

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2014 [Japanese GAAP] (Consolidated)



October 29, 2013

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.

Code Number: 7205 URL: <http://www.hino.co.jp/>

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Scheduled Date of Quarterly Financial Statements Filing: November 1, 2013

Scheduled Date of Dividend Payment Start: November 26, 2013

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 Second Quarter of the Fiscal Year Ending March 31, 2014 (April 1, 2013–September 30, 2013)

(1) Consolidated Financial Results (Cumulative)

(% of change from previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2 Q of FY 2014	835,370	12.1	60,486	103.5	57,473	104.6	39,572	113.4
2 Q of FY 2013	745,413	29.5	29,723	99.3	28,086	126.7	18,548	—

(Note) Comprehensive income: 2 Q of FY 2014: ¥ 48,375 million (282.2%) 2 Q of FY 2013: ¥ 12,656 million (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
2 Q of FY 2014	69.20		69.02	
2 Q of FY 2013	32.51		32.49	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
2 Q of FY 2014	922,000		335,580		32.6	
FY 2013	903,427		298,932		29.3	

(Reference) Equity capital: 2 Q of FY 2014: ¥300,616 million FY 2013: ¥264,746 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2013	—	8.00	—	15.00	23.00
FY 2014	—	18.00			
FY 2014 (forecast)			—	18.00	36.00

(Note) Changes from the latest dividend forecast: Yes

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(% of change from FY2013.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2014	1,680,000	9.0	100,000	53.6	96,000	43.4	72,000	51.0	125.85

(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 principles, accounting estimates and restatements:

- 1) Changes associated with revisions of accounting standards: None
- 2) Changes other than those included in 1): None
- 3) Changes of estimation due to accounting issue: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	2 Q of FY 2014	574,580,850 shares	FY2013	574,580,850 shares
2) Number of treasury stock at end of term	2 Q of FY 2014	2,486,335 shares	FY 2013	3,134,717 shares
3) Average number of shares (quarterly consolidated cumulative period)	2 Q of FY 2014	571,860,884 shares	2 Q of FY 2013	570,476,349 shares

* Information regarding implementation of quarterly review procedures

- The review procedures of the Financial Instruments and Exchange Act do not apply to this financial notice, and at the time of release it is being reviewed using procedures for quarterly consolidated financial statements.

*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.

(Reference) Forecast of Non-consolidated Financial Results

Forecast of Non-consolidated Financial Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(% of change from FY2013.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2014	1,180,000	5.3	62,000	100.5	71,500	77.5	61,000	51.9	106.60

(Note) Changes from the latest financial forecast: Yes

Appendix

Table of contents of the appendix

1. Qualitative Information Regarding the Financial Performance for the Current Quarter	P2
(1) Qualitative Information on Consolidated Operating Results	P2
(2) Qualitative Information on Consolidated Financial Position	P2
(3) Qualitative Information on Forecasts of Consolidated Financial Results	P2
2. Summary Information (Notes).....	P3
3. Quarterly Consolidated Financial Statements.....	P4
(1) Quarterly Consolidated Balance Sheets	P4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	
Quarterly Consolidated Statements of Income	
Consolidated Second Quarter of FY 2014 and FY 2013 (Cumulative)	P6
Quarterly Consolidated Statements of Comprehensive Income	
Consolidated Second Quarter of FY 2014 and FY 2013 (Cumulative)	P7
(3) Notes on Going Concern Assumption.....	P8
(4) Notes on Significant Changes in the Amount of Shareholders' Equity.....	P8
4. Supplementary Information	P8
(1) Actual Production (Consolidated)	P8
(2) Actual Sales (Consolidated)	P8

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

(1) Qualitative Information on Consolidated Operating Results

As for the Japanese domestic heavy- and medium-duty trucks market during the current second quarter (six months), the total demand increased to 33.6 thousand units by 1.7 thousand units (5.3%) compared to the same quarter in the previous year, driven by continuing reconstruction demand. As for the light-duty truck market, total demand increased to 40.4 thousand units by 3.5 thousand units (9.5%) compared to the same quarter in the previous year.

As for Japanese domestic sales, we actively conducted the sales promotion. Consequently, the total sales volume of trucks and buses increased to 22.1 thousand units by 1.9 thousand units (9.2%) compared to the same quarter in the previous year.

