

Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019
[Japanese GAAP] (Consolidated)
 English translation from the original Japanese-language document



January 31, 2019

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.
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Scheduled Date of Quarterly Financial Statements Filing: February 1, 2019

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 Third Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018–December 31, 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	%
3Q of FY 2019	1,459,687	9.9	63,106	2.8	62,118	-2.0	37,892	-3.5
3Q of FY 2018	1,328,045	9.7	61,386	21.5	63,384	20.2	39,257	11.5

(Note) Comprehensive income: 3Q of FY 2019: ¥ 35,318 million (-39.5%) 3Q of FY 2018: ¥ 58,357 million (45.6%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
3Q of FY 2019	66.02		66.02	
3Q of FY 2018	68.43		68.41	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
3Q of FY 2019	1,283,887		569,585		40.3	
FY 2018	1,286,081		552,848		39.1	

(Reference) Equity capital: 3Q of FY 2019: ¥517,199 million FY 2018: ¥502,365 million

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised on February 16, 2018)," etc. had been adopted from the beginning of 1Q-FY2019, accordingly amounts of previous FY are shown as amendments reflected amounts.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2018	—	13.00	—	15.00	28.00
FY 2019	—	14.00	—		
FY 2019 (forecast)				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	1,930,000	5.0	86,000	7.1	85,000	5.7	53,000	3.2	92.34

(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	3Q of FY 2019	574,580,850 shares	FY 2018	574,580,850 shares
2) Number of treasury stock at end of term	3Q of FY 2019	601,213 shares	FY 2018	713,542 shares
3) Average number of shares (quarterly consolidated cumulative period)	3Q of FY 2019	573,962,708 shares	3Q of FY 2018	573,724,126 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.

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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 third quarter (nine months), the demand for cargo trucks remained healthy, and the demand for construction trucks was recovering, but the total demand for heavy- and medium-duty trucks was nearly unchanged from the previous year, that is, 66.0 thousand units, down 0.1 thousand units (-0.1%) compared to the same quarter in the previous year. On the other hand, the total demand for light-duty truck increased to 78.5 thousand units by 3.3 thousand units (4.3%) 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 51.7 thousand units by 3.8 thousand units (7.9%) compared to the same quarter in the previous year.

As for overseas sales, thanks to the favorable sales in Asia and North America, etc., sales volume of trucks and buses increased to 100.9 thousand units by 14.2 thousand units (16.4%) 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 152.6 thousand units by 18.0 thousand units (13.4%) compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, mainly because of the increase of sales volume of loading vehicles, the total sales volume was nearly unchanged from the previous year, that is, 111.8 thousand units, up 1.0 thousand units (0.9%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current third quarter were ¥1,459,687 million, which is an increase of ¥131,642 million (9.9%) as compared to the same quarter in the previous year. As for profit and loss, due mainly to an increase in the domestic and overseas unit sales, operating income was ¥63,106 million which is an increase of ¥1,720 million (2.8%) compared to the same quarter in the previous year, but due to the worsening of foreign exchange losses (gains), etc., ordinary income was ¥62,118 million, which is a decrease of ¥1,266 million (-2.0%) compared to the same quarter in the previous year. In addition, as there was gain on sales of investment securities in the same period of the previous year and the special costs of quality-related measures were additionally posted in the current term, profit attributable to owners of parent was ¥37,892 million which is a decrease of ¥1,364 million (-3.5%) compared to the same quarter in the previous year.

(2) Information on Consolidated Financial Position

Total assets at the end of the third quarter decreased by ¥2,193 million to ¥1,283,887 million compared to the end of the previous consolidated fiscal year. This is mainly because inventories increased by ¥22,441 million while notes and accounts receivable - trade and investment securities declined ¥22,331 million and ¥6,404 million, respectively.

Liabilities decreased by ¥18,930 million to ¥714,302 million compared to the end of the previous consolidated fiscal year. This is mainly because interest-bearing debt augmented by ¥38,277 million, while notes and accounts payable - trade and income taxes payable dropped by ¥31,934 million and ¥7,544 million, respectively, and other liabilities, including accrued expenses, decreased.

Net assets increased by ¥16,736 million to ¥569,585 million compared to the end of the previous consolidated fiscal year. This is mainly because profit attributable to owners of parent of ¥37,892 million was recorded, although dividends from retained earnings of ¥16,647 million were paid.

(3) Information on Forecasts of Consolidated Financial Results

There is no revision to the previously announced forecast (Oct. 30, 2018).

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

(Millions of yen)

	FY 2018 (As of March 31, 2018)	Third Quarter of FY 2019 (As of December 31, 2018)
Assets		
Current assets		
Cash and deposits	45,225	42,607
Notes and accounts receivable - trade	342,804	320,473
Merchandise and finished goods	172,891	180,826
Work in process	32,684	39,154
Raw materials and supplies	36,940	44,976
Others	56,120	67,613
Allowance for doubtful accounts	-4,679	-4,325
Total current assets	681,985	691,326
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	146,146	148,572
Machinery, equipment and vehicles, net	106,284	94,278
Land	118,566	121,645
Others, net	57,753	58,984
Total property, plant and equipment	428,751	423,479
Intangible assets	21,163	20,653
Investments and other assets		
Investment securities	118,504	112,100
Deferred tax assets	29,260	25,541
Others	9,223	13,946
Allowance for doubtful accounts	-2,806	-3,160
Total investments and other assets	154,181	148,428
Total non-current assets	604,096	592,561
Total assets	1,286,081	1,283,887

