

# Consolidated Financial Results

## For the First Quarter of the Fiscal Year Ending March 31, 2019 (Japan GAAP)



August 6, 2018

Company Name : **SUBARU CORPORATION.** (Tokyo Stock Exchange First Section, Code No.7270)  
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 Scheduled date of submitting Quarterly Report : August 10, 2018  
 Scheduled date for dividend payment : —  
 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 First Quarter of FYE 2019 (April 1, 2018 to June 30, 2018)

#### (1) Consolidated Results of Operations (for three-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
1st Quarter of FYE 2019	709,227 (12.9)%	57,576 (51.8)%	60,097 (49.6)%	45,463 (44.8)%
1st Quarter of FYE 2018	814,010 5.8%	119,344 17.5%	119,273 0.4%	82,326 4.4%

Note: Comprehensive income 1st Quarter of FYE 2019: 58,838 million yen (Minus 31.1%) 1st Quarter of FYE 2018: 85,354 million yen (85.1%)

	Net income per share, basic (Yen)	Net income per share, diluted (Yen)
1st Quarter of FYE 2019	59.30	—
1st Quarter of FYE 2018	107.38	—

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

	Total assets	Net assets	Shareholders' equity to total assets (%)
1st Quarter of FYE 2019	2,860,625	1,564,629	54.4%
FYE 2018	2,866,474	1,561,023	54.2%

Reference: Shareholders' equity As of June 30, 2018: 1,557,251 million yen As of March 31, 2018: 1,552,844 million yen

### 2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FYE 2018	—	72.00	—	72.00	144.00
FYE 2019	—				
FYE 2019 (Forecast)		72.00	—	72.00	144.00

Note: Revision of the forecasts in the first quarter of the fiscal year ending March 31, 2019: No

### 3. Projection of Consolidated Results for FYE 2019 (April 1, 2018 to March 31, 2019)

(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)
1st half	1,463,100 (9.0)%	110,000 (48.1)%	111,700 (47.5)%	79,100 (6.9)%	103.17
Full year	3,250,000 0.5%	300,000 (20.9)%	305,000 (19.7)%	220,000 (0.2)%	286.94

Note: Revision of the forecasts at the timing of announcement of the results of first quarter of the fiscal year ending March 31, 2019: No

#### 4. Others

(1) Changes of significant subsidiaries in the first quarter of FYE 2019 : No

(2) Application of specific accounting for preparing the quarterly consolidated financial statements : Yes

Note: The details please refer to "Quarterly Consolidated Financial Statements (4) Note to Quarterly Consolidated Financial Statements (Application of Specific Accounting for Preparing the Quarterly Consolidated Financial Statements)" on page 7.

(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 : No

[2] Changes due to other reasons : Yes

[3] Changes of estimation due to accounting issues : Yes

[4] Restatements : No

Note: The details please refer to "Quarterly Consolidated Financial Statements (4) Note to Quarterly Consolidated Financial Statements (Changes in accounting policies) on page 7.

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares (including treasury stock) As of June 30, 2018: 769,175,873 shares As of March 31, 2018: 769,175,873 shares

[2] Number of treasury stock As of June 30, 2018: 2,456,556 shares As of March 31, 2018: 2,455,039 shares

[3] Average number of shares (for three-month period) 1st Quarter of FYE 2019: 766,719,718 shares 1st Quarter of FYE 2018: 766,685,489 shares

#### \*The status of the implementation of the first 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

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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## Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Unit: Millions of yen)

