

Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018
[Japanese GAAP] (Consolidated)
English translation from the original Japanese-language document



January 31, 2018
 Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.
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Scheduled Date of Quarterly Financial Statements Filing: February 5, 2018

Scheduled Date of Dividend Payment Start: -

Supplementary materials for the quarterly financial results: Yes

Investor conference for the quarterly financial results: Yes (For Mass Media and Analysts)

(Amounts are rounded down to the nearest one million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017–December 31, 2017)

(1) Consolidated Financial Results (Cumulative) (% of change from previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q of FY 2018	1,328,045	9.7	61,386	21.5	63,384	20.2	39,257	11.5
3Q of FY 2017	1,210,643	(7.3)	50,522	(37.9)	52,723	(33.0)	35,213	(37.0)

(Note) Comprehensive income: 3Q of FY 2018: ¥ 58,357 million (45.6%) 3Q of FY 2017: ¥ 40,069 million (-22.3%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
3Q of FY 2018	68.43		68.41	
3Q of FY 2017	61.40		61.37	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
3Q of FY 2018	1,248,567		552,087		40.2	
FY 2017	1,192,385		512,913		39.0	

(Reference) Equity capital: 3Q of FY 2018: ¥502,187million FY 2017: ¥465,289 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2017	—	11.00	—	15.00	26.00
FY 2018	—	13.00	—		
FY 2018 (forecast)				13.00	26.00

(Note) Changes from the latest dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(% of change from FY2017.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2018	1,770,000	5.1	78,000	9.6	80,000	11.0	52,000	5.2	90.63

(Note) Changes from the latest financial forecast: Yes

*Notes

(1) Changes in significant subsidiaries (changes of specified subsidiaries resulting in changes in scope of consolidation) during the current term: None

(2) Application of the accounting procedures for producing quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements:

1) Changes in accounting policies due to revisions of accounting standards: None

2) Changes in accounting policies due to reasons other than above 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	3Q of FY 2018	574,580,850 shares	FY 2017	574,580,850 shares
2) Number of treasury stock at end of term	3Q of FY 2018	841,406 shares	FY 2017	903,739 shares
3) Average number of shares (quarterly consolidated cumulative period)	3Q of FY 2018	573,724,126 shares	3Q of FY 2017	573,471,436 shares

*Summary of financial results is out of scope of audit.

*Statement regarding the proper use of financial forecasts and other remarks

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable, and the Company gives no guarantees that it will achieve these results. In addition, actual financial results may significantly vary due to various factors.

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1. Qualitative Information Regarding the Financial Performance for the Current Quarter

(1) Information on Consolidated Operating Results

As for the Japanese domestic truck market during the current third quarter (nine months), the total demand for heavy- and medium-duty trucks decreased to 66.1 thousand units by 2.9 thousand units (-4.2%) compared to the same quarter in the previous year. On the other hand, total demand for light-duty truck increased to 75.2 thousand units by 0.7 thousand units (0.9%) compared to the same quarter in the previous year. In sum, the total demand for heavy-, medium-, and light-duty trucks slightly decreased from the same quarter in the previous year.

As for Japanese domestic sales, as a result of sales activities implemented in a concerted effort in our consolidated group, the total sales volume of heavy-, medium-, and light-duty trucks and buses increased to 48.0 thousand units by 1.3 thousand units (2.8%) compared to the same quarter in the previous year.

As for overseas sales, the favorable sales in Asia and North America, etc. continued. As a result, sales volume of overseas trucks and buses increased to 86.7 thousand units by 9.8 thousand units (12.7%) compared to the same quarter in the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses increased to 134.6 thousand units by 11.1 thousand units (9.0%) compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, mainly because the sales of SUV increased, total sales volume increased to 110.8 thousand units by 2.8 thousand units (2.6%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current third quarter were ¥1,328,045 million, which is an increase of ¥117,402 million (9.7%) as compared to the same quarter in the previous year. As for profit and loss, due mainly to an increase in the domestic and overseas unit sales, operating income was ¥61,386 million which is an increase of ¥10,864 million (21.5%) compared to the same quarter in the previous year, ordinary income was ¥63,384 million which is an increase of ¥10,660 million (20.2%) compared to the same quarter in the previous year, and profit attributable to owners of parent was ¥39,257 million which is an increase of ¥4,044 million (11.5%) compared to the same quarter in the previous year.

