

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2016
[Japanese GAAP] (Consolidated)
English translation from the original Japanese-language document



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 Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.
 Code Number: 7205 URL: <http://www.hino.co.jp/>
 Representative: Yasuhiko Ichihashi, President
 Contact Point: Masamichi Mizukoshi, General Manager, Corporate Planning Div.
 Phone: (042) 586-5494

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 Scheduled Date of Dividend Payment Start: November 26, 2015
 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, 2016 (April 1, 2015–September 30, 2015)

(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	%
2 Q of FY 2016	858,298	8.4	54,177	9.8	51,964	2.1	37,208	13.7
2 Q of FY 2015	791,567	(5.2)	49,343	(18.4)	50,900	(11.4)	32,717	(17.3)

(Note) Comprehensive income: 2 Q of FY 2016: ¥ 26,250 million (-38.7%) 2 Q of FY 2015: ¥ 42,820 million (-11.5%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
2 Q of FY 2016	64.91		64.85	
2 Q of FY 2015	57.13		57.04	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
2 Q of FY 2016	1,094,621		478,339		39.5	
FY 2015	1,124,196		465,370		37.3	

(Reference) Equity capital: 2 Q of FY 2016: ¥432,234 million FY 2015: ¥418,782 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2015	—	18.00	—	22.00	40.00
FY 2016	—	20.00	—	—	—
FY 2016 (forecast)	—	—	—	20.00	40.00

(Note) Changes from the latest dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(% of change from FY2015.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2016	1,740,000	3.2	110,000	4.2	109,000	4.2	74,000	(0.7)	129.10

(Note) Changes from the latest financial forecast: None

*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	2 Q of FY 2016	574,580,850 shares	FY 2015	574,580,850 shares
2) Number of treasury stock at end of term	2 Q of FY 2016	1,362,509 shares	FY 2015	1,400,435 shares
3) Average number of shares (quarterly consolidated cumulative period)	2 Q of FY 2016	573,212,495 shares	2 Q of FY 2015	572,716,644 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.

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

(1) Qualitative Information on Consolidated Operating Results

As for the Japanese domestic truck market during the current second quarter (six months), the performance remained healthy due to economic recovery. In addition, there was the negative rebound from the rush demand before the consumption tax hike around the first quarter of the previous fiscal year. For these reasons, the total demand for heavy- and medium-duty trucks increased to 42.3 thousand units by 3.0 thousand units (7.6%) compared to the same quarter in the previous year. Total demand for light-duty truck increased to 46.7 thousand units by 2.6 thousand units (5.8%) compared to 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 trucks and buses increased to 29.0 thousand units by 2.9 thousand units (11.3%) compared to the same quarter in the previous year.

As for overseas sales, the Indonesian market remained sluggish, but sales grew in North, Central, and South Americas, etc., and sales volume increased to 53.2 thousand units by 3.5 thousand units (7.0%) 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 82.3 thousand units by 6.4 thousand units (8.5%) compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, mainly because the sales of loading vehicles decreased, total sales volume decreased to 77.3 thousand units by 9.9 thousand units (-11.3%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current second quarter were ¥858,298 million, which is an increase of ¥66,731 million (8.4%) as compared to the same quarter in the previous year. As for profit and loss, affected by an increase in domestic sales of vehicles and the weakening of the yen from the same quarter in the previous year, operating income was ¥54,177 million which is an increase of ¥4,834 million (9.8%) compared to the same quarter in the previous year, ordinary income was ¥51,964 million which is an increase of ¥1,064 million (2.1%) compared to the same quarter in the previous year, and profit attributable to owners of parent was ¥37,208 million which is an increase of ¥4,491 million (13.7%) 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 decreased by ¥29,575 million to ¥1,094,621 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade decreased by ¥13,937 million and investment securities decreased by ¥9,939 million due to the drop in share prices.