	FYE 2018 (as of March 31, 2018)	1st Quarter of FYE 2019 (as of June 30, 2018)
<b>ASSETS</b>		
<b>I Current assets</b>		
Cash and deposits	765,397	800,943
Notes and accounts receivable-trade	155,247	138,420
Lease investment assets	17,120	16,527
Short-term investment securities	242,573	140,810
Merchandise and finished goods	202,435	216,913
Work in process	52,307	67,540
Raw materials and supplies	42,448	53,264
Short-term loans receivable	185,364	186,287
Other	107,893	109,210
Allowance for doubtful accounts	(340)	(343)
<b>Total current assets</b>	<b>1,770,444</b>	<b>1,729,571</b>
<b>II Noncurrent assets</b>		
<b>1. Property, plant and equipment</b>		
Buildings and structures, net	207,133	211,511
Machinery, equipment and vehicles, net	169,814	192,541
Land	184,339	183,848
Vehicles and equipment on operating leases, net	18,638	38,350
Construction in progress	55,908	26,672
Other, net	67,276	80,539
<b>Total property, plant and equipment</b>	<b>703,108</b>	<b>733,461</b>
<b>2. Intangible assets</b>		
Other	28,293	27,445
<b>Total intangible assets</b>	<b>28,293</b>	<b>27,445</b>
<b>3. Investments and other assets</b>		
Investment securities	113,465	115,690
Net defined benefit asset	82	424
Deferred tax assets	139,171	137,232
Other	115,273	120,196
Allowance for doubtful accounts	(3,362)	(3,394)
<b>Total investments and other assets</b>	<b>364,629</b>	<b>370,148</b>
<b>Total noncurrent assets</b>	<b>1,096,030</b>	<b>1,131,054</b>
<b>Total assets</b>	<b>2,866,474</b>	<b>2,860,625</b>

(Unit: Millions of yen)

	FYE 2018 (as of March 31, 2018)	1st Quarter of FYE 2019 (as of June 30, 2018)
<b>LIABILITIES</b>		
<b>I Current liabilities</b>		
Notes and accounts payable-trade	320,137	312,401
Electronically recorded obligations-operating	64,863	66,494
Short-term loans payable	22,082	12,196
Current portion of long-term loans payable	42,982	17,313
Income taxes payable	45,372	13,849
Accrued expenses	255,914	232,955
Provision for bonuses	24,131	36,318
Provision for product warranties	34,743	38,318
Provision for loss on construction contracts	160	92
Provision for loss on business liquidation	3,098	2,959
Provision for loss related to airbags	64,711	64,711
Other	172,813	219,995
<b>Total current liabilities</b>	<b>1,051,006</b>	<b>1,017,601</b>
<b>II Noncurrent liabilities</b>		
Long-term loans payable	21,138	27,155
Deferred tax liabilities	2,466	2,605
Provision for product warranties	35,801	36,994
Provision for directors' retirement benefits	447	403
Net defined benefit liability	19,337	21,094
Other	175,256	190,144
<b>Total noncurrent liabilities</b>	<b>254,445</b>	<b>278,395</b>
<b>Total liabilities</b>	<b>1,305,451</b>	<b>1,295,996</b>
<b>NET ASSETS</b>		
<b>I Shareholders' equity</b>		
Capital stock	153,795	153,795
Capital surplus	160,197	160,197
Retained earnings	1,283,539	1,273,770
Treasury stock	(7,054)	(7,054)
<b>Total shareholders' equity</b>	<b>1,590,477</b>	<b>1,580,708</b>
<b>II Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,038	5,896
Foreign currency translation adjustment	(36,193)	(21,473)
Remeasurements of defined benefit plans	(10,136)	(9,604)
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	1,658	1,724
<b>Total accumulated other comprehensive income</b>	<b>(37,633)</b>	<b>(23,457)</b>
Non-controlling interests	8,179	7,378
<b>Total net assets</b>	<b>1,561,023</b>	<b>1,564,629</b>
<b>Total liabilities and net assets</b>	<b>2,866,474</b>	<b>2,860,625</b>

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

(Unit: Millions of yen)

	FYE 2018 (April 1, 2017 to June 30, 2017)	FYE 2019 (April 1, 2018 to June 30, 2018)
I Net sales	814,010	709,227
II Cost of sales	597,078	549,676
Gross profit	216,932	159,551
III Selling, general and administrative expenses	97,588	101,975
<b>Operating income</b>	<b>119,344</b>	<b>57,576</b>
IV Non-operating income		
Interest income	1,161	2,310
Dividends income	365	277
Equity in earnings of affiliates	174	—
Foreign exchange gains	5,685	9,961
Other	190	1,847
Total non-operating income	7,575	14,395
V Non-operating expenses		
Interest expenses	392	224
Share of loss of entities accounted for using equity method	—	59
Loss on valuation of derivatives	6,483	10,674
Other	771	917
Total non-operating expenses	7,646	11,874
<b>Ordinary income</b>	<b>119,273</b>	<b>60,097</b>
VI Extraordinary income		
Gain on sales of noncurrent assets	115	755
Gain on sales of investment securities	92	2,115
Other	14	368
Total extraordinary income	221	3,238
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,219	1,277
Other	57	496
Total extraordinary losses	1,276	1,773
Income before income taxes	118,218	61,562
Total Income taxes	35,726	16,821
Net income	82,492	44,741
Net income (loss) attributable to non-controlling interests	166	(722)
<b>Net income attributable to owners of parent</b>	<b>82,326</b>	<b>45,463</b>

