

Consolidated Financial Results for FYE 2017



SUBARU CORPORATION
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Summary



Consolidated Financial Results for FYE 2017

- Consolidated net sales and global unit sales posted all-time records for the 5th consecutive year.
- While posting unit sales growth and cost reduction progress, all profits fell due to increases in SG&A and R&D expenses as well as foreign exchange losses.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Actual results (YoY)	¥3,326.0bil. (+¥93.7bil.)	¥410.8bil. (-¥154.8bil.)	¥394.3bil. (-¥182.6bil.)	¥282.4bil. (-¥154.3bil.)	1,064.5k units (+106.7k units)

Forecasts for FYE 2018

- Consolidated net sales and global unit sales are projected to post all-time records.
- With increases in SG&A and R&D expenses and higher raw material costs offsetting unit sales growth and a weaker yen, operating income will decline.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Consolidated automobile sales
Forecasts (YoY)	¥3,420.0bil. (+¥94.0bil.)	¥410.0bil. (-¥0.8bil.)	¥410.0bil. (+¥15.7bil.)	¥285.0bil. (+¥2.6bil.)	1,105.5k units (+41.0k units)

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Consolidated financial results for FYE 2017

FYE 2017 : Consolidated Unit Sales



(Thousand units)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Passenger car	111.6	126.4	+14.8
Minicar	33.7	32.5	-1.2
Domestic total	145.3	158.9	+13.6
US	582.7	667.6	+84.9
Canada	47.6	53.1	+5.5
Russia	5.7	5.3	-0.4
Europe	41.8	40.9	-0.9
Australia	44.6	49.1	+4.5
China	44.4	44.0	-0.4
Others	45.8	45.6	-0.3
Overseas total	812.6	905.6	+93.0
Total	957.9	1,064.5	+106.7

* Figures of China are consolidated results on the calendar year basis from Jan. to Dec.

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Consolidated automobile sales for the fiscal year ended March 2017 were up 106.7 thousand units from 957.9 thousand units the previous fiscal year to reach a total of 1,064.5 thousand units.

Domestic sales were up 13.6 thousand units year on year, of which 14.8 thousand were registered vehicles. Overseas sales rose 93.0 thousand units, due largely to an increase in U.S. sales of 84.9 thousand units.

Both Canada and Australia achieved record-high sales, with each country posting an approximate increase of 5.0 thousand units.

In the United States, SIA also boosted its production capacity, and this contributed to an increase in sales of the Legacy and Outback.

FYE 2017 : Consolidated Income Statements



(100 Million Yen)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Net sales	32,323	33,260	+937
Domestic	6,054	6,503	+449
Overseas	26,269	26,756	+488
Operating income	5,656	4,108	-1,548
Total non-operating income & expenses	+114	-165	-279
Ordinary income	5,770	3,943	-1,826
Total extraordinary income & loss	420	4	-417
Income before taxes and minority interests	6,190	3,947	-2,243
Net income attributable to owners of parent	4,367	2,824	-1,543
SUBARU exchange rate	¥121/US\$	¥108/US\$	-¥12/US\$

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Next, let's take a look at consolidated earnings performance.

We see that net sales rose 93.7 billion yen year on year to total a record high of 3,326.0 billion yen. The main factor behind this increase was a gain of 379.6 billion yen due to better sales mix variances resulting from higher sales volumes, despite the impact of a foreign exchange loss of 278.8 billion yen and a 7.1-billion-yen drop in sales at SUBARU companies, etc.

Operating income fell 154.8 billion yen year on year to 410.8 billion yen.

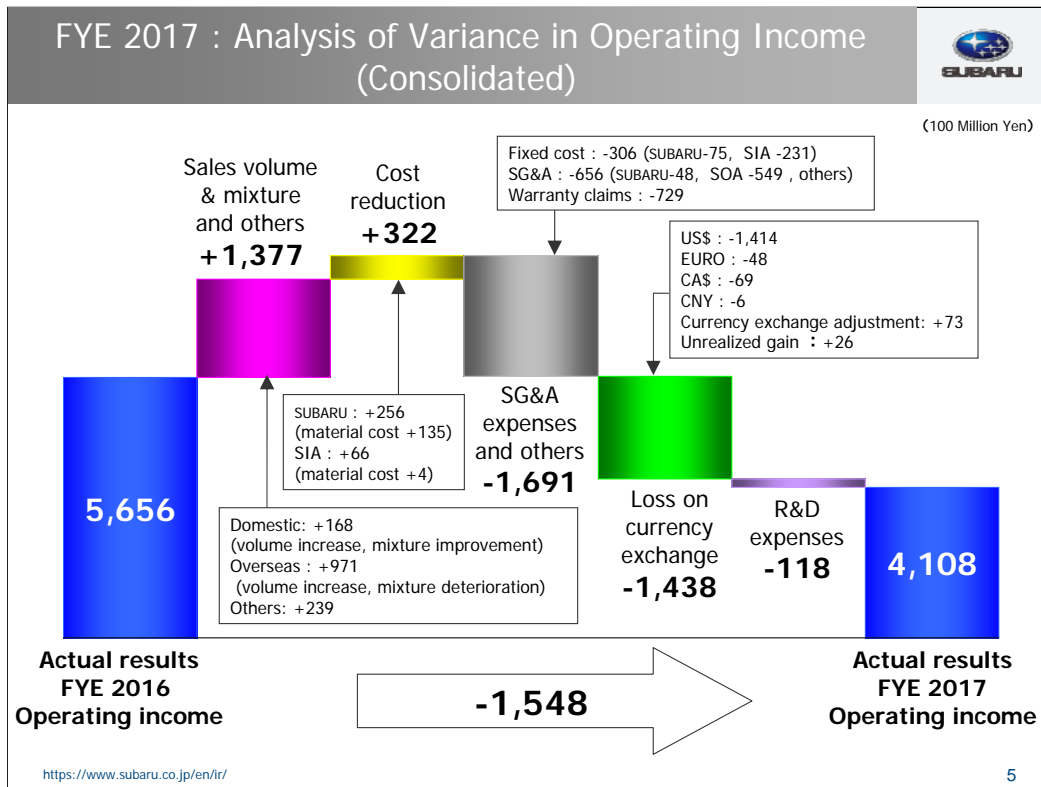
Non-operating income decreased by 16.5 billion yen, and ordinary income fell 182.6 billion yen to 394.3 billion yen.

In extraordinary income & loss, an extraordinary gain of 48.2 billion yen was posted following the ruling on the lawsuit relating to AH-64D helicopters, and that difference is shown.

Income before taxes fell 224.3 billion yen year on year to 394.7 billion yen.

Net income attributable to owners of the parent also declined 154.3 billion yen year on year to hit 282.4 billion yen.

For currency conditions, 121 yen to the dollar was used for the previous fiscal year and 108 yen for the current fiscal year, which was rounded off to a decrease of about 12 yen.



Now let's look at the reasons behind the year-on-year decrease of 154.8 billion yen in operating income that went from 565.6 billion yen to 410.8 billion yen.

The primary reason for the increase in operating income was a gain of 137.7 billion yen due to better sales mix variances.

This can be broken down into a domestic gain of 16.8 billion yen, an overseas gain of 97.1 billion yen, and a gain of 23.9 billion yen due to other factors.

The breakdown of the domestic gain consists of 8.7 billion yen due to a higher sales volume, and 8.1 billion yen due to better sales mix variances and other factors.

The higher sales volumes of 1.6L over 2.0L models in the both the Impreza and Levorg models in particular resulted in gains due to a favorable sales mix.

