



SUBARU

Confidence in Motion

The progress of mid-term management plan

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Fuji Heavy Industries Ltd.

Motion-V

~The progress of mid-term management plan~

Five Pillars

1. **“Confidence in Motion”**, defined as a guiding principle for all activities
2. **“Further pursuit of distinctive Subaru experience”**, with a consistent philosophy of “customers come first”
3. **“Accelerating sales expansion”**, with enhanced sales force and production capacity
4. **“Solidified business foundation”**, with an overhaul of cost structures and furthering the alliance with Toyota
5. **“Improvement in Management”**

Further pursuit of distinctive Subaru experience

《Products》 embodying “Enjoyment and Peace of Mind” driving experience

All new products highly praised by customers, making a positive start of sales



Subaru Impreza

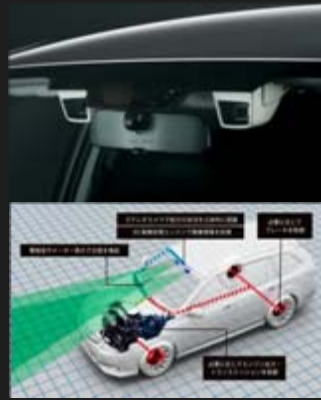
Subaru XV



Subaru BRZ



《Technologies》 embodying “Enjoyment and Peace of Mind” driving experience



“EyeSight” global launch

【Global launch】

◆ from Jan. 2012 in Australia

◆ from this summer in the US

【More available models】

◆ Impreza in Japan market

Subaru’s renowned and internationally highly-praised safety performance

Japan	JNCAP (2012)	Legacy	5 Star (highest rating)
US	IIHS (2012)	Legacy, Outback, Impreza, Forester and Tribeca	Top Safety Pick (highest rating)
Europe	Euro NCAP (2012)	XV	5 Star (highest rating)



Accelerating sales expansion

Consolidated automobile sales

(thousand units)

	Actual results FYE March 2011	<u>Original plan</u> FYE March 2012 (a)	<u>Actual results</u> FYE March 2012 (b)	Increase/Decrease (b)–(a)
Japan	158.1	163.8	172.3	+8.5
U.S.	279.0	274.3	280.4	+6.1
China	62.4	54.9	48.3	▲6.6
Others	157.5	138.8	138.8	0
Total	657.0	631.8	639.9	+8.1

Furthering the alliance with Toyota

- ◆Renewal of Gunma main plant
- ◆Start of production & sales of Subaru BRZ / Toyota 86



Business transfer

- ◆Refuse-collector business
- ◆Wind turbine generator system business

Consolidated Statements of Income

(100 million yen)

	Actual results FYE March 2011	Original plan FYE March 2012 (a)	Actual results FYE March 2012 (b)	Increase/Decrease (b)–(a)
Net sales	15,806	14,800	15,171	+371
Operating income	841	300	440	+140
Ordinary income	822	250	373	+123
Net income	503	350	385	+35
FHI exchange rate	¥86/US\$	¥81/US\$	¥79/US\$	▲¥2/US\$

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~ Future plans ~

Business environment changes

1. Better-than-expected sales growth, centered on North America
2. Delay in establishing local production in China /
Anticipated vehicle supply shortage
3. Stronger yen exchange rate in world markets



Additional measures

1. Establishing value chain and enhancing sales force in key markets
2. Revised scheme of global production system
3. Further steps in an overhaul of cost structures

China

Enhancement of product appeal

- ◆ Introducing products developed for China market
- ◆ Enhancing SUV lineup

Production scheme

- ◆ Difficulty in establishing local production in China during this mid-term period

Sales scheme

- ◆ Priority placed on car export scheme
- ◆ Reinforcing value chain management



U.S.

Enhancement of product appeal

- ◆ Increasing passenger car sales
- ◆ Enhancing SUV lineup

Production scheme

- ◆ Increasing production capacity at SIA
- ◆ Starting consideration of production expansion in North America towards the future

Sales scheme

- ◆ Upward revision of sales target corresponding to positive sales momentum
- ◆ Increasing dealership quality



Consolidated automobile sales plan (FY2013)