(2) Information on Consolidated Financial Position

Total assets at the end of the third quarter increased by ¥56,182 million to ¥1,248,567 million compared to the end of the previous fiscal year. This is mainly because inventories increased by ¥41,852 million and investment securities increased by ¥16,823 million as share prices rose.

Liabilities increased by ¥17,008 million to ¥696,479 million compared to the end of the previous fiscal year. This is mainly because interest-bearing debt increased by ¥15,103 million.

Net assets increased by ¥39,174 million to ¥552,087 million compared to the end of the previous fiscal year. This is mainly because profit attributable to owners of parent of ¥39,257 million was recorded.

(3) Information on Forecasts of Consolidated Financial Results

As for the truck and bus market in Japan, it is expected to remain strong. As for the overseas truck and bus markets, a favorable business environment is expected to continue particularly in Indonesia, which is the key market for our company.

Then, the full-year earnings forecast has been revised as follows, while considering the yen depreciation during the current third quarter.

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥1,770,000 million
Operating income	¥78,000 million
Japan unit sales of trucks and buses	67.0 thousand units
Overseas unit sales of trucks and buses.....	118.0 thousand units
Unit sales of Toyota brand vehicles.....	146.8 thousand units

* The above forecasts are created based on the information available to the company and on certain assumptions deemed reasonable, and are not guaranteed to be achieved.

2. Quarterly Consolidated Financial Statements and Major Notes**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	FY 2017 (As of March 31, 2017)	Third Quarter of FY 2018 (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	32,145	47,464
Notes and accounts receivable - trade	315,221	295,694
Merchandise and finished goods	136,841	171,956
Work in process	32,454	33,931
Raw materials and supplies	34,302	39,563
Other	70,523	77,974
Allowance for doubtful accounts	(3,433)	(3,498)
Total current assets	618,056	663,086
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	143,964	143,849
Machinery, equipment and vehicles, net	117,933	109,093
Land	115,122	118,240
Other	48,055	50,569
Total property, plant and equipment	425,076	421,752
Intangible assets	21,210	19,086
Investments and other assets		
Investment securities	111,230	128,053
Other	19,578	19,594
Allowance for doubtful accounts	(2,766)	(3,005)
Total investments and other assets	128,042	144,642
Total non-current assets	574,328	585,480
Total assets	1,192,385	1,248,567
Liabilities		
Current liabilities		
Notes and accounts payable - trade	265,306	272,317
Short-term loans payable	85,468	159,127
Commercial papers	59,000	—
Current portion of long-term loans payable	11,204	17,729
Income taxes payable	6,725	9,244
Provision for product warranties	34,278	38,563
Other provision	6,845	3,053
Other	92,308	79,244
Total current liabilities	561,136	579,279
Non-current liabilities		
Long-term loans payable	18,063	11,982
Net defined benefit liability	58,183	58,469
Other provision	1,928	1,918
Other	40,160	44,830
Total non-current liabilities	118,335	117,200
Total liabilities	679,471	696,479

(Millions of yen)

	FY 2017 (As of March 31, 2017)	Third Quarter of FY 2018 (As of December 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	66,129	66,208
Retained earnings	302,781	325,894
Treasury shares	(330)	(307)
Total shareholders' equity	441,297	464,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,774	51,736
Deferred gains or losses on hedges	(13)	(103)
Revaluation reserve for land	2,318	2,318
Foreign currency translation adjustment	(7,232)	(5,276)
Remeasurements of defined benefit plans	(11,855)	(11,000)
Total accumulated other comprehensive income	23,992	37,674
Subscription rights to shares	53	43
Non-controlling interests	47,570	49,856
Total net assets	512,913	552,087
Total liabilities and net assets	1,192,385	1,248,567

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

[Quarterly Consolidated Statements of Income]

[Consolidated Third Quarter of FY 2018 and FY 2017 (Cumulative)]

(Millions of yen)

