

**Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017**  
**[Japanese GAAP] (Consolidated)**  
**English translation from the original Japanese-language document**



July 28, 2016

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.  
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Scheduled Date of Quarterly Financial Statements Filing: August 2, 2016

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 First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016–June 30, 2016)

(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	%
1 Q of FY 2017	381,532	(6.3)	14,881	(41.5)	13,253	(47.9)	9,660	(45.2)
1 Q of FY 2016	407,018	11.4	25,437	9.8	25,424	11.7	17,628	23.3

(Note) Comprehensive income: 1 Q of FY 2017: ¥ (5,815) million (-127.7%) 1 Q of FY 2016: ¥ 20,984 million (31.7%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
1 Q of FY 2017	16.85		16.84	
1 Q of FY 2016	30.75		30.72	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
1 Q of FY 2017	1,064,019		456,913		39.0	
FY 2016	1,119,888		473,891		38.3	

(Reference) Equity capital: 1 Q of FY 2017: ¥414,541 million FY 2016: ¥429,417 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2016	—	20.00	—	18.00	38.00
FY 2017	—	—	—	—	—
FY 2017 (forecast)	—	—	—	—	—

(Note) Changes from the latest dividend forecast: None

(Note) Currently, the forecast dividends for Fiscal Year Ending March 31, 2017 have yet to be determined.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% of change from FY2016.)

	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 2017	1,670,000	(4.3)	80,000	(18.6)	79,000	(17.6)	55,000	(15.6)	95.92

(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: Yes
- 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	1 Q of FY 2017	574,580,850 shares	FY 2016	574,580,850 shares
2) Number of treasury stock at end of term	1 Q of FY 2017	1,143,777 shares	FY 2016	1,176,534 shares
3) Average number of shares (quarterly consolidated cumulative period)	1 Q of FY 2017	573,421,056 shares	1 Q of FY 2016	573,206,453 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 first quarter (three months), mainly, the demand for cargo trucks continued to perform favourably. As a result, the total demand for heavy- and medium-duty trucks increased to 19.9 thousand units by 1.9 thousand units (10.7%) compared to the same quarter in the previous year. Total demand for light-duty truck increased to 21.3 thousand units by 1.5 thousand units (7.8%) 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 14.3 thousand units by 1.6 thousand units (12.4%) compared to the same quarter in the previous year.

As for overseas sales, resulting from economic sluggishness in countries that are dependent on natural resources due to a decline in the price of crude oil, etc., sales volume decreased to 24.8 thousand units by 2.9 thousand units (-10.5%) compared to the same quarter in the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses decreased to 39.1 thousand units by 1.4 thousand units (-3.3%) 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 decreased, total sales volume decreased to 32.2 thousand units by 4.0 thousand units (-10.9%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current first quarter were ¥381,532 million, which is a decrease of ¥25,485 million (-6.3%) as compared to the same quarter in the previous year. As for profit and loss, due to a decline in the overseas unit sales and impact of the strong yen, etc., operating income was ¥14,881 million which is a decrease of ¥10,556 million (-41.5%) compared to the same quarter in the previous year, ordinary income was ¥13,253 million which is a decrease of ¥12,170 million (-47.9%) compared to the same quarter in the previous year, and profit attributable to owners of parent was ¥9,660 million which is a decrease of ¥7,967 million (-45.2%) compared to the same quarter in the previous year.

### **(2) Qualitative Information on Consolidated Financial Position**

Total assets at the end of the first quarter decreased by ¥55,868 million to ¥1,064,019 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade decreased by ¥34,394 million.

Liabilities decreased by ¥38,890 million to ¥607,105 million compared to the end of the previous fiscal year. This is mainly because notes and accounts payable - trade decreased by ¥13,294 million and interest-bearing debt decreased by ¥15,419 million.

Net assets decreased by ¥16,977 million to ¥456,913 million compared to the end of the previous fiscal year. This is mainly because dividends from retained earnings of ¥10,323 million were paid, valuation difference on available-for-sale securities decreased by ¥7,013 million, and foreign currency translation adjustment decreased by ¥7,668 million, although profit attributable to owners of parent of ¥9,660 million was recorded.

### **(3) Qualitative Information on Forecasts of Consolidated Financial Results**

Not changed from the previous announcement (Apr. 27, 2016).

## **2. Summary Information (Notes)**

### **[Changes in Accounting Policies, Accounting Estimates and Restatements]**

#### **(Changes in Accounting Policies)**

##### **(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)**

In line with a revision of tax regulations, we applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Practical Solution Report No.32 of June 17, 2016) in the current first quarter and changed the depreciation method for facilities attached to buildings and structures that were acquired after April 1, 2016 from the declining balance method to the straight-line method.

The impact of this change on operating income, ordinary income and profit before income taxes for the current first quarter is minor.