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

(Unit: Millions of yen)

	FYE 2018 (April 1, 2017 to June 30, 2017)	FYE 2019 (April 1, 2018 to June 30, 2018)
Net income	82,492	44,741
Other comprehensive income		
Valuation difference on available-for-sale securities	941	(1,142)
Foreign currency translation adjustment	1,263	14,751
Remeasurements of defined benefit plans	625	532
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	3	66
Share of other comprehensive income (loss) of associates accounted for using equity method	30	(110)
Total other comprehensive income	2,862	14,097
<b>Comprehensive income</b>	<b>85,354</b>	<b>58,838</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	85,125	59,639
Comprehensive income (loss) attributable to non-controlling interests	229	(801)

### (3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FYE 2018 (April 1, 2017 to June 30,2017)	FYE 2019 (April 1, 2018 to June 30,2018)
I Net cash provided by (used in) operating activities		
Income (loss) before income taxes	118,218	61,562
Depreciation and amortization	23,075	24,766
Increase (decrease) in allowance for doubtful accounts	(2)	36
Interest and dividends income	(1,526)	(2,587)
Interest expenses	392	224
Loss (gain) on sales and retirement of non-current assets	1,104	522
Loss (gain) on sales and valuation of investment securities	(51)	(1,961)
Decrease (increase) in operating loans receivable	(2,338)	(247)
Decrease (increase) in notes and accounts receivable-trade	15,933	16,829
Decrease (increase) in inventories	(2,424)	(35,634)
Increase (decrease) in notes and accounts payable-trade	(24,286)	(8,568)
Increase (decrease) in accrued expenses	(9,885)	(26,724)
Other, net	37,041	42,783
Subtotal	155,251	71,001
Interest and dividends income received	1,509	2,386
Interest expenses paid	(479)	(296)
Income taxes paid	(15,221)	(47,076)
<b>Net cash provided by (used in) operating activities</b>	<b>141,060</b>	<b>26,015</b>
II Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	152	4,056
Purchase of short-term investment securities	(52,676)	(27,782)
Proceeds from sales of short-term investment securities	54,254	21,754
Purchase of non-current assets	(34,006)	(31,077)
Proceeds from sales of non-current assets	502	2,629
Purchase of investment securities	(13,337)	(14,553)
Proceeds from sales of investment securities	8,867	14,513
Payments of loans receivable	(32,664)	(29,496)
Collection of loans receivable	30,431	29,893
Other, net	106	14
<b>Net cash provided by (used in) investing activities</b>	<b>(38,371)</b>	<b>(30,049)</b>
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,358	(9,916)
Proceeds from long-term loans payable	3,400	7,900
Repayments of long-term loans payable	(41,780)	(27,553)
Cash dividends paid	(54,011)	(53,695)
Other, net	(381)	(478)
<b>Net cash provided by (used in) financing activities</b>	<b>(88,414)</b>	<b>(83,742)</b>
IV Effect of exchange rate change on cash and cash equivalents	637	16,619
V Net increase (decrease) in cash and cash equivalents	14,912	(71,157)
VI Cash and cash equivalents at beginning of period	728,616	765,591
VII Decrease in cash and cash equivalents resulting from change of scope of consolidation	(534)	—
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	3,690	—
<b>VIII Cash and cash equivalents at end of period</b>	<b>746,684</b>	<b>694,434</b>



#### **(4) Note to Quarterly Consolidated Financial Statements**

##### **(Notes on Premise of Going Concern)**

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

Not Applicable

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

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

Not Applicable

##### **(Changes in Accounting policies)**

(Changes in accounting method for sales)

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

The Group previously recorded sales incentives as selling, general and administrative expenses. From the first quarter of FYE 2019, the group has changed the method to deduct from sales.

