

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021
[Japanese GAAP] (Consolidated)
English translation from the original Japanese-language document



October 29, 2020

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.
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Scheduled Date of Quarterly Financial Statements Filing: November 6, 2020

Scheduled Date of Dividend Payment Start: November 27, 2020

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, 2021 (April 1, 2020– September 30, 2020)

(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	%
2Q of FY 2021	666,279	-29.6	-11,671	—	-12,819	—	-9,624	—
2Q of FY 2020	946,069	-1.2	32,789	-14.1	30,041	-20.8	18,567	-23.0

(Note) Comprehensive income: 2Q of FY 2021: ¥ 431 million (-97.8%) 2Q of FY 2020: ¥ 19,670 million (-34.9%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
2Q of FY 2021	-16.77		—	
2Q of FY 2020	32.35		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
2Q of FY 2021	1,225,254		587,230		44.1	
FY 2020	1,275,080		592,680		42.5	

(Reference) Equity capital: 2Q of FY 2021: ¥539,852 million FY 2020: ¥542,189 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2020	—	13.00	—	7.00	20.00
FY 2021	—	5.00			
FY 2021 (forecast)		—	—	5.00	10.00

(Note) Changes from the latest dividend forecast: Yes

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(% of change from previous FY2020.)

	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 2021	1,430,000	-21.2	3,000	-94.5	-2,000	—	-3,000	—	-5.23

(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: 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	2Q of FY 2021	574,580,850 shares	FY 2020	574,580,850 shares
2) Number of treasury stock at end of term	2Q of FY 2021	551,867 shares	FY 2020	551,510 shares
3) Average number of shares (quarterly consolidated cumulative period)	2Q of FY 2021	574,029,141 shares	2Q of FY 2020	574,004,587 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 second quarter (six months), due to the rush demand around the time of switch of emission control regulations in the previous year and the impact of the novel coronavirus, the total demand for heavy- and medium-duty trucks was 41.3 thousand units, a decrease of 14.6% compared to the same quarter in the previous year, and total demand for light-duty truck was 39.7 thousand units, a decrease of 31.9% compared to the same quarter in the previous year.

As for Japanese domestic sales, due to the above-mentioned decline in demand, the total sales volume of heavy-, medium-, and light-duty trucks and buses was 28.8 thousand units, a decrease of 17.9% compared to the same quarter in the previous year.

As for overseas sales, due to the drop in sales volume caused by the novel coronavirus and the promotion of inventory adjustment, sales volume was 28.6 thousand units, a decrease of 50.4% compared to the same quarter in the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses were 57.4 thousand units, a decrease of 38.1% compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, total sales volume was 42.3 thousand units, a decrease of 43.2% compared to the same quarter in the previous year.

As a result of the above, net sales in the current second quarter were ¥666,279 million, which is a decrease of ¥279,790 million (-29.6%) as compared to the same quarter in the previous year. As for profit and loss, due mainly to a decrease in sales, operating loss was ¥11,671 million which is a decrease of ¥44,460 million compared to the same quarter in the previous year (operating income of ¥32,789 million in the same quarter in the previous year), ordinary loss was ¥12,819 million which is a decrease of ¥42,861 million compared to the same quarter in the previous year (ordinary income of ¥30,041 million in the same quarter in the previous year), and loss attributable to owners of parent was ¥9,624 million which is a decrease of ¥28,192 million compared to the same quarter in the previous year (profit attributable to owners of parent of ¥18,567 million in the same quarter in the previous year).

(2) Information on Consolidated Financial Position

Total assets at the end of the second quarter decreased to ¥1,225,254 million by ¥49,825 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade decreased by ¥23,270 million and inventories decreased by ¥27,255 million.

Liabilities decreased to ¥638,024 million by ¥44,375 million compared to the end of the previous fiscal year. This is mainly because notes and accounts payable - trade decreased by ¥35,167 million.

Net assets decreased to ¥587,230 million by ¥5,450 million compared to the end of the previous fiscal year. This is mainly because loss attributable to owners of parent of ¥9,624 million was recorded and dividends from retained earnings of ¥4,019 million were paid, while valuation difference on available-for-sale securities increased by ¥10,075 million.

(3) Information on Forecasts of Consolidated Financial Results

The full-year consolidated earnings forecast has been revised as follows, while considering the change in the number of vehicles whose production was outsourced by Toyota Motor Corporation and the sales situation of our trucks and buses inside and outside Japan.

In addition, ordinary income and profit attributable to owners of parent have been undisclosed, because it was difficult to reasonably estimate them in the uncertain business environment, but we have decided to announce them based on currently available information, forecasts, etc.

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥1,430,000 million
Operating income	¥3,000 million
Ordinary loss	¥2,000 million
Loss attributable to owners of parent	¥3,000 million
Japan unit sales of trucks and buses.....	59.0 thousand units
Overseas unit sales of trucks and buses	83.5 thousand units
Unit sales of Toyota brand vehicles	109.7 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. Quarterly Consolidated Financial Statements and Major Notes**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	FY 2020 (As of March 31, 2020)	Second Quarter of FY 2021 (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	40,647	45,017
Notes and accounts receivable - trade	290,241	266,971
Merchandise and finished goods	188,760	161,405
Work in process	39,272	38,031
Raw materials and supplies	34,021	35,362
Other	71,217	63,716
Allowance for doubtful accounts	-3,408	-3,655
Total current assets	660,752	606,849
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	164,515	169,158
Machinery, equipment and vehicles, net	95,986	91,477
Land	126,259	126,645
Other, net	48,456	44,904
Total property, plant and equipment	435,217	432,185
Intangible assets	26,902	25,543
Investments and other assets		
Investment securities	111,582	123,475
Deferred tax assets	26,867	23,352
Other	16,709	16,930
Allowance for doubtful accounts	-2,953	-3,082
Total investments and other assets	152,207	160,676
Total non-current assets	614,327	618,404
Total assets	1,275,080	1,225,254
Liabilities		
Current liabilities		
Notes and accounts payable - trade	239,232	204,064
Short-term borrowings	178,170	200,952
Current portion of long-term borrowings	14,118	9,324
Income taxes payable	3,428	1,910
Provision for product warranties	36,114	30,209
Other provisions	7,668	6,719
Other	90,478	75,383
Total current liabilities	569,211	528,563
Non-current liabilities		
Long-term borrowings	19,839	16,931
Deferred tax liabilities	1,799	1,661
Deferred tax liabilities for land revaluation	2,765	2,765
Retirement benefit liability	60,746	60,559
Other provisions	2,084	1,824
Other	25,952	25,717
Total non-current liabilities	113,188	109,460
Total liabilities	682,399	638,024

