

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



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 Stock Listing: Tokyo and Nagoya

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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, 2015 (April 1, 2014–December 31, 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	%
3 Q of FY 2015	1,219,495	(2.6)	80,404	(11.7)	82,615	(5.8)	53,204	(10.3)
3 Q of FY 2014	1,252,182	13.4	91,043	108.0	87,657	96.0	59,330	97.8

(Note) Comprehensive income: 3 Q of FY 2015: ¥ 78,529 million (1.7%) 3 Q of FY 2014: ¥ 77,245 million (117.9%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
3 Q of FY 2015	92.89		92.75	
3 Q of FY 2014	103.73		103.48	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
3 Q of FY 2015	1,094,091		434,480		35.5	
FY 2014	1,009,416		379,589		33.7	

(Reference) Equity capital: 3 Q of FY 2015: ¥388,813 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)	105,000	(6.4)	103,000	(5.6)	69,000	(22.6)	120.46

(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	3 Q of FY 2015	574,580,850 shares	FY 2014	574,580,850 shares
2) Number of treasury stock at end of term	3 Q of FY 2015	1,761,353 shares	FY 2014	2,023,732 shares
3) Average number of shares (quarterly consolidated cumulative period)	3 Q of FY 2015	572,748,929 shares	3 Q of FY 2014	571,964,682 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	1,170,000	(3.4)	63,000	(4.9)	76,000	(0.2)	52,000	(27.5)	90.76

(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 third quarter (nine 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 61.4 thousand units by 8.2 thousand units (15.4%) compared to the same quarter in the previous year. Total demand for light-duty truck increased to 68.4 thousand units by 5.0 thousand units (7.9%) 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 41.6 thousand units by 5.3 thousand units (14.7%) 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 79.7 thousand units by 5.1 thousand units (-6.1%) 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 121.2 thousand units by 0.2 thousand units (0.2%) 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 126.3 thousand units by 13.3 thousand units (-9.6%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current third quarter were ¥1,219,495 million, which is a decrease of ¥32,687 million (-2.6%) 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 ¥80,404 million which is a decrease of ¥10,639 million (-11.7%) compared to the same quarter in the previous year, ordinary income was ¥82,615 million which is a decrease of ¥5,042 million (-5.8%) compared to the same quarter in the previous year, and quarterly net income was ¥53,204 million which is a decrease of ¥6,126 million (-10.3%) compared to the same quarter in the previous year.

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the third quarter increased by ¥84,675 million to ¥1,094,091 million compared to the end of the previous fiscal year. This is mainly because of an increase in merchandise and finished goods by ¥54,610 million and an increase in investment securities by ¥19,933 million due to share price rise.

Liabilities increased by ¥29,784 million to ¥659,610 million compared to the end of the previous fiscal year. This is mainly because short-term loans payable increased by ¥36,734 million, although income taxes payable decreased by ¥11,082 million.

Net assets increased by ¥54,891 million to ¥434,480 million compared to the end of the previous fiscal year. This is mainly because net income of ¥53,204 million was recorded, despite dividends from retained earnings of ¥21,766 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 steady construction demand. As for the overseas truck and bus markets, the demand in Thailand shows a sign of recovery, but the demand in Indonesia is still at a standstill. For other regions, we will keep popularizing the Hino brand and promoting sales to capture the growth in the market mainly in North America, where economy is growing.

As for earnings, we aim to increase sales volume by supplying the best-fit vehicles to meet various needs for commercial vehicles around the world, enriching and improving after-sales services, and conducting total-support activities globally. Also, we will steadily conduct activities for improving profitability and reducing costs. In addition, in order to strengthen our organization for future sustainable growth, we will keep promoting structural reform.

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	¥105,000 million
Japan unit sales of trucks and buses	56.6 thousand units
Overseas unit sales of trucks and buses.....	112.5 thousand units
Unit sales of Toyota brand vehicles.....	167.5 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 effect of the change of the projected retirement benefit obligation and the service cost calculation method were reflected in retained earnings at the beginning of the third 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 third quarter of the current term is considered to be immaterial.

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

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 allocation 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 matters 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 third 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)	Third Quarter of FY 2015 (As of December 31, 2014)
Assets		
Current assets		
Cash and deposits	44,738	36,904
Notes and accounts receivable - trade	285,481	282,092
Merchandise and finished goods	94,211	148,822
Work in process	26,055	32,896
Raw materials and supplies	35,205	37,435
Other	68,879	62,795
Allowance for doubtful accounts	(4,050)	(4,145)
Total current assets	550,522	596,801
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	93,667	100,916
Machinery, equipment and vehicles, net	82,349	85,857
Land	99,574	99,801
Other, net	52,293	58,288
Total property, plant and equipment	327,884	344,863
Intangible assets	17,589	17,601
Investments and other assets		
Investment securities	101,330	121,264
Other	15,396	16,909
Allowance for doubtful accounts	(3,308)	(3,348)
Total investments and other assets	113,419	134,824
Total non-current assets	458,893	497,289
Total assets	1,009,416	1,094,091
Liabilities		
Current liabilities		
Notes and accounts payable – trade	247,492	247,882
Short-term loans payable	108,883	145,617
Current portion of long-term loans payable	18,012	13,918
Income taxes payable	23,275	12,192
Provision for product warranties	26,891	30,574
Other provision	5,705	2,459
Other	87,198	74,565
Total current liabilities	517,460	527,210
Non-current liabilities		
Long-term loans payable	15,219	23,103
Net defined benefit liability	60,680	62,135
Other provision	1,712	1,739
Other	34,753	45,420
Total non-current liabilities	112,365	132,399
Total liabilities	629,826	659,610