In the business environment surrounding the Group, as sales incentives tend to increase constantly, we reexamined the actual circumstances of the transactions. Sales incentives are taken into consideration when the terms of the transactions are decided and are considered as a part of selling price practically. In addition, the Group has improved business management system such as business process and system structure. It is so judged that the method of deducting sales incentives from sales is more appropriate under the circumstances.

The Group applied the changes in the accounting policy retrospectively, and reclassified in the consolidated financial statements of the previous fiscal year to reflect the changes. As a result, net sales and selling, general and administrative expenses in the consolidated statement of income for the first quarter of the previous fiscal year decreased by 40,760 million yen, respectively, compared to the amounts before the retroactive application. There is no effect on operating income, ordinary income and income before income taxes by the changes.

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

(Changes in depreciation method for tangible fixed assets)

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

The Company and its major domestic consolidated subsidiaries changed depreciation method of certain tangible fixed assets from the declining-balance method to the straight-line method from the first quarter of FYE 2019.

In recent years, with the expansion of the product lineup, shorter intervals of full model changes and acceleration of new products to the market, there is a tendency of less fluctuation in the number of units sold after the launch. In addition, it is expected that sharing production facilities among different models makes utilization stable over the useful life in the future. It is so judged that the equalized allocation of depreciation expenses of the tangible fixed assets over the useful life reflects the actual usage of tangible fixed assets.

The effect of these changes on profit and loss for the first quarter of FYE 2019 is immaterial.

##### **(Application of Specific Accounting for Preparing the Quarterly Consolidated Financial Statements)**

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

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".

**(Additional Information)**

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

“Guidance on Accounting Standard for Tax Effect Accounting”(ASBJ Guidance No. 28, revised on February 16, 2018) has been applied from the first quarter of FYE 2019. Deferred tax assets are presented in the “Investment and other assets”, and Deferred tax liabilities are presented in the “Non-current liabilities” on the consolidated balance sheets.

## (Segment Information)

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

FYE 2018 (April 1, 2017 to June 30, 2017)

(Unit: Millions of yen)

	Business segment reported			Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Sub- Total				
Net sales							
(1) Outside customers	771,442	33,942	805,384	8,626	814,010	—	814,010
(2) Inter-segment	763	—	763	5,025	5,788	(5,788)	—
Total sales	772,205	33,942	806,147	13,651	819,798	(5,788)	814,010
Segment income	116,790	1,815	118,605	1,227	119,832	(488)	119,344

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

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

\*3. Segment income is adjusted on operating income of the quarterly consolidated statements of income.

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

(Unit: Millions of yen)

	Business segment reported			Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Sub- Total				
Net sales							
(1) Outside customers	672,949	32,984	705,933	3,294	709,227	—	709,227
(2) Inter-segment	698	798	1,496	5,563	7,059	(7,059)	—
Total sales	673,647	33,782	707,429	8,857	716,286	(7,059)	709,227
Segment income	55,236	1,550	56,786	702	57,488	88	57,576

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

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

\*3. Segment income is adjusted on operating income of the quarterly consolidated statements of income.

### 2. Changes in Segment reported

(Changes in accounting method for sales)

As described in "(Changes in Accounting policies)", changes in accounting method for sales are retrospectively applied. As a result, sales of "automobiles" decreased by 40,760 million yen in the first quarter of FYE 2018.

(Changes in depreciation method for tangible fixed assets)

As described in "(Changes in Accounting policies)", the Company and its major consolidated subsidiaries changed the depreciation method for tangible fixed assets. The effect of the change on the segment income is immaterial.

### (Significant Subsequent Event)

Not Applicable

< Reference for the First Quarter of FYE2019 Consolidated Financial Results >

(Yen in 100 Millions, Units in Thousands)

