

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2015
[Japanese GAAP] (Consolidated)
English translation from the original Japanese-language document



October 30, 2014
 Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.
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Scheduled Date of Dividend Payment Start: November 26, 2014

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, 2015 (April 1, 2014–September 30, 2014)

(1) Consolidated Financial Results (Cumulative)

(% of change from previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2 Q of FY 2015	791,567	(5.2)	49,343	(18.4)	50,900	(11.4)	32,717	(17.3)
2 Q of FY 2014	835,370	12.1	60,486	103.5	57,473	104.6	39,572	113.4

(Note) Comprehensive income: 2 Q of FY 2015: ¥ 42,820 million (-11.5%) 2 Q of FY 2014: ¥ 48,375 million (282.2%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
2 Q of FY 2015	57.13		57.04	
2 Q of FY 2014	69.20		69.02	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
2 Q of FY 2015	1,029,521		407,481		35.7	
FY 2014	1,009,416		379,589		33.7	

(Reference) Equity capital: 2 Q of FY 2015: ¥367,124 million FY 2014: ¥340,064 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2014	—	18.00	—	20.00	38.00
FY 2015	—	18.00			
FY 2015 (forecast)			—	20.00	38.00

(Note) Changes from the latest dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(% of change from FY2014.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2015	1,660,000	(2.3)	100,000	(10.9)	97,000	(11.1)	65,000	(27.1)	113.48

(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 2015	574,580,850 shares	FY2014	574,580,850 shares
2) Number of treasury stock at end of term	2 Q of FY 2015	1,776,386 shares	FY 2014	2,023,732 shares
3) Average number of shares (quarterly consolidated cumulative period)	2 Q of FY 2015	572,716,644 shares	2 Q of FY 2014	571,860,884 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.

(Reference) Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)
 (% of change from FY2014.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2015	1,150,000	(5.0)	58,000	(12.5)	70,000	(8.0)	48,000	(33.1)	83.78

(Note) Changes from the latest financial forecast: Yes

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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), although there was a negative reaction following a rush in demand ahead of the consumption tax hike mainly in the current first quarter, economic recovery led to the improvement in the movement of freight and solid investment in construction. Consequently, the total demand for heavy- and medium-duty trucks increased to 39.3 thousand units by 5.7 thousand units (17.0%) compared to the same quarter in the previous year. Total demand for light-duty truck increased to 44.1 thousand units by 3.7 thousand units (9.2%) 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 by a group, the total sales volume of trucks and buses increased to 26.1 thousand units by 4.0 thousand units (17.9%) compared to the same quarter in the previous year.

As for overseas sales, mainly because the sense of uncertainty in Thailand and Indonesia brought the stagnation of the markets, sales volume decreased to 49.8 thousand units by 7.2 thousand units (-12.7%) 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 75.9 thousand units by 3.3 thousand units (-4.2%) compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, mainly because the sales of “Land Cruiser Prado” decreased, total sales volume decreased to 87.2 thousand units by 5.3 thousand units (-5.7%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current second quarter were ¥791,567 million, which is a decrease of ¥43,803 million (-5.2%) as compared to the same quarter in the previous year. As for profit and loss, affected by such as decrease in overseas sales, operating income was ¥49,343 million which is a decrease of ¥11,143 million (-18.4%) compared to the same quarter in the previous year, ordinary income was ¥50,900 million which is a decrease of ¥6,573 million (-11.4%) compared to the same quarter in the previous year, and quarterly net income was ¥32,717 million which is a decrease of ¥6,855 million (-17.3%) 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 increased by ¥20,105 million to ¥1,029,521 million compared to the end of the previous fiscal year. This is mainly because of an increase in merchandise and finished goods by ¥38,087 million, although there is a decrease in cash and deposits by ¥16,674 million.

Liabilities decreased by ¥7,786 million to ¥622,040 million compared to the end of the previous fiscal year. This is mainly because income taxes payable decreased by ¥10,509 million.

Net assets increased by ¥27,891 million to ¥407,481 million compared to the end of the previous fiscal year. This is mainly because net income of ¥32,717 million was recorded, despite dividends from retained earnings of ¥11,453 million were paid.

(3) Qualitative Information on Forecasts of Consolidated Financial Results

As for the Japanese truck and bus markets, firm trends are expected to be continued thanks to economic recovery and steady public investment. As for the overseas truck and bus markets, the demands in Thailand and Indonesia are estimated to recover, but we will pay attention to the time and scale of the recovery. In other countries and regions, we will keep popularizing and promoting the Hino brand to expand our market.

As for earnings, in addition to increasing sales volume through assertive sales efforts and providing total support to customers, efforts to improve profitability and reduce costs will continue. Structural reforms to improve future stability will also continue.