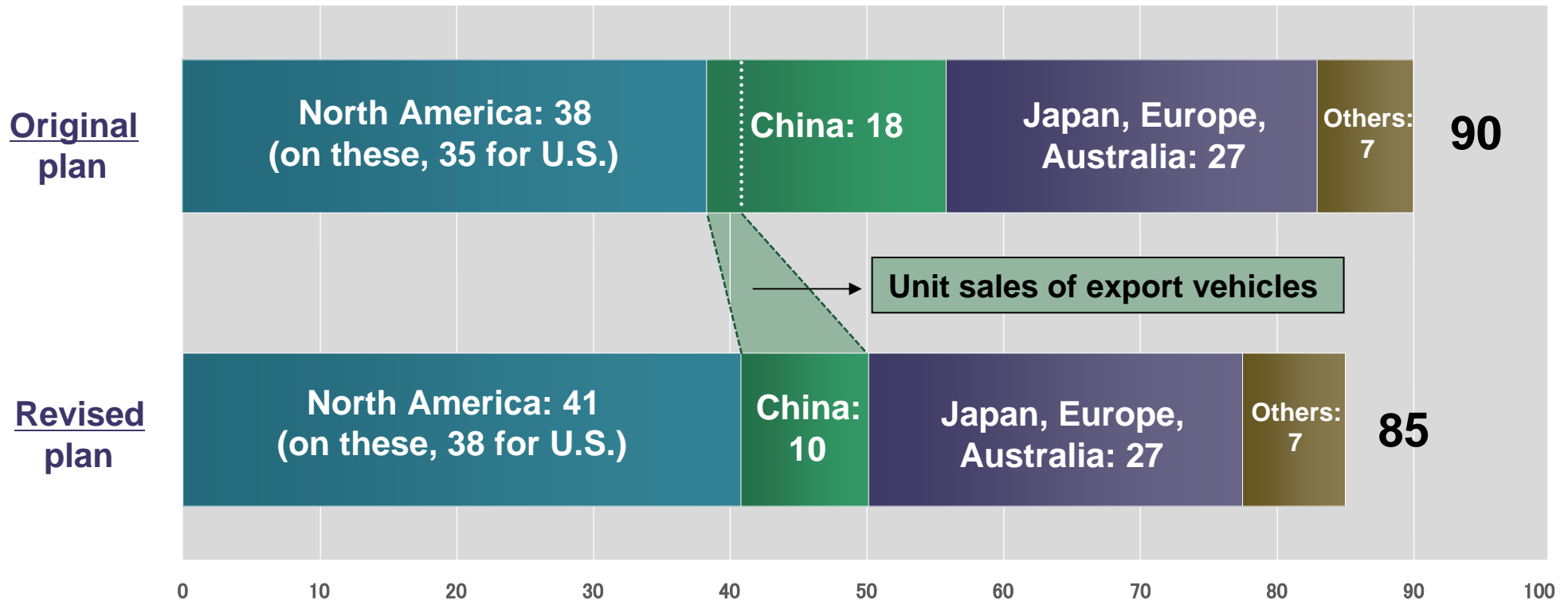
(thousand units)

	<u>Actual results</u> FYE March 2012 (a)	<u>Plan</u> FYE March 2013 (b)	Increase/Decrease (b)–(a)
Japan	172.3	145.4	▲26.9
U.S.	280.4	324.0	+43.7
China	48.3	62.0	+13.7
Others	138.8	189.3	+50.5
Global total	639.9	720.8	+81.0

Revised plan of consolidated automobile sales (FY2016)

Unit sales (Non-consolidated basis, including OEM and CKD):
850 thousands units in FY2016 (revised plan)

(units: 10 thousand / year)



Production capacity increase

- ◆ **Increasing production capacity** corresponding to global production expansion during the plan
 - Gunma Main Plant In Japan (original plan: 150,000 / year → revised plan: 165,000 / year)
 - SIA in the US (original plan: 170,000 / year → revised plan: 200,000 / year)
- ◆ **Commencing studies** toward future production expansion in North America

Production plan (FY2016)

- ◆ “Bridge manufacturing” of Impreza models at Gunma Main Plant will start from August 2012.
- ◆ Local assembly production in Malaysia will start from January 2013.

Production plan (FY2016)	Original plan	Revised plan
Japan	500 thousand units	580 thousand units
Overseas	320 thousand units	210 thousand units
Total	820 thousand units	790 thousand units

Measures

- ◆ Further cost reduction efforts in new vehicle development
- ◆ Additional cost reduction for production models
- ◆ Additional cost reduction for new engines and transmissions



Target: Additional 30 billion-yen cost reduction by FY2016

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~ Business targets ~

Consolidated operating plan (FY2013)

(100 million yen)

	<u>Actual results</u> FYE March 2012 (a)	<u>Plan</u> FYE March 2013 (b)	Increase/Decrease (b)–(a)
Net sales	15,171	18,600	+3,429
Operating income	440	670	+230
Ordinary income	373	630	+257
Net income	385	480	+95
FHI exchange rate	¥79/US\$	¥80/US\$	+¥1/US\$

No change in business targets

Targets for FY2016

Consolidated operating profit

120 billion yen

Consolidated operating margin

6% or more

Newly estimated foreign exchange rate: ¥80/US\$; ¥105/€ (original rates: ¥90/US\$; ¥120/€)

Financial strategy

FHI will implement its balanced financial strategy by affirmative distribution of cash flow for continuous growth which includes: development of new products and eco-friendly technologies; expansion of production capacity; and enhanced sales network in overseas markets, considering carefully the effectiveness of investment, healthy financial condition and return to shareholders.

Return to shareholders

In taking account of financial results, capital expenditure and the business environment of each year, continuous dividend policy is FHI's basic idea. In closely examining the future improvement of ROE (Return of Equity), FHI will consider payout ratio idea linked to its financial performance.

A total annual dividend of ¥9.0 per share is planned for this fiscal year.



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