

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



July 28, 2017

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.
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Scheduled Date of Quarterly Financial Statements Filing: August 3, 2017

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, 2018 (April 1, 2017–June 30, 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	%
1 Q of FY 2018	393,334	3.1	16,059	7.9	17,002	28.3	12,323	27.6
1 Q of FY 2017	381,532	(6.3)	14,881	(41.5)	13,253	(47.9)	9,660	(45.2)

(Note) Comprehensive income: 1 Q of FY 2018: ¥ 16,161 million (—%) 1 Q of FY 2017: ¥ (5,815) million (—%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
1 Q of FY 2018	21.48		21.47	
1 Q of FY 2017	16.85		16.84	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
1 Q of FY 2018	1,170,972		518,236		40.3	
FY 2017	1,192,385		512,913		39.0	

(Reference) Equity capital: 1 Q of FY 2018: ¥471,960 million 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	—				
FY 2018 (forecast)		13.00	—	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	1,720,000	2.2	75,000	5.4	77,000	6.9	50,000	1.2	87.16

(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	1 Q of FY 2018	574,580,850 shares	FY 2017	574,580,850 shares
2) Number of treasury stock at end of term	1 Q of FY 2018	866,163 shares	FY 2017	903,739 shares
3) Average number of shares (quarterly consolidated cumulative period)	1 Q of FY 2018	573,698,859 shares	1 Q of FY 2017	573,421,056 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.

Appendix

Table of contents of the appendix

1. Qualitative Information Regarding the Financial Performance for the Current Quarter	2
(1) Information on Consolidated Operating Results	2
(2) Information on Consolidated Financial Position.....	2
(3) Information on Forecasts of Consolidated Financial Results.....	2
2. Quarterly Consolidated Financial Statements and Major Notes	3
(1) Quarterly Consolidated Balance Sheets	3
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	
[Quarterly Consolidated Statements of Income]	
[Consolidated First Quarter of FY 2018 and FY 2017 (Cumulative)]	5
[Quarterly Consolidated Statements of Comprehensive Income]	
[Consolidated First Quarter of FY 2018 and FY 2017 (Cumulative)]	6
(3) Notes to Consolidated Financial Statements	7
Notes on Going Concern Assumption	7
Notes on Significant Changes in the Amount of Shareholders' Equity	7
3. Supplementary Information	7
(1) Actual Production (Consolidated)	7
(2) Actual Sales (Consolidated)	7

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 first quarter (three months), the total demand for heavy- and medium-duty trucks decreased to 18.8 thousand units by 1.1 thousand units (-5.5%) compared to the same quarter in the previous year, mainly because the demand in the field of construction decreased compared to the previous year. Total demand for light-duty truck decreased to 21.0 thousand units by 0.3 thousand units (-1.6%) compared to the same quarter in the previous year.

As for Japanese domestic sales, the total sales volume of trucks and buses decreased to 13.3 thousand units by 0.9 thousand units (-6.5%) compared to the same quarter in the previous year.

As for overseas sales, thanks to the favorable sales in North America, Asia, etc., sales volume increased to 25.3 thousand units by 0.4 thousand units (1.8%) compared to the same quarter in the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses decreased to 38.6 thousand units by 0.5 thousand units (-1.3%) 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 increased, total sales volume increased to 33.1 thousand units by 0.8 thousand units (2.6%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current first quarter were ¥393,334 million, which is an increase of ¥11,801 million (3.1%) as compared to the same quarter in the previous year. As for profit and loss, due mainly to an increase in the overseas unit sales, operating income was ¥16,059 million which is an increase of ¥1,178 million (7.9%) compared to the same quarter in the previous year, ordinary income was ¥17,002 million which is an increase of ¥3,749 million (28.3%) compared to the same quarter in the previous year, and profit attributable to owners of parent was ¥12,323 million which is an increase of ¥2,662 million (27.6%) compared to the same quarter in the previous year.

(2) Information on Consolidated Financial Position

Total assets at the end of the first quarter decreased by ¥21,412 million to ¥1,170,972 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade decreased by ¥45,956 million, although inventories increased by ¥25,860 million.

Liabilities decreased by ¥26,735 million to ¥652,736 million compared to the end of the previous fiscal year. This is mainly because interest-bearing debt decreased by ¥15,470 million and notes and accounts payable - trade decreased by ¥11,584 million.

Net assets increased by ¥5,322 million to ¥518,236 million compared to the end of the previous fiscal year. This is mainly because profit attributable to owners of parent of ¥12,323 million was recorded, although dividends from retained earnings of ¥8,607 million were paid.

(3) Information on Forecasts of Consolidated Financial Results

Not changed from the previous announcement (Apr. 27, 2017).

