sales in other regions increased 7 thousand (41.1%) units from the same period of the previous fiscal year to 22 thousand units.

As a result, combined unit sales in Japan and overseas markets amounted to 472 thousand units, an increase of 41 thousand (9.4%) units from the same period of the previous fiscal year.

Affected also by currency fluctuations, overall net sales increased ¥277.7 billion (22.6%) from the same period of the previous fiscal year to ¥1,505.7 billion, and segment income increased ¥94.7 billion (53.0%) from the same period of the previous fiscal year to ¥273.2 billion.

[2] Aerospace Division

Deliveries to the Japan Ministry of Defense saw sales rise compared with the level of the same period of the previous fiscal year mainly with an increase in production of the patrol aircraft P-1. Sales to the commercial sector also rose compared with the same period of the previous fiscal year thanks to increased sales of Boeing 787 and Boeing 777 aircraft and effects from foreign exchange rate fluctuations.

As a result, overall net sales increased ¥9.6 billion (15.1%) compared with the same period of the previous fiscal year to ¥73.5 billion. Segment income increased ¥3.7 billion (63.2%) compared with the same period of the previous fiscal year to ¥9.6 billion.

[3] Industrial Products Division

Net sales increased ¥3.7 billion (25.3%) compared with the same period of the previous fiscal year to ¥18.5 billion as increased sales of engines for leisure vehicles to North America and effects from foreign exchange rate fluctuations offset a decline in sales of general-purpose engines resulting from substantial decrease in sales to Russia and other factors. Segment income increased ¥0.5 billion (370.5%) compared with the same period of the previous fiscal year to ¥0.6 billion.

[4] Other Businesses

Net sales increased ¥0.2 billion (4.9%) compared with the same period of the previous fiscal year to ¥3.8 billion. Segment income increased ¥0.5 billion (54.1%) compared with the same period of the previous fiscal year to ¥1.3 billion.

(2) Explanation about Financial Position

[1] Assets, Liabilities, and Net Assets

Total assets at the end of the second quarter of the current fiscal year were ¥2,361.7 billion, an increase of ¥162.0 billion from the end of the previous fiscal year. Main factors included a ¥181.7 billion increase in combined funds on hand comprised of cash, deposits, and short-term investment securities, a ¥19.2 billion decrease in notes and accounts receivable-trade, a ¥35.1 billion decrease in merchandise and finished goods, and a ¥27.5 billion increase in property, plant and equipment.

Total liabilities increased ¥0.2 billion compared with the end of the previous fiscal year to ¥1,169.2 billion. Main factors included a ¥15.1 billion increase in income taxes payable and a ¥12.7 billion decrease in accrued expenses.

Net assets increased ¥161.8 billion compared with the end of the previous fiscal year to ¥1,192.5 billion. Main factors included a ¥164.4 billion increase in retained earnings from net income attributable to owners of the parent recognized for the period.

[2] Cash Flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year (hereinafter “Cash”) totaled ¥757.0 billion.

(Net cash provided by operating activities)

Net cash provided by operating activities was ¥282.9 billion (net cash provided in the same consolidated cumulative period of the previous fiscal year was ¥134.7 billion). Main factors included ¥283.1 billion in income before income taxes and minority interests, a ¥20.0 billion decrease in notes and accounts receivable-trade, a ¥35.1 billion decrease in inventories, and ¥70.3 billion in income taxes paid.

(Net cash used in investment activities)

Net cash used in investing activities was ¥96.9 billion (net cash used in the same consolidated cumulative period of the previous fiscal year was ¥63.7 billion). Main factors included ¥55.8 billion in expenditures for the purchase of property, plant and equipment as well as intangible assets (net basis against proceeds from sales of property, plant and equipment).

(Net cash used in financing activities)

Net cash used in financing activities was ¥39.5 billion (net cash used in the same consolidated cumulative period of the previous fiscal year was ¥62.7 billion). Main factors included a ¥5.9 billion increase in short-term loans payable, ¥16.1 billion in repayment of long-term loans payable (net basis against proceeds from long-term loans payable), and ¥28.8 billion in expenditures for cash dividends paid.

(3) Explanation about Future Forecasts such as Projections for the Current Fiscal Year

FHI has revised upward the performance projection for the fiscal year ending March 31, 2016 which was released at the timing of consolidated financial results announcement on May 8, 2015, as stated below, in consideration of factors such as the effects expected from higher automobile unit sales, reduction in costs, and foreign exchange rate fluctuations.