The current earnings forecast has been revised as follows.

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥1,660,000 million
Operating income	¥100,000 million
Japan unit sales of trucks and buses	54.0 thousand units
Overseas unit sales of trucks and buses	118.3 thousand units
Unit sales of Toyota brand vehicles	167.2 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 Accounting Standard for Retirement Benefits and related guidance)

“Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012. Referred to as “Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012. Referred to as “Guidance”) were applied from the first quarter of the current consolidated accounting period, regarding Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance, to review its calculation methods for the projected retirement benefit obligation and service cost, alter the method for attributing the expected benefit to periods of service from a straight-line basis to a benefit formula basis, and change the discount rate determination method from the one in which the period of bonds that are the base for determining discount rate is specified with reference to the approximate number of years of the average remaining years of service to the one that uses a single weighted average discount rate, which reflects the period until the scheduled payment date and the amount for each period.

As for the application of the Accounting Standard and the Guidance, the projected retirement benefit obligation and the effect of the change of the service cost calculation method were reflected in retained earnings at the beginning of the second quarter of the current consolidated accounting period, in accordance with the transitional treatment stipulated in Paragraph 37 of the Accounting Standard.

As a result, net defined benefit liability increased by ¥1,292 million and retained earnings decreased by ¥819 million at the beginning of the current consolidated accounting period. The effect of these changes on the operating income, ordinary income, and income before income taxes for the second quarter of the current term is considered to be immaterial.

(Application of Accounting Standard for Business Combinations and related rule)

As “Accounting Standard for Business Combinations” (ASBJ statement No. 21), “Accounting Standard for Consolidated Financial Statements” (ASBJ statement No. 22), “Accounting Standard for Business Divestitures” (ASBJ statement No. 7) and other related standards and implementation guidance were revised on September 13, 2013, and became applicable from fiscal years beginning on or after April 1, 2014. We applied these accounting standards and implementation guidance from the first quarter of the current consolidated accounting period (excluding Paragraph 39 of Accounting Standard for Consolidated Financial Statements), and adopted the method of posting the difference in equity change of our company with respect to the subsidiaries that are still under control as capital surplus and posting acquisition-related costs as the expenditures for the consolidated accounting year. As for the business combination conducted at the beginning on or after April 1, 2014, we adopted the method of reflecting the revision to the acquisition cost allotment due to the tentative accounting settlement in the quarterly consolidated financial statement for the quarter including the date of business combination.

The application of Accounting Standard for Business Combinations and related rule were applied in accordance with the transitional handling specified in Paragraph 58-2(4) of Accounting Standard for Business Combinations, Paragraph 44-5(4) of Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4(4) of Accounting Standard for Business Divestitures, and we started applying these accounting standards at the beginning of the first quarter of the current consolidated accounting period.

As a result, income before income taxes decreased by ¥323 million while capital surplus increased by ¥323 million, in the second quarter of the current consolidated accounting period.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	Second Quarter of FY 2015 (As of September 30, 2014)
Assets		
Current assets		
Cash and deposits	44,738	28,064
Notes and accounts receivable-trade	285,481	281,486
Merchandise and finished goods	94,211	132,298
Work in process	26,055	29,517
Raw materials and supplies	35,205	37,244
Other	68,879	53,387
Allowance for doubtful accounts	(4,050)	(4,010)
Total current assets	550,522	557,987
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	93,667	99,335
Machinery, equipment and vehicles, net	82,349	84,836
Land	99,574	99,438
Other	52,293	49,469
Total property, plant and equipment	327,884	333,079
Intangible assets	17,589	17,407
Investments and other assets		
Investment securities	101,330	109,237
Other	15,396	15,120
Allowance for doubtful accounts	(3,308)	(3,311)
Total investments and other assets	113,419	121,046
Total non-current assets	458,893	471,533
Total assets	1,009,416	1,029,521
Liabilities		
Current liabilities		
Notes and accounts payable-trade	247,492	258,916
Short-term loans payable	108,883	108,348
Current portion of long-term loans payable	18,012	13,037
Income taxes payable	23,275	12,765
Provision for product warranties	26,891	31,358
Other provision	5,705	4,972
Other	87,198	69,604
Total current liabilities	517,460	499,002
Non-current liabilities		
Long-term loans payable	15,219	20,290
Net defined benefit liability	60,680	61,937
Other provision	1,712	1,632
Other	34,753	39,176
Total non-current liabilities	112,365	123,037
Total liabilities	629,826	622,040

(Millions of yen)