(Millions of yen)

	FY 2018 (As of March 31, 2018)	Third Quarter of FY 2019 (As of December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	307,013	275,078
Short-term loans payable	154,020	194,998
Current portion of long-term loans payable	15,639	6,000
Income taxes payable	12,828	5,284
Provision for product warranties	40,227	43,451
Other provisions	7,386	3,301
Others	92,863	80,445
Total current liabilities	629,978	608,559
Non-current liabilities		
Long-term loans payable	12,728	19,666
Deferred tax liabilities	6,576	159
Deferred tax liabilities for land revaluation	2,765	2,765
Net defined benefit liability	56,178	56,392
Other provisions	2,013	1,908
Others	22,991	24,849
Total non-current liabilities	103,254	105,742
Total liabilities	733,232	714,302
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	66,244	66,275
Retained earnings	337,998	359,244
Treasury shares	-258	-215
Total shareholders' equity	476,701	498,021
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,963	39,006
Deferred gains or losses on hedges	-80	46
Revaluation reserve for land	2,318	2,318
Foreign currency translation adjustment	-12,787	-13,182
Remeasurements of defined benefit plans	-9,749	-9,011
Total accumulated other comprehensive income	25,664	19,177
Subscription rights to shares	21	—
Non-controlling interests	50,461	52,385
Total net assets	552,848	569,585
Total liabilities and net assets	1,286,081	1,283,887

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

[Quarterly Consolidated Statements of Income]

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

(Millions of yen)

	Third Quarter of FY 2018 (From April 1, 2017 to December 31, 2017)	Third Quarter of FY 2019 (From April 1, 2018 to December 31, 2018)
Net sales	1,328,045	1,459,687
Cost of sales	1,111,596	1,234,740
Gross profit	216,449	224,946
Selling, general and administrative expenses		
Salary and allowances	37,747	40,404
Provision for bonuses	1,459	1,643
Retirement benefit expenses	2,392	2,460
Other	113,463	117,331
Total selling, general and administrative expenses	155,062	161,839
Operating income	61,386	63,106
Non-operating income		
Interest income	1,135	1,143
Dividend income	2,241	2,261
Foreign exchange gains	130	—
Share of profit of entities accounted for using equity method	1,180	1,884
Miscellaneous income	2,490	2,084
Total non-operating income	7,179	7,374
Non-operating expenses		
Interest expenses	3,602	4,178
Foreign exchange losses	—	1,428
Miscellaneous expenses	1,578	2,755
Total non-operating expenses	5,181	8,363
Ordinary income	63,384	62,118
Extraordinary income		
Gain on sales of non-current assets	101	618
Gain on sales of investment securities	2,955	0
Other	7	61
Total extraordinary income	3,064	680
Extraordinary losses		
Loss on sales and retirement of non-current assets	367	359
Special costs of quality-related measures	1,510	3,947
Others	148	222
Total extraordinary losses	2,026	4,528
Profit before income taxes	64,422	58,270
Income taxes—current	20,231	15,921
Income taxes—deferred	-21	-155
Total income taxes	20,209	15,765
Profit	44,212	42,504
Profit attributable to non-controlling interests	4,954	4,611
Profit attributable to owners of parent	39,257	37,892

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

(Millions of yen)

	Third Quarter of FY 2018 (From April 1, 2017 to December 31, 2017)	Third Quarter of FY 2019 (From April 1, 2018 to December 31, 2018)
Profit	44,212	42,504
Other comprehensive income		
Valuation difference on available-for-sale securities	8,443	-6,563
Deferred gains or losses on hedges	-213	250
Foreign currency translation adjustment	2,338	-1,240
Remeasurements of defined benefit plans	796	716
Share of other comprehensive income of entities	2,779	-349
Total other comprehensive income	14,145	-7,186
Comprehensive income	58,357	35,318
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	52,939	31,406
Comprehensive income attributable to non-controlling interests	5,417	3,911

(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	3Q of FY 2018 (From April 1, 2017 to December 31, 2017)	3Q of FY 2019 (From April 1, 2018 to December 31, 2018)	Change
Trucks and buses	138,864 units	151,870 units	13,006 units
Toyota brand vehicles	110,981 units	111,980 units	999 units

(2) Actual Sales (Consolidated)

Category	3Q of FY 2018 (From April 1, 2017 to December 31, 2017)		3Q of FY 2019 (From April 1, 2018 to December 31, 2018)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	47,957	346,959	51,735	392,977	3,778	46,018
Overseas	86,679	368,835	100,889	418,881	14,210	50,046
Supplies and parts for overseas production	—	1,122	—	1,051	—	-70
Total trucks and buses	134,636	716,916	152,624	812,911	17,988	95,994
Total Toyota brand vehicles	110,791	247,586	111,837	263,831	1,046	16,245
Japan	—	46,753	—	48,155	—	1,402
Overseas	—	39,920	—	42,766	—	2,845
Total service parts	—	86,674	—	90,921	—	4,247
Japan	—	133,065	—	140,111	—	7,045
Overseas	—	16,247	—	19,605	—	3,358
Toyota	—	127,555	—	132,305	—	4,750
Total others	—	276,868	—	292,022	—	15,154
Total net sales	—	1,328,045	—	1,459,687	—	131,642

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