As for overseas sales, sales in Asia such as Thailand were doing well. Consequently, sales volume increased to 57 thousand units by 0.4 thousand units (0.8%) 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 79.1 thousand units by 2.3 thousand units (3.0%) compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, mainly the sales of “Land Cruiser Prado” increased, and consequently total sales volume increased to 92.5 thousand units by 6.8 thousand units (7.9%) compared to the same quarter in the previous year.

As a result of the above, net sales were ¥835,370 million, which is an increase of ¥89,957 million (12.1%) as compared to the same quarter in the previous year. As for profit and loss, affected by increase in net sales and depreciation of yen, operating income was ¥60,486 million (an increase of ¥30,762 million compared to the same quarter in the previous year), ordinary income was ¥57,473 million (an increase of ¥29,387 million compared to the same quarter in the previous year), and quarterly net income was ¥39,572 million (an increase of ¥21,024 million compared to the same quarter in the previous year).

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the second quarter increased by ¥18,572 million to ¥922,000 million compared to the end of the previous fiscal year. This is mainly because of increase in inventories by ¥13,360 million and increase in investment securities due to the rise in stock price by ¥10,783 million.

Liabilities decreased by ¥18,075 million to ¥586,420 million compared to the end of the previous fiscal year. This is mainly because interest-bearing debt decreased by 34,637 million, despite trade notes and accounts payable increased by ¥6,714 million and income taxes payable increased by 8,279 million.

Net assets increased by ¥36,647 million to ¥335,580 million compared to the end of the previous fiscal year. This is mainly because net income of ¥39,572 million was recorded.

(3) Qualitative Information on Forecasts of Consolidated Financial Results

As for the overseas market, although the steady demand can be expected in medium term in the newly emerging countries in Asia such as Thailand, we are currently experiencing temporary lull of the economy. There is also a need to continuously pay attention to the impact of slumping economy in Europe and economic slowdown in China. As for the domestic market, it is expected that the sales will steadily improve as a result of reconstruction demand and economic recovery. As for the profit, we will be aiming at expanding our sales in emerging markets such as in Asia, while promoting activities to improve profitability and reducing the cost, in order to increase the profit.

The earnings forecast for the current term have been revised as follows.

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥1,680,000 million
Operating income	¥100,000 million
Japan unit sales of trucks and buses	46.9 thousand units
Overseas unit sales of trucks and buses.....	123.2 thousand units
Unit sales of Toyota brand vehicles.....	182.8 thousand units

2. Summary Information (Notes)

There are no applicable items.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2013 (As of March 31, 2013)	Second Quarter of FY 2014 (As of September 30, 2013)
Assets		
Current assets		
Cash and deposits	27,143	24,850
Trade notes and accounts receivable	274,680	267,037
Merchandise and finished goods	85,627	103,786
Work in progress	23,897	24,427
Raw materials and supplies	38,011	32,682
Others	46,324	56,670
Allowance for doubtful accounts	(3,503)	(4,234)
Total current assets	492,180	505,220
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	90,323	89,622
Machinery and transportation equipment (net)	78,342	77,214
Land	96,540	96,331
Others (net)	35,645	32,533
Total tangible fixed assets	300,852	295,702
Intangible fixed assets	16,488	15,746
Investments and other assets		
Investment securities	86,489	97,273
Others	11,600	11,755
Allowance for doubtful accounts	(4,184)	(3,697)
Total investments and other assets	93,906	105,330
Total fixed assets	411,246	416,780
Total assets	903,427	922,000
Liabilities		
Current liabilities		
Trade notes and accounts payable	229,887	236,602
Short-term loans payable	121,772	95,974
Current portion of long-term loans payable	21,254	17,262
Income taxes payable	7,473	15,752
Warranty allowance	25,161	30,647
Other allowance	5,145	4,555
Others	70,828	63,776
Total current liabilities	481,523	464,570
Long-term liabilities		
Long-term loans payable	24,354	19,508
Provision for retirement benefits	53,060	53,193
Other allowance	1,689	1,498
Others	43,867	47,650
Total long-term liabilities	122,972	121,849
Total liabilities	604,495	586,420

(Millions of yen)