	FYE2018 * 1st Quarter (2017 4-6) RESULTS		FYE2019 1st Quarter (2018 4-6) RESULTS			FYE2018 * 1st Half (2017 4-9) RESULTS		FYE2019 1st Half (2018 4-9) FORECASTS			FYE2018 * Full Year (*17.4 - '18.3) RESULTS		FYE2019 Full Year (2018.4 - 2019.3) FORECASTS		
		Originally-reported		Change	%		Originally-reported		Change	%		Originally-reported		Change	%
<b>Net sales</b>	8,140	8,548	7,092	(1,048)	(12.9)	16,080	16,863	14,630	(1,450)	(9.0)	32,327	34,052	32,500	173	0.5
Japan	1,603	1,605	1,302	(301)	(18.8)	3,283	3,286	2,670	(613)	(18.7)	6,680	6,686	6,086	(594)	(8.9)
Overseas	6,537	6,943	5,790	(746)	(11.4)	12,797	13,577	11,961	(837)	(6.5)	25,647	27,367	26,415	767	3.0
<b>Operating income</b>	1,193		576	(618)	(51.8)	2,121		1,100	(1,021)	(48.1)	3,794		3,000	(794)	(20.9)
Profit margin (%)	14.7	14.0	8.1			13.2	12.6	7.5			11.7	11.1	9.2		
<b>Ordinary income</b>	1,193		601	(592)	(49.6)	2,127		1,117	(1,010)	(47.5)	3,799		3,050	(749)	(19.7)
Profit margin (%)	14.7	14.0	8.5			13.2	12.6	7.6			11.8	11.2	9.4		
<b>Net income attributable to owners of parent</b>	823		455	(369)	(44.8)	850		791	(59)	(6.9)	2,204		2,200	(4)	(0.2)
Profit margin (%)	10.1	9.6	6.4			5.3	5.0	5.4			6.8	6.5	6.8		
<b>Factors contributing to change in operating income</b>			Deterioration in model mix, etc.	(438)				Deterioration in model mix, etc.	(580)				Decrease in SG&A exp, etc.	49	
Increase in SG&A exp, etc.			(116)		Loss on currency exchange			(248)		Decrease in R&D exp			11		
Loss on currency exchange			(34)		Increase in SG&A exp, etc.			(138)		Loss on currency exchange			(584)		
Increase in R&D exp			(19)		Increase in raw material costs, etc.			(54)		Increase in raw material costs, etc.			(147)		
Increase in raw material costs, etc.			(11)		Increase in R&D exp			(1)		Deterioration in model mix, etc.			(123)		
<b>Exchange rates</b>	JPY/US\$	112/US\$	108/US\$			111/US\$	105/US\$	111/US\$	105/US\$		111/US\$	105/US\$	105/US\$		
	JPY/EUR	122/EUR	131/EUR			125/EUR	130/EUR	130/EUR	130/EUR		130/EUR	130/EUR	130/EUR		
<b>Capital expenditures</b>	220		283			545		650			1,414		1,300		
<b>Depreciation and amortization</b>	202		213			421		465			898		930		
<b>R&amp;D expenses</b>	262		281			609		610			1,211		1,200		
<b>Interest bearing debts</b>	1,107		567			976		600			862		800		
<b>Performance description *</b>			- First decrease in net sales in 7 years					- First decrease in net sales and operating income in 2 years					- Increase in net sales for 7 consecutive years		
- First decrease in all profits in 2 years			- Decrease in ordinary income and net income for 3 consecutive years					- Decrease in all profits for 3 consecutive years							
- Record global unit sales															
<b>Consolidated unit sales</b>	40		29 (12) (28.5)			82		69 (13) (16.3)			163		151 (13) (7.8)		
<b>&lt;Japan&gt;</b>	33		23 (10) (31.2)			67		56 (11) (16.8)			133		123 (10) (7.4)		
Passenger Cars	7		6 (1) (16.4)			15		13 (2) (14.0)			31		28 (3) (9.1)		
Minicars															
<b>Consolidated unit sales</b>	231		209 (22) (9.5)			449		437 (12) (2.6)			903		950 46 5.1		
<b>&lt;Overseas&gt;</b>	189		166 (24) (12.6)			364		345 (19) (5.3)			728		768 41 5.6		
North America	10		8 75.6			21		6 30.2			48		44 (4) (8.2)		
Europe	8		3 (5) (57.8)			14		12 (1) (10.4)			27		30 3 11.3		
China	23		22 (1) (4.6)			50		53 3 5.8			101		107 6 6.4		
Other															
<b>Consolidated unit sales total</b>	271		238 (33) (12.3)			531		506 (25) (4.7)			1,067		1,100 33 3.1		
<b>Production units total</b>	276		241 (34) (12.4)			525		501 (24) (4.5)			1,050		1,056 6 0.6		
Japan	176		155 (22) (12.2)			346		322 (25) (7.1)			701		672 (29) (4.2)		
U.S.	99		87 (13) (12.6)			179		180 1 0.5			349		384 35 10.1		
<b>Net sales by business segment</b>	Automobile	7,714	8,122	6,729	(985)	(12.8)	15,217	16,000				30,623	32,349		
	Aerospace	339		330	(10)	(2.8)	680					1,422			
	Other	86		33	(53)	(61.8)	183					282			
<b>Operating income by business segment</b>	Automobile	1,168		552	(616)	(52.7)	2,053					3,615			
	Aerospace	18		16	(3)	(14.6)	42					123			
	Other	12		7	(5)	(42.8)	24					51			
	Elimination & Corporate	(5)		1	6	(118.0)	3					7			