Projections of full-year consolidated business results of the current fiscal year are based on assumed foreign exchange rates of ¥120/US\$ (previously ¥118/US\$) and ¥133/EUR (previously ¥127/EUR). Exchange rate assumptions for the second half of the current fiscal year are ¥118/US\$ and ¥130/EUR.

Consolidated Results Forecast for the Fiscal Year Ending March 2016 (April 1, 2015 to March 31, 2016)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share
Previous projection (A)	¥ million 3,030,000	¥ million 503,000	¥ million 495,000	¥ million 337,000	Yen 431.84
Revised projection (B)	3,210,000	550,000	547,000	372,000	476.69
Change in amount (B-A)	180,000	47,000	52,000	35,000	—
Percentage change (%)	5.9	9.3	10.5	10.4	—
(Supplemental information) Actual results of the previous fiscal year (April 1, 2014 to March 31, 2015)	2,877,913	423,045	393,648	261,873	335.57

2. Notes on Summary Information

(1) Application of specific accounting for preparing the quarterly consolidated financial statements

Income tax expense was calculated as multiplying income before income taxes by reasonably estimated annual effective tax rate. This annual tax rate was reasonably estimated after applying the deferred tax accounting to the annual income before income taxes. "Income taxes-deferred" was included in "Total income taxes".

(2) Changes in Accounting Policy

The Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013) and Consolidated Financial Statements (ASBJ Statement No.22, September 13, 2013) and Business Divestitures (ASBJ Statement No.7, September 13, 2013) were applied from the period of the first quarter of fiscal year 2016.

The presentation method of net income was amended and the reference to "minority interests" was changed to "non-controlling interests". To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	FY2015 (as of March 31, 2015)	2nd Quarter of FY2016 (as of September 30, 2015)
ASSETS		
I Current assets		
Cash and deposits	228,821	324,700
Notes and accounts receivable-trade	164,540	145,385
Lease investment assets	24,098	22,879
Short-term investment securities	444,737	530,522
Merchandise and finished goods	203,347	168,277
Work in process	52,734	55,232
Raw materials and supplies	39,569	35,724
Deferred tax assets	78,789	76,909
Short-term loans receivable	157,070	145,463
Other	80,796	86,531
Allowance for doubtful accounts	(1,233)	(1,103)
Total current assets	1,473,268	1,590,519
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	128,225	130,325
Machinery, equipment and vehicles, net	130,433	123,038
Land	177,075	176,944
Vehicles and equipment on operating leases, net	8,765	18,066
Construction in progress	28,611	56,327
Other, net	41,588	37,492
Total property, plant and equipment	514,697	542,192
2. Intangible assets		
Other	16,850	17,592
Total intangible assets	16,850	17,592
3. Investments and other assets		
Investment securities	111,558	117,242
Net defined benefit asset	3,659	1,845
Deferred tax assets	13,113	12,653
Other	99,648	112,756
Allowance for doubtful accounts	(33,079)	(33,067)
Total investments and other assets	194,899	211,429
Total noncurrent assets	726,446	771,213
Total assets	2,199,714	2,361,732

(Unit: Millions of yen)

	FY2015 (as of March 31, 2015)	2nd Quarter of FY2016 (as of September 30, 2015)
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	317,801	311,873
Electronically recorded obligations-operating	74,420	79,376
Short-term loans payable	41,443	47,732
Current portion of long-term loans payable	44,329	36,978
Current portion of bonds	—	10,000
Income taxes payable	54,987	70,133
Accrued expenses	126,007	113,307
Provision for bonuses	21,668	22,098
Provision for product warranties	49,708	50,921
Provision for loss on construction contracts	0	77
Other	142,693	140,391
Total current liabilities	873,056	882,886
II Noncurrent liabilities		
Bonds payable	10,000	—
Long-term loans payable	115,420	106,693
Deferred tax liabilities	13,996	12,005
Provision for directors' retirement benefits	409	402
Net defined benefit liability	17,963	17,922
Other	138,151	149,296
Total noncurrent liabilities	295,939	286,318
Total liabilities	1,168,995	1,169,204
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	697,414	861,783
Treasury stock	(1,382)	(1,392)
Total shareholders' equity	1,009,898	1,174,257
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,986	15,872
Foreign currency translation adjustment	10,025	9,492
Remeasurements of defined benefit plans	(11,616)	(10,415)
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	(3,876)	(3,866)
Total accumulated other comprehensive income	12,519	11,083
Non-controlling interests	8,302	7,188
Total net assets	1,030,719	1,192,528
Total liabilities and net assets	2,199,714	2,361,732

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

(Unit: Millions of yen)