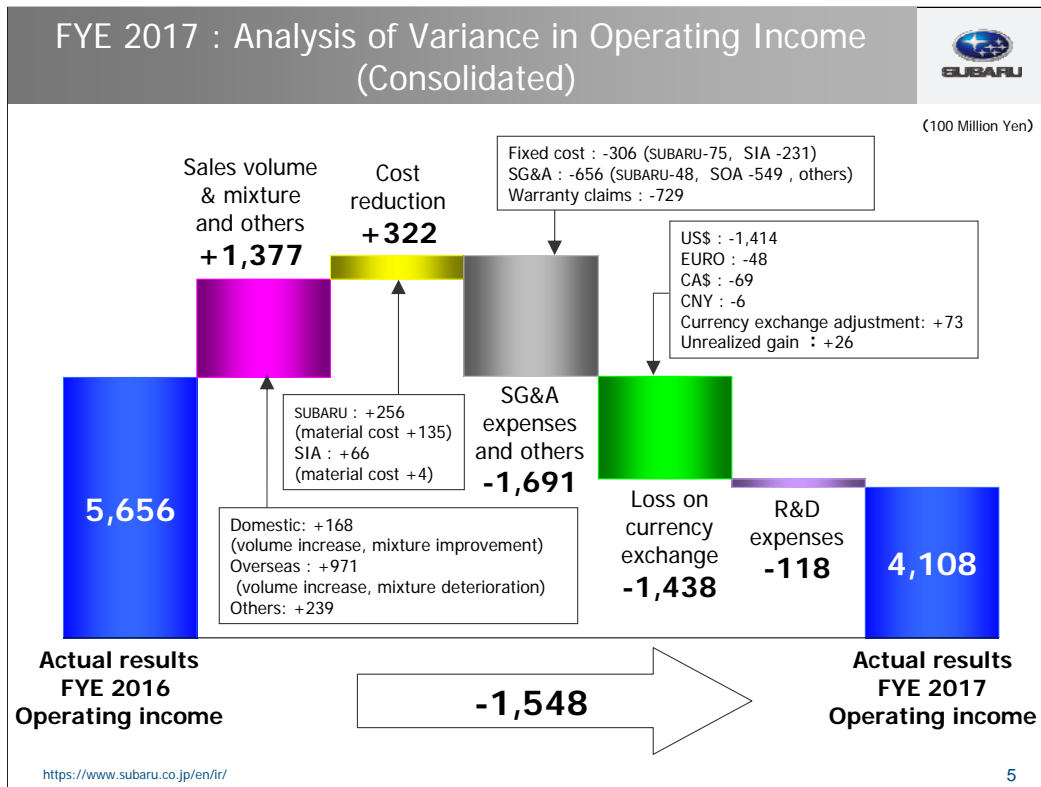
The breakdown of the overseas gain consists of 99.5 billion yen due to sales volume variances, which was partially offset by a loss of 2.4 billion yen due to a deterioration in mixture. In the China and EU markets, where we have had to struggle somewhat, we implemented slight revisions in prices which resulted in the above loss. In our mainstay U.S. market, on the other hand, sales volumes and mixtures improved considerably.

Cost reduction measures were another contributing factor that brought operating income up and resulted in an improvement of 32.2 billion yen.

SUBARU generated a gain of 25.6 billion yen, consisting of a gain of 12.1 billion yen from cost reductions on top of a gain of 13.5 billion yen due to lower material costs.

SIA yielded a gain of 6.6 billion yen, consisting of a gain of 6.2 billion yen from cost reductions on top of a gain of 0.4 billion yen due to lower material costs.

I feel that the 0.4 billion yen ratio here for materials seems somewhat low. Production last fiscal year was busy, and parts had to be transported by air. As a result, air freight expenses drove up unit prices. While inclusion of this factor resulted in a loss, market conditions were favorable for raw materials at least, resulting in a gain of 0.4 billion yen.



The primary reason why operating income fell was a loss of 169.1 billion yen due to increases in SG&A expenses and others.

First, we saw a loss of 30.6 billion due to an increase in fixed manufacturing costs. Second, we saw a loss of 65.6 billion yen due to an increase in SG&A expenses. And third, we saw an increase in costs associated with warranty claims that led to a loss of 72.9 billion yen.

First of all, the increase in fixed manufacturing costs includes a loss of 7.5 billion yen at SUBARU and a loss of 23.1 billion yen at SIA. SUBARU experienced a gain of 1.2 billion yen due to lower costs for supplier dies, which was offset by a loss of 8.7 billion yen due to higher fixed processing costs. SIA lost 4.4 billion yen due to higher costs for supplier dies and 18.7 billion yen due to an increase in fixed processing costs. SIA expanded its production facilities, resulting in an increase in fixed costs in particular.

The second factor is a loss of 65.6 billion yen due to an increase in SG&A expenses.

This includes a loss of 4.8 billion yen at SUBARU and a loss of 54.9 billion yen at SOA, due mainly to SOA's mounting selling expenses. Due to the interest rate increases in the United States, costs associated with incentives have risen significantly.

SOA does not provide cash incentives. The cost burden of loans and leases is the main factor for the loss. While SOA has not changed its policy since June last year, procurement interest rates have increased in the meantime due to a rise in the FRB interest rate, resulting in a commensurate increase in costs.

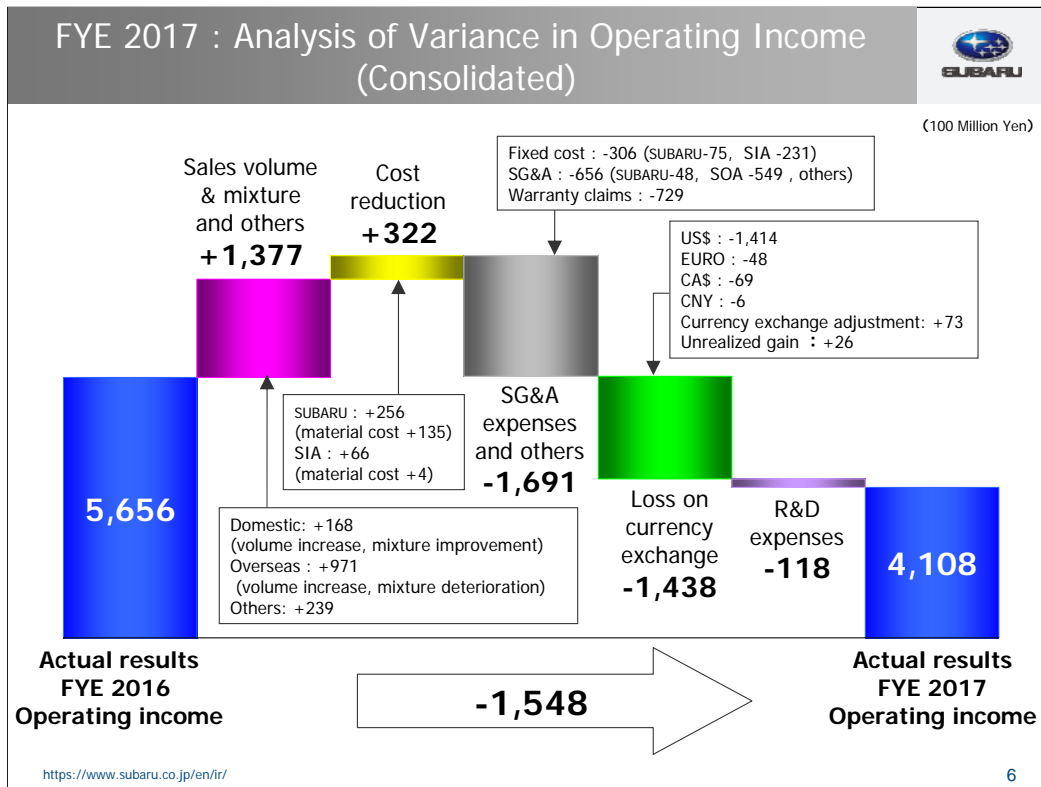
The per-unit incentive amount increased by \$550, going from \$900 in the fiscal year ended March 2016 to \$1,450 in the fiscal year ended March 2017.

This difference in per-unit amount was a major factor in the deterioration in incentives which totaled 52.0 billion yen, with the difference in per-unit prices accounting for approximately 43.0 billion yen of this amount. The increase in units at SOA excluding Hawaii was 83.0 thousand, which generated a loss of 9.0 billion yen, which was a significant factor in the overall loss of 52.0 billion yen. The increase in advertising costs resulted in a loss of 2.9 billion yen.

The third factor is costs related to claims, which resulted in a loss of 72.9 billion yen. Expenses for a recall allowance related to airbags were a major contributing factor.

This amount, which was 16.9 billion yen in the fiscal year ended March 2016, finished at a loss of 56.7 billion yen for the fiscal year ended March 2017, resulting in an increase of 39.8 billion yen.