	Third Quarter of FY 2017 (From April 1, 2016 to December 31, 2016)	Third Quarter of FY 2018 (From April 1, 2017 to December 31, 2017)
Net sales	1,210,643	1,328,045
Cost of sales	1,014,847	1,111,596
Gross profit	195,795	216,449
Selling, general and administrative expenses		
Salary and allowances	36,185	37,747
Provision for bonuses	1,410	1,459
Retirement benefit expenses	2,412	2,392
Other	105,264	113,463
Total selling, general and administrative expenses	145,273	155,062
Operating income	50,522	61,386
Non-operating income		
Interest income	871	1,135
Dividend income	2,715	2,241
Foreign exchange gains	244	130
Share of profit of entities accounted for using equity method	1,421	1,180
Miscellaneous income	1,988	2,490
Total non-operating income	7,240	7,179
Non-operating expenses		
Interest expenses	3,565	3,602
Miscellaneous expenses	1,473	1,578
Total non-operating expenses	5,039	5,181
Ordinary income	52,723	63,384
Extraordinary income		
Gain on sales of non-current assets	93	101
Gain on sales of investment securities	806	2,955
Other	36	7
Total extraordinary income	936	3,064
Extraordinary losses		
Loss on sales and retirement of non-current assets	218	367
Special costs of quality-related measures	—	1,510
Other	380	148
Total extraordinary losses	599	2,026
Profit before income taxes	53,060	64,422
Income taxes—current	13,963	20,231
Income taxes—deferred	(851)	(21)
Total income taxes	13,111	20,209
Profit	39,948	44,212
Profit attributable to non-controlling interests	4,735	4,954
Profit attributable to owners of parent	35,213	39,257

[Quarterly Consolidated Statements of Comprehensive Income]

[Consolidated Third Quarter of FY 2018 and FY 2017 (Cumulative)]

(Millions of yen)

	Third Quarter of FY 2017 (From April 1, 2016 to December 31, 2016)	Third Quarter of FY 2018 (From April 1, 2017 to December 31, 2017)
Profit	39,948	44,212
Other comprehensive income		
Valuation difference on available-for-sale securities	4,306	8,443
Deferred gains or losses on hedges	(250)	(213)
Foreign currency translation adjustment	(2,682)	2,338
Remeasurements of defined benefit plans	869	796
Share of other comprehensive income of entities accounted for using equity method	(2,121)	2,779
Total other comprehensive income	120	14,145
Comprehensive income	40,069	58,357
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	36,886	52,939
Comprehensive income attributable to non-controlling interests	3,182	5,417

(3) Notes to Consolidated Financial Statements

Notes on Going Concern Assumption

None.

Notes on Significant Changes in the Amount of Shareholders' Equity

None.

3. Supplementary Information**(1) Actual Production (Consolidated)**

Category	3Q of FY 2017 (From April 1, 2016 to December 31, 2016)	3Q of FY 2018 (From April 1, 2017 to December 31, 2017)	Change
Trucks and buses	127,196 units	138,864 units	11,668 units
Toyota brand vehicles	108,135 units	110,981 units	2,846 units

(2) Actual Sales (Consolidated)

Category	3Q of FY 2017 (From April 1, 2016 to December 31, 2016)		3Q of FY 2018 (From April 1, 2017 to December 31, 2017)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	46,637	337,028	47,957	346,959	1,320	9,930
Overseas	76,919	302,846	86,679	368,835	9,760	65,989
Supplies and parts for overseas production	—	864	—	1,122	—	258
Total trucks and buses	123,556	640,738	134,636	716,916	11,080	76,178
Total Toyota brand vehicles	107,980	238,517	110,791	247,586	2,811	9,069
Japan	—	45,789	—	46,753	—	963
Overseas	—	34,056	—	39,920	—	5,864
Total service parts	—	79,845	—	86,674	—	6,828
Japan	—	124,631	—	133,065	—	8,433
Overseas	—	10,360	—	16,247	—	5,886
Toyota	—	116,548	—	127,555	—	11,006
Total others	—	251,541	—	276,868	—	25,326
Total net sales	—	1,210,643	—	1,328,045	—	117,402

(Note) Amounts are rounded down to the nearest one million yen.