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

(Millions of yen)

	FY 2017 (As of March 31, 2017)	First Quarter of FY 2018 (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	32,145	29,488
Notes and accounts receivable - trade	315,221	269,265
Merchandise and finished goods	136,841	163,433
Work in process	32,454	34,547
Raw materials and supplies	34,302	31,478
Other	70,523	73,744
Allowance for doubtful accounts	(3,433)	(3,381)
Total current assets	618,056	598,577
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	143,964	142,868
Machinery, equipment and vehicles, net	117,933	117,901
Land	115,122	117,226
Other	48,055	42,751
Total property, plant and equipment	425,076	420,747
Intangible assets	21,210	20,152
Investments and other assets		
Investment securities	111,230	115,406
Other	19,578	18,896
Allowance for doubtful accounts	(2,766)	(2,808)
Total investments and other assets	128,042	131,494
Total non-current assets	574,328	572,395
Total assets	1,192,385	1,170,972
Liabilities		
Current liabilities		
Notes and accounts payable - trade	265,306	253,721
Short-term loans payable	85,468	105,740
Commercial papers	59,000	23,000
Current portion of long-term loans payable	11,204	10,012
Income taxes payable	6,725	6,116
Provision for product warranties	34,278	36,835
Other provision	6,845	8,834
Other	92,308	88,106
Total current liabilities	561,136	532,366
Non-current liabilities		
Long-term loans payable	18,063	19,512
Net defined benefit liability	58,183	58,153
Other provision	1,928	1,695
Other	40,160	41,007
Total non-current liabilities	118,335	120,369
Total liabilities	679,471	652,736

(Millions of yen)

	FY 2017 (As of March 31, 2017)	First Quarter of FY 2018 (As of June 30, 2017)
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	66,129	66,135
Retained earnings	302,781	306,420
Treasury shares	(330)	(316)
Total shareholders' equity	441,297	444,956
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,774	43,627
Deferred gains or losses on hedges	(13)	(106)
Revaluation reserve for land	2,318	2,318
Foreign currency translation adjustment	(7,232)	(7,283)
Remeasurements of defined benefit plans	(11,855)	(11,553)
Total accumulated other comprehensive income	23,992	27,003
Subscription rights to shares	53	47
Non-controlling interests	47,570	46,228
Total net assets	512,913	518,236
Total liabilities and net assets	1,192,385	1,170,972

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

[Quarterly Consolidated Statements of Income]

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

(Millions of yen)

	First Quarter of FY 2017 (From April 1, 2016 to June 30, 2016)	First Quarter of FY 2018 (From April 1, 2017 to June 30, 2017)
Net sales	381,532	393,334
Cost of sales	318,358	324,699
Gross profit	63,174	68,634
Selling, general and administrative expenses		
Salary and allowances	11,192	11,699
Provision for bonuses	1,404	1,419
Retirement benefit expenses	820	815
Other	34,876	38,641
Total selling, general and administrative expenses	48,293	52,575
Operating income	14,881	16,059
Non-operating income		
Interest income	243	317
Dividend income	660	770
Foreign exchange gains	—	396
Share of profit of entities accounted for using equity method	96	377
Miscellaneous income	779	696
Total non-operating income	1,780	2,558
Non-operating expenses		
Interest expenses	1,170	1,208
Foreign exchange losses	1,712	—
Miscellaneous expenses	525	406
Total non-operating expenses	3,408	1,615
Ordinary income	13,253	17,002
Extraordinary income		
Gain on sales of non-current assets	36	53
Gain on sales of investment securities	—	2,605
Other	36	1
Total extraordinary income	72	2,660
Extraordinary losses		
Loss on sales and retirement of non-current assets	55	85
Other	125	16
Total extraordinary losses	180	102
Profit before income taxes	13,145	19,561
Income taxes—current	3,657	7,490
Income taxes—deferred	(1,702)	(1,333)
Total income taxes	1,954	6,157
Profit	11,190	13,404
Profit attributable to non-controlling interests	1,530	1,081
Profit attributable to owners of parent	9,660	12,323

[Quarterly Consolidated Statements of Comprehensive Income]
 [Consolidated First Quarter of FY 2018 and FY 2017 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2017 (From April 1, 2016 to June 30, 2016)	First Quarter of FY 2018 (From April 1, 2017 to June 30, 2017)
Profit	11,190	13,404
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,650)	1,795
Deferred gains or losses on hedges	126	(125)
Foreign currency translation adjustment	(10,271)	(322)
Remeasurements of defined benefit plans	299	289
Share of other comprehensive income of entities accounted for using equity method	(1,510)	1,120
Total other comprehensive income	(17,006)	2,757
Comprehensive income	(5,815)	16,161
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(4,574)	15,334
Comprehensive income attributable to non-controlling interests	(1,241)	827

(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	1 Q of FY 2017 (From April 1, 2016 to June 30, 2016)	1 Q of FY 2018 (From April 1, 2017 to June 30, 2017)	Change
Trucks and buses	41,529 units	42,326 units	797 units
Toyota brand vehicles	32,380 units	33,141 units	761 units

(2) Actual Sales (Consolidated)

Category	1 Q of FY 2017 (From April 1, 2016 to June 30, 2016)		1 Q of FY 2018 (From April 1, 2017 to June 30, 2017)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	14,262	103,505	13,330	95,377	(932)	(8,128)
Overseas	24,827	97,750	25,267	108,040	440	10,290
Supplies and parts for overseas production	—	242	—	287	—	45
Total trucks and buses	39,089	201,498	38,597	203,705	(492)	2,207
Total Toyota brand vehicles	32,247	71,292	33,087	71,084	840	(207)
Japan	—	14,512	—	14,884	—	372
Overseas	—	11,370	—	12,449	—	1,078
Total service parts	—	25,882	—	27,334	—	1,451
Japan	—	39,555	—	44,959	—	5,403
Overseas	—	3,271	—	4,279	—	1,008
Toyota	—	40,032	—	41,970	—	1,938
Total others	—	82,859	—	91,210	—	8,350
Total net sales	—	381,532	—	393,334	—	11,801

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