Reasons contributing to the loss were recalls unrelated to airbags, warranty expenses at SOA, and allowance for product support. The overall increase in units was also a contributing factor.



Another factor that brought operating income down was a foreign exchange loss of 143.8 billion yen. This decline includes a loss of 141.4 billion yen due to an approximate 12-yen appreciation against the U.S. dollar, a loss of 4.8 billion yen due to an approximate 14-yen appreciation against the euro, and a loss of 6.9 billion yen due to an approximate 10-yen appreciation against the Canadian dollar. On top of that, there was a loss of 0.6 billion yen resulting from currency translations between the yen and the Chinese yuan, a gain of 7.3 billion yen due to foreign exchange adjustments for transactions between SUBARU and its overseas subsidiaries, as well as a gain of 2.6 billion yen from unrealized inventory.

Finally, is the increase in R&D expenses of 11.8 billion yen. R&D expenses rose year on year from 102.4 billion yen to 114.2 billion yen.

These factors combined brought the operating income from 565.6 billion yen for the fiscal year that ended March 2016 to total 410.8 billion yen for the fiscal year that ended March 2017.

Consolidated Balance Sheets



(100 Million Yen)

	As of March 31 2016	As of March 31 2017	Variance
Total assets	25,924	27,623	+1,699
Current assets	17,841	18,453	+612
Noncurrent assets	8,083	9,171	+1,088
Interest bearing debts	1,700	1,483	-217
Net assets	13,494	14,649	+1,155
Retained earnings	10,490	11,733	+1,243
Shareholders' equity	13,437	14,587	+1,150
Ratio of shareholders' equity to total assets	51.8%	52.8%	+1.0pt
D/E ratio	0.13	0.10	-0.02

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The balance sheet shows total assets were up 169.9 billion yen from what they were at the end of March 2016 to total 2,762.3 billion yen.

This uptick was due mainly to an increase in tangible fixed assets.

Interest-bearing debt fell 21.7 billion yen to total 148.3 billion yen while net assets rose 115.5 billion yen to reach 1,464.9 billion yen. The ratio of shareholders' equity to total assets was 52.8% while the debt-to-equity ratio stood at 0.10.

FYE 2017: Consolidated Statement of Cash Flows



(100 Million Yen)

	Actual results FYE 2016	Actual results FYE 2017	Variance
Net cash provided by (used in) operating activities	6,143	3,454	-2,688
Net cash provided by (used in) investing activities	-2,557	-2,543	+14
Free cash flows	3,586	912	-2,674
Net cash provided by (used in) financing activities	-1,262	-1,890	-629
Effect of exchange rate change on cash and cash equivalents	-149	-30	+119
Net increase (decrease) in cash and cash equivalents	2,175	-1,008	-3,183
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-1	-	+1
Cash and cash equivalents at end of period	8,295	7,286	-1,008

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Moving on to the consolidated statement of cash flows, we see that net cash flow from operating activities amounted to an inflow of 345.4 billion yen due to net income before taxes and minority interests totaling 394.7 billion yen and an increase in accrued expenses consisting mainly of expenses for a recall provision related to air bags and expenses of 88.2 billion yen carried over for SOA's payment of incentives, as well as a payment of corporate income tax, etc., totaling 208.2 billion yen.

Net cash flow from investing activities amounted to an outflow of 254.3 billion yen due to expenditures of 162.4 billion yen to acquire fixed assets, 36.9 billion yen to acquire securities, and 19.3 billion yen for loans. Free cash flow totaled 91.2 billion yen.

Net cash flow from financing activities resulted in an outflow of 189.0 billion yen due to expenditures of 111.4 billion yen for dividend payments, 52.7 billion yen for the acquisition of treasury shares, and 21.7 billion yen for the repayment of long-term loans.

FYE 2017 : Operating Results of Subsidiaries in U.S.



(Million US\$)

SOA	Actual results FYE 2016	Actual results FYE 2017	Variance
Net sales	15,203	17,947	+2,744
Operating income	770	671	-99
Net income	480	421	-59
Retail sales (Thousand units)	581.4	625.0	+43.6

SIA	Actual results FYE 2016	Actual results FYE 2017	Variance
Net sales	5,468	7,525	+2,057
Operating income	209	236	+27
Net income	134	148	+14
Subaru production (Thousand units)	236.0	335.2	+99.2

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Let's now move on to operating results of subsidiaries in the U.S.

SOA's retail sales increased 43.6 thousand units year on year to reach a total of 625.0 thousand units as sales of the Outback in particular increased following SIA's boost in production capacity.

Net sales also jumped 2,744 million dollars to 17,947 million dollars.

Operating income fell 99 million dollars year on year to total 671 million dollars. This decrease came from a loss of 457 million dollars due to higher SG&A expenses despite a gain of 358 million dollars from favorable sales volumes and mix variances.

SIA saw net sales rise 2,057 million dollars year on year to hit 7,525 million dollars.

Operating income rose 27 million dollars year on year to reach 236 million dollars. The factors behind the increase include a gain of 164 million dollars due to favorable sales price and volume variances, a gain of 55 million dollars generated by cost reduction efforts as well as a loss of 192 million dollars due to an increase in fixed costs.



Forecasts for FYE 2018

FYE 2018 : Consolidated Unit Sales Plan



(Thousand units)

	Actual results FYE 2017	Plan FYE 2018	Variance
Passenger car	126.4	134.2	+7.8
Minicar	32.5	37.8	+5.3
Domestic total	158.9	172.1	+13.1
US	667.6	687.7	+20.1
Canada	53.1	54.6	+1.5
Russia	5.3	6.6	+1.3
Europe	40.9	39.2	-1.7
Australia	49.1	52.6	+3.5
China	44.0	42.3	-1.7
Others	45.6	50.5	+4.9
Overseas total	905.6	933.4	+27.8
Total	1,064.5	1,105.5	+41.0

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<China> FYE2017 : Figures are consolidated on the calendar year basis from Jan. to Dec.
FYE2018 : Figures are consolidated on the fiscal year basis from Apr. to Mar.

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Let's now take a look at the outlook for the fiscal year ending March 2018.

Consolidated automobile sales for the fiscal year ending March 2018 are projected to reach 1,105.5 thousand units on a global basis, representing an increase of 41.0 thousand units.

In the breakdown, domestic sales are projected to increase 13.1 thousand units year-on-year, while overseas sales are projected to increase 27.8 thousand units year on year, with the United States accounting for sales of 20.0 thousand units.

In domestic sales, minicars will account for 5.3 thousand of the 13.1 thousand units.

Of the 7.8 thousand registered cars, there will be an increase of about just under 3.0 thousand OEM vehicles provided by Daihatsu.

We plan to boost sales of the Impreza by 10.0 thousand units, and to reduce sales of the Forester by 4.0 thousand units.

Although the number of units will increase, in terms of sales price and profit, the increase is for small models.

Next, in the American market, sales units are projected to increase by 20.0 thousand.

This is on top of an increase of 29.0 thousand Imprezas, 16.0 thousand Foresters, 13.0 thousand Legacy Outbacks as well as a reduction of 11.0 thousand WRX, and it will be 20.0 thousand after interchanging between models.

In other markets, the sales of the Impreza are increasing on the whole while sales of the Forester and Legacy are declining.

The Forester was released in 2012, the Legacy Outback was released in 2014, and the Levorg was released in 2015. A certain amount of time has passed and they are declining in number. A time like this is bound to occur in the model life cycle of any car and I believe we have arrived at that time.