	FY2015 (April 1, 2014 to September 30, 2014)	FY2016 (April 1, 2015 to September 30, 2015)
I Net sales	1,310,236	1,601,475
II Cost of sales	929,651	1,087,212
Gross profit	380,585	514,263
III Selling, general and administrative expenses	194,923	229,166
Operating income	185,662	285,097
IV Non-operating income		
Interest income	1,019	1,489
Dividends income	470	762
Equity in earnings of affiliates	237	374
Foreign exchange gains	3,890	—
Real estate rent	272	257
Gain on valuation of derivatives	—	9,920
Other	1,475	458
Total non-operating income	7,363	13,260
V Non-operating expenses		
Interest expenses	1,553	1,368
Foreign exchange losses	—	9,606
Loss on valuation of derivatives	13,661	—
Other	1,860	2,361
Total non-operating expenses	17,074	13,335
Ordinary income	175,951	285,022
VI Extraordinary income		
Gain on sales of noncurrent assets	435	99
Gain on sales of investment securities	421	218
Other	392	204
Total extraordinary income	1,248	521
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,650	2,252
Other	861	192
Total extraordinary losses	2,511	2,444
Income before income taxes	174,688	283,099
Total Income taxes	58,962	91,164
Net income	115,726	191,935
Net income (loss) attributable to non-controlling interests	2,707	(1,269)
Net income attributable to owners of parent	113,019	193,204

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

(Unit: Millions of yen)

	FY2015 (April 1, 2014 to September 30, 2014)	FY2016 (April 1, 2015 to September 30, 2015)
Net income	115,726	191,935
Other comprehensive income		
Valuation difference on available-for-sale securities	4,532	(2,114)
Foreign currency translation adjustment	13,431	(1,000)
Remeasurements of defined benefit plans	1,426	1,201
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	(58)	10
Share of other comprehensive income of associates accounted for using equity method	199	622
Total other comprehensive income	19,530	(1,281)
Comprehensive income	135,256	190,654
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	132,793	191,768
Comprehensive income attributable to non-controlling interests	2,463	(1,114)

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2015 (April 1, 2014 to September 30,2014)	FY2016 (April 1, 2015 to September 30,2015)
I Net cash provided by (used in) operating activities		
Income (loss) before income taxes	174,688	283,099
Depreciation and amortization	31,527	35,748
Increase (decrease) in allowance for doubtful accounts	(6)	(142)
Interest and dividends income	(1,489)	(2,251)
Interest expenses	1,553	1,368
Loss (gain) on sales and retirement of noncurrent assets	1,215	2,153
Decrease (increase) in operating loans receivable	(7,716)	140
Decrease (increase) in notes and accounts receivable-trade	34,601	19,965
Decrease (increase) in inventories	(21,925)	35,119
Increase (decrease) in notes and accounts payable-trade	37,821	(795)
Other, net	7,529	(22,547)
Subtotal	257,798	351,857
Interest and dividends income received	1,749	2,734
Interest expenses paid	(887)	(1,410)
Income taxes paid	(123,925)	(70,322)
Net cash provided by (used in) operating activities	134,735	282,859
II Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(2,112)	(28,085)
Purchase of short-term investment securities	(9,624)	(3,174)
Proceeds from sales of short-term investment securities	9,766	6,422
Purchase of non-current assets	(55,654)	(56,310)
Proceeds from sales of non-current assets	332	523
Purchase of investment securities	(21,525)	(24,174)
Proceeds from sales of investment securities	13,418	13,021
Payments of loans receivable	(49,606)	(53,389)
Collection of loans receivable	51,696	56,041
Other, net	(353)	(7,773)
Net cash provided by (used in) investing activities	(63,662)	(96,898)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(12,233)	5,933
Proceeds from long-term loans payable	1,850	3,860
Repayments of long-term loans payable	(22,038)	(19,944)
Redemption of bonds	(4,005)	—
Cash dividends paid	(25,721)	(28,827)
Other, net	(548)	(564)
Net cash provided by (used in) financing activities	(62,695)	(39,542)

	FY2015 (April 1, 2014 to September 30,2014)	FY2016 (April 1, 2015 to September 30,2015)
IV Effect of exchange rate change on cash and cash Equivalents	9,549	(1,383)
V Net increase (decrease) in cash and cash equivalents	17,927	145,036
VI Cash and cash equivalents at beginning of period	557,870	612,085
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(127)
VIII Cash and cash equivalents at end of period	575,797	756,994

(4) Note to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

FY2016 (April 1, 2015 to September 30, 2015)
Not Applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

