

Subaru Corporation Announces Consolidated Financial Results for FYE2019

Tokyo, May 10, 2019 – Subaru Corporation today announced its consolidated financial results for the fiscal year ended March 31, 2019.

< Results for FYE2019: Consolidated Net Sales >

In overseas markets, Subaru kept strong momentum on retail sales, as the newly-introduced Ascent led sales in Subaru's largest North American market. On the other hand, consolidated overseas unit sales fell 4.3% to 865,000 units, for reasons including decreased deliveries of the Forester before the launch of its fully-redesigned version in the first half of the year.

Consolidated unit sales in Japan decreased 17.2% to 135,000 units, as sales of Impreza, Subaru XV and Levorg declined, offsetting strong demand for the fully-redesigned Forester launched in July 2018. Consolidated global unit sales of Subaru vehicles decreased 6.3% to 1,000,000 units.

Consolidated net sales declined 2.2% to 3,160.5 billion yen.*¹

Subaru's total production decreased 5.8% to 989,000 units, for the Company's Gunma plant related factors including changes in plant operation schedules implemented since the fall of 2018 to ensure quality-first production and inspection work as well as production halt in January 2019 due to a defect in the Electric Power Steering unit.

< Results for FYE2019: Consolidated Profit and Loss >

Operating income declined 48.5% to 195.5 billion yen for factors such as an increase in quality-related expenses due to recall campaigns notified in November 2018 and a decrease in consolidated unit sales. Ordinary income decreased 48.3% to 196.2 billion yen. Net income attributable to owners of parent fell 32.9% to 147.8 billion yen.

< Forecasts for FYE2020 >

As the Company is voluntarily adopting International Financial Reporting Standards (IFRS) for its consolidated financial statements from the fiscal year ending March 2020, forecasts for FYE2020 are calculated based on IFRS.*²

Consolidated global unit sales are projected to be 1,058,000 vehicles*³ in prospect of growth mainly in the North American market. The Company projects revenue*⁴ of 3,310 billion yen, operating profit*⁵ of 260 billion yen, profit before tax*⁶ of 270 billion yen, and profit for the period attributable to owners of parent*⁷ of 210 billion yen.

Currency rate assumptions: 110 yen/US\$, 120 yen/euro

*1: With effect from the fiscal year ended March 2019, the Company has changed its accounting policies. In the new method, sales incentives are deducted from net sales, whereas they were previously recognized as SG&A expenses.

For comparison purposes, net sales and SG&A expenses of the previous fiscal year (FYE2018) have been recalculated according to the new policies. The recalculated figures of net sales and SG&A expenses for FYE2018 are 3,232.7 billion yen and 410.5 billion yen, respectively, a decrease of 172.5 billion yen each from the originally-reported figures announced on May 11, 2018. There is no impact of the recalculation on profit figures of the previous fiscal year.

*2: Percent changes from the previous year (FYE2018) for forecast figures are not stated, as results for the previous year are based on the Japanese generally accepted accounting principles (JGAAP).

*3: Under IFRS, revenue recognition timing for unit sales in Japan is on a delivery-to-customer basis, whereas it is on a vehicle registration basis under JGAAP.

*4: "Net sales" in JGAAP is stated as "revenue" in IFRS.

*5: "Operating income" in JGAAP is stated as "operating profit" in IFRS.

*6: "Income before income taxes" in JGAAP is stated as "profit before tax" in IFRS.

*7: "Net income attributable to owners of parent" in JGAAP is stated as "profit for the period attributable to owners of parent" in IFRS.

Note: Vehicle volume figures are rounded off to the nearest thousand.

Forward-looking statements in this document including financial and other forecasts are based on the information available at the time of announcement and are subject to various risks and uncertainties that could cause actual results to vary materially.