FYE 2018 : Consolidated Operating Plan



(100 Million Yen)

	Actual results FYE 2017	Plan FYE 2018	Variance
Net sales	33,260	34,200	+ 940
Domestic	6,503	6,680	+176
Overseas	26,756	27,520	+764
Operating income	4,108	4,100	-8
Ordinary income	3,943	4,100	+157
Income before taxes and minority interests	3,947	4,030	+83
Net income attributable to owners of parent	2,824	2,850	+26
SUBARU exchange rate	¥108/US\$	¥110/US\$	+¥2/US\$

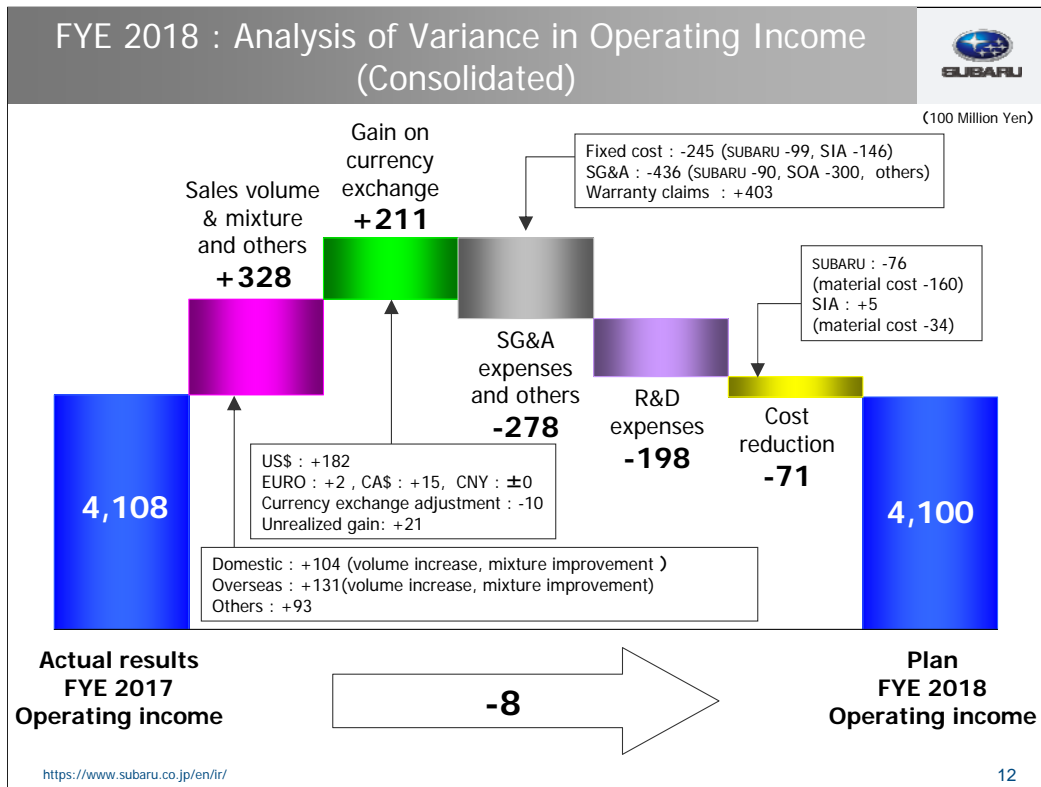
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Let's now move on to our consolidated operating plan.

In line with the increase in units, we expect net sales to jump 94.0 billion yen to 3,420.0 billion yen.

Operating income will fall slightly year on year to 410.0 billion yen, while ordinary income will increase to 410.0 billion yen, income before taxes and minority interests will rise to 403.0 billion yen, and net income will increase year on year to 285.0 billion yen. As foreign exchange conditions, we are looking at 110 yen to the dollar, down by about 2 yen from the fiscal year ended March 2017.



Now let's look at the factors behind the projected year-on-year 0.8 billion yen decrease in operating income that will take us from 410.8 billion yen from the previous fiscal year to 410.0 billion yen.

The primary factor that will bring operating income up is a gain of 32.8 billion yen due to better sales mix variances. This can be broken down into the following three areas: First, we will see a domestic gain of 10.4 billion yen. Next, we will see a overseas gain of 13.1 billion yen. Finally, we expect a gain of 9.3 billion yen due to inventory adjustment and other factors.

These figures may seem low based on 41.0 thousand units; however, I would like you to understand that this will be a period when Impreza units in the lower price range are set to increase, and these are appropriate figures in light of this factor. As OEM vehicles, Daihatsu began supplying new Chiffon and Justy models last year. As a result, the number of sales units for these has increased, which is why revenue has not risen relative to the number of units.

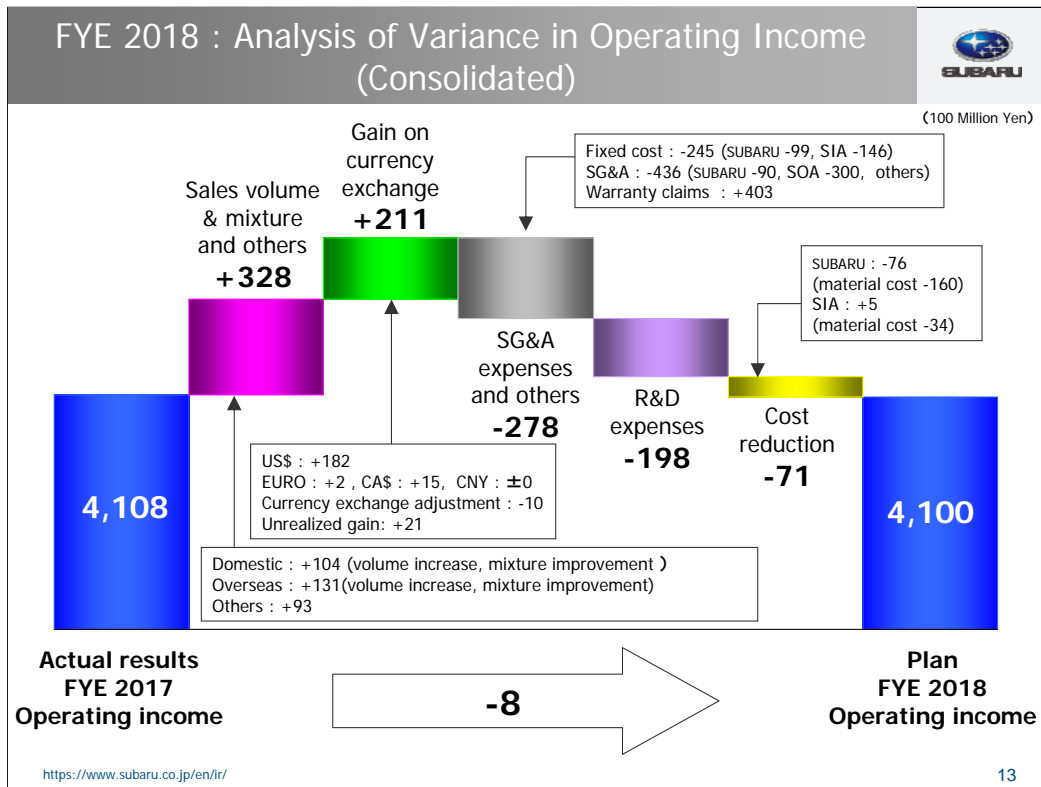
Another factor that will bring operating income up is foreign currency exchange gains.

We are looking at a gain of 18.2 billion yen against the U.S. dollar, a gain of 0.2 billion yen against the euro, and a gain of 1.5 billion yen against the Canadian dollar. For the dollar, we are projecting an exchange rate of 110 yen compared with 108.26 yen in the fiscal year ended March 2017. We are also projecting a softening in the yen of approximately 1 yen against the euro and approximately 2 yen against the Canadian dollar. There will also be a loss of 1.0 billion yen from inventory adjustments and a gain of 2.1 billion yen from unrealized inventory.

Next, we expect to post a loss of 27.8 billion yen due to an increase in SG&A and other expenses.

This can be broken down into a loss of 24.5 billion yen due to an increase in fixed manufacturing expenses, a loss of 43.6 billion yen due to an increase in SG&A expenses, and a gain of 40.3 billion yen due to a decrease in costs associated with claim warranties.

First of all, in fixed manufacturing expenses, SUBARU and SIA will see losses of 9.9 billion yen and 14.6 billion yen respectively. SUBARU will see a loss of 6.1 billion yen due to higher costs for supplier dies and a loss of 3.8 billion yen due to higher fixed processing costs. SIA will see a loss of 6.6 billion yen due to higher costs for supplier dies and a loss of 8.0 billion yen due to higher fixed processing costs.



Next, in SG&A expenses, a loss of 9.0 billion yen at SUBARU, a loss of 30.0 billion yen at SOA, and a loss of 2.0 billion yen at domestic dealers are expected to be the main reasons for the increase in expenses. At SOA the per-unit incentive amount for the fiscal year ending March 2018 at present is expected to increase by 400 dollars from 1,450 dollars to 1,850 dollars. This figure factors in the assumption that there will be two interest rate rises in June and September respectively. In addition, the number of units will also increase. Therefore, we are expecting a loss of 30.1 billion yen. On the other hand, we expect a gain of 0.1 billion yen due to a reduction in advertising and other expenses.