FY2016 (April 1, 2015 to September 30, 2015)
Not Applicable

(Segment Information)

Information on sales and income(loss) by business segment reported

2nd Quarter of FY 2015 (April 1, 2014 to September 30, 2014)

(Unit: Millions of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub- Total				
Net sales								
(1) Outside customers	1,228,033	63,848	14,751	1,306,632	3,604	1,310,236	—	1,310,236
(2) Inter-segment	1,941	—	129	2,070	7,684	9,754	(9,754)	—
Total sales	1,229,974	63,848	14,880	1,308,702	11,288	1,319,990	(9,754)	1,310,236
Operating income(loss)	178,495	5,911	129	184,535	875	185,410	252	185,662

Note: *1. Other means the category which is not included into any business segment reported. It consists of real estate lease, etc.

*2. Adjustment of segment income refers to elimination of intersegment transaction.

*3. Operating income for segment is adjusted on operating income on the quarterly consolidated statements of income.

2nd Quarter of FY 2016 (April 1, 2015 to September 30, 2015)

(Unit: Millions of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub- Total				
Net sales								
(1) Outside customers	1,505,721	73,485	18,490	1,597,696	3,779	1,601,475	—	1,601,475
(2) Inter-segment	2,267	—	108	2,375	7,776	10,151	(10,151)	—
Total sales	1,507,988	73,485	18,598	1,600,071	11,555	1,611,626	(10,151)	1,601,475
Operating income	273,170	9,647	607	283,424	1,348	284,772	325	285,097

Note: *1. Other means the category which is not included into any business segment reported. It consists of real estate lease, etc.

*2. Adjustment of segment income refers to elimination of intersegment transaction.

*3. Operating income for segment is adjusted on operating income on the quarterly consolidated statements of income.

(Significant Subsequent Event)

Not Applicable

< Reference for the 1st Half of FYE2016 Consolidated Financial Results >

(Yen in 100 Millions, Units in Thousands)

	RESULTS FYE2015 1H 2014. 4-9	RESULTS FYE2016 1st Half 2015.4.1—9.30		RESULTS FYE2015 '14.4-'15.3	FORECASTS FYE2016 Full Year 2015.4.1—2016.3.31		PREVIOUS FORECASTS FYE2016 '15.4-'16.3		
		Change	%		Change	%			
Net sales	13,102	16,015	2,912	22.2	28,779	32,100	3,321	11.5	30,300
Japan	2,928	2,852	(76)	(2.6)	6,529	5,721	(808)	(12.4)	5,655
Overseas	10,174	13,163	2,988	29.4	22,250	26,379	4,129	18.6	24,645
Operating income	1,857	2,851	994	53.6	4,230	5,500	1,270	30.0	5,030
Profit margin (%)	14.2	17.8			14.7	17.1			16.6
Ordinary income	1,760	2,850	1,091	62.0	3,936	5,470	1,534	39.0	4,950
Profit margin (%)	13.4	17.8			13.7	17.0			16.3
Net income attributable to owners of parent	1,130	1,932	802	70.9	2,619	3,720	1,101	42.1	3,370
Profit margin (%)	8.6	12.1			9.1	11.6			11.1
Change factors in operating income									
		Gain on currency exchange	1,004			Gain on currency exchange	1,060		
		Improvements on model mix, etc	180			Improvements on model mix, etc	419		
		Cost reduction effort, etc	126			Cost reduction effort, etc	303		
		Increase in SG&A exp, etc	(217)			Increase in SG&A exp, etc	(357)		
		Increase in R&D exp	(99)			Increase in R&D exp	(155)		
Exchange rates	JPY/US\$ 102/US\$ JPY/EUR 139/EUR	122/US\$ 135/EUR			108/US\$ 140/EUR	120/US\$ 133/EUR			118/US\$ 127/EUR
Capital expenditures	597	506			1,107	1,300			1,300
Depreciation and amortization	277	313			648	670			670
R&D expenses	363	463			835	990			970
Interest bearing debts	2,322	2,014			2,112	1,800			1,800
Performance description		- 4th consecutive year of increases in net sales and all profits. - 1st-half record for consolidated unit sales - Half-year records for net sales and all profits				- 4th consecutive year of increases in net sales and all profits. - Full-year records for consolidated unit sales, net sales and all profits.			
Consolidated unit sales (Japan)	72	67	(5)	(7.0)	163	142	(21)	(12.7)	144
Passenger Cars	56	50	(7)	(11.8)	128	108	(20)	(15.8)	107
Minicars	15	17	2	10.8	35	34	(0)	(1.3)	38
Consolidated unit sales (Overseas)	360	406	46	12.7	748	811	63	8.4	784
North America	272	317	45	16.4	570	624	54	9.5	600
Europe	24	23	(1)	(4.7)	47	51	4	8.3	50
China	29	20	(8)	(28.6)	54	47	(7)	(13.6)	50
Other	35	45	10	29.1	77	89	12	16.0	84
Consolidated unit sales total	432	472	41	9.4	911	953	42	4.6	928
Production units total	436	460	24	5.4	914	946	32	3.5	935
Japan	344	348	4	1.1	708	711	3	0.4	705
U.S.	92	112	20	21.5	207	236	29	14.0	230
Net sales by business segment									
Automobile	12,280	15,057	2,777	22.6	26,990				
Aerospace	638	735	96	15.1	1,428				
Industrial Products	148	185	37	25.3	290				
Other	36	38	2	4.9	71				
Operating income by business segment									
Automobile	1,785	2,732	947	53.0	4,009				
Aerospace	59	96	37	63.2	189				
Industrial Products	1	6	5	370.5	8				
Other	9	13	5	54.1	19				
Elimination & Corporate	3	3	1	29.0	6				