\* With effect from FYE2019, the Company has changed its accounting policies. In the new method, sales incentives are deducted from net sales, whereas they were previously recognized as SG&A expenses. For comparison purposes, net sales and SG&A expenses of the previous year have been recalculated. The recalculated figures are stated along with the originally-announced figures. There is no impact of the recalculation on the previous-year profit figures. Performance description notes for the current year are stated in comparison with the recalculated figures of the previous year results.

- "Exchange Rates" are the rates used for Subaru Corporation's non-consolidated sales recording.  
- "Consolidated Unit Sales" include retail sales of Japanese consolidated dealers, wholesale sales of overseas consolidated distributors, and deliveries from Subaru Corporation to non-consolidated distributors/dealers.  
- Production in Japan includes production of the 86 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. >



## Subaru Corporation Announces Consolidated Financial Results for the First Quarter of FYE2019

Tokyo, August 6, 2018 – Subaru Corporation today announced its consolidated financial results for the first quarter of fiscal year ending March 31, 2019.

### < Results for April-June 2018: Consolidated Net Sales >

Global sales of Subaru vehicles decreased 12.3% to 238,000 units. Unit sales in Japan decreased 28.5% to 29,000 units, as sales of the Forester declined before the launch of its fully-redesigned version and sales of the Impreza and SUBARU XV declined compared to prior-year sales that were driven by the launch of their fully-redesigned versions. Overseas unit sales fell 9.5% to 209,000 units due to decreased deliveries of the Forester before the launch of its fully-redesigned version, which offset strong sales of the SUBARU XV<sup>\*1</sup> especially in North America. Net sales declined 12.9% to 709.2 billion yen<sup>\*2</sup> due to decreased unit sales and other factors.

With effect from this fiscal year (FYE2019), the Company has changed its accounting policies.<sup>\*2</sup> In the new method, sales incentives are deducted from net sales, whereas they were previously recognized as SG&A expenses.

### < Results for April-June 2018: Consolidated Profit and Loss >

While retail sales in North America, Subaru's largest market, kept strong momentum, operating income declined 51.8% to 57.6 billion yen due to factors such as decreased deliveries of the Forester before the launch of its fully-redesigned version and increased SG&A expenses. Ordinary income decreased 49.6% to 60.1 billion yen. Net income attributable to owners of parent fell 44.8% to 45.5 billion yen.

### < Forecasts for FYE2019 >

Full-year forecasts for FYE2019 remain unchanged from the previous announcement made on May 11, 2018.

#### Forecasts for FYE2019 (Announced on May 11, 2018)

Global sales of Subaru vehicles: 1,100,000 units

Net sales: 3,250 billion yen

Operating income: 300 billion yen

Ordinary income: 305 billion yen

Net income attributable to owners of parent: 220 billion yen

Currency rate assumptions: 105 yen/US\$, 130 yen/euro

\*1: "Crosstrek" in North America

\*2: For comparison purposes, net sales and SG&A expenses of the previous fiscal year (FYE2018) have been recalculated according to the new policies. The recalculated figures of net sales and SG&A expenses for the first quarter of FYE2018 are 814 billion yen and 97.6 billion yen, respectively, a decrease of 40.8 billion yen each from the originally-reported figures (announced on August 3, 2017). There is no impact of the recalculation on profit figures of the previous fiscal year.

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.

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