



Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019

[Japanese GAAP] (Consolidated)

English translation from the original Japanese-language document

July 27, 2018

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: August 1, 2018

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, 2019 (April 1, 2018–June 30, 2018)

(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 2019	467,237	18.8	19,092	18.9	19,473	14.5	12,782	3.7
1 Q of FY 2018	393,334	3.1	16,059	7.9	17,002	28.3	12,323	27.6

(Note) Comprehensive income: 1 Q of FY 2019: ¥ 13,798 million (-14.6%) 1 Q of FY 2018: ¥ 16,161 million (—%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
1 Q of FY 2019	22.27		22.27	
1 Q of FY 2018	21.48		21.47	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
1 Q of FY 2019	1,260,128		556,107		40.2	
FY 2018	1,286,081		552,848		39.1	

(Reference) Equity capital: 1 Q of FY 2019: ¥505,998 million FY 2018: ¥502,365 million

(Note) "Partial revision of Tax Effect Accounting" (Corporate Accounting Standard No.28, February 16, 2018) etc. had been reflected from the beginning of 1Q-FY2019, amount of previous FY is shown as revision reflected amount.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2018	—	13.00	—	15.00	28.00
FY 2019	—				
FY 2019 (forecast)		14.00	—	14.00	28.00

(Note) Changes from the latest dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(% of change from FY2018.)

	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 2019	1,860,000	1.2	83,000	3.3	83,000	3.2	52,000	1.2	90.63

(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 2019	574,580,850 shares	FY 2018	574,580,850 shares
2) Number of treasury stock at end of term	1 Q of FY 2019	612,840 shares	FY 2018	713,542 shares
3) Average number of shares (quarterly consolidated cumulative period)	1 Q of FY 2019	573,928,262 shares	1 Q of FY 2018	573,698,859 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 2019 and FY 2018 (Cumulative)]	5
[Quarterly Consolidated Statements of Comprehensive Income]	
[Consolidated First Quarter of FY 2019 and FY 2018 (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
Additional Information	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 increased to 20.1 thousand units by 1.4 thousand units (7.2%) compared to the same quarter in the previous year, mainly because the demand for cargo trucks continued to be strong from the previous year. Total demand for light-duty truck increased to 22.3 thousand units by 1.3 thousand units (6.3%) 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 16.1 thousand units by 2.8 thousand units (20.8%) compared to the same quarter in the previous year.

As for overseas sales, thanks to the favorable sales in Asia, North America, etc., sales volume increased to 31.2 thousand units by 5.9 thousand units (23.5%) compared to the same quarter in the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses increased to 47.3 thousand units by 8.7 thousand units (22.6%) 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 37.0 thousand units by 3.9 thousand units (11.8%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current first quarter were ¥467,237 million, which is an increase of ¥73,902 million (18.8%) as compared to the same quarter in the previous year. As for profit and loss, due mainly to an increase in sales volume in Japan and overseas, operating income was ¥19,092 million which is an increase of ¥3,033 million (18.9%) compared to the same quarter in the previous year, ordinary income was ¥19,473 million which is an increase of ¥2,470 million (14.5%) compared to the same quarter in the previous year, and profit attributable to owners of parent was ¥12,782 million which is an increase of ¥458 million (3.7%) 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 to ¥1,260,128 million by ¥25,953 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade decreased by ¥24,400 million.

Liabilities decreased to ¥704,020 million by ¥29,212 million compared to the end of the previous fiscal year. This is mainly because notes and accounts payable - trade decreased by ¥20,432 million and interest-bearing debt decreased by ¥5,430 million.

Net assets increased to ¥556,107 million by ¥3,259 million compared to the end of the previous fiscal year. This is mainly because profit attributable to owners of parent of ¥12,782 million was recorded, although dividends from retained earnings of ¥8,609 million were paid.

(3) Information on Forecasts of Consolidated Financial Results

Not changed from the previous announcement (Apr. 26, 2018).

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

(Millions of yen)

	FY 2018 (As of March 31, 2018)	First Quarter of FY 2019 (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	45,225	40,016
Notes and accounts receivable - trade	342,804	318,404
Merchandise and finished goods	172,891	178,724
Work in process	32,684	34,041
Raw materials and supplies	36,940	40,614
Others	56,120	53,296
Allowance for doubtful accounts	-4,679	-4,374
Total current assets	681,985	660,723
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	146,146	144,557
Machinery, equipment and vehicles, net	106,284	102,865
Land	118,566	118,908
Others, net	57,753	57,112
Total property, plant and equipment	428,751	423,442
Intangible assets	21,163	20,200
Investments and other assets		
Investment securities	118,504	120,471
Deferred tax assets	29,260	29,129
Others	9,223	9,230
Allowance for doubtful accounts	-2,806	-3,069
Total investments and other assets	154,181	155,761
Total non-current assets	604,096	599,404
Total assets	1,286,081	1,260,128

(Millions of yen)