Liabilities decreased by ¥42,543 million to ¥616,282 million compared to the end of the previous fiscal year. This is mainly because notes and accounts payable - other decreased by ¥15,419 million and short-term loans payable decreased by ¥14,058 million.

Net assets increased by ¥12,968 million to ¥478,339 million compared to the end of the previous fiscal year. This is mainly because profit attributable to owners of parent of ¥37,208 million was recorded, although dividends from retained earnings of ¥12,612 million were paid.

(3) Qualitative Information on Forecasts of Consolidated Financial Results

As for the truck and bus market in Japan, it is expected that our performance will be healthy because of the gentle economic recovery, but the demand backed up by public investment will weaken gradually. As for overseas truck and bus markets, the uncertainties over global economy are spreading, and it is forecasted that it will take time to recover markets also in Thailand and Indonesia, which are our main markets.

Considering the changes in business environments, including sales trends, in domestic and overseas markets, we have revised the full-year earnings forecast as follows.

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥1,740,000 million
Operating income	¥110,000 million
Japan unit sales of trucks and buses	59.0 thousand units

Overseas unit sales of trucks and buses.....	110.0 thousand units
Unit sales of Toyota brand vehicles.....	159.0 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. Summary Information (Notes)

[Additional information]

In accordance with Paragraph 39 of “Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 of September 13, 2013),” we changed the indications of quarterly net income, etc. and shifted from minority interests to non-controlling interests. In order to reflect these changes, we reproduced the quarterly consolidated financial statements for the previous second quarter and the annual consolidated financial statements for the previous year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2015 (As of March 31, 2015)	Second Quarter of FY 2016 (As of September 30, 2015)
Assets		
Current assets		
Cash and deposits	36,104	32,340
Notes and accounts receivable - trade	299,821	285,884
Merchandise and finished goods	131,051	134,559
Work in process	33,584	32,415
Raw materials and supplies	35,877	43,157
Other	65,260	61,415
Allowance for doubtful accounts	(3,620)	(3,672)
Total current assets	598,079	586,101
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	102,185	104,529
Machinery, equipment and vehicles, net	89,248	99,526
Land	100,460	101,057
Other	71,692	50,507
Total property, plant and equipment	363,586	355,620
Intangible assets	20,358	20,314
Investments and other assets		
Investment securities	126,186	116,246
Other	19,058	19,416
Allowance for doubtful accounts	(3,072)	(3,077)
Total investments and other assets	142,171	132,585
Total non-current assets	526,117	508,520
Total assets	1,124,196	1,094,621
Liabilities		
Current liabilities		
Notes and accounts payable - trade	262,854	264,293
Short-term loans payable	117,180	103,121
Current portion of long-term loans payable	8,652	7,274
Income taxes payable	13,007	9,785
Provision for product warranties	32,196	33,364
Other provision	6,010	5,396
Other	94,243	74,213
Total current liabilities	534,143	497,448
Non-current liabilities		
Long-term loans payable	20,296	24,046
Net defined benefit liability	58,594	52,743
Other provision	1,836	1,678
Other	43,955	40,366
Total non-current liabilities	124,683	118,833
Total liabilities	658,826	616,282

(Millions of yen)

	FY 2015 (As of March 31, 2015)	Second Quarter of FY 2016 (As of September 30, 2015)
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	65,299	65,305
Retained earnings	228,955	253,551
Treasury shares	(517)	(504)
Total shareholders' equity	366,454	391,069
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,049	44,197
Deferred gains or losses on hedges	(20)	79
Revaluation reserve for land	2,187	2,187
Foreign currency translation adjustment	2,364	(2,289)
Remeasurements of defined benefit plans	(3,252)	(3,009)
Total accumulated other comprehensive income	52,328	41,164
Subscription rights to shares	128	123
Non-controlling interests	46,459	45,981
Total net assets	465,370	478,339
Total liabilities and net assets	1,124,196	1,094,621

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

[Quarterly Consolidated Statements of Income]