	FY 2014 (As of March 31, 2014)	Second Quarter of FY 2015 (As of September 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	64,835	65,211
Retained earnings	177,040	197,484
Treasury shares	(751)	(658)
Total shareholders' equity	313,841	334,755
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,554	38,863
Deferred gains or losses on hedges	(76)	(108)
Revaluation reserve for land	1,927	1,927
Foreign currency translation adjustment	(4,600)	(3,047)
Remeasurements of defined benefit plans	(5,582)	(5,265)
Total accumulated other comprehensive income	26,223	32,369
Subscription rights to shares	212	182
Minority interests	39,312	40,174
Total net assets	379,589	407,481
Total liabilities and net assets	1,009,416	1,029,521

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

[Quarterly Consolidated Statements of Income]

[Consolidated Second Quarter of FY 2015 and FY 2014 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2014 (From April 1, 2013 to September 30, 2013)	Second Quarter of FY 2015 (From April 1, 2014 to September 30, 2014)
Net sales	835,370	791,567
Cost of sales	687,112	651,308
Gross profit	148,257	140,258
Selling, general and administrative expenses		
Salary and allowances	18,953	20,880
Provision for bonuses	2,178	2,428
Provision for retirement benefits	1,427	—
Retirement benefit expenses	—	1,273
Other	65,211	66,333
Total selling, general and administrative expenses	87,771	90,915
Operating income	60,486	49,343
Non-operating income		
Interest income	557	667
Dividend income	1,662	1,679
Foreign exchange gains	—	769
Equity in earnings of affiliates	—	444
Miscellaneous income	1,170	1,669
Total non-operating income	3,391	5,230
Non-operating expenses		
Interest expenses	2,365	2,851
Foreign exchange losses	3,432	—
Equity in losses of affiliates	71	—
Miscellaneous expenses	533	821
Total non-operating expenses	6,403	3,672
Ordinary income	57,473	50,900
Extraordinary income		
Gain on sales of non-current assets	35	681
Gain on sales of investment securities	43	12
Gain on bargain purchase	1,209	—
Other	13	57
Total extraordinary income	1,301	751
Extraordinary losses		
Loss on sales and retirement of non-current assets	422	242
Impairment loss	21	20
Other	32	71
Total extraordinary losses	476	334
Income before income taxes	58,298	51,317
Income taxes—current	16,638	15,836
Income taxes—deferred	(2,534)	(541)
Total income taxes	14,104	15,295
Income before minority interests	44,194	36,022
Minority interests in income	4,621	3,304
Net income	39,572	32,717

[Quarterly Consolidated Statements of Comprehensive Income]

[Consolidated Second Quarter of FY 2015 and FY 2014 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2014 (From April 1, 2013 to September 30, 2013)	Second Quarter of FY 2015 (From April 1, 2014 to September 30, 2014)
Income before minority interests	44,194	36,022
Other comprehensive income		
Valuation difference on available-for-sale securities	5,867	3,726
Deferred gains or losses on hedges	256	(32)
Foreign currency translation adjustment	(3,305)	2,270
Remeasurements of defined benefit plans	—	301
Share of other comprehensive income of entities accounted for using equity method	1,364	532
Total other comprehensive income	4,181	6,798
Comprehensive income	48,375	42,820
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	44,073	38,863
Comprehensive income attributable to minority interests	4,302	3,957

(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 2014 (From April 1, 2013 to September 30, 2013)	2 Q of FY 2015 (From April 1, 2014 to September 30, 2014)	Change
Trucks and buses	82,972 units	83,402 units	430 units
Toyota brand vehicles	92,559 units	87,221 units	(5,338 units)

(2) Actual Sales (Consolidated)

Category	2 Q of FY 2014 (From April 1, 2013 to September 30, 2013)		2 Q of FY 2015 (From April 1, 2014 to September 30, 2014)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	22,133	157,477	26,086	180,600	3,953	23,122
Overseas	57,011	244,227	49,770	205,802	(7,241)	(38,425)
Supplies and parts for overseas production	—	1,342	—	1,063	—	(278)
Total trucks and buses	79,144	403,048	75,856	387,466	(3,288)	(15,581)
Total Toyota brand vehicles	92,492	203,541	87,176	178,512	(5,316)	(25,029)
Japan	—	26,218	—	27,493	—	1,275
Overseas	—	19,543	—	22,935	—	3,391
Total service parts	—	45,762	—	50,429	—	4,666
Japan	—	73,125	—	76,869	—	3,744
Overseas	—	15,923	—	13,878	—	(2,045)
Toyota	—	93,968	—	84,411	—	(9,557)
Total others	—	183,018	—	175,159	—	(7,858)
Total net sales	—	835,370	—	791,567	—	(43,803)

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