	FY 2018 (As of March 31, 2018)	First Quarter of FY 2019 (As of June 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	307,013	286,581
Short-term loans payable	154,020	146,938
Current portion of long-term loans payable	15,639	15,716
Income taxes payable	12,828	6,345
Provision for product warranties	40,227	41,759
Other provisions	7,386	9,590
Others	92,863	92,182
Total current liabilities	629,978	599,113
Non-current liabilities		
Long-term loans payable	12,728	14,302
Deferred tax liabilities	6,576	6,140
Deferred tax liabilities for land revaluation	2,765	2,765
Net defined benefit liability	56,178	56,238
Other provisions	2,013	1,724
Others	22,991	23,734
Total non-current liabilities	103,254	104,907
Total liabilities	733,232	704,020
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	66,244	66,272
Retained earnings	337,998	342,210
Treasury shares	-258	-219
Total shareholders' equity	476,701	480,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,963	46,866
Deferred gains or losses on hedges	-80	-57
Revaluation reserve for land	2,318	2,318
Foreign currency translation adjustment	-12,787	-14,607
Remeasurements of defined benefit plans	-9,749	-9,502
Total accumulated other comprehensive income	25,664	25,017
Subscription rights to shares	21	4
Non-controlling interests	50,461	50,104
Total net assets	552,848	556,107
Total liabilities and net assets	1,286,081	1,260,128

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

[Quarterly Consolidated Statements of Income]

[Consolidated First Quarter of FY 2019 and FY 2018 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2018 (From April 1, 2017 to June 30, 2017)	First Quarter of FY 2019 (From April 1, 2018 to June 30, 2018)
Net sales	393,334	467,237
Cost of sales	324,699	393,855
Gross profit	68,634	73,381
Selling, general and administrative expenses		
Salary and allowances	11,699	12,260
Provision for bonuses	1,419	1,559
Retirement benefit expenses	815	813
Others	38,641	39,654
Total selling, general and administrative expenses	52,575	54,288
Operating income	16,059	19,092
Non-operating income		
Interest income	317	375
Dividend income	770	759
Foreign exchange gains	396	—
Share of profit of entities accounted for using equity method	377	338
Miscellaneous income	696	619
Total non-operating income	2,558	2,092
Non-operating expenses		
Interest expenses	1,208	1,273
Foreign exchange losses	—	14
Miscellaneous expenses	406	424
Total non-operating expenses	1,615	1,712
Ordinary income	17,002	19,473
Extraordinary income		
Gain on sales of non-current assets	53	40
Gain on sales of investment securities	2,605	—
Others	1	17
Total extraordinary income	2,660	58
Extraordinary losses		
Loss on sales and retirement of non-current assets	85	66
Others	16	46
Total extraordinary losses	102	112
Profit before income taxes	19,561	19,418
Income taxes—current	7,490	6,116
Income taxes—deferred	-1,333	-870
Total income taxes	6,157	5,246
Profit	13,404	14,172
Profit attributable to non-controlling interests	1,081	1,390
Profit attributable to owners of parent	12,323	12,782

[Quarterly Consolidated Statements of Comprehensive Income]
 [Consolidated First Quarter of FY 2019 and FY 2018 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2018 (From April 1, 2017 to June 30, 2017)	First Quarter of FY 2019 (From April 1, 2018 to June 30, 2018)
Profit	13,404	14,172
Other comprehensive incomes		
Valuation difference on available-for-sale securities	1,795	1,113
Deferred gains or losses on hedges	-125	10
Foreign currency translation adjustment	-322	-1,604
Remeasurements of defined benefit plans	289	250
Share of other comprehensive income of entities accounted for using equity method	1,120	-144
Total other comprehensive incomes	2,757	-374
Comprehensive income	16,161	13,798
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	15,334	12,135
Comprehensive income attributable to non-controlling interests	827	1,663

(3) Notes to Consolidated Financial Statements

Notes on Going Concern Assumption

None.

Notes on Significant Changes in the Amount of Shareholders' Equity

None.

Additional Information

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The company, effective from the beginning of the consolidated first quarter of this fiscal year, adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised on February 16, 2018)," etc. Accordingly, deferred tax assets are classified as investments and other assets and deferred tax liabilities are classified as non-current liabilities.

3. Supplementary Information

(1) Actual Production (Consolidated)

Category	1 Q of FY 2018 (From April 1, 2017 to June 30, 2017)	1 Q of FY 2019 (From April 1, 2018 to June 30, 2018)	Change
Trucks and buses	42,326 units	48,592 units	6,266 units
Toyota brand vehicles	33,141 units	37,051 units	3,910 units

(2) Actual Sales (Consolidated)

Category	1 Q of FY 2018 (From April 1, 2017 to June 30, 2017)		1 Q of FY 2019 (From April 1, 2018 to June 30, 2018)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	13,330	95,377	16,097	122,846	2,767	27,469
Overseas	25,267	108,040	31,206	134,486	5,939	26,446
Supplies and parts for overseas production	—	287	—	670	—	382
Total trucks and buses	38,597	203,705	47,303	258,004	8,706	54,298
Total Toyota brand vehicles	33,087	71,084	36,994	86,143	3,907	15,058
Japan	—	14,884	—	15,273	—	338
Overseas	—	12,449	—	14,139	—	1,690
Total service parts	—	27,334	—	29,412	—	2,078
Japan	—	44,959	—	45,023	—	63
Overseas	—	4,279	—	4,887	—	607
Toyota	—	41,970	—	43,766	—	1,795
Total others	—	91,210	—	93,676	—	2,466
Total net sales	—	393,334	—	467,237	—	73,902

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