The third factor will be a decrease in costs associated with warranty claims that will lead to a gain of 40.3 billion yen.

The allowance allocated for the recall of air bags for the fiscal year ended March 2017 was 56.7 billion yen. In contrast, we are planning an allowance of 11.5 billion yen for the fiscal year ending March 2018, which represents a difference of 45.2 billion yen. We also expect a small increase in expenses associated with warranty claims for matters other than those related to air bags.

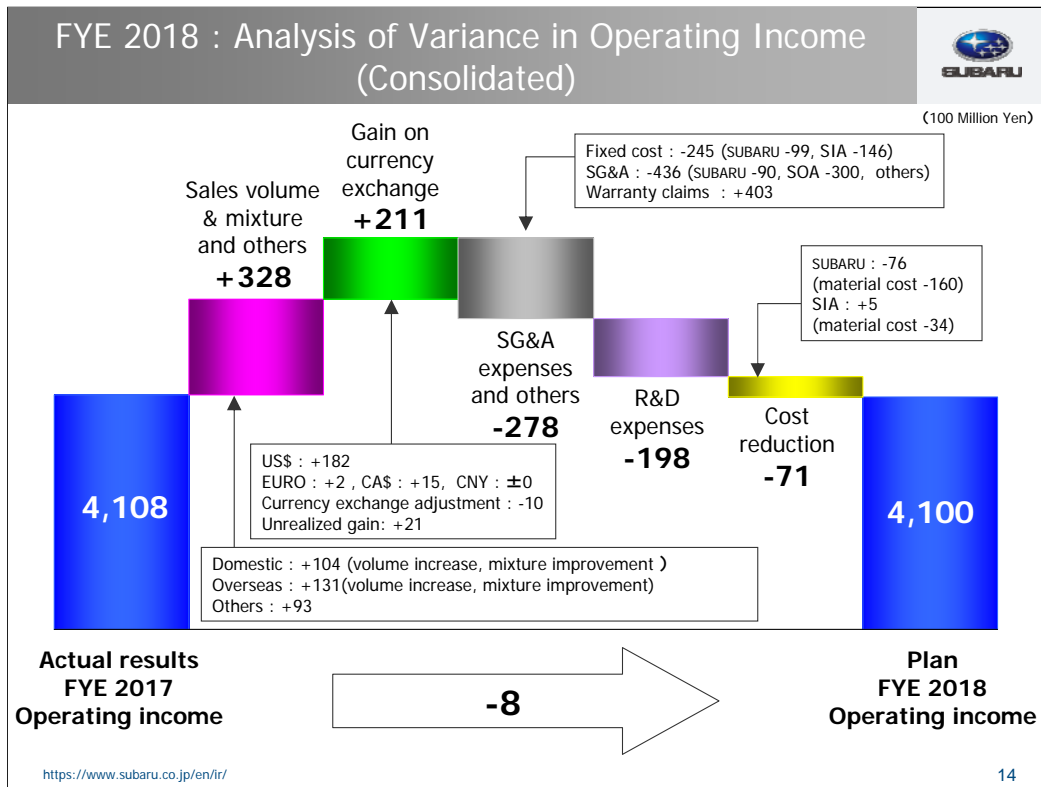
R&D expenses will increase year on year from 114.2 billion yen to 134.0 billion yen, representing an increase of 19.8 billion. It is our policy to increase R&D and we are planning on an approximate 20.0 billion yen increase.

Another factor is cost reduction, which will result in a loss of 7.1 billion yen.

The period of softening in raw material prices has been ongoing but since autumn of last year there have been some price hikes, and their impact will be felt from the beginning of the new fiscal year in particular.

SUBARU expects a loss of 7.6 billion, which will include a loss of 16.0 billion due to less favorable market conditions for materials, and a gain of 8.4 billion from cost reductions.

SIA expects a gain of 3.9 billion yen from cost reductions and a loss of 3.4 billion yen due to a deterioration in market conditions for raw materials. The company sets prices every six months for iron, aluminum, copper, and resin, etc., and every month for precious metals. In other words, prices are more or less set for the first half. For the second half, we have kept the figures unchanged, so please understand that there is room for fluctuation in prices in the second half, depending on market conditions for materials from April to September.



All the above factors combined will bring operating income for the fiscal year ending March 2018 to 410.0 billion yen, which represents little change from the 410.8 billion yen in the fiscal year ended March 2017.

I understand that the figures are lower than you might have anticipated. However, this is because we are coming into a period where the mix is apt to be weighted toward lower-priced units.

In SG&A and other expenses, the allowance allocated for the recall of air bags will taper, and at present we are not providing cash incentives or changing its policy. We are still the one and only brand with three-digit figures in Auto Data. As such, it is inevitable that the rising costs for procurement of interest will have to be factored in. Sales volumes have steadily climbed from 200.0 thousand units to 700.0 thousand units and, under these conditions, the degree of reflection of various factors on profit and loss has increased in scale.

As the number of units increase in scale, fixed manufacturing costs are also rising in tandem with capital investments we undertake. Deteriorating conditions in the market are also beginning to have an impact on costs.

Although your views might be somewhat different, we hope that you understand details of our plan.

FYE 2018 : Operating Plan of Subsidiaries in U.S.



(Million US\$)

SOA	Actual results FYE 2017	Plan FYE 2018	Variance
Net sales	17,947	18,485	+538
Operating income	671	538	-133
Net income	421	338	-83
Retail sales (Thousand units)	625.0	670.0	+45.0

SIA	Actual results FYE 2017	Plan FYE 2018	Variance
Net sales	7,525	8,376	+851
Operating income	236	215	-21
Net income	148	128	-20
Subaru production (Thousand units)	335.2	381.1	+45.9

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Let's now move on to operating plan of subsidiaries in the U.S.

In retail sales, full-scale sales of the Impreza are set to begin, and SOA is aiming for sales of 670.0 thousand units. This represents a year-on-year increase of 45.0 thousand units.

In net sales, SOA is projecting an increase of 538 million dollars to reach 18,485 million dollars.

SOA is projecting operating income of 538 million dollars, a year-on-year fall of 133 million dollars due to a gain of 148 million dollars from better sales mix variances, and a loss of 281 million dollars due to an increase in SG&A.

In net sales, SIA is projecting an increase of 851 million dollars to reach 8,376 million dollars.

In operating income, SIA anticipates a year-on-year fall of 21 million dollars to hit 215 million dollars due to a gain of 109 million dollars from better sales mix variances, a gain of 5 million dollars in cost reduction efforts, and a loss of 135 million dollars due to an increase in SG&A.

Capex / Depreciation / R&D / Interest bearing debt



(100 Million Yen)

	Actual Results FYE 2016	Actual Results FYE 2017 (a)	Plan FYE 2018 (b)	Variance (b) - (a)
Capex	1,357	1,585	1,500	-85
Depreciation	650	770	920	+150
R&D	1,024	1,142	1,340	+198
Interest bearing debt	1,700	1,483	1,000	-483

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Finally, let's look at capital expenditures, depreciation costs, R&D expenses, and interest bearing debt.

For the fiscal year ending March 2018, we are planning on capital expenditures of 150.0 billion yen, which represents a decrease of 8.5 billion yen year on year. This is not because we have cut back on capital expenditures. We are just holding back on some expenditures in our initial plan for the time being.

Depreciation costs are projected to jump 15.0 billion yen to total 92.0 billion yen.

R&D expenses are projected to increase approximately 20.0 billion yen year on year from 114.2 to 134.0 billion yen.

In regard to interest bearing debt, we intend to aim for a level of 100.0 billion yen for the fiscal year ending March 2018.

The following pages provide segment information, details of performance plans, various KPIs, and other data for your reference.

This concludes the briefing on our financial results for the fiscal year ended March 2017.

Thank you very much.