*1 Starting FYE2016, figures previously reported as "Net Income" are stated as "Net Income Attributable to Owners of Parent".

*2 Exchange Rates are the rates used for FHI's non-consolidated sales recording.

*3 Consolidated Unit Sales include retail sales of Japanese consolidated dealers, wholesale sales of overseas consolidated distributors, and deliveries from FHI to non-consolidated distributors/dealers.

*4 Production in Japan includes production of the 86/FR-S models for Toyota.

< 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. >

FHI Announces First Half Financial Results for FYE2016

Tokyo, November 5, 2015 - Fuji Heavy Industries Ltd. (FHI), the manufacturer of Subaru automobiles, today announced its consolidated financial results for the first half of fiscal year ending March 31, 2016.

< FYE2016 1st Half Results: Consolidated Net Sales >

Subaru's consolidated global unit sales rose 9.4% to 472,000 units. While mini vehicle sales posted an increase, unit sales in Japan fell 7.0% to 67,000 units as passenger car sales decreased due to a decline in launch momentum of new models. Overseas unit sales grew 12.7% to 406,000 units, driven by continued high demand for the Legacy and Outback, especially in North America. FHI's consolidated net sales rose 22.2% to 1,601.5 billion yen due to foreign exchange gains, unit sales growth and other factors. Consolidated global unit sales marked a record high for the first-half period.^{*1} Consolidated net sales, overseas unit sales and North American unit sales each posted a record high for any half-year period.^{*1}

< FYE2016 1st Half Results: Consolidated Profit and Loss >

As increases in SG&A and R&D expenses were offset by exchange rate gains, unit sales growth, cost reduction progress and other factors, operating income rose 53.6% to 285.1 billion yen while ordinary income grew 62.0% to 285.0 billion yen and net income attributable to owners of parent increased 70.9% to 193.2 billion yen. All profit figures posted record highs for any half-year period.^{*1}

< FYE2016 Full-Year Forecasts >

Full-year projections are revised upward to net sales of 3,210 billion yen, operating income of 550 billion yen, ordinary income of 547 billion yen, and net income attributable to owners of parent of 372 billion yen. The upward revision reflects factors including cost reduction progress, exchange rate gains and unit sales growth.

Consolidated unit sales in North America are projected to reach a record high for the seventh consecutive year.^{*2}

Consolidated global unit sales, overseas unit sales, net sales and all profit figures are projected to post record highs for the fourth consecutive year.^{*2}

Currency rate assumptions: 120 yen/US\$, 133 yen/euro

Based on the consolidated financial results for the first half and consolidated financial forecasts for the full year, FHI plans to pay interim and year-end dividends of 72 yen per share each.

Accordingly, the annual dividend for FYE2016 will be 144 yen per share, an increase of 76 yen from 68 yen of the previous year.

< Previous Forecasts for FYE2016 (Announced on July 31, 2015) >

Net sales: 3,030 billion yen

Operating income: 503 billion yen

Ordinary income: 495 billion yen

Net income attributable to owners of parent: 337 billion yen

Currency rate assumptions: 118 yen/US\$, 127 yen/euro

*1: Since fiscal year ended March 2001 - the year FHI started half-year consolidated financial reporting

*2: Since fiscal year ended March 1986 - the year FHI started full-year consolidated financial reporting

Forward-looking statements in this document including financial and other forecasts 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.