	FY 2013 (As of March 31, 2013)	Second Quarter of FY 2014 (As of September 30, 2013)
Net assets		
Shareholders' equity		
Common stock	72,717	72,717
Additional paid-in capital	64,557	64,720
Retained earnings	106,786	137,785
Treasury stock	(1,118)	(910)
Total shareholders' equity	242,943	274,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,755	32,333
Deferred gains or losses on hedges	(158)	98
Revaluation reserve for land	1,927	1,927
Foreign currency translation adjustment	(5,721)	(8,055)
Total accumulated other comprehensive income	21,802	26,303
Subscription rights to shares	342	279
Minority interests	33,843	34,684
Total net assets	298,932	335,580
Total liabilities and net assets	903,427	922,000

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

[Quarterly Consolidated Statements of Income]

[Consolidated Second Quarter of FY 2014 and FY 2013 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2013 (From April 1, 2012 to September 30, 2012)	Second Quarter of FY 2014 (From April 1, 2013 to September 30, 2013)
Net sales	745,413	835,370
Cost of sales	640,293	687,112
Gross profit on sales	105,119	148,257
Selling, general and administrative expenses		
Salary and benefits	17,692	18,953
Provision for bonuses	2,030	2,178
Provision for retirement benefits	1,458	1,427
Others	54,214	65,211
Total selling, general and administrative expenses	75,396	87,771
Operating income	29,723	60,486
Non-operating income		
Interest income	413	557
Dividends income	1,300	1,662
Miscellaneous income	1,699	1,170
Total non-operating income	3,412	3,391
Non-operating expenses		
Interest expenses	1,617	2,365
Loss on foreign exchange	2,276	3,432
Equity in losses of affiliates	557	71
Miscellaneous expenses	597	533
Total non-operating expenses	5,049	6,403
Ordinary income	28,086	57,473
Extraordinary income		
Gain on sales of fixed assets	20	35
Gain on sales of investment securities	766	43
Gain on negative goodwill	—	1,209
Others	24	13
Total extraordinary income	811	1,301
Extraordinary losses		
Loss on sales or disposal of fixes assets	190	422
Impairment loss	634	21
Others	468	32
Total extraordinary losses	1,293	476
Income before income taxes and minority interests	27,604	58,298
Income taxes—current	6,480	16,638
Income taxes—deferred	3	(2,534)
Total income taxes	6,484	14,104
Income before minority interests	21,120	44,194
Minority interests income	2,572	4,621
Net income	18,548	39,572

[Quarterly Consolidated Statements of Comprehensive Income]

[Consolidated Second Quarter of FY 2014 and FY 2013 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2013 (From April 1, 2012 to September 30, 2012)	Second Quarter of FY 2014 (From April 1, 2013 to September 30, 2013)
Income before minority interests	21,120	44,194
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,908)	5,867
Deferred gains or losses on hedges	224	256
Foreign currency translation adjustment	(3,827)	(3,305)
Share of other comprehensive income of associates accounted for using equity method	48	1,364
Total other comprehensive income	(8,463)	4,181
Quarterly comprehensive income	12,656	48,375
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	11,136	44,073
Comprehensive income attributable to minority interests	1,519	4,302

(3) Notes on Going Concern Assumption

None.

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

None.

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

Category	2 Q of FY 2013 (From April 1, 2012 to September 30, 2012)	2 Q of FY 2014 (From April 1, 2013 to September 30, 2013)	Change
Trucks and buses	78,531 units	82,972 units	4,441 units
Toyota brand vehicles	85,728 units	92,559 units	6,831 units

(2) Actual Sales (Consolidated)

Category	2 Q of FY 2013 (From April 1, 2012 to September 30, 2012)		2 Q of FY 2014 (From April 1, 2013 to September 30, 2013)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	20,261	144,285	22,133	157,477	1,872	13,192
Overseas	56,567	210,425	57,011	244,227	444	33,801
Supplies and parts for overseas production	—	2,644	—	1,342	—	(1,301)
Total trucks and buses	76,828	357,355	79,144	403,048	2,316	45,692
Total Toyota brand vehicles	85,739	182,505	92,492	203,541	6,753	21,035
Japan	—	24,971	—	26,218	—	1,247
Overseas	—	15,117	—	19,543	—	4,426
Total service parts	—	40,088	—	45,762	—	5,674
Japan	—	71,334	—	73,125	—	1,791
Overseas	—	14,339	—	15,923	—	1,584
Toyota	—	79,789	—	93,968	—	14,179
Total others	—	165,463	—	183,018	—	17,554
Total net sales	—	745,413	—	835,370	—	89,957

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