Appendix (1)

- Non-operating income & expenses and extraordinary income & loss
- Segment information by Business & Geographic
- Overseas net sales
- Non-consolidated unit sales
- Consolidated income statements in 4th quarter (3 months)
- FYE 2017 plan vs. Actual results
- Consolidated income statements in 1st half of FYE 2018

FYE 2017 : Non-operating Income & Expenses and Extraordinary Income & Loss (Consolidated)



(100 Million Yen)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Financial revenue and expenditure	27	28	+1
FOREX effects	78	-90	-169
Others	9	-102	-111
Total non-operating income& expenses	114	-165	-279
Gain on sales of noncurrent assets	3	9	+6
Gain on sales of investment securities	27	101	+74
Reversal of allowance for doubtful accounts	302	-	-302
Loss on sales and retirement of noncurrent assets	-48	-42	+6
Loss on business liquidation	-	-51	-51
Impairment loss	-0	-12	-12
Others	137	-2	-139
Total extraordinary income & loss	420	4	-417

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FYE 2017 : Net Sales and Operating Income by Business Segment (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results FYE 2016	Actual Results FYE 2017	Variance	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Automobile	30,394	31,520	+1,125	5,436	3,977	-1,460
Aerospace	1,528	1,388	-140	182	91	-91
Other*	400	353	-48	30	35	+5
Elimination & Corporate	/	/	/	8	5	-3
Total	32,323	33,260	+937	5,656	4,108	-1,548

*The "Industrial Products" segment has been included in "Other" since the 3rd quarter of FYE 2017 reporting.

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

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FYE 2017 : Net Sales and Operating Income by Geographic Area (Consolidated)



(100 Million Yen)

	Net Sales			Operating Income		
	Actual Results FYE 2016	Actual Results FYE 2017	Variance	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Japan	9,621	9,705	+84	4,457	2,945	-1,511
North America	19,878	20,947	+1,069	1,155	1,059	-96
Other	2,824	2,608	-216	28	87	+60
Elimination & Corporate	/	/	/	17	16	-0
Total	32,323	33,260	+937	5,656	4,108	-1,548

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FYE 2017 : Overseas Net Sales (Consolidated)



(100 Million Yen)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
North America	21,045	21,923	+878
Europe	1,262	1,126	-136
Asia	2,373	2,113	-260
Other	1,589	1,595	+6
Total	26,269	26,756	+488

FYE 2017 : Non-consolidated Unit Sales



(Thousand units)

	Actual Results FYE 2016	Actual Results FYE 2017	Variance
Domestic production	714.9	720.5	+5.6
Domestic sales	150.0	163.7	+13.7
Passenger cars	114.4	129.6	+15.2
Minicars	35.6	34.1	-1.5
Number of exported vehicles	576.5	570.7	-5.7
Components for overseas production	242.4	353.8	+111.3
Total	968.9	1,088.2	+119.3

* Domestic production figures include Toyota 86.

4th Quarter (3 months) : Consolidated Unit Sales



(Thousand units)

	Actual results 4Q FYE 2016	Actual results 4Q FYE 2017	Variance
Passenger cars	35.7	43.3	+7.6
Minicars	9.7	10.2	+0.4
Domestic total	45.4	53.4	+8.0
U.S.	136.4	166.3	+29.9
Canada	10.9	12.6	+1.7
Russia	1.0	1.3	+0.3
Europe	13.2	11.2	-2.0
Australia	11.7	11.2	-0.5
China	14.3	12.0	-2.3
Others	12.9	10.8	-2.1
Overseas total	200.3	225.3	+25.0
Total	245.7	278.7	+33.1

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

* China figures are consolidated on the calendar year basis from Oct. to Dec. 21

4th Quarter (3 months) : Consolidated Income Statements



(100 Million Yen)

	Actual results 4Q FYE 2016	Actual results 4Q FYE 2017	Variance
Net sales	8,136	8,981	+845
Domestic	1,772	2,054	+282
Overseas	6,364	6,927	+562
Operating income	1,298	1,041	-258
Ordinary income	1,430	971	-459
Income before taxes and minority interests	1,385	959	-427
Net income attributable to owners of parent	989	748	-240
SUBARU exchange rate	¥118/US\$	¥114/US\$	-¥3/US\$

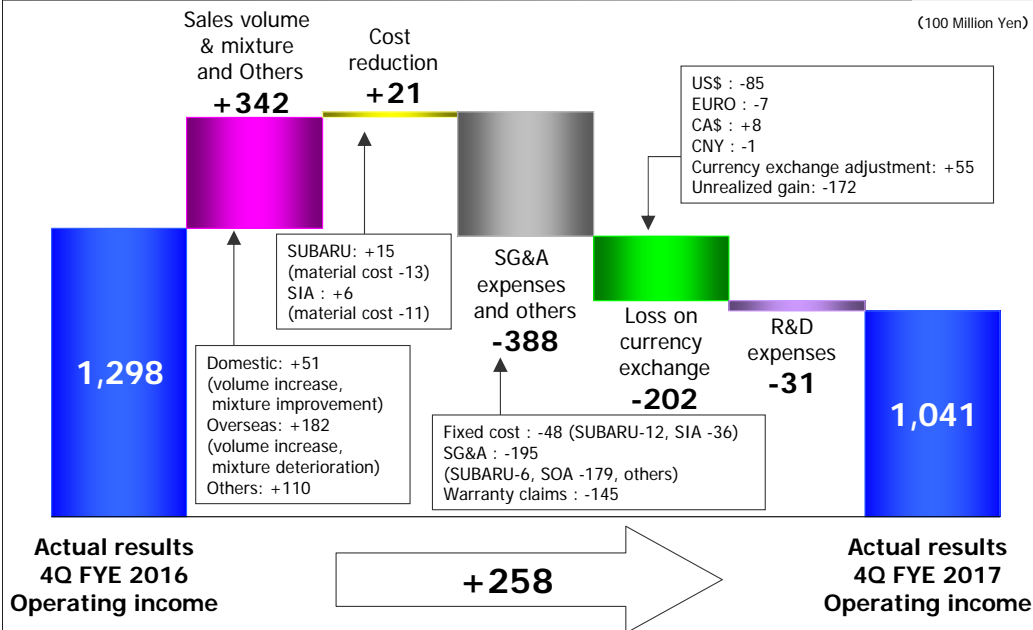
<https://www.subaru.co.jp/en/ir/>

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4th Quarter (3 months) : Analysis of Variance in Operating Income (Consolidated)



(100 Million Yen)



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

FYE 2017 Plan vs. Actual Results : Consolidated Unit Sales



(Thousand units)

	Plan FYE 2017	Actual results FYE 2017	Variance
Passenger cars	127.5	126.4	-1.1
Minicars	34.0	32.5	-1.4
Domestic total	161.5	158.9	-2.5
U.S.	667.4	667.6	+0.2
Canada	52.9	53.1	+0.2
Russia	5.6	5.3	-0.3
Europe	41.1	40.9	-0.2
Australia	49.5	49.1	-0.4
China	44.0	44.0	±0
Others	45.6	45.6	-0
Overseas total	906.1	905.6	-0.5
Total	1,067.5	1,064.5	-3.0

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

* China figures are consolidated on the calendar year basis from Jan. to Dec. 24

FYE 2017 Plan vs. Actual Results : Consolidated Income Statements



(100 Million Yen)

	Plan FYE 2017	Actual results FYE 2017	Variance
Net sales	33,100	33,260	+160
Domestic	6,511	6,503	-7
Overseas	26,589	26,756	+167
Operating income	4,100	4,108	+8
Ordinary income	4,120	3,943	-177
Income before taxes and minority interests	4,120	3,947	-173
Net income attributable to owners of parent	2,900	2,824	-76
SUBARU exchange rate	¥108/US\$	¥108/US\$	+¥0/US\$

