

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



October 27, 2016  
 Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.  
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Scheduled Date of Quarterly Financial Statements Filing: November 7, 2016  
 Scheduled Date of Dividend Payment Start: November 28, 2016  
 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, 2017 (April 1, 2016–September 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	%
2 Q of FY 2017	799,112	(6.9)	32,876	(39.3)	32,086	(38.3)	22,597	(39.3)
2 Q of FY 2016	858,298	8.4	54,177	9.8	51,964	2.1	37,208	13.7

(Note) Comprehensive income: 2 Q of FY 2017: ¥ 8,645 million (-67.1%) 2 Q of FY 2016: ¥ 26,250 million (-38.7%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
2 Q of FY 2017	39.41		39.38	
2 Q of FY 2016	64.91		64.85	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
2 Q of FY 2017	1,091,932		470,138		39.3	
FY 2016	1,119,888		473,891		38.3	

(Reference) Equity capital: 2 Q of FY 2017: ¥428,937 million FY 2016: ¥429,417 million

2. Dividends

	Dividends per share				
	1 Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2016	—	20.00	—	18.00	38.00
FY 2017	—	11.00			
FY 2017 (forecast)			—	11.00	22.00

(Note) Changes from the latest dividend forecast: Yes

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	1,630,000	(6.6)	60,000	(39.0)	59,000	(38.5)	41,000	(37.0)	71.49

(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: 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	2 Q of FY 2017	574,580,850 shares	FY 2016	574,580,850 shares
2) Number of treasury stock at end of term	2 Q of FY 2017	1,092,009 shares	FY 2016	1,176,534 shares
3) Average number of shares (quarterly consolidated cumulative period)	2 Q of FY 2017	573,454,134 shares	2 Q of FY 2016	573,212,495 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), mainly, the demand for cargo trucks continued to perform well from the previous year. As a result, the total demand for heavy- and medium-duty trucks increased to 45.8 thousand units by 3.5 thousand units (8.2%) compared to the same quarter in the previous year. Total demand for light-duty truck increased to 48.7 thousand units by 2.0 thousand units (4.4%) 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 30.9 thousand units by 1.8 thousand units (6.4%) 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, etc., sales volume decreased to 50.5 thousand units by 2.8 thousand units (-5.2%) 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 81.3 thousand units by 0.9 thousand units (-1.1%) 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 71.1 thousand units by 6.2 thousand units (-8.0%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current second quarter were ¥799,112 million, which is a decrease of ¥59,185 million (-6.9%) 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 ¥32,876 million which is a decrease of ¥21,301 million (-39.3%) compared to the same quarter in the previous year, ordinary income was ¥32,086 million which is a decrease of ¥19,878 million (-38.3%) compared to the same quarter in the previous year, and profit attributable to owners of parent was ¥22,597 million which is a decrease of ¥14,611 million (-39.3%) 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 ¥27,955 million to ¥1,091,932 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade decreased by ¥21,419 million.

Liabilities decreased by ¥24,202 million to ¥621,793 million compared to the end of the previous fiscal year. This is mainly because accounts payable - other decreased by ¥19,429 million and notes and accounts payable - trade decreased by ¥8,343 million, although interest-bearing debt increased by ¥12,104 million.

Net assets decreased by ¥3,752 million to ¥470,138 million compared to the end of the previous fiscal year. This is mainly because dividends from retained earnings of ¥10,323 million were paid, foreign currency translation adjustment decreased by ¥9,952 million, and valuation difference on available-for-sale securities decreased by ¥3,490 million, although profit attributable to owners of parent of ¥22,597 million was recorded.

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

As for the truck and bus market in Japan, it is expected that the performance of cargo trucks in particular will remain healthy. As for the overseas truck and bus markets, the environment is forecasted to remain stringent, as the recovery of demand will take time in emerging countries, especially countries that are dependent on natural resources, and the market expansion in the U.S. is slacking off. In addition, income is projected to be negatively affected by the yen appreciation for the time being.

Then, the full-year earnings forecast has been revised as follows, while considering the changes in the business environment, including the sales in domestic and overseas markets, the trend of exchange rates, etc.

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales .....	¥1,630,000 million
Operating income .....	¥60,000 million
Japan unit sales of trucks and buses .....	64.1 thousand units
Overseas unit sales of trucks and buses .....	108.0 thousand units
Unit sales of Toyota brand vehicles .....	144.4 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)

### [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 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.

As a result, the operating income, ordinary income, and profit before income taxes for the second quarter (cumulative) of this consolidated fiscal year increased by 130 million yen.

#### [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 first quarter.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2016 (As of March 31, 2016)	Second Quarter of FY 2017 (As of September 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	34,672	27,823
Notes and accounts receivable - trade	283,198	261,778
Merchandise and finished goods	123,893	134,880
Work in process	32,095	32,063
Raw materials and supplies	35,940	32,283
Other	70,987	62,763
Allowance for doubtful accounts	(3,893)	(3,502)
Total current assets	576,895	548,091
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	105,556	123,575
Machinery, equipment and vehicles, net	101,405	95,996
Land	107,748	113,545
Other	83,687	72,275
Total property, plant and equipment	398,397	405,392
Intangible assets	21,903	20,407
Investments and other assets		
Investment securities	104,162	101,133
Other	21,417	19,726
Allowance for doubtful accounts	(2,888)	(2,818)
Total investments and other assets	122,691	118,041
Total non-current assets	542,993	543,841
<b>Total assets</b>	<b>1,119,888</b>	<b>1,091,932</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	253,567	245,223
Short-term loans payable	109,733	88,846
Commercial papers	—	38,000
Current portion of long-term loans payable	2,798	3,987
Income taxes payable	4,938	6,864
Provision for product warranties	28,252	30,057
Other provision	6,480	5,815
Other	111,590	83,841
Total current liabilities	517,361	502,636
Non-current liabilities		
Long-term loans payable	26,791	20,594
Net defined benefit liability	61,113	60,683
Other provision	1,864	1,689
Other	38,866	36,189
Total non-current liabilities	128,635	119,157
<b>Total liabilities</b>	<b>645,996</b>	<b>621,793</b>