(Millions of yen)

	FY 2020 (As of March 31, 2020)	Second Quarter of FY 2021 (As of September 30, 2020)
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	64,830	65,415
Retained earnings	390,781	377,137
Treasury shares	-196	-197
Total shareholders' equity	528,132	515,073
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,653	47,729
Deferred gains or losses on hedges	-36	-138
Revaluation reserve for land	2,325	2,325
Foreign currency translation adjustment	-14,601	-14,358
Remeasurements of defined benefit plans	-11,283	-10,778
Total accumulated other comprehensive income	14,057	24,778
Non-controlling interests	50,491	47,378
Total net assets	592,680	587,230
Total liabilities and net assets	1,275,080	1,225,254

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

[Quarterly Consolidated Statements of Income]

[Consolidated Second Quarter of FY 2021 and FY 2020 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2020 (From April 1, 2019 to September 30, 2019)	Second Quarter of FY 2021 (From April 1, 2020 to September 30, 2020)
Net sales	946,069	666,279
Cost of sales	808,936	583,995
Gross profit	137,132	82,283
Selling, general and administrative expenses		
Salaries and allowances	25,584	24,311
Provision for bonuses	4,084	3,380
Retirement benefit expenses	1,730	1,732
Other	72,943	64,531
Total selling, general and administrative expenses	104,342	93,955
Operating profit (loss)	32,789	-11,671
Non-operating income		
Interest income	618	552
Dividend income	1,273	1,292
Foreign exchange gains	—	412
Share of profit of entities accounted for using equity method	348	—
Miscellaneous income	1,415	2,277
Total non-operating income	3,656	4,535
Non-operating expenses		
Interest expenses	3,567	2,487
Foreign exchange losses	1,388	—
Share of loss of entities accounted for using equity method	—	1,884
Miscellaneous expenses	1,447	1,310
Total non-operating expenses	6,403	5,683
Ordinary profit (loss)	30,041	-12,819
Extraordinary income		
Gain on sales of investment securities	—	578
Gain on sales of non-current assets	112	152
Other	147	36
Total extraordinary income	260	767
Extraordinary losses		
Loss on sales and retirement of non-current assets	390	803
Other	71	80
Total extraordinary losses	462	883
Profit (loss) before income taxes	29,840	-12,934
Income taxes - current	10,148	-1,091
Income taxes - deferred	-666	-1,648
Total income taxes	9,481	-2,739
Profit (loss)	20,359	-10,195
Profit (loss) attributable to non-controlling interests	1,791	-570
Profit (loss) attributable to owners of parent	18,567	-9,624

[Quarterly Consolidated Statements of Comprehensive Income]
 [Consolidated Second Quarter of FY 2021 and FY 2020 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2020 (From April 1, 2019 to September 30, 2019)	Second Quarter of FY 2021 (From April 1, 2020 to September 30, 2020)
Profit (loss)	20,359	-10,195
Other comprehensive income		
Valuation difference on available-for-sale securities	-84	10,410
Deferred gains or losses on hedges	-334	41
Foreign currency translation adjustment	-1,636	149
Remeasurements of defined benefit plans, net of tax	467	451
Share of other comprehensive income of entities accounted for using equity method	898	-426
Total other comprehensive income	-688	10,627
Comprehensive income	19,670	431
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,235	1,096
Comprehensive income attributable to non-controlling interests	1,435	-665

(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	2Q of FY 2020 (From April 1, 2019 to September 30, 2019)	2Q of FY 2021 (From April 1, 2020 to September 30, 2020)	Change
Trucks and buses	90,104 units	48,529 units	-41,575 units
Toyota brand vehicles	74,559 units	42,258 units	-32,301 units

(2) Actual Sales (Consolidated)

Category	2Q of FY 2020 (From April 1, 2019 to September 30, 2019)		2Q of FY 2021 (From April 1, 2020 to September 30, 2020)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	35,133	276,165	28,842	232,143	-6,291	-44,021
Overseas	57,616	241,019	28,551	121,480	-29,065	-119,538
Supplies and parts for overseas production	—	847	—	535	—	-311
Total trucks and buses	92,749	518,032	57,393	354,160	-35,356	-163,871
Total Toyota brand vehicles	74,458	171,035	42,315	104,416	-32,143	-66,618
Japan	—	31,639	—	29,585	—	-2,053
Overseas	—	29,103	—	25,585	—	-3,518
Total service parts	—	60,743	—	55,170	—	-5,572
Japan	—	93,463	—	83,056	—	-10,406
Overseas	—	15,475	—	13,708	—	-1,766
Toyota	—	87,319	—	55,765	—	-31,554
Total others	—	196,258	—	152,530	—	-43,727
Total net sales	—	946,069	—	666,279	—	-279,790

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