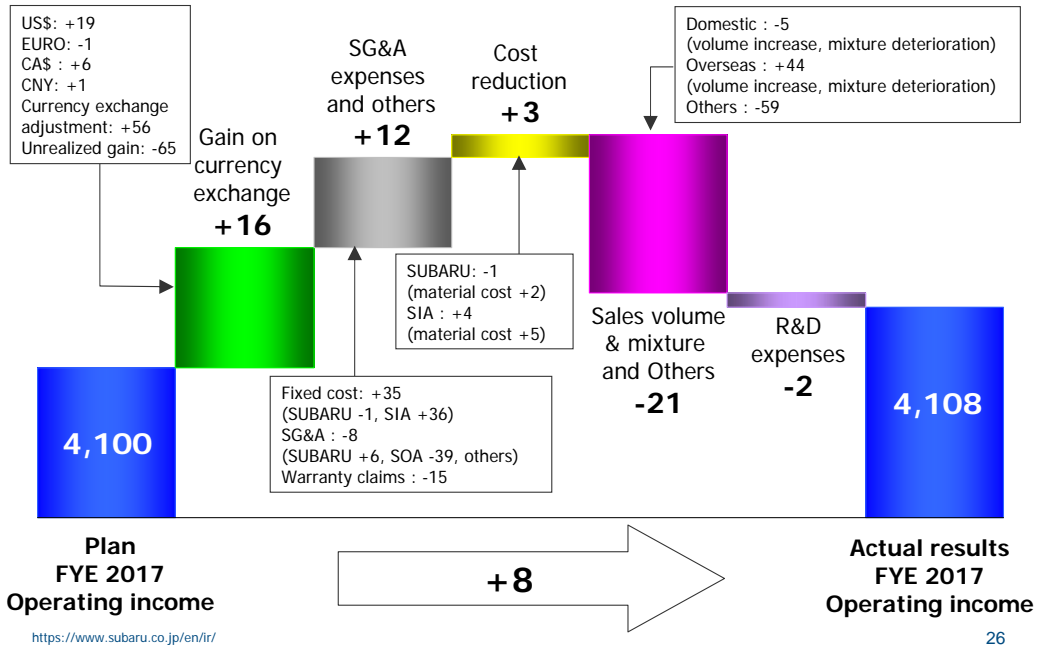
<https://www.subaru.co.jp/en/ir/>

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FYE 2017 Plan vs. Actual Results : Analysis of Variance in Operating Income (consolidated)



(100 Million Yen)



Plan for 1st Half of FYE 2018 : Consolidated Unit Sales



(Thousand units)

	Actual results 1st half FYE 2017	Plan 1st half FYE 2018	Variance
Passenger cars	52.5	65.2	+12.7
Minicars	15.6	17.4	+1.8
Domestic total	68.0	82.6	+14.5
U.S.	326.9	335.0	+8.0
Canada	28.4	30.1	+1.7
Russia	3.7	3.7	-0.0
Europe	18.4	19.6	+1.1
Australia	22.4	27.3	+4.9
China	21.8	21.9	+0.1
Others	22.3	22.2	-0.1
Overseas total	443.9	459.7	+15.8
Total	512.0	542.3	+30.3

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

<China> FYE2017 : Figures are consolidated on the calendar year basis from Jan. to Jun.
FYE2018 : Figures are consolidated on the fiscal year basis from Apr. to Sep.

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Plan for 1st Half of FYE 2018 : Consolidated Income Statements



(100 Million Yen)

	Actual results 1st half FYE 2017	Plan 1st half FYE 2018	Variance
Net sales	15,777	16,890	+1,113
Domestic	2,860	3,286	+426
Overseas	12,916	13,604	+688
Operating income	2,085	2,100	+15
Ordinary income	2,278	2,100	-178
Income before taxes and minority interests	2,356	2,070	-286
Net income attributable to owners of parent	1,638	1,450	-188
SUBARU exchange rate	¥107/US\$	¥110/US\$	+¥3/US\$

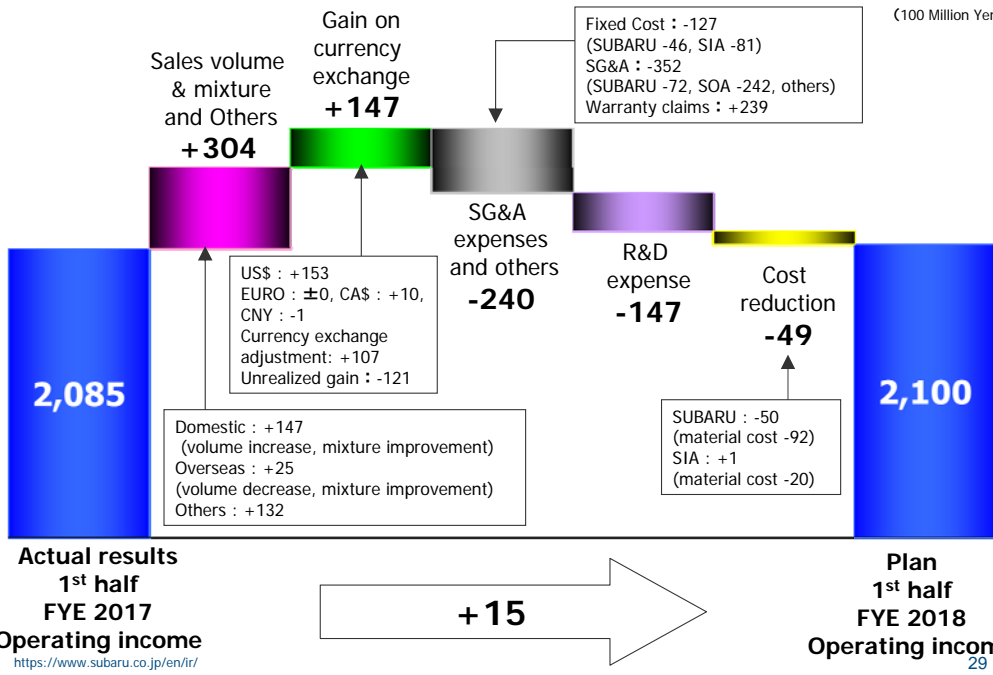
<https://www.subaru.co.jp/en/ir/>

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1st Half of FYE 2017 Results vs. FYE 2018 Plan : Analysis of Variance in Operating Income (consolidated)



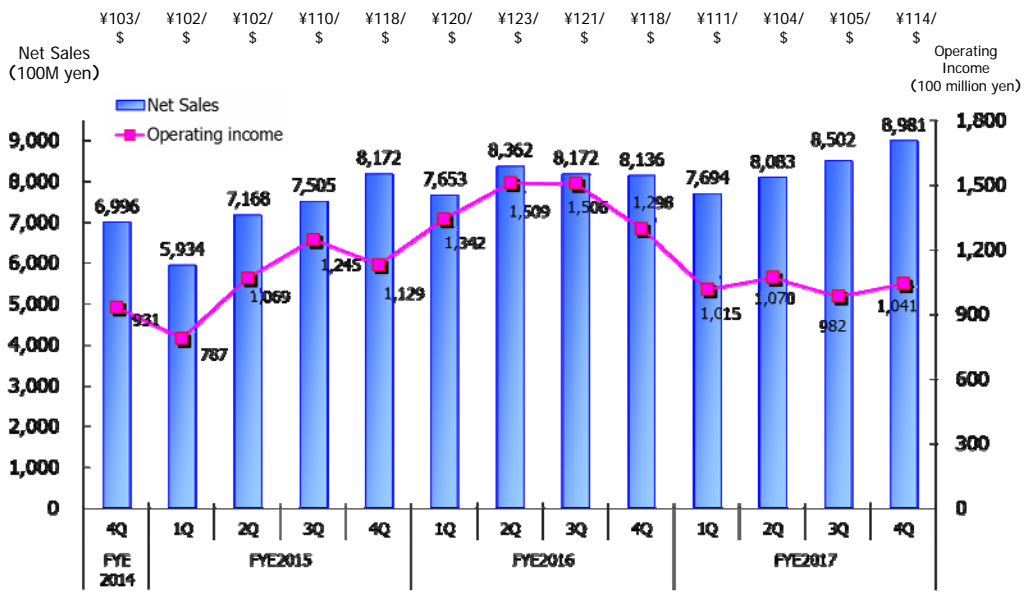
(100 Million Yen)



Appendix (2)