[Consolidated Second Quarter of FY 2016 and FY 2015 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2015 (From April 1, 2014 to September 30, 2014)	Second Quarter of FY 2016 (From April 1, 2015 to September 30, 2015)
Net sales	791,567	858,298
Cost of sales	651,308	705,066
Gross profit	140,258	153,231
Selling, general and administrative expenses		
Salary and allowances	20,880	21,708
Provision for bonuses	2,428	2,671
Retirement benefit expenses	1,273	1,567
Other	66,333	73,106
Total selling, general and administrative expenses	90,915	99,053
Operating income	49,343	54,177
Non-operating income		
Interest income	667	677
Dividend income	1,679	2,528
Foreign exchange gains	769	—
Share of profit of entities accounted for using equity method	444	791
Miscellaneous income	1,669	1,432
Total non-operating income	5,230	5,430
Non-operating expenses		
Interest expenses	2,851	3,544
Foreign exchange losses	—	3,441
Miscellaneous expenses	821	657
Total non-operating expenses	3,672	7,643
Ordinary income	50,900	51,964
Extraordinary income		
Gain on sales of non-current assets	681	59
Gain on sales of investment securities	12	31
Gain on bargain purchase	—	383
Gain on step acquisitions	—	581
Other	57	159
Total extraordinary income	751	1,216
Extraordinary losses		
Loss on sales and retirement of non-current assets	242	269
Impairment loss	20	16
Other	71	222
Total extraordinary losses	334	509
Income before income taxes	51,317	52,672
Income taxes—current	15,836	13,475
Income taxes—deferred	(541)	316
Total income taxes	15,295	13,791
Net income	36,022	38,880
Profit attributable to non-controlling interests	3,304	1,671
Profit attributable to owners of parent	32,717	37,208

[Quarterly Consolidated Statements of Comprehensive Income]

[Consolidated Second Quarter of FY 2016 and FY 2015 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2015 (From April 1, 2014 to September 30, 2014)	Second Quarter of FY 2016 (From April 1, 2015 to September 30, 2015)
Net income	36,022	38,880
Other comprehensive income		
Valuation difference on available-for-sale securities	3,726	(8,421)
Deferred gains or losses on hedges	(32)	99
Foreign currency translation adjustment	2,270	(6,115)
Remeasurements of defined benefit plans	301	201
Share of other comprehensive income of entities accounted for using equity method	532	1,606
Total other comprehensive income	6,798	(12,629)
Comprehensive income	42,820	26,250
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	38,863	26,044
Comprehensive income attributable to non-controlling interests	3,957	205

(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 2015 (From April 1, 2014 to September 30, 2014)	2 Q of FY 2016 (From April 1, 2015 to September 30, 2015)	Change
Trucks and buses	83,402 units	82,130 units	(1,272 units)
Toyota brand vehicles	87,221 units	77,318 units	(9,903 units)

(2) Actual Sales (Consolidated)

Category	2 Q of FY 2015 (From April 1, 2014 to September 30, 2014)		2 Q of FY 2016 (From April 1, 2015 to September 30, 2015)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	26,086	180,600	29,029	206,588	2,943	25,988
Overseas	49,770	205,802	53,246	243,283	3,476	37,481
Supplies and parts for overseas production	—	1,063	—	470	—	(593)
Total trucks and buses	75,856	387,466	82,275	450,342	6,419	62,876
Total Toyota brand vehicles	87,176	178,512	77,305	170,186	(9,871)	(8,325)
Japan	—	27,493	—	28,130	—	636
Overseas	—	22,935	—	26,388	—	3,453
Total service parts	—	50,429	—	54,518	—	4,089
Japan	—	76,869	—	77,759	—	889
Overseas	—	13,878	—	10,852	—	(3,026)
Toyota	—	84,411	—	94,638	—	10,227
Total others	—	175,159	—	183,249	—	8,090
Total net sales	—	791,567	—	858,298	—	66,731

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