#### **(Additional Information)**

##### **(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)**

We applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No.26 of March 28, 2016) from the current first quarter.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2016 (As of March 31, 2016)	First Quarter of FY 2017 (As of June 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	34,672	28,962
Notes and accounts receivable - trade	283,198	248,804
Merchandise and finished goods	123,893	131,986
Work in process	32,095	32,095
Raw materials and supplies	35,940	32,887
Other	70,987	61,339
Allowance for doubtful accounts	(3,893)	(3,717)
Total current assets	576,895	532,358
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	105,556	106,205
Machinery, equipment and vehicles, net	101,405	96,020
Land	107,748	113,173
Other	83,687	82,042
Total property, plant and equipment	398,397	397,440
Intangible assets	21,903	20,763
Investments and other assets		
Investment securities	104,162	95,589
Other	21,417	20,685
Allowance for doubtful accounts	(2,888)	(2,817)
Total investments and other assets	122,691	113,457
Total non-current assets	542,993	531,661
<b>Total assets</b>	<b>1,119,888</b>	<b>1,064,019</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	253,567	240,273
Short-term loans payable	109,733	77,313
Commercial papers	—	20,000
Current portion of long-term loans payable	2,798	3,471
Income taxes payable	4,938	3,158
Provision for product warranties	28,252	30,125
Other provision	6,480	8,468
Other	111,590	103,686
Total current liabilities	517,361	486,496
Non-current liabilities		
Long-term loans payable	26,791	23,119
Net defined benefit liability	61,113	60,609
Other provision	1,864	1,587
Other	38,866	35,292
Total non-current liabilities	128,635	120,609
<b>Total liabilities</b>	<b>645,996</b>	<b>607,105</b>

(Millions of yen)

	FY 2016 (As of March 31, 2016)	First Quarter of FY 2017 (As of June 30, 2016)
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	66,058	66,067
Retained earnings	270,006	269,343
Treasury shares	(434)	(421)
Total shareholders' equity	408,348	407,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,792	32,778
Deferred gains or losses on hedges	15	142
Revaluation reserve for land	2,318	2,318
Foreign currency translation adjustment	(6,245)	(13,914)
Remeasurements of defined benefit plans	(14,811)	(14,491)
Total accumulated other comprehensive income	21,069	6,834
Subscription rights to shares	99	95
Non-controlling interests	44,374	42,277
Total net assets	473,891	456,913
Total liabilities and net assets	1,119,888	1,064,019

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

[Quarterly Consolidated Statements of Income]

[Consolidated First Quarter of FY 2017 and FY 2016 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2016 (From April 1, 2015 to June 30, 2015)	First Quarter of FY 2017 (From April 1, 2016 to June 30, 2016)
Net sales	407,018	381,532
Cost of sales	335,446	318,358
Gross profit	71,571	63,174
Selling, general and administrative expenses		
Salary and allowances	11,116	11,192
Provision for bonuses	1,315	1,404
Retirement benefit expenses	781	820
Other	32,920	34,876
Total selling, general and administrative expenses	46,134	48,293
Operating income	25,437	14,881
Non-operating income		
Interest income	300	243
Dividend income	820	660
Share of profit of entities accounted for using equity method	380	96
Miscellaneous income	650	779
Total non-operating income	2,151	1,780
Non-operating expenses		
Interest expenses	1,729	1,170
Foreign exchange losses	53	1,712
Miscellaneous expenses	381	525
Total non-operating expenses	2,164	3,408
Ordinary income	25,424	13,253
Extraordinary income		
Gain on sales of non-current assets	7	36
Other	29	36
Total extraordinary income	37	72
Extraordinary losses		
Loss on sales and retirement of non-current assets	74	55
Other	73	125
Total extraordinary losses	147	180
Profit before income taxes	25,313	13,145
Income taxes—current	5,671	3,657
Income taxes—deferred	1,159	(1,702)
Total income taxes	6,831	1,954
Profit	18,482	11,190
Profit attributable to non-controlling interests	853	1,530
Profit attributable to owners of parent	17,628	9,660



[Quarterly Consolidated Statements of Comprehensive Income]  
 [Consolidated First Quarter of FY 2017 and FY 2016 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2016 (From April 1, 2015 to June 30, 2015)	First Quarter of FY 2017 (From April 1, 2016 to June 30, 2016)
Profit	18,482	11,190
Other comprehensive income		
Valuation difference on available-for-sale securities	486	(5,650)
Deferred gains or losses on hedges	26	126
Foreign currency translation adjustment	957	(10,271)
Remeasurements of defined benefit plans	100	299
Share of other comprehensive income of entities accounted for using equity method	931	(1,510)
Total other comprehensive income	2,502	(17,006)
Comprehensive income	20,984	(5,815)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	19,598	(4,574)
Comprehensive income attributable to non-controlling interests	1,386	(1,241)

**(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	1 Q of FY 2016 (From April 1, 2015 to June 30, 2015)	1 Q of FY 2017 (From April 1, 2016 to June 30, 2016)	Change
Trucks and buses	41,086 units	41,529 units	443 units
Toyota brand vehicles	36,185 units	32,380 units	(3,805 units)

**(2) Actual Sales (Consolidated)**

Category	1 Q of FY 2016 (From April 1, 2015 to June 30, 2015)		1 Q of FY 2017 (From April 1, 2016 to June 30, 2016)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	12,687	91,781	14,262	103,505	1,575	11,723
Overseas	27,754	127,269	24,827	97,750	(2,927)	(29,519)
Supplies and parts for overseas production	—	324	—	242	—	(81)
Total trucks and buses	40,441	219,375	39,089	201,498	(1,352)	(17,877)
Total Toyota brand vehicles	36,201	78,273	32,247	71,292	(3,954)	(6,981)
Japan	—	13,830	—	14,512	—	681
Overseas	—	13,439	—	11,370	—	(2,068)
Total service parts	—	27,269	—	25,882	—	(1,386)
Japan	—	37,661	—	39,555	—	1,894
Overseas	—	4,881	—	3,271	—	(1,610)
Toyota	—	39,556	—	40,032	—	475
Total others	—	82,099	—	82,859	—	759
Total net sales	—	407,018	—	381,532	—	(25,485)

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