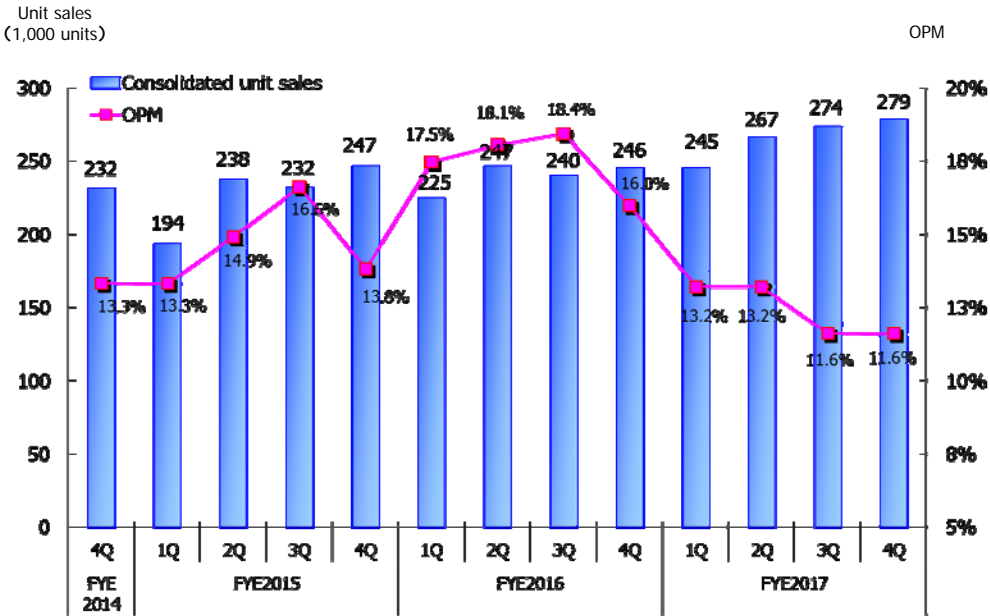
- Net sales / Operating income
- Consolidated unit sales / OPM
- Complete cars production / Retail sales units
- FCF / Shareholder's equity to total assets
- Interest-bearing debt / D/E ratio

Net Sales / Operating Income



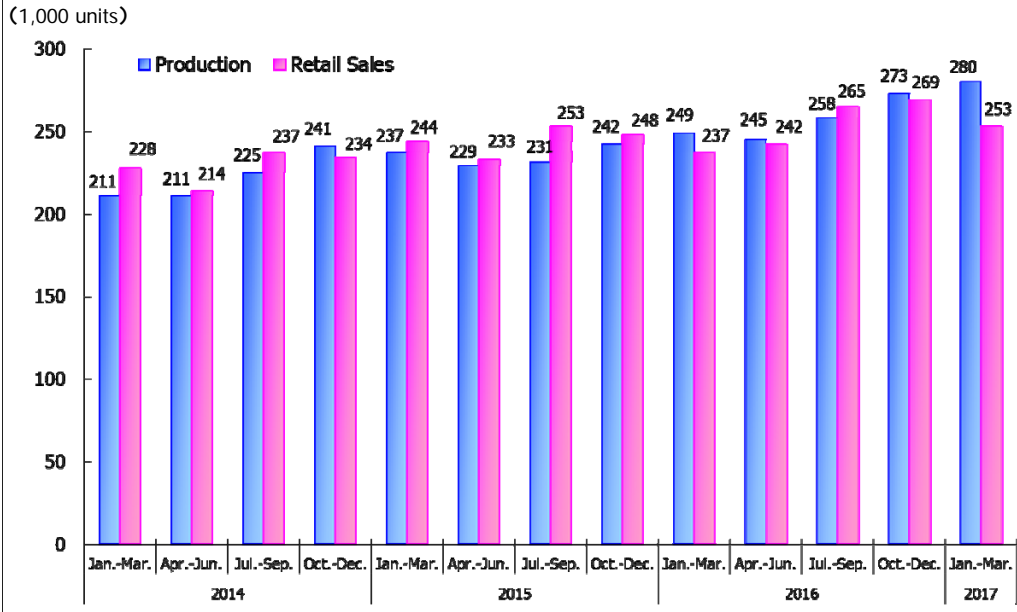
<https://www.subaru.co.jp/en/ir/>

Consolidate Unit Sales & Operating Income Margin



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

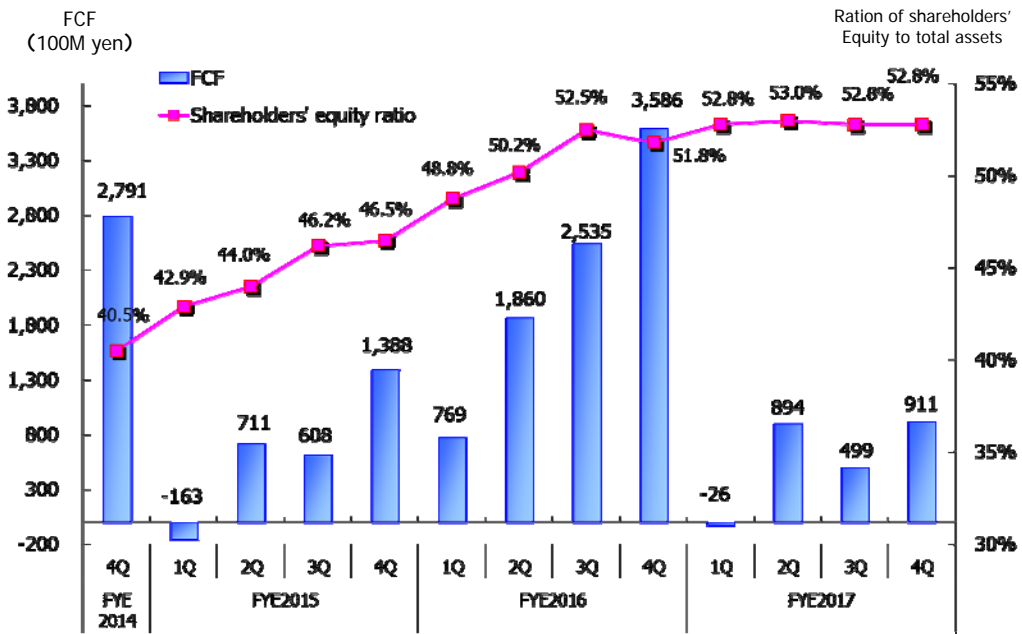
Complete Cars Production / Retail Sales Units



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

※ Production figures include Toyota 86

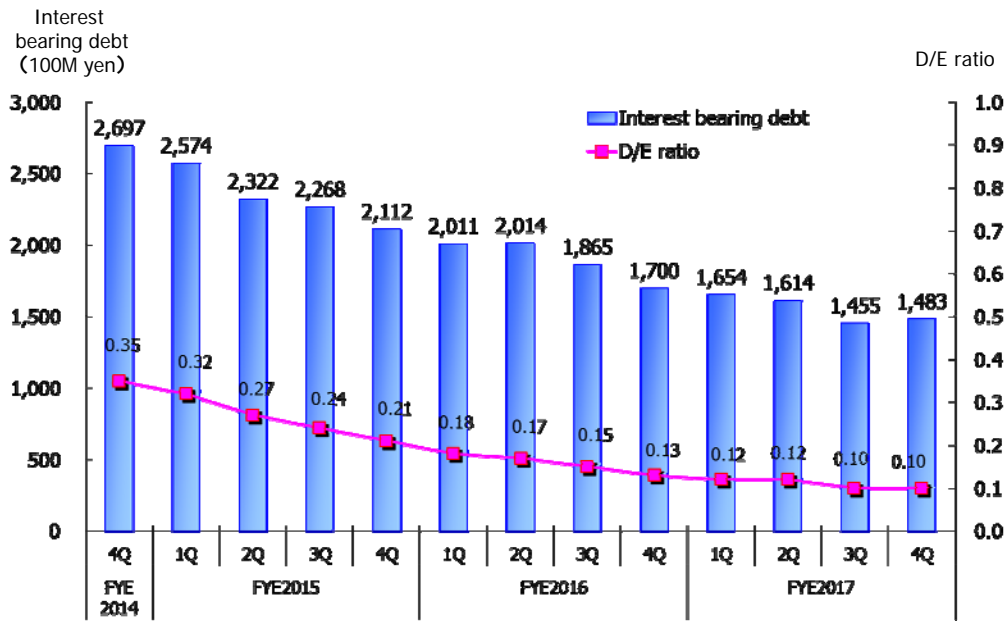
Free Cash Flows & Ratio of Shareholders' Equity to Total Assets



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

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Interest Bearing Debt & D/E Ratio



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

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



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