(Millions of yen)

	FY 2016 (As of March 31, 2016)	Second Quarter of FY 2017 (As of September 30, 2016)
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	66,058	66,076
Retained earnings	270,006	282,279
Treasury shares	(434)	(401)
Total shareholders' equity	408,348	420,671
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,792	36,301
Deferred gains or losses on hedges	15	22
Revaluation reserve for land	2,318	2,318
Foreign currency translation adjustment	(6,245)	(16,198)
Remeasurements of defined benefit plans	(14,811)	(14,179)
Total accumulated other comprehensive income	21,069	8,265
Subscription rights to shares	99	83
Non-controlling interests	44,374	41,117
Total net assets	473,891	470,138
Total liabilities and net assets	1,119,888	1,091,932

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

[Quarterly Consolidated Statements of Income]

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

(Millions of yen)

	Second Quarter of FY 2016 (From April 1, 2015 to September 30, 2015)	Second Quarter of FY 2017 (From April 1, 2016 to September 30, 2016)
Net sales	858,298	799,112
Cost of sales	705,066	671,142
Gross profit	153,231	127,969
Selling, general and administrative expenses		
Salary and allowances	21,708	22,297
Provision for bonuses	2,671	2,815
Retirement benefit expenses	1,567	1,623
Other	73,106	68,356
Total selling, general and administrative expenses	99,053	95,093
Operating income	54,177	32,876
Non-operating income		
Interest income	677	509
Dividend income	2,528	2,282
Share of profit of entities accounted for using equity method	791	750
Miscellaneous income	1,432	1,382
Total non-operating income	5,430	4,925
Non-operating expenses		
Interest expenses	3,544	2,386
Foreign exchange losses	3,441	2,235
Miscellaneous expenses	657	1,093
Total non-operating expenses	7,643	5,715
Ordinary income	51,964	32,086
Extraordinary income		
Gain on sales of non-current assets	59	62
Gain on sales of investment securities	31	806
Gain on bargain purchase	383	—
Gain on step acquisitions	581	—
Other	159	45
Total extraordinary income	1,216	914
Extraordinary losses		
Loss on sales and retirement of non-current assets	269	144
Impairment loss	16	10
Other	222	283
Total extraordinary losses	509	439
Profit before income taxes	52,672	32,562
Income taxes—current	13,475	9,029
Income taxes—deferred	316	(1,848)
Total income taxes	13,791	7,181
Profit	38,880	25,380
Profit attributable to non-controlling interests	1,671	2,783
Profit attributable to owners of parent	37,208	22,597



## [Quarterly Consolidated Statements of Comprehensive Income]

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

(Millions of yen)

	Second Quarter of FY 2016 (From April 1, 2015 to September 30, 2015)	Second Quarter of FY 2017 (From April 1, 2016 to September 30, 2016)
Profit	38,880	25,380
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,421)	(2,606)
Deferred gains or losses on hedges	99	6
Foreign currency translation adjustment	(6,115)	(13,565)
Remeasurements of defined benefit plans	201	589
Share of other comprehensive income of entities accounted for using equity method	1,606	(1,158)
Total other comprehensive income	(12,629)	(16,734)
Comprehensive income	26,250	8,645
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	26,044	9,793
Comprehensive income attributable to non-controlling interests	205	(1,147)

**(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 2016 (From April 1, 2015 to September 30, 2015)	2 Q of FY 2017 (From April 1, 2016 to September 30, 2016)	Change
Trucks and buses	82,130 units	84,804 units	2,674 units
Toyota brand vehicles	77,318 units	71,297 units	(6,021 units)

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

Category	2 Q of FY 2016 (From April 1, 2015 to September 30, 2015)		2 Q of FY 2017 (From April 1, 2016 to September 30, 2016)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	29,029	206,588	30,875	224,349	1,846	17,760
Overseas	53,246	243,283	50,464	197,124	(2,782)	(46,159)
Supplies and parts for overseas production	—	470	—	519	—	49
Total trucks and buses	82,275	450,342	81,339	421,993	(936)	(28,349)
Total Toyota brand vehicles	77,305	170,186	71,121	158,874	(6,184)	(11,312)
Japan	—	28,130	—	29,855	—	1,725
Overseas	—	26,388	—	22,239	—	(4,148)
Total service parts	—	54,518	—	52,095	—	(2,423)
Japan	—	77,759	—	81,967	—	4,208
Overseas	—	10,852	—	6,611	—	(4,240)
Toyota	—	94,638	—	77,570	—	(17,067)
Total others	—	183,249	—	166,149	—	(17,099)
Total net sales	—	858,298	—	799,112	—	(59,185)

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