(Millions of yen)

	FY 2014 (As of March 31, 2014)	Third Quarter of FY 2015 (As of December 31, 2014)
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	64,835	65,215
Retained earnings	177,040	207,659
Treasury shares	(751)	(653)
Total shareholders' equity	313,841	344,938
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,554	44,735
Deferred gains or losses on hedges	(76)	(87)
Revaluation reserve for land	1,927	1,927
Foreign currency translation adjustment	(4,600)	2,408
Remeasurements of defined benefit plans	(5,582)	(5,108)
Total accumulated other comprehensive income	26,223	43,875
Subscription rights to shares	212	180
Minority interests	39,312	45,487
Total net assets	379,589	434,480
Total liabilities and net assets	1,009,416	1,094,091

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

[Quarterly Consolidated Statements of Income]

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

(Millions of yen)

	Third Quarter of FY 2014 (From April 1, 2013 to December 31, 2013)	Third Quarter of FY 2015 (From April 1, 2014 to December 31, 2014)
Net sales	1,252,182	1,219,495
Cost of sales	1,031,398	1,002,380
Gross profit	220,784	217,115
Selling, general and administrative expenses		
Salaries and allowances	30,703	33,290
Provision for bonuses	1,087	1,183
Provision for retirement benefits	2,147	—
Retirement benefit expenses	—	2,443
Other	95,801	99,793
Total selling, general and administrative expenses	129,740	136,710
Operating income	91,043	80,404
Non-operating income		
Interest income	842	986
Dividend income	2,074	2,133
Foreign exchange gains	—	2,358
Share of profit of entities accounted for using equity method	31	455
Miscellaneous income	1,771	2,398
Total non-operating income	4,718	8,331
Non-operating expenses		
Interest expenses	3,692	4,606
Foreign exchange losses	3,401	—
Miscellaneous expenses	1,011	1,514
Total non-operating expenses	8,105	6,120
Ordinary income	87,657	82,615
Extraordinary income		
Gain on sales of non-current assets	2,403	1,127
Gain on sales of investment securities	48	61
Gain on bargain purchase	1,223	—
Other	511	24
Total extraordinary income	4,186	1,212
Extraordinary losses		
Loss on sales and retirement of non-current assets	635	518
Impairment loss	21	20
Other	72	81
Total extraordinary losses	729	620
Income before income taxes	91,114	83,208
Income taxes – current	27,192	26,111
Income taxes – deferred	(2,536)	(646)
Total income taxes	24,655	25,464
Income before minority interests	66,459	57,743
Minority interests in income	7,128	4,538
Net income	59,330	53,204

[Quarterly Consolidated Statements of Comprehensive Income]
 [Consolidated Third Quarter of FY 2015 and FY 2014 (Cumulative)]

(Millions of yen)

	Third Quarter of FY 2014 (From April 1, 2013 to December 31, 2013)	Third Quarter of FY 2015 (From April 1, 2014 to December 31, 2014)
Income before minority interests	66,459	57,743
Other comprehensive income		
Valuation difference on available-for-sale securities	9,794	9,261
Deferred gains or losses on hedges	81	(11)
Foreign currency translation adjustment	(718)	10,075
Remeasurements of defined benefit plans	—	451
Share of other comprehensive income of entities accounted for using equity method	1,628	1,009
Total other comprehensive income	10,786	20,786
Comprehensive income	77,245	78,529
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	69,651	70,857
Comprehensive income attributable to minority interests	7,594	7,672

(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	3 Q of FY 2014 (From April 1, 2013 to December 31, 2013)	3 Q of FY 2015 (From April 1, 2014 to December 31, 2014)	Change
Trucks and buses	126,014 units	128,637 units	2,623 units
Toyota brand vehicles	139,919 units	126,405 units	(13,514 units)

(2) Actual Sales (Consolidated)

Category	3 Q of FY 2014 (From April 1, 2013 to December 31, 2013)		3 Q of FY 2015 (From April 1, 2014 to December 31, 2014)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	36,248	251,031	41,584	282,491	5,336	31,459
Overseas	84,789	354,353	79,653	334,896	(5,136)	(19,456)
Supplies and parts for overseas production	—	1,606	—	1,302	—	(303)
Total trucks and buses	121,037	606,991	121,237	618,690	200	11,699
Total Toyota brand vehicles	139,659	300,843	126,313	261,127	(13,346)	(39,715)
Japan	—	40,467	—	42,270	—	1,802
Overseas	—	30,987	—	35,096	—	4,108
Total service parts	—	71,455	—	77,366	—	5,910
Japan	—	112,135	—	114,985	—	2,849
Overseas	—	22,104	—	18,420	—	(3,683)
Toyota	—	138,651	—	128,903	—	(9,748)
Total others	—	272,892	—	262,310	—	(10,582)
Total net sales	—	1,252,182	—	1,219,495	—	(32,687)

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